

# MAINE STATE LEGISLATURE

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THE NEED FOR AN ECONOMIC DEVELOPMENT  
STRATEGY FOR THE STATE OF MAINE

REPORT OF A STUDY

BY THE

JOINT STANDING COMMITTEE ON STATE GOVERNMENT

TO THE

MAINE LEGISLATURE

January, 1985

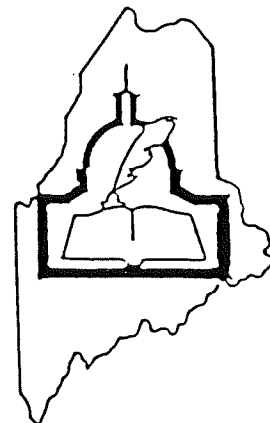
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Representative Dan A. Gwadosky

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SENATE

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WALTER W. HICHENS, YORK

TED POTTER, LEGISLATIVE ASSISTANT  
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STATE OF MAINE

ONE HUNDRED AND ELEVENTH LEGISLATURE

COMMITTEE ON STATE GOVERNMENT

Representative John N. Diamond, Chairman  
Legislative Council  
State House  
Augusta, ME 04333

Dear Representative Diamond:

Enclosed is the final report of the Joint Standing Committee on State Government of the 111th Legislature on its study of the Need for an Economic Development Strategy for the State of Maine. This was authorized by the Legislative Council, and the final report is required to be presented to the First Regular Session of the 112th Legislature. We hope the 112th Legislature will find this report valuable.

Sincerely,

A handwritten signature in cursive script, reading "Paul E. Violette".

Senator Paul E. Violette  
Senate Chairman

A handwritten signature in cursive script, reading "Dan A. Gwadosky".

Representative Dan A. Gwadosky  
House Chairman

enclosure  
elk/280

**SENATE**

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WALTER W. HICHENS, YORK

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STATE OF MAINE  
ONE HUNDRED AND ELEVENTH LEGISLATURE  
**COMMITTEE ON STATE GOVERNMENT**

**Report of the Joint Standing Committee  
on State Government**

**With Respect To Its Study of**

**The Need for an Economic Development  
Strategy for the State of Maine**

**December, 1984**

THE NEED FOR AN ECONOMIC DEVELOPMENT  
STRATEGY FOR THE STATE OF MAINE

JOINT STANDING COMMITTEE ON STATE GOVERNMENT

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AGENCIES INVOLVED IN STUDY

QUESTIONS POSED TO PARTICIPANTS

## SUMMARY

During each legislative session, the Joint Standing Committee on State Government considers many bills pertaining to economic development agencies and programs. The State Government Committee became concerned about the plethora of economic development policies and programs that have developed over recent years. As a result, the committee requested and received approval from the Legislative Council to study Maine's economic development agencies to determine:

1. the degree of cooperation among the various state economic development agencies,
2. the degree of coordination of the various programs and policies of the several agencies, and
3. the degree of effectiveness of state economic development programs in meeting the needs of business, particularly small business.

In order to obtain the information required to address the issues described above, a study subcommittee was created which:

1. conducted a study of the statutory purpose, powers, and duties of each economic development agency;
2. studied the interaction among the several economic development agencies of the state;
3. investigated the needs of the private sector and the responsiveness of the state economic development agencies to these needs;
4. studied the role of the SBA in Maine and its impact on economic development; and
5. conducted a cursory examination of the inter-relationship between the state development agencies and regional planning and development agencies.

The study subcommittee selected for study the State Development Office, the State Planning Office, the Maine Development Foundation, the Finance Authority of Maine, the Maine State Housing Authority and the Small Business Administration. In addition, the committee looked at the Greater Portland Council of Governments and several private firms.

The study subcommittee held 4 hearings at which representatives of state development agencies, regional development organizations, and private businesses presented information. The invited participants provided written responses to questions prepared in advance for the hearing. In addition, the hearings provided the participants and committee members to expand their ideas and questions.

The Joint Standing Committee on State Government, following a thorough analysis of the data and information that it acquired has, in part, concluded that:

1. there is no state economic development policy or strategy that may result in the waste of some important resources of the State;
2. there are no comprehensive or over-riding statutory goals and objectives that serve to direct the state's economic development activities or that could be used to measure Maine's progress in economic development;
3. Excluding the State Development Office, the economic development agencies of the State are vested statutorily with many responsibilities that are not directly related to economic development.
  - a. As a result, economic development activities of several agencies are either undertaken with other types of activities or are secondary to other duties of the agencies.
4. there is very little cooperation among agencies with respect to the pursuit of a common or consistent economic development strategy or policy;
  - a. Agencies pursue their own strategies, purposes, and policies without analyzing the strategies, purposes, and policies of other organizations;
  - b. Agencies cooperate only with respect to specific projects or a specific program;
  - c. Three or more agencies could lend monies to a single business without any coordination among the agencies;
  - d. some economic development agencies pursue strategies and policies that conflict with the strategies and policies of other economic development agencies;

- e. some non-economic development agencies which have an impact on economic development such as the Department of Transportation, Environmental Protection, Marine Resources, etc., pursue strategies and policies without examining the strategies and policies of the economic development agencies of the State.
5. There is considerable duplication of some services provided by economic development agencies.
- a. Business Financing - FAME; SBA; SPO; MDF (SBA 503 Program)
  - b. Business Assistance - FAME; SBA; SDO; MDF
  - c. Evaluation/Research/Think Tank Activities - MDF; SPO, SDO (plans more activities in this area).
6. The State Planning Office (SPO) is statutorily authorized to coordinate economic development policies and goals for the State. The SPO, however, is primarily a "think tank" office for the Governor and the distributor of Community Block Grant Monies throughout the State.
- a. As a result, there is very little coordination of economic development efforts on the State level.
7. The absence of specific statutory responsibilities and duties, in some instances, may encourage or, at least allow, some duplication of efforts by various agencies.
8. Specific statutory provisions, in some cases, may allow some agencies to duplicate particular services undertaken by other agencies.
- a. For example, the Finance Authority of Maine, the State Planning Office via the community Development Block Grant Program, and the Maine Development Foundation may loan monies for new businesses or business expansion.
9. There is very little coordination of economic development efforts among state, regional, and local organizations.
10. The present system may lend itself to competition among economic development agencies at the state, regional, and municipal levels which may not always be in the best interest of economic development.



11. While the Maine Development Foundation and the Economic Development Council of Maine provide forums for the public and private sectors to exchange information, there is currently insufficient cooperation between the two sections. The need exists for more sharing of information and ideas between the public and private sectors.

12. Economic development agencies do not meet some of the needs of small businesses and new businesses.

a. There is no central clearinghouse of information to assist new--small businesses which are generally confused or ignorant about the services available from the public sector.

b. Small business needs assistance with respect to business location--building space, marketing, raw material--input supplies, etc..

In order to promote greater coordination and cooperation among state economic development agencies, to develop consistent economic development policies and strategies for the State, and to meet the needs of the private sector to a much greater extent, the Joint Standing committee on State Government proposes several recommendations as briefly described below.

1. Central Referral Agency - office

A central referral agency and clearinghouse of information can provide business people with information about business assistance services provided by the State and political subdivisions. An appropriation of \$75,000 for the 1985-87 biennium will be required to fund one position, a 1-800 telephone line, and promotion of the service.

2. Central office building for state economic development agencies

The Bureau of Public Improvements (BPI) has studied the option of constructing a building to house all economic development agencies of the State. It is necessary for the BPI to study alternatives to the construction of a building to include leasing of an existing building or building proposed for construction, etc.. The BPI should be required to report its findings to the Joint Standing Committee on State Government by June 1, 1985.

### 3. State Financing Authority

All state financing authority should be vested in one agency, the Finance Authority of Maine. This recommendation would:

- a. provide professional and experienced review and evaluation of all loan applications for state monies.
- b. provide an overview of the state with respect to industries and regions to which loan monies are made available, and
- c. avoid duplication of staff and extension of loans.

