

MAINE STATE LEGISLATURE

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SEN. KEVIN L. RAYE
CHAIR

REP. ROBERT W. NUTTING
VICE-CHAIR

EXECUTIVE DIRECTOR
DAVID E. BOULTER



SEN. JONATHAN T. E. COURTNEY
SEN. BARRY J. HOBBS
SEN. DEBRA D. PLOWMAN
SEN. JUSTIN L. ALFOND
REP. PHILIP A. CURTIS
REP. EMILY ANN CAIN
REP. ANDRE E. CUSHING III
REP. TERRY HAYES

125TH MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

**MEETING OF LEGISLATIVE COUNCIL
NOVEMBER 17, 2011
10:00 AM
REVISED AGENDA**

<u>Page</u>	<u>Item</u>	<u>Action</u>
	CALL TO ORDER	
	ROLL CALL	
1	SUMMARY OF THE OCTOBER 31, 2011 MEETING OF THE LEGISLATIVE COUNCIL	Acceptance
	REPORTS FROM EXECUTIVE DIRECTOR AND STAFF OFFICE DIRECTORS	
21	▪ Executive Director's Report (Mr. Boulter)	Information
22	▪ Fiscal Report (Mr. Pennoyer)	Information
26	▪ Status of Legislative Studies (Mr. Clark)	Information
	EXECUTIVE SESSION (Personnel Matter)	
	REPORTS FROM COUNCIL COMMITTEES	
	• Personnel Committee (Recommendation on Appointment of OPLA Director)	Decision
	• State House Facilities Committee (No Report)	
	OLD BUSINESS	
	None	

NEW BUSINESS

- | | | |
|----|---|-----------------------|
| 27 | Item #1: Suggested Procedures for Deciding Appeals of Legislative Bill Requests | Decision |
| | Item #2: Consideration of Legislators' Appeals of Council Action on Bill Requests
(Separate Binder) | Roll Call Vote |
| 28 | Item #3: Acceptance of Loring Development Authority of Maine's Annual Report | Acceptance |
| 44 | Item #4: Acceptance of Washington County Development Authority's Annual Report | Acceptance |
| | Item #5: Consideration of Producing New Legislator Orientation Video to Replace <i>Person-to-Person Legislating Maine</i> ©1994 | Discussion |

EXECUTIVE SESSION

(Collective Bargaining Matters)

ANNOUNCEMENTS AND REMARKS

ADJOURNMENT

SEN. KEVIN L. RAYE
CHAIR

REP. ROBERT W. NUTTING
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125TH MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

MEETING SUMMARY
October 31, 2011

CALL TO ORDER

Legislative Council Chair, Senate President Raye called the October 31, 2011 Legislative Council meeting to order at 10:17 a.m. in the Legislative Council Chamber.

ROLL CALL

Senators: President Raye, Senator Courtney, Senator Plowman, Senator Hobbins and Senator Alfond

Representatives: Speaker Nutting, Representative Curtis, Representative Cushing, Representative Cain and Representative Hayes

Legislative Officers: Joseph Carleton, Secretary of the Senate
Heather Priest, Clerk of the House
Rose Breton, Legislative Finance Director
Jon Clark, Deputy Director, Office of Policy and Legal Analysis
Suzanne Gresser, Revisor of Statutes
Scott Clark, Director, Legislative Information Technology
John Barden, Director, Law and Legislative Reference Library
Debra Olken, Human Resources Director

Senate President Raye convened the meeting at 10:17 a.m. with a quorum of members present.

SUMMARY OF SEPTEMBER 22, 2011 MEETING OF LEGISLATIVE COUNCIL

Motion: That the Meeting Summary of September 22, 2011 be accepted and placed on file. Motion by Senator Courtney. Second by Senator Alfond. **Motion passed (9-0-0-1, with Representative Hayes abstaining).**

REPORTS FROM EXECUTIVE DIRECTOR AND COUNCIL OFFICES

Executive Director's Report

In his absence, David Boulter, Executive Director, submitted the following written report in the revised agenda packet. No oral report was given.

1. YMCA Youth in Government Program

With prior approval by the Legislative Council, the State YMCA of Maine will be holding its annual Youth in Government Program in the State House on Friday, November 18th through Sunday, November 20th. Over 100 students from high schools throughout the state will participate in this civic education program designed to engage students in understanding and participating in the legislative process.

2. Replacement of Failed Tape Drive for Data Backups

A tape drive used for off-site backup and storage of legislative documents and applications failed unexpectedly earlier this month. Repair was not feasible due to the vendor discontinuance of the tape drive system and product support. Due to the importance of maintaining capacity to back up and store legislative data off-site for disaster recovery purposes and to take advantage of limited time favorable pricing, a replacement unit has been ordered for installation this month. Because the unit cost exceeded \$5,000.00, it is considered a Capital Equipment purchase, requiring the transfer of available All Other funds to the Capital line in the Legislature's budget last week to cover the costs appropriately.

The Office of Legislative Information Technology is utilizing alternative, though slower, data backup conventions until the new unit is installed by the end of October. No data loss has occurred as a result of the tape drive system failure.

Fiscal Report

Grant Pennoyer, Director, Office of Fiscal and Program Review, submitted the following written report in the revised agenda packet. No oral report was given.

Revenue Update

Total General Fund Revenue - FY 2012 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
September	\$288.7	\$303.6	\$14.8	5.1%	\$288.4	5.3%
FYTD	\$603.8	\$609.7	\$5.9	1.0%	\$586.8	3.9%

General Fund revenue was over budget by \$14.8 million (5.1%) for September, which produced a positive variance of \$5.9 million (1.0%) for the 1st quarter of FY 2012. The revenue growth for the 1st quarter of FY 2012 was 3.9% compared to the same period in the last fiscal year, which is well above the nearly flat growth projected for all of FY 2012. Corporate Income Tax revenue, over budget by \$9.0 million for September and \$12.5 million for the quarter, was the primary reason for improved revenue performance. Taxable sales were modestly ahead of projections and Individual Income Tax revenue helped offset the July negative variance, but it remained \$5.8 million under budget for the 1st quarter. Another significant negative variance was related to earlier than anticipated payments in the tax relief programs, which totaled \$6.0 million in the 1st quarter.

Highway Fund Revenue Update

Total Highway Fund Revenue - FY 2012 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
September	\$26.2	\$24.9	(\$1.4)	-5.2%	\$25.4	-2.0%
FYTD	\$63.3	\$60.9	(\$2.4)	-3.8%	\$63.1	-3.6%

Highway Fund revenue was under budget by \$1.4 million (5.2%) for September and \$2.4 million (3.8%) for the 1st quarter of FY 2012. Highway Fund revenue for the 1st quarter declined 3.6% compared with the first quarter of FY 2011. The Fuel Taxes category has had a significant amount of variability from budget each month with both positives and negatives in both gasoline tax and special fuel collections. Overall for the 1st quarter, Fuel Taxes were \$1.3 million under budget. Motor vehicle registration fee revenue accounted for the remainder of the negative variance and was \$1.4 million under budget through the 1st quarter. This should begin to show improvement once a processing backlog begins to clear.

Cash Balances

The average total cash pool balance for September was \$526.4 million, \$11.3 million less than one year ago. However, General Fund internal cash flow borrowing was \$39.5 million less than a year ago. Although this balance is beginning to show the effect of the \$43 million General Fund borrowing from Other Special Revenue Funds to balance the FY 2012 General Fund budget that will be repaid in FY 2013, overall cash pool balances remain sufficiently healthy to avoid external borrowing in FY 2012 absent any significant variances in spending or revenue.

MaineCare Spending

MaineCare spending remains a concern. The weekly FY 2012 MaineCare cycle average through Week 15 was \$42.7 million (state and federal dollars), which is greater than the weekly average for FY 2011 of \$40.4 million. However, September weekly cycle payments did retreat below the spike in payments during August. In addition to the increase in total MaineCare spending, the loss of the enhanced matching rate under the federal stimulus and the General Fund repayment of \$29.7 million during the 1st quarter of FY 2012 resulted in an increase in MaineCare General Fund spending of nearly \$110 million when compared to the 1st quarter of FY 2011.

Economic Forecast

The Consensus Economic Forecasting Commission (CEFC) met on Monday, October 24th and revised the economic forecast that is used by the Revenue Forecasting Committee to forecast the major tax lines. The CEFC's new forecast compared with its April 2011 forecast is significantly more pessimistic through calendar year 2013 (see table below). While the size of the downward revisions in employment and income appears to place significant downward pressure on the revenue forecast, there are some mitigating factors in the forecast. The most significant is the improvement in the corporate profits assumption with very sizeable upward revisions to growth in 2011 and 2012. In addition, the positive variances of last fiscal year and the first quarter of this fiscal year may soften the blow as the models are targeted to that higher level of past performance before applying the lower growth rates. While these positive factors will help, the extent of the reduction to the growth assumptions will likely produce a lower revenue projection for each year of the 2012-2013 biennium.

Consensus Economic Forecasting Commission
Comparison of April 2011 and November 2011 Economic Forecasts

Calendar Years	2010	2011	2012	2013	2014	2015
• Wage & Salary Employment (Annual Percentage Change)						
> Consensus 04/2011	-0.6%	0.4%	1.5%	1.5%	1.4%	1.2%
> Consensus 11/2011	-0.6%	0.1%	0.1%	0.8%	1.3%	1.4%
Difference	0.0%	-0.3%	-1.4%	-0.7%	-0.1%	0.2%
• Personal Income (Annual Percentage Change)						
> Consensus 04/2011	3.0%	4.6%	2.9%	4.0%	4.0%	4.0%
> Consensus 11/2011	1.7%	3.8%	3.0%	3.0%	4.7%	4.8%
Difference	-1.3%	-0.8%	0.1%	-1.0%	0.7%	0.8%
• Consumer Price Index (Annual Percentage Change)						
> Consensus 04/2011	1.6%	2.5%	1.8%	2.0%	2.3%	2.1%
> Consensus 11/2011	1.6%	3.0%	1.3%	1.9%	2.3%	2.1%
Difference	0.0%	0.5%	-0.5%	-0.1%	0.0%	0.0%
• Before Tax Corporate Profits (Annual Percentage Change)						
> Consensus 04/2011	36.3%	-7.3%	0.2%	20.8%	6.5%	-3.8%
> Consensus 11/2011	25.0%	3.7%	6.7%	12.2%	5.3%	-2.5%
Difference	-11.3%	11.0%	6.5%	-8.6%	-1.2%	1.3%

Status of Legislative Studies

Jon Clark, Deputy Director of the Office of Policy and Legal Analysis, submitted a written report on the status of legislative studies. No oral report was given.

REPORTS FROM COUNCIL COMMITTEES

1. Personnel Committee

President Raye, Chair of the Personnel Committee, reported that the Interview Panel, a subset of the Personnel Committee, met on October 12, 2011 to conduct initial interviews for the position of Director of the Office of Policy and Legal Analysis, vacant due to the recent retirement of OPLA Director Patrick Norton. Six candidates were interviewed. The panel is continuing its review of candidate qualifications and expects to conduct follow-up interviews in early November, with an expected recommendation to the full Legislative Council by mid-November.

2. State House Facilities Committee

No report

OLD BUSINESS

None

NEW BUSINESS**Item #1: Legislative Council Meeting Schedule for 2012**

President Raye informed the Legislative Council members of the Legislative Council Meeting Schedule for calendar year 2012 which is noted below. All meetings will be held in the Legislative Council Chambers and are tentatively scheduled to start at 1:30 p.m.

Thursday, January 26, 2012	Thursday, July 26, 2012
Thursday, February 23, 2012	Thursday, August 23, 2012
Thursday, March 22, 2012	Thursday, September 27, 2012
Thursday, April 26, 2012	Thursday, October 25, 2012
Thursday, May 24, 2012	Thursday, November 15, 2012
Thursday, June 28, 2012	Thursday, December 6, 2012 (tentative, 126 th Legislature)

Item #2: Request by Commission to Study Priorities and Timing of Judicial Proceedings in State Courts to Establish Subcommittee, Hold Subcommittee Meetings and Extend Deadline for Report

The Commission to Study Priorities and Timing of Judicial Proceedings in State Courts submitted a request to establish a subcommittee to assist the full commission in its evaluation of issues. In addition, the commission requested an extension of its deadline to submit its final report and recommendations from December 7th to December 15, 2011.

Motion: That the Legislative Council approve the request by the Judicial Proceedings Commission to establish a subcommittee to meet as necessary and extend its final report deadline to December 15, 2011. Commission members may not receive compensation for their attendance at subcommittee meetings. Motion by Senator Courtney. Second by Representative Cain. **Motion passed unanimous (10-0).**

Item #3: Proposed Document Service Fee Schedule for 125th Legislature, Second Regular Session

Clerk of the House Heather Priest submitted a proposed fee schedule for Legislative Document Service for the Second Regular Session of the 125th Legislature. In her proposal, she noted that all documents offered in the document service are also available directly on the Legislature's website, and the public is being encouraged to use the online information. She further noted that as a result of the steady decline in the demand for paper copies of several documents, certain services are proposed to be discontinued. Documents are now available via email as well.

Motion: That the Legislative Council approve the proposed Legislative Document Service Fee Schedule. Motion by Representative Hayes. Second by Speaker Nutting. **Motion passed unanimous (10-0).**

Item #4: Suggested Procedures for Deciding Legislative Bill Requests

Legislative Council Chair President Raye summarized the suggested procedures for deciding Legislative bill requests. He drew Legislative Council members' attention to several key aspects of the proposed protocol, including that the initial motion on each bill request will be presumed to be a motion to accept the bill request for introduction into the Second Regular Session, along with a

presumed second to that motion. Also for procedural consistency, unless otherwise stated, each motion is presumed to have been made by the vice-chair of the Legislative Council, seconded by the chair. See the attached procedures.

Motion: That the Legislative Council approve the suggested procedures for deciding Legislative bill requests. Motion by Senator Courtney. Second by Representative Curtis. **Motion passed unanimous (10-0).**

Item #5: Consideration of Legislative Bill Requests for Introduction in the Second Regular Session of the 125th Legislature

The Council proceeded to consider and vote on two hundred eighty-eight (288) bill requests in accordance with the adopted protocol, and using an electronic voting system. The Legislative Council authorized one hundred seventeen (117) bills for introduction in the Second Regular Session, and tabled nine (9) bill requests. Out of the 288 requests, 4 bill requests were withdrawn. The Legislative Council's action on the bill requests is attached.

ANNOUNCEMENTS AND REMARKS

Legislative Council Chair President Raye thanked Ms. Breton for capably carrying out the Executive Director's responsibilities during Mr. Boulter's absence from the meeting.

The Legislative Council meeting was adjourned at 12:24 p.m. on a motion by Representative Cushing, seconded by Representative Curtis. **Motion passed unanimous (10-0).**

Legislative Council Meeting
October 31, 2011

Procedures for Review of Legislative Bill Requests for
Second Regular Session of the 125th Legislature

Requirements relevant to bills in the Second Regular Session

1. Under the terms of the Maine Constitution, Section 1 of Article IV, Part Third, Legislative Power, the business of the second regular session **must be limited to:** budgetary matters; legislation in the Governor's call; legislation of an emergency nature admitted by the Legislature; legislation referred to committees to study and report by the Legislature in the first regular session; and legislation presented to the Legislature by written petition of the electors (direct citizen initiative).
2. Under the Legislative Council's Rules of Procedure for the 125th Legislature, any action of the Legislative Council requires the affirmative vote of at least 6 members.
3. Under Rule 203 of the Joint Rules of the 125th Legislature, any vote of the Legislative Council to accept or reject a bill or resolve for introduction under the procedures established under the Joint Rules must be taken by the yeas and nays, and that vote must be recorded and made available for public inspection.
4. Under Rule 217 of the Joint Rules, a bill that has been introduced and finally rejected in a regular or special session may not be introduced in a subsequent session of the same Legislature except by a vote of 2/3 of both chambers. Therefore, determinations as to the relevancy of Rule 217 are within the purview of the presiding officers, rather than the Legislative Council.

Suggested Protocol for deciding legislative bill requests

- A. The Legislative Council will review bill requests alphabetically by policy area. An exception to this order of review may be made for bill requests for which an ASL Interpreter is required for persons who are deaf or hard of hearing. Those bills will be taken out of order at a time during the meeting when an interpreter is available.
- B. For procedural consistency, when voting on a bill request, the initial motion on a bill will be presumed to be a motion to accept the bill request for introduction into the second regular session along with a second to that motion. (Yea is to let in a bill; nay is to reject the bill for introduction). Also for procedural consistency, unless otherwise stated, each motion is presumed to have been made by the vice-chair of the Legislative Council, seconded by the chair.

- C. In order to review all legislative requests in a timely manner, voting will be by electronic vote or a show of hands, with each Council Member's vote on each bill being recorded. The record of each vote will be made available by the Office of the Executive Director for public inspection following the meeting.
- D. If a bill request has been identified by the Revisor as requiring a ruling under Joint Rule 217, the Legislative Council may vote to accept that bill for introduction, conditional upon a subsequent ruling by the presiding officers. Absent a vote to accept the bill, the bill is presumed to have been turned down by unanimous vote of the Legislative Council.
- E. Legislative sponsors and others are welcome to observe the Council's deliberations on the bill requests, but discussion of the requests will be confined to Legislative Council Members. Discussion of a bill request among Legislative Council Members will be limited to whether it is appropriate for introduction under Constitutional provisions for second regular session bills, and will not speak to the merits of the bill itself.
- F. If the Legislative Council turns down a bill request, a Legislator may appeal that decision if an appeal is filed in a timely manner. At a subsequent meeting of the Legislative Council, the legislator may speak briefly to the bill request under appeal.
- G. A legislative request that has been identified by the Revisor as being either closely related to another legislative request that was earlier filed (i.e., having been assigned a lower LR number) or to a carryover bill is presumed to have been turned down by a unanimous vote of the Legislative Council.

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

	Action
AGRICULTURE, CONSERVATION AND FORESTRY	
LR 2379 Rep. McKane, Jonathan B. An Act To Strengthen the Laws Regarding Dangerous Dogs	FAILED
LR 2584 Rep. Harlow, Denise P. An Act To Protect State Park Employees	FAILED
LR 2506 Rep. Libby, Aaron F. An Act To Remove the \$100 Fee Required When Reporting Fertilizer and Agricultural Liming Materials Tonnage	PASSED
LR 2509 Sen. Saviello, Thomas B. An Act To Authorize the Registration of Farmland in 2012 and 2013	PASSED
LR 2516 Rep. Libby, Aaron F. An Act To Help Promote Farming in Maine by Limiting the Liability of "Pick Your Own" Farms	PASSED
LR 2615 Rep. Black, Russell J. An Act To Exempt Maple Sugar Houses from the 1,000-foot Setback Requirement of the Maine Land Use Regulation Commission	PASSED
LR 2347 Rep. Long, Ricky D. An Act To Provide for Grooming of the Perimeter Road at Baxter State Park	FAILED
APPROPRIATIONS AND FINANCIAL AFFAIRS	
LR 2530 Rep. Cray, Dean A. An Act To Eliminate the Office of Information Technology	FAILED
LR 2590 Sen. Katz, Roger J. An Act To Authorize a General Fund Bond Issue To Create Jobs through Development of Natural Gas Distribution	FAILED
LR 2345 Sen. Jackson, Troy D. An Act To Authorize a General Fund Bond Issue To Redevelop the Former Loring Air Force Base	FAILED
LR 2372 Sen. Katz, Roger J. RESOLUTION, Proposing an Amendment to the Constitution of Maine To Extend the Length of Time To Retire Unfunded Liability of the Maine Public Employees Retirement System	FAILED

Page Number: 1

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

	Action
LR 2442 Sen. Katz, Roger J. An Act To Amend the Internal Appeals Process Used by the Maine Public Employees Retirement System	FAILED
LR 2534 Rep. Nelson, Mary P. An Act To Remove Limitations on Restoration to Service for Education Technicians Who Retire on or after July 1, 2011	FAILED
LR 2588 Sen. Rector, Christopher W. An Act To Exempt Teachers' Aides and Tutors from Certain Retirement Requirements	FAILED
LR 2594 Sen. Hill, Dawn An Act To Amend Provisions Limiting the Return to Work after Retirement by Teachers, School Employees and State Employees	PASSED
LR 2524 Rep. Fredette, Kenneth W. An Act To Appropriate Funds To Support the University-Business Information Technology and Computer Science Partnership	FAILED
LR 2373 Rep. Clark, Herbert E. An Act To Provide Funding To Operate the Dolby Landfill in East Millinocket	PASSED
LR 2656 Sen. Raye, Kevin L. An Act To Provide for an Advisory Referendum on the Approval of Tax-exempt Student Loan Revenue Bonds	PASSED
CRIMINAL JUSTICE AND PUBLIC SAFETY	
LR 2644 Rep. Cain, Emily A. An Act To Mandate the Use of Standardized Risk Assessment in the Management of Domestic Violence Crimes	PASSED
LR 2527 Rep. Morissette, Susan E. An Act To Amend the Laws Governing Disorderly Conduct at Funerals in Order To Protect Grieving Families	FAILED
LR 2406 Rep. Berry, Seth A. An Act To Avert Future Drug Epidemics and Corrections Costs by Expanding the Availability of the Drug Court	FAILED
LR 2440 Rep. Stevens, Sara R. An Act To Establish a Pilot Program as an Alternative to the Drug Court	PASSED

