

MAINE STATE LEGISLATURE

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REP. MARK W. EVES
CHAIR

SEN. JUSTIN L. ALFOND
VICE-CHAIR

EXECUTIVE DIRECTOR
GRANT T. PENNOYER



SEN. TROY D. JACKSON
SEN. MICHAEL D. THIBODEAU
SEN. ANNE M. HASKELL
SEN. ROGER J. KATZ
REP. SETH A. BERRY
REP. KENNETH W. FREDETTE
REP. JEFFREY M. MCCABE

126TH MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

**126th Legislature
Legislative Council**

**October 23, 2014
1:30 PM**

REVISED AGENDA

<u>Page</u>	<u>Item</u>	<u>Action</u>
	CALL TO ORDER	
	ROLL CALL	
1	SUMMARY OF THE SEPTEMBER 30, 2014 MEETING OF THE LEGISLATIVE COUNCIL	Acceptance
	REPORTS FROM EXECUTIVE DIRECTOR AND STAFF OFFICE DIRECTORS	
8	<ul style="list-style-type: none">Executive Director's Report (Mr. Pennoyer)	Information
10	<ul style="list-style-type: none">Fiscal Report (Ms. Dawson)	Information
❖ 14	<ul style="list-style-type: none">Interim Studies Report (Ms. Hylan Barr)	Information
	REPORTS FROM COUNCIL COMMITTEES	
	<ul style="list-style-type: none">Personnel Committee<ul style="list-style-type: none">Reappointment of OPLA Director	Decision
	<ul style="list-style-type: none">State House Facilities Committee No report	
	<ul style="list-style-type: none">State House Broadcasting Subcommittee	Decision
	OLD BUSINESS	
	None	
	NEW BUSINESS	
16	Item #1: Announcement of the Single Audit (Office of the State Auditor)	Information
❖ 19	Item #2: Request from the State Education and Employment Outcomes Task Force to hold a meeting after its current report deadline and to extend its final reporting deadline.	Decision

- ❖ 20 Item #3: Report: *2014 Trade Policy Assessment* prepared for the Maine Citizen Trade Policy Commission **Information**

ANNOUNCEMENTS AND REMARKS

ADJOURNMENT

REP. MARK W. EVES
CHAIR

SEN. JUSTIN L. ALFOND
VICE-CHAIR

ACTING EXECUTIVE DIRECTOR
SUZANNE M. GRESSER



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REP. JEFFREY M. MCCABE
REP. ALEXANDER R. WILLETTE

LEGISLATIVE COUNCIL
MEETING SUMMARY
September 30, 2014

CALL TO ORDER

Legislative Council Chair Mark Eves called the September 30, 2014 Legislative Council meeting to order at 2:04 p.m. in the Legislative Council Chamber.

ROLL CALL

Senators:	President Alfond, Senator Haskell and Senator Katz
Absent:	Senator Jackson and Senator Thibodeau
Representatives:	Speaker Eves, Representative Berry and Representative Fredette
Absent:	Representative McCabe
Legislative Officers:	Robert Hunt, Clerk of the House pro tem Jennifer McGowan, Assistant Clerk of the House pro tem Suzanne Gresser, Acting Executive Director Dawna Lopatosky, Legislative Finance Director Grant Pennoyer, Director, Office of Fiscal and Program Review Marion Hylan Barr, Director, Office of Policy and Legal Analysis Ed Charbonneau, Acting Revisor of Statutes John Barden, Director, Law and Legislative Reference Library Nik Rende, Acting Director, Legislative Information Technology

Speaker Eves convened the meeting at 2:04 p.m. with a quorum of members present.

Speaker Eves asked for a moment of silence to remember Millicent M. MacFarland, Clerk of the House, who passed away on Saturday, September 27th following a long illness.

SUMMARY OF JULY 24, 2014 MEETING OF LEGISLATIVE COUNCIL

Motion: That the Meeting Summary for July 24, 2014 be accepted and placed on file. Motion by President Alfond. Second by Senator Haskell. **Motion passed unanimous (6-0-0-3,** with Senators Jackson and Thibodeau, and Representative McCabe absent).

REPORTS FROM EXECUTIVE DIRECTOR AND COUNCIL OFFICES

Executive Director's Report

Suzanne Gresser, Acting Executive Director, reported on the following:

1. Copper Dome Replacement

Progress on the copper dome replacement and associated projects is proceeding on schedule. Work on the bottom third of the actual dome will be completed today. At this point, the contractors are doing the remaining roof work on the surface near the balusters; the top deck of the scaffolding will be lowered and outfitted to accommodate the painting of the white copper surfaces, including the columns and windows that lay below the dome. It is anticipated that the entire project will be completed in November 2014.

2. Legislator Orientation preparations

Legislative offices are preparing materials for the New Member Orientation and the Pre-Legislative conference for the 127th Legislature. Once the agendas have been tentatively developed, a draft will be distributed to Legislative Council members for their review. New Member Orientation will be held on Thursday, November 13, 2014 and the Pre-legislative Conference will be held December 1- 4, 2014.

3. Manager, Legislative Information Office

Ms. Gresser announced the appointment of Casey Milligan as Manager of the Legislative Information Office.

Fiscal Report

Grant Pennoyer, Director, Office of Fiscal and Program Review, reported on the following:

Revenue Update

Total General Fund Revenue - FY 2015 (\$'s in Millions)						
	Budget	Actual	Var.	% Var.	Prior Year	% Growth
August	\$84.0	\$80.5	(\$3.5)	-4.1%	\$85.0	-5.2%
FYTD	\$328.7	\$333.2	\$4.5	1.4%	\$303.2	9.9%

General Fund revenue was under budget by \$3.5 million (4.1%) for August, but remained over budget for the first two months of the fiscal year by \$4.5 million (1.4%). As a reminder, August revenue was reduced by \$187.5 million to offset amounts that were accrued and recorded as revenue in June of FY 2014. This is the last fiscal year that the year-end accrual will distort monthly revenue so significantly. Beginning in FY 2016, the reduction to the accrual will be offset in June at the same time as the accruals for the next fiscal year.

August's negative variance was the result of an \$11.9 million shortfall in income tax withholding receipts. Some of this may be related to the accrual offset and some may be a timing issue. September withholding receipts will help in determining the cause of August's withholding shortfall. Total Individual Income Tax collections remained over budget for the fiscal year

despite this shortfall. Sales and Use Tax collections also fell short of projections in August. With the exception of June taxable sales, which were enhanced by a bump up from deferred spring expenditures, taxable sales growth in calendar year 2014 has been below projections.