### 4. Task Force to Develop an Economic Development Strategy For the State

A Joint Select Committee composed of 15 persons from the public and private sectors and including legislators should be created to develop an economic development strategy for the State of Maine. All economic development activities should be required to comply with the strategy.

The Select Committee would hold a minimum of 4 hearings throughout the State for the purpose of soliciting ideas for the strategy and for public comment on a proposed strategy.

The strategy, at a minimum, would include measurable goals for both the long run and short run. The strategy would also clearly delineate powers, responsibilities, and goals for each economic development agency.

The Select Committee would commence its activities early in 1985 and complete its work by February 3, 1986 including the preparation of implementing legislation for the Second Regular Session of the 112th Legislature.

### 5. Council of Economic Development

As a result of the dispersal of economic development activities among several economic development agencies and numerous departments, including transportation, marine resources, agriculture, etc., a Council, composed of representatives from all of these agencies and departments, is necessary to coordinate and assure consistency of ideas, programs, and activities.

The Council would meet at least monthly. The Council would evaluate the economic development activities and programs of each agency, propose revisions as necessary, and focus on the means by which the many economic development programs could be coordinated and implemented in an expeditious and efficient manner.

6. State Government Committee to Continue the Study

The Joint Standing Committee on State Government should continue its study on economic development agencies, programs, and activities in the State. The study should focus on

- 1) the operation and activities of regional planning/development organizations,
- 2) the economic development activities and programs of state agencies that are not primarily economic development organizations but have an impact on economic development including Transportation, Public Utilities, etc., and
- 3) the distribution of powers and responsibilities of the several development agencies of the State.

REPORT OF THE JOINT STANDING COMMITTEE ON  
STATE GOVERNMENT

TO

THE LEGISLATIVE COUNCIL AND THE FIRST REGULAR SESSION  
OF THE 112TH LEGISLATURE

WITH RESPECT TO

THE NEED FOR AN ECONOMIC DEVELOPMENT  
STRATEGY FOR THE STATE OF MAINE

I. Background of Study

The Legislative Council of the 111th Legislature approved a study directing the Joint Standing Committee on State Government to study the purpose and operation of the several economic development agencies of the State. The Joint Standing Committee on State Government selected the following organizations for scrutiny:

- A. The State Development Office
- B. The State Planning Office
- C. The Finance Authority of Maine
- D. The Maine State Housing Authority, and
- E. The Maine Development Foundation

During each Legislative session, the Joint Standing Committee on State Government considers many bills pertaining to economic development agencies and programs. The State Government Committee became concerned about the plethora of economic development policies and programs that have developed over recent years.

This concern is based primarily on:

1. the degree of consistency of the various policies of the several economic development agencies,
2. the degree of cooperation and coordination among the several agencies and with sub-state economic development agencies,
3. the effectiveness of state economic development organizations in meeting the needs of business, particularly small businesses, and
4. the net results of the investment of state monies in the several economic development organizations of the State.

The study order directs the State Government Committee to report its findings and any necessary implementing legislation to the First Regular Session of the 112th Legislature.

## II. Purpose of Study

Economic development is important to the state for many reasons. In 1982, of the 50 states, Maine ranked 41st with respect to per capita income, 37th with respect to total federal aid, 49th with respect to total bank assets, and 40th with respect to total general revenues. In addition, in 1979, Maine ranked in the lowest third of all the states with respect to the percentage of total population below the poverty level.

The October, 1984 issue of Inc. which contains an article entitled Report on The States, rates Maine with the other 49 states with respect to factors important to business growth and development. According to this survey Maine ranks

- A. 48th with respect to commercial/industrial loans per capita,
- B. 48th with respect to average weekly wages,
- C. 42nd with respect to population changes between 1980 and 1983,
- D. 42nd with respect to percentage gain in employment between 1981 and 1983, and
- E. 41st with respect to value added per worker.

Maine has experienced serious declines in both textile and leather manufacturing, in previous decades, were leading industries in the Maine economy. Furthermore, Maine agriculture, particularly the potato and poultry sectors, have experienced serious problems and decline.

Despite the setbacks, the potential of the Maine economy in the future is strong. Between 1980 and 1983, resident employment in Maine rose 3.3% compared to 1.5 percent for the nation. Retail sales in Maine in 1983 rose 17% compared to 9% for the nation. Between 1982 and 1983, personal income in Maine rose 6.8% compared to 6.6% for the nation.

Other promising signs of growth potential are the net in-migration statistics and business expansion and development figures. In 1983, there were 31 start-ups (new businesses) and 78 business expansions in Maine.

Since the State of Maine's investment resources in economic development are limited, particularly compared to the sunbelt states which have invested substantial sums to attract industry from the northern tier of states, Maine not only must make prudent investments but also pursue a development strategy that will bring the greatest return for its investment. If the State of Maine fails to use its resources efficiently or pursues policies, goals, and programs that are in conflict or unrealistic, future growth and development in Maine could be seriously limited.

The purpose of this study, therefore is:

- A. to evaluate the extent of cooperation and coordination among state economic development agencies and between these agencies and similar sub-state agencies,
- B. to determine whether there is a need to provide more coordination among all these organizations,
- C. to determine the need for an economic development strategy for the State to serve as a guide for all state development agencies,
- D. to determine the need for a single agency or department to house all existing State economic development agencies, and
- E. to analyze the needs of the private sector, particularly small businesses, and the ability of state economic development agencies to assist the private sector to meet these needs.

### III. Overview of The Maine Economy

The Maine economy is a very diversified economy composed primarily of small businesses. There are roughly 50,000 small businesses in Maine which account for 97% of all businesses in the state. Of the 50,000 small businesses, 50 percent employ no one except the owner[s], 77% employ less than 10 persons, and 99% employ less than 500 persons. A more detailed description is shown on Table 1 on the next page.

Although manufacturing is the leading component of the State's gross product, manufacturing by no means holds an overpowering lead. Other sectors, particularly the trade, service, and government sectors significantly contribute to the gross product as shown in Table II.

TABLE I

Percentage of Establishments/Percentage of Employment for Major Industrial Sectors  
by Employment-Size Class, 1980<sup>a</sup>

	Total Number	Employment-Size Class						Mean Employment per Establishment
		1-9 (%)	10-49 (%)	50-99 (%)	100-499 (%)	500-999 (%)	1000+ (%)	
Construction								
Establishments	2,637	88	11	1	*	*	0	6.5
Employment	17,062	38	31	5-10**	15	6-11	0	
Manufacturing								
Establishments	1,745	50	28	8	11	2	1	65.3
Employment	113,889	3	10	9	41	18	20	
Transportation and Other Public Utilities								
Establishments	980	68	25	4	2	*	0	15.7
Employment	15,427	12-20	34	18	26-34	3-6	0	
Retail Trade								
Establishments	6,659	76	21	2	1	0	0	9.9
Employment	65,746	29	4	42	11	0	0	
Wholesale Trade								
Establishments	1,534	67	29	3	1	*	0	12.2
Employment	18,733	21	49	14	12-13	3-4	0	
Finance, Insurance, and Real Estate								
Establishments	1,709	82	16	1	1	0	*	9.9
Employment	16,906	23-33	32	7-14	22	0	6-9	

TABLE I (CONT'D)

	Total Number	Employment-Size Class						Mean Employment per Establishment
		1-9 (%)	10-49 (%)	50-99 (%)	100-499 (%)	500-999 (%)	1000+ (%)	
Services								
Establishments	6,445	84	12	2	1	*	*	10.8
Employment	69,852	22	24	14	24	5-10	6-11	
TOTAL								
Establishments	23,385	76	17	2	2	*	*	13.8
Employment	321,841	18	25	12	26	9	9	

\*Less than 1%.

\*\*Exact data withheld to avoid disclosure of operations of individual establishments.