Page Number: 2

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2586	Rep. Webster, David C.	Action FAILED
	An Act To Implement an Integrated and Coordinated Statewide Approach To Addressing the Use of Synthetic Hallucinogenic Drugs and Other Drugs	
LR 2587	Rep. Webster, David C.	FAILED
	Resolve, Establishing a Blue Ribbon Commission To Develop an Integrated and Coordinated Statewide Response to Synthetic Hallucinogenic Drug Abuse	
LR 2397	Rep. Soctomah, Madonna M.	PASSED
	An Act To Impose a Penalty for Making False Claims Regarding Affiliation with a Federally Recognized Tribe	
LR 2308	Rep. Blodgett, Anna D.	PASSED
	An Act To Establish or Increase Criminal Penalties for Failure To Report a Missing or Deceased Child	
LR 2309	Sen. Thibodeau, Michael D.	FAILED
	An Act To Require That Authorities Be Notified within 48 Hours after a Child is Missing	
LR 2310	Rep. Olsen, Kimberly N.	PASSED
	An Act To Increase to a Class C Crime the Failure To Report a Missing Child within 24 Hours	
LR 2311	Rep. McCabe, Jeff M.	FAILED
	An Act To Enhance the Criminal Penalties for Failure To Report the Disappearance of a Child	
LR 2312	Rep. Maker, Joyce A.	FAILED
	An Act To Increase Criminal Penalties for Failure To Report the Death or Disappearance of a Child	
LR 2313	Rep. Timberlake, Jeffrey L.	FAILED
	An Act To Increase Penalties for Not Reporting the Disappearance or Death of a Child	
LR 2324	Sen. Hobbins, Barry J.	PASSED
	An Act To Prohibit Verbal Sexual Solicitation of a Minor	
LR 2473	Rep. Volk, Amy F.	PASSED
	An Act To Define, Prevent and Suppress Gang Activity in the State	
LR 2478	Rep. Bolduc, Brian D.	FAILED
	An Act To Give Parents the Option To Require Their Minor Child Who Has a Motor Vehicle Violation Record To Operate Only a Motor Vehicle That Can Be Monitored by Means of a Global Positioning System Device	

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2353	Rep. Maker, Joyce A.	Action FAILED
	Resolve, To Create the Task Force on the Prevention of Sexual Abuse of Children	
LR 2470	Sen. Diamond, Bill	PASSED
	An Act To Rescue Children Who Are Being Sexually Abused and To Make Improvements to the Sex Offender Registry and the Computer Crimes Unit	
LR 2605	Sen. Mason, Garrett P.	PASSED
	An Act To Amend the Laws Governing Stalking and Domestic Violence	
LR 2333	Rep. Fredette, Kenneth W.	PASSED
	An Act To Amend the Maine Bail Code To Protect Victims of Domestic Violence	
LR 2517	Rep. Casavant, Alan M.	FAILED
	An Act To Ensure That Bail Conditions Are Promptly Entered into the Metro Switch System	
LR 2401	Rep. Haskell, Anne M.	PASSED
	An Act To Ensure Equal Treatment of Juvenile Case Records	
LR 2480	Rep. Bolduc, Brian D.	FAILED
	An Act To Equalize Starting Salaries of Police Officers, Firefighters and Teachers	
LR 2386	Rep. Clarke, Michael H.	PASSED
	An Act Regarding Inmates on Public Works Projects	
LR 2389	Sen. Gerzofsky, Stanley J.	FAILED
	An Act To Amend the Law Regarding Prisoner Participation in Public Works Projects	
LR 2585	Rep. Lajoie, Michel A.	FAILED
	An Act To Require Users of Disposable Cellular Telephones To Provide Identifying Information	
LR 2502	Rep. Haskell, Anne M.	FAILED
	An Act To Clarify the Court's Authority To Grant Credit toward Payment of Fines Given for Jail Time	
LR 2377	Rep. Casavant, Alan M.	PASSED
	An Act To Better Provide Notification to Victims of Domestic Violence, Sexual Assault and Stalking When Defendants Make Bail	

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2424	Rep. Crafts, Dale J.	Action PASSED
	An Act To Amend the Law Relating to Concealed Firearms Locked in Vehicles	
LR 2381	Rep. Bickford, Bruce A.	FAILED
	An Act To Maintain a Safe Workplace	
EDUCATION AND CULTURAL AFFAIRS		
LR 2613	Rep. O'Brien, Andrew R.	FAILED
	An Act To Enhance Professional Development for School Superintendents and Principals	
LR 2631	Sen. Patrick, John L.	FAILED
	An Act To Establish an Adult Education College and Career Pathways System in Maine	
LR 2436	Rep. Burns, David C.	PASSED
	An Act To Modify the Alternative Organizational Structure Budget Approval Process	
LR 2327	Rep. Fredette, Kenneth W.	PASSED
	Resolve, To Amend the Resolve Establishing a Task Force on Franco-Americans	
LR 2597	Sen. Jackson, Troy D.	FAILED
	Resolve, To Establish a Pilot Program for Partnering Employers with Skilled Employees for Training and Employment	
LR 2531	Rep. Ayotte, Bernard L. A.	PASSED
	An Act To Update the Laws Concerning the Maine School of Science and Mathematics	
LR 2482	Sen. Sullivan, Nancy B.	FAILED
	An Act To Improve School Choice for Maine Students	
LR 2523	Rep. Fredette, Kenneth W.	FAILED
	An Act To Eliminate the Priority Treatment of Innovative Schools for School Construction Funds	
LR 2325	Rep. Malaby, Richard S.	FAILED
	An Act To Create an Equal Education Funding Model	
LR 2380	Rep. Gifford, Jeffery A.	PASSED
	An Act To Enforce Prompt Payment to Career and Technical Education Regions	

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2382	Rep. Turner, Beth P.	Action PASSED
	An Act Regarding the School Fund in the Town of Burlington	
LR 2432	Rep. Lovejoy, Stephen D.	FAILED
	An Act To Ensure Equitable School Funding in the State	
LR 2400	Sen. Snowe-Mello, Lois A.	PASSED
	An Act To Improve the Budget Approval and Validation Process	
LR 2618	Sen. Raye, Kevin L.	TABLED
	An Act To Clarify Municipal Budget Requirements within an Alternative Organizational Structure	
LR 2458	Rep. Soctomah, Madonna M.	FAILED
	An Act To Clarify the Laws Governing School Enrollment for Children Who Are Placed in Foster Homes by Indian Child Welfare Agencies	
LR 2504	Rep. Russell, Diane	FAILED
	An Act To Update Options under the Maine Learning Technology Initiative	
LR 2341	Sen. Craven, Margaret M.	FAILED
	An Act To Prevent Bullying in Schools	
LR 2317	Sen. Thibodeau, Michael D.	FAILED
	An Act To Require a Minimum Number of School Days for All Schools	
LR 2342	Sen. Craven, Margaret M.	FAILED
	An Act To Encourage Choice in Alternative Education	
LR 2443	Rep. Pilon, Donald E.	FAILED
	An Act To Establish the Maine State High School Marching Band	
LR 2646	Rep. Cain, Emily A.	TABLED
	An Act To Prevent Cost Increases in Health Care for Rural Maine School Districts	
LR 2607	Sen. Alfond, Justin L.	PASSED
	An Act To Encourage Parental Involvement in Education	
LR 2525	Sen. Langley, Brian D.	FAILED
	An Act To Clarify the Membership of Intermediate Educational Unit Boards	
LR 2635	Sen. Alfond, Justin L.	PASSED
	An Act To Restructure the National Board Certification Program for Teachers	

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2449	Rep. Sanborn, Linda F.	Action FAILED
	An Act To Improve the Opportunity Maine Program	
LR 2533	Sen. Alfond, Justin L.	PASSED
	An Act To Improve the Readiness of Maine High School Graduates	
ENVIRONMENT AND NATURAL RESOURCES		
LR 2363	Rep. Sirocki, Heather W.	FAILED
	An Act To Withdraw the State from the Regional Greenhouse Gas Initiative	
LR 2433	Sen. Courtney, Jonathan T. E.	PASSED
	An Act To Reduce Open Burning in Community Neighborhoods	
LR 2456	Rep. Hamper, James M.	FAILED
	An Act To Reduce Fraud Relating to Returnable Containers	
LR 2513	Sen. Saviello, Thomas B.	PASSED
	An Act To Refine the Definition of "Person Aggrieved" in Proceedings before the Department of Environmental Protection and the Maine Land Use Regulation Commission	
LR 2357	Rep. Sirocki, Heather W.	TABLED
	An Act To Improve Well Water Testing at Licensed Child Care Facilities	
LR 2476	Rep. Beliveau, Devin M.	FAILED
	An Act To Amend the Definition of "Zoning Ordinance"	
LR 2511	Sen. Saviello, Thomas B.	PASSED
	An Act To Clarify Site Location Exemptions for Previously Developed Sites	
LR 2407	Rep. Chase, Kathleen D.	FAILED
	An Act To Provide for the Reconstruction of an Existing Structure in a Frontal Dune	
LR 2505	Sen. Dill, Cynthia A.	FAILED
	An Act To Facilitate the Environmentally Sound Processing of Biomedical Waste	
LR 2514	Sen. Saviello, Thomas B.	PASSED
	An Act To Facilitate the Use of Alternative Biomedical Waste Treatment Devices	

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2445	Rep. Knapp, Jane S.	Action FAILED
	An Act To Improve Recycling of Mercury-containing Lamps	
ENERGY, UTILITIES AND TECHNOLOGY		
LR 2350	Rep. Sarty, Jr., Ralph W.	PASSED
	An Act To Amend the Laws Governing the Extraction of Water from Great Ponds for Purposes of Generating Energy	
LR 2375	Rep. Johnson, Peter B.	FAILED
	An Act To Improve Maine's Capacity To Produce Low-cost Renewable Energy	
LR 2632	Rep. Fitts, Stacey A.	PASSED
	An Act To Support Maine's Biomass and Forest Products Industries	
LR 2619	Sen. Raye, Kevin L.	PASSED
	An Act To Increase Energy Options	
LR 2399	Sen. Snowe-Mello, Lois A.	FAILED
	An Act To Expedite Restoration of Utilities after Storm Damage	
LR 2541	Rep. Beavers, Roberta B.	FAILED
	Resolve, Regarding Opt-out Charges for Smart Meters	
LR 2489	Sen. Sherman, Roger L.	PASSED
	An Act To Clarify the Laws Governing Electric Industry Restructuring	
LR 2591	Rep. Boland, Andrea M.	FAILED
	An Act To Secure the Safety of High-voltage Transmission Lines	
LR 2642	Rep. O'Connor, Beth A.	FAILED
	An Act To Protect Maine Children through an Emergency Update of Electric Power Transmission Rules	
LR 2581	Rep. Chapman, Ralph	FAILED
	An Act To Establish Disclosure Standards for Energy Auditors and Weatherization Contractors	
LR 2589	Sen. Katz, Roger J.	PASSED
	An Act To Expand the Availability of Natural Gas to Maine Residents	
LR 2348	Sen. Thibodeau, Michael D.	PASSED
	An Act To Create Efficiency in E-9-1-1 Call Centers	

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2434	Sen. Hill, Dawn	Action PASSED
	An Act To Amend the Charter of the Ogunquit Sewer District	
LR 2528	Rep. Parker, James W.	PASSED
	An Act To Amend the Charter of the Veazie Sewer District	
LR 2501	Rep. Espling, Eleanor M.	PASSED
	An Act To Create the New Gloucester Water District	
HEALTH AND HUMAN SERVICES		
LR 2593	Rep. Stevens, Sara R.	FAILED
	An Act To Update the Standards for Identification of Quality Child Care Providers for Purposes of Payment Differentials	
LR 2474	Sen. Sullivan, Nancy B.	FAILED
	An Act To Prohibit Soda and Candy from the Supplemental Nutrition Assistance Program	
LR 2343	Sen. Craven, Margaret M.	FAILED
	An Act Requiring the Department of Health and Human Services To Specify Duration of Service When Setting Rates by Rule	
LR 2469	Rep. Espling, Eleanor M.	FAILED
	An Act To Allow Hospitals To Charge a Copayment for Nonemergency Use of an Emergency Room by Certain MaineCare Recipients	
LR 2477	Rep. Bolduc, Brian D.	FAILED
	An Act To Withhold Subsidies from Any Hospital That Pays Its Hospital Administrators Annual Salaries Greater than the Annual Salary of the Governor	
LR 2450	Rep. Strang Burgess, Meredith N.	FAILED
	Resolve, Authorizing the Department of Health and Human Services To Develop an Alternative Method of Calculating Minimum Staffing Levels in Nursing Homes	
LR 2481	Rep. Bolduc, Brian D.	FAILED
	An Act To Repeal the Law Governing the Collection and Use of Health-related and Personal Information Regarding Minors	
LR 2351	Rep. Berry, Seth A.	FAILED
	An Act To Improve Care Options for Sufferers of Serious Illness	

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2426	Sen. McCormick, Earle L.	Action PASSED
	An Act To Conform Maine's Prescription Privacy Laws with the United States Constitution	
LR 2490	Rep. Gifford, Jeffery A.	FAILED
	An Act To Require That Pseudoephedrine Be Made Available by Prescription Only	
LR 2544	Rep. Willette, Alexander R.	PASSED
	An Act To Restrict Further the Amount of Methamphetamine Precursors That May Be Bought or Sold	
LR 2315	Rep. Beck, Henry E. M.	FAILED
	An Act To Require Birthing Facilities To Screen Newborns for Congenital Heart Disease	
LR 2614	Rep. Gifford, Jeffery A.	PASSED
	An Act Relating to False Claims under the Medicaid Program	
LR 2540	Sen. Craven, Margaret M.	FAILED
	An Act To Require That a Proposed Cut to the MaineCare Program Be Accompanied by an Economic Impact Statement	
LR 2600	Rep. Eves, Mark W.	FAILED
	An Act To Ensure the Continuation of Federal Matching Funds for Certain MaineCare Services	
LR 2629	Rep. Chipman, Benjamin M.	FAILED
	An Act To Restore Health Care and Other Benefits for Legal Immigrants	
LR 2640	Rep. Burns, David C.	PASSED
	An Act To Improve Accountability Concerning Travel Reimbursement under MaineCare	
LR 2645	Rep. Cain, Emily A.	PASSED
	An Act To Ensure Access to Prescription Drugs in Rural Maine by Ensuring Fairness in Reimbursement for Mail Order Pharmacies	
LR 2630	Rep. Moulton, Bradley S.	PASSED
	An Act To Clarify the Status of Patients Held under Involuntary Commitment Applications	

	Action
INSURANCE AND FINANCIAL SERVICES	
LR 2572 Rep. Richardson, Wesley E. An Act To Permit Financial Institutions To Share Certain Information for the Purpose of Preventing Electronic Bank Card Losses	PASSED
LR 2486 Rep. Richardson, Wesley E. An Act To Require Funds for Prearranged Funerals To Be Invested Subject to the Requirements of the Maine Uniform Prudent Investor Act	PASSED
LR 2368 Rep. Russell, Diane An Act To Prohibit the Mortgage Securitization Practice of Endorsement in Blank	FAILED
LR 2453 Rep. Picchiotti, John J. An Act Regarding Subrogation of Medical Payments Coverage	PASSED
LR 2419 Sen. Katz, Roger J. An Act To Guarantee Basic Preventive Dental Health Services for Children in Maine	FAILED
LR 2319 Sen. Courtney, Jonathan T. E. An Act To Change Certain Effective Dates Regarding Guaranteed Access and the Purchase of Health Insurance from outside Maine	TABLED
LR 2398 Rep. Sarty, Jr., Ralph W. An Act To Restore Supplemental Health Insurance Coverage for Disadvantaged Children of State Retirees	PASSED
LR 2448 Sen. Martin, Jr., Thomas H. An Act To Amend the Laws Governing Health Insurance for Certain State Employees	PASSED
LR 2522 Sen. Katz, Roger J. An Act To Clarify Health Insurance Benefits for Disabled Participants in the Maine Public Employees Retirement System	PASSED
LR 2529 Sen. Rector, Christopher W. An Act To Allow Employees of the Small Enterprise Growth Fund To Participate in the State's Group Health Plan	FAILED
LR 2535 Rep. Martin, John L. An Act To Repeal the Authority for an Insurer To Vary the Premium Rate Based on Geographic Area	TABLED

	Action
LR 2596 Rep. Richardson, Wesley E. An Act To Correct Inconsistencies and Ambiguities in the Maine Guaranteed Access Reinsurance Association Act	PASSED
LR 2612 Rep. Fitts, Stacey A. An Act Related to Specialty Tiers in Prescription Medication Pricing	PASSED
LR 2628 Rep. Chipman, Benjamin M. An Act To Restore Consumer Protections in Health Care	FAILED
LR 2669 Rep. Graham, Anne P. An Act To Enhance Affordable Quality Health Care in Maine	FAILED
LR 2485 Rep. McKane, Jonathan B. An Act To Permit a Pre-need Life Insurance Product and Limited License for Payment of Prearranged Funeral Plans	PASSED
LR 2387 Rep. Luchini, Louis J. An Act To Extend Certain Insurance Protection to Emergency Responders	PASSED
LR 2451 Rep. O'Connor, Beth A. An Act To Amend the Insurance Law as It Pertains to Notification of Cancellation or Nonrenewal	FAILED
LR 2569 Rep. Cushing, III, Andre E. An Act Regarding Insurance Adjusters	PASSED
LR 2369 Sen. Courtney, Jonathan T. E. An Act To Extend the Scope of the Maine Guaranteed Access Reinsurance Association	PASSED
INLAND FISHERIES AND WILDLIFE	
LR 2484 Rep. Tilton, Dianne C. An Act To Sustain the Elver Fishery	PASSED
LR 2610 Rep. Wood, Stephen J. An Act To Facilitate the Stocking of Water Bodies by Municipalities	FAILED
LR 2641 Rep. Burns, David C. An Act To Protect Blueberry Lands from Damage from Dog Training	FAILED
LR 2472 Rep. Plummer, Gary E. An Act To Increase the Pheasant Hunting Permit Fee	FAILED

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2543	Rep. Cray, Dean A.	Action FAILED
	An Act To Prohibit Hunting within 1,200 Feet of a Dwelling	
LR 2609	Rep. Wood, Stephen J.	FAILED
	An Act To Increase the Hours of the Day Authorized for Turkey Hunting	
LR 2579	Rep. Harmon, R. Ryan	FAILED
	An Act To Encourage Youth Hunting	
LR 2521	Sen. Raye, Kevin L.	PASSED
	An Act To Ensure a Reliable Funding Stream for the Department of Inland Fisheries and Wildlife	
LR 2422	Rep. Cushing, III, Andre E.	PASSED
	An Act To Strengthen the Relationship between Land Users and Landowners	
LR 2638	Sen. Martin, Jr., Thomas H.	FAILED
	An Act To Improve Maine's Snowmobiling Experience	
LR 2359	Rep. Malaby, Richard S.	FAILED
	An Act To Require the Use of a Personal Flotation Device in a Kayak and Canoe	
JUDICIARY		
LR 2639	Sen. Martin, Jr., Thomas H.	FAILED
	An Act To Improve Interaction between State Agencies and Small Businesses	
LR 2403	Sen. Jackson, Troy D.	FAILED
	An Act To Require Reciprocity in Restraining Orders	
LR 2503	Rep. Priest, Charles R.	PASSED
	An Act To Provide Magistrates To Assist the Court in Handling Small Claims and Landlord-tenant Cases	
LR 2435	Rep. Maloney, Maeghan	FAILED
	An Act To Establish a Veterans Court	
LR 2418	Rep. Tilton, Dianne C.	FAILED
	An Act To Increase the Mileage Allowance for Jurors	
LR 2439	Sen. Schneider, Elizabeth M.	PASSED
	An Act To Remove Redundancy in Child Custody Laws	

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2444	Rep. Nass, Joan M.	Action PASSED
	An Act To Clarify the Requirements of Income Withholding Orders	
LR 2366	Rep. Russell, Diane	FAILED
	An Act To Recognize Common-law Marriage	
LR 2388	Rep. Beck, Henry E. M.	FAILED
	Resolve, Establishing a Panel To Study and Make Recommendations Regarding the Rights of Stepparents	
LR 2637	Rep. Hinck, Jon	FAILED
	An Act To Affirm the Right To Photograph or Videotape Public Officials in Public Places	
LR 2651	Rep. Hayes, Teresea	PASSED
	An Act To Protect the Privacy of Social Workers	
LR 2367	Rep. Russell, Diane	FAILED
	An Act To Limit the Definition of "Person" to a Human Being	
LR 2425	Sen. Hastings, III, David R.	PASSED
	An Act To Facilitate Recovery of Debts Owed to the State for Indigent Legal Services	
LR 2355	Rep. Mitchell, Wayne T.	FAILED
	An Act To Change the Procedures for Approval of Certain Gaming Facilities within Indian Territory	
LR 2412	Rep. Crockett, Jarrod S.	FAILED
	An Act To Simplify the Foreclosure Process on Abandoned Time-share Condominiums	
LR 2404	Sen. Hastings, III, David R.	PASSED
	An Act To Clarify Authorization for a Court Facilities Bond	
LR 2602	Sen. Hill, Dawn	FAILED
	An Act To Provide Tort Claims Immunity for Non-Maine Regional Transit Organizations That Provide Regular Service in Maine	
LR 2518	Rep. Libby, Aaron F.	FAILED
	An Act To Limit the Liability of Charitable Organizations and Clubs	

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

	Action
LABOR, COMMERCE, RESEARCH AND ECONOMIC DEVELOPMENT	
LR 2601 Rep. Fossel, Leslie T. An Act To Allow Automobile Sales on Sunday	FAILED
LR 2661 Rep. Cushing, III, Andre E. An Act To Amend the Uniform Commercial Code Regarding Motor Vehicle Warranties	PASSED
LR 2361 Rep. O'Connor, Beth A. An Act To Facilitate the Purchase of Reduced Ethanol Fuel by Consumers in the State	FAILED
LR 2446 Sen. Hastings, III, David R. An Act To Protect Gasoline Marketers from Liability for Selling Federally Mandated Gasoline	PASSED
LR 2344 Sen. Patrick, John L. An Act To Protect Consumers Who Enter into Prepaid Oil Contracts	FAILED
LR 2405 Rep. Longstaff, Thomas R. W. An Act To Prevent the Theft and Illegal Sale of Copper	PASSED
LR 2658 Rep. Prescott, Kerri L. An Act To Provide Additional In-store Advertising Space for Maine's Businesses	PASSED
LR 2542 Rep. Casavant, Alan M. An Act To Require a Decibel Warning for Certain Portable Devices	FAILED
LR 2659 Rep. O'Connor, Beth A. An Act To Conform Maine Law to Federal Law Regarding Payment of Overtime to Truck Drivers and Driver's Helpers	PASSED
LR 2648 Sen. Goodall, Seth A. Resolve, To Create the Small Business Promotion Task Force	FAILED
LR 2471 Sen. Dill, Cynthia A. An Act To Facilitate the Growth of Small Business through Economic Gardening	FAILED
LR 2647 Sen. Hobbins, Barry J. Resolve, To Establish a Task Force To Facilitate the Development of Unoccupied Mills	PASSED

