

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

SECOND REGULAR SESSION-1992

Legislative Document

No. 2455

H.P. 1773

House of Representatives, March 27, 1992

Reported by Representative MELENDY from the Committee on Housing and Economic Development pursuant to H.P. 1766 and printed under Joint Rule 2.

A handwritten signature in cursive script that reads "Ed Pert".

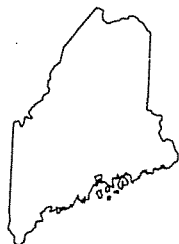
EDWIN H. PERT, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-TWO

An Act to Create Jobs, Promote Economic Growth and Provide Business Assistance.

(EMERGENCY)



2 **Emergency preamble.** Whereas, Acts of the Legislature do not
3 become effective until 90 days after adjournment unless enacted
4 as emergencies; and

5 **Whereas,** the unemployment rate in the State is high,
6 requiring special efforts to stimulate the economy and create
7 jobs; and

8 **Whereas,** the current recession has been accentuated by major
9 structural changes in the regional, national and international
10 economies; and

11 **Whereas,** this recession points to the need to make
12 significant improvements in how State Government develops,
13 implements and coordinates long-term strategies for economic
14 growth in order to achieve and maintain economic prosperity into
15 the 21st century; and

16 **Whereas,** these facts have necessitated the need for State
17 Government, jointly with the private sector and the educational
18 system, to develop and update specific action plans for
19 stimulating long-term economic growth and for State Government to
20 coordinate the delivery of the economic development and business
21 assistance services outlined in the long-term plans; and

22 **Whereas,** this Act implements the recommendations of the
23 Maine Jobs Commission, which was established to recommend
24 programs and activities that will create jobs within the State;
25 and

26 **Whereas,** in order to provide maximum benefit to the State's
27 economy, these programs and activities need to be initiated
28 before the expiration of the 90-day period; and

29 **Whereas,** in the judgment of the Legislature, these facts
30 create an emergency within the meaning of the Constitution of
31 Maine and require the following legislation as immediately
32 necessary for the preservation of the public peace, health and
33 safety; now, therefore,

34 **Be it enacted by the People of the State of Maine as follows:**

35 **PART A**

36 **Sec. A-1. 10 MRSA §965, sub-§1, as amended by PL 1991, c. 511,**
37 **Pt. A, §1, is further amended to read:**

38 **1. Selected board members.** ~~Six~~ Four members of the
39 authority to consist of:
40

2 A. ~~Two veterans selected by the Governor from the members~~
of ~~the Maine Veterans' Small Business Loan Board;~~

4 B. Two members selected by the Governor from the public
6 members of the Natural Resource Financing and Marketing
Board; and

8 C. Two members selected by the Governor from the appointed
10 members of the Maine Education Assistance Board.

12 **Sec. A-2. 10 MRSA §965, sub-§3**, as amended by PL 1987, c. 596,
§1, is further amended to read:

14 **3. At-large members.** ~~Three~~ Five members appointed by the
16 Governor and subject to review by the joint standing committee of
the Legislature having jurisdiction over economic development
18 matters and subject to confirmation by the Legislature ~~shall~~ must
be appointed from at large. Two of the at-large members must be
veterans.

20 **Sec. A-3. 10 MRSA §1026-A, sub-§1, ¶A**, as amended by PL 1985,
22 c. 714, §16, is further amended to read:

24 A. No A mortgage payment may not be applied in a manner
26 which that would, for any one project, increase the
percentage of mortgage payments insured by the authority,
28 except that this paragraph ~~shall~~ does not apply where when
insurance payments for any one project may not in the
30 aggregate exceed the lesser of 25% of the original principal
amount of the mortgage loan or:

32 (1) In the case of insurance provided pursuant to
section 1026-B, ~~\$125,000~~ \$250,000;

34 (2) In the case of insurance provided pursuant to
36 section 1026-C, \$25,000; or

38 (3) In the case of insurance provided pursuant to
section 1026-D, \$1,000,000;

40 **Sec. A-4. 10 MRSA §1026-A, sub-§3**, as enacted by PL 1985, c.
42 714, §18, is amended to read:

44 **3. Mortgage insured loan limitation for small businesses.**
Whenever an applicant applies for mortgage insurance under
46 sections 1026-B and 1026-C, the authority may insure mortgage
loans for which the combined principal amounts of mortgage
48 insurance of both sections ~~does~~ do not exceed \$600,000 \$1,100,000.