<sup>a</sup>Excludes self-employed persons and agricultural and government employees.

SOURCE: U.S. Department of Commerce, County Business Patterns, 1980: Maine, Tables 1B, 1C.



TABLE II  
GROSS PRODUCT OF MAINE BY INDUSTRY GROUP

<u>Industry Group</u>	<u>Millions of 1980 Dollars</u>	<u>Percent of Total</u>
<u>TOTAL</u>	9127	100%
Manufacturing	2627	28.7
Trade	1570	17.2
Service	1261	13.8
Government	1192	13.0
Finance	985	10.8
Transportation & Utilities	737	8.1
Construction	488	5.3
Farming	139	1.5
Forestry & Fisheries	115	1.3
Mining	13	0.14

The diversification of the Maine economy is particularly noticeable with respect to employment. The four leading industry groups employ roughly similar numbers of people. Table III, however, shows that of the leading industries with respect to employment the services industry is predicted to experience the most growth in employment by 1990.

TABLE III  
EMPLOYMENT IN MAINE BY INDUSTRY GROUP

<u>Industry Group</u>	<u>000's of Persons</u> <u>1978</u>	<u>% of</u> <u>Total-1978</u>	<u>000's of Persons</u> <u>1990</u>	<u>% of</u> <u>Total-1990</u>	<u>% Change</u> <u>1978-1990</u>
Manufacturing	113	23.0%	128	21.3%	13.3%
Trade	98	20.0%	126	21.0%	28.6%
Service	99	20.2%	140	23.3%	41.4%
Government	96	19.6%	105	17.5%	9.4%
Finance	17	3.5%	25	4.2%	47.0%
Transportation & Utilities	19	3.9%	22	3.7%	15.8%
Construction	27	5.5%	32	5.3%	18.5%
Training )	22	4.5%	22	3.7%	-----
Forestry & Fisheries )					
TOTAL	491	100%	601	100%	22.4%

TABLE IV  
LABOR AND PROPRIETORS INCOME IN MAINE  
BY INDUSTRY GROUP

<u>Industry Group</u>	<u>Millions of Dollars-1980</u>	<u>% of Total 1980</u>	<u>Millions of Dollars-1990</u>	<u>% of Total 1990</u>	<u>% Change 1980-1990</u>
Manufacturing	1817	28.8%	2781	25.9%	53.1%
Trade	1001	15.9%	1768	16.5%	76.6%
Service	1070	16.8%	2170	20.2%	102.8%
Government	1190	18.8%	1800	16.8%	51.3%
Finance	260	4.1%	514	4.8%	97.7%
Transportation & Utilities	384	6.1%	700	6.5%	82.3%
Construction	380	6.0%	654	6.1%	72.1%
Farming, Forestry, and Fisheries	197	3.1%	327	3.1%	66.0%
TOTAL	6313	100%	10,718	100%	+69.8%

The Maine economy has benefited from diversification and the prominence of the small business structure. Economic decline in one industry group or among several small businesses has less impact than a state economy based primarily on one industry or a small number of large firms.

On the other hand, economic peaks experienced by the nation in general, have not been as high for Maine. In addition, economic activity and growth may clearly be differentiated among regions of the state with the southern sector experiencing the greatest degree of growth. Between 1970 and 1980 the Southern region accounted for 75% of the net in-migration into the State. This segment according to the State Planning Office will experience 62% of the growth in jobs in Maine between 1980 and 1990 compared to 32% and 4% for the Central and Northern regions respectively.

#### IV. Committee Study Procedure

The Joint Standing Committee on State Government established a subcommittee to undertake the basic research of the study and to develop recommendations for consideration by the entire committee. In order to accomplish its task, the subcommittee devised an approach that included:

- A. a study of the statutory purpose, powers, duties, and funding of each economic development agency of the State
- B. an analysis of the interaction among the several economic development agencies of the State
- C. a study of the federal government's Small Business Administration and its role in economic development in Maine
- D. a cursory examination of the inter-relationship between the State's economic development agencies and regional development and planning organizations
- E. an investigation of the needs of the private sector and the relationship of the private sector with the state's economic development organizations.

The State Government Subcommittee developed a questionnaire for the state economic development agencies, a second questionnaire for regional planning and development organizations, and a third questionnaire for the private sector. (Please refer to the appendix for copies of the questionnaire.) The questionnaires were submitted to selected organizations and businesses, including banks and relatively recent "start-ups". These organizations and businesses were invited to discuss the questions and issue with the subcommittee at public hearings. (Please refer to the appendix for organizations represented at the hearings.)

Three public hearings were held at which the state's economic development organizations, the SRA, two regional planning/development organizations, 4 private businesses, 2 banks, and a venture capital investment firm provided testimony.

A. Study of Statutory Purpose, Powers, Duties, and Funding of the State's Economic Development Organizations

An in-depth study of the statutory provisions relating to the state's economic development organizations was conducted to determine whether:

1. statutory provisions create any unnecessary duplication of activities and programs among these agencies,
2. statutory provisions relating to purposes and goals of these agencies are contradictory,
3. the statutes are too restrictive and limit the ability or potential of the various development agencies to achieve their maximum capability,
4. the statutes indicate or establish any mechanism to coordinate the activities of these various organizations, and
5. there are any over-riding goals and objectives that direct the state's economic development activities.

B. An Analysis of the Interaction Among Economic Development Agencies of the State

The purpose of analyzing interaction among state economic development agencies is to evaluate the degree of coordination and cooperation among the agencies. The questionnaire devised for the State's economic development agencies requested specific information relating to how each agency interacted with the other agencies.

There are numerous possible formal and informal methods of inter-agency communication. Formal methods may include a structure, such as a Council on Economic Development, the appointment of agency directors to serve as board members by other economic development organizations, and joint administration of specific programs. Informal methods may include sharing of research and information, staff assistance, and joint management conferences.

While it is important that there is interaction between state economic development organizations and executive agencies that may have an impact upon economic growth, such as Agriculture, Marine Resources, Public Utilities, Transportation, Taxation, and Environmental Protection, the sub-committee did not study the operation of these executive agencies. Nevertheless, a number of the executive departments may implement policies and activities that may or may not be consistent with the policies and programs of the economic development agencies.

C. A Study of the Role of the Small Business Administration in Maine

The Subcommittee probed the operation of the Small Business Administration (SBA) in Maine in order to compare and contrast the activities of this agency with business financing and assistance agencies of the State. The small Business Administration is very active in Maine and has a very substantial impact on the State. The following data, in part, demonstrates the activity and impact of the SBA in Maine.

TABLE I  
SBA ACTIVITIES IN MAINE  
FISCAL YEARS 1983 AND 1984

	<u>FY 1983</u>	<u>OCT. 1, 1983-JUNE 30, 1984</u>
1. # of Loans =	174	149
2. Total Dollar Volume of Loans =	\$25,276,700	23,613,550
3. Median Loan =	\$90,000	\$100,000
4. Average Loan =	\$140,900	\$157,365

As of June 30, 1984, the SBA portfolio in Maine listed 2,843 loans for a total of \$117,882,000. The average delinquency rate as of April 30, 1984 was 4.8 percent (144 loans).

The SBA operates a number of loan and business assistance programs that include:

1. the SBA 503 Loan Program. Under this program 6 development companies extend and service long-term financing to small firms in the local area. For Fiscal Year 1984 (To June 30, 1984) the average SBA 503 loan was \$217,143.
2. the Handicapped Loan Assistance Program
3. the Low Income/Disadvantaged Loan Program
4. a Guarantee Loan Program
5. a direct loan program
6. a SBA/bank co-participation loan program
7. several business assistance programs
  - a. SCORE (Service Corps of Retired Executives)
  - b. ACE (Active Corps of Executives)  
(Both a & b above provide free managerial advice).
  - c. Small business development centers - USH, Bangor, Machias, Caribou.
8. An International Trade Assistance Program
9. the Procurement Automated Source System (PASS) and
10. the Small Business Innovation Research Program.