Page Number: 15

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

	Action
LR 2649 Sen. Hobbins, Barry J. Resolve, To Create the Task Force To Bolster and Expand Exports of Maine Products and Services	PASSED
LR 2423 Rep. Bennett, Paul E. An Act Regarding Successor Tax Rates under the Unemployment Laws	FAILED
LR 2332 Rep. Waterhouse, G. Paul An Act To Provide That Persons Hiring Assistants To Provide Home Care for Relatives Are Not Employers for Purposes of Unemployment Compensation Laws	PASSED
LR 2660 Rep. Picchiotti, John J. An Act To Provide for Prepayment of Insurance Premium Taxes	FAILED
LR 2340 Rep. O'Connor, Beth A. An Act To Delay Implementation of the Maine Uniform Building and Energy Code	FAILED
LR 2378 Rep. Richardson, Wesley E. An Act Relating To Determining Population for Purposes of the Maine Uniform Building and Energy Code	PASSED
LR 2385 Sen. Saviello, Thomas B. An Act To Resolve Conflicts in the Implementation of the Maine Uniform Building and Energy Code	FAILED
LR 2636 Rep. Moulton, Bradley S. An Act To Clarify the Liability of 3rd-party Building Inspectors	PASSED
LR 2352 Sen. Collins, Ronald F. An Act To Increase Communication between Labor Unions and Their Members	FAILED
LR 2620 Rep. Cushing, III, Andre E. An Act To Preserve the Integrity of the Maine Certified Public Accountant Examination	PASSED
LR 2532 Rep. Goode, Adam A. An Act To Permit Hair Braiding without a Cosmetology License	FAILED
LR 2362 Rep. Sirocki, Heather W. An Act To Establish a Board of Dental Hygienists	FAILED
LR 2394 Rep. Davis, Sr., Paul T. An Act To Eliminate Fees for Certain Entry-level Licenses	FAILED

Page Number: 16

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2583	Rep. Volk, Amy F. An Act To Clarify Medical Licensing Requirements Related to Postgraduate Training of Oral Surgeons	Action FAILED
LR 2539	Rep. Nutting, Robert W. An Act To Define the Term "Pharmacy Student Intern"	PASSED
LR 2580	Rep. Strang Burgess, Meredith N. An Act To Allow for the Timely Access to and Enhanced Administration of Injectable Medications, Biologicals, Immunizations and Vaccines	PASSED
LR 2653	Rep. Picchiotti, John J. An Act To Provide for Licensing of Recreational Therapists	FAILED
LR 2510	Sen. Saviello, Thomas B. An Act To Allow the Administration of Nitrous Oxide for Analgesic Purposes by Licensed Respiratory Care Practitioners under the Direction of a Physician	FAILED
LR 2652	Rep. Prescott, Kerri L. Resolve, Directing the Workers' Compensation Board To Revise the Medical Fee Schedule To Use an Appropriate Conversion Factor in the Payment of Anesthesia Services	PASSED
LR 2349	Rep. MacDonald, W. Bruce An Act To Amend Laws Governing Workers' Compensation for Volunteer Firefighters and Emergency Services Personnel	FAILED
LR 2354	Rep. Fossel, Leslie T. Ac Act To Improve Workers' Compensation Coverage for Volunteer Firefighters	FAILED
LR 2402	Sen. Jackson, Troy D. An Act To Address Inequities in the Workers' Compensation System	FAILED
MARINE RESOURCES		
LR 2604	Sen. Snowe-Mello, Lois A. Resolve, Directing the Department of Marine Resources To Examine the Role of 3rd-party Laboratories in Conducting Testing for the Department	PASSED
LR 2488	Sen. Langley, Brian D. An Act To Establish a Program To Certify Maine Shellfish	PASSED

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

STATE AND LOCAL GOVERNMENT		Action
LR 2421	Sen. Thomas, Douglas A. An Act Concerning Copying Fees for Users of County Registries of Deeds	PASSED
LR 2376	Rep. Kaenrath, Bryan T. An Act To Reform the Process for Congressional Redistricting	FAILED
LR 2467	Rep. Cotta, H. David An Act Relating to the Term of the Executive Director of the Legislative Council	FAILED
LR 2307	Rep. Soctomah, Madonna M. An Act To Require That Federally Recognized Indian Tribes in Maine Be Included in a Single Legislative District	FAILED
LR 2334	Rep. Fredette, Kenneth W. An Act To Allow the Adjutant General To Appear before a Joint Session of the Legislature To Address the Legislature	PASSED
LR 2328	Rep. Davis, Sr., Paul T. An Act Regarding the Maintenance of Veterans' Grave Sites and Memorial Sites in Unorganized Townships	FAILED
LR 2608	Sen. Dill, Cynthia A. An Act Relating to the Appeal of Certain Municipal Enforcement Orders	FAILED
LR 2515	Sen. Saviello, Thomas B. An Act To Amend the Laws Governing Discontinued Town Ways	PASSED
LR 2329	Sen. Rosen, Richard W. An Act To Amend the Charter of the Lucerne-in-Maine Village Corporation	PASSED
LR 2599	Rep. Eves, Mark W. An Act To Address Research and Teaching in Maine's Institutions of Higher Education	FAILED
LR 2512	Sen. Plowman, Debra D. An Act To Require Agencies and Their Legal Representatives To Report the Cost of Pursuing Actions in Administrative and Court Proceedings	PASSED
LR 2538	Rep. Prescott, Kerri L. An Act To Create Accountability for Department Reporting	FAILED
LR 2331	Rep. Turner, Beth P. An Act To Promote POW/MIA Recognition Day	PASSED

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2413	Rep. Crockett, Jarrod S.	Action FAILED
	An Act To Designate April as the Month of the Military Child	
LR 2437	Rep. Blodgett, Anna D.	FAILED
	Resolve, Directing the Department of Administrative and Financial Services, Bureau of Human Resources To Adopt a Uniform Policy Governing the Consideration of Prior Convictions in the Hiring Process	
TAXATION		
LR 2634	Rep. Chipman, Benjamin M.	FAILED
	An Act To Promote Fairness in Maine's Estate Tax Exemption	
LR 2392	Sen. Collins, Ronald F.	FAILED
	An Act To Improve Maine's Economy by Establishing a Tax Credit for New Homeowners	
LR 2537	Rep. Martin, John L.	FAILED
	An Act To Provide for Economic Development	
LR 2657	Rep. Hinck, Jon	FAILED
	An Act To Provide for Economic Development with Offshore Wind Power	
LR 2578	Rep. Harmon, R. Ryan	FAILED
	An Act To Reduce Taxes for Retired People	
LR 2302	Rep. Bickford, Bruce A.	FAILED
	An Act To Facilitate the Employment of the Unemployed	
LR 2339	Rep. Maloney, Maeghan	TABLED
	An Act To Limit Taxes on Pensions	
LR 2360	Rep. O'Connor, Beth A.	FAILED
	An Act To Eliminate the State Income Tax	
LR 2575	Rep. Knapp, Jane S.	PASSED
	An Act To Create Excise Tax Equity and Consistency for Buses	
LR 2650	Rep. Hayes, Teresea	PASSED
	An Act To Ensure Tax Equity between Maine Residents and Nonresidents in the Sale of Real Estate	

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2447	Rep. Harmon, R. Ryan	Action PASSED
	An Act To Ensure Equal Tax Treatment for Providers of Residential Care to the Elderly and Disabled	
LR 2356	Rep. Mitchell, Wayne T.	FAILED
	An Act To Provide a Tax Exemption for Tobacco Sold to Federally Recognized Tribes for Religious Ceremonial Purposes	
LR 2571	Sen. Gerzofsky, Stanley J.	FAILED
	An Act To Require Notification to Opposing Parties Regarding Appeals to the State Board of Property Tax Review	
LR 2322	Rep. Long, Ricky D.	FAILED
	An Act To Allow the Deferral of Property Taxes	
LR 2507	Sen. Plowman, Debra D.	PASSED
	An Act To Amend the Circuitbreaker Program	
LR 2573	Rep. Shaw, Michael A.	FAILED
	An Act To Prohibit Municipalities from Imposing Fees on Ice Fishing Shacks	
LR 2483	Sen. Thomas, Douglas A.	FAILED
	An Act To Ensure the Integrity of the Maine Tree Growth Tax Law	
LR 2526	Rep. Keschl, Dennis L.	PASSED
	An Act To Amend the Law Governing Abatements of Property Taxes for Infirmary or Poverty	
LR 2603	Sen. Alfond, Justin L.	TABLED
	An Act To Restore Equity in Revenue Sharing	
LR 2305	Rep. McKane, Jonathan B.	PASSED
	An Act To Amend the Law Regarding the Sale of Wood Pellets	
LR 2374	Rep. Plummer, Gary E.	FAILED
	An Act To Exempt Documentation Fees for Motor Vehicles and Personal Watercraft from Sales Tax	
LR 2383	Sen. Thomas, Douglas A.	FAILED
	An Act To Exempt from the Sales and Use Tax All Fuel Used in Commercial Forestry	
LR 2487	Sen. Courtney, Jonathan T. E.	PASSED
	An Act To Provide a Sales Tax Exemption for Electricity for Thermal Storage Heating Power	

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2519	Sen. Raye, Kevin L.	PASSED
	An Act To Promote Jobs in the Motor Coach Industry by Providing a Sales Tax Exemption for Certain Buses	
LR 2395	Rep. Harvell, Lance E.	FAILED
	An Act To Amend the Sales Tax as It Pertains to Trailers	
LR 2393	Rep. Pilon, Donald E.	FAILED
	An Act To Stabilize Municipal Budgets	
LR 2364	Rep. Berry, Seth A.	FAILED
	An Act To Prohibit the Sale of Computer Programs for the Purpose of Evading Sales Tax	
LR 2396	Rep. Soctomah, Madonna M.	FAILED
	An Act To Return to the Passamaquoddy Tribe the Tax on Sales Occurring on Land Held in Trust by the Passamaquoddy Tribe	
LR 2520	Sen. Raye, Kevin L.	PASSED
	An Act To Make Fisheries and Wildlife Projects Eligible for Tax Increment Financing Funds	
TRANSPORTATION		
LR 2438	Sen. Schneider, Elizabeth M.	PASSED
	An Act To Increase Truck Weight Limits	
LR 2414	Rep. Crockett, Jarrod S.	FAILED
	An Act Regarding the Use of Antique Automobiles	
LR 2454	Sen. Whittemore, Rodney L.	PASSED
	An Act To Clarify the Definition of "Tractor" under the Motor Vehicle Laws	
LR 2592	Rep. Martin, John L.	PASSED
	An Act To Revise Motor Vehicle Inspection Laws with Regard to Tire Sizes	
LR 2606	Sen. Mason, Garrett P.	PASSED
	An Act To Modernize Maine's Vehicle Inspection Program	
LR 2420	Rep. Richardson, Wesley E.	FAILED
	An Act To Improve Auxiliary Lighting on Personal Emergency Response Vehicles	

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2336	Sen. Katz, Roger J.	PASSED
	An Act To Allow Disabled Veterans To Receive Two Sets of Special Designating License Plates	
LR 2536	Rep. Martin, John L.	FAILED
	An Act To Create a License Plate To Recognize the 2014 World Acadian Congress	
LR 2468	Sen. Sullivan, Nancy B.	PASSED
	An Act To Remove a Barrier to Response by Emergency Medical Personnel	
LR 2316	Sen. Thomas, Douglas A.	PASSED
	Resolve, To Name 2 Bridges in the Town of Harmony	
LR 2390	Rep. Timberlake, Jeffrey L.	PASSED
	An Act To Restrict Spending on a Bridge on the Ricker Hill Road in the Town of Turner	
LR 2306	Rep. Crockett, Jarrod S.	FAILED
	Resolve, Directing the Maine Turnpike Authority To Place Signs Directing Motorists to Gould Academy at the Interstate Exits Closest to Gould Academy in Bethel	
LR 2391	Sen. Collins, Ronald F.	FAILED
	Resolve, Directing the Maine Turnpike Authority To Place Signs at Exit 19 on the Maine Turnpike Indicating the Location of Antiques Retailers	
LR 2598	Sen. Hill, Dawn	PASSED
	An Act To Allow Signs along Interstate 95 for the Town of Kittery and Its Businesses and Establishments	
LR 2410	Rep. Rosen, Kimberley C.	PASSED
	Resolve, To Name Route 1-A between Brewer and Ellsworth the Korean War Veterans Highway	
LR 2370	Rep. Chase, Kathleen D.	FAILED
	An Act To Protect a Private Memorial Placed in a Public Right-of-way	
LR 2358	Sen. Thomas, Douglas A.	FAILED
	An Act To Provide Funding to the Department of Transportation for a Feasibility Study for an East-west Highway	
LR 2617	Sen. Patrick, John L.	FAILED
	Resolve, To Study the Funding Needs of Maine's Transportation Infrastructure	

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2574	Sen. Collins, Ronald F. An Act To Simplify Toll Discounts and Amend Certain Powers and Procedures of the Maine Turnpike Authority	Action PASSED
VETERANS AND LEGAL AFFAIRS		
LR 2431	Rep. Lovejoy, Stephen D. An Act To Support Maine Small Business	FAILED
LR 2457	Rep. Bickford, Bruce A. An Act To Deregulate Price Controls Imposed by the State on Liquor Stores	FAILED
LR 2411	Rep. Harmon, R. Ryan An Act To Amend the Liquor Laws as They Pertain to Off-premises Catering at Planned Events or Gatherings	PASSED
LR 2595	Sen. Katz, Roger J. An Act To Allow Certain Spas and Salons To Apply for a Beer or Wine License or Both	FAILED
LR 2655	Sen. Plowman, Debra D. An Act To Correct Errors in Recently Enacted Laws Governing Agency Liquor Stores	PASSED
LR 2577	Rep. Harmon, R. Ryan An Act To Make Maine Liquor Prices and Taxes Equal to Those in New Hampshire	FAILED
LR 2616	Rep. Chipman, Benjamin M. An Act To Improve Municipal Campaign Reporting Requirements	FAILED
LR 2627	Rep. Chipman, Benjamin M. An Act Regarding Municipal Campaign Contribution Limits	FAILED
LR 2314	Rep. Maloney, Maeghan An Act To Allow Unenrolled Voters To Vote in Primary Elections	FAILED
LR 2441	Rep. Russell, Diane An Act To Restore Election Day Voter Registration	TABLED
LR 2479	Rep. Bolduc, Brian D. An Act To Reinstate Same-day Voter Registration	TABLED

Page Number: 23

125th Maine Legislature - Second Regular Session
Legislative Council Action On Legislative Bill Requests
October 31, 2011

LR 2365	Rep. Mitchell, Wayne T. An Act To Amend the Laws Governing High-stakes Beano Games	Action FAILED
LR 2662	Rep. Carey, Michael E. An Act To Ensure Equal Treatment and Regulation of Casinos	FAILED
LR 2384	Sen. Hastings, III, David R. An Act To Clarify the Process of Removal of a Person from a Dormitory or Residential Facility Operated by a Charitable or Philanthropic Organization	PASSED
LR 2545	Rep. Rotundo, Margaret R. An Act Regarding the Treatment of Bedbug Infestations in Rental Property	FAILED
LR 2326	Sen. Raye, Kevin L. Resolve, To Establish a Stakeholder Group for the Development of a Plan for the Inventory and Proper Care of Veterans' Graves	PASSED
LR 2346	Rep. Johnson, Peter B. An Act To Enhance a Community's Ability To Update Its Veterans Honor Roll	PASSED

Total number of bills accepted: 117
Total number of bills tabled: 9
Total number of bills screened: 284

Page Number: 24

SEN. KEVIN L. RAYE
CHAIR

REP. ROBERT W. NUTTING
VICE-CHAIR

EXECUTIVE DIRECTOR
DAVID E. BOULTER



125TH MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

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SEN. BARRY J. HOBBS
SEN. DEBRA D. PLOWMAN
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Legislative Council

Executive Director's Report November 17, 2011

1. YMCA Youth in Government Program

As a reminder, the State YMCA of Maine will be holding its annual Youth in Government Program in the State House on Friday, November 18th through Sunday, November 20th. Over 160 students from high schools throughout the state will participate in this civic education program. This is one of the highest participation rates in recent years.

2. Sprinkler System Inspection & Repair

A 5-year inspection of the sprinkler system in the State House under the direction of the Bureau of General Services has revealed a buildup of material in some of the piping. In order for the sprinkler system to remain certified, the piping needs to be flushed and drained. Work began on Monday, November 16th. Some piping repairs will be made at the same time. The project is expected to take 6 weeks. Work will be done at night so as not to disrupt legislative operations.

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Fiscal Briefing

Legislative Council Meeting

November 17, 2011

Prepared by the Office of Fiscal & Program Review

1. General Fund Revenue Update (see attached detail tables)

Total General Fund Revenue - FY 2012 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
October	\$243.2	\$230.6	(\$12.6)	-5.2%	\$241.9	-4.7%
FYTD	\$847.0	\$840.2	(\$6.7)	-0.8%	\$828.7	1.4%

General Fund revenue was under budget by \$12.6 million (5.2%) for October, which resulted in a negative variance of \$6.7 million (0.8%) for the first 4 months of FY 2012. The revenue growth through one-third of FY 2012 was 1.4% compared to the same period in the last fiscal year. The two major contributors to the October negative variance were Corporate Income Tax and Transfers to Tax Relief Programs, \$7.9 million and \$5.1 million, respectively. Corporate Income Tax remained \$4.6 million over budget for the fiscal year. However, the tax relief programs, BETR and Circuitbreaker, were \$11.0 million under budget through October. Absent these tax relief program negative variances, General Fund revenue would have remained over budget through October.

2. Highway Fund Revenue Update (see attached detail tables)

Total Highway Fund Revenue - FY 2012 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
October	\$26.9	\$29.0	\$2.1	7.9%	\$26.8	8.3%
FYTD	\$90.2	\$89.9	(\$0.3)	-0.3%	\$89.9	0.0%

Highway Fund revenue was over budget by \$2.1 million (7.9%) for October, reducing the negative variance for the fiscal year to 0.3 million (0.3%). October's positive performance was related to a significant reduction in the Bureau of Motor Vehicle processing backlog. Gasoline tax collections fell further below budget in October, but special fuel taxes rebounded in October. Gasoline taxes and fines remain the larger concerns for Highway Fund revenue.

3. Revenue Forecasting Schedule

The Revenue Forecasting Committee will meet on Friday afternoon, November 18th to review staff recommendations and update the revenue forecasts for the General Fund, Highway Fund, Fund for a Healthy Maine and MaineCare Dedicated Revenue Taxes.

4. Cash Balances

The average total cash pool balance for October was \$489.3 million, \$29.4 million less than one year ago. However, General Fund internal cash flow borrowing was still less than a year ago. Reserve balances have offset overall reductions in General Fund cash. Highway Fund cash balances have declined recently, falling \$23.2 million below last October.

5. MaineCare Spending

DHHS Commissioner Mayhew recently announced significant FY 2012 shortfalls for MaineCare and General Assistance. The tracking of MaineCare cycle payments through Week 18 indicates an increased weekly average of \$42.9 million (state and federal dollars), which is greater than the weekly average for FY 2011 of \$40.4 million.

General Fund Revenue
Fiscal Year Ending June 30, 2012 (FY 2012)
October 2011 Revenue Variance Report

Revenue Category	October '11 Budget	October '11 Actual	October '11 Variance	Fiscal Year-To-Date					FY 2012 Budgeted Totals
				Budget	Actual	Variance	Variance %	% Change from Prior Year	
Sales and Use Tax	89,027,995	90,662,252	1,634,257	278,922,920	286,197,872	7,274,952	2.6%	6.2%	955,812,221
Service Provider Tax	4,828,439	4,326,340	(502,099)	13,211,703	11,406,431	(1,805,272)	-13.7%	-10.4%	56,877,680
Individual Income Tax	104,736,722	107,808,252	3,071,530	429,906,630	427,205,434	(2,701,196)	-0.6%	4.1%	1,445,821,209
Corporate Income Tax	15,924,564	8,061,555	(7,863,009)	56,908,313	61,539,746	4,631,433	8.1%	2.7%	180,396,827
Cigarette and Tobacco Tax	11,935,647	11,782,554	(153,093)	51,100,327	49,624,742	(1,475,585)	-2.9%	-2.8%	143,623,350
Insurance Companies Tax	6,357,534	5,496,312	(861,222)	7,334,211	8,194,840	860,629	11.7%	41.4%	76,215,000
Estate Tax	3,021,116	2,752,486	(268,630)	5,737,191	5,875,363	138,172	2.4%	-54.7%	35,810,855
Other Taxes and Fees *	19,837,004	18,938,375	(898,629)	44,162,630	44,094,440	(68,190)	-0.2%	-12.9%	135,094,104
Fines, Forfeits and Penalties	2,285,640	1,740,280	(545,360)	10,105,828	8,135,344	(1,970,484)	-19.5%	-17.3%	28,399,692
Income from Investments	30,666	34,997	4,331	75,501	114,786	39,285	52.0%	52.0%	257,766
Transfer from Lottery Commission	4,783,038	4,655,413	(127,625)	17,218,936	17,546,851	327,915	1.9%	4.4%	50,700,000
Transfers to Tax Relief Programs *	(8,538,364)	(13,596,365)	(5,058,001)	(38,525,714)	(49,539,816)	(11,014,102)	-28.6%	-22.7%	(112,068,263)
Transfers for Municipal Revenue Sharing	(9,705,538)	(10,465,891)	(760,353)	(32,223,410)	(34,129,657)	(1,906,247)	-5.9%	-3.8%	(94,003,511)
Other Revenue *	(1,326,821)	(1,621,834)	(295,013)	3,018,743	3,976,588	957,845	31.7%	65.8%	42,691,921
Totals	243,197,642	230,574,725	(12,622,917)	846,953,809	840,242,965	(6,710,844)	-0.8%	1.4%	2,945,628,851

* Additional detail by subcategory for these categories is presented on the following page.

