

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

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**Legislative Document**

**No. 1848**

S.P. 662

April 10, 2007

### **An Act To Promote Sustainable Prosperity**

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

A handwritten signature in cursive script, reading "Joy J. O'Brien", is positioned above the printed name and title.

JOY J. O'BRIEN  
Secretary of the Senate

Presented by President EDMONDS of Cumberland.  
Cosponsored by Senator HOBBS of York and  
Senators: NUTTING of Androscoggin, SCHNEIDER of Penobscot, Representatives: Speaker  
CUMMINGS of Portland, EBERLE of South Portland, PIOTTI of Unity, SIROIS of Turner.

**Preamble.** Two thirds of both Houses of the Legislature deeming it necessary in accordance with the Constitution of Maine, Article IX, Section 14 to authorize the issuance of bonds on behalf of the State of Maine to provide funds as described in this Act,

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

## PART A

**Sec. A-1. Commission created.** The Maine Government Efficiency Commission, referred to in this Part as “the commission,” is created to identify government expenditures that can be eliminated or reduced by consolidating governmental entities, increasing efficiency in the provision of services and eliminating duplication.

**Sec. A-2. Membership.** The commission consists of 7 members, appointed as follows:

1. One member of the general public, appointed by the President of the Senate;
2. One member of the general public appointed by the Speaker of the House of Representatives;
3. One member of the general public appointed by the minority leader of the Senate;
4. One member of the general public appointed by the minority leader of the House of Representatives; and
5. Three members of the general public appointed by the Governor.

The appointing authorities shall make all reasonable efforts to select members who are generally considered experts in the fields of business, finance or government operations and who are supported by the other appointing authorities, the general public and other interested parties who are not appointing authorities.

**Sec. A-3. Chairs.** At its first meeting, the commission shall select a chair from among its members.

**Sec. A-4. Appointments; convening of commission.** All appointments must be made no later than 30 days following the effective date of this Part.

**Sec. A-5. Duties.** The commission shall:

1. Analyze state and national reports, including background papers prepared for the Brookings Institution, that identify areas of state and local spending in which Maine costs are high relative to other comparable states; and
2. Identify areas of spending in state and local government, especially spending on administration, that could be reduced by consolidation, elimination of duplication, increases in efficiency or by other means, excluding reduction in services or programs.

**Sec. A-6. Staffing.** The commission may enter into a contract with a private organization or consultant to provide administrative and research assistance in carrying out the duties of the commission if outside funds to support such staff are received pursuant to section 10. The Office of Program Evaluation and Government Accountability, the Department of Administrative and Financial Services, the Department of Education and the policy institutes of the University of Maine System shall provide such assistance as is requested by the commission, to the extent possible within available resources.

**Sec. A-7. Compensation.** The members of the commission are entitled to receive reimbursement of necessary expenses for their attendance at authorized meetings of the commission.

**Sec. A-8. Interim report.** No later than February 1, 2008, the commission shall submit an interim report that includes its interim findings and recommendations, including any suggested legislation, for presentation to the Second Regular Session of the 123rd Legislature. The commission is authorized to introduce legislation related to its report to the Second Regular Session of the 123rd Legislature at the time of submission of its report.

**Sec. A-9. Report; implementing legislation.** No later than November 5, 2008, the commission shall submit a final report that includes its findings and recommendations, including suggested legislation and an estimate of the reduction in spending that would result from adoption of the recommendations, for presentation to the First Regular Session of the 124th Legislature. The commission is authorized to introduce legislation related to its report to the First Regular Session of the 124th Legislature at the time of submission of its report. The Legislature intends that the legislation submitted by the commission become law in substantially the same form as it is submitted.

**Sec. A-10. Funding sources.** The commission shall seek outside funds to fully fund all costs of the commission. Contributions to support the work of the commission may not be accepted from any party having pecuniary or other vested interest in the outcome of the matters being studied. Any person, other than a state agency, desiring to make a financial or in-kind contribution must certify to the commission that it has no pecuniary or other vested interest in the outcome of the study. Such a certification must be made in the manner prescribed by the commission. All contributions are subject to approval by the commission. All funds accepted must be forwarded to the commission along with an accounting record that includes the amount of funds, the date the funds were received, from whom the funds were received and the purpose of and any limitation on the use of those funds.

