

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## SECOND REGULAR SESSION-2000

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Legislative Document

No. 2535

H.P. 1809

House of Representatives, February 2, 2000

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### **An Act to Broaden Business Ownership in Maine.**

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Reference to the Committee on Business and Economic Development suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Speaker ROWE of Portland.

Under suspension of the rules, cosponsored by Senator PINGREE of Knox and Representatives: BERRY of Livermore, BOUFFARD of Lewiston, BRENNAN of Portland, BUMPS of China, COWGER of Hallowell, MAILHOT of Lewiston, MENDROS of Lewiston, MURPHY of Kennebunk, O'NEAL of Limestone, SIROIS of Caribou, TRIPP of Topsham, USHER of Westbrook, Senator: KONTOS of Cumberland.

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

4 **PART A**

6 **Sec. A-1. 5 MRSA c. 383, sub-c. II, Art. 7 is enacted to read:**

8 **ARTICLE 7**

10 **LOCAL OWNERSHIP OF BUSINESS**

12 **§13070-O. Employee Ownership Feasibility Fund**

14 1. Established. The Employee Ownership Feasibility Fund,  
16 referred to in this section as the "fund," is established under  
the jurisdiction of the department.

18 2. Sources of money. The following money must be paid into  
20 the fund:

22 A. All money appropriated for inclusion in the fund;

24 B. Subject to any pledge, contract or other obligation, all  
interest, dividends or other pecuniary gains from investment  
26 of money from the fund;

28 C. Subject to any pledge, contract or other obligation, any  
money that the department receives in repayment of advances  
30 from the fund;

32 D. Any sums designated for deposit into the fund from any  
source, public or private, including, but not limited to,  
34 grants and bond issues; and

36 E. Any other money available to the department and directed  
by the department to be paid into the fund.

38 3. Application of fund. The fund may be applied to carry  
40 out any power of the department under or in connection with  
section 13070-P.

42 The department shall adopt rules for determining eligibility,  
44 terms and conditions for grants under this section. Rules  
adopted pursuant to this section are routine technical rules as  
46 defined in Title 5, chapter 375, subchapter II-A. Money in the  
fund not currently needed to meet the obligations of the  
48 department as provided in this section may be invested in such a  
manner as permitted by law.

2 4. Accounts within fund. The department may divide the  
3 fund into separate accounts as it determines necessary or  
4 convenient for carrying out this section, including, but not  
5 limited to, accounts reserved for direct loan funds.

6 5. Revolving fund. The fund is a nonlapsing, revolving  
7 fund. The fund must be continuously applied by the department to  
8 carry out this section and section 13070-P.

10 **§13070-P. Employee ownership feasibility program**

12 1. Establishment. The employee ownership feasibility  
13 program is established to provide grants to employees of  
14 businesses in the State to be used for the purpose of analyzing  
15 the potential for employee ownership. The grants are intended to  
16 expand the opportunities for local ownership of businesses in the  
17 State through employee ownership.

18 2. Eligibility. Under the program established in  
19 subsection 1, grants may be made available to employee-led groups  
20 that are seeking at least 30% ownership in businesses in the  
21 State that:

22 A. Employ at least 10 full-time workers in jobs paying at  
23 least the median wage for that labor market; and

24 B. Are facing the threat of a closure or sale of the  
25 business or one or more of its facilities within the State.

26 3. Terms. Grants may be made for amounts up to \$20,000  
27 based on the size of the company and the number of jobs  
28 involved. Grants must be matched at least dollar for dollar by  
29 employee-led groups.

30 **Sec. A-2. Appropriation.** The following funds are appropriated  
31 from the General Fund to carry out the purposes of this Part.

32 **2000-01**

33 **ECONOMIC AND COMMUNITY DEVELOPMENT,**  
34 **DEPARTMENT OF**

35 **Employee Ownership Feasibility Fund**

36 All Other \$300,000

37 Provides funds for grants to analyze the  
38 potential for employee ownership of firms in  
39 the State.

2

**PART B**

4

**Sec. B-1. Education and outreach program for Maine businesses.**

The Department of Economic and Community Development shall contract with a community development corporation to conduct an education and outreach program for Maine businesses on employee ownership options, including employee stock ownership plans, stock options and cooperatives. As part of the program, the community development corporation shall strive to:

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1. Provide information to Maine closely held businesses facing ownership succession issues and to other Maine-based companies about employee ownership options, various financial and tax advantages and sources of finance and legal and organizational structures;

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2. Link Maine businesses to available technical and legal resources and to trade organizations specializing in employee ownership; and

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3. Assist firms in performing a preliminary feasibility study to determine whether employee ownership is advisable for the firms and whether the firms should undertake a full feasibility study.

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At the end of the contract year, the community development corporation shall conduct an evaluation to document business and employee participation in program services and events, assess the potential of and barriers to employee ownership in the Maine market and make programmatic and policy recommendations to the Department of Economic and Community Development. A copy of the evaluation must be provided to the Joint Standing Committee on Business and Economic Development.