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1. The 6 development companies include the Northern Maine Regional Planning Commission, the Eastern Maine Development District, the Androscoggin Valley Regional Planning Commission; the Lewiston, Maine Development Corporation; the Maine Development Foundation; and Coastal Enterprises, Inc..

The Pass and Research programs are designed to assure small business a fair share of government contracts including research and development.

D. Investigation of the Needs of the Private Sector

In order to evaluate the relevance of the State's business assistance programs to the private sector, the subcommittee went to the private sector to discuss its needs. The subcommittee spoke with representatives of banks, small businesses, and venture capital investment firms.

While the needs of the private sector for public sector development services differ according to the type of industry, size of business, managerial experience and ability, business location, employee skills, etc., there are some common needs. Assistance with respect to a better understanding of the type location, and availability of services from state economic development organizations may be the most vital common need.

In addition to a definition and map of state development services, other very important needs of the private sector include assistance with respect to sources of raw materials, the availability of and the means for training a supply of skilled labor, the availability of land and buildings, activities of the federal government that affect business and economic growth, and public sector lending programs designed for business. A "one-stop" approach to state economic development services, including assistance with an understanding of environmental protection laws and permit issuance is extremely helpful to the private sector.

V. Findings

A. State Economic Development Policy and Financing

1. No State economic development policy or strategy exists which may result in the waste of some important resources of the State.

a. There are no social or economic priorities by which an economic development policy or strategy can be developed consistent with other priorities of the State.

b. State resources are not targeted which may result in overinvestment in some areas and underinvestment in others.



2. The General Fund of the State finances a very small percentage of the administrative/operating costs of 5 state agencies (SDO, SPO, FAME, MDF, and MSHA).

a. For the fiscal year 1984-1985, 12.2% or roughly \$5,100,000 of the total amount needed for administration and operating costs will be derived from the General Fund. The remainder will be derived primarily from user fees. Federal monies and private matching monies will also be available, but will comprise a very small part of the total funds.

3. Economic development of any state is dependent upon many variables over which the state has no control including the state's share of federal dollars, location of the state with respect to the market, the degree and availability of technology in the State, foreign and domestic competition.

a. The best economic development strategy for any state to pursue is to:

- 1) provide access to reasonable cost financing for firms that need it and that show significant potential,
- 2) assist small businessmen by teaching them the skills of running a business,
- 3) assist small businesses by providing them with the most current marketing information and state-of-the-art technology of different types of businesses,
- 4) fostering a philosophy for public consumption that makes best use of any resources available for economic development, and
- 5) projecting a good image of the state that maximizes its assets.

B. Statutory Provisions of Economic Development Agencies

1. In general, the statutory provisions relating to each agency are very general which allows for some duplication of particular activities, but the statutes do not significantly limit the potential of each agency.

a. Research or think-tank activities, data collection, and business assistance activities may be conducted by several agencies as a result of the general nature of the statutory provisions.

2. Specific statutory provisions also provide for the duplication of particular activities.

a. For example, the Finance Authority of Maine, the State Planning Office via the Community Development Block Grant Program, and the Maine Development Foundation may loan monies for new businesses or business expansion.

3. Excluding the State Development Office, the economic development agencies of the State are vested statutorily with many responsibilities that are not directly related to economic development.

a. As a result, economic development activities of several agencies are either undertaken with other types of activities or are secondary to other duties of the agencies.

4. There is no statutory purpose provided for the State Development Office (SDO), the major economic development agency of the State, to give specific direction and goals to the agency.

a. This agency operates, in part, according to the policies and approaches of the governor and director of the office as well as according to statutorily assigned duties and powers.

5. The State Planning Office (SPO) is statutorily authorized to coordinate economic development policies and goals for the State. The SPO, however, is primarily a "think tank" office for the Governor and the distributor of Community Block Grant Monies throughout the State.

a. As a result, there is very little coordination of economic development efforts on the State level.

6. There are no comprehensive or over-riding statutory goals and objectives that can serve to direct the State's economic development activities or be used to measure the progress of the State's economic development activities.

C. Interaction Among Economic Development Agencies

1. Very little cooperation exists among agencies with respect to pursuit of a common or consistent economic development strategy or policy.
  - a. Agencies pursue their own strategies, purposes, and policies without analyzing the strategies, purposes, and policies of other organizations.
  - b. Agencies cooperate only with respect to specific projects or a specific program.
  - c. Three or more agencies could lend monies to a single business without any coordination among the agencies.
2. There is considerable duplication of some services provided by economic development agencies.
  - a. Business Financing - FAME; SBA; SPO; MDF (SBA 503 Program)
  - b. Business Assistance - FAME; SBA; SDO; MDF
  - c. Evaluation/Research/Think Tank Activities - MDF; SPO, SDO (plans more activities in this area)
3. Some agencies hold philosophies of economic development and pursue strategies that conflict with the philosophies and strategies of other agencies.
  - a. Some non-economic development agencies which have an impact on economic development such as the Departments of Agriculture, Business Regulation, Conservation, Environmental Protection, Labor, Marine Resources, and Transportation often pursue strategies that conflict with economic development strategies of various development agencies.
  - b. The strategies of some economic development agencies conflict with the strategies of other economic development agencies.

Some agencies such as the State Planning Office believe that increased economic development will primarily be the result of indigenous enterprise, expansion and growth, and not the result of business enterprises that leave other states and move to Maine. This philosophy/strategy is supported by studies conducted by public and private organizations. The Advisory Commission on INTERgovernmental Relations (ACIR) shows that the effects of business attraction policies outweigh the benefits.

The Small Business Administration (Fact Sheet) shows that the small business sector created 2,650,000 new jobs between 1980 and 1982 compared to a loss of 1,664,000 jobs by larger businesses. The Washington Times and the Wall Street Journal also show that small businesses, particularly entrepreneurial businesses are responsible for most job growth and economic expansion in the nation. By implication, this finding suggests that growth comes from within each state and not from the migration of firms from one state to another.

The State Development Office presently emphasizes attraction of business from other states to Maine. Excluding the SDO tourism budget, 54% of the agency's economic development monies are expended on attracting industry to the State and 46% of these monies are spent on business assistance programs for Maine enterprise.

c. There is a disagreement among officials with respect to the degree of risk that the State should be willing to finance. Some say the reason for public sector financing is to provide financial assistance to the higher risk enterprises that do not qualify for private sector monies. Others believe that the MGA record requires the State to be much more strict with respect to financing standards and significantly reduce the risk that the State has heretofore assumed.

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2. Sloan, John, "Successfully Small businesses," The Washington Times, August 29, 1984.  
Drycker, Peter, "Why America's Got So Many Jobs," The Wall Street Journal, January 24, 1984.

D. Interaction among development agencies at different levels of government.

1. There is very little coordination of economic development efforts among state, regional, and local organizations.

a. As a result, valuable resources may be wasted or there may be unnecessary duplication of activities among the several organizations on all levels, state and substate.

2. The present system may lend itself to competition among economic development agencies at the state, regional, and municipal levels which may not always be in the best interest of economic development.

a. Various economic development agencies, in order to justify their existence, seek to exclude or not contact other economic development agencies in order to obtain credit for developing a new business or assisting one to expand.

E. Interaction between the Public and Private Sectors

1. While the Maine Development Foundation and the Economic Development Council of Maine provide forums for the public and private sectors to exchange information, there is currently insufficient cooperation between the two sections. The need exists for more sharing of information and ideas between the public and private sectors.

a. banks and commercial real estate brokers do not refer eligible or ineligible clients, in many cases, to state, regional, or local economic development organizations.

b. Private sector financial institutions, to a great extent, believe the role of the State business financing institutions should be limited to providing guarantees for bank loans to businesses with higher risk ventures and to provide capital at a reasonable cost only to those businesses that are unable to obtain private sector financing.