## PART B

**Sec. B-1. 5 MRSA §1522** is enacted to read:

1    **§1522. Government Efficiency Fund**

2       **1. Government Efficiency Fund established.** The Government Efficiency Fund,  
3 referred to in this section as "the fund," is established as an Other Special Revenue Funds  
4 account to be used to promote research and development, capital and infrastructure  
5 development, tax relief and the efficient delivery of local and regional services.

6       **2. Transfers to the fund.** Notwithstanding any other provision of law, the State  
7 Controller shall transfer to the fund, without deductions, that portion of undedicated  
8 General Fund revenues that is certified by the Office of Program Evaluation and  
9 Government Accountability to be directly attributable to savings resulting from  
10 reductions in spending in state and local government recommended by a statewide  
11 government efficiency commission.

12       **3. Investment earnings on funds deposited in the fund.** Funds transferred to the  
13 fund must be invested by the Treasurer of State in accordance with applicable provisions  
14 of law and all earnings on these funds must be credited to the fund.

15                                   **PART C**

16       **Sec. C-1. Authorization of bonds.** The Treasurer of State is authorized, under  
17 the direction of the Governor, to issue bonds in the name and on behalf of the State in an  
18 amount not exceeding \$180,000,000 for the purposes described in section 6 of this Part.  
19 The bonds are a pledge of the full faith and credit of the State. No more than  
20 \$60,000,000 may be issued in the first year, and no more than \$60,000,000 may be issued  
21 in each of the 2 subsequent years except that any unused balance may be added to the  
22 specified amount in subsequent years. Bonds may be issued only after the State  
23 Controller certifies that the Government Efficiency Fund established under the Maine  
24 Revised Statutes, Title 5, section 1522 contains sufficient funds to support the annual  
25 financing of the bonds. The bonds may not run for a period longer than 10 years from the  
26 date of the original issue of the bonds. At the discretion of the Treasurer of State, with  
27 the approval of the Governor, any issuance of bonds may contain a call feature.

28       **Sec. C-2. Records of bonds issued kept by Treasurer of State.** The  
29 Treasurer of State shall keep an account of each bond showing the number of the bond,  
30 the name of the successful bidder to whom sold, the amount received for the bond, the  
31 date of sale and the date when payable.

32       **Sec. C-3. Sale; how negotiated; proceeds appropriated.** The Treasurer of  
33 State may negotiate the sale of the bonds by direction of the Governor, but no bond may  
34 be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the  
35 bonds, which must be held by the Treasurer of State and paid by the Treasurer of State  
36 upon warrants drawn by the State Controller, are appropriated solely for the purposes set  
37 forth in this Part. Any unencumbered balances remaining at the completion of the project  
38 in this Part lapse to the debt service account established for the retirement of these bonds.

39       **Sec. C-4. Interest and debt retirement.** The Treasurer of State shall pay  
40 interest due or accruing on any bonds issued under this Part and all sums coming due for  
41 payment of bonds at maturity.

1       **Sec. C-5. Disbursement of bond proceeds.** The proceeds of the bonds must be  
2 expended as set out in this Part under the direction and supervision of the Department of  
3 Economic and Community Development.

4       **Sec. C-6. Allocations from General Fund bond issue.** The proceeds of the  
5 sale of the bonds authorized under this Part must be expended as designated in the  
6 following schedule.

7       **Department of Economic and**  
8       **Community Development**

9

10      **Office of Innovation**

11

12      Provides funds to create the Innovation	\$180,000,000
13      Jobs Fund within the Maine Technology	
14      Institute, to provide competitive grants in	
15      the 7 targeted technologies designated	
16      under the Maine Revised Statutes, Title 5,	
17      section 15301, subsection 2 to support	
18      development of research, development	
19      and commercialization infrastructure with	
20      the goal of stimulating economic	
21      development, in anticipation of	
22      \$180,000,000 in federal and private	
23      funding. Eligible institutions include the	
24      University of Maine System and the	
25      State's private, nonprofit research	
26      institutions, Maine-based technology	
27      companies, and state governmental and	
28      quasi-governmental agencies that are	
29      engaged in research and technology	
30      development and commercialization.	