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**Sec. B-2. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Part.

38

**2000-01**

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**ECONOMIC AND COMMUNITY DEVELOPMENT,  
DEPARTMENT OF**

42

**Education and Outreach Program**

44

46

All Other

\$100,000

48

Provides funds to conduct an education and

2 outreach program for Maine businesses on  
employee ownership options.

4  
6 **PART C**

8 **Sec. C-1. Commission established.** The Commission to Study  
Ownership Patterns in Maine, referred to in this Part as the  
"commission," is established.

10 **Sec. C-2. Commission membership.** The commission consists of  
12 13 members, all of whom must have a knowledge of and experience  
with Maine business and labor issues and the structure of the  
14 Maine economy. The members must be appointed as follows:

16 1. The Governor shall appoint:

18 A. One representative from the Finance Authority of Maine;

20 B. One representative from the Department of Labor; and

22 C. One representative from the Department of Economic and  
Community Development; and

24 2. The President of the Senate shall appoint:

26 A. Two Senators, one from each of the 2 largest political  
28 parties in the State;

30 B. One representative from a large business in Maine;

32 C. One representative from organized labor; and

34 D. One representative from a bank in Maine; and

36 3. The Speaker of the House of Representatives shall  
38 appoint:

40 A. Two members of the House of Representatives, one from  
each of the 2 largest political parties in the State;

42 B. One representative from a community development  
organization;

44 C. One representative from a Maine economic policy  
46 organization; and

48 D. One representative from a small business in the State.

2           **Sec. C-3. Appointments; chairs; meeting.** All appointments must  
3 be made no later than 30 days following the effective date of  
4 this Part. The appointing authorities shall notify the Executive  
5 Director of the Legislative Council once all appointments have  
6 been made. The first named Senate member is the Senate chair and  
7 the first named House of Representatives member is the House  
8 chair. The first meeting must be called by the chairs no later  
9 than 14 days after all the appointments have been made.

10           **Sec. C-4. Duties.** The commission shall investigate the  
11 current patterns of in-state, out-of-state and international  
12 ownership of Maine businesses. In conducting its study, the  
13 commission shall specifically:

14           1. Review the characteristics of businesses owned by  
15 in-state, out-of-state and international concerns, including the  
16 number and quality of jobs provided and the annual sales figures;

17           2. Study the impacts of changes of ownership on the state  
18 and local economies and on civic and environmental accountability;

19           3. Analyze the patterns of small Maine-owned growth  
20 companies and their need for large infusions of capital as they  
21 grow and assess how many of those companies are bought out and  
22 whether they continue to operate in the State; and

23           4. Examine options for broadening ownership through  
24 employee, consumer and community forms of ownership in firms  
25 operating in the State.

26           **Sec. C-5. Staff assistance.** The State Planning Office shall  
27 provide necessary staffing services to the commission.

28           **Sec. C-6. Compensation.** Members of the commission who are  
29 Legislators are entitled to receive the legislative per diem as  
30 defined in the Maine Revised Statutes, Title 3, section 2 and  
31 reimbursement for travel and other necessary expenses for  
32 attendance at meetings of the commission. Public members not  
33 otherwise compensated by their employers or other entities that  
34 they represent are entitled to receive reimbursement of necessary  
35 expenses for their attendance at authorized meetings of the  
36 commission.

37           **Sec. C-7. Report.** The commission shall submit a preliminary  
38 report no later than January 15, 2001 and a final report along  
39 with any recommended legislation to the First Regular Session of  
40 the 120th Legislature no later than June 1, 2001. If the  
41 commission requires an extension of time to make  
42

2 its reports, it may apply to the Legislative Council, which may  
grant the extension.

4       **Sec. C-8. Commission budget.** The chairs of the commission,  
with assistance from the commission staff, shall administer the  
6 commission budget. Within 10 days after its first meeting, the  
commission shall present a work plan and proposed budget to the  
8 Legislative Council for its approval. The commission may not  
incur expenses that would result in the commission exceeding its  
10 approved budget. Upon request from the commission, the Executive  
Director of the Legislative Council or the executive director's  
12 designee shall provide the commission chairs and staff with a  
status report on the commission budget, expenditures incurred and  
14 paid and available funds.

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### SUMMARY

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The purpose of this bill is to broaden the local ownership  
20 of Maine businesses through employee ownership and other forms of  
community and consumer ownership. This bill:

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1. Establishes an employee ownership feasibility fund to be  
24 administered by the Department of Economic and Community  
Development. The fund will be available as grants to employees  
26 of businesses in the State to be used to analyze the potential  
for employee ownership;

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2. Directs the Department of Economic and Community  
30 Development to contract with a community development corporation  
to conduct an education and outreach program for Maine businesses  
32 on employee ownership options; and

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3. Establishes a commission to study ownership patterns in  
the State.