Highway Fund Revenue Update

Total Highway Fund Revenue - FY 2015 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
August	\$8.6	\$8.2	(\$0.5)	-5.3%	\$8.4	-2.4%
FYTD	\$36.7	\$38.4	\$1.6	4.4%	\$36.9	4.1%

Highway Fund revenue was under budget by \$0.5 million (5.3%) in August, but remain over budget for the fiscal year by \$1.6 million. The Fuel Taxes category was under budget by just under \$1.0 million largely because of special fuel tax collections. Monthly volatility is common for special fuel collections as they are due at the very end of the month. For the fiscal year, the Fuel Taxes category maintained a sizeable positive variance. Long-term Trailer Registration Fees revenue was over budget again in August. July's and August's positive variances were the result of major expansions of the fleets of two of the companies participating in Maine's long-term trailer registration program.

Fund for a Healthy Maine Update

The Fund for a Healthy Maine closed FY 2014 with an actual ending balance of \$7.3 million. This \$7.1 million increase above the final budgeted balance of \$0.2 million was generated by a \$4.6 million revenue surplus, \$1.7 million of lapsed balances and \$0.7 million of prior period recoveries and other accounting adjustments. Although the budgeted ending balance for FY 2015 currently reflects \$14.5 million as "available," that amount includes \$5.6 million that was received in FY 2014 from the release of 2003 disputed funds. The next revenue forecast later this fall will need to adjust for this and lower the budgeted ending balance accordingly.

Cash Balances

Total average balance in the cash pool for August was substantially higher than the last two fiscal years, but General Fund internal borrowing was only slightly below August of 2012, a year that also involved the repayment of budget balancing borrowing.

Interim Legislative Studies Report

Marion Hylan Barr, Director, Office of Policy and Legal Analysis, reported as to the current status of the interim legislative studies and commissions. (Refer to status report in the agenda materials.) Ms. Hylan Barr reported that most commissions are meeting as needed. She also brought Members attentions to the memo from the Commission on Independent Living and Disability which is requesting permission to convene. Two commissions are requesting to hold additional meetings prior to their final reporting deadline. Ms. Hylan Barr further stated that there are two committees that seem to be inactive: the Legislative Youth Advisory Council and the Judicial Compensation Commission. The HHS Committee will be meeting on October 15th and it is anticipated that the VLA Committee will be holding another meeting soon to discuss the casino study. Senator Haskell suggested that the GOC be added to the report as an authorized committee.

REPORTS FROM COUNCIL COMMITTEES

1. Personnel Committee

Legislative Council Chair Eves reported that the Personnel Committee's Search Subcommittee began a search process in early summer to recruit for the position of Executive Director of the Legislative Council. The Subcommittee conducted an extensive recruitment process, advertising nationally, online, and in Maine newspapers. The Subcommittee met over the summer, soliciting input from the legislative staff offices, establishing position qualifications, reviewing applications, interviewing candidates and contacting references. The recruitment process has now been concluded and one very strong candidate is being recommended for appointment.

The subcommittee considered 54 applicants for the Executive Director position and after preliminary screening narrowed the list to a top tier list. The Personnel Committee interviewed five highly qualified individuals. After careful consideration, the Personnel Committee has recommended unanimously that the current Director of the Office of Fiscal and Program Review, Grant Pennoyer, be appointed as the Executive Director of the Legislative Council. With his 30 years of experience in the Office of Fiscal and Program Review, his exemplary credentials, and his knowledge of and service to the Maine Legislature, the committee is confident that Grant will be an effective director in leading the office with skill and foresight.

Members of the Personnel Committee expressed their appreciation of the recruitment process, for Ms. Gresser's work as Acting Executive Director, and for Mr. Pennoyer as the new Executive Director.

Motion: That upon the unanimous recommendation of the Personnel Committee, the Legislative Council appoint Grant Pennoyer of Yarmouth to a 3 year term as Executive Director of the Legislative Council, the date of his appointment being effective on Monday, October 6, 2014, pursuant to 3 MRSA, §162, sub-§6; further that Mr. Pennoyer's initial salary be established at Grade 15, Step 8 of the Legislature's employee salary schedule; and further that the Acting Executive Director shall work with Mr. Pennoyer to coordinate Mr. Pennoyer's transition from the Office of Fiscal & Program Review to the Office of the Executive Director so as to minimize Mr. Pennoyer's forfeiting of scheduled vacation time. Motion by Speaker Eves. Second by Representative Fredette. **Motion passed unanimous (6-0-0-3**, with Senators Jackson and Thibodeau, and Representative McCabe absent).

2. State House Facilities Committee

State House Facilities Committee Chair Representative Berry reported that the State House Facilities Committee met on Tuesday, September 9, 2014 to further consider the potential reuse of the copper that has been removed from the State House Dome.

The Maine Arts Commission provided the committee staff with additional budget detail for the costs of artist participation associated with the proposals outlined in the Maine Arts Commission's recommendations for the reuse of copper. Committee staff combined the cost information regarding artist participation with other general cost information to produce a cost template for the committee to use as it considered the proposals. Committee staff indicated that the costs associated with each individual proposal would change depending on the amount of copper allocated to that proposal, as well as unknowns such as the actual cost of fabricating the commemorative items and the market for the sale of the copper to artisans. Julie Richard, the Executive Director of the Maine Arts Commission responded to questions regarding the proposals.

In response to questions raised, Representative Berry reviewed the estimated costs of this process.

Motion: That, upon the unanimous recommendation of the State House Facilities Committee, the Legislative Council authorize the purchase of the copper that was removed from the State House Dome in the process of its restoration State House Dome; further that the Legislative Council authorize the Executive Director to implement the Maine Arts Commission's "Recommendations for the State Dome Copper Reuse" (which may include creation of a commemorative artifact, selling copper to local jewelers and artisans, selling or donating copper to sculptors and/or educational institutions, creating one or more installations of public art on the grounds of the Capitol Complex, and recycling copper for salvage) in a manner that maximizes the goals of offsetting the dome project costs and facilitating the creation of art using the historic copper; and further that the Executive Director provide to the Legislative Council regular reports relating to the status of the Copper Reuse projects. Motion by Representative Berry. Second by Senator Haskell. **Motion passed unanimous (6-0-0-3,** with Senators Jackson and Thibodeau, and Representative McCabe absent).

OLD BUSINESS

Item #1: Council Actions Taken by Ballot

Legislative Council Decision:

That the Legislative Council approve the request by the Maine State Police to serve food, buffet-style to its troopers in the Hall of Flags as part of a formal inspection of its Central Division on or about noon on October 9, 2014

Motion by: Representative Mark Eves
Second by: Senator Justin Alford
Approved: September 8, 2014 Vote: 9-0 in favor

That the Legislative Council approve the request by the Commission to Continue the Study of Long-term Care Facilities to extend its final reporting deadline to Friday, November 14, 2014, and further to hold a meeting on Tuesday, October 28, 2014.