2. Economic development agencies do not meet some of the needs of small businesses and new businesses.

a. There is no central clearinghouse of information to assist new-small businesses which are generally confused or ignorant about the services available from the public sector.

b. Small business needs assistance with respect to business location-building space, marketing, raw material-input supplies, etc..

c. The availability of diverse types of skilled labor is very important. A system needs to be devised to provide this crucial factor in a timely fashion.

## VI

### RECOMMENDATIONS

#### A. Central Referral Agency-Office

1. There is a very substantial need for a central referral agency and clearinghouse of information which can provide prospective business people or business owners interested in expansion of an existing business with information about business assistance services provided by the State and political subdivisions.

a. This office should be located within the State Development Office. The budget is as follows.

	<u>1985-86</u>	<u>1986-87</u>
1) Personal Services (1)	\$20,000	\$20,000
All Other	15,000	20,000
 TOTAL	 \$35,000	 \$40,000

The monies appropriated from the General Fund to "All other" shall be expended on providing a 1-800 telephone service and for promoting and advertising the referral agency throughout the State.

B. Location of economic development agencies.

1. Every effort should be made to locate all economic development agencies of the state within one building. The Small Business Administration has indicated a willingness to locate in the same building with the state agencies.

a. A central location for all economic development agencies will facilitate intra-agency communication and the coordination of programs and activities among the agencies.

b. A central location will not only be more convenient to the business sector and thereby generate greater interest in state and regional services, but also will improve communication between the public and private sectors.

2. A Resolve should be presented to the Legislature to request the Bureau of Public Improvements (BPI) to study the several means by which the state's economic development agencies may be located in one facility. The BPI has conducted a study with respect to the construction of a new building in which the several economic development agencies could be housed. There are several alternatives to the construction of a new building that should be studied by the agency including leasing of an existing building, leasing of a building in the process of construction or proposed for construction, etc. In addition, the BPI should be required to report its findings to the Joint Standing Committee on State Government by June 1, 1985. The Joint Standing Committee on State Government would be authorized to study the BPI proposals and submit any necessary legislation to the 2nd Regular Session of the 112th Legislature.

C. State Financial Assistance to Business

1. All state financing programs to assist business should be located within the Finance Authority of Maine. This recommendation would:

a. provide professional and experienced review and evaluation of all loan applications for state monies.

b. provide an overview of the state with respect to industries and regions to which loan monies are made available, and

c. avoid duplication of staff and extension of loans.

D. Task Force to Develop an Economic Development Strategy  
For The State

A Joint Select Committee, composed of 15 persons from the public and private sectors and including legislators should be created to develop an economic development strategy for the State of Maine and by which all state economic development activities should comply.

The Select Committee would hold a minimum of 4 hearings throughout the State to obtain information with respect to developing a strategy for the State and for review of the strategy as proposed by the Committee.

The Economic Development strategy, at a minimum would include measureable goals for both the long run and short run. In addition, the strategy should clearly delineate powers, responsibilities, and goals for each economic development agency.

The Select Committee would complete its work by February 3, 1986, including preparation of implementing legislation for the Second Regular Session of the 112th Legislature.



E. Joint Standing Committee on State Government To  
Continue Study

The Joint Standing Committee on State Government should continue its study on economic development agencies, programs, and activities in the State. In particular, the Committee should study:

- 1) the operation and activities of regional planning-development organizations;
- 2) the economic development activities and other activities that have an impact on economic development undertaken by state agencies to include: the Department of Transportation, the Public Utilities Commission, the Department of Agriculture and Marine Resources, and any other departments deemed by the Committee to be pertinent to economic development; and
- 3) the distribution of powers and responsibilities of the several economic development agencies of the State.

The Joint Standing Committee should report its findings and any necessary implementing legislation to the 2nd Regular Session of the 112th Legislature. In addition, its findings and recommendations shall be provided to the Task Force on Economic Development.

F. Internal Structure

A Council on Economic Development shall be formed to consist of 1 representative of each economic development agency and those state agencies that undertake activities that have a significant impact upon economic development. This organization will delineate and evaluate the economic development activities and programs of each organization, propose revisions deemed necessary, and focus on means to coordinate these activities and provide for more co-operative efforts among all the agencies. In addition, the Council shall discuss and share information on economic development and growth in Maine.

The Council shall meet at least monthly and, on a quarterly basis, report its progress to the Governor and the Legislature.

TP/elk/819

STATE OF MAINE  
112TH LEGISLATURE  
1ST REGULAR SESSION

"AN ACT to Establish a Business Assistance Referral Program within the State Development Office."

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

Sec. 1. 5 MRSA §7002, as last amended by PL 1983, c. 519, §1, is further amended by adding ¶M to read:

M. The director shall implement a program to assist businesses by referring businesses and persons to the proper agencies designed to provide the business services or assistance requested, and to serve as a central clearing house of information with respect to business assistance programs and services available in the State. The director shall maintain and update annually a list of the business assistance programs and services and the names, locations, and telephone numbers of the organizations providing these programs and services that are available within the State. The director may publish a guide consisting of the business assistance programs and services available from public sector or private sector organizations throughout the state.

Sec. 2. 5 MRSA c. 361 is amended by adding subchapter III to read:

SUBCHAPTER III  
BUSINESS ASSISTANCE AND SERVICE REFERRAL PROGRAM

§7015. The Business Assistance and Service Referral Program shall serve to assist owners of new or expanding businesses or persons exploring business opportunities within the State with respect to the business assistance programs and services available throughout the State. This program shall be designed to:

1. Respond to requests. Expeditiously respond to written and oral requests for information about business services and business assistance programs available throughout Maine;
2. Obtain and compile information. Obtain and compile the most current and available information pertaining to business assistance programs and services within Maine;
3. Delineate programs and services. Delineate the business assistance programs and services by type of program or service and by agency;
4. Maintain a list, to be updated annually, of marketing programs of state agencies with a description of each program.

§7016. Program to be Promoted.

The Director of the State Development Office shall advertise and promote the program throughout the State. At a minimum, the program shall be advertised in the major circulating Maine newspapers as often as necessary to establish a public awareness of the program.

§7017. Agencies to Cooperate. State agencies and departments and economic development agencies of political subdivisions of the State shall cooperate with and expeditiously respond to the requests of the State Development Office. Each organization required by this subchapter to cooperate with the State Development Office shall, at a minimum, provide the Development Office with descriptions of its business assistance programs and services, marketing programs, geographical areas served, client qualifications, funding levels, and other information requested by the Development Office to implement this program.

§7018. State Planning Office to provide notice of Federal Grant Approval.

The State Planning Office shall notify the State Development Office of approvals of federal grants as these apply to economic development.

Sec. 3. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

	1985-86	1986-87
STATE DEVELOPMENT OFFICE		
PERSONAL SERVICES (1)	\$20,000	\$20,000
ALL OTHER	15,000	20,000
TOTAL	\$35,000	\$40,000

This appropriation shall provide funds for the implementation of the Business Assistance and Service Referral Program and shall include funding for a 1-800 telephone line and for promotion and advertising of the program.

STATEMENT OF FACT

In its study on economic development agencies of the State, the Joint Standing Committee on State Government found that many businesses are ignorant of the business assistance and service organizations and programs of the State. In many cases; banks, insurance companies, real estate brokers, and other financial organizations do not make clients representing new or expanding businesses aware of the state programs.

This lack of knowledge of state business assistance and service programs has been costly to the State. As a result, the Committee on State Government proposes in this bill to establish a business assistance/service referral program within the State Development Office. This program requires one person who is well versed in the availability and location of business assistance and service programs who can refer potential and current business people to the appropriate agencies to serve their needs. In addition, this bill requires the service to be advertised to insure that interested people are aware of the service. A f1-800 telephone number is also included.