2 **Sec. A-5. 10 MRS**A §1026-B, as amended by PL 1991, c. 511, Pt.
A, §§5 to 7, is further amended to read:

4 **§1026-B. Mortgage insurance of \$1,000,000 or less**

6 **1. Scope of section.** This section applies, in addition to
8 other applicable provisions of this subchapter, when the original
principal amount of the mortgage insurance is ~~\$500,000~~ \$1,000,000
10 or less, but not when mortgage insurance is provided pursuant to
section 1026-D.

12 **2. Insurance.** Any mortgage insurance provided pursuant to
this section is subject to the following:

14 A. The original principal amount of mortgage insurance ~~must~~
16 may not exceed ~~\$500,000~~ \$1,000,000; and

18 B. The authority may insure no more than 85% 90% of the
mortgage payments.

20 **3. Mortgage eligibility.** The authority may insure mortgage
22 payments under this section provided that:

24 A. Repayment of the loan may be secured by less than full
26 collateral if the borrower or the principals of the borrower
are of good character and have good credit records;

28 B. The mortgage loan has a maturity satisfactory to the
authority; and

30 C. The borrower:

32 (1) In the case of an existing business, at the time
34 application is made for financing assistance, employs
20 50 persons or less or has gross sales not exceeding
36 ~~\$2,500,000~~ \$5,000,000 per year; or

38 (2) In the case of a new business, at the time
40 application is made for financing assistance, projects
that, during the first 12 months of operation, it will
42 employ 20 50 persons or less or will have gross sales
not exceeding ~~\$2,500,000~~ \$5,000,000.

44 **4. Retail store projects.** The authority may insure
mortgage loans for a retail store project, provided that:

46 A. The principal amount of mortgage insurance for the
48 project does not exceed \$200,000;

2 B. The project includes only one retail store that is not
attached or does not adjoin another retail store that has
4 received an insured mortgage loan under this chapter; and

6 C. The applicant has not received mortgage insurance under
this subsection for any other retail store.

8 **5. Professional office building projects.** The authority
10 may insure mortgage loans for a professional office building
project, provided that:

12 A. The principal amount of mortgage insurance for the
14 project does not exceed \$200,000;

16 B. Less than 35% of the project is intended or planned for
professional office space;

18 C. Notwithstanding paragraph B, in the event that the
20 project proposes that more than 35% of the project will be
professional office space, the project is not attached or
22 adjoined to any other professional office building that has
received an insured mortgage loan under this chapter; and

24 D. The applicant has not received mortgage insurance under
26 this subsection for any other professional office building
project.

28 **Sec. A-6. 10 MRSA §1026-C, sub-§2,** as amended by PL 1989, c.
30 857, §47, is further amended to read:

32 **2. Insurance.** The authority may provide mortgage insurance
benefiting a veteran in an original principal amount of \$250,000
34 or less in addition or as an alternative to any amount provided
pursuant to section 1026-B. The authority may insure 100% of
36 mortgage payments under this section ~~of~~ for a loan approved
~~pursuant to section 980-B~~ of up to \$75,000.

38 **Sec. A-7. 10 MRSA §1100-T, sub-§1,** as enacted by PL 1987, c.
40 854, §§2 and 5, is amended to read:

42 **1. Legislative findings; authorization.** The Legislature
finds that the growth of new and existing small businesses in the
44 State results in increased job opportunities for Maine residents,
produces more spending in the State and increases municipal tax
46 bases. Businesses which that export their products or services
out of the State bring capital into the State and help to develop
48 export markets for Maine products. Small new and existing
businesses can provide significant economic benefits to the State
50 ~~provided that~~ if they can obtain sufficient seed equity financing
to carry them from start-up through the initial development

2 phases of a business. In order to encourage the increased
availability of risk equity capital to ~~these early growth stage~~
4 enterprises that bring capital into the State, the authority is
authorized to issue certificates of eligibility for the seed
6 capital investment tax credit permitted by Title 36, section
5216-B, subject to the requirements of this section. This
8 program ~~shall be~~ is known as the Maine Seed Capital Tax Credit
Program.