Motion by: Representative Mark Eves
Second by: Senator Justin Alford
Approved: September 15, 2014 Vote: 9-0 in favor

NEW BUSINESS

Item #1: Request to display Tree of Honor in the Hall of Flags

Ms. Gresser reviewed a request from the Boys Scouts to have a Tree of Honor displayed in the Hall of Flags during this holiday season. The Tree of Honor displays remembrances of veterans by anyone who would like to remember a veteran or to honor active military personnel by hanging an ornament on the tree. The ornament may include a personal message for that veteran.

Motion: That the Legislative Council approve the request to allow the Boys Scouts' Tree of Honor to be displayed in the Hall of Flags. Motion by Speaker Eves. Second by

Representative Berry. **Motion passed unanimous (6-0-0-3**, with Senators Jackson and Thibodeau, and Representative McCabe absent).

Item #2: Request to Convene the Commission on Independent Living and Disability

Ms. Gresser reviewed the request from the Commission on Independent Living and Disability to convene prior to the completion of its appointments. Ms. Gresser further explained that the chairs of the commission feel it is appropriate to convene at this time.

Motion: That the Legislative Council authorize the Commission on Independent Living and Disability to convene. Motion by Senator Haskell. Second by Representative Berry. **Motion passed unanimous (6-0-0-3**, with Senators Jackson and Thibodeau, and Representative McCabe absent).

Item #3: Request from the Commission to Study College Affordability and College Completion

Ms. Gresser reviewed the request from the Commission to Study College Affordability and College Completion to hold two additional meetings prior to its December 2014 reporting deadline. Ms. Gresser further explained that commission feels that it can hold these additional meetings without requesting any additional funding.

Motion: That the Legislative Council approve the request from the Commission to Study College Affordability and College Completion to hold two additional meetings prior to its December 2014 reporting deadline. Motion by President Alfond. Second by Representative Berry. **Motion passed unanimous (6-0-0-3**, with Senators Jackson and Thibodeau, and Representative McCabe absent).

Item #4: Request from the Commission to Study the Effects of Coastal and Ocean Acidification and its Existing and Potential Effects on Species that are Commercially Harvested and Grown along the Maine Coast

Ms. Gresser reviewed the request from the Commission to Study the Effects of Coastal and Ocean Acidification and its Existing and Potential Effects on Species that are Commercially Harvested and Grown along the Maine Coast to hold two additional meetings prior to its December 2014 reporting deadline. Ms. Gresser further explained that commission feels that it can hold these additional meetings without requesting any additional funding.

Motion: That the Legislative Council approve the request from the Commission to Study the Effects of Coastal and Ocean Acidification and its Existing and Potential Effects on Species that are Commercially Harvested and Grown along the Maine Coast to hold two additional meetings prior to its December 2014 reporting deadline. Motion by Representative Berry. Second by President Alfond. **Motion passed unanimous (6-0-0-3**, with Senators Jackson and Thibodeau, and Representative McCabe absent).

ANNOUNCEMENTS AND REMARKS

Representative Berry reminded the Members that a time capsule will be installed in the copper dome immediately following this meeting. Items include a piece of the old copper, a copy of today's newspaper, a legislative register, and personal items from Members of the Council.

With no other business to consider or announcements, the Legislative Council meeting was adjourned at 2:39 p.m.

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CHAIR

SEN. JUSTIN L. ALFOND
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Legislative Council

Executive Director's Report October 23, 2014

1. Dome Project

Final work on the State House Dome is progressing toward conclusion. Scaffolding remains in place to conclude the project. This week's weather has delayed the completion of the painting, but they plan on working this Saturday. The dismantling of the staging is now planned for November 3rd.

2. Parking Garage Update

After a delay in the receipt of the required materials to implement the project to extend the useful life of the parking garage, all indications are that the project will conclude by the revised end date of October 31st. The parking garage should be fully open for use on Monday, November 3rd.

3. West Wing Plumbing Issues

Work is progressing on fixing leaking pipes and fittings in the West Wing of the State House. The current work is concentrated in the Legislative Conference, the Welcome Center, the State House Café, the Governor's Office (staff offices above the welcome center and conference room) and the Governor's Cabinet room. Heating to those areas should be restored shortly as the piping replacement is nearing conclusion. Some further work will continue to repair access holes in the walls and floors. As was noted last month, a contracted assessment of the problems was recently concluded, which identified issues with the replacement heating and cooling plumbing system that replaced the initial installation for this purpose that failed shortly after the completion of the renovation of the West Wing. We are working on a further analysis of the extent of this problem and will report back when we have more information.

4. **YMCA Youth in Government Program**

The State YMCA of Maine will hold its annual civic education program on legislating for high school youth in the State House on Friday through Sunday, November 14-16, 2014. Planning for the program is underway.

5. **Acting Director of the Office of Fiscal and Program Review**

Maureen Dawson has been appointed as Acting Director of the Office of Fiscal and Program pending the appointment of the permanent Director. Recruitment for that position is currently progressing as rapidly as possible.

Fiscal Briefing

Legislative Council Meeting - October 23, 2014

Prepared by the Office of Fiscal & Program Review

1. General Fund Revenue Update (see attached)

Total General Fund Revenue - FY 2015 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
September	\$346.4	\$351.7	\$5.3	1.5%	\$318.8	10.3%
FYTD	\$675.1	\$685.0	\$9.9	1.5%	\$622.0	10.1%

General Fund revenue was over budget by \$5.3 million (1.5%) for September which added to the fiscal year to date positive variance. This positive variance is largely driven by \$5.8 million positive variance in the estate tax category and supported by a \$3.6 million positive variance in the corporate income tax category. The positive variances in these and other categories were partially offset by a negative variance of \$8.0 million in individual income tax receipts.

In August, a shortfall in income tax withholding receipts was largely responsible for a negative monthly variance in General Fund revenue. At the time, it was unclear as to whether the income tax issue was related to the year-end accrual offset, a timing issue or a more fundamental problem. There was a worsening of the negative variance in this category in September but the issue may still be one of timing related to the budgeted disbursement of predicted revenue - as opposed to evidence of a looming shortfall in the total revenue to be collected. October data and a new forecast by the Consensus Economic Forecasting Commission will be instrumental in determining whether the shortfall will continue and whether it may be a factor the upcoming revenue forecast.

