

# MAINE STATE LEGISLATURE

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Date: 06-11-07

(Filing No. S- 278)

**BUSINESS, RESEARCH AND ECONOMIC DEVELOPMENT**

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**STATE OF MAINE  
SENATE  
123RD LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 411, L.D. 1163, Bill, "An Act To Implement the Recommendations of the Office of Program Evaluation and Government Accountability Regarding Economic Development in Maine"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

Sec. 1. 5 MRSA §13056-A is enacted to read:

**§13056-A. Comprehensive evaluation of state investments in economic development**

By November 1, 2007, the commissioner shall develop and submit to the Governor and the Legislature a plan for the comprehensive evaluation of state investments in economic development. Beginning February 1, 2009, the commissioner shall submit an annual comprehensive evaluation of state investments in economic development, not to include programs evaluated pursuant to section 13107 or those independent evaluations required by federal programs, to the Governor and the Legislature. The evaluation must:

**1. Outcome measures.** Establish and report on outcome measures considered appropriate by public and private practitioners inside and outside of this State in the field of economic development;

**2. Independent reviewers.** Use independent reviewers to assess the effect of economic development activities on the competitiveness of industry sectors in this State; and

**3. Recommendations.** Include recommendations to the Legislature on existing and proposed state-supported economic development programs and activities to affect economic development in this State.

Sec. 2. 5 MRSA §13056-B is enacted to read:

**COMMITTEE AMENDMENT**

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1 **§13056-B. Reporting requirements of recipients of economic development funding**

2 To assist the department in preparing the comprehensive economic development  
3 evaluation pursuant to section 13056-A, a recipient of state economic development  
4 funding, including general obligation bond proceeds for economic development, shall, in  
5 addition to any other reporting requirements required by law, collect, maintain and  
6 provide data as requested by the department.

7 **Sec. 3. 5 MRSA §13056-C** is enacted to read:

8 **§13056-C. Maine Economic Development Evaluation Fund**

9 **1. Fund established.** The Maine Economic Development Evaluation Fund, referred  
10 to in this section as "the fund," is established as a nonlapsing Other Special Revenue  
11 Funds account administered by the department for the purposes of funding the  
12 comprehensive economic development evaluation required pursuant to section 13056-A.

13 **2. Fund sources.** The fund receives money deposited by the Treasurer of State  
14 pursuant to this section and any other gift, grant or other source of revenue deposited for  
15 funding the comprehensive economic development evaluation required pursuant to  
16 section 13056-A.

17 **3. Payments to fund.** Notwithstanding section 1585 or any other provision of law,  
18 the department shall assess agencies or private entities that receive General Fund  
19 appropriations or general obligation bonds for economic development an amount for  
20 contribution to the fund that is not to exceed 0.08% of General Fund appropriations  
21 received by or general obligation bonds issued to an agency or entity for economic  
22 development efforts. Private entities that receive funds from general obligation bonds for  
23 economic development efforts shall pay to the Treasurer of State in the fiscal year in  
24 which the general obligation bond was issued an assessment amount determined by the  
25 department that is not to exceed 0.08% of the proceeds from the bond issue in any fiscal  
26 year, which payment must be made from available resources other than bond proceeds.  
27 Only those programs that receive \$250,000 or more in economic development  
28 appropriations in any fiscal year or those entities that receive funds from a general  
29 obligation bond issue of \$250,000 or more for economic development efforts in any fiscal  
30 year, as identified and certified by the department and the Office of Fiscal and Program  
31 Review, may be assessed pursuant to this subsection. The department shall provide to  
32 each agency or private entity an annual budget for the fund and a detailed account of each  
33 institution's required assessment. Total payments made pursuant to this section may not  
34 exceed \$150,000 in any fiscal year.