10 **Sec. A-8. 10 MRSA §1100-T, sub-§2, ¶¶B to D**, as enacted by PL
1987, c. 854, §§2 and 5, are amended to read:

12 B. The Maine business must be a manufacturer; must provide
14 a product or service which that is sold or rendered, or is
projected to be sold or rendered, predominantly outside of
16 the State; or must bring capital into the State, as
determined by the authority. ~~Businesses--which--bring~~
18 ~~products--into--the--State--and--then--sell--the--same--products~~
~~outside--the--State--are--not--eligible.---Construction,~~
20 ~~transportation,---financial--services,---insurance--and--real~~
~~estate---businesses--are--not--eligible.---Other---service~~
22 ~~businesses--are--eligible--provided--that--the--customers--are~~
~~predominantly--out--of--the--State--and--the--employment--functions~~
24 ~~are--carried--out--predominantly--in--the--State.~~

26 C. Aggregate investment eligible for tax credits shall may
not be ~~less than \$25,000 nor~~ more than ~~\$250,000~~ \$600,000 for
28 any one business as of the date of issuance of a tax credit
certificate.

30 D. The investment with respect to which any individual is
32 applying for a tax credit certificate shall be may not less
than ~~\$10,000 nor~~ be more than an aggregate of \$50,000
34 \$100,000 in any one business, provided except that this
paragraph shall does not be ~~interpreted to~~ limit other
36 investment by any applicant for which that applicant is not
applying for a tax credit certificate.

38 **Sec. A-9. 10 MRSA §1100-T, sub-§2, ¶E**, as amended by PL 1989,
40 c. 765, §4, is further amended to read:

42 E. The business receiving the investment must have annual
revenues gross sales of \$200,000 \$2,000,000 or less and the
44 operation of the business must be the full-time professional
activity of the principal owner, as determined by the
46 authority. ~~Businesses--with--annual--revenues--of--\$500,000--or~~
~~less--may--receive--the--investment,---provided--that--credits--for~~
48 ~~investments--in--businesses--with--annual--revenues--between~~
~~\$200,001--and--\$500,000--are--claimed--only--during--tax--years~~
50 ~~beginning--on--or--after--January--1,--1991.~~ The principal owner

2 and the principal owner's spouse, parents, brothers, sisters
and children are not eligible for a credit for investment in
4 that business. ~~Businesses in which the principal owners are
not one or more individuals are not eligible.~~

6 **Sec. A-10. 10 MRSA §1100-T, sub-§2, ¶G**, as enacted by PL 1987,
c. 854, §§2 and 5, is amended to read:

8
10 G. The authority shall establish limits on repayment of the
investment, ~~requiring at a minimum that the investment~~
12 ~~remain in the business for at least 5 years with no current~~
income ~~to the investor during the 5 year period.~~ The
investment must be at risk in the business.

14
16 **Sec. A-11. 10 MRSA §1100-T, sub-§§3 and 4**, as enacted by PL
1987, c. 854, §§2 and 5, are amended to read:

18 **3. Priority.** The authority shall ~~may~~ reserve \$500,000 in
tax credit authorization for "natural resource enterprises," as
20 defined in section 963-A, subsection 41, and shall ~~may~~ reserve an
additional \$500,000 in tax credit authorization for eligible
22 investments in businesses located in job opportunity zones
designated pursuant to Title 5, chapter 403, or in contiguous
24 communities designated by the Commissioner of Economic and
Community Development, as being entitled to zone benefits due to
26 special circumstances.

28 **4. Total of credits authorized.** The authority may issue
tax credit certificates in the an aggregate credit amount of
30 ~~\$700,000 in the fiscal year ending June 30, 1989, \$650,000 in the~~
~~fiscal year ending June 30, 1990, and \$650,000 in the fiscal year~~
32 ~~ending June 30, 1991, for a total aggregate of not to exceed~~
~~\$2,000,000 in tax credit certificates, provided that any~~
34 ~~authorized credit for which certificates have not been issued in~~
~~the year authorized may be carried forward to subsequent years~~
36 ~~until an aggregate of \$2,000,000 in certificates has been issued.~~

38
40 **PART B**

42 **Sec. B-1. 5 MRSA §3307-E** is enacted to read:

44 **§3307-E. Task Force on Defense Realignment and the Economy**

46 The Task Force on Defense Realignment and the Economy,
referred to in this section as the "task force," is established
48 in the State Planning Office to monitor federal reductions in
defense spending and defense realignment affecting the State and
50 to ensure a timely, comprehensive, statewide response to those
cuts.