2. Highway Fund Revenue Update (see attached)

Total Highway Fund Revenue - FY 2015 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
September	\$24.9	\$25.6	\$0.8	3.0%	\$26.0	-1.3%
FYTD	\$61.6	\$64.0	\$2.4	3.9%	\$62.8	1.8%

Highway Fund revenue was over budget by \$0.8 million (3%) in September which improves the picture for the fiscal year to date from what it was a month ago. The special fuel tax category was the primary driver of this improvement. It went from a \$0.93 million negative variance in August to a \$0.39 million positive variance in September. Monthly volatility is common for special fuel collections as they are due at the very end of the month, thus creating significant timing issues. The other contributor to the improvement in the Highway Fund performance was the gasoline tax category which went from a small (\$0.13 million) negative variance in the month of August to a small (\$0.15) million positive variance in the month of September. The gasoline tax category is less subject to timing issues than the special fuel tax category but more subject to factors such as personal income, weather and, most importantly, gas prices. If gas prices stay low then the small (1.3%) year-to-date variance is likely to continue to grow or at least hold steady.

3. Cash Balances Update

Total average balance in the cash pool was higher and General Fund internal borrowing was lower in September than it was last month and in the prior two Septembers. The timing of the balance of General Fund revenue and expenditures in the 2014-2015 Biennial Budget which necessitated a one-day borrowing at the end of Fiscal Year 2014 means that, if all else goes as planned (such as revenue collections and cost savings initiatives), the need for internal borrowing should continue to decrease as the fiscal year progresses. And if all else does not go exactly as planned, a healthy balance in the cash pool will minimize the need for external borrowing.

General Fund Revenue
Fiscal Year Ending June 30, 2015 (FY 2015)
September 2014 Revenue Variance Report

Revenue Category	September '14 Budget	September '14 Actual	September '14 Variance	Fiscal Year-To-Date					FY 2015 Budgeted Totals
				Budget	Actual	Variance	Variance %	% Change from Prior Year	
Detail of Other Taxes and Fees:									
- Property Tax - Unorganized Territory	0	0	0	0	0	0	N/A	N/A	13,949,984
- Real Estate Transfer Tax	1,198,132	1,162,656	(35,476)	2,930,061	2,628,943	(301,118)	-10.3%	35.5%	13,042,455
- Liquor Taxes and Fees	1,751,304	2,499,392	748,088	5,253,912	6,810,270	1,556,358	29.6%	4.4%	21,015,690
- Corporation Fees and Licenses	172,625	208,496	35,871	842,350	1,004,754	162,404	19.3%	14.8%	8,313,649
- Telecommunication Excise Tax	0	0	0	0	17,442	17,442	N/A	101.5%	9,200,000
- Finance Industry Fees	1,987,667	2,391,600	403,933	5,963,001	6,828,950	865,949	14.5%	4.7%	24,351,990
- Milk Handling Fee	92,164	80,906	(11,258)	276,492	263,054	(13,438)	-4.9%	-8.7%	1,105,968
- Racino Revenue	819,101	752,369	(66,732)	2,631,835	2,393,537	(238,298)	-9.1%	-2.3%	9,256,406
- Boat, ATV and Snowmobile Fees	265,718	222,179	(43,539)	1,176,478	1,152,988	(23,490)	-2.0%	-1.4%	4,523,561
- Hunting and Fishing License Fees	1,088,847	1,269,838	180,991	4,678,824	5,397,174	718,350	15.4%	1.2%	16,038,274
- Other Miscellaneous Taxes and Fees	556,011	521,420	(34,591)	1,607,935	1,625,495	17,560	1.1%	-12.5%	12,180,107
Subtotal - Other Taxes and Fees	7,931,569	9,108,855	1,177,286	25,360,888	28,122,605	2,761,717	10.9%	9.0%	132,978,084
Detail of Other Revenue:									
- Liquor Sales and Operations	811,945	(481,739)	(1,293,684)	2,435,835	12,880	(2,422,955)	-99.5%	-15.0%	9,743,384
- Targeted Case Management (DHHS)	230,375	24,296	(206,079)	685,232	610,496	(74,736)	-10.9%	26.8%	2,103,916
- State Cost Allocation Program	1,197,808	1,686,577	488,769	3,785,877	5,486,512	1,700,635	44.9%	19.4%	15,000,000
- Unclaimed Property Transfer	0	0	0	0	0	0	N/A	N/A	6,015,000
- Tourism Transfer	0	0	0	(7,026,017)	(7,026,017)	0	0.0%	-8.6%	(11,659,067)
- Transfer to Maine Milk Pool	(3,420)	0	3,420	(187,155)	0	187,155	100.0%	N/A	(563,777)
- Transfer to STAR Transportation Fund	0	0	0	(4,521,173)	(4,521,173)	0	0.0%	-12.6%	(6,187,481)
- Other Miscellaneous Revenue	1,970,273	2,133,496	163,223	6,477,478	6,620,043	142,565	2.2%	-3.5%	25,487,436
Subtotal - Other Revenue	4,206,981	3,362,629	(844,352)	1,650,077	1,182,740	(467,337)	-28.3%	-19.7%	39,939,411
Detail of Transfers to Tax Relief Programs:									
- Me. Resident Prop. Tax Program (Circuitbreaker)	0	646	646	0	2,194	2,194	N/A	100.3%	0
- BETR - Business Equipment Tax Reimb.	(5,664,729)	(1,941,580)	3,723,149	(9,347,699)	(4,162,826)	5,184,873	55.5%	65.7%	(31,080,000)
- BETE - Municipal Bus. Equip. Tax Reimb.	0	(29,673)	(29,673)	(34,065)	(29,673)	4,392	12.9%	2.1%	(27,103,362)
Subtotal - Tax Relief Transfers	(5,664,729)	(1,970,607)	3,694,122	(9,381,764)	(4,190,305)	5,191,459	55.3%	67.6%	(58,183,362)
Inland Fisheries and Wildlife Revenue - Total	1,431,230	1,581,751	150,521	6,082,687	6,791,833	709,146	11.7%	0.8%	21,470,489

General Fund Revenue
Fiscal Year Ending June 30, 2015 (FY 2015)
September 2014 Revenue Variance Report