31       **Sec. C-7. Contingent upon ratification of bond issue.** Sections 1 to 6 do not  
32 become effective unless the people of the State ratify the issuance of the bonds as set  
33 forth in this Part.

34       **Sec. C-8. Appropriation balances at year-end.** At the end of each fiscal year,  
35 all unencumbered appropriation balances representing state money carry forward. Bond  
36 proceeds that have not been expended within 10 years after the date of the sale of the  
37 bonds lapse to General Fund debt service.

38       **Sec. C-9. Bonds authorized but not issued.** Any bonds authorized but not  
39 issued, or for which bond anticipation notes are not issued within 5 years of ratification of  
40 this Part, are deauthorized and may not be issued, except that the Legislature may, within  
41 2 years after the expiration of that 5-year period, extend the period for issuing any



1       **Sec. D-2. 5 MRSA §13109-B** is enacted to read:

2       **§13109-B. Innovation Jobs Fund**

3       **1. Fund established.** The Innovation Jobs Fund, referred to in this section as "the  
4 fund," is established as a nonlapsing Other Special Revenue Funds account administered  
5 by the office for the purposes of providing competitive grants in the targeted technologies  
6 designated under section 15301, subsection 2 to support development of research,  
7 development and commercialization infrastructure with the goal of stimulating economic  
8 development.

9       **2. Fund sources.** The fund receives money transferred by the State Controller from  
10 the Government Efficiency Fund pursuant to section 1522.

11       **3. Eligibility; guidelines.** The commissioner or the Director of the Office of  
12 Innovation shall establish guidelines for the awarding of grants under this section.  
13 Institutions that are eligible for grants under this section include:

14       A. The University of Maine System;

15       B. The State's private, nonprofit research institutions;

16       C. Maine-based technology companies; and

17       D. State governmental and quasi-governmental agencies that are engaged in research  
18 and technology development and commercialization.

19       **Sec. D-3. Transfer of funds; Maine Cluster Development Fund.** If  
20 sufficient funds exist in the Government Efficiency Fund established by the Maine  
21 Revised Statutes, Title 5, section 1522, the State Controller shall transfer \$10,000,000 no  
22 later than June 30, 2008 and \$10,000,000 no later than June 30, 2009 from the  
23 Government Efficiency Fund to the Maine Cluster Development Fund established by  
24 Title 5, section 13109-A.

25       **Sec. D-4. Transfer of funds; Innovation Jobs Fund.** If sufficient funds exist  
26 in the Government Efficiency Fund established by the Maine Revised Statutes, Title 5,  
27 section 1522, and only after transfers are made pursuant to section 3, the State Controller  
28 shall transfer funds sufficient to provide annual financing for bonds authorized pursuant  
29 to this Act to administer the Innovation Jobs Fund established by Title 5, section 13109-B  
30 no later than June 30, 2008 and no later than June 30, 2009 from the Government  
31 Efficiency Fund to the Innovation Jobs Fund.

32       **Sec. D-5. Transfer of funds; Fund for the Efficient Delivery of Local and**  
33 **Regional Services.** If sufficient funds exist in the Government Efficiency Fund  
34 established by the Maine Revised Statutes, Title 5, section 1522, and only after transfers  
35 are made pursuant to sections 3 and 4, the State Controller shall transfer \$2,652,333 no  
36 later than June 30, 2008 and \$2,744,682 no later than June 30, 2009 from the Government  
37 Efficiency Fund to the Fund for the Efficient Delivery of Local and Regional Services  
38 established by Title 30-A, chapter 231.



**Sec. D-6. Income tax burden reduction.** When sufficient funds are available in the Government Efficiency Fund, established under the Maine Revised Statutes, Title 5, section 1522, and after any allocations are made subject to section 5, the State Tax Assessor shall submit legislation to reduce the highest tax rate applicable to income from 8.5% to 8.0% and to increase by 20% the threshold for applying that rate. The new rate and threshold are applicable to income tax years beginning on or after the effective date of the legislation that implements the change.