2 1. Membership. The task force consists of the following
members:

4
6 A. The Director of the State Planning Office, the
7 Commissioner of Economic and Community Development, the
8 Commissioner of Labor, the Commissioner of Professional and
9 Financial Regulation, the Commissioner of Defense and
10 Veterans' Services and the President of the Maine Technical
11 College System who serve ex officio;

12 B. One Senator appointed by the President of the Senate and
13 2 members of the House of Representatives appointed by the
14 Speaker of the House of Representatives; and

16 C. Eighteen public members representing the interests of
17 the public, business, commerce, labor and local, regional
18 and federal government, 9 of whom are appointed by the
19 Governor and 9 of whom are appointed jointly by the
20 President of the Senate and the Speaker of the House of
21 Representatives. The appointing authorities shall
22 coordinate appointments so that, to the maximum extent
23 possible, appointments result in geographic diversity and
24 balanced representation among the constituencies on the task
25 force.

26 2. Terms; compensation. Public and legislative members
27 serve 2-year terms and may be reappointed. Legislative members
28 are entitled to receive per diem compensation; all members are
29 entitled to reimbursement for expenses incurred in carrying out
30 their duties. The compensation and reimbursement costs of the
31 task force must be paid by the State Planning Office.

32 3. Administration. The director is the chair of the task
33 force. The office shall provide staff support to the task
34 force. State agencies shall provide technical assistance to the
35 task force as needed.

36 4. Duties. The task force shall perform the following
37 duties:

38
39 A. Prepare a statewide strategy and implementation plan to
40 assist the State and its defense-dependent industries,
41 workers and communities to reduce defense dependency by
42 shifting from military to civilian enterprises while
43 retaining a stable industrial and commercial base, high
44 employment and wages and diverse state, regional and local
45 economies. A strategic plan and recommendations for
46 implementation must be submitted to the Governor and the
47 joint standing committee of the Legislature having
48 the
49 charge of the
50 defense

2 jurisdiction over economic development matters by July 1,
3 1992. The report must be updated annually and as otherwise
4 requested by the joint standing committee. The strategic
5 plan must include:

6 (1) Determination of how firms in the State will be
7 affected by the reduction of output by prime
8 contractors and bases, how defense realignment will
9 affect local and state government services and the
10 adequacy and effectiveness of existing federal, state
11 and local dislocation response capacity;

12 (2) Assessment of the current capacity of at-risk
13 businesses and workers to reduce their defense
14 dependency;

15 (3) Identification of sources of assistance for local
16 and regional planning efforts, including coordination
17 of local and regional efforts;

18 (4) Development of a comprehensive strategy for
19 reducing the State's defense capacity, including
20 identification of steps required to: encourage, assist
21 and strengthen local development capacity in at-risk
22 regions; help diversify the reemployment base; enhance
23 reemployability of workers; broaden the markets of
24 defense-dependent firms; and anticipate and mitigate
25 impacts on communities associated with defense-spending
26 reductions; and

27 (5) Identification of barriers to the effective
28 implementation of the plan and recommendation of
29 actions to remove these barriers;

30 B. Prepare and submit legislation by October 1, 1992 and as
31 necessary thereafter that:

32 (1) Identifies how state agencies will assist the
33 regions in achieving their objectives;

34 (2) Provides for adequate incentives and resources to
35 implement state, regional and industry strategic plans;
36 and

37 (3) Provides for adjustment assistance for communities
38 and workers while the economy adjusts to reductions in
39 defense spending;

40 C. Coordinate funding, technical assistance and other
41 support to defense-dependent regional and industry planning
42

2 committees to help various regions of the State develop and
3 implement economic conversion and diversification goals,
4 objectives and strategies; and

5 D. Coordinate state efforts toward the adoption of federal
6 legislation and policies that support economic conversion
7 and diversification planning, commercial industries, market
8 opportunities and global competitiveness.

