

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1995

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Legislative Document

No. 1370

S.P. 511

Received by the Secretary, April 14, 1995

**An Act to Promote Long-term Economic Development through the  
Establishment of the Maine Technology Investment Fund.**

(EMERGENCY)

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Referred to the Committee on Business and Economic Development and ordered printed pursuant to Joint Rule 14.

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS  
Secretary of the Senate

Presented by Senator PINGREE of Knox.

Cosponsored by Senators: CAREY of Kennebec, CARPENTER of York, CIANCHETTE of Somerset, CLEVELAND of Androscoggin, ESTY of Cumberland, FAIRCLOTH of Penobscot, GOLDTHWAIT of Hancock, HARRIMAN of Cumberland, LAWRENCE of York, MICHAUD of Penobscot, O'DEA of Penobscot, RAND of Cumberland, RUHLIN of Penobscot, Representatives: BERRY of Livermore, CHARTRAND of Rockland, DAVIDSON of Brunswick, DEXTER of Kingfield, HEESCHEN of Wilton, KILKELLY of Wiscasset, KONTOS of Windham, LOOK of Jonesboro, ROWE of Portland, SAMSON of Jay, SPEAR of Nobleboro, TOWNSEND of Portland, WATSON of Farmingdale.

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

4           **Whereas,** investments in science and technology are the  
underpinning for fostering innovation, stimulating  
6 commercialization and promoting growth and expansion of Maine  
businesses and Maine employment opportunities in a diverse  
8 cross-section of industries; and

10           **Whereas,** this State has lagged behind other states in making  
such investments essential to its future competitiveness, and the  
12 Corporation for Enterprise Development in its 1994 annual ranking  
of state economies gave Maine an "F" grade for technology  
14 resources; and

16           **Whereas,** our capacity for job-generating research and  
development depends on market-driven partnerships among private  
18 enterprise, the Federal Government, the State Government and  
public and private research institutions; and

20           **Whereas,** a gap has developed in the ability of Maine to  
attract major federal manufacturing extension, science and  
22 technology research and development grants that require  
predictable, steady state financial participation but that, if  
24 received, could enable Maine to rise to a technology development  
investment threshold comparable with other states nationwide; and

26           **Whereas,** the Maine Science and Technology Foundation was  
established in 1993 as the principal science and technology  
28 organization for State Government dedicated to taking technology  
from theory into practice to increase the competitiveness and  
30 productivity of Maine businesses; and

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

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

42           **Sec. 1. 5 MRSA §13131** is enacted to read:

44           **§13131. Establishment of the Maine Technology Investment Fund**

46           The Maine Technology Investment Fund is established within  
48 the Maine Science and Technology Foundation to strengthen  
employment opportunities in the State by increasing the science  
50 and technology investment level through partnerships among the  
State Government, private enterprise, the Federal Government and  
52 private and public research institutions. The fund may be used

2 to match federal, foundation or other grants and to invest  
3 directly in market-oriented technology extension,  
4 commercialization and development opportunities.

6 1. Definitions. As used in this section, unless the  
7 context otherwise indicates, the following terms have the  
8 following meanings.

10 A. "Enterprise" means a firm with its principal place of  
11 business in this State that is engaged or proposes to be  
12 engaged in this State in value-added agricultural, natural  
13 resource-based or other manufacturing, research and  
14 development, or in the provision of knowledge-based services.

16 B. "Fund" means the Maine Technology Investment Fund.

18 C. "Technology commercialization" means the process of  
19 bringing an investment-grade technology out of an enterprise  
20 or a private or public laboratory for first-run application  
21 in the marketplace.

22 D. "Technology development" means strategically focused  
23 research aimed at developing investment-grade technologies  
24 essential to market competitiveness. "Technology  
25 development" does not refer to basic research, but rather to  
26 products, devices, techniques or processes that have  
27 advanced beyond the theoretical stage and are in a prototype  
28 or industry practice stage.

30 E. "Technology extension" means the introduction and  
31 adaptation of off-the-shelf technologies and  
32 state-of-the-art management practices to the specific  
33 circumstances of individual firms.

