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Governor's Task Force on Economic Development
Recommended Legislation for an Economic Development Program

Letter of Transmittal

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AUGUSTA, MAINE

October 26, 1976

The Honorable James B. Longley
Governor of the State of Maine
State House
Augusta, Maine 04333

Dear Governor Longley:

Enclosed is our report covering recommended legislation for improved economic development in the State of Maine. We have attempted to develop this report in a manner consistent with your charge to the Task Force, and we are grateful for your assistance in reviewing various elements of the report as they were developed.

Along with requesting proposals which the Task Force deemed appropriate to an improved economy, you asked us especially to consider:

- a. creating a Council of Economic Advisors
- b. the composition and role of organizations involved in economic development
- c. the future role of the State in tourism promotion
- d. State bonding and capital market programs
- e. creating a State-chartered corporation to aid economic development

The Task Force has met weekly since June 11, to consider these issues and develop the recommendations included in this report.

Generally, the committee's recommendations fall into one of two categories, the first to improve the overall economic climate in the State, and the second to develop or improve specific tools to assist economic development. Other than the issue of tourism, we have not focussed on specific sectoral development in such important areas as natural resource use and development, energy, and transportation; that and much other work remains to be done.

The legislation recommended here is a beginning, laying the basis for an improved economic development effort in the State. Continued economic development in the State will not be brought about by expensive crash programs, but through an increasingly responsible and effective State government, and, most importantly, by having an effective private sector which functions in a creative partnership with government.

OCT 28 1985

Ltr/Gov. Longley
Re: Economic Dev. Task Force

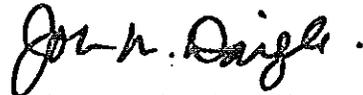
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October 26, 1976

Our efforts in preparing these recommendations were greatly aided by the support of the State Planning Office and the Development Office. Special thanks are due to Steve Weems, George Viles and Arlyn Weeks who provided many hours of staff assistance.

We are pleased to have had the opportunity to work with you in your effort to assist economic growth and revitalization in Maine for the benefit of Maine people. We are ready to assist you further in achieving these ends.

Very truly yours,



John M. Daigle, Chairman
For The Committee

JMD:sg
Enc:

STATE LAW LIBRARY
AUGUSTA, MAINE

REPORT TO
JAMES B. LONGLEY
GOVERNOR OF THE STATE OF MAINE

LEGISLATIVE RECOMMENDATIONS
OF THE
GOVERNOR'S TASK FORCE ON ECONOMIC DEVELOPMENT

John M. Daigle, Chairman
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October, 1976

GOVERNOR'S TASK FORCE ON ECONOMIC DEVELOPMENT

Legislative Recommendations

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GOVERNOR'S TASK FORCE ON ECONOMIC DEVELOPMENT

I. INTRODUCTION

Governor Longley established the Task Force on Economic Development in June, 1976, to consider specific economic development issues of concern to him and to develop its own legislative proposals for improved economic development. Staff assistance was provided by the Executive Department.

The Task Force proceeded by reviewing the Governor's concerns together with issues raised in the November, 1975, report of the Governor's Economic Advisory Committee and other issues suggested by Task Force members and staff. The Task Force then sought to develop those proposals which seemed to do the most to lay a sound basis for economic growth and revitalization. Other than the issue of tourism, the Task Force did not develop recommendations regarding specific sectoral developments such as energy, transportation and natural resource use and development. Much more work is needed by a variety of groups in these and other areas.

The Task Force recommendations concentrate on establishing an improved economic development effort through improving the overall economic climate of the State and developing or improving specific tools to assist economic development. The philosophy inherent in the recommendations emphasizes the role of private initiative and the need for a strong partnership between the private and the public sectors.

The Task Force has not sought broad public input to date. With the development of our specific recommendations, we now look forward to their further consideration by the Governor and to the public's comments to improve and add to them. We hope our efforts will join those of others to provide for a gradual but consistent improvement in economic

development efforts in Maine. This approach, founded on wise program development and a strong partnership of the private and public sectors, will do more for Maine's people than large, flashy, and expensive public development efforts with unrealistic expectations.

Attached to the report are copies of draft Legislation related to certain of the recommendations; these will require further evaluation and development. Our draft Legislation for the other recommendations is not included but is being prepared and should be available within the next several weeks.

II Summary of Recommendations

A. Council of Economic Advisors.

It is recommended that a Council of Economic Advisors be established as an independent agency to provide the Executive and Legislative branches of State government with objective economic analyses of existing and proposed legislation, regulations and programs. A review of costs and benefits, impact on the State's economic climate, and impact on the State's revenues and credit rating would be included in the analysis.

B. Review and Termination of State Agencies and Regulations.

It is recommended that a formal procedure to review State agencies and regulations be established. This procedure would provide for a thorough review of the major departments of State government at least every ten years and the elimination of unnecessary activities. Independent agencies and occupational and licensing boards would be assigned a termination date which would take effect unless the Legislature, after a thorough review, acted to renew their authorization for a period not to exceed ten years. Administrative rules would be reviewed annually by the Legislature, which could annul but not amend those rules found to be inappropriate, unnecessary,

or contrary to Legislative intent.

C. Policy and Budget Review and Development.

It is recommended that the Legislature require the Governor and State agencies to identify explicitly critical issues and high-priority objectives which would be incorporated into the process of program and budget development. The Governor would consider these agency objectives and program strategies in developing an annual Executive Statement of Critical Issues and Priorities, which would serve as a guide for the development of agency budgets.

D. The Maine Development Corporation

It is recommended that a Maine Development Corporation be established as a State chartered, "quasi-private," not-for-profit organization to support and assist economic growth and revitalization in Maine. The corporation would consist of members from the public and private sectors and would receive matching funds up to a specified limit from the State. The corporation would provide for or stimulate the provision of: management and technical assistance, debt and equity capital, new product development and marketing, industrial land and building development, identification and development of specific economic opportunities, promotion of an improved economic climate, and the coordination of development efforts.

E. Improved Finance Mechanisms for Economic Development.

It is recommended that State finance mechanisms for economic development be improved as follows:

1. modify the legislation of the Maine Guarantee Authority to require preparation of an annual investment strategy, require public disclosure of political contacts, provide for an industrial revenue bond program, merge the industrial and recreational programs of the Authority, and permit guarantees of certain land development projects.
2. eliminate the requirement for a local referendum on municipal bond issues.
3. make municipal revenue bonds eligible to be guaranteed by the Maine Guarantee Authority.

F. Vocational Education

It is recommended that the flexibility of the State's vocational technical institutes to respond to training needs be increased as follows:

1. allow VTI's to retain revenues obtained from student tuition and fees and, subject to the availability of funds, to maintain the current level of appropriated funds in addition to the retention of revenues and fees earned.
2. allow VTI directors on their own authority to apply for and accept outside funds.
3. allow the Governor to delegate the authority to approve budget transfers within and among VTI's
4. Permit expenditure of other-than-State-appropriated monies outside the appropriations process.

G. Tourism

It is recommended that \$300,000 be appropriated as funds to be matched with funds of a private agency cooperatively to provide for national tourism advertising and to respond to information requests from tourists.

In the event that a private agency does not qualify for the matching funds, the appropriated funds should be provided to the State Development Office for informational services only.

A condensed organizational chart ("Selected Economic Development Agencies of Maine State Government and One Public Purpose Private Corporation") which reflects the changes recommended above is included as Appendix A.

III The Council of Economic Advisors

Recommendation: Establish a Council of Economic Advisors to provide an independent economic analysis of existing and proposed legislation, regulations, and programs.

Rationale

The task force recommends that the Maine Council of Economic Advisors be established as an independent agency to provide Maine citizens and the Executive and Legislative branches of State government with objective economic analysis of existing and proposed legislation, regulations and programs. This analysis can provide a basis for more informed and responsible decisions to be made with explicit consideration of the economic effects of the action and its impact on the economic climate of the State.

Most of the State's operating departments carry out some level of fiscal and program analysis in their specific areas of responsibility, and there are several staff agencies which are involved in broader analyses, including the Office of Legislative Assistants, Office of Legislative Finance, the State Planning Office, the Bureau of the Budget of the Department of

Finance and Administration, and the Program Review and Evaluation Division of the Department of Audit. However, due to their staff limitations, their responsibility to serve a particular branch of government, and the large number of tasks they must perform, the operating and staff agencies have difficulty in conducting in-depth, dispassionate analyses of particular issues, especially with appropriate consideration of broad economic impact.

The Council of Economic Advisors would consist of a small number of persons with specific skills acquired through training and experience to conduct economic analyses. The Council's efforts would complement the State's small existing capacity to conduct economic analysis, and would fill a large void in enhancing that capacity with a further resource for independent, objective analysis. The group would be free of operational or staff responsibilities and would be able to schedule its research efforts to assure that comprehensive analysis could be conducted on priority issues.