10 **Sec. B-2. Transition.** Current public and legislative members
11 of the Task Force on Defense Realignment and the Maine Economy
12 established by Executive Order may continue to serve as members
13 of the Task Force on Defense Realignment and the Economy
14 established in this Part until July 1, 1992. At that time, they
15 may be reappointed or new members appointed in their places.
16

18 PART C

20 **Sec. C-1. Study innovative approaches to assist dislocated workers.**

21 The Department of Labor shall study alternative uses of
22 unemployment insurance compensation funds to encourage the
23 reemployment of unemployed workers and the retention of currently
24 employed workers who would otherwise be terminated from
25 employment. In conducting the study, the department shall review
26 efforts in other states to achieve similar results. As part of
27 the study, the department shall investigate the need for and
28 availability of waivers from federal requirements and the
29 possibility of the State qualifying for demonstration status to
30 implement possible alternatives. The department shall consider
31 at least the following alternatives:
32

33 1. Using unemployment insurance compensation funds to
34 encourage dislocated workers to take action necessary to return
35 to productive employment, including permitting unemployed workers
36 to continue to receive full unemployment benefits for a limited
37 period of time if they participate in an authorized retraining
38 program or start their own businesses;

39 2. Using unemployment insurance compensation funds to
40 maximize job creation efforts of business by providing incentives
41 to employers to hire new employees, including permitting
42 employers to hire unemployed workers during a probationary period
43 at less than the minimum wage while supplementing wages with
44 unemployment benefits;

45 3. Using unemployment insurance compensation funds to
46 encourage employers to retain current jobs, including permitting
47 an employer to retain workers who would otherwise be terminated
48 by reducing the wages paid to those workers and using
49
50

unemployment benefits to offset part of the wage reduction; and

4. Other possible uses of unemployment insurance compensation funds to promote job creation and retention by employers and retraining and entrepreneurial efforts by dislocated workers.

Sec. C-2. Report. The Department of Labor shall submit a written report to the joint standing committees of the Legislature having jurisdiction over economic development matters and labor matters during any special session of the 115th Legislature or, if a special session is not convened, to the First Regular Session of the 116th Legislature by December 1, 1992. The report must include the department's findings and recommendations and a draft of any necessary implementing legislation.

PART D

Sec. D-1. 5 MRSA c. 380 is enacted to read:

CHAPTER 380

LONG-TERM ECONOMIC GROWTH PLANNING AND COORDINATION OF ECONOMIC DEVELOPMENT AND BUSINESS ASSISTANCE SERVICES

§13001. Economic Development and Business Assistance Coordinating Council established

The Economic Development and Business Assistance Coordinating Council, referred to in this chapter as the "council," is established to develop a long-term economic development plan for the State as provided in this chapter and to coordinate and oversee economic development and business assistance services throughout the State.

1. Membership. The council consists of 13 members as follows:

A. The Commissioner of Economic and Community Development;

B. The Commissioner of Labor;

C. The Chief Executive Officer of the Maine Development Foundation;

D. The Chief Executive Officer of the Finance Authority of Maine;

- 2 E. The Executive Director of the Maine Science and
3 Technology Commission;
- 4
- 5 F. The President of the Maine World Trade Association;
- 6
- 7 G. A member representing the University of Maine, appointed
8 by the Chancellor of the University of Maine System;
- 9
- 10 H. A member representing the University of Southern Maine,
11 appointed by the Chancellor of the University of Maine
12 System;
- 13
- 14 I. The President of the Maine Technical College System;
- 15
- 16 J. The Director of the United States Small Business
17 Administration Small Business Development Subcenter Program
18 at the University of Southern Maine;
- 19
- 20 K. The Executive Director of the Maine State Housing
21 Authority;
- 22
- 23 L. The Director of the State Planning Office; and
- 24
- 25 M. The Executive Director of the Maine State Retirement
26 System.

27

28 2. Quorum; voting. Seven members of the council constitute
29 a quorum, which is necessary for voting on issues before the
30 council. A majority vote of those voting is necessary for
31 official action of the council.

32

33 3. Compensation. Members of the council are not entitled
34 to compensation for their services on the council. Personnel and
35 operating costs of the council and council member expenses must
36 be funded by the agencies and organizations comprising the
37 council.

38

39 4. Staff. The council shall provide for its staffing. The
40 council may raise and expend funds from the private sector to
41 support council staffing and other expenses.