General Fund Revenue
Fiscal Year Ending June 30, 2012 (FY 2012)
October 2011 Revenue Variance Report

Revenue Category				Fiscal Year-To-Date						FY 2012 Budgeted Totals
	October '11 Budget	October '11 Actual	October '11 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year		
Detail of Other Taxes and Fees:										
- Property Tax - Unorganized Territory	12,414,698	12,043,355	(371,343)	12,414,698	12,043,355	(371,343)	-3.0%	1.2%	13,536,928	
- Real Estate Transfer Tax	909,405	750,730	(158,675)	2,510,436	2,541,181	30,745	1.2%	-56.2%	9,767,309	
- Liquor Taxes and Fees	1,782,637	1,778,924	(3,713)	7,528,074	7,876,860	348,786	4.6%	-0.4%	20,467,530	
- Corporation Fees and Licenses	173,330	191,622	18,292	1,069,095	939,603	(129,492)	-12.1%	-12.4%	7,697,099	
- Telecommunication Personal Prop. Tax	0	0	0	0	71,690	71,690	N/A	N/A	14,641,734	
- Finance Industry Fees	1,904,581	1,759,300	(145,281)	7,618,324	7,468,450	(149,874)	-2.0%	0.5%	23,265,980	
- Milk Handling Fee	93,877	86,010	(7,867)	375,508	371,110	(4,398)	-1.2%	-82.1%	1,126,529	
- Racino Revenue	911,503	661,178	(250,325)	3,531,388	3,787,303	255,915	7.2%	11.1%	10,849,437	
- Boat, ATV and Snowmobile Fees	264,253	268,786	4,533	1,542,162	1,546,478	4,316	0.3%	1.9%	4,500,295	
- Hunting and Fishing License Fees	880,429	911,146	30,717	5,463,473	5,447,507	(15,966)	-0.3%	2.5%	17,332,248	
- Other Miscellaneous Taxes and Fees	502,291	487,325	(14,966)	2,109,472	2,000,903	(108,569)	-5.1%	-52.2%	11,909,015	
Subtotal - Other Taxes and Fees	19,837,004	18,938,375	(898,629)	44,162,630	44,094,440	(68,190)	-0.2%	-12.9%	135,094,104	
Detail of Other Revenue:										
- Liquor Sales and Operations	2,896	0	(2,896)	8,969	9,000	31	0.3%	-3.1%	7,669,727	
- Targeted Case Management (DHHS)	116,666	123,496	6,830	1,422,964	2,602,550	1,179,586	82.9%	-43.7%	5,225,200	
- State Cost Allocation Program	1,385,208	1,119,365	(265,843)	5,358,714	4,226,226	(1,132,488)	-21.1%	-11.5%	16,467,934	
- Unclaimed Property Transfer	0	0	0	0	0	0	N/A	N/A	2,333,420	
- Toursim Transfer	(3,428,755)	(3,543,250)	(114,495)	(9,305,250)	(9,419,745)	(114,495)	-1.2%	-4.1%	(9,305,250)	
- Transfer to Maine Milk Pool	(58,380)	0	58,380	(640,684)	0	640,684	100.0%	100.0%	(1,108,312)	
- Transfer to STAR Transportation Fund	(1,042,834)	(1,124,706)	(81,872)	(3,115,000)	(3,196,872)	(81,872)	-2.6%	-3.1%	(3,115,000)	
- Other Miscellaneous Revenue	1,698,378	1,803,261	104,883	9,289,030	9,755,429	466,399	5.0%	20.7%	24,524,202	
Subtotal - Other Revenue	(1,326,821)	(1,621,834)	(295,013)	3,018,743	3,976,588	957,845	31.7%	65.8%	42,691,921	
Detail of Transfers to Tax Relief Programs:										
- Me. Resident Prop. Tax Program (Circuitbreaker)	(5,089,431)	(7,072,674)	(1,983,243)	(24,859,505)	(28,260,437)	(3,400,932)	-13.7%	-11.7%	(41,083,286)	
- BETR - Business Equipment Tax Reimb.	(3,448,933)	(6,523,691)	(3,074,758)	(13,666,209)	(21,279,379)	(7,613,170)	-55.7%	-45.4%	(51,552,995)	
- BETE - Municipal Bus. Equip. Tax Reimb.	0	0	0	0	0	0	N/A	100.0%	(19,431,982)	
Subtotal - Tax Relief Transfers	(8,538,364)	(13,596,365)	(5,058,001)	(38,525,714)	(49,539,816)	(11,014,102)	-28.6%	-22.7%	(112,068,263)	
Inland Fisheries and Wildlife Revenue - Total	1,222,014	1,262,047	40,033	7,349,499	7,341,923	(7,576)	-0.1%	2.1%	22,820,946	

Highway Fund Revenue **Fiscal Year Ending June 30, 2012 (FY 2012)**

October 2011 Revenue Variance Report

Revenue Category	October '11 Budget	October '11 Actual	October '11 Variance	Fiscal Year-To-Date					FY 2012 Budgeted Totals
				Budget	Actual	Variance	% Variance	% Change from Prior Year	
Fuel Taxes:									
- Gasoline Tax	17,257,005	16,856,049	(400,956)	56,003,403	55,405,399	(598,004)	-1.1%	-1.5%	198,610,000
- Special Fuel and Road Use Taxes	3,506,266	4,666,919	1,160,653	11,264,732	11,324,573	59,841	0.5%	-1.3%	44,360,000
- Transcap Transfers - Fuel Taxes	(1,524,879)	(1,563,123)	(38,244)	(6,432,565)	(6,447,677)	(15,112)	-0.2%	0.3%	(17,842,752)
- Other Fund Gasoline Tax Distributions	(431,544)	(423,166)	8,378	(1,903,607)	(1,912,531)	(8,924)	-0.5%	-0.3%	(5,066,641)
Subtotal - Fuel Taxes	18,806,848	19,536,679	729,831	58,931,963	58,369,764	(562,199)	-1.0%	-1.7%	220,060,607
Motor Vehicle Registration and Fees:									
- Motor Vehicle Registration Fees	4,814,363	6,047,337	1,232,974	22,088,490	21,902,401	(186,089)	-0.8%	-1.4%	64,805,936
- License Plate Fees	165,795	180,950	15,155	1,156,469	1,227,671	71,202	6.2%	2.3%	3,345,309
- Long-term Trailer Registration Fees	484,669	684,799	200,130	1,436,908	1,682,160	245,252	17.1%	10.3%	8,884,523
- Title Fees	944,329	999,803	55,474	3,833,077	4,035,388	202,311	5.3%	6.3%	11,044,291
- Motor Vehicle Operator License Fees	762,395	707,781	(54,614)	3,097,396	2,814,197	(283,200)	-9.1%	36.9%	9,124,826
- Transcap Transfers - Motor Vehicle Fees	0	0	0	(4,227,144)	(3,878,378)	348,766	8.3%	4.3%	(14,883,030)
Subtotal - Motor Vehicle Reg. & Fees	7,171,551	8,620,670	1,449,119	27,385,196	27,783,438	398,242	1.5%	3.9%	82,321,855
Motor Vehicle Inspection Fees	177,200	167,917	(9,283)	923,300	871,035	(52,265)	-5.7%	-6.5%	2,982,500
Other Highway Fund Taxes and Fees	102,154	110,409	8,255	481,978	465,129	(16,849)	-3.5%	-10.3%	1,320,525
Fines, Forfeits and Penalties	98,082	72,852	(25,230)	427,057	325,123	(101,934)	-23.9%	-25.3%	1,205,049
Interest Earnings	2,950	7,057	4,107	8,850	24,989	16,139	182.4%	-42.5%	32,446
Other Highway Fund Revenue	535,583	493,482	(42,101)	2,030,520	2,050,809	20,289	1.0%	7.0%	8,449,178
Totals	26,894,368	29,009,067	2,114,699	90,188,864	89,890,287	(298,577)	-0.3%	0.0%	316,372,160

LEGISLATIVE COUNCIL REPORT: 2011 Interim Legislative Studies and Council-Authorized Committee Meetings

Updated Nov. 9, 2011

Study Name	2011 Meetings Authorized	2011 Meetings Held	Scheduled Next Meeting Date(s)	Report Date	Chairs	Status
AUTHORIZED COMMITTEE MEETINGS						
ACF committee meeting with the Commission on Reform of the Governance of LURC (Resolve 2011, c. 113, eff date 9/28/11)	1	1	none	n/a	Sen. Sherman Rep. Edgecomb	meeting held 10/27/11
IFS committee meetings with the Advisory Committee on Maine's Health Insurance Exchange (Resolve 2011, c. 105, eff date 7/6/11)	3	2	12/13/11	n/a	Sen. Whittemore Rep. W. Richardson	meetings held 9/26/11; 11/1/11;
VLA committee meeting to review report on Maine Clean Elections Act (Resolve 2011, c. 103, eff. date 9/28/11)	2	1	11/29/11 (tentative)	(auth to rpt bill to 2nd Reg Sess by 12/1/11)	Sen. Farnham and Rep. Beaulieu	meeting held 10/18/11
TAX committee meetings to review the tax code for reform	4	4	none	n/a	Sen. Trahan and Rep. Knight	last meeting 11/9/11
TRA committee funding in the Hwy budget to meet monthly (PL 11, c 392 sections A-3, L1, L-2, eff. date 6/21/11)	monthly	1		n/a	Sen. Collins and Rep. Cebra	meeting held 9/26/11
NEW STUDY LEGISLATIVE COMMISSIONS/COMMITTEES						
Franco-American Task Force (Resolve 2011, c. 102, eff. date 7/6/11)	4	0	No meetings this interim	interim rpt 12/7/11; final rpt 1/7/12	Sen. Martin and Rep. Fredette	Funding not received by 8/5/11 deadline; LR 2327 proposes to amend the Resolve to a one-yr. study
Commission to Study Allocations of the Fund for a Healthy Maine (Resolve 2011, c. 112, eff. date 9/28/11)	6	1	11/17/11; 11/29/11	12/7/2011	Sen. McCormick Rep. Sanderson	Plan to hold 3 rather than 6 meetings; meeting held 11/4/11
Commission to Study Priorities and Timing of Judicial Proceedings in State Courts (Resolve 2011, c. 104, eff. date 9/28/11)	3	1	11/15/2011; 12/13/11	12/7/2011-12/15/11	Sen. Hastings and Rep. Waterhouse	meeting held 10/12/11; 10/31 Council approved uncompensated subcommittee meetings and extended deadline
Committee to Review Issues Dealing with Regulatory Takings (Resolve 2011, c. 111, eff. date 7/8/11)	3	2	11/21/11	12/7/2011	Sen. Thibodeau and Rep. Cushing	meetings held 10/7/2011 and 11/4/11
Blue Ribbon Commission on Affordable Housing (Resolve 2011, c. 108, eff. date 9/28/11)	4	2	12/5/11; 12/16/11	2/15/2012	Sen. Martin and Rep. Cushing	9/22 Council approved outside funding; meetings held 10/26/11; 11/9/11
ON-GOING LEGISLATIVE STUDIES						
Citizen Trade Policy Commission (10 MRSA section 11)	8 in FY 11-12	2		annually	Sen. Sherman and Rep. Maker	
Legislative Youth Advisory Council (3 MRSA, section 168-B)	2 per year	0		2nd Fri. in Feb., even numbered years	Sen. Mason and Rep. Willette	Pending Sen. youth appointments
Right to Know Advisory Committee (1 MRSA section 411)	4 budgeted for 2011	2	11/17/11; 12/8/11	1/15 annually	Sen. Hastings	

Legislative Council Meeting
November 17, 2011

Deciding Appeals of Legislative Bill Requests Turned Down By the Council

Requirements relevant to bills in the Second Regular Session

1. Under the terms of the Maine Constitution, Section 1 of Article IV, Part Third, Legislative Power, the business of the second regular session **must be limited** to budgetary matters; legislation in the Governor's call; legislation of an emergency nature admitted by the Legislature; legislation referred to committees to study and report by the Legislature in the first regular session; and legislation presented to the Legislature by written petition of the electors (direct citizen initiative).
2. Under the 125th Legislative Council's Rules of Procedure, any action of the Council requires the affirmative vote of at least 6 members.
3. Under Rule 203 of the Joint Rules of the 124th Legislature, any vote of the Legislative Council to accept or reject a bill or resolve for introduction under the procedures established under the Joint Rules must be taken by the yeas and nays, and that vote must be recorded and made available for public inspection.
4. Under Rule 217 of the Joint Rules, a bill that has been introduced and finally rejected in a regular or special session may not be introduced in a subsequent session of the same Legislature except by a vote of 2/3 of both chambers. Therefore, determinations as to the relevancy of Rule 217 are within the purview of the presiding officers, rather than the Legislative Council.

Suggested Protocol for deciding appeals

- A. The Legislative Council will review appeals in alphabetical order by Sponsor.
- B. For procedural consistency, when voting on an appeal of a bill request that was denied, the initial motion on a bill will be presumed to be a motion to accept the bill request for introduction in the second regular session along with a second to that motion. (Yea is to let in a bill; nay is to reject the bill for introduction). Also for procedural consistency, unless otherwise stated, each motion is presumed to have been made by the vice-chair of the Legislative Council, seconded by the chair.
- C. In order to review all legislative appeals in a timely manner, voting will be by electronic vote or a show of hands, with each Council Member's vote on each bill being recorded. The record of each vote will be made available by the Office of the Executive Director for public inspection following the meeting.
- D. Legislators who appeal a decision of the Legislative Council will be given a brief opportunity to make their case to the Council. A time limit of 2 minutes will be observed for Legislators making an appeal. Only by leave of the Chair of the Legislative Council may a person who is not a Legislator address the Council.
- E. Discussion of a bill request will be limited to whether it is appropriate for introduction under Constitutional provisions for second regular session bills, and will not speak to the merits of the bill itself. If a bill was turned down because it is closely related to another legislative request or to a carryover bill, the burden is on the Sponsor to convincingly distinguish his or her bill request from the closely related one.

October 28, 2011

Mr. David Boulter
Executive Director
State of Maine Legislative Council
115 State House Station
Augusta, ME 04333

Dear Mr. Boulter:

Pursuant to "Section 13080-L Annual Report" of the Loring Development Authority of Maine's (LDA) enabling legislation, please find enclosed a complete report of the activities of the LDA for the fiscal year ended June 30, 2011. The report includes a summary of the LDA's development activities and audited financial statements for FY11. Subsequent events through October 15, 2011 and proposed activities for FY12 are also reported.

If you have any questions or need additional information, please don't hesitate to call.

Very truly yours,

Carl W. Flora

Carl W. Flora
President & CEO

Enclosure

cc: Senator Christopher W. Rector, Chair
Representative Kerri L. Prescott, Chair
Committee on Labor, Commerce, Research and Economic Development

This institution is an equal opportunity provider. To file a complaint of discrimination, write to the Loring Development Authority of Maine.

Loring Development Authority of Maine
154 Development Drive, Suite F Limestone, Maine 04750
phone: (207) 328-7005 fax: (207) 328-6811 e-mail: LDA@loring.org
TTY: 1-800-437-1220

Paragraph 13080-L
Fiscal Year 2011 Annual Report
July 1, 2010 – June 30, 2011

Loring Development Authority of Maine
Fiscal Year 2011 Annual Report
July 1, 2010 – June 30, 2011

PARAGRAPH 1A: DESCRIPTION OF THE AUTHORITY'S OPERATIONS
AND STATUS REPORT

	Page
Paragraph 1A: Description of the Authority's Operations	3
Paragraph 1B: Authority's Audited Financial Statements for the Year Ended June 30, 2010	11
Paragraph 1C: Property Transactions	12
Paragraph 1D: An accounting of all activities of any special utility district...14 formed under Section 13080-G (None)	
Paragraph 1E: A listing of any property acquired by eminent domain.....14 under Section 13080-G (None)	
Paragraph 1F: A listing of any bonds issued (None).....14	
Paragraph 1G: Subsequent Events and Proposed Activities.....15	
Paragraph 1H: Further Actions Suitable for Achieving the Purposes.....19 of this Article	

Addendums:

1) Loring Development Authority Board of Trustees	21
2) Loring Development Authority Development & Field Staff	22
3) Loring Commerce Centre Tenants	23
4) Monthly Employment/Tenant Status Report.....	26



- 1 -

Loring Development Authority (LDA) is responsible for the redevelopment of the properties formerly comprising the Loring Air Force Base in order to create jobs and new economic activity following the base's closure. To do this, the LDA:

1. Manages a 3,700-acre business-commercial and industrial park including a 1,600-acre aviation complex;
2. Serves as landlord and/or supplies municipal-type services to approximately 25 businesses and employers who collectively employ approximately 1,224 employees and occupy approximately 1.7 million square feet of space in nearly 90 major buildings;
3. Supports Loring's existing (and future) businesses and employers as well as Loring's 564 residents by operating a water treatment plant, water distribution system, and a wastewater collection system; maintaining and plowing 26 miles of roadways; performing grounds maintenance on hundreds of acres of developed and developable property; and providing for fire and ambulance services, law enforcement services and wastewater treatment; and
4. Works with existing and prospective new Loring businesses to develop opportunities to reuse additional facilities and properties, to create additional employment and economic activity both at Loring and in the broader region.

Employers at Loring represent industrial, manufacturing, agriculture, forestry, telecommunications, commercial, back-office, education, health care, recreation, conservation and aviation sectors. A profile of the employers at Loring, included in Addendum-4 at the end of this report, illustrates the significant level and diversity of economic activity generated by the reuse of facilities at Loring Commerce Centre.

FISCAL YEAR 2011 ACCOMPLISHMENTS

The following summarizes the LDA's accomplishments for fiscal year 2011, which support its primary mission of job creation and facility absorption on Loring Commerce Centre.

LORING BIOENERGY, LLC. On September 24, 2010, the LDA and Loring Bioenergy (LBE) executed closing documents for the LBE real estate transaction, initiating the beginning of a new phase for the LBE project. The closing transferred 54 acres of land and seven facilities at Loring to LBE. One building on the LBE property, the central heat plant has been demolished; the newly cleared site is anticipated to be used for the construction of a DC converter facility or

other energy-related projects addressing transmission and other electrical needs, creating new employment and potentially enabling additional projects elsewhere in Aroostook County.

The LBE transaction also includes the lease of the Searsport to Loring pipeline with the pipeline right-of-way, which the company plans to reactivate. Phase-I of the pipeline project would reactivate the southern section of the pipeline, using it to deliver natural gas to support industrial activity. The rights to operate this line segment may be licensed to a third party (with LDA's consent). LDA will receive royalties on this use.

ALTAEROS ENERGIES. Altaeros is a small development stage company with roots at MIT. It has arranged to conduct tests of the company's airborne wind turbine this fall utilizing the Arch Hangar and a portion of Loring's airfield. Altaeros' innovation, a wind turbine in a helium-filled housing, ascends to an altitude of 500 feet or more, to take advantage of stronger winds aloft, and transmits generated electricity to the ground through a tether cable. The housing/turbine unit can be deployed rapidly and the military branches are taking a great interest in this new technology. Altaeros will operate out of the Arch Hangar for several months while their testing program is underway. The project was coordinated by and through SAIC.

MAINE ENERGY PERFORMANCE SOLUTIONS. Maine Energy Performance Solutions together with The Power Company approached the LDA with a concept for establishing a utility scale solar farm at Loring. LDA entered into an exclusive negotiating agreement with MEPS/TPC while the companies conducted a feasibility study to determine the technical and financial feasibility of the concept. The agreement allowed the companies to commit their time and resources to the study without the threat of competing proposals for other solar projects. The feasibility study shows that utility-scale solar generation may be successful, but casts doubt on the usability of the New Markets Tax Credit program.

Loring has several features that make a solar installation attractive including a high concentration of commercial electrical customers; relatively large tracts of open land in proximity to electrical infrastructure and customers. Also, the U.S. Environmental Protection Agency – a potential supporter for the project with grant funding – encourages such projects to utilize "Brownfields" sites which are suitable only for limited types of development.

IBERDROLA RENEWABLES. Iberdrola Renewables proposed the concept and potential benefits of a large wind farm at Loring, with 100 or more two-megawatt wind turbines constructed at a cost of \$400 to \$500 million. Loring, with its infrastructure, buildings, roads and wind resources, is an ideal wind farm site. However, due to the height of the turbines, aviation uses at Loring would no longer be possible and the current lack of a transmission system to deliver the power to market would not permit such a project to move forward. LDA and Iberdrola continue to evaluate the potential for a large-scale wind farm at Loring.

LASER POWER SYSTEMS & RED HAWK METALS, LLC. Laser Power Systems & Red Hawk Metals proposed the establishment of a laser-thorium powered turbine/generator project Loring. The partners are developing a working demonstration laser-powered thorium turbine unit; the lasers and some components would be manufactured at Loring making use of the Jet Engine facility and Alert facility compound. A generator farm supplying the local grid was also proposed and if a transmission solution is found tying Aroostook County's potential generation into the larger New England grid, a much larger generator farm would be feasible.

- 4 -

ground along a private roadway. LDA will release the existing easements in exchange for the new easements on USFW property at Loring.

This summer LDA responded to a sewer line overflow resulting from a boulder being deliberately dropped into a manhole. At the time of the overflow the Maine Department of Environmental Protection (DEP) issued a warning relating to high levels of E-coli in Greenlaw Brook which parallels the sewer line. After the line was repaired and the area cleaned up, testing indicated that the bacteria levels had returned to normal and the DEP warning was rescinded.

SMALL BUSINESS FACILITIES UPGRADES. LDA's \$1 million Small Business Administration (SBA) earmark grant is funding improvements to facilities for small business uses. The 8,000 square foot former library was the first building improved with SBA funds, a new roofing system including insulation was installed, protecting the building from water damage and saving on heating costs. Additional work to be completed with SBA assistance is similar in design – facilities suitable for small business operations will be improved; energy efficiency is a priority.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION (SAIC) SAIC's unmanned aircraft development operations at Loring included the SKYBUS 30K, with a 30,000 cubic foot volume, then the SKYBUS 80K, with an 80,000 cubic foot volume. The 80K blimp was moved to Arizona for further testing by the U.S. Army at its proving ground in Yuma. SAIC is working on two additional projects to Loring, a larger airship that can be flown either in manned or unmanned and a fixed wing surveillance aircraft. SAIC maintains a presence at Loring through a lease arrangement with MainXPO.

AIRSPACE WORKING GROUP. In October, as a development project encouraged by the "Mobilize Maine" initiative, a working group was formed to explore the potential for UAV testing at Loring. To be successful, the group feels that a test center must take advantage of the FAA's Certificate of Authorization (COA) process and enjoy access to some special use airspace.

SAIC and Telford Aviation for several years conducted flight testing of unmanned blimps within a 5 mile radius of Loring. FAA has approved this activity under an "experimental certificate" issued for the specific aircraft to be tested and for the specific circumstances of the planned flights (i.e., flights originating and ending at Loring, within 5 miles, and similar imitations). The experimental certificate is a time-consuming and lengthy process and the FAA does not have the resources to expedite the issuance of experimental certificates for UAVs. An alternative is the "COA" or "certificate of authorization". This involves a public or governmental organization (like the University of Maine or the LDA) with the expertise to inspect and approve the flightworthiness of the aircraft sought to be tested. A developer of a UAV could relatively quickly get an aircraft approved for flight under the COA and then proceed with the flight testing necessary to perfect new UAV designs. Ultimately, Loring would become a UAV flight testing center and new jobs – for example, in aerospace engineering, piloting, and skilled fabrication – would be created.