The Council's role will be to provide a greater ability to specify and quantify aspects of the Maine economy which are or may be affected by an action of State government, based on the understanding that the social, cultural, human and natural resources of the State are part of the State's economy. The Council would not only analyze the direct and short term effects of an action, but would also identify the indirect and longer term effects to the extent practicable.

Description

The Council would consist of three members appointed by the Governor and confirmed by the Legislature. The Chairman would serve on a full-time basis for a four-year term, and the other members would serve on a part-time basis for staggered three-year terms. Council members would be required to have a working knowledge of Maine's economy and to be

capable of analyzing the impact of government actions on the economy. In addition to the Council members, the Council would be able to hire at least two professional and one clerical staff members and have a small budget for short term consulting assistance. The Council would be authorized to make reasonable requests for assistance from other agencies, and would be directed to use the resources and efforts of other public and private agencies where possible to avoid duplication of effort.

Although the Governor and Legislature could request particular studies, the Council would be able to determine its own research agenda. Its findings will be available to the public. The Council would be directed to review and evaluate the effects of existing or proposed government actions as to their costs and benefits, their impact on the economic climate, their impact on the credit or credit rating of the State and its instrumentalities, and their impact on the revenues and tax structure of the State. The directives governing the Council are broad enough to assure a comprehensive analysis.

In addition to the appropriated funds, the Council would be given the unique ability to accept transfers of funds from other state agencies to assist it in its work. The approval of the Governor and the Legislative Council would be required for such transfers. This process would assure the independence of the Council in its service to the Legislative and Executive branches and to Maine citizens; it would also provide the Council with greater capabilities for limited periods.

The Council will receive review and termination reports of State departments and agencies under the "sunset law" proposed by the task force. It may comment on these reports during the Legislative review process.

Draft Legislation to implement this recommendation is included as Appendix B.

IV. Review and Termination of State Agencies and Regulations

Recommendation: Establish a formal procedure to review State agencies and regulations periodically and to provide for the elimination of unnecessary activities.

Rationale

The people of the State of Maine must be assured that the powers of State Government are utilized when necessary and appropriate, that these powers are continually effective in addressing the purpose for which they were designed, that these powers are not abused, and that, when the purpose changes or when the power is no longer necessary, the powers are modified or withdrawn. Thus there is a need for an ongoing review and assessment of the role of State government and the exercise of its power. In view of the growing complexity of society and government and the growing cost of government, a systematic review and assessment procedure must be established.

The proposed "sunset law" is intended to reduce duplication of effort and unnecessary expense in State government. A systematic review and assessment of the activities of State agencies will also make it possible to eliminate outdated, overlapping, or ineffective programs. The result, a more controlled, responsible, and cost-effective State government, will contribute to a positive climate for increased economic development.

As popularly used, the term "sunset law" implies a definite termination. The concept involves setting a termination date for government agencies and requiring positive action by a legislature to continue the agency's existence beyond that date. The process involves a thorough review of agency activities, budgets and accomplishments on a recurring schedule. The sunset law which the Task Force proposes for Maine is a modified one; that is, it provides a termination schedule for occupational licensing boards and other independent agencies and major commissions, while it provides a review schedule for major departments and a special

legislative review process for agency rules and regulations, without setting a termination date.

The earlier report of the Governor's Economic Advisory Committee recommended that similar legislation be developed. Since that time, several other individuals have begun to draft sunset legislation, and the Task Force has sought to benefit from this work.

Description

1. Rules and Regulations

An improved system of monitoring the administration and implementation of rules and regulations of State government would allow the Legislature to review the rules promulgated by agencies in order to rectify agency mistakes and oversights. It would provide increased clarification of Legislative intent in its delegation of rule-making authority to the agency.

The proposed law will establish a Joint Standing Administrative Rules Review Committee to which all existing agency rules and regulations must be submitted on an annual basis. This committee may find that a particular rule should be annulled for one of a number of reasons. It will then refer the rule, along with its reasons for recommending annulment, to the appropriate joint standing committee having jurisdiction in that area for further action. Should this committee also find that the rule should be annulled, it will so recommend to the Legislature. A rule may be annulled through a concurrent resolution of the Legislature.

Public hearings may be called during the review process, according to the rules of the Legislature. Rules which are not submitted to this review by an agency will be invalid. Copies of new rules promulgated during the year must be provided to the State Planning Office, the State Budget Office, the Secretary of State, and the Joint Standing Administrative Rules Review Committee.

It should be noted that this process will not involve the Legislature in rule-making. The Legislature has the power only to annul rules as they are written by the agencies.

2. Occupational Licensing Boards, Independent Agencies, and Major Commissions

A formal system to review, evaluate, and recommend changes for these agencies will include scheduled termination dates for each subject agency. If the Legislature does not renew the agency's mandate before its termination date, the agency will cease to exist after a one-year grace period in which it must complete its affairs.

Six months prior to its termination date, an agency must submit a termination report to the Legislature and the Council of Economic Advisors. The content of this report is specified in the law; it will include, among other things, a description of the agency's organization, a financial statement, an analysis of similar programs in other agencies, and an evaluation of the agency's success in meeting certain specific objectives. The Legislature may also establish an independent citizens' review commission to study the agency.

The proposed law assigns the subject agencies to initial termination dates over a period of ten years and requires a review of each agency at least every ten years.

3. Major Departments

A formal system to review, evaluate and recommend changes as appropriate for the major functions of State government, as organized in its departments, will require the submission of review reports from the departments on an initial ten-year schedule. The content of the review report will be similar to that required in the termination report described above. It must include an evaluation of each of the department's bureaus and state the reasons why that bureau and its programs should be continued. The departments must be reviewed at least every ten years.

The review report will be subject to a public hearing. The Legislature may also establish independent citizens' review commissions to study the departments. The recommendations of the citizens' review commissions must be considered by the Legislature. The citizens's review commissions would provide for maximum formal public participation in the review process.

V. Policy/Budget Development and Review

Recommendation: Establish a system whereby the Governor and State agencies would explicitly identify critical issues and high-priority objectives and incorporate them into the process of program and budget development.

Rationale

Current administrative procedures call for agency financial and program requests to be submitted to the Governor through the Bureau of the Budget and the State Planning Office respectively in September of each budget year. The Governor presents his overall program to the Legislature in the following January and February. Several elements which could help to focus State government's efforts and expenditures on the most needed and productive programs appear to be missing from the intervening screening process.

Prior to the formalization of program recommendations as budget proposals, it would be appropriate for agencies to provide the Governor with explicit statements of their perceptions of the critical issues facing them and means to address those issues. This would assist the Governor in developing an early Executive Statement of Critical Issues and Priorities, identifying those objectives of greatest concern to him. Later agency program and budget proposals would then be more likely to reflect these concerns. The Governor would also have an opportunity to evaluate agency program and budget requests against his earlier Statement.

The process of developing the Statement would involve a joint staff effort by the Bureau of the Budget and the State Planning Office. These agencies serve as primary staff resources for the Governor, and each has unique capabilities. The formalization of certain implicit staff responsibilities of both is of critical importance. Both agencies have routine functions which limit their ability to provide direct assistance to the Governor. The proposed formal cooperation would take advantage of their expertise and assure that a larger portion of their staff resources would serve the Governor directly and effectively in relating budget to program considerations.

In addition, there are issues which transcend individual departments or which an individual department may have difficulty in addressing. The process recommended here would help to identify those issues and to involve the Bureau of the Budget and the State Planning Office, with the assistance of other agencies and outside interests, in seeking ways to resolve them. The Bureau of the Budget and the State Planning Office would submit joint recommendations on these select issues directly to the Governor for evaluation and possible incorporation into his overall program and budget document.

The goal would be to encourage State government to focus on the most important issues and to give the Governor the resources to develop ways to deal with them. "Government as usual" may retard appropriate economic development by its costs to society and its slow response to change. A vibrant, responsible government seeking to identify and accomplish what is most

important for it to do and what is most important for it to enable others to do could play a more positive role in supporting economic development.

Description:

The recommended legislation would require agencies to submit statements identifying their critical problems and opportunities in the early summer of each budget year. Objectives and program strategies designed to cope with these problems and opportunities would also be required. The scope of the statements would be determined jointly by the Bureau of the Budget and the State Planning Office and would include some provision for public input. This part of the process would not be complex and detailed; it should be designed to highlight the most important challenges facing State government agencies.

After receiving the agency statements, the Governor could seek additional public input if he wished. The State Planning Office and the Bureau of the Budget could prepare, at his request, independent or joint assessments of areas needing his attention. The Governor would evaluate this input and prepare and publish a required Executive Statement of Critical Issues and Priorities, early enough in the budget year to guide the agencies in their internal processes of program and budget formulation. The Statement would be the Governor's message, and as such would be as comprehensive or as selective as the Governor desired.

Each State agency would be required to formulate its program and financial plans considering the objectives set forth in the Statement and to make explicit references to these objectives.