42

43 5. Chair. The council shall biennially elect a chair,
44 except that the Commissioner of Economic and Community
45 Development shall chair the council for the first term ending
46 January 1, 1994.

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§13002. Powers and duties

1. Identify regions; regional services. The council shall identify regions throughout the State for the purpose of developing regional economic development strategies and creating a regionally based delivery system of economic development and business assistance services.

A. Economic development regions are subject to the following.

(1) No later than February 1, 1993, the council shall provide to the joint standing committee of the Legislature having jurisdiction over economic development matters a preliminary report that inventories existing economic development regions and resources, analyzes the effectiveness of those regions in carrying out their mission and proposes a system of economic development regions to provide comprehensive economic development and business assistance services throughout the State.

(2) Following presentation of the report required by subparagraph (1), the council shall adopt by rule a system of economic development regions for the State that identifies each region and a proposed system of delivering economic development and business assistance services within each region.

(3) As part of the regional system adopted under subparagraph (2), the council shall provide a procedure by which a person, firm, organization or municipality adversely affected by the establishment of a delivery system of economic development and business assistance services may appeal to the council for a change in the delivery system to meet the needs of the affected entity or person.

(4) In adopting a system of economic development regions for the State, the council shall establish regions that best meet the needs of municipalities and the private sector with respect to developing a regional strategy and a regional delivery system of economic development and business assistance services. In identifying the regions, the council shall consider existing regional designations used by other state and federal agencies.

(5) In establishing regions, the council shall provide for the efficient and convenient delivery of economic

2 development and business assistance services to all
4 users within each region. Services provided within a
6 region and economic development and business assistance
8 services provided by state and federal agencies must be
 coordinated to provide users with the most efficient
 services possible. Services may be provided across
 regional lines as the council determines appropriate.

10 B. The council, through its member agencies, shall help
12 each region identify the industries and economic activities
14 with significant growth potential, the types of jobs and the
 job training required for these activities and the
 infrastructural improvements and projects that may be
 necessary within each region.

16 2. Encourage regional strategies. Following adoption of
18 regions as provided in this section, the council shall encourage
 and assist regions in developing economic development strategies.

20 A. In assisting regions to develop economic development
22 strategies, the council, among other services, shall help
24 identify and organize the public and private economic
 development and business assistance agencies, the private
 sector and interested groups within each region to work
 cooperatively on developing a strategy.

26 3. Develop long-term plan. Following adoption of regions
28 and development of regional strategies, the council shall develop
30 a long-term economic development and business assistance plan for
32 the State in accordance with section 13004. The long-term plan
 must guide state agencies and other agencies receiving state
 funds with respect to economic development throughout the State.

34 The council shall submit to the Governor and the Legislature the
36 long-term plan and any necessary implementing legislation no
38 later than December 1, 1993. Following submission of the plan,
 the council shall adopt by rule a long-term economic development
 and business assistance plan for the State.

40 4. Investigate issues. The council may investigate any
42 issues involving economic development and business assistance and
44 report its findings and recommendations, including any necessary
 implementing legislation, to the Governor and the Legislature.

46 5. Advisory committee. The council shall establish an
48 advisory committee composed of municipal officials, interested
 citizens and representatives of business, labor and banking to
 advise the board with respect to the long-term plan, regional
 strategies and the delivery of economic development and business

2 assistance services. The council may establish other advisory
3 committees as it finds necessary.

4 6. Evaluate long-term plan. The council shall provide, at
5 least every 2 years, for the objective evaluation of the
6 long-term plan required under subsection 3, including the extent
7 to which the goals and strategies of the plan have been met, the
8 effectiveness of the coordinating effort of the council, the
9 effectiveness of the regional delivery system and the
10 effectiveness of the long-term plan in generating jobs, new and
11 expanded businesses and increased personal income. The
12 evaluation may not be conducted by any member of the council.

13 7. Update long-term plan and regional strategies. At least
14 every 2 years, the council shall update the long-term plan
15 required under subsection 3 and coordinate with the regions an
16 update of the regional strategies. The council shall include in
17 the report required in subsection 8 the results of the updates.