TP/elk/246

FIRST REGULAR SESSION  
ONE HUNDRED AND TWELFTH LEGISLATURE  
STATE OF MAINE

Resolve, Requiring the Bureau of Public Improvements to Study and Evaluate Various Alternatives for Centrally Locating the Several Economic Development Agencies Within a Single Facility.

Emergency Preamble. Whereas, resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the Joint Standing Committee on State Government of the One Hundred and Eleventh Legislature discerned a substantial lack of coordination and cooperation among the several economic development agencies of the State; and

Whereas, the lack of coordination and cooperation reflects in part, the scattered location of the several economic development organizations of the State, and

Whereas, the centralization of the several economic development agencies within a single facility will facilitate better inter-agency communication and provide much greater convenience to business people; and

Whereas, the Bureau of Public Improvements has studied the alternative to construct a new building, but alternatives to new construction exist which will require considerable study; and

Whereas, the 90 day delayed effective date of legislation will provide insufficient time for the Joint Standing Committee on State Government to evaluate the information and data provided by the Bureau of Public Improvements in order to make a recommendation to the Second Regular Session of the 112th Legislature; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, be it

Sec. 1. Bureau of Public Improvements to conduct study.  
Resolved:

That the Bureau of Public Improvements study various alternatives by which the several economic development organizations of the State may be centrally located in order to facilitate inter-organization communication and to provide much greater convenience for issues of these organizations; and be it further

Sec. 3. Report to the Joint Standing Committee on State Government. Resolved:

That the Bureau of Public Improvements report its information, data, findings and recommendations to the Joint Standing Committee on State Government no later than June 1, 1985; and be it further

Sec. 4. Report to the Legislature. Resolved: That the Joint Standing committee on State Government evaluate the information and materials provided by the Bureau of Public Improvements and conduct any other research on this issue as the Committee deems necessary, and report its findings and recommendations, including any necessary implementing legislation to the Second Regular Session of the 112th Legislature.

Emergency clause. In view of the emergency cited in the preamble, this resolve shall take effect when approved.

STATEMENT OF FACT

In its study on economic development agencies in Maine, the Joint Standing Committee on State Government found that there is little coordination of programs and activities among these organizations. In addition, the general public is confused by the number of different organizations located in different facilities.

The intent of this bill, in part, is to encourage more communication among the various economic development agencies of the State, and to provide more convenience to the general public and clients of these agencies. To accomplish this end, this bill proposes that the Bureau of Public Improvements study various alternatives for centrally locating these agencies within a single building. Although, the Bureau of Public Improvements has studied the concept and developed plans for the construction of a building to house the several agencies, there are alternatives to new construction that need to be considered.

According to this bill, the Bureau of Public Improvements will study the several alternatives for centrally locating the State's economic development agencies, and reports its findings to the Joint Standing Committee on State Government no later than June 1, 1985. The Committee on State Government will study the report and issue its findings and any necessary implementing legislation to the Second Regular session of the 112th Legislature.

TP/elk/249

Committee on State Government  
Study Report on Economic  
Development Agencies  
Drafted by Ted Potter,  
December, 1984

STATE OF MAINE  
112TH LEGISLATURE  
1ST REGULAR SESSION

"AN ACT to Consolidate State Business Loan Programs into  
one Organization, the Finance Authority of Maine"

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

Sec. 1. 5 MRSA §3305, sub-§1, ¶F as repealed and replaced  
by PL 1979, c. 127, §37 is amended as follows:

F. At its discretion, assist in planning and executing any  
public or private project involving grants or loans;  
advise, confer, and otherwise cooperate with municipal  
planning boards, agencies, officials, civic and other  
groups and citizens in matters relating to urban renewal,  
zoning and planning relating to schools, housing, health,  
land use controls and other objectives;

Sec. 2. 5 MRSA §3308 is enacted to read:

§3308. Exclusion of Loans for business development or expansion

The State Planning Office shall not make, participate in,  
purchase or sell loans, or make commitments to do so to new or  
expanding businesses in the State. Any loans, loan  
commitments, or purchase or sale of loans for new or expanding  
businesses shall be referred to and the responsibility of the  
Finance Authority of Maine as described in 10 MRSA chapter 110.

Sec. 3. 5 MRSA §7002-A Exclusion of Loans for Business  
Development or Expansion.

The State Development Office shall not make, participate  
in, purchase, or sell loans, or make commitments to do so to  
new or expanding businesses in the state. Any loans, loan  
commitments, or purchase or sale of loans for new or expanding  
businesses shall be referred to and the responsibility of the  
Finance Authority of Maine as described in 10 MRSA c. 110.

Sec. 4. 10 MRSA §920, sub-§8, as enacted by PL 1977, c.  
548, §1, is repealed and replaced to read:



8. Equity Investments. Make direct equity investments in regional economic development corporations and small and medium sized businesses.

Sec. 5. 10 MRSA §920-A is enacted to read:

§920-A. Exclusion of Loans for Business Development or Expansion.

The Maine Development Foundation shall not make, participate in, purchase or sell loans, or make commitments to do so to new or expanding businesses in the State. Any loans, loan commitments, purchase or sale of loans for new businesses or expanding businesses shall be referred to and the responsibility of the Finance Authority of Maine as described in 10 MRSA c. 110.

Sec. 6. 10 MRSA §970-A is enacted to read:

§970-A. Loan Agency of State Government

The Finance Authority of Maine is designated the exclusive organization authorized to make, participate in, purchase or sell loans, or commitments to undertake any of these activities for new or expanding businesses for which state monies or securities are involved. In the event that state monies or securities are to be matched with or to participate with monies or securities from any other source for loans to new or expanding business in Maine, the Finance Authority of Maine is the sole authorized agency of the State to provide the monies or securities.

#### STATEMENT OF FACT

In its study of Economic Development Agencies and Organizations in Maine, the Committee on State Government learned that there is little coordination of programs and activities among state economic development organizations. In some cases, 3 different agencies may extend loans to a business which may occur without the knowledge of any of the participating loan agencies.

The purpose of this bill, at a minimum, is to reduce the costs associated with duplication of efforts and to provide professional review of loans involving state monies and securities to business. It is also hoped that this bill will provide more efficient administration of loan programs and encourage much greater coordination and cooperation among Maine's economic development organizations.

TP/elk/265

State Government Committee  
Study Bill on Economic  
Development Agencies  
Drafted by Ted Potter  
December, 1984

State of Maine  
112th Legislature  
First Regular Session

RESOLVE, Creating a Joint Select Committee on Economic  
Development

Emergency preamble Whereas, Acts and Resolves of the  
Legislature do not become effective until 90 days after  
adjournment unless enacted as emergencies; and

Whereas, there are a number of economic development  
organizations and several other agencies and organizations that  
have a substantial impact upon economic development in the  
State of Maine; and

Whereas, there is very little coordination of programs and  
activities among the economic development organizations, the  
several other agencies and departments that significantly  
affect economic growth, or between the two types of  
organizations; and

Whereas, there are no stated specific goals, objectives, or  
strategiees to efficiently and effectively direct the state's  
many organizations and agencies, which affect economic  
development to achieve a definable or consistent purpose; and

Whereas, there is duplication of programs and services  
provided by the many departments and organizations which have a  
significant impact upon economic growth and development of the  
State; and

Whereas, that new or expanding businesses have needs which  
are not now met by these departments and organizations; and

Whereas, the public and business community have inadequate  
knowledge of the services and programs offered by the myriad of  
economic development organizations; and

Whereas, there may be significant costs to the State as a  
result of duplication of programs and activities, unmet needs,  
and inconsistencies among the objectives and operation of these  
agencies and organizations that affect economic development; and

Whereas, it is essential for a study committee to begin as soon as possible to examine the issues raised by the inadequate coordination of and the duplication of economic development programs and report its findings to the Second Regular Session of the 112th Legislature; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, be it