## PART E

**Sec. E-1. 5 MRSA §3305, sub-§1, ¶N**, as amended by PL 1997, c. 393, Pt. B, §4, is further amended to read:

N. Coordinate the development of solid waste management policy including:

(1) Collecting and analyzing solid waste management and recycling data from all available sources including commercial and municipal entities;

(2) Preparing a solid waste management and recycling plan to be submitted to the Governor and the Legislature by January 1, 1998 and every 5 years thereafter; and

(3) Providing technical and financial assistance to municipalities in waste reduction and recycling activities; ~~and~~

**Sec. E-2. 5 MRSA §3305, sub-§1, ¶O**, as enacted by PL 1995, c. 625, Pt. A, §10, is amended to read:

O. Own, design, develop or operate, or contract with private parties to operate, a solid waste disposal facility, as provided in Title 38, chapter 24, subchapter ~~IV~~ 4; and

**Sec. E-3. 5 MRSA §3305, sub-§1, ¶P is enacted to read:**

P. Provide for a program of grants to municipalities to build capacity for implementing any applicable statewide building code.

**Sec. E-4. 5 MRSA §3307-G** is enacted to read:

### **§3307-G. Maine Community Enhancement Fund**

**1. Fund established.** The Maine Community Enhancement Fund, referred to in this section as "the fund," is established as a nonlapsing Other Special Revenue Funds account administered by the office for the purposes of providing resources to towns and municipalities for community planning and facilitating and implementing comprehensive plans. Funds in the fund are not available for use as general revenue of the State. Interest earned on the fund must be credited to the fund.

**2. Fund sources.** The fund receives money transferred by the Treasurer of State from the surcharge on deeds established in Title 33, section 753.

1       **3. Guidelines.** The director shall establish guidelines for the distribution of funds  
2       under this section.

3       **Sec. E-5. 33 MRSA §753** is enacted to read:

4       **§753. Community enhancement surcharge**

5       **1. Surcharge.** In addition to any other fees required by law, a register of deeds may  
6       collect a surcharge of \$20 per transaction for all documents that are recorded in the  
7       registry of deeds, except those recorded by agencies of State Government and  
8       municipalities.

9       **2. Account.** The surcharge imposed in subsection 1 must be transferred on a  
10      quarterly basis to the Treasurer of State, who shall deposit it in the Maine Community  
11      Enhancement Fund under Title 5, section 3307-G. Interest earned on the account must be  
12      credited to the account.

13      **3. Repeal.** This section is repealed December 31, 2012.

14      **Sec. E-6. Pilot project.** The Executive Department, State Planning Office shall  
15      establish a pilot project for a regional planning initiative involving multiple political  
16      subdivisions of the State. The State Planning Office shall establish criteria for eligibility,  
17      priorities for grant awards, a methodology for tracking the progress of grantees and  
18      expectations for outcomes.

19      **Sec. E-7. Appropriations and allocations.** The following appropriations and  
20      allocations are made.

21      **MAINE DEVELOPMENT FOUNDATION**

22      **Maine Downtown Center**

23      Initiative: Allocates funds from Maine Community Enhancement Fund to the Maine  
24      Downtown Center.

25			
26	<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2007-08</b>	<b>2008-09</b>
27	All Other	\$300,000	\$300,000
28			
29	<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$300,000</b>	<b>\$300,000</b>

30      **Sec. E-8. Appropriations and allocations.** The following appropriations and  
31      allocations are made.

32      **EXECUTIVE DEPARTMENT**

33      **State Planning Office**

34      Initiative: Allocates funds from the Maine Community Enhancement Fund to the State  
35      Planning Office, which must be used for training and technical assistance to  
36      municipalities to assist in implementing a statewide building code, once such a code is

1 established. No more than 5% of such funds may be utilized for administration of the  
2 grant program.

3			
4	<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2007-08</b>	<b>2008-09</b>
5	All Other	\$700,000	\$700,000
6			
7	OTHER SPECIAL REVENUE FUNDS TOTAL	\$700,000	\$700,000

8 **Sec. E-9. Appropriations and allocations.** The following appropriations and  
9 allocations are made.

10 **EXECUTIVE DEPARTMENT**

11 **State Planning Office**

12 Initiative: Allocates funds from the Maine Community Enhancement Fund to the State  
13 Planning Office for a grant to a pilot project for a regional planning initiative involving  
14 multiple political subdivisions of the State.