18 8. Report. At a minimum, the council shall provide the
19 Governor and the Legislature with a biennial report by December
20 1st beginning in 1995 that describes the economic activity in
21 each region, the extent to which the goals and objectives of each
22 regional strategy are being met, the successes and the failures
23 of policies and programs and any other information determined
24 important by the council.

25 §13003. Regional economic development plans and strategies

26 The council shall encourage and assist regions in developing
27 long-term economic development plans and strategies. The council
28 shall strive to create a process by which public and private
29 agencies, the business community and interested persons within
30 each region cooperate and coordinate their efforts to develop a
31 regional economic development plan.

32 The Department of Economic and Community Development, the
33 State Planning Office and the Department of Labor shall cooperate
34 in providing the council with information that will help to
35 identify:

36 1. Economic growth potential. The industries and economic
37 sectors with significant growth potential;

38 2. Job training needs. The types of jobs involved in the
39 industries and economic sectors with significant growth potential
40 and the job training requirements for these jobs;

2 3. Development needs. The means necessary for the
development of the sectors and industries pursuant to subsection
1; and

4
6 4. Infrastructure needs. The infrastructural needs to
support the economies of each region.

8 §13004. Long-term plan

10 1. Contents. The long-term plan developed by the council
pursuant to section 13002, subsection 3 must consist of: a
12 vision statement for the State's economy to guide the economic
planning process; the regional strategies developed in accordance
14 with this chapter; statewide and regional economic goals and
strategies, including evaluation criteria; and specific biennial
16 action plans, including coordination of the delivery of economic
development and business assistance services, organizational and
18 funding recommendations, expected outcomes and measurable
performance indices.

20 In developing the long-term plan, the council shall consider:

22 A. The types of industries and jobs with significant growth
24 potential in the State and job training requirements to meet
 the needs of business;

26 B. Long-term economic growth recommendations of the public
28 and private sectors and any other relevant studies and
 evaluations;

30 C. The long-term infrastructural needs that support the
32 State's economy, including, but not limited to:

34 (1) The educational system;

36 (2) The State's science, technology and research
 infrastructure;

38 (3) The State's transportation infrastructure and
40 energy policies; and

42 (4) The State's regulatory policies;

44 D. The State's evolving industrial base;

46 E. The diverse economies of the regions of the State;

48 F. International commerce opportunities;

2 G. Existing efforts to convert military economies to
3 civilian economies;

4 H. Federal funding opportunities; and

6 I. The extent to which economic development and business
7 assistance services can be delivered regionally.

8
9 The council shall give specific attention to the means by which
10 activities in the science, technology and research arenas can be
11 adapted to invigorate the State's economy.

12
13 2. Science and technology infrastructure. The Maine
14 Science and Technology Commission, in cooperation with the
15 University of Maine System, the Maine Technical College System
16 and the private sector, is responsible for developing strategies
17 and an action plan for strengthening the State's science and
18 technology infrastructure and enterprise that must include
19 research and development. These strategies and action plan must
20 be considered in the development of the long-term economic
21 development plan for the State. The council shall also consider
22 the research and development strategy undertaken by the Maine
23 Science and Technology Commission pursuant to Private and Special
24 Law 1991, chapter 68.

26 3. International commerce and business development. The
27 Maine World Trade Association, in cooperation with the University
28 of Maine System and the Department of Economic and Community
29 Development, is responsible for developing strategies and an
30 action plan for expanding international activities by businesses
31 in the State and encouraging international investment in the
32 State. These strategies and the action plan must be considered
33 in the development of the long-term economic development plan for
34 the State.

36 4. Financial support for business development. The Finance
37 Authority of Maine, in consultation with the banking community
38 and the private sector, is responsible for developing strategies
39 and an action plan to provide financial support to facilitate the
40 growth and development of business enterprises and entrepreneurs
41 involved in the development and fabrication of new commercial
42 products and to promote modernization and conversion of existing
43 firms. Financial support may include, but is not limited to,
44 loans, equity capital and tax incentives. The Finance Authority
45 of Maine shall seek input from the Maine Science and Technology
46 Commission and the Maine World Trade Association to ensure that
47 financial needs for strengthening the State's science and
48 technology infrastructure and international commerce activities
49 are appropriately considered and integrated in the financial
50 support strategies and action plan. These strategies and action

2 plan must be considered in the development of the long-term
3 economic development plan.