Resolved, the House concurring, that a joint select committee on economic development, hereinafter referred to as the committee, is established to consist of the following 15 persons: Five (5) members appointed by the President of the Senate of whom four (4) may be senators and at least one (1) who represents the private sector; five (5) members appointed by the Speaker of the House of whom four (4) may be representatives and at least one (1) who represents the private sector; and five (5) members appointed by the Governor of whom two (2) members represent state government and three (3) members represent the private sector; and be it further

Resolved, that the members of the committee including legislators and excepting representatives of executive agencies or departments, be paid a per diem at the same rate as legislators as defined in Title 3, section 2 of the Maine Revised Statutes. Legislators serving on the committee shall not be paid a per diem for committee meetings while the Legislature is convened in session and for which legislators are collecting legislative per diem; and be it further

Resolved, that members representing the private sector shall be paid at a rate normally paid to state employees for expenses, including travel, meals, and lodging for meetings and hearings of the committee. Legislative members of the committee shall be paid expenses as defined in Title 3, section 2 of the Maine Revised Statutes for meetings and hearings held outside Augusta while the Legislature is in session. When the Legislature has adjourned, the legislative members shall be paid the statutorily defined expenses for meetings and hearings held in or outside Augusta. Members representing executive agencies or departments shall be paid expenses from the budget of the agency or department that the members represent; and be it further

Resolved, that the committee undertake the following tasks:

1. prepare measurable economic development goals and objectives and an economic development strategy for the State by which each department or agency of state government shall comply;

2. propose a structure or other means by which the programs and activities of each economic development organization, including other executive agencies that have a significant impact on economic development shall be coordinated; and

3. study the effectiveness of existing services offered by state agencies to small business and propose changes in or alternatives to these services as deemed necessary; and be it further

Resolved, that the Chairperson of the Legislative Council call the first meeting no later than 10 days following the appointment of 10 members of the committee. At the first meeting, the committee shall elect its own Chairperson, develop an approach and a schedule by which the purpose and issues as set forth in this order may be achieved, and determine the location of each hearing held to obtain information for the formulation of an economic development strategy and economic development goals and objectives; and be it further

Resolved, that the committee hold a minimum of 4 hearings throughout the State at a time convenient to the public to obtain information for an economic development strategy and for economic development goals and objectives for Maine. The committee may hold hearings in a manner deemed practicable to submit proposals to the public for public evaluation; and be it further

Resolved, that the Legislative Council shall allocate from the Legislative account, monies deemed sufficient by the Council to achieve the purposes of this Order. The Legislative Administrative Director, at each scheduled meeting, except public hearings, shall provide the committee with an account of the monies expended by the committee and the remaining monies available for use by the committee up to the date of each meeting. Members of the committee shall submit their vouchers of expenses no later than 2 weeks from the date the expense is incurred in order to qualify for reimbursement; and be it further

Resolved, that the Legislative Council shall provide staff for the committee; and be it further

Resolved, that all agencies and departments of state government shall cooperate with the committee and shall expeditiously provide the committee with the information and materials that it needs; and be it further

Resolved, that the Committee make its final report including recommended legislation to the 112th Legislature on February 3, 1986,

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

#### STATEMENT OF FACT

The purpose of this resolve, is to establish a 15 member Joint Select Committee to study Maine's economic development agencies for the purpose of coordinating the many programs and activities of these agencies. Included in this coordination of programs and activities are executive agencies which are not economic development agencies per se, but which have a significant impact upon economic development.

The Committee composed of a minimum of 5 members from the private sector along with legislators, and 2 representatives of executive agencies will undertake the study immediately and report its findings and recommendations as well as implementing legislation to the Second Regular Session of the Legislature.

TP/elk/300

## APPENDIX

PARTICIPANTS AT HEARINGS HELD BY THE JOINT  
STANDING COMMITTEE ON STATE GOVERNMENT

PRIVATE SECTOR

Mr. Robert Masterton,	President, Maine Savings Bank
Mr. Hall Thompson,	Divisional Executive Officer, Northeast Bankshare Assoc.
Ms. Jane K. Havey,	Vice President, DiaMed, Inc.
Mr. George E. Brackett	Vice President, Maxaxam Corp.
Mr. Harold Chute	President, Chute Chemical Co.
Mr. David Coit	Executive Director, Maine Capital Corporation
Mr. Ronald Phillips	President, Coastal Enterprises, Inc. (A non-profit community development corporation submitted response to questionnaire)

PUBLIC SECTOR

I. State Planning Office

- A. Mr. Charles T. Lawton, Director, Policy Division
- B. Ms. Linda Harvell
- C. Ms. Janice Herd, Director, Community Assistance

II. State Development Office

- A. Ms. Virginia Manuel, Director, Business Assistance
- B. Ms. Wanda Plummer, Director, Division of Tourism

III. Finance Authority of Maine

- A. Ms. Sharon Lunner, Chief Executive Office
- B. Mr. Robert Baldacci, President, Finance Authority Board

IV. Maine State Housing Authority

- A. Ms. Kate Boland, Director

V. Small Business Administration of Maine

- A. Mr. Thomas McGillicuddy, Director



PUBLIC - PRIVATE ORGANIZATIONS

1. Maine Development Foundation
  - A. Henry Bourgeois, President
2. Maine Vocational Travel Commission
  - A. Ms. Katharine Weare, Chairperson

REGIONAL ORGANIZATIONS

1. Greater Portland Council of Governments
  - A. John E. Walker, Executive Director

TPjelkj819

QUESTIONS PERTAINING TO  
ECONOMIC DEVELOPMENT AGENCIES OF THE STATE  
AND THE NEEDS OF THE PRIVATE SECTOR

1. How does Maine Savings Bank interrelate with the economic development agencies of the State?
2. What problems or impediments exist with respect to the system referred to in question 1?
3. What advantages exist with respect to the current private/public economic development relationship?
4. If you could completely re-design the role and operation of economic development agencies in the public sector to best meet the needs of the private sector, what would you propose?
5. It has been suggested to the Committee that a task force composed of members from the public and private sectors develop a general economic development strategy for all economic development agencies in the State to assure consistency of policies and direction of each agency and to foster more efficient implementation of economic development policies.

A. Please comment on this suggestion.

STATE GOVERNMENT SUBCOMMITTEE  
ON ECONOMIC DEVELOPMENT AGENCIES

QUESTIONNAIRE FOR  
NORTHEAST BANK, MAX AXAM, AND DIAMAD  
AUGUST 17, 1984

1. What activities have the several economic development agencies in the State undertaken to assist your firm?

A. Have you been satisfied with the activities of these organizations? Has the assistance been effective and necessary? Please explain.

2. Have the growth, development, and activities of your firms been impeded or detrimentally effected in any way by the various economic development organizations in the State?

3. If you could make any structural changes you desired to make with respect to economic development and business assistance organizations for the purpose of promoting the growth and development of your business, what changes would you make?

4. If you could make any policy changes you desired to make with respect to economic development and business assistance organizations for the purpose of promoting the growth and development of your business, what changes would you make?

5. Two basic proposals have been suggested to the Subcommittee with respect to the roles and policies of economic development organizations in Maine as a means of assuring greater consistency in policies and direction and greater efficiency in operation of these organizations. Please comment on the two proposals briefly described below:

A. One strategy suggests a Blaine House Conference on economic development to include representatives of the public and private sectors. A commission, composed of some of the persons attending the conference, would be responsible for the development of a state economic development policy strategy for all economic development agencies of the State. This policy would be presented to the Legislature for approval.

B. A second strategy suggests that all economic development agencies and activities of the State be combined into one organization as a means of assuring consistent policies and directions as well as efficiency of operation.

QUESTIONS SUBMITTED TO STATE ECONOMIC  
DEVELOPMENT AGENCIES

1. What role(s) does the (NAME OF AGENCY) play with respect to economic growth and development?

2. How does this (these) role(s) differ from the roles of other economic development agencies in the State?

A. Please relate this role to the State Development Office, the State Planning Office, the Maine Development Foundation, the Maine Housing Authority, FAME, and the SBA.