The State Planning Office and the Bureau of the Budget, with the Governor's periodic involvement, would jointly develop strategies and prepare program, legislative, and budget recommendations, addressing those issues which transcend individual agency responsibilities (e.g., tax policy, government reorganization). These issues could include some of those identified in the Statement and other critical issues approved by the Governor. Other State agencies and

outside interests could be involved in this process as appropriate.

As a final step, the Bureau of the Budget and the State Planning Office would jointly review the agency program and budget requests, considering the guidance contained in the Executive Statement of Critical Issues and Priorities. In consultation with the Governor, these agencies would prepare his program and budget package for submission to the Legislature, based on the agency requests and the independent work which they would have completed for the Governor.

VI. The Maine Development Corporation

Recommendation: Establish a Maine Development Corporation as a quasi-private corporation to provide for improved and flexible economic development efforts based on a partnership of the private and public sector.

Rationale:

The State has tried for many years through a variety of organizations to provide for a broad, effective economic development institution at the State level. The success of these organizations has been limited because the task is too complex to be handled by one agency, it is politically volatile, and it requires a high level of resources, both in quantity and quality. Perhaps the most appropriate perspective is to recognize that the State cannot bring about economic development by itself; the very nature of the task requires a great diversity of effort by the private sector, municipalities, local development corporations, regional government and quasi-public organizations and a variety of State and Federal agencies.

The State does require a basic representational, informational, and coordinating capability which it has now in the State Development Office, with some assistance from the State Planning Office. State government is an initial contact point for many businesses that

are considering locating in Maine and for businesses already in Maine that require specific information and assistance.

The need for a broader effort removed from the political arena can be met by the Maine Development Corporation. The corporation would have an increasing positive impact on economic development because it will develop broad support in the public and private sectors, it will be able to draw on the expertise and financial resources of elements in these supporting sectors, and it will maintain the flexibility necessary to a broad-based development organization. As with any new institution, and particularly one concerned with economic development, the corporation should not be expected and is not intended to produce immediate and radical improvement; rather it should be looked to for a steadily growing contribution to the State's economic development.

The purpose of the corporation is not to do away with the State's role in economic development but to complement it with the initiative and resources of the private sector and other local interests. It is our feeling that in this partnership, government will be able to concentrate on development, and the private sector can more effectively be the "doer" through private enterprise initiative and motivation.

Description.

The Maine Development Corporation would be established to foster, support, and assist economic growth and revitalization in Maine. The corporation would seek to complement and coordinate with the economic development activities of the private sector, community and regional agencies, and the State and Federal governments. Its efforts would include, but not be limited to, providing for or stimulating the provision of:

1. Management and technical assistance to business and to communities for economic growth and revitalization, with a particular concern for assistance to the State's existing small and medium size business.

2. Debt and equity capital, with a particular concern for assistance to the State's existing small and medium size business.
3. New product development and marketing, with a particular concern for the most productive use of the State's human and natural resources.
4. The development of industrial land and buildings.
5. Identification and development of specific economic opportunities in the State.
6. Promotion of an improved economic climate in the State.
7. Coordination of development efforts for more successful project development through serving as a broad liaison with diverse groups and parties in all sectors, and bringing together needed resources for particular projects.

The corporation will consist of corporators from the private sector, the public sector, and certain ex-officio corporators. Private sector corporators will be those individuals, partnerships, firms, corporations and other organizations providing support of at least \$250 annually to the corporation. Public sector corporators will be those agencies of government, and other public organizations providing support of at least \$50 annually to the corporation. For the purposes of the corporation, public sector corporators will include: municipal and county government; councils of government; local and area development corporations; regional planning commissions; development districts; state agencies; higher educational facilities, including the components of the State university system, the Maine Maritime Academy, private

colleges and post-secondary schools, and vocational-technical institutes; and such other public or quasi-public entities as might be approved by the directors of the corporation. Ex-officio corporators will consist of the heads of eighteen of the major state departments and agencies and the Chancellor of the University of Maine.

All corporators will have voting rights similar to stockholders in the affairs of the corporation; where a corporator is an organization and not an individual, the governing body of that organization will designate the individual who will exercise the voting right.

The corporation will have a governing board of fifteen directors. Twelve directors would be elected by the vote of the corporators, with seven to be elected from the private sector corporators and five from the public sector corporators. The Governor would appoint two directors from the ex-officio corporators.

A Chairman, Vice-Chairman and a Treasurer would be elected by the corporators from the Board of Directors. The Directors would appoint a President who would be the Chief Executive Officer of the corporation. The President would not be appointed from the Board membership but would become a member of the Board upon appointment. The Directors would serve for one-year terms and, other than the President, would be limited to serving five consecutive terms.

There is also a provision for general membership in the corporation in order to include the greatest number of interested individuals and organizations. Members would not have voting rights but would be able to participate in many of the activities of the corporation. Public sector organizations could become members by contributing less than \$50 annually to the corporation, and private sector members would be those private sector individuals and organizations contributing less than \$250 annually.

The corporation would be given the broadest powers in order for it to be flexible and to pursue those activities which may be found to be most appropriate for it, including the following:

1. To purchase or otherwise hold, own, lease, mortgage, sell, option, grant or otherwise manage or dispose of any real estate and personal property of any nature, to borrow, and to lend, grant or otherwise donate any of its assets.
2. To receive and accept property, whether real, personal or mixed, by way of purchase, gift, devise, bequest, lease or in any other way, from any person, firm, trust or corporation, to be held, administered or disposed of in accordance with its purposes.
3. To invest and re-invest, sell, mortgage, lease, develop, operate, manage and exchange the property so received or acquired and may do any and all other things which may be necessary or useful and incidental in order to accomplish any of its purposes.
4. To provide services to public or private entities, to assist their efforts in economic development and to charge such fees for these services as it may deem appropriate from time to time.
5. To make by-laws, rules and regulations, and do all things necessary or convenient to carry out the purposes of the corporation.

The corporation is designed to operate in the same way as a private business, but with a broader public purpose. The public nature of the corporation is reflected in its statement of purpose, the composition of its corporators, the requirement that no net earnings of the corporation benefit any corporator, and the State funds to be appropriated to the corporation. These State funds, up to \$250,000 annually, are to be used only to match equally the contributions to

be received by the corporation from its private and public sector corporators and members. Any unmatched portion of the appropriation would eventually return to the General Fund.

If the corporation should fail, the corporation's liabilities would be paid off and any remaining assets of the corporation would be transferred to the State.

The chartering legislation would provide for an organizing committee appointed by the Governor to provide for the initial development of the corporation. The composition of the organizing committee will be the same as that of the corporation's Board of Directors, minus the President, and with a chairman appointed by the Governor. The organizing committee would solicit the initial corporators from the private and public sectors, and would provide for the initial organizational meeting of the corporators within six months from the effective date of the legislation.

With the chartering of the corporation and the appropriation of the State matching fund, it is clear that the State is issuing a challenge and an invitation to the private sector and to other public sector elements to join with it in a partnership for economic development. If the partnership is formed, Maine can gain a great deal.

VII Improved Finance Mechanisms for Economic Development

(The several recommendations in this area are dealt with separately)

Recommendation: Make changes in the operations of the Maine Guarantee Authority to enhance its accountability.

Rationale

The MGA represents the State's major effort in the area of capital for economic development. Recent problems have indicated a need for operational changes to improve the MGA's performance, protect the State's credit rating, and increase the MGA's contribution to the future economic development of the State.

Description

The MGA would be required by statute to prepare an annual investment strategy, which would be transmitted to the Governor, the proposed Maine Development Corporation, the proposed Council of Economic Advisors, the State Planning Office, and the Legislature. Assistance in the development of the strategy could be provided by the State Planning Office, the State Development Office, and other relevant agencies or organizations. The strategy would indicate the intended areas of focus, both geographic and economic, for the following year, including an analysis of the economic consequences of the strategy chosen in comparison with optional strategies. Such a strategy would maintain sufficient flexibility for the MGA to deal with special situations as they arise.

Authority members and staff would be required by statute to file a public disclosure statement with the Secretary of State following any contact with the MGA initiated by an elected official or his representative on behalf of a party having business with the MGA. The statement would include the name of the MGA member or staff member, the name of the elected official, the time of the contact, and the party or loan guarantee discussed. This requirement would serve to publicize contacts between elected officials and the Authority and could decrease the political pressure brought to bear on the Authority's decisions.

Recommendation: Expand the Maine Guarantee Authority's program capabilities without creating any greater credit exposure for the State.

Rationale

Economic development efforts in Maine would be improved by an expanded MGA ability to issue industrial revenue bonds and to guarantee land development loans. This expanded scope would provide the MGA with additional flexibility to meet Maine's future needs for economic development, within the existing dollar limits set by the Legislature.