15			
16	<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2007-08</b>	<b>2008-09</b>
17	All Other	\$1,000,000	\$1,000,000
18			
19	OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,000,000	\$1,000,000

20 **PART F**

21 **Sec. F-1. 36 MRSA §662** is enacted to read:

22 **§662. State support for municipalities hosting nontaxable property**

23 **1. Definitions.** As used in this section, the following terms have the following  
24 meanings:

25 A. "Nontaxable property" means real property that is exempt from taxation under  
26 section 652 or 656. "Nontaxable property" includes, but is not limited to, hospitals,  
27 state facilities, county jails, regional transportation facilities and institutions of higher  
28 education.

29 B. "Service center community" means a municipality or a municipality within a  
30 group of municipalities identified by the Executive Department, State Planning  
31 Office pursuant to Title 30-A, section 4301, subsection 14-A.

32 **2. Assistance.** The bureau shall implement a program to reduce the burden on  
33 service center communities of property taxes lost by reason of the nontaxable status of  
34 property located within that community. To the extent that funding is available, the  
35 bureau shall reimburse a municipality for the municipal, nonschool portion of the taxes  
36 lost by reason of the nontaxable status of property.

**3. Implementation.** The bureau may adopt routine technical rules as defined in Title 5, chapter 375, subchapter 2-A relating to operation of the program under this section, including rules to quantify the burden on service center communities of property taxes lost by reason of the nontaxable status of property within the community to determine the process by which a municipality may request assistance under this section, and to determine how reimbursement is distributed if there are insufficient funds available to fully fund the program. The bureau shall assist municipal assessors in developing appropriate assessments of the property.

**4. Funding.** The program created in this section is funded by the Government Efficiency Fund created in Title 5, section 1522. Assistance under the program is limited to available funds.

## SUMMARY

The purpose of this bill is to implement the recommendations of the report by the Brookings Institution entitled "Charting Maine's Future: An Action Plan for Promoting Sustainable Prosperity and Quality Places."

Part A of this bill establishes the Maine Government Efficiency Commission and directs the commission to identify government expenditures that can be eliminated or reduced by consolidating governmental entities, increasing efficiency in the provision of services and eliminating duplication.

Part B of this bill establishes the Maine Government Efficiency Fund, which consists of that portion of undedicated General Fund revenues that is certified by the Office of Program Evaluation and Government Accountability to be directly attributable to savings resulting from reductions in spending in state and local government recommended by the Maine Government Efficiency Commission.

Part C of this bill authorizes the issuance of bonds for competitive grants for collaborative research and development activities with the goal of stimulating the State's economic development.

Part D of this bill establishes the Maine Cluster Development Fund within the Office of Innovation in the Department of Economic and Community Development for the purpose of providing cluster development grants to be used for competitive grants to industry-led coalitions in the targeted technology sectors and the Innovation Jobs Fund within the Office of Innovation within the Department of Economic and Community Development. Part D also transfers funds from the Government Efficiency Fund, if sufficient funds exist and in this order of priority, to the Maine Cluster Development Fund, the Innovation Jobs Fund and the Fund for the Efficient Delivery of Local and Regional Services. Part D also requires that, when sufficient funds are available in the Government Efficiency Fund to fund the changes, the State Tax Assessor shall submit legislation to reduce the highest tax rate applicable to income from 8.5% to 8.0% and to increase by 20% the threshold for applying that rate.

Part E of this bill:

1       1. Establishes the Maine Community Enhancement Fund for the purposes of  
2 providing resources to towns and municipalities for community planning and facilitating  
3 and implementing comprehensive plans;

4       2. Authorizes, until December 31, 2012, a surcharge of \$20 per transaction for all  
5 documents that are recorded in the registry of deeds and transfers revenue from this  
6 surcharge for deposit into the Maine Community Enhancement Fund;

7       3. Directs the Executive Department, State Planning Office to establish a pilot project  
8 for a regional planning initiative involving multiple political subdivisions of the State;

9       4. Allocates funds from the Maine Community Enhancement Fund to the Maine  
10 Downtown Center, to the State Planning Office for assisting municipalities in  
11 implementing any applicable statewide building code, and to the State Planning Office  
12 for a pilot project for a regional planning initiative involving multiple political  
13 subdivisions of the State.

14       Part F of this bill directs the Department of Administrative and Financial Services,  
15 Bureau of Revenue Services to implement a program to reimburse service center  
16 communities for property taxes lost by reason of the nontaxable status of property of  
17 regional significance located within that community.