3. To what extent, and how does, the (NAME OF AGENCY) cooperate with other state economic development organizations?

A. Please specify the means used to cooperate with other agencies.

4. In what direction does the (NAME OF AGENCY) perceive it will be going over the next 5-10 years?

5. How will this direction differ from the directions of economic development agencies of the State during the same time period?

6. What will future economic growth and development in Maine require of the several state economic development agencies with respect to policies and activities?

7. With respect to all the duties assigned to the (NAME OF AGENCY) and all the activities undertaken by this office, what percentage of total resources (monies, personnel, time, etc.) of the office are directed to:

LIST OF PROGRAMS OF AGENCY

8. If you could make any changes with respect to policies, operation, and direction of the (NAME OF AGENCY) what changes would you make?

9. Is there a need for more/less coordination of economic development efforts and activities in the State?

10. Two approaches have been suggested regarding economic development policies and strategies in Maine as explained below:

A. One strategy suggests a Blaine House Conference on economic development to include representatives of the public and private sectors. A commission, composed of some of the persons attending the conference, would be responsible for the development of a state economic development policy strategy for all economic development agencies of the State.

B. A second strategy suggests that all economic development agencies and activities of the State be combined into one organization as a means of assuring consistent policies and directions as well as efficiency of operation.

Please discuss your ideas with respect to these two suggestions.

QUESTIONNAIRE FOR SMALL BUSINESS ADMINISTRATION  
PREPARED FOR THE STATE GOVERNMENT  
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT

1. What role(s) does the Small Business Administration play with respect to economic growth and development?

A. Is economic development a major role of the SBA? If not, what is or are the major roles of the Authority?

2. How do the role(s) of the Small Business Administration differ from the roles of other economic development agencies of the State?

A. Please relate this (these) role(s) to the State Development Office, the State Planning Office, the Maine Housing Authority, the Maine Development Foundation, and the Finance Authority of Maine.

3. To what extent, and how does, the Small Business Administration cooperate with other state economic development organizations?

A. Please specify the means used to cooperate with other agencies.

4. In what direction does the SBA perceive it will be going over the next 5-10 years?

5. How will this direction differ from the directions of economic development agencies of the State during the same time period?

6. How does the SBA perceive the economic growth and development of the State of Maine over the next 5-10 years or to the year 2,000?

A. Does the SBA agree with the State Planning Office prediction that 2-3 economic regions in the State of Maine with significant differences in rates of growth will clearly emerge by the year 2,000?

7. What will this type of future economic growth and development require of the several state economic development agencies with respect to policies and activities?

A. What will be necessary for the Development Office to do to promote economic development?

B. What will be necessary for the State Planning Office to do to promote economic development?

C. What will be necessary for the Maine Development Foundation to do to promote economic development?

There are other questions/issues in which the Committee on State Government is interested. These issues/questions may include:

1. The need for more/less coordination of economic development efforts and activities in the State.
2. The need for a single economic development agency with enforcement powers to provide economic development strategy policies, and directions for sub-agencies to follow.
3. The type of economic development strategy/policy required for Maine over the next 15 years.
4. The degree of effectiveness of providing debt and equity capital to Maine businesses.

A. Specific projects and activities could be discussed with the Committee.

STATE GOVERNMENT SUBCOMMITTEE ON  
ECONOMIC DEVELOPMENT AGENCIES

QUESTIONNAIRE FOR  
GREATER PORTLAND COUNCIL OF GOVERNMENTS AND  
COASTAL ENTERPRISES INCORPORATED

1. What role(s) does the Council of Governments/Coastal Enterprises, Inc. play with respect to economic growth and development?
2. How does this (these) role(s) differ from the roles of other economic development agencies in the State?
  - A. Please relate this role to the role(s) of the State Planning Office, the State Development Office, FAME, and the SBA.
3. To what extent does the Council of Governments/Coastal Enterprises, Inc. cooperate with State economic development agencies?
4. In what direction will the Council of Governments/Coastal Enterprises, Inc. perceive it will be going during the next 5-10 years?
5. How will this direction differ, in your opinion, from the directions of economic development agencies of the State during the same time period?
6. Do the economic development agencies of the State satisfactorily meet the needs and problems encountered by the Council of Governments/Coastal Enterprises, Inc.. Please explain.
  - A. Could state economic development agencies better serve the needs of your organization and region?
7. What will future economic growth and development in Maine require of the several state economic development agencies and the organization you represent with respect to policies and activities?
8. Is there a need for more/less coordination of economic development efforts and activities in the State?
9. Two approaches have been suggested regarding economic development policies and strategies in Maine as explained on the next page:



A. One strategy suggests a Blaine House Conference on economic development to include representatives of the public and private sectors. A commission, composed of some of the persons attending the conference would be responsible for the development of a state economic development policy strategy for all economic development agencies of the State.

B. A second strategy suggests that all economic development agencies and activities of the State be combined into one organization as a means of assuring consistent policies and directions as well as efficiency of operation.

Please discuss your ideas with respect to these two suggestions.

## QUESTIONNAIRE ON JOB TRAINING FOR BUSINESSES

1. To what extent does your organization cooperate with and assist state, regional, and local economic development organizations? Please provide some details about the methods or means by which coordination of programs and policies is achieved between your organization and other economic development organizations.
2. To what extent does your organization cooperate with private businesses? Please explain the nature of this cooperation.
3. In the event that a new business or a business planning an expansion is in need of a particular skilled labor supply which is absent, for the most part, in the State and for which there is currently no training program in Maine, would your organization be willing to respond quickly to this need? In your answer, please include the following:
  - A. the required minimum number of persons to receive the training
  - B. the persons/organizations responsible for paying for the training costs
  - C. the minimum amount of time required to implement the training program from the date of the request for the training program
  - D. any requirements or conditions that would be imposed upon the business owner or employer, and
  - E. any requirements or conditions that would be imposed on the "trainees"
  - F. The degree of flexibility with respect to the location of training sites, hours or training.
4. In the event that a new business or a business planning an expansion is in need of a limited labor supply with a particular skill which is in short supply and which your organization has previously provided training, what period of time would be required to implement the program again?

SUBCOMMITTEE ON STATE GOVERNMENT  
STUDY OF ECONOMIC DEVELOPMENT AGENCIES  
QUESTIONNAIRE - TOURISM  
AUGUST 17, 1984

1. Prior to the recent creation of the Vacation-Travel Commission and the Division of Tourism within the State Development Office, what role(s) did economic development agencies play with respect to the growth and development of the State's tourist industry?

A. How effective was this (these) role(s)? Was the tourist industry satisfied with the efforts and roles of the economic development organizations with respect to the growth of the tourist industry?

2. Following the creation of the Vacation-Travel Commission and the Division of Tourism, what role(s) have the State Development Office and other economic development organizations played with respect to the growth and development of the Maine tourist industry?

A. How effective have these roles been? Is the tourist industry satisfied with the current and projected roles and efforts of these organizations?

3. If you could make any structural changes you desired to make with respect to economic development and business assistance organizations for the purpose of promoting the growth and development of the tourist industry, what changes would you make?

4. If you could make any policy changes you desired to make with respect to economic development and business assistance organizations for the purpose of promoting the growth and development of the tourist industry, what changes would you make?

5. Two basic proposals have been suggested to the Subcommittee with respect to the roles and policies of economic development organizations in Maine as a means of assuring greater consistency in policies and direction and greater efficiency in operation of these organizations. Please comment on the two proposals briefly described below:

A. One strategy suggests a Blaine House Conference on economic development to include representatives of the public and private sectors. A commission, composed of some of the persons attending the conference, would be responsible for the development of a state economic development policy strategy for all economic development agencies of the State. This policy would be presented to the Legislature for approval.

B. A second strategy suggests that all economic development agencies and activities of the State be combined into one organization as a means of assuring consistent policies and directions as well as efficiency of operation.

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