Description:

The MGA should have the capability to operate an industrial revenue bond program. Under this program, two types of industrial revenue bonds could be issued: bonds backed by the revenues of an individual company and "umbrella" revenue bonds for two or more firms. Both types of bond would be self-sustaining; they would be issued by the MGA with no obligation of the State's credit. The Authority would hold title to the project for the term of the bond issue. The bonds could have terms of up to 40 years and cover up to 100% of project costs. They could be insured by the MGA, but this would not be a requirement. This program would operate in parallel with the existing municipal industrial revenue bond program. It would allow industrial revenue bonding in the unorganized territories, where it is currently impossible; and in some cases it would be more attractive to an industry to use a State program rather than a municipal program. In the future, it could provide economies of scale for both the industries and municipalities involved.

Umbrella revenue bonds would be issued by the MGA for two or more industrial development mortgage loans. The bonds could be insured by the MGA, which might be necessary in this case to market the bonds. This program would be designed for smaller firms which are not normally able to afford a public issue or to find an outlet for small issues.

The MGA should have the capability to guarantee up to 95% of loans to the Maine Development Corporation and other non-profit development corporations for land development projects, up to an amount equal to 100% of the undeveloped market value of the land. To be eligible, projects would be required to have a commitment from the municipality to provide the necessary infrastructure and public services, a feasibility study indicating that the land is suitable for industrial development, and reasonable assurance that the project can gain approval from environmental authorities. Eligible projects would have to be deeded to a non-profit development corporation.

The MGA currently operates two distinct guarantee programs, one for industrial projects and one for recreational projects. To give the MGA increased flexibility, the two programs should be merged to give the MGA one total guarantee limit, one reserve fund, and one project guarantee limit. In addition, aquaculture and mariculture should be specifically included in the statutory list of eligible projects for industrial loan guarantees.

Recommendation: Eliminate unnecessary legal restrictions on municipal industrial development efforts.

Rationale:

The municipality provides essential services for a new industry. It is often intimately involved in the process of attracting a particular firm. Existing legal requirements limit unnecessarily the municipality's ability to attract new firms by extending the time period and increasing the costs to that firm before a definite commitment can be made. The following changes are not inconsistent with practices in other states and would improve the competitive position of Maine communities.

Description:

1. The requirement for a local referendum on a municipal revenue bond issue should be eliminated. This is not a requirement in many other states, and it serves as a deterrent to potential new industry. Approval by elected municipal officials should be a sufficient requirement, because the municipality must hold the title and issue the bonds in every case. The credit of the municipality is not involved, as has been demonstrated by Maine case law.

2. A municipality should be defined by statute as legally equivalent to a local development corporation for the purposes of allowing the MGA to guarantee municipal revenue bonds. Current law requires a local development corporation to hold title in order for an industrial loan to be eligible for a guarantee. This is incompatible with the requirement that the municipality hold the title to be able to issue an industrial revenue bond.

This change would eliminate the need for a municipality to take an extra legal step in the process of obtaining new industry.

VIII Vocational Education

Recommendation: Expand the capacity of the State's Vocational Technical Institutes to respond to the training needs of Maine's businesses and citizens; improve centralized VTI data resources.

Rationale

A well-trained labor force is an essential resource for successful economic development. The State of Maine provides vocational and technical training in its regional technical vocational centers, which operate primarily at the secondary level and are funded under the Educational Finance Act, and in its six vocational technical institutes (VTI's), which operate at the post-secondary level and are independently funded by the Legislature. Some vocationally-oriented programs are offered at the various campuses of the University of Maine, and some independent training programs are operated by several prime sponsors under the federally-funded Comprehensive Employment and Training Act. The Task Force believes that the vocational technical institutes have the greatest potential of these sources as a highly productive element of the State's economic development effort, and particularly as an element of the industrial development effort. An excellent placement record of over 90% in every year attests to the efficiency and success of Maine's VTI's.

However, the VTI's currently face severe limitations on their efforts to provide training for Maine citizens in occupations for which there is a demand in the State. The following specific recommendations are intended to reduce these limitations and to provide for a VTI system which is more responsive to immediate training needs, able to serve more Maine students, more flexible in its program offerings, and still fully accountable to the people of the State

through the Legislature. Some of these recommendations are among those being considered by the State Board of Education, which has the operational responsibility for the VTI's, for submission to the Governor as part of his program for the 108th Legislature.

Description

1. Provide for the retention of all revenues obtained from student tuition and fees at the Institute level. All such monies now go directly to the State's General Fund. Thus there is little incentive for the VTI's to expand enrollments, because they do not retain the increase in revenue to offset the related increase in costs. Tuition rates, which are set by the Board of Education, have little or no relationship to actual funding. This change would provide a great incentive for better management and more responsive service. Those businesses which send their employees to VTI training programs would be willing to pay higher tuition rates, or would be willing to underwrite the cost of programs not now available. Financial aid should be increased to provide access to individual students who would otherwise be unable to attend.

2. Provide the authority for the Bureau of Vocational Education and individual VTI directors to apply for and accept additional funds as may be obtained from sources other than State appropriations and student tuition and fees. Currently, approval is needed from the Board of Education, the Governor, and the Executive Council to apply for and again to accept such funds. The time delays involved make it very difficult to attract foundation, private industry, and federal agency interest and to respond promptly to a pressing training need. This change will provide an incentive which is currently lacking to seek out potential sources of outside funding, particularly for innovative programs.

3. Permit expenditure of other-than-State-appropriation monies outside the Legislative appropriations (i.e. line-item budget) process. These monies do not come from the State's General Fund. Their expenditure would, of course, be subject to State post-audit.

Freedom from legislatively-imposed line-item budgets for these funds would allow the VTI's a much-needed flexibility in response to immediate training needs and in long range planning for new programs. New program requirements within the Department of Educational and Cultural Services already specify that a VTI must present a thorough documentation of need for a proposed program, including prospects for placement of students upon completion, before such a program can be approved. The current total line-item budget procedure means that a minimum of three years will pass between the initiation of a new program proposal and its implementation at any VTI. Freedom from line-item budgeting for other-than-State-appropriated monies would also provide an incentive for VTI's to discontinue those programs so funded when a demonstrated need for their graduates no longer existed, because there would not be a concomitant loss of funds. Under such a system, VTI's would be able to respond to the request of a particular industry for training of its employees, which is not always possible now. State-appropriated monies would continue to be budgeted and expended as are those funds appropriated to other State agencies and departments.

4. Allow the Governor to delegate the authority to approve transfers of State-appropriated monies between VTI's and between line-items within a VTI to the Commissioner of Educational and Cultural Services. This would allow a faster, yet still fully accountable, response to immediate needs at the Institute level. The VTI's are post-secondary educational institutions and as such have needs and problems quite different from those at the elementary and secondary levels of public education. In many cases, rapid response to a particular need may make the difference in the decision of a particular company or business to locate or expand in Maine.

5. Subject to availability of funds, maintain VTI funding at least at the current level of State Appropriations. With the retention of tuition monies at the Institute level, and maintaining the current level of State appropriations, this would mean an increase

in funding for the VTI's of approximately \$1,000,000 at current tuition rates. This would allow expansion to serve at least part of the documented demand for VTI services. Maine's VTI's have demonstrated their ability to provide well-trained manpower to meet Maine's needs. Both graduates and their employers have repeatedly expressed their satisfaction with the quality of VTI training. An expanded VTI effort would serve the expressed needs of Maine citizens and serve as a valuable attraction for new industry.

6. Require the Bureau of Vocational Education in the Department of Educational and Cultural Services to maintain data on the number of applications, acceptances and enrollments by program at each VTI and in total. Contact with the individual VTI directors indicates that as many as 1000 qualified applicants may have been turned away for 1976-77. This is a vital indication of the demand for training in existing VTI programs and as such should be a basic part of centrally available data. It is essential to centralized program and facilities planning. It is primary documentation of the need for expanded VTI services, a need which this Task Force finds to be very real at this time. Due to its importance, the Task Force submits this as a legislative recommendation, but it is clear that the improved documentation can be brought about by administrative action.

IX Tourism

Recommendation: Appropriate \$300,000 as equal matching funds to a private organization concerned with the tourist industry for national tourism advertising and informational services, or as funding for informational services to be provided by the State Development Office.

Rationale

The development of tourism promotion in Maine has been somewhat in limbo in the past several years. Those involved in the industry have not provided strong leadership

in this area, and State government has been reconsidering the nature and scope of State policy and State efforts in this area. Such careful consideration should be necessary before the State commits itself to supporting a particular economic sector.

The responsibility for tourism promotion is still included in the legal mandate of the State Development Office (5 MRSA 361 § 7002). SDO's funding level, however, does not allow the printing of enough information brochures to meet the demand for them (900 inquiries a week to SDO alone). In fiscal 1976 less than one-tenth the number of brochures were printed as were printed in fiscal 1974. SDO has no funding for advertising or other promotional activities, although it does provide some public relations services upon direct request. The State now has no glossy, multi-purpose brochure similar to those produced by most states.