35 **Sec. 4. 5 MRSA §13070-O, sub-§1, ¶F,** as enacted by PL 1999, c. 768, §5, is  
36 amended to read:

37 F. Provide incentives for a business to meet objectives of the program and, when  
38 incentives are provided in anticipation of contractual performance, penalties for a  
39 business that does not meet the objectives of the program; and

40 **Sec. 5. 5 MRSA §13070-O, sub-§1, ¶G,** as enacted by PL 1999, c. 768, §5, is  
41 amended to read:

42 G. Provide a cost analysis of the program based on at least a 10-year period;

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1       **Sec. 6. 5 MRSA §13070-O, sub-§1, ¶H** is enacted to read:

2       H. Have a clearly defined public purpose;

3       **Sec. 7. 5 MRSA §13070-O, sub-§1, ¶I** is enacted to read:

4       I. In addition to standard data, report performance data specific to its goals and  
5       objectives annually to the entity that is assigned to coordinate the State's portfolio of  
6       economic development programs; and

7       **Sec. 8. 5 MRSA §13070-O, sub-§1, ¶J** is enacted to read:

8       J. Require that a business that receives benefits under the program have a business  
9       statement that includes the requirements of section 13070-J, subsection 2.

10       **Sec. 9. Economic development incentives; statutory duties of Department**  
11 **of Economic and Community Development.** By November 1, 2007, the  
12 Department of Economic and Community Development shall develop a proposal to  
13 amend the statutory definition of "economic development incentive" to provide a  
14 comprehensive guide for determining the criteria by which economic development  
15 incentives can be evaluated and incorporate the new definition into the statutory roles and  
16 responsibilities of the department. The department also shall submit a proposal to define  
17 the phrase "all economic assistance programs" in the Maine Revised Statutes, Title 5,  
18 section 13070-J, subsection 3, paragraph B. The Joint Standing Committee on Business,  
19 Research and Economic Development is authorized to submit legislation regarding the  
20 roles and responsibilities of the department to the Second Regular Session of the 123rd  
21 Legislature.

22       **Sec. 10. Proposals for expanding the role of Department of Economic and**  
23 **Community Development.** Beginning in October 2007, the Joint Standing  
24 Committee on Business, Research and Economic Development shall request proposals  
25 from the Maine Development Foundation and other nongovernmental entities that could  
26 potentially fulfill the role of the State's economic development portfolio coordinator and  
27 compare these proposals with any similar proposals submitted by the Department of  
28 Economic and Community Development. The joint standing committee is authorized to  
29 submit legislation on the creation of a state economic development portfolio coordinator  
30 to the Second Regular Session of the 123rd Legislature.

31       **Sec. 11. Performance measures; incentives.** By November 1, 2007, the Joint  
32 Standing Committee on Business, Research and Economic Development shall consider  
33 statutory changes that will increase business compliance, through meaningful incentives  
34 and penalties, with the current reporting requirements for beneficiaries of state economic  
35 development incentives, as set out in the Maine Revised Statutes, Title 5, section  
36 13070-J, subsection 3. The joint standing committee shall also consider the establishment  
37 of a new legislative process for review of all proposed legislation that involves economic  
38 development programs that would provide the joint standing committee and the  
39 department with a clearly defined review process for these proposals. The joint standing  
40 committee is authorized to submit legislation related to the subject matter of this section  
41 to the Second Regular Session of the 123rd Legislature.

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COMMITTEE AMENDMENT "A" to S.P. 411, L.D. 1163

1       **Sec. 12. Portfolio of existing state economic development programs.** The  
2 Commissioner of Economic and Community Development shall work with the Maine  
3 Development Foundation to prepare a portfolio of all existing economic development  
4 activities that fit within the State's criteria for economic development. For each program  
5 included, the portfolio must include the statutory authority for the activity or program, the  
6 public purpose as described in statute, the governing agency, the annual General Fund  
7 appropriations, the total budget, all intended recipients, a summary of program activities  
8 and any existing program evaluation. The commissioner shall submit the portfolio of  
9 economic development programs to the Joint Standing Committee on Business, Research  
10 and Economic Development by December 15, 2007.

11       **Sec. 13. Appropriations and allocations.** The following appropriations and  
12 allocations are made.

13       **DEVELOPMENT FOUNDATION, MAINE**

14       **Development Foundation 0198**

15 Initiative: Provides one-time funds in fiscal year 2007-08 for the Maine Development  
16 Foundation to prepare maps as part of developing a portfolio of all existing economic  
17 development activities that fit within the State's criteria for economic development.