34 2. Organization. The board of directors of the foundation  
35 has all the powers and authority, not explicitly prohibited by  
36 law, necessary or convenient to carry out and effectuate the  
37 functions, duties and responsibilities of the fund, including,  
38 but not limited to:

40 A. Taking actions in partnership with private enterprise,  
41 the Federal Government and private and public research  
42 institutions to:

44 (1) Increase the rate of technology extension across  
45 manufacturing and other knowledge-based firms  
46 throughout the State;

48 (2) Increase the amount of technology development  
49 occurring in the State; and  
50

2           (3) Increase the rate at which technologies with  
4           potential commercial application are moved out of  
          private and public laboratories into the marketplace;

6           B. Soliciting, borrowing, accepting and receiving money  
          from any public or private source to augment state  
8           contributions to the fund;

10          C. Approving an annual budget for the fund and investing  
          and expending money from within the fund;

12          D. Contracting with public entities as necessary to further  
14          the directives of this section;

16          E. Carrying forward any unexpended state appropriations  
          into succeeding fiscal years; and

18          F. Providing an annual report to the Governor and the  
20          Legislature by January 1st of each regular session of the  
          Legislature within the annual report of the foundation,  
22          setting forth:

24                (1) The operations and accomplishments of the fund  
                  during the fiscal year;

26                (2) A capitalization target for the fund to enable the  
28                State to achieve and maintain competitiveness with  
                  other states;

30                (3) The assets and liabilities of the fund at the end  
32                of its most recent fiscal year; and

34                (4) The operations, costs and net income or loss of  
                  the direct investment pool as described in subsection 3.

36            3. Authorized activities. The board of directors of the  
38            foundation shall allocate the resources of the fund to, and has  
          the power to transfer resources between:

40                    A. Matching grants activities, including, but not limited  
42                    to, federal, private and foundation awards for technology  
                  extension, science and technology development and technology  
44                    commercialization activities that require state funding  
                  matches and are considered consistent with the purposes of  
46                    the fund. Focus areas for investment include, but are not  
                  limited to: marine sciences and technologies; environmental  
48                    sciences, technologies and engineering; sensor and materials  
                  sciences and technologies; wood science and engineering;  
50                    genetics and immunology; and metals and electronics;

2           B. Direct investment activities that demonstrate and  
4           develop effective approaches to commercially oriented  
6           science and technology development and commercialization  
8           efforts conducted collaboratively among the State  
          Government, as represented by the fund, private enterprise,  
          the Federal Government and private and public research  
          institutions in accordance with the following:

10           (1) The board of directors of the foundation shall  
12           direct funds to commercial activities with high growth  
14           potential, including, but not limited to, value-added  
16           agriculture, food processing and sustainable fisheries,  
18           including aquaculture; electronics and metals  
          manufacturing; energy and environmental technologies;  
          biotechnology, biomedicine and biomaterials from the  
          sea; and value-added forest products;

20           (2) Separate accounts must be established by the  
22           foundation for the direct investment pool. The board  
24           of directors of the foundation shall endeavor to  
26           maintain the resources dedicated to direct investment  
          activities as a self-supporting pool once the pool and  
          the overall fund have been sufficiently capitalized as  
          reflected in the annual report;

28           (3) The foundation shall limit its direct investment  
30           activities to qualified securities in private  
32           enterprises or public or private laboratories in this  
34           State. Qualified securities include loans, royalty  
          agreements or any other contractual arrangement allowed  
          by law between the foundation and a federal, state,  
          county or municipal agency, or any individual,  
          corporation, enterprise, association or other entity  
          involving technology development; and

36           (4) The foundation shall, from time to time, release a  
38           program solicitation that describes eligible activities  
40           and eligible organizations. All proposal and review  
42           criteria, procedures and schedules must be included in  
          the program solicitation;

44           C. The board of directors of the foundation shall establish  
46           guidelines for the amounts of the revenues generated by  
48           investment of money contained in the fund that may be used  
          to pay the foundation's operating expenses associated with  
          the operation of the fund; and

50           D. In the event of liquidation or dissolution of the  
          foundation or the fund, any rights or interests in a

2           qualified security or portion of a qualified security  
3           purchased with money invested by the State vest in the  
4           State. The State is entitled to, in proportion to the  
5           amount of investment in the fund by the State, any balance  
6           of money remaining in the fund after payment of all debts  
7           and obligations upon liquidation or dissolution of the  
8           foundation or the fund.

9           **Emergency clause.** In view of the emergency cited in the  
10          preamble, this Act takes effect when approved.

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14

#### STATEMENT OF FACT

15           This bill establishes the Maine Technology Investment Fund  
16          within the Maine Science and Technology Foundation for the  
17          purposes of providing matching funds for federal grants and of  
18          encouraging direct investment in science and technology for  
            target industries.