The majority of requests for information are referred to the Maine Publicity Bureau, which has always responded with brochures printed by the State. The Publicity Bureau also operates information centers and handles information requests received by all State agencies. Traditionally, it does not engage in any publicity activities. It is dependent on private funding, which has been decreasing in recent years. There is currently no significant State support to the Bureau, although there has been in prior years.

It should be obvious to all concerned that the State is not ready and able to provide the primary leadership and fiscal support in promoting this economic sector. This is as it should be. The Task Force believes that those benefitting from this tourist industry must bear the primary responsibility for tourism promotion and informational services. At the same time, the State does have a strong interest in tourism development. Jobs, sales tax revenues, and the sale of Maine crafts and other goods and services are some of the benefits of tourism.

In 1975, spending by tourists totalled 337 million dollars, generating approximately 600 million dollars in total tourism business activity. Over thirteen percent of total State tax revenues are generated by tourism. It is also noted that along with this influx of capital

come vacationing business executives who may eventually decide to locate their business in Maine.

Description

A strong, credible private sector entity to deal with all aspects of tourism would attract regular contributions from members of the industry. The State should then match these contributions on a dollar-for-dollar basis up to an appropriation limit set by the Legislature. The State appropriation would be available only if the private agency provided national advertising and handled all requests for information now received by the State. This agency would be accountable both to its private contributors and to the State in terms of use of funds and demonstrable results. This accountability might be reinforced by a requirement that certain representatives of the State be members of the agency's board of directors.

The Task Force made no effort to identify a private agency to undertake this task. The Task Force plans to contact a number of leaders in the tourism industry in the near future to work with it in defining such an agency. We hope to complete the definition process by January 1, 1977. Such legislation as might be necessary could then be prepared for the first session of the 108th Legislature.

Should such an agency not be operational by the start of the next fiscal year, the Task Force believes that the State's effort in tourism needs to be expanded. We recommend that SDO request approximately \$300,000 for fiscal 1978 to be used by that office for informational services only. It is noted that the state map currently produced by the Department of Transportation could well serve as the State's single informational brochure. Private organizations in various tourism sectors should be encouraged to provide informational brochures which the State could include in its mailings. Should an appropriate private tourism agency be identified, the \$300,000 would become the State's matching money, and SDO would serve only an oversight function in the tourism area. The existence of the State matching funds

would serve as an incentive to those involved in tourism to work together to promote this important part of the State's economy.

AN ACT to Provide for a Council of Economic Advisors

Be it enacted by the people of the State of Maine, as follows:

Sec. 1. 2 MRSA § 6, sub-§ 1, is amended to read:

1. The salaries of the following state officials and employees to no more than \$25,500:

Commissioner of Transportation;
 Commissioner of Conservation;
 Commissioner of Commerce and Industry;
 Commissioner of Finance and Administration;
 Commissioner of Educational and Cultural Services;
 Commissioner of Environmental Protection;
 Commissioner of Health and Welfare;
 Commissioner of Mental Health and Corrections;
 Commissioner of Public Safety;
 Commissioner of Business Regulation;
 Commissioner of Manpower Affairs;
Chairman, Council of Economic Advisors;

Sec. 2. 2 MRSA § 6, sub-§ 10, is enacted to read:

10. The salaries of the following state officials and employees to no more than \$6,000:

Members of the Council of Economic Advisors, other than the Chairman

Sec. 3. 5 MRSA c. 371 is enacted to read:

Chapter 371

Council of Economic Advisors

§ 8000 Statement of Necessity

The orderly development of a diversified and vigorous economy in the State of Maine is of vital importance to the well-being of its citizens. State government bears an important responsibility for nurturing a healthy environment in which economic development can occur, and responsible policy and program development and management by State government is a significant factor in the health of the economic environment. In addition to the efforts of operating departments, there

are several staff agencies which conduct analyses of current and potential activities of State government, but their capacity is limited. Like the operating departments, the staff agencies are burdened with a range of responsibilities and duties which limit their capability to conduct a thorough analysis of many issues; legislative or executive branch staff agencies are also responsible for serving their separate branches, and this responsibility may, on occasion, limit the objectivity of an analysis. An independent state agency with the ability to conduct objective analyses would provide a needed complement to existing agencies; it would assist State government in making more informed and responsible decisions affecting the State's economy and would provide further information to Maine citizens to assist them in their direction of public policy. It is found then, that the Executive and the Legislative branches of State government and Maine citizens would benefit from the establishment of a further resource for economic analysis of issues which may affect the economy of the State; the Council of Economic Advisors is created for this purpose.

§ 8001 Establishment; purpose

The Maine Council of Economic Advisors, hereinafter referred to as the Council, is established as an independent agency to provide the Executive and Legislative branches ^{and Maine citizens} with an economic analysis of existing and proposed legislation, regulations and programs in order that more informed and responsible decisions can be made with appropriate consideration of the general economy and the economic climate of the State.

§ 8002 Membership; organization

The Council shall consist of three members, one of whom shall be appointed as Chairman, appointed by the Governor, subject to review by the Joint Standing Committee on Appropriations and Financial Affairs and to confirmation by the Legislature. The Chairman shall be appointed for a four-year term. The remaining members shall be appointed for three year terms, except that of the first members appointed, one shall be appointed for a term of two years. Each appointment shall be for the term prescribed and until a successor is appointed and qualified. Any vacancy shall be filled for the unexpired portion of the term by the Governor, subject to review by the Joint Standing Committee on Appropriations and Financial Affairs and to confirmation by the Legislature.

The members of the Council shall have a working knowledge of Maine's economic conditions, problems and opportunities, and shall be capable, by virtue of training and experience, of analyzing and drawing conclusions about the economic impact of existing and proposed legislation, regulations and programs.

The Council shall meet at the call of the Chairman or at the request of the two remaining members.

§ 8003

Powers and Duties

The Council of Economic Advisors shall have the following powers and duties:

1. Review and evaluate. The Council shall, on its own initiative, or may, at the request of the Governor or a Joint Standing Committee of the Legislature and with the approval of the Council, review and evaluate:
 - a. the costs and benefits of existing and proposed legislation, regulations and programs;
 - b. the impact of existing and proposed legislation, regulations and programs on the economic climate;
 - c. the impact of existing and proposed legislation, regulations and programs on the credit or credit rating of the State or any instrumentality thereof.
 - d. the impact of existing and proposed legislation, regulations, and programs on the revenues and the tax structure of the State.
2. State Agency Assistance. The Council may request State agencies to conduct analyses or provide information to the Council as deemed necessary, and such requests shall not be unreasonably denied. The Council shall, to the extent possible, use the services, facilities and information of state agencies and other public and private entities in order to avoid duplication of effort.
3. Reports. The Council shall report its findings to the Governor and to the Legislature and may publish such findings as it deems appropriate; the findings and records of the Council shall be available to the public, consistent with the provisions of 1 MRSA C. 13, sub-c. 1.
4. Rules and Procedures. The Council may develop such rules and procedures as it deems necessary to carry out the purposes of this chapter.
5. Funds. In addition to the utilization of appropriated funds, the Council, with the approval of the Governor and the Legislative Council, may accept transfers of funds from State agencies to assist it in its work, any other provisions governing such transfers notwithstanding.

§ 8004

Powers and Duties of the Chairman

The Chairman shall serve on a full-time basis and shall be the chief administrative officer of the Council. The Chairman shall appoint, determine compensation for and remove the staff of the Council and shall prescribe their duties as may be necessary to implement the purposes of this chapter.

§ 8005 Construction

This chapter shall be construed liberally to effectuate the legislative intent and the purposes of this chapter. All powers granted in this chapter shall be broadly interpreted to effectuate such intents and purposes and not as a limitation of powers.

Sec. 4. Appropriations. There is appropriated from the General Fund the sum of \$115,000 to carry out the purposes of this Act. The breakdown shall be as follows:

	1977-78
Personal Services	87,135
All Other	<u>27,865</u>
	\$115,000

ROUGH DRAFTAN ACT TO PROVIDE FOR REVIEW AND TERMINATION OF STATE AGENCIES AND REGULATIONS

Be it enacted by the People of the State of Maine, as follows

Sec. 1 3 M.R.S.A. c.23 is enacted to read:

Chapter 23

Review and Termination of State Agencies and Regulations

§ 485 Statement of Necessity.

It is declared that State Government has a great and difficult responsibility of providing an environment in which the People may have the greatest opportunity to protect their inalienable rights and to pursue and achieve their individual purposes, consistent with the rights of others. State government has great powers conferred on it from time to time by the People to influence that environment. The exercise of these powers, or the lack of their exercise, requires the fullest awareness and approval of the People in order that the powers of State government are utilized when necessary and appropriate, that these powers are continually effective in addressing the purpose for which they were designed, that these powers are not abused, and that, when the purpose changes or when the power is no longer necessary, the powers should be modified or withdrawn. This constant awareness and approval by the People is required in order that State government function to serve the People and does not become an expensive and fettering restriction on the general public interest in a sustaining economy, in social and cultural rights and opportunities, and in the wise husbandry of our natural resources.