Revenue Category				Fiscal Year-To-Date					FY 2015 Budgeted Totals
	September '14 Budget	September '14 Actual	September '14 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
Sales and Use Tax	122,627,128	122,674,566	47,438	244,211,203	243,636,041	(575,162)	-0.2%	15.6%	1,187,737,653
Service Provider Tax	3,886,806	4,152,293	265,487	7,538,635	8,720,053	1,181,418	15.7%	18.2%	50,303,776
Individual Income Tax	159,250,000	151,206,597	(8,043,403)	313,735,000	306,820,811	(6,914,189)	-2.2%	0.4%	1,455,836,200
Corporate Income Tax	34,000,000	37,608,549	3,608,549	41,200,000	45,046,593	3,846,593	9.3%	11.9%	177,651,225
Cigarette and Tobacco Tax	11,965,706	11,291,985	(673,721)	35,923,695	36,566,207	642,512	1.8%	-0.2%	133,590,000
Insurance Companies Tax	71,085	160,002	88,917	1,131,673	700,743	(430,930)	-38.1%	-25.1%	80,715,000
Estate Tax	2,150,000	7,957,312	5,807,312	2,150,000	8,200,481	6,050,481	281.4%	550.1%	26,957,040
Other Taxes and Fees *	7,931,569	9,108,855	1,177,286	25,360,888	28,122,605	2,761,717	10.9%	9.0%	132,978,084
Fines, Forfeits and Penalties	2,018,847	2,176,518	157,671	6,307,058	6,080,644	(226,414)	-3.6%	2.3%	23,421,666
Income from Investments	24,970	34,907	9,937	52,788	64,104	11,316	21.4%	27.4%	93,858
Transfer from Lottery Commission	5,452,932	5,235,844	(217,088)	14,337,618	13,985,329	(352,289)	-2.5%	2.7%	57,350,462
Transfers to Tax Relief Programs *	(5,664,729)	(1,970,607)	3,694,122	(9,381,764)	(4,190,305)	5,191,459	55.3%	67.6%	(58,183,362)
Transfers for Municipal Revenue Sharing	(1,494,357)	(1,261,388)	232,969	(9,105,428)	(9,969,539)	(864,111)	-9.5%	32.9%	(61,066,238)
Other Revenue *	4,206,981	3,362,629	(844,352)	1,650,077	1,182,740	(467,337)	-28.3%	-19.7%	39,939,411
Totals	346,426,938	351,738,062	5,311,124	675,111,443	684,966,508	9,855,065	1.5%	10.1%	3,247,324,775

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

Highway Fund Revenue
Fiscal Year Ending June 30, 2015 (FY 2015)
September 2014 Revenue Variance Report

Revenue Category	September '14 Budget	September '14 Actual	September '14 Variance	Fiscal Year-To-Date					FY 2015 Budgeted Totals
				Budget	Actual	Variance	% Variance	% Change from Prior Year	
Fuel Taxes:									
- Gasoline Tax	19,006,915	19,158,424	151,509	37,614,687	38,111,862	497,175	1.3%	-0.8%	189,910,000
- Special Fuel and Road Use Taxes	3,872,477	4,263,947	391,470	6,936,195	7,759,847	823,652	11.9%	6.2%	42,610,000
- Transcap Transfers - Fuel Taxes	(1,680,307)	(1,720,744)	(40,437)	(4,832,917)	(4,931,044)	(98,127)	-2.0%	0.1%	(17,082,820)
- Other Fund Gasoline Tax Distributions	(475,306)	(479,067)	(3,761)	(1,361,999)	(1,374,404)	(12,405)	-0.9%	0.9%	(4,749,079)
Subtotal - Fuel Taxes	20,723,779	21,222,559	498,780	38,355,966	39,566,261	1,210,295	3.2%	0.4%	210,688,101
Motor Vehicle Registration and Fees:									
- Motor Vehicle Registration Fees	5,165,696	5,292,389	126,693	17,389,303	17,468,684	79,381	0.5%	0.9%	65,659,536
- License Plate Fees	342,148	387,654	45,506	1,056,845	1,181,898	125,053	11.8%	2.7%	3,351,681
- Long-term Trailer Registration Fees	324,098	412,025	87,927	850,975	1,828,021	977,046	114.8%	102.3%	9,384,523
- Title Fees	951,935	1,100,302	148,367	3,227,410	3,407,578	180,168	5.6%	-4.8%	13,129,254
- Motor Vehicle Operator License Fees	602,575	632,180	29,605	1,873,640	1,972,598	98,958	5.3%	-11.4%	7,425,882
- Transcap Transfers - Motor Vehicle Fees	(4,231,172)	(4,265,780)	(34,608)	(4,231,172)	(4,265,780)	(34,608)	-0.8%	0.9%	(15,483,404)
Subtotal - Motor Vehicle Reg. & Fees	3,155,280	3,558,770	403,490	20,167,001	21,592,998	1,425,997	7.1%	3.5%	83,467,472
Motor Vehicle Inspection Fees	293,401	168,325	(125,077)	880,303	642,516	(237,788)	-27.0%	9.3%	2,982,500
Other Highway Fund Taxes and Fees	98,924	109,067	10,143	332,961	350,721	17,760	5.3%	10.9%	1,285,229
Fines, Forfeits and Penalties	96,423	70,609	(25,814)	282,129	290,786	8,657	3.1%	9.1%	1,007,998
Interest Earnings	9,419	10,618	1,199	28,257	17,875	(10,382)	-36.7%	8.4%	113,022
Other Highway Fund Revenue	504,750	492,566	(12,184)	1,575,390	1,539,287	(36,103)	-2.3%	11.5%	9,032,418
Totals	24,881,976	25,632,514	750,538	61,622,007	64,000,443	2,378,436	3.9%	1.8%	308,576,740

2014 Interim Legislative Studies and Committee Meetings

Updated October 22, 2014

Study/Committee	Citation	2014 Meetings Authorized	2014 Meetings Held	Scheduled Next Meeting Date(s)	Report Date	Chair(s)	Status Notes
NEW STUDIES							
Task Force To End Student Hunger in Maine	Resolve 107	5	7/7/14 8/11/14 9/9/14 10/6/14	12/8/14	12/9/2014	Pres. Alfond Rep. Kornfield	Appointments complete; conducting work
Commission To Study College Affordability and College Completion	Resolve 109	4	8/5/14 8/26/14 9/18/14 10/8/14 10/22/14		12/9/2014	Sen. Millett Rep. Daughtry	Appointments complete; conducting work; contract staff; OPLA to provide drafting assistance; request for additional meetings granted
Commission To Strengthen the Adequacy and Equity of Certain Cost Components of the School Funding Formula	Resolve 114	6	7/25/14 10/20/14	11/6/14 11/14/14 11/25/14 12/4/14	12/9/2014	Sen. Millett Rep. Hubbell	Appointments complete; DOE and Ed. Rsch. Inst. staff; OPLA to provide drafting assistance
Commission to Continue the Study of Long-term Care Facilities	PL 594	4	9/2/14 9/23/14 10/14/14 10/8/14	10/28/14	10/15/2014 extended to 11/14/2014	Sen. Craven Rep. Stuckey	Appointments complete; conducting work; subcommittees also meeting
Commission on Independent Living and Disability	HP 1361	4		10/24/14 11/7/14 11/20/14	11/5/2014	Sen. Craven Rep. Peterson	Appointments not complete; conducting work
Commission To Improve Protections for Injured Workers Whose Employers Have Wrongfully Not Secured Workers' Compensation Insurance	SP 759	4			11/5/2014		Appointments not complete; per LCRED chairs, do not plan to meet, as work is being conducted by Workers' Comp. Bd.
Commission To Study the Effects of Coastal and Ocean Acidification and Its Existing and Potential Effects on Species That Are Commercially Harvested and Grown along the Maine Coast	Resolve 110	at least 4	8/1/14 9/4/14 9/18/14 10/10/14 10/21/14	11/12/14	12/5/2014	Sen. Johnson Rep. Devin	Appointments complete; conducting work; subcommittees also meeting; request for additional meetings granted
Maine Health Exchange Advisory Committee	HP 1136	at least 4	6/3/14 8/26/14 9/22/14 10/16/14		12/4/2013 (prelim.) 11/5/2014 (final)	Sen. Craven Rep. Treat	Appointments complete; conducting work