MMA. Maine Military Authority had 150 layoffs the first week of March, 2011. MMA is taking important steps to diversify their customer base to help access additional contracts for work. One potential new customer base is school departments; MMA could rebuild buses including body, frame and ancillary equipment that can extend the useful life of a school bus for up to 10 years for about 35% of the cost of a new bus.

- 6 -

THREE RING BINDER (TELECOMMUNICATIONS) PROJECT. LDA hosted the Maine Fiber Company and Tison Technologies ribbon cutting ceremony for the 3 Ring Binder (3RB) kick off in Aroostook County. Federal funding dedicated to upgrading the communication infrastructure in rural areas made the 3RB project a reality in Maine. Maine Fiber Co. is installing dark fiber (144 and 288 strand fiber optic cable) in selected areas in the state including the Loring campus, making dark fiber available at competitive rates, which is good for business. Most of Loring's business locations will be within a few hundred feet of this new resource. As a direct result of the 3RB announcement, the LDA has been in discussions with a cloud computing center to locate a facility at Loring. More information can be found at the Maine Fiber Company web site: www.mainefiberco.com

ROAD PAVING. Loring's main entrance and the first mile of road way, Northcutt Road were repaved this year along with an additional quarter mile of the heavily traveled, four-lane Cupp Road. The \$350,000 project, which was not financially supported by any external funding sources, included removal of existing, crumbling asphalt, drainage repair, a sub layer then a top layer of asphalt. Although the surface of the roadways had deteriorated significantly, the road base remained intact. Approximately 10% of Loring's roadways were paved in this 2010 project, leaving a significant amount of paving work to be completed before the remaining roadways suffer deterioration of their road base in addition to surface damage, which would substantially increase the cost of rehabilitating Loring's roads.

WATER SUPPLY SYSTEM UPGRADES. LDA and the Air Force entered into a Memorandum of Agreement, which included an award of \$1.5 million for future upgrades to the water treatment plant and distribution system. The MOA fulfills the Air Force's responsibility to provide potable water to Loring, where groundwater contamination prevents the use of wells. The funding will be used to match a \$1,132,000 grant from the Economic Development Administration. The grant provides for 50% of the costs of a \$2,264,000 project to upgrade Loring's drinking water treatment infrastructure – the water treatment plant and water impoundment dam on the Little Madawaska River. Upgrades will allow the plant to perform at its rated capacity of 2.3 million gallons per day and will incorporate modern technology. The upgrades will bring the plant into compliance with all new applicable water quality standards, and will enable the plant to support large, water-intensive manufacturing uses.

INFLOW AND INFILTRATION (I&I) REDUCTION AT LORING COMMERCE CENTRE. Reduction of the I&I of ground and surface water in Loring's wastewater collection systems is an ongoing project. The estimated cost to reduce Loring's I&I by 80% is \$5 million. A portion of the I&I work at Loring was completed in-house. A second phase, which replaced the collection system serving Loring's residential area, is now complete and phase three is ready to move forward. Phase three includes an area along the East Branch of the Greenlaw Brook. The \$1,626,000 project was funded by a \$405,280 grant and a \$454,720 loan from the American Reinvestment & Recovery Act (\$860,000 total from the Recovery Act) through the Maine Department of Environmental Protection and the Maine Municipal Bond Bank; and a \$960,000 grant and a \$330,000 loan from Rural Development (\$1,290,000 total from Rural Development). Reduction of I&I will result in additional capacity for new rate-paying wastewater customers including industrial users, removing constraints on economic growth.

LDA worked with U.S. Fish and Wildlife to secure a new easement for two separate segments of its sewer line, which are being replaced in phase three. The easement will allow the segments of the sewer collection line to be moved from the current locations along Greenlaw Brook to drier

- 5 -

MMA expanded into the remaining space at building 7220, having previously occupied a portion of the building. The expansion will allow MMA to streamline its production processes to provide a more efficient delivery system for rebuilt vehicles. Streamlining will enable MMA to obtain contracts with overlapping start and end periods enabling the maintenance of stable employment levels.

NORTHERN MAINE PAVING (NMP). Northern Maine Paving, a newly established paving company in northern Maine established its business office and equipment maintenance center at Loring, occupying offices in Building 5100 and the former P-15 building. The company had intended to develop an existing quarry at Loring; however, environmental limitations at the quarry prevented its development. Alternative sites for a quarry are being considered outside of Loring.

GRAPHIC UTILITIES. Graphics Utilities, LLC, a specialty ink production company now leases production space and an office at Loring, downsizing from their facility in Fort Fairfield. The town understands that the company needed to downsize in order to remain viable and it did not have a facility that met their needs.

PATRIOT TOWERS LEASE. Patriot Towers, an Arizona based company, entered into a short-term lease agreement for 11,000 square feet warehouse space where it stores equipment and material for a project it's completing in northern Maine. The lease includes an option for additional square footage if needed.

NEW BUSINESS PROSPECTS. New business prospects range from initial inquiries, to ongoing discussions. The Three Ring Binder project generated interest by a cloud computing center. There is interest in the NCO Club by a small scale food processor, and the Deli (former Flightline Cafe). Several projects involve manufacturing for both specialized business and consumer markets. Although the national economy is slow, there appears to be considerable interest among companies to take the initial steps to explore new opportunities.

SALE OF FIVE-ACRE SITE. LDA acquired a one-mile section of Nebraska Road, west of Loring's main entrance, in a land exchange with US Fish & Wildlife. The transfer included a parcel of land adjacent to a gravel pit owned by William's Trucking. LDA agreed to sell the five-acre to the trucking company allowing it to expand its gravel pit slightly and build an access drive to Nebraska Road.

JOB CORPS PAYMENT. LDA's President & CEO met with the Assistant Secretary of Labor for Employment and Training and the National Job Corps Director in Washington, DC to discuss a solution to the service fee issue. Congressional delegation staff also participated in the meeting. The Department of Labor maintained that there is no budgetary authority to pay for the general services fees. The lack of a service fee payment is particularly difficult in the LDA's situation because of the need to maintain a 24/7 presence by the fire department to cover numerous false alarms generated by Job Corps.

LAND SPEED RACING. Another Land Speed Racing event, organized by the Loring Timing Association, was held at Loring this year, and was again very successful. There were more local participants and spectators, as well as an increase in numbers of people attending from out of the area. The top speed by a motor cycle clocked at the event was 279 mph. Land Speed events provide good exposure for Loring because the participants travel here from throughout the U.S.

- 7 -

AUTOCROSS EVENT. Cumberland Motor Club Inc, a held an autocross precision driving event at Loring. The event consisted of automobiles, including high performance cars, being operated within a defined course.

SHORELAND ZONE ORDINANCE AND MAP. LDA's original Shoreland Zone ordinance was replaced with a new ordinance that mirrors new state legislation for shoreland areas. A new shoreland map was also developed.

MARKETING EFFORTS

ADVERTISING - The LDA conducts a limited hard copy advertising program. Several ads are placed in MaineBiz magazine annually and advertising is purchased in the annual Bangor Daily News special business section that is published in the spring. Ads are created in-house and provided electronically to advertisers.

WEBSITE - Modifications to the LDA website formatting and information continues as website maintenance is now performed in-house. Several pages have been added or removed to provide a more efficient delivery of board meeting packages and agenda's, as well as downloadable data for available facilities. A more comprehensive change to the entire website is expected to be completed and operating by year end.

PUBLIC OUTREACH

MMAR - The LDA, as stakeholders in the rail line spur from Limestone, participated in the rail service meetings held over the course of the year.

AIR SPACE WORKING GROUP - The air space working group met several times with local stakeholders to discuss creating an airspace designation that would benefit the entire region.

STAKEHOLDER & BUSINESS DEVELOPMENT MEETINGS - The LDA President & CEO regularly leads tours and presents Loring's buildings and assets to potential tenants and visitors, and frequently attends speaking engagements and regional community meetings.

AROOSTOOK PARTNERS FOR PROGRESS (APP) WEEKLY MEETINGS - The LDA President & CEO attends a weekly meeting with area business and economic development leaders in the region to discuss prospects, trends and opportunities for business development in Aroostook County.

THREE RING BINDER - funding in the Federal stimulus package was dedicated to upgrading the communication infrastructure in rural areas and the installation of dark fiber through the Loring campus at competitive rates has already garnered interest from companies looking to take advantage of the technology.

PROMOTING LORING

Loring's facilities, attributes and contact information are available on numerous business development websites. Press releases and announcements of new leases or business deals are promoted to local and state-wide media at the time that these events occur. In late August the LDA again hosted several successful events on the airfield related to land speed racing. The Cumberland Motor Club (CMC) which sponsors autocross competitions once again followed the

Loring Timing Association's event. The open-to-the-public venues have shown an increased audience each year and continue to attract positive coverage from local media, including TV, radio and newspapers. New advertising placed in Maine Ahead was repeated in Maine Biz.

The MaineBiz Book of Lists once again shows Loring Commerce Centre as the state's largest business park with 8,700 acres and 26 tenants. It also notes that the Defense Finance and Accounting Service is our largest tenant occupying a 145,000 square foot office building. DFAS employs approximately 600 persons.

OTHER ACTIVITIES & EFFORTS

MOBILIZE MAINE. LDA is collaborating with DECD and the Northern Maine Development Commission (NMDC) on the Mobilize Maine effort - a proactive, assets based grassroots approach to economic development. The asset mapping component has been completed. DECD, Fairpoint Communications and the six economic development districts identified renewable energy and information technology as two areas of economic promise for Aroostook County. LDA President & CEO, Carl W. Flora, participates on the renewable energy committee, whose focus to date is mostly wind and wood biomass projects. An information technology cluster is examining ways to utilize Aroostook's comparative advantage in the area of fiber optics for data farms and other IT related businesses.

LEAD-LEADERS ENCOURAGING AROOSTOOK DEVELOPMENT. LDA President Carl W. Flora serves on the Board of Directors of LEAD and currently also serves as the chair of LEAD's Energy Subcommittee.

KEEPING INFORMED. When relevant to the LDA's activities, LDA staff members actively participate in community and state economic development efforts, serving on various boards, attending workshops, development forums and trainings, keeping abreast of programs and other opportunities available to businesses.

LDA FUNDING

STATE OF MAINE. In July 2010, the LDA received an appropriation from the State of Maine for \$200,000. This funding continues to be used for match funding for grants and for marketing and operating expenses. The State did not provide financial support for operating expenses at the Loring Applied Technology Center through fiscal year 2010.

TAX INCREMENT FINANCING FUND. The Loring Tax Increment Financing (TIF) Program allows the LDA to receive 50% of the Maine State Income Tax withheld from incremental jobs created at the Loring Commerce Centre (hired subsequent to July 1, 1996) to fund municipal type services provided at Loring. Contributions to this fund for fiscal year 2010 totaled \$963,274. These funds are used to fund municipal service costs and maintenance of public infrastructure.

PROPERTY SALE, LEASE, MUNICIPAL SERVICES AND MISCELLANEOUS REVENUES. During fiscal year 2010, the LDA received revenues from its tenants, from the sale of personal property and from miscellaneous revenues in the amount of \$1,579,603.

- 8 -

- 9 -

KATAHDIN TRUST COMPANY. In recent years, the LDA has secured a \$1,000,000 line of credit from Katahdin Trust Company to assist in the management of cash flow. At the end of FY 2010, funds advanced under the line of credit totaled \$450,000. This debt was retired in July 2011.

KATAHDIN TRUST COMPANY. The LDA secured a \$350,000 loan from Katahdin Trust Company to finance a road paving project. Loan terms: 10 years with a variable interest rate equal to the Wall Street Journal prime rate plus zero percent with a floor of 4%.

SBA GRANT. LDA secured a \$1 million federal appropriation which is administered through a grant from the Small Business Administration. The funding is for the upgrading of facilities in support of small businesses.

EDA GRANT. LDA was awarded \$1,132,000 from the Economic Development Administration for the upgrade of Loring's water supply infrastructure.

Loring Development Authority of Maine
Fiscal Year 2011 Annual Report
July 1, 2010 - June 30, 2011

PARAGRAPH 1B: AUDITED FINANCIAL STATEMENTS FOR FISCAL
YEAR 2011

The attached Independent Auditor's Report was approved by the Loring Development Authority Board of Trustees on October 19, 2011.

LORING DEVELOPMENT AUTHORITY OF MAINE
FINANCIAL STATEMENTS
JUNE 30, 2011

Chester M. Kearney, Certified Public Accountants

TABLE OF CONTENTS		PAGE
GENERAL-PURPOSE FINANCIAL STATEMENTS		
MANAGEMENT'S DISCUSSION AND ANALYSIS		I-VII
INDEPENDENT AUDITORS' REPORT		1-2
STATEMENTS OF NET ASSETS		3
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS		4
STATEMENTS OF CASH FLOWS		5
NOTES TO FINANCIAL STATEMENTS		6-17
ADDITIONAL REPORTS		
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS		18-19
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133		20-21
SUPPLEMENTARY INFORMATION		
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS		22
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS		23
SCHEDULE OF FINDINGS AND QUESTIONED COSTS		24

Chester M. Kearney, Certified Public Accountants

LORING DEVELOPMENT AUTHORITY OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011
UNAUDITED

The management of the Loring Development Authority of Maine (LDA) is providing the following discussion and analysis of the financial activities for the year ended June 30, 2011. The LDA is a component unit of the State of Maine with a mission to create jobs and positive economic growth by redevelopment of approximately 3,700 acres of the former Loring Air Force Base located in Limestone, Maine.

Report Layout

The management's discussion and analysis is intended to make reports more understandable, easier to read, comprehensible and to explain significant changes and financial positions between the current and prior year.

Financial Highlights

- Total net assets decreased by \$1,002,895. The decrease was due in part to improvements to capital assets accomplished with grant funding and debt financing which resulted in a gain from ordinary operations of \$273,389. A loss of \$1,276,284 was realized on the sale of property that had originally been contributed to the LDA by the Air Force.
- Total revenues of \$3,599,956 are comprised of 37% from lease revenue, 32% from state assistance, 20% from federal grants and 11% from other LDA operations.
- Net jobs have neither increased nor decreased significantly over the past year, indicating a stable employment base within an overall challenging economic environment.
- The annual Caretaker grant revenue for the maintenance and operation of essential services and facility maintenance ceased in September 2004. The LDA now relies on lease income, state assistance and other operations to support these operations. The LDA's cost for facility maintenance, operations of water and sewer plants distribution and collection systems, maintenance of a network of roads, parking lots, airfield pavements, together with services for fire, police and ambulance protection was approximately \$2.3 million in fiscal year 2011.
- LDA received \$1.5 million together with plant improvements worth \$600,000 as part of a negotiated arrangement with the USAF to fulfill its obligations to provide potable water at Loring. The in-kind work of the United States Air Force and additional investment of \$1.5 million will enhance the value of the water infrastructure by an amount to be estimated upon completion of the improvements.
- The LDA also received various federal grants, low interest loans and 0% interest loans for the purpose of upgrading sewer lines and treatment facilities. As of June 30, 2011 a total of \$1,752,993 has been spent on these projects. \$49,927 represents Construction in Progress, the remainder was placed in service during the year ended June 30, 2011.

-I-

Chester M. Kearney, Certified Public Accountants

LORING DEVELOPMENT AUTHORITY OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011
UNAUDITED

Basic Financial Statements

The LDA's financial reports are prepared using proprietary fund (enterprise fund) accounting which is the same basis as private-sector business enterprises and utilizes the accrual basis of accounting. The accrual basis of accounting records income as it is earned and costs as incurred. The basic financial statements include the following:

Statement of Net Assets
Statements of Revenues, Expenses and Changes in Net Assets
Statements of Cash Flows

The Statement of Net Assets exhibits the balance of current and capital assets less current liabilities and a net asset balance. As required by GASB 34, the LDA has included the estimated fair market value of net assets (structures, vehicles and equipment, aviation facilities, roads and accessory facilities, special use structures and land) which were given to the LDA at no cost by the United States Air Force. The estimated net fair market value of total capital assets for the current year is \$60,427,369 as compared to a capital asset balance of \$60,949,265 for the prior year ending June 30, 2010.

Table 1 provides condensed data of the Statement of Net Assets for the fiscal years ended 2011 and 2010.

Table 1

Net Assets

	2011	2010
Current assets	\$ 2,919,871	\$ 2,884,069
Net capital assets	60,427,369	60,949,265
Construction in progress	49,927	1,273,812
Notes receivable	<u>4,036,634</u>	<u>1,036,634</u>
Total Assets	<u>67,433,801</u>	<u>66,143,780</u>
Current Liabilities	2,585,178	2,884,072
Long-term Liabilities	<u>3,183,109</u>	<u>591,299</u>
Total Liabilities	<u>5,768,287</u>	<u>3,475,371</u>
Total Net Assets	\$ <u>61,665,514</u>	\$ <u>62,668,409</u>

The Statements of Revenues, Expenditures and Changes in Net Assets reports the federal and state assistance and operations revenue, less operating costs in order to reflect the change in net asset value for the current year in combination with the prior year's net asset value to reflect the net asset balance as of June 30, 2011.

-II-

Chester M. Kearney, Certified Public Accountants

LORING DEVELOPMENT AUTHORITY OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

UNAUDITED

Table 2 shows the changes in net assets for the fiscal years 2011 and 2010.

Table 2

Changes in Net Assets

	2011	2010
Revenues:		
Program Revenues		
State Assistance	\$ 1,163,274	\$ 1,204,925
General Revenues		
Lease and Other	1,629,830	1,481,265
Total Operating Revenues	2,793,104	2,686,190
Operating Expenses:		
Salaries and Benefits	895,949	1,049,400
Travel	13,515	14,031
Contracted Services	777,534	506,481
Depreciation	743,063	708,899
Legal and Audit	66,852	69,169
Marketing	6,120	2,545
Supplies and Expenses	108,111	144,404
Maintenance	169,055	177,857
Utilities	421,107	410,228
Other General and Administrative	125,261	83,106
Total Operating Expenses	3,326,567	3,166,120
(Decrease) in Net Assets from Operations	(533,463)	(479,930)
Other Revenues		
Other	806,852	649,488
Gain/(Loss) before sale to Loring Bio Energy	273,389	169,558
(Loss) from sale to Loring Bio Energy	(1,276,284)	
Increase/(Decrease) in Net Assets	\$ (1,002,895)	\$ 169,558

The Statements of Cash Flows are included, which discloses net cash provided by, or used in operating activities, noncapital financial activities, and from capital and related financing activities. From these statements, the reader can obtain comparative information on the sources and uses of cash for the years.

-III-

Chester M. Kearney, Certified Public Accountants

LORING DEVELOPMENT AUTHORITY OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

UNAUDITED

The Loring Development Authority's Funds

The Loring Development Authority's Funds are accounted for using the accrual basis of accounting. Total revenues and other sources amounted to \$3,599,956 in 2011 and \$3,335,678 in 2010. Operating revenues for the two years as represented in the tables below totaled \$2,793,104 in 2011 and \$2,686,190 in 2010. Grants and assistance represents 42% and 45% of the LDA's operating revenues for the last two years.

2011 Operating Revenues



2010 Operating Revenues



-IV-

Chester M. Kearney, Certified Public Accountants

LORING DEVELOPMENT AUTHORITY OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

UNAUDITED

Operating expenses amounted to \$3,326,567 in 2011 and \$3,166,120 in 2010. The following charts reflect the expenditures for the fiscal years ended June 30, 2011 and 2010.

2011 Expense Distribution



2010 Expense Distribution



-V-

Chester M. Kearney, Certified Public Accountants

LORING DEVELOPMENT AUTHORITY OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

UNAUDITED

Capital Assets

At the end of fiscal year 2011, the Loring Development Authority had invested or received land, buildings, improvements, structures and facilities of \$69,736,304. Net of depreciation, these assets were recorded at \$60,427,369. Table 3 shows capital assets, net of accumulated depreciation.

Table 3
Capital Assets at June 30
(Net of Depreciation)

	2011	2010
Land	\$ 9,895,300	\$ 10,167,000
Buildings	21,551,877	24,056,974
Equipment and Improvements	4,277,788	1,921,297
Special Use Structures	3,606,821	3,708,411
Aviation Facilities	15,578,087	15,578,087
Roadways and Accessories	3,517,496	3,517,496
Pipeline	2,000,000	2,000,000
Total Net Capital Assets	\$ 60,427,369	\$ 60,249,265

Budgeting

The LDA provides an annual budget for control and internal purposes only. No legally adopted budget is maintained.

Debt

The Loring Development Authority had an operating Line of Credit debt of \$450,000 outstanding as of June 30, 2011.

The LDA also took on bonded debt of \$454,720 in 2010 for the purpose of upgrading sewer lines. As of June 30, 2010 the balance on this debt was \$420,616.

The LDA entered into a loan agreement with USDA Rural Development in the year ended June 30, 2010. The \$330,000 proceeds from the note were used to pay off the construction line of credit which provided funds for the sewer upgrade project. The balance as of June 30, 2011 was \$330,000.

The LDA entered into a mortgage agreement with Katahdin Trust Company, receiving funds in the amount of \$350,000 secured by real estate. The balance at June 30, 2011 was \$330,798.

-VI-

Chester M. Kearney, Certified Public Accountants

LORING DEVELOPMENT AUTHORITY OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

UNAUDITED



Chester M. Kearney
Certified Public Accountants

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Paul J. Callaza, CPA

Future Developments

The LDA has taken steps during the last few fiscal years to compensate for the loss of the Caretaker grant revenue which represents a current annual reduction of approximately \$1.7 million per year to protect and maintain the Loring property and funds available for maintenance of vacant facilities, fire, police, water and sewer, and roadways. The Caretaker grant expired in September 2004. In order to compensate for the loss of the Caretaker grant, the LDA has reduced staff, developed agreements with local communities to provide assistance with fire protection and other essential services, and has deferred maintenance and capital expenditures on some infrastructure. The LDA has developed collaborations with other economic development groups which have proven effective at identifying development prospects. Meanwhile, as development has continued and vacant buildings have been returned to productive uses, fewer facility-maintenance resources will be needed. As listed in the financial highlights, the LDA has also secured resources from the Air Force to upgrade the water treatment plant and water distribution infrastructure and has consolidated waste water systems with a local sewer treatment district. Over the longer term, LDA's continued development will create more revenue from real estate operations that will be available to invest in repairing, replacing and upgrading infrastructure as well as further development efforts.