It is declared that the Legislative and Executive branches of government recognize this need and have improved their capability to review and assess the role of State government and the exercise of its powers. It is further declared that, with the growing complexity of society and government, and with the great cost of government, a systematic review and assessment procedure must be established.

For these reasons, it is found that the following procedures should be developed:

- a. An improved system of monitoring the development, administration and implementation of rules and regulations of State government.
- b. A formal system to review, evaluate, and recommend changes as appropriate for the occupational licensing and registration agencies and other independent agencies of State government.
- c. A formal system to review, evaluate and recommend changes as appropriate for the major functions of government.

It is further found that the People must have the broadest opportunity to avail themselves of, and participate in, these systems.

§486 Rules defined.

"Rule" means the whole or any part of every regulation, standard, code, statement of policy, or other agency statement of general applicability, including the amendment, suspension or repeal of any prior rule, that (1) has the force of law, or the violation of which may result in the imposition of sanctions, and (2) implements, interprets or makes specific the law administered by an agency of State government or describes the procedures or practices of the agency.

§487 Statement of Need.

The Legislature must delegate rule-making powers to executive agencies in order that the specific expertise of these agencies can be fully utilized in implementing the laws of the State consistent with general legislative intent and with the administrative flexibility needed to implement the laws in a reasonable manner. However, with this broad delegation of authority, there exists the potential for legislative intent to be distorted or abused, whether purposefully or through lack of understanding.

Therefore the Legislature needs to review the rules proposed and promulgated by agencies in order to rectify agency mistakes, capriciousness, or unreasonableness. Such legislative review encourages agency responsiveness to legislative intent, and provides agencies with a clarification of legislative intent where necessary.

The Legislative Council shall establish the Joint Standing Administrative Rules Review Committee and shall appoint the members of the committee in a manner consistent with the Joint Rules of the Legislature.

a. Existing Rules

The Administrative Rules Review Committee shall review annually the rules promulgated by the agencies of State government to assure that the rules are not unreasonable, arbitrary, capricious or otherwise beyond an agency's delegated authority and that the rules are consistent with legislative intent. In the event that the committee finds that a rule or rules should be annulled, it shall refer the rule in question to the appropriate joint standing committee having jurisdiction in that area for further action together with the reasoning supporting its finding. Such committee may recommend to the Legislature that the rule or rules in question be annulled. A rule may be annulled through a concurrent resolution of the Legislature.

This provision shall not prevent any joint standing committee from reviewing and recommending the annulment of any rule in an area normally within the jurisdiction of that committee, consistent with the Joint Rules of the Legislature. The scope of review of such committee shall be as stated in the above paragraph.

If a rule is annulled by the concurrent resolution of the Legislature, such annulment shall not invalidate other rules not specifically annulled by the concurrent resolution.

Existing Rules to be provided to the Joint Standing Administrative Rules Review Committee, the State Budget Office and the State Planning Office.

No later than the tenth day of January in each year, each agency shall

provide copies of the codified rules pertaining to that agency to the Joint Standing Administrative Rules Review Committee, the Secretary of State, the State Budget Office and the State Planning Office. The agency shall certify that all rules required by statute to be developed by the agency have been promulgated. In the event that such rules have not been promulgated, the agency shall provide an appropriate explanation and shall indicate when such rules shall be adopted.

§ 490 A certified copy of each rule promulgated by an agency throughout the year, shall be immediately filed with the Joint Standing Administrative Rules Review Committee, the Secretary of State, the State Budget Office, and the State Planning Office.

§490a Emergency Rulemaking

If an agency finds that immediate adoption of a rule by procedures other than those set forth by statute ^{is necessary} in order to avoid an immediate threat to public health, safety or general welfare, it may modify those procedures to the maximum extent required to enable adoption of a rule to mitigate or alleviate the threat found.

Any emergency rule shall include the agency's finding with respect to the existence of an emergency, and such findings shall be subject to judicial review. Any emergency rule shall be effective only for 90 days or any lesser period of time specified in the emergency period; such rule shall not be adopted except as it may be adopted through the normal procedures of rule making.

§ 491 Termination

In any case where the procedures set forth in sections 4 and 5 are not carried out by the agency, the rules in question shall be found to have no force or validity, subject to the emergency rule making authority provided.

1. Judicial review of an agency rule, or of an agency's refusal or failure to adopt a rule where the adoption of a rule is required by law, may be had by any person who is aggrieved in an action for declaratory judgment in the Superior Court conducted pursuant to 14 M.R.S.A. §§ 5951, et seq., which provisions shall apply to such actions wherever not inconsistent with this section. Insofar as the Court finds that a rule was improperly adopted or exceeds the rulemaking authority of the agency it shall declare the rule invalid. In the event that Court finds that an agency has failed to adopt a rule as required by law, the Court may issue such orders as are necessary and appropriate to remedy such failure.

2. The failure to seek judicial review of an agency rule in the manner provided by subsection 1 shall not preclude judicial review thereof in any civil or criminal proceeding to enforce such rule.

§ 502 Definitions

As used in this chapter, unless the context requires otherwise, the following terms shall have the following meanings.

1. Department. "Department" means the Departments of Agriculture, Business Regulation, Conservation, Educational and Cultural Services, Environmental Protection, Finance and Administration, Human Services, Indian Affairs, Inland Fisheries and Wildlife, Manpower Affairs, Marine Resources, Defense and Veterans Services, Mental Health and Corrections, Public Safety, Transportation, Personnel, the Maine State Retirement System and the Board of Trustees of the University of Maine and the Public Utilities Commission, including any bureau, agency, office, commission or other body or official which by law is within one of these organizations except as listed in subsection 2. Department shall also mean the Executive Department in regard to the State Planning Office, the State Development Office, the Office of Energy Resources, and the Maine Canadian Exchange Office.

2. Independent Agency. "Independent agency" generally means an agency, bureau, commission, office or official of state government which is not within or part of one of the departments set forth in subsection 1 and which is not or is not part of the Legislature, the judicial department, a county, a municipality, or a special district. Independent agency shall also mean those occupational licensing agencies which may be within or part of one of the departments set forth in subsection 1, and the Land Use Regulation Commission, the Board of Environmental Protection, and the Employment Security Commission.

§ 503. Review or termination reports

1. Review reports. Each department designated in section 505 shall prepare and submit to the Legislature a review report according to the schedule set forth in section 505 and at least once every ten years thereafter.

2. Termination reports. Each independent agency designated in section 505 shall prepare and submit to the Legislature a termination report according to the schedule set forth in section 505. Each independent agency so designated shall, unless continued or modified by law, terminate according to the schedule. However, each terminated agency shall have a grace period, not to exceed one year, in which to complete its duties. If an independent agency is continued or modified by law, then this agency or its successor shall submit a new termination report at least once every ten years at the direction of the Legislature until terminated.

3. Future departments or independent agencies. The Legislature shall establish schedules for review or termination of departments or independent agencies created or reorganized after the effective date of this Act.

§ 505 Contents of Review and termination Reports

Each review or termination report shall include, but not be limited to, the following information.

1. Program and objectives. Each report shall include a description of the department or independent agency and each of its programs, bureaus, or advisory boards, or commissions, including a reference to authorizing legislation and an organizational chart.

2. Financial statement. Each report shall include a financial statement showing all funds available and expended, from whatever source.

3. Other programs. Each report shall include an identification and description of all other government programs and activities having the same or similar objectives,

along with a comparison of the cost and effectiveness of such programs or activities and of any duplication by such programs and activities.

4. Objectives. Each report shall include an analysis, quantified as much as possible, of the extent to which the objectives of the department or agency have been achieved. In addition, termination reports for occupational licensing boards shall include the following specific elements:

- i. the justification of the qualifications required in terms of the functions performed by the industry.
- ii. the extent to which qualified applicants are permitted to serve the public.
- iii. the extent to which state and federal affirmative action requirements have been complied with by the Board and the industry regulated.
- iv. the extent to which existing statutes, procedures, resources and practices impede or enhance the public interest to be served.
- v. the extent to which the Board has recommended statutory changes which would benefit the public as opposed to the persons regulated.
- vi. the extent to which the Board has required the persons regulated to assess problems in the industry affecting the public and to report to it concerning the impact of the actions of the Board on the public regarding improved service, economy of service, and availability of service.
- vii. the extent to which the Board solicits and responds to public comment in making its rules and decisions or in assessing needed service improvements, economy of service, and availability of service, as opposed to soliciting and responding solely to comments by the persons regulated.
- viii. the extent to which formal public complaints regarding the industry and persons regulated have been processed to completion by the Board or any other applicable agency of State government.

The Legislature may by law establish a format for the review and termination reports and require further information for such reports. The Legislature shall establish procedures for review of such reports by legislative committees provided that a public hearing shall be held as part of each departmental review. Upon receipt of such reports, the Legislature may establish an independent citizens' review commission to study the subject agency. The membership of the commission, the scope of its inquiry, and the time period in which it must act shall be specified by the Legislature. Legislation recommended as a part of the report of the commission shall automatically be submitted for consideration by the Legislature.