ON-GOING LEGISLATIVE STUDIES

State Education and Employment Outcomes Task Force	PL 593	may hold 4 per year	8/11/14 9/29/14 10/20/14	*11/17/14	*11/1 annually	Sen. Patrick Rep. Berry	Appointments not complete; conducting work; *request for extension of reporting deadline pending
Legislative Youth Advisory Council	3 MRSA 168-B	may hold 2 per year			2nd Friday in February in even numbered years		Appointments not complete
Right to Know Advisory Committee	1 MRSA 411	at least 4 per year	8/19/14 9/17/14	11/06/14 11/17/14	1/15 annually	Sen. Valentino	Appointments complete; conducting work
Citizen Trade Policy Commission	10 MRSA 11	at least 2 per year	6/26/14 10/7/14	11/20/14	annually	Sen. Jackson Rep. Treat	Conducting work; contract staff
Judicial Compensation Commission	4 MRSA 1701	N/A; funded from court system			12/15 biennially (due this year)		Appointments not complete

2014 Interim Legislative Studies and Committee Meetings

Updated October 22, 2014

Study/Committee	Citation	2014 Meetings Authorized	2014 Meetings Held	Scheduled Next Meeting Date(s)	Report Date	Chair(s)	Status Notes
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AUTHORIZED COMMITTEE MEETINGS (other than AFA)

JUD Committee Study of Social Media Privacy in School and in the Workplace	Resolve 112	4			11/5/2014	Sen. Valentino Rep. Priest	Outside funding was not received; requests for interim committee meetings for this purpose were not approved
VLA meetings to consider casino market analysis of contractor	Resolve 111	up to 4	9/10/14		12/3/2014	Sen. Tuttle Rep. Luchini	Contract awarded for analysis of potential market for casinos; report to VLA anticipated by 9/1/14
ENR meeting for DEP and Maine Water Environment briefings		1	8/28/14		N/A	Sen. Boyle Rep. Welsh	Meeting approved 7/17/14
HHS meeting for DHHS updates/briefings		1	10/15/14		N/A	Sen. Craven Rep. Farnsworth	Meeting approved 6/25/14
LCRED meeting for Workers' Comp. Board briefing		1			N/A	Sen. Patrick Rep. Herbig	Meeting approved 6/25/14; meeting date TBD
ACF meeting regarding outcome-based forestry (off-site); meeting for CTPC presentation		2	9/3/14 9/24/14	*11/20/14	N/A	Sen. Vitelli Rep. Dill	Meetings approved; *request to POs to approve 3rd meeting to attend joint PH on 11/20/14 at invitation of CTPC pending
CJPS meeting for presentations from DPS and DOC			9/23/14				Meeting approved



STATE OF MAINE
OFFICE OF THE STATE AUDITOR

66 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0066

EXECUTIVE DIRECTOR'S
OFFICE
2014 OCT 20 A 8:05
MARY GINGROW-SHAW, CPA
DEPUTY STATE AUDITOR

POLA A. BUCKLEY, CPA, CISA
STATE AUDITOR

TEL: (207) 624-6250
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MICHAEL J. POULIN, CIA
DIRECTOR OF AUDIT and ADMINISTRATION

October 17, 2014

Legislative Council Members
Office of the Executive Director
115 State House Station
Augusta, ME 04333-0115

Dear Honorable Members of the Legislative Council,

In accordance with Title 5 MRSA §243.9 we are conducting the Single Audit of the State of Maine for the year ended June 30, 2014. The Single Audit is an audit of the State's financial statements and major federal assistance programs. Professional standards require that we provide you with the following information related to our audit.

Our responsibilities under United States Generally Accepted Auditing Standards, Government Auditing Standards, and Office of Management and Budget (OMB) Circular A-133

As stated in our engagement letter dated August 24, 2014, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the State of Maine's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider 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 internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the State of Maine's financial statements are free of material misstatement, we will also perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on

compliance with those provisions is not an objective of our audit. Also in accordance with OMB Circular A-133, we will examine, on a test basis, evidence about the State of Maine's compliance

with the types of compliance requirements described in the U.S. OMB Circular A-133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion of the State of Maine's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination of the State of Maine's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to management's discussion and analysis, budgetary reporting, state retirement plan, other post-employment benefit plan, and information about infrastructure assets using the modified approach, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the combining statements, individual fund statements and schedules, and the schedule of expenditure of federal awards, which accompany the financial statements but are not required supplementary information. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on the introductory section and statistical section, which accompany the financial statements but are not required supplementary information. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by

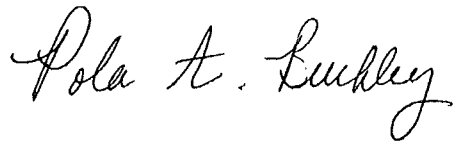
management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

The State of Maine's financial statements are required to include information related to certain component units. Because the financial statements of these component units have been audited by other auditors, and we plan to rely on the audits conducted by the other auditors, we will refer to these other auditors in our audit opinion.

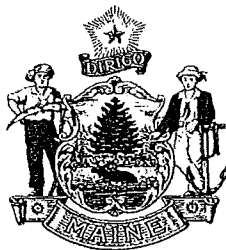
We have begun our audit and will issue our report in late December 2014.

This information is intended solely for the use of the Legislative Council members and management of the State of Maine and is not intended to be, and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Pola A. Buckley".