To the Board of Trustees of the
Loring Development Authority of Maine

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the proprietary activities of the Loring Development Authority of Maine, as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the proprietary activities of the Loring Development Authority of Maine, as of June 30, 2011 and 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2011 on our consideration of the Loring Development Authority of Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

-VII-

Chester M. Kearney, Certified Public Accountants

-1-

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Loring Development Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The remaining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. All such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Chester M. Kearney

Presque Isle, Maine
August 24, 2011

-2-

LORING DEVELOPMENT AUTHORITY OF MAINE

STATEMENTS OF NET ASSETS

JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and temporary investments (Note 3)	\$ 1,559,240	\$ 1,545,436
Due from State of Maine (Note 9)	963,274	1,004,925
Accounts receivable, net	268,300	93,299
Grants receivable	5,730	121,976
Inventory	123,327	118,433
	<u>2,919,871</u>	<u>2,884,069</u>
FIXED ASSETS (Note 13)		
Capital assets	69,736,304	69,569,366
Less accumulated depreciation	(9,308,935)	(8,620,101)
	<u>60,427,369</u>	<u>60,949,265</u>
OTHER ASSETS		
Construction in progress	49,927	1,273,812
Notes receivable, net of current portion (Note 12)	4,036,634	1,036,634
	<u>4,086,561</u>	<u>2,310,446</u>
TOTAL ASSETS	\$ 67,433,801	\$ 66,143,780
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 301,636	\$ 227,152
Accrued expenses (Notes 4 & 5)	127,611	142,528
Deferred revenues, current (Note 7)	248,958	20,332
Advances from Federal Government (Note 9)	1,271,874	1,387,796
Advances - other	860	1,240
Advances from State of Maine (Note 9)	116,019	116,019
Line of credit (Note 8)	450,000	955,000
Current portion of long-term debt	68,220	34,005
	<u>2,585,178</u>	<u>2,884,072</u>
LONG-TERM DEBT (Note 14)		
Notes Payable	1,251,329	625,304
Less Current Portion	(68,220)	(34,005)
	<u>1,183,109</u>	<u>591,299</u>
DEFERRED REVENUES, LONG-TERM (Note 7)	2,000,000	
TOTAL LIABILITIES	\$ 768,287	\$ 3,475,371
NET ASSETS		
Invested in capital assets, net of related debt	59,176,040	60,323,961
Unrestricted	2,489,474	2,344,448
	<u>\$ 61,665,514</u>	<u>\$ 62,668,409</u>

See notes to financial statements

-3-

Chester M. Kearney, Certified Public Accountants

P33

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
OPERATING REVENUES		
State assistance (Note 9)	1,163,274	1,204,925
Lease revenue	1,345,654	1,294,672
Water and sewer fees	159,339	158,607
Other	124,837	28,086
	<u>2,793,104</u>	<u>2,686,190</u>
OPERATING EXPENSES		
Salaries and benefits	895,949	1,049,400
Depreciation	743,063	708,899
Utilities	421,107	410,228
Supplies and expense	108,111	162,667
Repairs and maintenance	169,055	158,309
Contracted services	600,383	280,934
Outside services-Fire and Security	177,151	219,944
Legal and audit	66,852	69,169
Insurance	21,615	23,608
Communications	11,196	15,754
Travel	13,515	21,272
Interest expense & bond bank fees	21,337	15,250
Marketing	6,120	2,192
Uncollectable accounts	71,113	28,394
	<u>3,326,567</u>	<u>3,166,120</u>
LOSS FROM OPERATIONS	<u>(533,463)</u>	<u>(479,930)</u>
NON-OPERATING REVENUES		
Federal assistance for capital projects (Note 9)	718,973	529,128
Gain on sale of surplus property	14,870	49,280
Interest income	73,009	71,080
	<u>806,852</u>	<u>649,488</u>
LOSS ON SALE OF ASSETS TO LORING BIO ENERGY	<u>(1,276,284)</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>(1,002,895)</u>	<u>169,558</u>
NET ASSETS - BEGINNING OF YEAR	<u>62,668,409</u>	<u>62,498,851</u>
NET ASSETS - END OF YEAR	<u>\$ 61,665,514</u>	<u>\$ 62,668,409</u>

See notes to financial statements

-4-

Chester M. Kearney, Certified Public Accountants

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	1,600,269	1,394,064
Cash received from governmental assistance	1,163,218	969,855
Cash received from other income	124,837	28,086
Cash paid for salaries and benefits	(910,866)	(1,048,289)
Cash paid for contract services	(777,534)	(506,481)
Cash paid for goods and services	(817,435)	(874,157)
Interest paid	(21,337)	(22,368)
Net cash provided by/(used in) operating activities	<u>361,152</u>	<u>(99,290)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Net advances/(payments) on line of credit	(505,000)	325,000
Payments received on notes receivable	-	17,179
Proceeds from long-term debt	680,000	454,720
Payments on long-term debt	(53,973)	(72,305)
Interest received	73,009	71,080
Net cash provided by investing activities	<u>194,034</u>	<u>845,674</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for capital acquisitions and construction	(1,275,225)	(1,386,911)
Federal grants received for capital projects	718,973	529,128
Sale of property	14,870	49,280
Net cash used in financing activities	<u>(541,382)</u>	<u>(808,503)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>13,804</u>	<u>(62,119)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,545,436</u>	<u>1,607,555</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,559,240</u>	<u>1,545,436</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Loss from operations	(533,463)	(479,930)
Adjustments to reconcile loss from operations to net cash provided by/(used in) operating activities		
Depreciation	743,063	708,899
Interest capitalized	-	(7,018)
Work in progress abandoned	1,659	-
Changes in assets and liabilities		
Accounts receivable	(133,350)	(59,115)
Due from other governments	(56)	(216,327)
Inventory	(4,894)	(12,647)
Accounts payable	74,484	24,480
Deferred revenue	2,228,626	(18,743)
Accrued expenses	(14,917)	(38,889)
	<u>2,894,615</u>	<u>380,640</u>
Net cash provided by/(used in) operating activities	<u>2,361,152</u>	<u>(99,290)</u>

See notes to financial statements

-5-

Chester M. Kearney, Certified Public Accountants

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS

TABLE OF CONTENTS

	PAGE
(1) HISTORY OF ORGANIZATION	6
(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	7
(3) CASH AND TEMPORARY INVESTMENTS	8
(4) COMPENSATED ABSENCES	8
(5) PENSION PLAN	8
(6) RENTAL OF FACILITIES	8-9
(7) DEFERRED REVENUES	9
(8) LINE OF CREDIT	9
(9) PUBLIC SECTOR FUNDING	10-11
(10) CONCENTRATION OF RISK	11
(11) ALLOWANCE FOR DOUBTFUL ACCOUNTS	11
(12) NOTES RECEIVABLE	11-12
(13) CAPITAL ASSETS	12-14
(14) LONG-TERM DEBT	14-15
(15) SUBSEQUENT EVENTS	16
(16) FAIR VALUE OF FINANCIAL INSTRUMENTS	16
(17) TAXES	16
(18) CONTINGENT LIABILITY	16
(19) SUMMARY OF ACTIVITIES	17

Chester M. Kearney, Certified Public Accountants

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS

(1) HISTORY OF ORGANIZATION

On July 12, 1991, the President of the United States accepted the recommendation of the Base Closure and Realignment Commission to close Loring Air Force Base (Loring) located in the Town of Limestone, Maine, Town of Caswell, Maine, and the City of Caribou, Maine, as well as nine off-site locations used for housing, communications and water distribution. The effective date of closure was September 30, 1994. The Loring base property, which excludes any off-site locations, consists of approximately 8,700 acres of land, 3.1 million square feet of existing facility space and an aviation complex, which includes a 12,100 foot runway, related aviation facilities and operating systems.

On July 13, 1993, the Maine State Legislature enacted Public Law Chapter 474, establishing the Loring Development Authority of Maine (LDA), a public municipal corporation, as the successor to the Loring Readjustment Committee. The LDA is entrusted with investigating the acquisition, development and management of the properties within the geographical boundaries of Loring.

On April 4, 1997, the United States Air Force transferred approximately 3,600 acres of land, associated facilities, infrastructure and personal property to the LDA via the execution of Economic Development Conveyance (EDC) and Lease in Furtherance of Conveyance documents. This EDC document, which is a mechanism used by the Federal government to transfer former military installations to local reuse authorities for job creation and economic development purposes, transferred control of the Loring property to the LDA through a no-cost, 55-year lease, with commitments from the Air Force to transfer title to the property upon receiving environmental clearance from the Environmental Protection Agency. On April 19, 2001, title to 2,805 acres of the original 3,600 acres was transferred to LDA. The conveyance documents also include a provision that will provide the LDA with an average of \$2.7 million annually through September 30, 2004 to fund its municipal type functions including, but not limited to, fire and emergency services, police protection, water and waste water systems, as well as maintenance of buildings, grounds and roadways. This funding expired September 30, 2004. The lease given to the LDA in 1997 has been superseded in 2001 with a Quit Claim deed conveying a part of the property in fee title and in 2004 with the remainder of the property being conveyed by deed. The LDA also acquired a 185 mile pipeline in 2005.

Consistent with the LDA's enabling legislation, as amended, the Board of Trustees is comprised of thirteen (13) voting members, which are nominated by the Governor of the State of Maine and of which twelve (12) are confirmed by the Maine Senate. The Governor also designates a commissioner of a department of state government to be a voting, ex-officio member of the Board of Trustees. No less than seven of the Board of Trustees must be residents of Aroostook County and be nominated by one of the primary impacted communities, as defined in the enabling legislation. In addition, no less than four of the Board of Trustees must live outside of Aroostook County. The enabling legislation also imposes term limits on the Board of Trustees of two consecutive four-year terms. The Board of Trustees have elected a Chair, Vice-Chair, Secretary and Treasurer to serve terms of one year. The fiscal year for the LDA runs from July 1 through June 30. The financial information of the LDA is reported as a component unit as part of the financial statements of the State of Maine.

-6-

Chester M. Kearney, Certified Public Accountants

P34

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The LDA prepares its financial statements on the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when earned and measurable and expenses are recognized when incurred and measurable.

Measurement focus

Proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets. The Statement of Changes in Net Assets presents the increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its proprietary activities.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Budgetary information

GASB #34 requires that budgetary comparison schedules be presented only for the general fund and each major special revenue fund that has a legally adopted annual budget. The LDA currently does not legally adopt an annual budget and therefore has not presented one in these financial statements.

Cash and cash equivalents

The LDA has defined cash and cash equivalents to include cash on hand, demand deposits and cash with fiscal agents. Currently, the LDA treats all their cash as a cash equivalent because they can deposit or withdraw cash at any time without prior notice or penalty.

Defining operating revenues and expenses

The LDA's proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of the LDA consist of federal and state assistance for non-capital transactions as well as revenue derived from rental activities and the costs of providing rental property, including depreciation and excluding interest costs. All other revenues and expenses are reported as non-operating.

-7-

Chester M. Kearney, Certified Public Accountants

(3) CASH AND TEMPORARY INVESTMENTS

Deposits with financial institutions are subject to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy is to invest in regional banks and federal securities and to insure the funds to as great a degree as possible. The Authority's checking deposits at year-end were covered by Federal Depository Insurance Corporation (FDIC) or collateralized by U.S. Governmental Agency securities held in the Authority's name.

The Authority's cash balances in the financial statements are \$1,559,240 and \$1,545,436 as of June 30, 2011 and 2010 respectively.

The Authority's cash is categorized to give an indication of the level of risk assumed by the Authority at year-end. These categories are defined as follows:

- Category #1 - Insured or collateralized with securities held by the Authority or by its agency in the Authority's name.
- Category #2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.
- Category #3 - Uncollateralized, which includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Authority's name.

As of June 30, 2011 and 2010 the Authority's entire balances are classified as Category 1.

(4) COMPENSATED ABSENCES

Authority employees are granted vacation and sick leave in varying amounts. Upon termination, an employee is paid the full amount of accumulated vacation days not taken. Sick leave is not payable upon termination.

The Authority's financial liability for accrued vacations at June 30, 2011 and 2010 is \$26,360 and \$26,554 respectively.

(5) PENSION PLAN

The Authority has instituted a Model Simplified Employee Pension Plan for all eligible Authority employees in accordance with Section 408(K) of the Internal Revenue Code. All Authority contributions to the employee's individual retirement account are 100% vested to the employee on the date of the contribution. Employee contributions to the plan are discretionary, subject to Internal Revenue Code limitations. Employer contributions to the plan, at 5% of regular gross wages, totaled \$34,153 and \$39,223 for the years ended June 30, 2011 and 2010.

(6) RENTAL OF FACILITIES

The Authority has leased land and buildings at Loring to various third parties under non-cancellable operating leases requiring fixed payments through 2016. The leases provide for varying terms and conditions.

-8-

Chester M. Kearney, Certified Public Accountants

(6) RENTAL OF FACILITIES (cont'd.)

As of June 30 2011, the future minimum lease payments are as follows:

<u>Fiscal year ending June 30:</u>	<u>Amount</u>
2012	1,336,009
2013	1,120,008
2014	958,841
2015	816,245
2016	798,964
	<u>\$5,030,067</u>

Included in the future minimum lease payments above are rental payments from the Maine Military Authority (MMA), another authority established by the State of Maine.

The MMA has made a long-term commitment to lease the facilities. Because MMA and LDA are instrumentalities of the State, it is unclear whether the lease payment obligation is legally enforceable. The annual lease commitment of the MMA is \$700,000 until at least 2016.

(7) DEFERRED REVENUES

The Authority received advances of rent and other receipts, which have been characterized as deferred revenue in the accompanying Statement of Net Assets.

As described in Note 12, the Authority entered into an agreement with Loring Bio-energy, LLC to lease a pipeline. Under the terms of the agreement the lease will begin in 2013 and the Authority will begin to recognize revenue at that time at a rate of \$200,000 per year for a ten year period. As of June 30, 2011 the amount included as deferred revenue was \$2,000,000.

(8) LINE OF CREDIT

The Authority has a variable rate operating line of credit payable at "Wall Street Prime" with a maximum limit of \$1,000,000. As of June 30, 2011 the line of credit balance was \$450,000, leaving \$550,000 available for use. The line is secured by the Authority's accounts and notes receivable and other general intangibles.

-9-

Chester M. Kearney, Certified Public Accountants

(9) PUBLIC SECTOR FUNDING

The LDA is currently funded through the following public sources:

- (A) State of Maine - The State approved appropriations of \$200,000 for fiscal year ended June 30, 2011. These funds are to be used to defray operating expenses, to support development of the reuse strategy and to use as match funds to obtain federal and other grants.

Tax Increment Financing - On July 5, 1996, the State Legislature enacted LD 1741 establishing the Loring Job Increment Financing Fund (Fund). The Fund, which has a term of twenty years, was created to establish a supplemental source of funding to subsidize future municipal service costs. This Fund will receive state income tax withholding revenues which can be attributed to incremental jobs created at Loring and will be based upon 50% of the State income tax withholding from these incremental jobs. State contributions to the Fund will be made on an annual basis and are payable by July 31 of each year. The LDA has realized revenues of \$963,274 and \$1,004,925 for the years ending June 30, 2011 and 2010 respectively.

Department of Transportation (DOT) - The state of Maine DOT awarded the Authority a grant of \$1,000,000 for airport facility renovations. No funds were spent in the year ended June 30, 2011. \$106,598 of the balance remained as of that date.

- (B) The United States Environmental Protection Agency (EPA) - The Authority was awarded a grant by the EPA in the amount of \$216,500 to improve the integrity of sewer lines and reduce inflow and infiltration. The grant requires matching funds from the authority of \$177,136. During the fiscal year ending June 30, 2011 the Authority received \$5,730.

In 2009 the Authority was awarded an additional \$860,000 through the Clean Water State Revolving Loan Fund Program for the purpose of replacing sewer lines. Upon completion of the project \$405,280 will be forgiven and the remaining \$454,720 will be repaid of a period of 20 years at 0% interest.

- (C) The United States Department of Agriculture (USDA) - The Authority was awarded a grant of \$960,000 and a loan of \$330,000 from USDA Rural Development from the Water and Waste Disposal Systems Program for the purpose of replacing sewer lines. As of June 30, 2011 the Authority had received and expended \$496,217 of the grant funds, of which \$472,422 was recognized as revenue in the year ended June 30, 2011.

- (D) The United States Department of Defense - The United States Air Force Real Property Agency has made a one-time payment of \$1,500,000 to the Authority under an agreement relating to the Air Force's obligation to provide an alternative source of supply for Loring's drinking water. For the year ended June 30, 2011 the Authority expended \$115,923 of these funds on the water system while \$1,271,873 remains to be spent.

-10-

Chester M. Kearney, Certified Public Accountants

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(9) PUBLIC SECTOR FUNDING (cont'd.)

- (E) United States Small Business Administration – The SBA has provided a \$1,000,000 earmark designated for repairs and upgrades at the Loring Commerce Center which will facilitate the establishment of new small businesses in the area. As of June 30, 2011 \$124,898 had been received and expended.

(10) CONCENTRATION OF RISK

Federal and State funding

The LDA received approximately 46% of its operating revenue from federal and state funding for the year ended June 30, 2011. The ability to continue its operations is dependent on continued funding.

Accounts receivable

For the year ended June 30, 2011 approximately 92% of the Authority's accounts receivable was due from 5 customers.

(11) ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are shown on the Statement of Net Assets net of the allowance for doubtful accounts. The allowance for doubtful accounts was estimated at \$177,101 and \$123,656 for the years ended June 30, 2011 and 2010 respectively.

(12) NOTES RECEIVABLE

On May 9, 2001, the LDA sold 5 parcels (271.5 acres) of land to Tin Cup Land Company, LLC for \$1,600,000, less \$1,912 in closing costs, resulting in a net sale price of \$1,598,088. The Authority received \$318,088 in cash and financed the remaining \$1,280,000 in the form of a note, payable in quarterly installments for a period of 15 years. Because of unforeseen losses of tenants due to the elimination of military workers at the Defense Finance and Accounting Service in 2002 the Company has had difficulties keeping current with the note payments. The authority continues to work with Tin Cup Land Company to develop a mutually agreeable repayment plan and restructure the note. Accordingly, no amount is included in the current portion of notes receivable. As of June 30, 2011 the outstanding balance on the note was \$1,036,634. For the year ended June 30, 2010 payments of \$17,179 of principal and \$19,305 of interest were received. For the year ended June 30, 2011 interest only payments in the amount of \$12,768 were received. In management's opinion either the entire balance of the note will be collected in full or the parties will work out a plan to repurchase a portion of the assets secured by the note.

-11-

Chester M. Kearney, Certified Public Accountants

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(12) NOTES RECEIVABLE (cont'd.)

On September 24, 2010 the LDA entered into a sale/lease agreement with Loring Bio-energy, LLC in which transferred assets including the former heat plant building and real to the buyer and where the parties entered into a lease agreement for a pipeline extending from Loring to Searsport, Maine in exchange for a 0% interest note in the amount of \$3,000,000. The note is payable in 10 annual installments of \$300,000 with the first installment due and payable within 30 days after the buyer commences "substantial commercial activity" or July 1, 2012, whichever comes first.

The buyer is also responsible for paying closing costs of \$282,461 to the LDA, of which \$100,000 was paid at the time of closing and the remaining is due with the first note installment. The LDA has recorded the balance of \$182,461 as accounts receivable and recognized the amount as deferred revenue until the time of collection.

(13) CAPITAL ASSETS

With the exception of the assets acquired from the United States Air Force, (see below) all capital assets are stated at cost (or estimated historical cost) and updated for additions and retirements during the year. Assets acquired with grants are also stated at cost. The Authority maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Assets such as land and some land improvements are considered inexhaustible and are not being depreciated. Capital assets not in use are also not being depreciated.

Capital assets are depreciated using the straight-line method over the following useful lives:

Description	Estimated lives
Buildings and Improvements	15-50 years
Equipment	3-5 years
Vehicles	3-5 years

Capital asset activity for the year ended June 30, 2011 was as follows:

CAPITAL ASSETS ACQUIRED BY LDA (HISTORICAL COST)

Capital Assets	Beginning Balance	Additions	Retirements	Ending Balance
Land	10,000			10,000
Equipment and improvements	2,362,622	2,497,450		4,860,072
Total at historical cost	2,372,622	2,497,450		4,870,072
Less Accumulated Depreciation				
Equipment and improvements	530,325	140,959		671,284
Total Accumulated Depreciation	530,325	140,959		671,284
Capital assets at historical cost, net	1,842,297	2,356,491		4,198,788

-12-

Chester M. Kearney, Certified Public Accountants

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(13) CAPITAL ASSETS (cont'd.)

CAPITAL ASSETS ACQUIRED FROM U. S. AIR FORCE

Capital Assets	Beginning Balance	Additions	Retirements	Ending Balance
Land	10,157,000		271,700	9,885,300
Buildings				
In use	5,925,889			5,925,889
Leased	19,300,146			19,300,146
Not in use	5,412,593		2,058,812	3,353,781
	30,638,638		2,058,812	28,579,816
Equipment				
In use	136,500			136,500
Not in use	89,000			89,000
	225,500			225,500
Special use structures				
Water plant and distribution	5,080,033			5,080,033
Other facilities and improvements				
Aviation facilities				
Runways	9,472,226			9,472,226
Structures	6,105,861			6,105,861
Fuel pipeline	2,000,000			2,000,000
	17,578,087			17,578,087
Roadways and accessories	3,517,496			3,517,496
Capital assets from U.S. Air Force	67,196,744		2,330,512	64,866,232
Less Accumulated Depreciation				
Buildings				
In use	1,599,677	117,341	54,229	1,662,789
Leased	4,981,987	383,162		5,365,149
	6,581,664	500,503	54,229	7,027,938
Equipment				
In use	136,500			136,500
Special use structures				
Water plant and distribution	1,371,612	101,601		1,473,213
Total Accumulated Depreciation	8,089,776	602,104	54,229	8,637,651
Capital assets acquired from U. S. Air Force, net	59,106,968	(602,104)	2,276,283	56,228,581

-13-

Chester M. Kearney, Certified Public Accountants

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(13) CAPITAL ASSETS (cont'd.)