For the following departments and independent agencies, the review or termination schedule shall be as provided in this section.

1. Group A departments. The following group A departments shall be reviewed by the Legislature no later than June 30, 1980:

A. Department of Business Regulation, Title 10, section 8001.

B. Public Utilities Commission, Title 35, Section 1.

2. Group A independent agencies. The following Group A independent agencies shall terminate, not including a grace period, no later than June 30, 1980:

A. State Board of Registration of Professional Foresters, Title 32, section 5004;

B. Board of Accountancy, Title 32, section 3971;

C. Arborists Examining Board, Title 32, section 2001;

D. Maine State Board for Registration of Architects, Title 32, section 151;

E. Board of Examiners for the Examination of Applicants for Admission to the Bar, Title 4, section 801;

- F. State Board of Barbers, Title 32, section 351;
- G. Board of Chiropractic Examination and Registration, Title 32, section 501;
- H. State Board of Cosmetology, Title 32, section 1601;
- I. Board of Dental Examiners, Title 32, section 1071;
- J. State Board of Registration for Professional Engineers, Title 32, section 1301;
- K. State Board of Funeral Service, Title 32, section 1451;
- L. State Board of Registration for Land Surveyors, Title 32, section 1671;
- M. Board of Licensure of Administrators of Medical Care Facilities other than Hospitals, Title 32, section 63;
- N. Board of Registration in Medicine, Title 32, section 3263;
- O. State Board of Nursing, Title 32, section 2151;
- P. State Board of Optometry, Title 32, section 2565;
- Q. Board of Osteopathic Examination and Registration, Title 32, section 2561;
- R. Penobscot Bay and River Pilotage Commission, Title 38, section 89;
- S. Board of Commissioners of the Profession of Pharmacy, Title 32, section 2851;
- T. Board of Examiners in Physical Therapy, Title 32, section 3001;
- U. Plumbers Examining Board, Title 32, section 3401;
- V. Examiners of Podiatrists, Title 32, section 3601;
- W. State Board of Social Worker Registration, Title 32, section 4186;

3. Group B departments. The following Group B departments shall be reviewed by the Legislature no later than June 30, 1982:

- A. Department of Transportation, Title 23, section 4205;
- B. Department of Agriculture, Title 7, section 1;
- C. Department of Public Safety, Title 25, section 2901;
- D. Department of Defense and Veterans Services, Title 37-A.
- E. The Executive Department as defined in § 502, sub. § 1.

4. Group B independent agencies. The following Group B independent agencies shall terminate, not including the grace period, no later than June 30, 1982:

- A. Passenger Tramway Safety Board, Title 25, section 1941;
- B. Maine Turnpike Authority, P & S L. 1941, chapter 69;
- C. Civil Air Patrol, Title 6, section 16;
- D. Maine State Housing Authority, Title 30, section 4601-A.
- E. Maine State Housing Authority Board of Appeals, Title 30.
- F. Land Use Regulation Commission;
- G. Board of Environmental Protection;
- H. Board of Emergency Municipal Finance, Title 30, section 5301;
- I. Director of State Lotteries, Title 8, section 352;
- J. State Lottery Commission, Title 8, section 351;
- K. Advisory Committee on Maine Public Broadcasting, Title 20, section 2601;

5. Group C departments. The following Group C departments shall be reviewed by the Legislature no later than June 30, 1984;

- A. Department of Conservation, Title 12, section 5011;
- B. Department of Inland Fisheries and Wildlife, Title 12, section 1951;

- C. Department of Environmental Protection, Title 38, section 341;
- D. Department of Marine Resources, Title 12, section 3451;
- E. Department of Manpower Affairs, Title 26, section 1401.

6. Group C independent agencies. The following Group C independent agencies shall terminate, not including a grace period no later than June 30, 1984:

- A. Baxter State Park Authority, Title 12, section 901;
- B. Coastal Island Trust Commission, Title 12, section 624;
- C. Saco River Corridor Commission, P & S L. 1973, chapter 150;
- D. Soil and Water Conservation Commission, Title 12, section 1;
- E. State Entomologist, Title 12, section 521;
- F. Inspector of Dams and Reservoirs, Title 38, section 811;
- G. Maine Sardine Council, Title 36, section 4693;
- H. State Development Office, Title 5, section 7001;
- I. Maine Guarantee Authority, Title 10, section 751;
- J. Maine Municipal Bond Bank, Title 30, section 5164;

7. Group D departments. The following Group D departments shall be reviewed by the Legislature no later than June 30, 1986:

- A. Department of Human Services, Title 22, section 1;
- B. Department of Indian Affairs, Title 22, section 4702;
- C. Department of Mental Health & Corrections, Title 34, section 1.

8. Group D independent agencies. The following Group D independent agencies shall terminate, not including a grace period, no later than June 30, 1986:

- A. Maine Health Facilities Authority, Title 22, section 2054;
- B. Health Facilities Advisory Council, Title 22, section 1709;

- C. Maine Medical Laboratory Commission, Title 22, section 2026;
- D. Board of Trustees, Group Accident and Sickness or Health Insurance, Title 5, section 285;
- E. District Health Officers, Title 22, section 401;
- F. Board of Sanitation, Licensing and Inspection, Title 5, section 311;
- G. State Planning and Advisory Board on Developmental Disabilities, Title 34, section 2064;
- H. Board of Visitors (to the State Institutions), Title 34, section 41;
- I. Maine Committee on the Problems of the Mentally Retarded, Title 34, section 2063;
- J. Industrial Accident Commission, Title 39, section 91;
- K. Governor's Committee on Employment of the Handicapped, Title 26, section 791;
- L. Maine Criminal Justice Planning and Assistance Agency, Title 5, section
- M. Employment Security Commission

9. Group E departments. The following Group E departments shall be reviewed by the Legislature no later than June 30, 1988:

- A. Department of Finance and Administration, Title 5, section 281;
- B. Department of Educational and Cultural Services, Title 20, section 1;
- C. Maine State Retirement System, Title 5, section
- D. Board of Trustees of the University of Maine, Private and Special Law 1967, chapter 229.

10. Group E independent agencies. The following Group E independent agencies shall terminate, not including the grace period, no later than June 30, 1980:

- A. Educational Leave Advisory Board, Title 5, section 723;
- B. State Advisory Council on Personnel, Title 5, section 592;
- C. Administrative Court, Title 5, section 2401;
- D. State Employees Appeal Board, Title 5, section 751;
- E. Forestry Appeal Board, Title 36, section 565;
- F. Municipal Valuation Appeals Board, Title 36, section 291;
- G. State Personnel Board, Title 5, section 591;
- H. Commissioner of Personnel, Title 5, section 592 and section 631;
- I. Maine Human Rights Commission, Title 5, section 4661;
- J. Maine Vocational Development Commission, Title 26, section 1263;
- K. Post Secondary Education Commission of Maine, Title 20, section 71;
- L. Maine Maritime Academy, P & S L. 1941, chapter 37, 1949, chapter 39;
- M. State Historian, Title 27, section 261;
- N. Office of State Employee Relations, Title 26, chapter 9-B.

§ 506. Review time schedule

Department or independent agencies designated in section 505 shall submit their review or termination reports to the Legislature according to the following schedule:

Group A - no later than October 31, 1978

Group B - no later than October 31, 1980

Group C - no later than October 31, 1982

Group D - no later than October 31, 1984

Group E - no later than October 31, 1986

§ 507. Legal claims

Termination, modification or establishment of departments or independent agencies as a result of the review required by this chapter shall not extinguish any legal claims against the State, any state employee or state department or independent agency.

Specifically, the provisions of this chapter shall not relieve the State or any department or independent agency of responsibility for making timely payment of the principal and interest of any debt issued in the form of a bond or a note.

AN ACT CREATING THE MAINE DEVELOPMENT CORPORATION

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

Sec. 1 Statement of Necessity

The Legislature finds that there exist serious conditions of unemployment, underemployment, and resource underutilization within this State, which cause substantial hardships to many individuals and families, impede the economic and physical development of various regions of the State, and adversely affect the general welfare and prosperity of the State.

The Legislature further finds that development activities in Maine are not taking place in a sufficient amount or in an efficient, coordinated, and well planned manner, causing waste, irreparable damage, and loss of valuable natural resources and economic opportunities to our State.

The Legislature further finds that there exists throughout the State a need for additional assistance in planning, initiating, financing and assisting and coordinating appropriate industrial, manufacturing, commercial, and recreational development activities, in a manner compatible with the natural values of the land and other environmental resources and with the desires of Maine people.

The Legislature further finds that State Government lacks the means by itself and is, by the nature of our government and the nature of our social and economic systems, an inappropriate vehicle to provide the only leadership, skills and resources for fostering and supporting development activities in the State.