18	<b>GENERAL FUND</b>	<b>2007-08</b>	<b>2008-09</b>
19	All Other	\$50,000	\$0
20			
21	<b>GENERAL FUND TOTAL</b>	<u>\$50,000</u>	<u>\$0</u>

22       **DEVELOPMENT FOUNDATION, MAINE**

23       **DEPARTMENT TOTALS**

24		<b>2007-08</b>	<b>2008-09</b>
25	<b>GENERAL FUND</b>	<b>\$50,000</b>	<b>\$0</b>
26			
27	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<u><b>\$50,000</b></u>	<u><b>\$0</b></u>

28       **ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF**

29       **Maine Economic Development Evaluation Fund N030**

30 Initiative: Allocates funds for a comprehensive economic development evaluation.

31	<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2007-08</b>	<b>2008-09</b>
32	All Other	\$150,000	\$150,000
33			
34	<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<u>\$150,000</u>	<u>\$150,000</u>

**COMMITTEE AMENDMENT**

**R.O.S.**

COMMITTEE AMENDMENT "A" to S.P. 411, L.D. 1163

1	<b>ECONOMIC AND COMMUNITY</b>		
2	<b>DEVELOPMENT, DEPARTMENT OF</b>		
3	<b>DEPARTMENT TOTALS</b>	<b>2007-08</b>	<b>2008-09</b>
4			
5	<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>\$150,000</b>	<b>\$150,000</b>
6			
7	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$150,000</b>	<b>\$150,000</b>
8	<b>SECTION TOTALS</b>	<b>2007-08</b>	<b>2008-09</b>
9			
10	<b>GENERAL FUND</b>	<b>\$50,000</b>	<b>\$0</b>
11	<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>\$150,000</b>	<b>\$150,000</b>
12			
13	<b>SECTION TOTAL - ALL FUNDS</b>	<b>\$200,000</b>	<b>\$150,000</b>
14			

15 **SUMMARY**

16 This amendment replaces the bill and implements the recommendations of the Office  
17 of Program Evaluation and Government Accountability's report to the Government  
18 Oversight Committee to increase the State's evaluation and performance measures for  
19 economic development programs in Maine. The amendment also adds an appropriations  
20 and allocations section to the bill.

21 **FISCAL NOTE REQUIRED**  
22 (See attached)



# 123rd MAINE LEGISLATURE

LD 1163

LR 2090(02)

## An Act To Implement the Recommendations of the Office of Program Evaluation and Government Accountability Regarding Economic Development in Maine

Fiscal Note for Bill as Amended by Committee Amendment "A"  
Committee: Business, Research and Economic Development  
Fiscal Note Required: Yes

### Fiscal Note

#### Legislative Cost/Study

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
<b>Net Cost (Savings)</b>				
General Fund	\$50,000	\$0	\$0	\$0
<b>Appropriations/Allocations</b>				
General Fund	\$50,000	\$0	\$0	\$0
Other Special Revenue Funds	\$150,000	\$150,000	\$150,000	\$150,000
<b>Revenue</b>				
Other Special Revenue Funds	\$150,000	\$150,000	\$150,000	\$150,000

#### Legislative Cost/Study

The general operating expenses of the Joint Standing Committee on Business, Research and Economic Development to fulfill certain responsibilities are projected to be \$6,500 in fiscal year 2007-08. The Legislature's proposed budget includes \$30,000 in fiscal year 2007-08 for legislative studies. Whether the amount is sufficient to fund all studies will depend on the number of studies authorized by the Legislative Council and the Legislature.

#### Fiscal Detail and Notes

This bill includes a one-time General Fund appropriation of \$50,000 in fiscal year 2007-08 for the Maine Development Foundation to compile and print a map of all existing economic development activities that fit within the State's criteria for economic development.

This bill also includes ongoing Other Special Revenue Funds allocations of \$150,000 per year beginning in fiscal year 2007-08 for the Maine Economic Development Evaluation Fund established within the Department of Economic and Community Development to support the costs of an annual evaluation of state investments in economic development.

The source of funding for the Evaluation Fund is an annual assessment of up to 0.08% to agencies who receive \$250,000 or more in General Fund appropriations in any fiscal year or entities who receive a general obligation bond issue of \$250,000 in any given fiscal year for economic development efforts. Total payments are capped at \$150,000 per year. This annual assessment will reduce the amount of funding for economic development to those agencies and entities assessed each year. The impact to the individual agencies or entities can not be determined at this time.

Additional costs to the Department of Economic and Community Development associated with developing the required proposal and portfolio can be absorbed within existing budgeted resources.