TOTAL CAPITAL ASSETS

Capital assets	69,569,366	2,497,450	2,330,512	69,736,304
Less Accumulated Depreciation	(8,620,101)	(743,063)	(54,229)	(9,308,935)
	60,949,265	1,754,387	2,276,283	60,427,369

On April 4, 1997 the Authority received 3,700 acres of land, associated facilities, and personal property from the United States Air Force via a 55 year no cost lease. In accordance with generally accepted accounting principles all assets associated with this lease were capitalized at estimated fair market value. The Authority has since obtained this property in fee title.

During fiscal year 2005 the United States Air Force transferred to the Authority additional property consisting of a fuel pipeline and associated rights of way extending from Searsport, Maine to Limestone, Maine. The pipeline was not in service as of June 30, 2010 and the pipeline and associated easement rights were leased during the year ended June 30, 2011.

During fiscal year 2005 the United States Air Force transferred title to a building currently occupied by federal employees to the Authority. Transfer of the deed for this property was contingent upon the Authority's promise to lease the property back to the United States at no cost. The 50 year lease may be renewed, extended, or terminated by the United States at its option but the Authority is given no option to decline an extension or renewal or to terminate the lease. The United States Government may use this property for any government purpose and is not required to pay any taxes, assessments or similar charges. However, the United States Government is responsible for all costs and liabilities associated with the property as if it were the owner. Accordingly, this property is not included as a capital asset on these financial statements.

Management feels that the value of these assets could fluctuate significantly in the event that the operational status of the Authority changes.

(14) LONG-TERM DEBT

As of June 30 long-term debt consisted of:

	2011	2010
Note payable to Northern Maine Development Commission, payable in monthly installments of \$1,381 including interest at 3% per annum through April 2012. Final payment of \$153,133 due May 2012, secured by assets of the Authority	169,915	181,952
Note payable to USDA Rural Development, payable in annual installments of \$14,860 including interest at 3.25% per annum through August 2050. Secured by assets of the Authority	330,000	

-14-

Chester M. Kearney, Certified Public Accountants

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(14) LONG-TERM DEBT (cont'd)

Note payable to Katahdin Trust Company, payable in monthly installments of \$3,553 including interest at 4% per annum through October 2020. Secured by assets of the Authority 330,798

Bond payable to the Maine Municipal Bond Bank, payable in semi-annual installments of \$11,368 plus bond bank fees of \$569 per installment through October 2029. Interest rate is 0%.

Less current portion

	<u>420,616</u>	<u>443,352</u>
	<u>1,251,329</u>	<u>625,304</u>
	<u>(68,220)</u>	<u>(34,005)</u>
	<u>1,183,102</u>	<u>591,299</u>

Future long-term debt obligations are as follows for the year ended June 30:

	PRINCIPAL	INTEREST	TOTAL
2012	68,220	28,564	96,784
2013	216,310	26,625	242,935
2014	59,426	20,816	80,242
2015	60,903	19,339	80,242
2016	62,420	17,822	80,242
2017-21	308,645	64,115	372,760
2022-26	144,010	43,970	187,980
2027-31	115,250	38,626	153,876
2032-36	41,959	32,341	74,300
2037-41	49,352	24,948	74,300
2042-46	58,048	16,252	74,300
2047-51	<u>66,786</u>	<u>7,513</u>	<u>74,299</u>
Total	<u>1,251,329</u>	<u>340,911</u>	<u>1,592,260</u>

Long-term debt activity for the year ended June 30, 2011 is as follows:

	Beginning Balance	Advances	Payments	Ending Balance
Note payable - NMDC	181,952		12,037	169,915
Note payable - USDA		330,000		330,000
Note payable - Katahdin Trust Company		350,000	19,202	330,798
Bond payable - MMBB	<u>443,352</u>		<u>22,736</u>	<u>420,616</u>
	<u>625,304</u>	<u>680,000</u>	<u>53,975</u>	<u>1,251,329</u>

-15-

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NOTES TO FINANCIAL STATEMENTS (cont'd.)

(15) SUBSEQUENT EVENTS

Management has evaluated subsequent events occurring through August 24, 2011, the date the financial statements were available to be issued.

(16) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Authority has a number of financial instruments, none of which are held for trading purposes. The Authority estimates that the fair value of all financial instruments at June 30, 2011, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Statement of Net Assets. The estimated fair value amounts have been determined by the Authority using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Authority could realize in a current market exchange.

(17) TAXES

As a governmental entity, the Authority is not subject to Federal and State income taxes, accordingly it is not necessary to consider the effects of any uncertain tax positions.

The Authority is subject to Federal and State payrolls and is required to file the appropriate tax returns. Management believes that all required returns have been properly filed as of June 30, 2011. No examinations have been conducted by the Federal or State taxing authorities and no correspondence has been received from these authorities.

(18) CONTINGENT LIABILITY

In the spring of 2011 it was discovered that a sewer pipe ruptured as the result of vandalism which caused raw sewage to spill into a remote area of the LDA's property. The cost of the cleanup was approximately \$42,000 and was paid in full by the LDA. Management believes that the site is fully cleaned and the Maine Department of Environmental Protection has certified that the area is environmentally safe. Any future cost or cleanup resulting from this incident would be paid by the LDA.

-16-

Chester M. Kearney, Certified Public Accountants

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(19) SUMMARY OF ACTIVITIES

Function	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
General operations	<u>(3,326,567)</u>	<u>1,504,993</u>	<u>-</u>	<u>718,973</u>	<u>(1,102,601)</u>
General revenues:					
State appropriations					200,000
Loring Job Incremental Financing					963,274
Interest income					73,009
Sale of surplus property					14,870
Other income					<u>124,837</u>
Total general revenues					<u>1,375,990</u>
Change in net assets					273,389
Loss on sale of assets to Loring Bio Energy					<u>(1,276,284)</u>
Net assets - July 1, 2010					<u>62,668,409</u>
Net assets - June 30, 2011					<u>61,665,514</u>

ADDITIONAL REPORTS

-17-

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Chester M. Kearney
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12 Dyer Street, Presque Isle, Maine 04769-1550
207-764-3171

Herman Belanger, CPA
Steve E. Bird, CPA
Paul J. Callinan, CPA

To the Board of Trustees of the
Loring Development Authority of Maine

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the proprietary activities of the Loring Development Authority of Maine, as of and for the year ended June 30, 2011, which collectively comprise the Loring Development Authority of Maine's basic financial statements and have issued our report thereon dated August 24, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Loring Development Authority of Maine's internal control over financial reporting as a basis for designing our procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Loring Development Authority of Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Loring Development Authority of Maine's internal control over financial reporting.

A deficiency in internal control exists when the design of or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

-18-

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Loring Development Authority of Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chester M. Kearney

Presque Isle, Maine
August 24, 2011

-19-



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To the Board of Trustees of the
Loring Development Authority of Maine

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the Loring Development Authority of Maine, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The Loring Development Authority of Maine's major federal programs are identified in the summary of auditor's results section accompanying the schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Loring Development Authority of Maine's management. Our responsibility is to express an opinion on the Loring Development Authority of Maine's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Loring Development Authority of Maine's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Loring Development Authority of Maine's compliance with those requirements.

In our opinion, the Loring Development Authority of Maine complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

-20-

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Loring Development Authority of Maine's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement or a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chester M. Kearney

Presque Isle, Maine
August 24, 2011

-21-

LORING DEVELOPMENT AUTHORITY OF MAINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL AWARD AMOUNT	REVENUE RECOGNIZED	EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE				
USDA Rural Development				
ARRA-Water and Waste Disposal Systems-Loan	10.766	\$ 330,000	\$ -	\$ 330,000
ARRA-Water and Waste Disposal Systems-Grant	10.766	960,000	472,422	472,422
TOTAL U.S. DEPARTMENT OF AGRICULTURE			472,422	802,422
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION				
Environmental Protection Agency				
Sewer replacement	66.202	216,500	5,730	5,730
U.S. SMALL BUSINESS ADMINISTRATION				
FY 2010 Congressional Earmark	59.059	1,000,000	\$ 124,898	\$ 124,898
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 933,050

SUPPLEMENTARY INFORMATION

See notes to financial statements

-22-

Chester M. Kearney, Certified Public Accountants

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LORING DEVELOPMENT AUTHORITY OF MAINE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of Loring Development Authority of Maine and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

LORING DEVELOPMENT AUTHORITY OF MAINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? None
- Reportable conditions identified that are not considered to be material weaknesses? None
- Noncompliance material to financial statements noted? None

Federal Awards

Internal control over major programs:

- Material weaknesses identified? None
- Reportable conditions identified that are not considered to be material weaknesses? None

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? None

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.766	ARRA-Water and Waste Disposal Systems-Loans & Grants USDA Rural Development
59.059	Small Business Administration - FY 2010 Congressional Earmark

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Audit qualified as low-risk audit? No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were made during the audit of the financial statements for the Loring Development Authority of Maine and no matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs relative to major federal award programs were found during the audit of the financial statements for the Loring Development Authority of Maine and no matters were reported.

-23-

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-24-

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P39

PARAGRAPH 1C: PROPERTY TRANSACTIONS DURING FISCAL
YEAR 2011

PROPERTY TRANSACTIONS

LEASES

HB SPECIALTY FOODS, INC., (formerly known as Hydroblend, Inc.) renewed its lease for an additional two years, with an option for a third year. The company has been an important part of Loring's development, having opened its blending operation for dry food ingredients in 1999. HB Specialty Foods (HB) occupies Building #7210, a 40,888 square foot steel-frame building next to the rail line on Kansas Road. It typically employs about 15 persons and generates considerable local activity.

GRAPHIC UTILITIES. Graphic Utilities (GU) entered into a lease agreement for space in the Loring Applied Technology Center building. The company leases approximately 5,800 square feet of production space and office space. GU develops, manufactures and sells new innovative ink products. It currently employs six people.

PATRIOT TOWERS, INC. Patriot Towers, Inc., a Scottsdale, Arizona-based company, entered into a one-year lease agreement for 11,000 square feet of heated storage space in building 8700. The company has a contract to install large equipment in northern Maine for the U.S. Government; it will store the equipment at Loring.

NORTHERN PAVING, INC. LDA entered into a short term agreement with Northern Paving for additional office space in Building #5100 and for space in building 8205, which houses its vehicle maintenance operations. The one-year lease includes the option to extend the lease for two additional one-year terms.

URS. URS, an environmental engineering firm working under a contract with the U.S. Air Force, renewed its lease for building 8412 for one year.

LICENSES

LDA issued short-term licenses to businesses and organizations in need of short-term use of various facilities at Loring.

SALES

LORING BIOENERGY (LBE). On September 24, 2010, LDA closed a real estate transaction with Loring Bioenergy resulting in the transfer of 54 acres of industrially zoned property at Loring to

LBE along with the buildings on the property. Included in the sale are the power plant, the former laundry building, a 15,000 barrel diesel storage tank and pump station and four small substandard storage facilities that will likely be demolished. LBE has already demolished the former heat plant, which was on its property. LDA retained the right to use the diesel storage facilities until LBE supplies it with a replacement diesel storage facility elsewhere on Loring. The LDA/LBE Purchase and Sale Agreement also includes a long-term lease of the Loring to Searsport pipeline and associated rights-of-way.

WILLIAMS TRUCKING. A five acre parcel of land along Nebraska Road was sold to Williams Trucking. The company owns a gravel pit on property adjacent to the sold parcel and will now expand its gravel pit operations. The land was undeveloped and did not serve any real purpose for the LDA.

- 12 -

- 13 -

Loring Development Authority of Maine
Fiscal Year 2011 Annual Report
July 1, 2010 – June 30, 2011

Loring Development Authority of Maine
Fiscal Year 2011 Annual Report
July 1, 2010 – June 30, 2011

PARAGRAPH 1D: ACTIVITIES OF ANY SPECIAL UTILITY DISTRICT FORMED UNDER
SECTION 13080-G

NONE

PARAGRAPH 1G: SUBSEQUENT EVENTS – JULY 1, 2011 TO OCTOBER 15, 2011 AND
PROPOSED ACTIVITIES FOR FISCAL YEAR 2012

SUBSEQUENT EVENTS

Highlights of the activities on the Loring Commerce Centre between July 1, 2011 and October 15, 2011 are provided below.

APPOINTMENT OF CODES ENFORCEMENT OFFICER (CEO). LDA worked with the City of Presque Isle to obtain Codes Enforcement services from the city's CEO. LDA had a similar arrangement with the City of Caribou for the past few years but the arrangement was terminated because of an increase in the CEO's work load in Caribou. LDA looks forward to working with its new CEO. Having access to a knowledgeable and experienced CEO will greatly facilitate the accomplishment of LDA's redevelopment mission.

WATER TREATMENT PLANT REHABILITATION PROJECT. Modernizing and upgrading of the water treatment plant was necessary for Loring's long-term operations. Ground water beneath Loring is generally unusable so reliance on the off-site water source and treatment facility is critical. The Air Force completed an initial round of improvements several years ago with the replacement of two (2) filter beds. The next phase of the water system rehabilitation project is now ready to move ahead. This phase includes improvements to the plant's water treatment infrastructure, flocculation system, replacement of several pumps, and numerous valves, the installation of an Ultraviolet (UV) disinfection system, and a SCADA monitoring system. This phase also provides for repairs to a fishladder. A subsequent phase will include replacement of the remaining 2 filter beds, repairs to the dam and repairs and upgrades to the buildings. The state's Drinking Water Program has approved the design of those portions of the project related to water quality.

SAIC STATUS. SAIC had planned to be in the manufacturing mode this fall with a new FAA certificated airship designed to operate in both manned and unmanned configurations. While SAIC is still pursuing potential orders from two major customers, manufacturing plans have not yet materialized. As a result of the slow business climate, SAIC's employees at Loring have been laid off. Among the employees laid off are several whose specialized skills may not easily be replaced. SAIC's long-term future at Loring is unclear.

NORTHERN GIRL, LLC. Northern Maine Development Commission asked LDA to assist the town of Van Buren with an interim solution for a new business looking to construct a specialty food processing facility there. The company, Northern Girl, LLC, intends to enter the market with fresh and frozen peeled and cut organic potatoes and other root vegetables. Northern Girl's processing facility will provide a new market for locally-grown organic produce. The company is working with Van Buren to set up operations there, but a fully-equipped facility will not be ready for a year. In the meantime, the company believes its market opportunity is now and has set up operations in the NCO Club's commercial kitchen as an interim step to begin developing

its brand and supplying its core customers. We have worked out a short term lease that will make the kitchen area at the NCO Club available for this purpose.

EPA REGIONAL ADMINISTRATOR VISIT. The Regional Administrator of the EPA visited Loring as part of its review of progress on the Limestone/Loring regional wastewater project. USDA/Rural Development State Director Virginia Manuel and Maine DEP Commissioner Patricia Aho and members of their staffs were also on hand. LDA's development successes to date, Loring's unrealized potential for further industrial development and the considerable hydraulic capacity of the wastewater treatment plant were highlighted. The plant's capacity could support major new industry, instead of being wasted on the unnecessary and expensive treatment of groundwater, due to Loring's significant I & I problem. Should more stimulus funds ever become available, a continuation of the I & I reduction project at Loring would represent a "shovel ready" project with high potential economic impact.

IBERDROLA RENEWABLES. A draft exclusive negotiating agreement is being discussed and most substantive issues have been dealt with to the parties' satisfaction. Points of concern were LDA's ability to negotiate for small-scale wind installations that would not interfere with aviation operations during the term of the agreement and LDA cannot guarantee other Loring landowners won't erect turbines.

SITEL. According to Sitel's site manager, a significant new contract with Sovereign Bank has been secured. This will support an additional 51 jobs. Some renovations to their space are anticipated to accommodate the additional staff.

LAND SPEED RACING AND AUTOCROSS EVENTS. Land speed racing returned for the third time on July 16-17 and went off without a hitch. The highlight was that a new speed record for a sit-on motorcycle was set with a recorded speed of 311.945 mph. A video of that run is available at: <http://www.wired.com/autopia/2011/07/video-ride-along-on-a-311-mph-motorcycle/>. The event has grown each year. Another event was held September 17-18. The Cumberland Motor Club also held its second autocross event on August 20-21. That event also went well and drew more participants than the prior year. We are seeing continued interest from both of these groups.

- 16 -

Touch base periodically with Lamb Weston, Irving Forest Products, Inc., and other potential food and forestry-related manufacturers in support of the previously proposed food processing and value-added forest products manufacturing projects, when the market allows for expansion.

Continue to develop and enhance long-term funding strategies that will maximize LDA's ability to reach its development objectives.

Continue to network with business leaders in the region and statewide to identify further opportunities for development at Loring including the creation of new jobs.

Continue to garner local, regional and statewide support for development efforts, in part by hosting tours of Loring for legislators, local and statewide organizations and individuals; making presentations at meetings and events; and participating in interviews with media and private organizations.

- 18 -

PROPOSED AND PROJECTED ACTIVITIES FOR FISCAL YEAR 2012

In addition to ensuring that our existing tenants remain viable business entities, the LDA intends to carry out the following activities in fiscal year 2012:

Continue to work with and support established tenants to further their operations at Loring and consider how cluster development may fit in with existing or new projects.

Continue to assist with emerging and newly proposed development projects such as the Loring BioEnergy project, various energy generation projects, future aviation-related manufacturing projects and others.

Support the UAV and other airship projects and aggressively pursue additional aviation development at the Loring International Airport consistent with the niche markets identified by the community-based Aviation Task Force. Potential development includes aircraft maintenance, repair, manufacturing and overhaul, aircraft storage, cargo operations and activities that would support homeland security efforts.

Continue to work with the FAA to position Loring for various aviation operations at the Loring International Airport.

Pursue additional upgrades to Loring's already robust telecommunications infrastructure to support Sitel, the National Job Corps Data Center, DFAS and other potential telecommunications and data-based businesses.

Complete the upgrade of the water treatment plant including repairs of the fish ladder at the LDA dam on the Little Madawaska River.

Continue to pursue rail service throughout Aroostook County and at Loring, which could be important to present and future large manufacturers.

Continue to discuss the consolidation of municipal services with neighboring communities, and to secure support for the maintenance of roadways at Loring.

Attempt to secure payments from Job Corps for the extraordinary demand on services they create.

Continue working with the Aroostook Band of Micmacs, collaborating on mutually beneficial development projects at Loring.

Continue working with Aroostook Partnership for Progress and the Northern Maine Development Commission in marketing the County including Loring and in the Mobilize Maine project.

Be prepared to move into a third phase of development, which includes building new facilities for large space users and other prospects. LDA has few large facilities available.

Continue demolishing substandard structures at Loring, increasing the Commerce Centre's marketability by creating open space for new construction and improving its aesthetic value.

- 17 -

Loring Development Authority of Maine
Fiscal Year 2011 Annual Report
July 1, 2010 – June 30, 2011

PARAGRAPH 1H: FURTHER ACTIONS SUITABLE FOR ACHIEVING PURPOSES OF THIS ARTICLE

Continued support by the State of Maine will be needed to make investments in infrastructure that will assure that Loring Commerce Centre continues to serve as a hub of commercial activity in northern Maine and is able to move forward in developing new opportunities. Loring is not unlike a city but it lacks a tax base so financial support must come from a combination of revenues generated from leases and real estate sales as well as targeted assistance provided by the State of Maine. A \$200,000 item in the DECD budget has been extremely important to us in the past.

We have made considerable investments in the wastewater treatment infrastructure, and are poised to make a substantial investment in the drinking water treatment and distribution systems as well as buildings and facilities suitable for use by small business. There are two areas where insufficient investments are being made:

1. transportation infrastructure; and
2. demolition and removal of substandard buildings.

Our attempts to secure assistance with roadways have to date not met with any success. We have self-funded some minor projects, but a more aggressive program of pavement replacement will need to be undertaken in the near future.

- 19 -

LORING DEVELOPMENT AUTHORITY OF MAINE BOARD OF TRUSTEES

The Loring Development Authority is represented by a thirteen member volunteer Board of Trustees, twelve of which are nominated by the Governor and confirmed by the State Senate and one is a Commissioner of State government designated by the Governor who serves as a voting, ex-officio member. Seven of the appointees confirmed are required to be from Aroostook County and must be nominated by the primary impacted communities surrounding Loring, while four of the appointees are required to live outside of Aroostook County and one member can reside anywhere in Maine.

Chair, Francis E. Bemis, resident of Presque Isle, is an attorney at Bemis and Rossignol, L.L.C. Mr. Bemis has served on the LDA Board since 2009.

Vice Chair, Patrick Paradis, resident of Augusta, is a former Legislator and current Augusta City Councilor. Mr. Paradis has served on the LDA Board since 2010.

Treasurer, Richard Ezzy, a resident of Caribou, is Vice President and General Manager of the business operations of County Physical Therapy. Mr. Ezzy has served on the LDA Board since 2010.

Secretary, Thomas Clowes, resident of Stockholm, is employed with FA Peabody Insurance in Presque Isle. Mr. Clowes has served on the LDA Board since 2010.

Patrick C. St.Peter, resident of Limestone, is a former President & CEO of the County Federal Credit Union. Mr. St.Peter has served on the LDA Board since 2004.

Maynard D. St. Peter, resident of Caribou, is retired and remains actively involved in community affairs. Mr. St. Peter has served on the LDA Board since 2007.

George Ezzy, resident of Augusta, is the founder and Director of New Horizons Academy, a job training and career planning program. Mr. Ezzy has served on the LDA Board since 2010.

David King, resident of Limestone, is retired from the Air Force and was formerly employed with the Aroostook County Action Program (ACAP). Mr. King has served on the LDA Board since 2010.

George Gervais, resident of Augusta, is the Commissioner of the State Department of Economic and Community Development. Commissioner Gervais has served on the LDA Board since 2011.

Daniel LaPointe, resident of Van Buren, is the Director of Economic & Community Development in Van Buren. Mr. LaPointe has served on the LDA Board since 2011.

Carol Bell, resident of Presque Isle, is the Project Director for ACAP in Presque Isle. Ms. Bell has served on the LDA Board since 2011.

Janet McGillan, resident of Fort Fairfield, is the Office Manager for McGillan, Inc. in Fort Fairfield. Ms. McGillan has served on the LDA Board since 2011.