Pola A. Buckley, CPA, CISA
State Auditor



EXECUTIVE DIRECTOR'S
OFFICE

2014 OCT 22 P 1:37


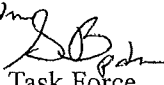
SEN. JOHN L. PATRICK, CHAIR

REP. BETH A. BERRY, CHAIR

STATE OF MAINE
ONE HUNDRED AND TWENTY-SIXTH LEGISLATURE
STATE EDUCATION AND EMPLOYMENT OUTCOMES TASK FORCE

October 20, 2014

TO: The Honorable Mark W. Eves, Chair
The Honorable Justin L. Alford, Vice-Chair
Members, Legislative Council, 126th Legislature

FROM: Senator John L. Patrick, Senate Chair 
Representative Seth A. Berry, House Chair 
State Education and Employment Outcomes Task Force

SUBJ: Request for Extension of Reporting Deadline

Pursuant to Public Law 2013, chapter 593, the State Education and Employment Outcomes Task Force ("Task Force") is authorized to meet up to 4 times per calendar year and November 1st is the due date for the Task Force's annual report. We write to request permission to hold the final meeting of the 2014 Task Force no later than November 17, 2014 and to extend the Task Force's reporting deadline for the 2014 annual report to no later than December 1, 2014.

We had scheduled the final meeting of the Task Force for October 20, 2014, but postponed this meeting due to a scheduling conflict between our meeting and the funeral for Joy O'Brien, longtime Secretary of the Senate, since there were several Task Force members who wished to attend this funeral service.

We thank you for your time and consideration of our request.

cc: Grant Pennoyer, Executive Director, Legislative Council
Marion Hylan Barr, Director, Office of Policy & Legal Analysis

Partial Report
(Received 10/22/14)



INSTITUTE FOR
AGRICULTURE AND TRADE POLICY



MAINE
FARMLAND TRUST

2014 TRADE POLICY ASSESSMENT

Prepared for the Maine Citizen Trade Policy Commission

Maine Agriculture and Food Systems in the
Transatlantic Trade and Investment Partnership

by Karen Hansen-Kuhn, IATP and
John Piotti, Maine Farmland Trust

July 2014

Executive Summary

The negotiations for the Transatlantic Trade and Investment Partnership (TTIP) began with a series of bold assertions that it would serve to jump start the two ailing economies, resulting in rising economic growth and job creation on both sides of the Atlantic. Tariffs are already quite low. The bigger challenge – and the real target – is the very different approaches to regulation. Past experiences with free trade, such as those under the North American Free Trade Agreement, give reasons for concern. It is impossible to accurately predict the real impacts of changes in tariff and non-tariff barriers on specific sectors of agricultural production in Maine. The bigger question may be how the changes that could result from TTIP would affect the state's food sovereignty, i.e., farmers' efforts to produce sustainable crops at fair prices, consumers' demands for healthy and affordable foods, and their joint efforts to support local economies.

Food Safety: Tariffs on most crops are already very low. There are, however, some real differences in rules on food additives, pesticides and other agrochemicals that are allowed in one jurisdiction but not the other. The EU's restrictions on GMOs and its labeling laws could come under pressure in TTIP. Any changes in those rules made under TTIP would apply to the U.S. as well as the EU, potentially limiting what is allowable under Maine law. The Maine Citizen Trade Policy Commission (CPTC) should request information from USTR, including:

- Are commitments on food safety issues such as the use of chlorine rinses of poultry, Ractopamine in meat production and diphenylamine (DPA) on fruit being discussed within the TTIP negotiations on Sanitary and Phytosanitary Standards (SPS) or Technical Barriers to Trade (TBT), and, if so, would TTIP SPS or TBT requirements limit states' abilities to raise food safety standards?
- If those issues are not being addressed within the chapters on SPS or TBT, would they be covered under a chapter on regulatory coherence? How would regulatory coherence subordinate U.S. and Maine laws to protect public and environmental health in agriculture and food?
- Is GMO labeling being discussed in TTIP and, if so, how would any commitments made affect Maine's GMO labeling laws?

Public procurement programs, whether for local foods, roads, or renewable energy, are important tools to strengthen local economies. Maine (along with 36 other states), the U.S. and the EU are already included in the plurilateral Government Procurement Agreement, which requires many procurement programs (but not Farm to School programs) to be open to bids from foreign companies. The EU is seeking to expand those commitments in TTIP at the state level to include all goods, all services and all sectors, potentially undermining these important programs.

- The CPTC should insist on a written answer from USTR to its questions on procurement commitments for Farm to School and other local foods programs in TTIP, as well as on the EU's suggestion that federal grant funds used at the state level be opened up to European vendors. It might also consider sharing these concerns with other states and cities being approached by EU negotiators for procurement commitments.
- The CPTC should request information from the Governor's office on any meetings or other communications with EU or U.S. officials on potential procurement commitments under the trade agreement, both in terms of possible risks to local foods programs and more generally to clarify the

process of agreeing to those commitments at the state, county or city level. Those commitments should be the result of a fully informed public debate.

Geographical Indications establish legal protections for products based on their place of origin, specific production techniques, and the reputation of quality for those goods. The EU protects over 1,200 such products through intellectual property rights rules enforceable through trade agreements. Some U.S. GIs exist, such as Maine Lobster, which are protected by trademarks held by producers. The EU seeks to protect GIs in TTIP, potentially including cheese names such as feta, gorgonzola and munster, as it did in recent bilateral trade agreements with Canada, Central America, Peru and Korea.

- The CPTC should call on the European Commission and USTR to provide a list of the specific Geographical Indications protections sought by the EU in TTIP, as well as the U.S. response to date.
- Based on that information, the Commission could issue a request for comments or convene a hearing of Maine dairy, wine, cheese and processed meat producers on how they see their interests being affected by those protections. Their recommendations should inform advocacy by the Commission with USTR.

Dairy: Maine dairy farmers—like all American dairy farmers—have been struggling for the past decade, due to low producer prices, which are set by a complicated formula administered by the Federal Milk Marketing Order system (FMMO). FMMO prices have rebounded somewhat in the last two years, due in great part to increased demand for non-fat dry milk (NDM). It is likely that increased trade could lower the price of NDM, and in so doing, drive FMMO prices down significantly. This could prove particularly devastating to Maine dairy farms. Beyond this, Maine currently supplements payments to farms through a Dairy Stabilization Program, which could be subject to legal challenges under the trade deal as an unfair price support. It is also important to note that Maine dairy farmers, like EU farmers, do not use artificial bovine growth hormone. Depending on how the U.S. and EU deal with this issue in trade talks, the outcome may not prove beneficial to Maine farmers.