The Legislature further finds that the State's great partners in fostering and supporting development activities are the many and varied elements of the private sector and of the quasi-public and public sectors.

Therefore, the Legislature declares that there is need for a new corporation to complement and capitalize on the current and future development activities of State government. The Legislature declares that this corporation should bring together in one partnership the State, other diverse quasi-public and public entities, and the private sector to provide for or to stimulate the provision of: management and technical assistance to business and to communities to enhance economic growth and revitalization; increased development of industrial locations; the development of new products utilizing the State's resources; increased capital investment; the development and promotion of an improved economic climate and economic opportunities in Maine; and the coordination of people, organizations and resources for development projects.

Sec. 2 Establishment

The Maine Development Corporation is established to foster, support and assist economic growth and revitalization in Maine. The corporation shall carry out its purposes in complement to and in coordination with the economic development activities of the private sector, community and regional agencies, and State government.

Sec. 3 Purposes

The Maine Development Corporation is authorized and directed to provide services to the State and to quasi-public, public, and private entities to foster, assist and participate in

efforts for economic growth and revitalization, including but not limited to providing for or stimulating the provision of:

1. Management and technical assistance to business and to communities for economic growth and revitalization, with a particular concern for assistance to the State's existing small and medium size business.
2. Debt and equity capital, with a particular concern for assistance to the State's small and medium size business.
3. New product development and marketing, with a particular concern for the most productive use of the State's human and natural resources.
4. The development of industrial land and buildings.
5. Identification and development of specific economic opportunities in the State.
6. Promotion of an improved economic climate in the State.
7. Coordination of development efforts for more successful project development through serving as a broad liaison with diverse groups and parties in all sectors, and bringing together needed resources for particular projects.

Sec. 4 Corporators

Corporators shall consist of individuals and organizations classified as private sector corporators, public sector corporators, and ex-officio corporators.

1. Private Sector Corporators

Private sector corporators shall be those individuals, partnerships, firms, corporations and other organizations providing support of at least \$250 annually to

the corporation.

2. Public Sector Corporators

Public sector corporators shall be those agencies of government, and other organizations providing support of at least \$50 annually to the corporation. For the purposes of this act, public sector corporators shall include: municipal and county government; councils of government; local and area development corporations; regional planning commissions; development districts; state agencies; higher educational facilities, including the components of the State university system, the Maine Maritime Academy, private colleges and post-secondary schools, and vocational - technical institutes; and such other public or quasi-public entities as may be approved by the directors of the corporation.

3. Ex-Officio Corporators

Ex-officio corporators shall consist of the heads of the major state departments and agencies and the Chancellor of the University of Maine. State department and agency heads shall include the following:

Director of the State Planning Office

Director of the State Development Office

Commissioner of Agriculture

Commissioner of Business Regulation

Commissioner of Conservation

Commissioner of Educational and Cultural Services

Commissioner of Environmental Protection
Commissioner of Finance and Administration
Commissioner of Human Services
Commissioner of Indian Affairs
Commissioner of Inland Fisheries and Game
Commissioner of Manpower Affairs
Commissioner of Marine Resources
Commissioner of Mental Health and Corrections
Commissioner of Transportation
Executive Director of the Maine Guarantee Authority
Executive Director of the Maine Municipal Bond Bank
Executive Director of the Maine State Housing Authority

4. Voting Rights

Each corporator shall have a vote in such affairs of the Corporation as may involve the corporators, provided that in the case where the corporator is an organization and not an individual, the governing body of that organization shall designate the individual who is to exercise the voting right.

Sec. 5 Board of Directors; Officers

The Board of Directors of the Maine Development Corporation shall consist of fifteen directors. The corporators shall elect twelve directors from among the corporators provided that seven directors shall be elected from among the private sector corporators, and five directors shall be elected from among the public sector corporators. The Governor shall appoint two directors from among the ex-officio

corporators. No person shall serve as a director for more than five years in succession. There shall be a Chairman, a Vice-Chairman and a Treasurer elected by the corporators from among the Board of Directors. The President of the corporation shall be appointed by the directors so elected or appointed and shall become a director and chief executive officer of the corporation. The President shall not be appointed from among the other directors.

Sec. 6 Members

Members of the corporation shall be individuals and organizations supporting the corporation with less than \$50 annually in the case of public sector members, according to the definition of public sector corporators provided above, and less than \$250 annually in the case of private sector members. Members may participate in the activities of the corporation as provided by the Board of Directors but shall not be accorded voting rights.

Sec. 7 General Powers

The Maine Development Corporation is empowered:

1. To purchase or otherwise hold, own, lease, mortgage, sell, option grant or otherwise manage or dispose of any real estate and personal property of any nature, to borrow and to lend, grant or otherwise donate any of its assets.
2. To receive and accept property, whether real, personal or mixed, by way of purchase, gift, devise, bequest, lease or in any other way, from any person, firm, trust or corporation, to be held, administered or disposed of in accordance with its purposes.

operate, manage and exchange the property so received or acquired and may do any and all other things which may be necessary or useful and incidental in order to accomplish any of its purposes.

4. To provide services to public or private entities, to assist their efforts in economic development and to charge such fees for these services as it may deem appropriate from time to time.
5. To make by-laws, rules and regulations, and do all things necessary or convenient to carry out the purposes of the corporation.

Sec. 8 General Conditions

The Maine Development Corporation shall operate as a not-for-profit organization consistent with its composition and broad public purposes. The following conditions shall apply to the operation or dissolution of the corporation:

1. No part of the net earnings of the corporation shall inure to the benefit of any corporator except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered, and otherwise hold, manage and dispose of its property in furtherance of the purposes of the corporation.
2. Upon dissolution of the corporation, the corporators shall, after paying or making provision for the payment of all liabilities of the corporation, cause all of the remaining assets of the corporation to be transferred to the State.

Sec. 9 Initial Organization

In order to provide for the initial development of the corporation, the Governor shall appoint an organizing committee whose composition shall be the same as that provided for

the Board of Directors, exclusive of the President and Chief Executive Officer. The Governor shall designate the chairman of the committee. The organizing committee shall solicit individuals and corporations from the private and public sectors as described above to be corporators of the Maine Development Corporation.

The committee shall provide for an initial meeting of the corporators not later than six months from the effective date of this act. The initial meeting shall be for the election of directors and officers of the corporation.

The committee shall prepare an agenda for and the Chairman shall chair the initial meeting. The committee may serve as the nominating committee for the initial election only, and may submit suggested by-laws and procedures for consideration by the corporators.

After the initial meeting of the corporators, the organizing committee shall be dissolved and its members shall serve the corporation only as they may be qualified as corporators. The State Development Office and the State Planning Office may provide assistance to the organizing committee in the initial development of the corporation.

Sec. 10 Appropriation

There is appropriated from the General Fund the sum of \$500,000 for the fiscal years 1977-1978 and 1978-1979 to assist the corporation in its efforts to foster, support, and assist economic growth and revitalization in the State. It is provided, however, that no amount of the appropriation shall be provided to the corporation unless the corporation can demonstrate a matching and equal fiscal support from its private and public corporators

and members described above. Any appropriated funds not matched by the corporators shall not lapse and shall be carried forward. The breakdown shall be as follows:

Maine Development Corporation	1977-78	1978-79
All Other	\$250,000	\$250,000



JAMES B. LONGLEY
GOVERNOR

STATE OF MAINE
OFFICE OF THE GOVERNOR
AUGUSTA, MAINE
04033

October 26, 1976

John M. Daigle, Chairman
Task Force on Economic Development
c/o Casco Bank & Trust Co.
1 Monument Square
Portland, Maine

Dear Jack:

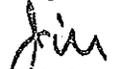
This will acknowledge receipt of the outstanding report of the Task Force on Economic Development. I feel certain that this document is going to be extremely helpful to us as we prepare our program for the 108th Legislature. I am very grateful for the many hours put into this effort by you and other volunteer members of this Task Force. You have performed an excellent service for all the people of Maine.

It is my understanding that this report, as well as others which will follow from other task forces, is preliminary to the degree that legislative proposals will not be finalized until we have received public input on the reports. Tentatively, we have set aside the entire day of November 20th to give the public an opportunity to comment. I appreciate and accept the advice of you and the others that this meeting should be held in Augusta. I am also pleased that it will be on a Saturday so that working men and women will have an opportunity to attend. In addition, I am contemplating two or three additional meetings with representative groups and interested parties in other areas of the State, prior to finalization of our legislative program.

Jack, it is likely that the media will have questions concerning your report and I would be grateful if you could take the additional time to respond to their inquiries. If it would be better for you and the media to have a single meeting to discuss the report in detail, Ralph Lowe in our Communications Office will be happy to help you arrange the details.

My thanks again to you and the members of the Economic Development Task Force for an excellent report.

Very truly yours,


JAMES B. LONGLEY

JBL:pmw
cc: Ralph Lowe