Mike Edgecomb, resident of Spruce Head, is the Director, Government Relations for Time Warner Cable-North. Mr. Edgecomb has served on the LDA Board since 2011.

ADDENDUMS

1. Loring Development Authority Board of Trustees
2. Loring Development Authority Development and Field Staff
3. Loring Commerce Centre Tenants
4. Employment/Tenant Status Report

- 20 -

- 21 -

LORING DEVELOPMENT AUTHORITY OF MAINE EMPLOYEES

DEVELOPMENT STAFF

President & CEO, Carl W. Flora, provides executive oversight for the Authority's operations as well as management of day-to-day operations including, but not limited to, finance & administration, property management, municipal functions (i.e.: police, fire, water/sewer, electrical distribution, roads, grounds and building maintenance), and government, public, tenant, and community relations. He serves at the pleasure of the LDA Board of Trustees. Mr. Flora has been employed at the LDA since November 15, 1995.

Director of Finance and Accounting, Donna M. Sturzl, is responsible for the administration of the LDA's operations and accounting controls and financial reporting systems. She is also responsible for grant research, writing and reporting and carrying out a variety of projects. Ms. Sturzl has been employed at the LDA since September 21, 2000.

Facilities Manager, Neal R. Haines, coordinates and oversees the day-to-day municipal services and maintenance type operations of the facility which include buildings, roads, grounds, water and wastewater plant operations and vehicle maintenance with section foreman. He also monitors all purchases and payment processing, oversees the computer network system, and general administrative duties including human resources. Mr. Haines has been employed at the LDA since September 26, 1994.

Marketing and Public Information Manager, Diane M. Martin, is responsible for assisting with tenant support, public relations and marketing. Ms. Martin has been employed at the LDA since September 12, 1994.

Administrative Assistant, Mary E. Saunders, is the assistant to the Facilities Manager. She is responsible for environmental reporting as well as clerical support and reporting for Loring Utilities. Ms. Saunders has been employed at the LDA since January 17, 1994.

LDA FIELD STAFF

Charles R. Bernard, Roads and Grounds Maintenance Worker
Charles L. Cyr, Roads and Grounds Maintenance Worker
Robert G. Doucette, Water and Wastewater Collection & Distribution Systems Worker
Steven C. Gagnon, Water Plant Operator
Robert J. Johnston, Roads & Grounds Maintenance Worker Leader
Alan L. Lightbown, Fuels Distribution System Mechanic
James E. Marquis, Water and Wastewater Collection & Distribution Systems Foreman
Wayne W. Pryor, Electrician
E. James Wilson Sr., Roads and Grounds Maintenance Worker

LDA Occasionally employs temporary employees as needed to accomplish projects or address workload issues.

- 22 -

LORING COMMERCE CENTRE TENANTS

Defense Finance and Accounting Service (DFAS) Center. The DFAS center operates out of a first-class, 145,000 square foot facility where its employees have consistently performed with excellence since 1995. The center is responsible for finance and accounting for several bases and Air National Guard units across the U.S. and in foreign countries. DFAS employs 592 people.

Maine Military Authority. The Maine Military Authority (MMA) operates the Army National Guard's Maine RS Maintenance Center where arrays of military and municipal vehicles are refurbished. In November 1997 the operation began in two buildings with 20 employees and a \$4 million budget. Today, MMA occupies nine buildings, employs 202 people, has a budget of over \$40 million and is ISO certified. Being organized as MMA allowed the center to serve customers other than the National Guard Bureau such as the various military branches, and state and local governments.

Loring Job Corps Center (LJCC). The Loring Job Corps Center, part of the Job Corps New England Region and the National Job Corps system, offers unique advanced training for youth ages 16-24. The Center welcomed its first 380 students in January 1997 and provides training in culinary arts, certified nurse's aide (CNA) program, accounting, medical office training, business/clerical, computer service repair, Web page design, electrical, carpentry, cement masonry, painting, diesel and automotive mechanics and commercial driver's license (CDL). Operated by Career Systems Development Corp., the LJCC employs 127 people.

National Job Corps Data Center. The National Job Corps Data Center, operated by Trowbridge and Trowbridge, provides data backup services for the U.S. Department of Labor National Job Corps Centers. The remarkable success of the Loring Job Corps Center and Loring's advanced telecommunications infrastructure were principal factors in the decision to locate the data center on site, where 14 people are employed.

Sitel Corporation. Sitel, the global leader in outsourced telephone-based customer service, began operations at Loring in 1998. The operation includes both outbound and inbound call centers. Two shifts are operated daily, in order to serve its many clients and customers. Sitel employs 172 people.

HB Specialty Foods, Inc. Formerly Hydroblend, Inc. of Nampa, Idaho occupies a 40,888 square foot former warehouse building at the Loring Commerce Centre. The privately owned company formulates and blends a variety of dry batter products in the food industry and also offers a line of dry mix products for resale. It employs 14 people.

MainXPO, Inc. MainXPO and its partner, SAIC (Science Applications International Company) are making use of one of Loring's greatest assets, its 1,200-acre aviation complex. MainXPO and SAIC are working to expand the UAV (unmanned aerial vehicle) project at Loring. The project includes the development and testing of unmanned aircraft such as blimps or airships.

Aroostook National Wildlife Refuge. The 4,700-acre refuge belongs to the National Wildlife Refuge System, a network of lands set aside specifically for the protection of wildlife and its habitat. Wetland, grassland and northern forest habitats for migratory birds and endangered species are protected on the refuge at Loring. Friends of the Aroostook National Wildlife Refuge

- 23 -

support its programs through education, fundraising, recreational and volunteer projects. U.S. Fish & Wildlife Services employs two people at Loring.

Limestone Country Club. The owners of the country club, the Limestone Country Club Developers, successfully operate Loring's nine-hole golf course. They also own and manage the rental of 150 housing units and are selling houses and house lots in a newly created subdivision. The company currently employs eight people; additional staff is hired through the summer months.

Loring Health Center. Operated by Pines Health Services, The Loring Health Center provides convenient outpatient health care and weight management program services for Loring's employees and area residents. Five people are employed by Pines at Loring.

S.W. Collins Company. S.W. Collins Company, a hardware and building materials supplier, located its commercial line operation in the Loring Applied Technology Center. The line features custom-built products for commercial customers, offering a wide range of highly refined wood products including custom-built cabinetry and cases. S.W. Collins has five employees at Loring.

Loring Military Heritage Center. The Loring Military Heritage Center (LMHC), a museum of Loring Air Force Base history, was created by a group of enthusiastic and dedicated volunteers. LMHC has an impressive collection of Loring memorabilia and artifacts housed in their 1,900 square foot facility.

Pneu-Hydro Energy. Pneu-Hydro Energy is part of a New York corporation that will be conducting research and development of potential manufacture and commercialization of a hybrid energy source.

URS. URS, an environmental engineering firm working for the Air Force Base Real Property Agency, works out of a building by Loring's airfield.

Frontier Transport, LLC. Frontier Transport stores and processes feed grain and hay for local customers. It supplies the demand for hay and straw for mulch, high-quality animal feeds, and wood and straw-based animal bedding.

RLW Management, LLC. RLW manages the apartment building owned by Quality Home Care of Louisville, Kentucky. The building houses one-bedroom and efficiency apartments at Loring, filling the need for small residential rental units in the area.

Bigelow Aerospace, LLC. Bigelow Aerospace is developing, constructing, launching and testing human-habitable space complexes, revolutionizing the space tourism industry.

Limestone Rotary Club. The Limestone Rotary Club now meets in Building #5055 at Loring. It is a very active club with dedicated members working together to improve their community.

Pineland Farms Natural Meats. Pineland Farms Natural Meats, Inc. operates a beef cattle feedlot in Fort Fairfield about eight miles from Loring. The company's composting operation is located at Loring. Pineland's goal is to generate 10,000 cubic yards or more of compost material a year and it is considering a consumer packaging operation for the material as well, which would

add value to product and may create the need for more facility space in the future. Pineland employs two people at Loring.

Limestone Water & Sewer District. The Limestone Water & Sewer District owns and operates the wastewater treatment facility at Loring, providing service to all wastewater customers in Limestone, including Loring Commerce Centre. Four people work for the district at Loring.

Stantec Consulting Services, Inc. Stantec Consulting Services, a large and well known engineering services firm, now occupies office space in the LDA office building. The company has 130 offices and 10,000 employees throughout North America. Stantec has six employees at Loring.

Northern Maine Paving (NMP). NMP occupies office space in the LDA building and space for vehicle maintenance. The company is pursuing its plan to operate a paving and quarry operation at in northern Maine and currently employs 46 people.

Northern Girl, LLC. Northern Girl has set up temporary operations in the NCO Club's commercial kitchen as an interim step to begin developing its brand and supplying its core customers with fresh and frozen peeled and cut organic potatoes and other root vegetables. The new processing facility will provide a different market for locally-grown organic produce. Northern Girl's operations will move to a new facility in Van Buren next year.

Graphic Utilities. Graphic Utilities (GU) occupies space in the Loring Applied Technology Center building. The company leases approximately 5,800 square feet of production space and office space. GU develops, manufactures and sells new innovative ink products. It currently employs three people.

Patriot Towers. Patriot Towers, Inc., a Scottsdale, Arizona-based company, leases 11,000 square feet of heated storage space in building 8700. The company has a contract to install large equipment in northern Maine for the U.S. Government; it will use the Loring facility to store the equipment until the project is completed. Patriot Towers has two employees at Loring.

Loring Bioenergy, LLC. Loring Bioenergy (LBE), a multi-faceted energy company, is working to advance energy generation and transmission in Maine using facilities at Loring and the Loring to Searsport pipeline and corridor. Projected activity includes the construction of infrastructure to transmit electricity generated in Maine to larger markets in New England and to deliver natural gas to industrial customers along the route of the pipeline corridor.

- 24 -

- 25 -

LORING DEVELOPMENT AUTHORITY
MONTHLY EMPLOYMENT / TENANT ACTIVITY REPORT
30-Jun-11
DEVELOPMENT ACTIVITIES

REUSE ACTIVITY	TYPE	JOBS/RESIDENTS			PROPERTY ABSORBED	
		Prior Month	Current	Projected	Bldg SF	Acres
PRIVATE SECTOR						
Bigelow Aerospace	Aviation	0	0	0		7
Hydroblend, Inc.	Manufacturing	14	14	30	40,888	2
Frontier Transport	Agricultural Storage	0	0	0	28,006	5
Limestone Country Club	Recreation/Residential	9	8	20	326,685	270
Loring Applied Technology Ctr	Commercial	0	0	3	42,075	3
Graphic Utilities	Ink Manufacture	5	3			
Pneu-Hydro Energy	R&D	1	0	1		
S.W. Collins	Manufacturing	5	5	7		
Loring BioEnergy	Energy Production	0	0	10	57,101	54
Loring Health Center (Cary)	Health Care	5	5	7	2,000	1
Loring Military Heritage Center	Museum	0	0	1	1,900	1
MacDonald Enterprises	Manufacturing	1	1	12	19,762	2
R L W Management Inc.	Residential Provider	3	3	6	38,058	4.5
Northern Maine Paving	Paving Manufacture	28	46	8	2,710	1
Patriot Towers	Site Development	1	2		11,000	
Pineland Farms Natural Meats	Agricultural Composting	2	2	2	56,000	35
SAIC	Aircraft Technology	22	2	30	126,303	12
Sitel Insurance Services	Call Center	182	172	352	27,783	12
Stantec Consulting	Engineering/Consulting	8	6	10		
Trowbridge & Trowbridge	Data Management	14	14	40	7,835	4.5
URS	Commercial	0	0	1	3,950	1
TOTAL PRIVATE SECTOR:		300	283	540	792,056	408
PUBLIC SECTOR						
DFAS	Office	596	592	662	142,400	15
Limestone Water & Sewer District	Sewer Plant Operation	4	4	2		
Maine Military Authority	Vehicle Refurbishment	202	202	525	498,061	23
CSD (Loring Job Corps Center)	Educational/Office	126	127	147	270,022	42
US Fish & Wildlife	Wildlife Refuge	2	2	5	8,600	4,700
TOTAL PUBLIC SECTOR:		930	927	1,341	919,083	4,780
LDA	Development	14	14	21	94,996	100
TOTAL EMPLOYMENT:		1,244	1,224	1,902	1,806,135	5,288
RESIDENTIAL						
Individual Residences	Residents	11	11	58	*	
Limestone Estates	Residents	212	219	250	*	
R L W Management	Residents	29	22	40	+	
Loring Job Corps	Student Residents	335	312	400		
TOTAL RESIDENTIAL:		587	564	748		
GRAND TOTAL		1,831	1,788	2,650	1,806,135	5,288
Total Available Space:					2,725,198	

* acreage included in sale to Limestone Country Club

+ square feet and acreage included in Private Sector, above

NOTE: Above figures do not include the people employed by various agencies involved in the Air Force's environmental cleanup and property transfer at Loring.

Washington county development authority

EXECUTIVE DIRECTOR'S
OFFICE

2011 NOV -2 A 7:56

ANNUAL REPORT July 1, 2010 – June 30, 2011

Introduction

Pursuant to the provisions of Title 5 of Maine Revised Statutes Annotated, Chapter 383, Subchapter 3, Article 2-A, the Washington County Development Authority is required to submit an annual report to the Governor, the Executive Director of the Legislative Council and the joint standing committee of the Legislature having jurisdiction over business and economic development matters. The report must be submitted no later than 120 days after the close of the authority's fiscal year. The Authority's fiscal year ended on June 30, 2011. This annual report must be submitted on or before the statutory deadline of October 30, 2011. The report that follows fulfills that requirement.

Section 13083-F of 5 MRSA requires that the annual report of the Authority include:

- A. A description of the authority's operations and activities;
- B. An accounting of the authority's receipts and expenditures and assets and liabilities at the end of its fiscal year;
- C. A listing of all property transactions pursuant to section 13083-D;
- D. A statement of the authority's proposed and projected activities for the ensuing year; and
- E. Recommendations regarding further actions that may be suitable for achieving the purposes of this article.

History of the Authority

The Washington County Development Authority was established by the Second Regular Session of the 120th Maine Legislature as Chapter 568 of the Laws of Maine 2001. The Authority was established in response to the need to create a state entity that could take title to the former Naval Computer and Telecommunications Station in Cutler, Maine from the United States Navy. Since that time, the legislation was amended to broaden the scope of the authority's mission to allow the authority to provide financial and technical assistance to any governmental entity and nonprofit located within Washington County in support of community and economic development projects. Representation was expanded to include all municipalities in Washington County, including the unorganized territories.

For the reporting period, the Authority was comprised of the following members: Shirley Erickson (Machiasport), Robert Tyler (Calais and St. Stephen, NB), Edward

Pellon (Machias), Normand Laberge (Trescott), Barbara Drisko (Columbia Falls), Brent Hartford (Milbridge), and Harold Prescott, Sr. (Whiting), Betsy Fitzgerald (Machiasport), and Michael Radeka (East Machias). For this time period, the following officers were elected: Harold Prescott / Chairperson, Betsy Fitzgerald / Vice-Chairperson, Barbara Drisko / Secretary, and Normand Laberge / Treasurer. The WCDA attempted Friday meetings, but it was determined that Tuesday meetings hold a better chance of hosting a quorum. For this reporting period, the WCDA met monthly at 3:00 PM at the Machias CareerCenter.

The Authority can have from 9 to 13 voting members. At this point, there are only nine Trustees. Bill Osborn (DECD) had served as ex-officio, as the designee for the Commissioner of Economic and Community Development, and has not yet been replaced. James Parker resigned upon being elected as a legislative representative and he has not yet been replaced, either. The Authority is working with the Governor's Office to fill available seats.

Operations and Activities

The WCDA Trustees scheduled at least twelve (12) regular meetings from July 2010 to June 2011, though there was not always a quorum present for official business to take place. Major items of discussion during the course of the report period included the following subjects:

The Authority continues to contract with Sunrise County Economic Council to provide administrative services.

Betsy Fitzgerald has volunteered to act as a liaison with Sunrise County Economic Council. She will attend Board meetings and report to the Authority.

The Authority hired a part-time temporary executive director, Christine Laurel, to help with administrative tasks, promote WCDA within the community, and to aid its economic development efforts through researching and pursuing income streams.

WCDA now has an online presence through a website created by the executive director: <http://www.washingtoncountydevelopmentauthoritymaine.org/>.

An assessment of Authority member strengths was conducted.

The WCDA has formed a Prospecting Committee to work on business attraction/development.

Municipalities in the underrepresented Commissioner Districts were asked to nominate potential members to the Authority.

Receipts and Expenditures

See attached Financial Statement

Property Transactions:

The WCDA owns no property.

Proposed and Projected Activities

The Washington County Development Authority has arrived at its core mission with the assistance of two legislators. With expanded powers, the WCDA can now fill a void in the economic development strategy of Washington County. With the ability to develop property, WCDA can assist in making projects a reality.

Representative James Parker (former WCDA member) submitted "An Act to Amend the Authority of the Washington County Development Authority" which was passed and signed by the Governor. The bill granted to the Washington County Development Authority the same authority given to the Midcoast Regional Redevelopment Authority to borrow money and issue bonds.

Representative Dianne Tilton also submitted legislation to benefit the Authority. Her bill would allow the Authority (only one of three in the state) to act as a local development corporation through a contract with a municipality. Thus, through a MOU, a town could sponsor a development project without having to set up a development corporation. WCDA would have to own the property before any applications for funding could be submitted, but the town could donate the property. The Authority would be the owner acting on behalf of the town.

The WCDA's next effort is to create and support a collaboration with the Downtown Revitalization Committee in Machias. This committee has been working for several years to improve the downtown area of the county seat. As a local development corporation, the partnership will be the first effort to join local efforts with the WCDA's funding abilities. Several projects are on the list, from working to rehabilitate a building into an artists' gallery to retrofitting an area surrounding an historic structure.

Several additional projects are being considered that will have far-reaching ramifications to address some of the more pressing problems facing county residents. Food security and having sufficient food for families are issues that demand immediate attention. Economic development surrounding food distribution will also be addressed. Structures that need immediate attention are another issue to be addressed by the WCDA. While funding may be more problematic for these projects, infrastructure improvements are at the top of the list.

With expanded authority and the enthusiasm of members, the WCDA will become one of the leading entities for improvements across Washington County.

Recommendations

The Authority seeks to expand its powers in order to become more effective at economic development by petitioning the legislature to include the following:

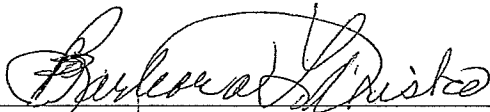
1. Acquire additional State of Maine surplus property located within Washington County;

2. Expand its jurisdiction to include supporting private entities within Washington County; and
3. Expand its abilities to offer financial assistance by entering into loan or security agreements with one or more lending institutions, including, but not limited to, banks, insurance companies and institutions that administer pension funds, or trustees for those institutions for the issuance of bonds and exercise with respect to those loan or security agreements all of the powers delineated in this article for the issuance of bonds

Attachments:

- ❖ Financial reports: WCDA Annual Income Statement

Respectfully submitted:



Barbara Drisko, Secretary



WASHINGTON COUNTY DEVELOPMENT AUTHORITY

Financial Report

01.July.2010 - 30.June.2011

Normand Laberge - Treasurer

Account No.	Description	Balance on 01.July.2010	Balance on 30.June.2011	Deposit During Period of Interest	Payment from Account
8011575930	Non-Profit Organization Checking Account	\$2,021.93	\$1,778.75	\$8,200.00	
12001268	91-Day Certificate Passbook Account	\$10,717.83	\$0.00	\$0.00	
8012412920	Money Fund Business Account	\$8,195.94	\$8,731.32	\$10,755.32	\$10,205.00
	Total	\$20,935.70	\$10,510.07	\$18,955.32	\$10,205.00
	Total on 01.July.2010	\$20,935.70			
	Total on 30.June.2011	\$10,510.07			
	Difference on 30.June.2011	-\$10,425.63			
	Total Payments	\$10,443.18			
	Interest Payments	\$17.55			

Mo / Yr	Checks Issued	Amount	Balance	Deposit
Aug / 2010	SCEC	\$192.50	\$1,829.43	
Aug / 2010	SCEC	\$196.70	\$1,632.73	
Sept / 2010	Machias Valley Publishing Co.	\$23.75	\$1,608.98	
Sept / 2010	SCEC	\$158.97	\$1,450.01	
Sept / 2010	Transfer from Money Fund	\$0.00	\$3,450.01	\$2,000.00
Oct / 2010	Washington Academy	\$1,500.00	\$1,950.01	
Oct / 2010	Exe. Dir. / Exp	\$46.91	\$1,903.10	
Oct / 2010	Christine Laurel	\$600.00	\$1,303.10	
Oct / 2010	SCEC	\$109.58	\$1,193.52	
Nov / 2010	SCEC	\$73.70	\$1,119.82	
Nov / 2010	Christine Laurel	\$800.00	\$319.82	
Nov / 2010	Exe. Dir. / Exp	\$49.73	\$270.09	
Dec / 2011	SCEC	\$125.50	\$3,144.59	\$3,000.00
Dec / 2011	SCEC	\$177.10	\$2,967.49	
Dec / 2011	SCEC	\$87.50	\$2,879.99	
Dec / 2011	Christine Laurel	\$1,000.00	\$1,879.99	
Dec / 2011	Exe. Dir. / Exp	\$26.81	\$1,853.18	
Jan / 2011	Christine Laurel	\$800.00	\$1,053.18	
Jan / 2011	Exe. Dir. / Exp	\$24.98	\$1,028.20	
Jan / 2011	SCEC	\$125.50	\$902.70	
Feb / 2011	Christine Laurel	\$600.00	\$302.70	
Feb / 2011	Exe. Dir. / Exp	\$89.90	\$212.80	
Mar / 2011	Christine Laurel	\$1,000.00	\$1,412.80	\$2,200.00
Mar / 2011	Exe. Dir. / Exp	\$73.85	\$1,338.95	
Mar / 2011	SCEC	\$144.00	\$1,194.95	
Apr / 2011	Christine Laurel	\$1,000.00	\$3,194.95	\$3,000.00
Apr / 2011	Exe. Dir. / Exp	\$49.96	\$3,144.99	
Apr / 2011	SCEC	\$144.00	\$3,000.99	
May / 2011	Christine Laurel	\$800.00	\$2,200.99	
May / 2011	Exe. Dir. / Exp	\$158.24	\$2,042.75	