- The CPTC should request information from dairy groups and other available sources on the likely impact of increased export activity on the U.S. Class I milk price, given (in particular) the role that non-fat dry milk has in Federal Milk Marketing Order pricing.
- The CPTC should make sure trade negotiators are aware of the Maine's Dairy Stabilization Program and its importance to Maine.
- Work with in state players (e.g., Maine Farmland Trust, Maine Organic Farmers & Gardeners Association) to alert Maine's dairy processors (that do not accept milk with bovine growth hormones) of the possible consequences of an international trade agreement on their operations.

The establishment of common standards should serve to prohibit – rather than promote – efforts by corporations to play off regulatory standards in one jurisdiction against the other. The U.S.-EU Organic Equivalency Arrangement was negotiated outside the confines of a trade agreement. The current approach to our bilateral economic relations in TTIP is a political choice; alternatives are entirely possible. If not, if the talks are to continue along the lines of other recent trade agreements, then civil society and policy makers should seriously consider putting a halt to the TTIP until a different approach is underway.

program walks a fine line with the Interstate Commerce Clause. Though the authorities in Maine believe that the state's current system is legally supportable, it's also true that the system is legally complicated. The likelihood of a lawsuit increases if Maine's dairy policies are under closer scrutiny due to a new international trade agreements.

Another area of concern stems from Maine's de-facto prohibition of bovine growth hormone. Growth hormones are generally not used in the EU, which suggests that the U.S. will try to address that forthrightly in any new trade agreement, as a way to increase export opportunities. The EU's restrictions on those hormones is already a flash point in the negotiations. Depending on the concessions granted, the unintended consequence could be that Maine's current position with bovine growth hormones, particularly its ability to promote any milk exports as hormone free, comes under renewed scrutiny and is weakened.

Recommendations:

The Maine Citizen Trade Policy Commission should:

- Make sure trade negotiators are aware of the Maine's Dairy Stabilization Program and its importance to Maine.
- Request information from dairy groups and other available sources on the likely impact of increased export activity on the U.S. Class I milk price, given (in particular) the role that NDM has in FMMO pricing.
- Work with instate players (e.g., Maine Farmland Trust, Maine Organic Farmers & Gardeners Association) to alert Maine's dairy processors (that do not accept milk with bovine growth hormones) of the possible consequences of an international trade agreement on their operations.

Overall conclusions

TTIP could affect Maine's agricultural and food sectors for decades to come. While there may be legitimate reasons to coordinate regulations between the U.S. and EU, those discussions need to happen under conditions of full transparency, something that is not possible under the current regime of secrecy. The establishment of common standards on food safety, procurement, or protections for local producers should serve to prohibit – rather than promote – efforts by corporations to play off regulatory standards in one jurisdiction against the other.

Any efforts to develop coherent approaches need to achieve a delicate balance on at least three dimensions: the appropriate level of decision making (subsidiarity); the right risk assessment and technical capacity; and fair and sustainable livelihoods and prices for farmers and consumers. Achieving the right balance among those complex topics within the context of a trade agreement, in which proposals on any one of those issues could be traded off for market access or other proposals on entirely different issues, seems fraught from the outset. This is a risky approach in any aspect of the

trade agreement, but is especially problematic in the arena of food and agriculture, which touches on public health, rural and urban economies and environmental protection.

Subsidiarity, the idea that decisions should be made at the smallest, lowest or least centralized level of decision making possible, was a central topic of debate in the formation of the European Union. Article 4 of the founding Treaty of Maastricht establishes that principle as a key element in the balance between the authorities of the Member States and the EU as a whole. In the U.S., that issue, while not usually described with that term, has long been a subject of tension between states' rights and federal authority. Maine's GMO labeling laws (as well as those in other states) for example, may eventually come into conflict -- or ultimately influence -- federal policy on that issue, and will undoubtedly raise the public profile of GMO safety across the country. In both the EU and U.S., that tension, and the grounding in the democratic concept of subsidiarity, reflects the conflict between local level innovations such as farm to school programs or restrictions on food additives or technologies based on emerging science, and the economic pressures driving commercialization even when the risks are not fully understood.

The common standards for organic foods negotiated between the US and EU, for example, offers an alternative approach to resolving those tensions within trade deals. The carefully crafted Organic Equivalency Arrangement incorporated input from the Organic Trade Association and the International Federation of Organic Agriculture Movements. As an Arrangement (rather than an Agreement or Treaty), it was enacted through an exchange of letters from USDA and USTR from the United States, and the European Commission for Agriculture and Development.

The Arrangement, which began in 2012, recognizes certification by the USDA National Organic Program as equivalent to the EU Organic Program. It provides for periodic reviews and establishes a work plan to exchange information on emerging issues.⁵⁹ A formal review of the process is scheduled for 2015. It provides a flexible basis for mutual learning and expanded trade in those goods. The fact that this bilateral arrangement was negotiated on its own, outside the horse trading inherent in any trade negotiations, created the conditions for a reasonable approach that can also be reopened should conditions change in the future.

There is ample room for cooperation among regulators in the U.S. and EU on issues related to food safety and food markets. Discussions of locally appropriate standards for chemicals or food additives or technologies benefit from shared knowledge across the Atlantic. On the other hand, the pressure for mutual recognition agreements in TTIP on chemical policy and financial reforms, among others, creates the conditions for a push to the lowest standards prevalent in either jurisdiction.

Those discussions always reflect pressures from competing interests, but they are also always enhanced when they take place under conditions of transparency and full information. That will not be possible in TTIP as long as the negotiations remain shrouded in secrecy. This is a general problem that runs throughout the trade agreement.

Governments should engage in meaningful discussions with all stakeholders on these and other issues before each negotiating session and upon its conclusion. Those dialogues should also include frank discussions on the potential tradeoffs among sectors and hold open the possibility that the most

productive avenues for progress could be outside of the trade talks, as happened with the agreement on organic standards.

While it seems unlikely that "harmonization" in TTIP will mean anything but a race towards the lowest common denominator in terms of standards, the public attention created by the trade talks does offer a platform to learn from the best experiences on both sides of the Atlantic. This could be an opportunity, for example, to recast the public debate in the United States (and perhaps even in the EU) on the Precautionary Principle as a sensible, scientific, and democratic approach to technologies that are advancing much more rapidly than knowledge of their safety. EU dairy producers (many of whom are opposed to TTIP) could learn from Maine's experience with dairy prices supports. And local policymakers in many European countries, who are becoming increasingly alarmed about the potential impacts of TTIP on their food and agricultural systems, could learn from the Maine Citizen Trade Policy Commission's experience at fostering an informed public debate.

The current approach to our bilateral economic relations in TTIP is a political choice; alternatives are entirely possible. If not, if the talks are to continue along the lines of other recent trade agreements, then civil society and policy makers should seriously consider putting a halt to the TTIP until a different approach is underway.