4 **Emergency clause.** In view of the emergency cited in the
5 preamble, this Act takes effect when approved.
6

7
8 **FISCAL NOTE**

9
10 The per diem, expense and staffing costs associated with the
11 Task Force on Defense Realignment and the Economy can be absorbed
12 within existing federal resources of the State Planning Office
13 within the Executive Department.
14

15 The costs associated with the study of dislocated workers as
16 proposed in Part C of the bill can be absorbed within existing
17 budgeted resources of the Department of Labor.
18

19 Part D of the bill establishes a 13-member council to
20 develop a long-term economic development plan. The costs
21 associated with the plan development can be absorbed within the
22 available resources of the members' respective departments and
23 agencies.
24

25
26 **STATEMENT OF FACT**

27
28 This bill contains 4 parts designed to encourage short-term
29 and long-term economic development and business assistance. Part
30 A of the bill contains proposals that revise the laws governing
31 the operations of the Finance Authority of Maine. Part A:
32

33 1. Deletes the requirement that 2 members of the Finance
34 Authority of Maine be members of the Maine Veterans' Small
35 Business Loan Board, which was repealed by Public Law 1991,
36 chapter 622. The number of members on the authority remains the
37 same, with 5 members chosen from at large, at least 2 of whom
38 must be veterans;
39

40 2. Increases the maximum amount of mortgage payment in the
41 case of leveraged mortgage insurance to \$250,000;
42

43 3. Increases the maximum combined amount of small business
44 mortgage insurance and mortgage insurance for veterans;
45

46 4. Increases the maximum amount of mortgage insurance
47 available in the small business mortgage insurance program to
48 \$1,000,000;
49
50

- 2 5. Increases to 90% the portion of a mortgage loan the
Finance Authority of Maine may insure;
- 4 6. Expands the eligibility criteria for small business
6 mortgage insurance to businesses that have 50 employees or less
or \$5,000,000 or less in sales;
- 8 7. Repeals a reference to the Veterans' Small Business Loan
10 Board, which was repealed by Public Law 1991, chapter 622, but
still allows the Finance Authority of Maine to provide 100%
12 guarantees to veterans upon approval by the authority;
- 14 8. Expands the scope of the Maine Seed Capital Tax Credit
Program to include existing businesses bringing capital into the
16 State;
- 18 9. Expands the Maine Seed Capital Tax Credit Program to
include manufacturers and makes bringing capital into the State a
20 primary criterion;
- 22 10. Increases the aggregate investment eligible for tax
credits for any one business to \$600,000;
- 24 11. Deletes the minimum investment requirement for the
26 Maine Seed Capital Tax Credit Program administered by the Finance
Authority of Maine and increases the aggregate allowable
28 investment by a person in any one business to \$100,000;
- 30 12. Expands the businesses eligible to participate in the
Maine Seed Capital Tax Credit Program to those with gross sales
32 up to \$2,000,000. The eligibility limitation that only
businesses in which the principal owners are one or more
34 individuals is deleted;
- 36 13. Repeals the requirement that an investment remain in
the business for 5 years;
- 38 14. Allows the Finance Authority of Maine to reserve up to
40 \$500,000 in tax credit authorization for natural resource
enterprises; and
- 42 15. Provides for a total of \$2,000,000 in credits to be
44 issued.
- 46 Part B of the bill' establishes in the statutes the Task
Force on Defense Realignment and the Economy, which previously
48 existed as a result of Executive Order. The task force is
charged with comprehensive, long-range planning for economic
50 conversion resulting from the curtailment in national defense
spending and defense realignment.

2 Part C of the bill directs the Department of Labor to study
3 innovative uses of unemployment insurance compensation funds to
4 encourage unemployed workers to return to work and employers to
5 create and retain jobs.

6
7 Part D of the bill creates a comprehensive long-term
8 planning process for economic growth. Part D establishes:

9
10 1. A process for developing and updating the State's
11 long-term plan for economic growth, an effort to be conducted
12 jointly between State Government, the educational system and the
13 private sector;

14
15 2. A structure within State Government to coordinate the
16 delivery of economic development and business assistance services
17 outlined in the long-term plan; and

18
19 3. A continuing process to evaluate the extent to which the
20 goals and strategies of the long-term plan have been
21 accomplished, including the coordination effort.

22