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FINAL REPORT
OF THE
JOINT SELECT COMMITTEE
ON ECONOMIC DEVELOPMENT

MARCH, 1987

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Recommendations:

1. The Governor should establish a cabinet level economic development committee, chaired by the Governor, to develop and oversee an economic development strategy for the state.

2. It is necessary to establish a Department of Community and Economic Development to coordinate and implement state economic development programs. (See Appendix A for Legislation)

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2. The strength of the Maine economy is based on the strength of the economies of Maine's municipalities and their ability to adjust to the dramatic changes in the national and international economies. It is necessary to coordinate state, regional, and local efforts and resources to produce solid economic growth and development for Maine

Recommendations*:

* Legislation in Appendix A incorporates the following:

1. The Commissioner of the Department of Community and Economic Development should certify competent regional and local economic and planning agencies to assist in administering and conducting statewide programs which implement the economic development strategy.

2. The commissioner should create within the Department of Community and Economic Development a state-wide business assistance program to educate and assist business persons with respect to managing and operating a business and to facilitate and mediate business-state agency dealings and relationships.

3. Within the Department of Community and Economic Development, the Bureau of Marketing and Tourism will promote Maine products, Maine as a good investment opportunity, and Maine as vacationland.

4. Within the Department of Community and Economic Development, the Bureau of Community Development will establish a communications network with Maine's municipalities; coordinate department programs, services, and resources with those of Maine's municipalities and regional economic development organizations, and administer community development programs such as the Community Development Block Grant Program and the Community Industrial Buildings Program.

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Recommendations:

1. The commissioner should encourage the marketing of Maine products in foreign and national markets and may contract with any public or private organization to undertake specified marketing activities.
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Recommendations:

1. The Legislature should establish a direct loan program to encourage small business development and expansion and to encourage investment which is linked to high priority social-welfare goals.
2. The Legislature should encourage the investment of more seed capital to finance firms with good ideas for the production and marketing of goods by expanding the Pine Tree Partnership Program which provides grants for this purpose.
3. The Select Committee on Economic Development endorses the following legislation presently before the 113th Legislature:

a. L.D. 249, "AN ACT to Encourage Industrial Product Development of the State."

b. L.D. 259, "AN ACT to Continue the Pine Tree Partnership Fund Program."

c. "AN ACT To Establish the Maine Business Opportunity and Job Development Program" which has not yet been printed as of the date of this report.

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1. Require the Commissioner of Educational and Cultural Services to develop a plan designed to increase emphasis placed on career guidance and career education, expand and increase the flexibility of vocational education programs, and encourage the use of competency-based evaluation. (See Appendix B for Resolve)

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Recommendations:

1. Require the Commissioner of Educational and Cultural Services to develop a plan designed to expand the capacity of the State's adult education program to more adequately address the problems of illiteracy and high school completion. (See Appendix C for Legislation)

2. Require the Governor to develop a plan to better coordinate and expand Maine's job training and employment programs and report to the Legislature by May 1, 1987. (See Appendix D for Legislation)

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1. Technological advances in manufacturing processes in addition to the ever increasing number of hazardous materials found from other sources have brought the issue of the disposal of hazardous or special materials to the forefront.

Recommendation:

1. The state should assess technologies for and identify sites suitable for hazardous waste disposal and provide technical assistance to producers of these materials.

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Finding:

1. Telecommunications is becoming increasingly more important to economic growth in Maine. Some issues remain unresolved which could negatively impact growth including certain taxes on the telecommunications industry and Maine's unclear policy toward competition.

Recommendations:

1. Reduce barriers to entry for telecommunications firms;

2. The Legislature should give high priority to changing the method of taxation on telecommunications companies;

3. Require the University of Maine to work in conjunction with the VTI's and the adult education community in the use of the University's \$3.5 million grant to begin developing a telecommunications-based community college service.

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Recommendations:

1. Require, by Joint Rule of the Legislature, that legislation authorizing rule-making authority contain the goals and purposes to be achieved by the legislation and sufficient criteria to enable agencies to adopt rules that meet legislative intent and goals. (See Appendix G)

2. Require, whenever possible, that rules relating to natural resources and other regulated areas should establish performance standards by which the regulated interests can more easily define their projects for license purposes.

3. Require the Secretary of State to investigate the cost and advisability of codifying and indexing agency rules. In addition, the Secretary of State should be required to publish an index of agency rules which indexes rules by agency and subject matter.

4. The Select Committee on Economic Development endorses L.D. 161, "AN ACT To Improve Legislative and Public Access to the Agency Rule-Making Process." The Select Committee proposes that the bill be amended to include the proposals enumerated above. (See Appendix H for Amendment)

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quality regulatory enforcement personnel and a high turn-over rate among these persons. There is, at times a lack of communication between regulators and regulated interests which leads to mutual misunderstandings.

Recommendations:

1. Provide more resources to departments and agencies of state government to fund more regulators and to pay higher salaries to regulators as a means to reduce the turn-over rate and attract more qualified persons to regulatory positions.

a. The Department of Environmental Protection has contracted with a firm to conduct an evaluation of its resource needs, and will report the results of the evaluation to the Governor and the Legislature.

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Introduction

During the 112th Legislature, the Joint Standing Committee on State Government recognized the need to evaluate State Government's role in economic development. The Joint Select Committee on Economic Development was recommended as the vehicle to evaluate Maine's economic development strategies and policies and report to the first regular session of the 113th Legislature.

Specifically, the Joint Select Committee was charged with studying the Maine economy to determine the most effective role for State Government in economic growth and the priorities for state economic development activities, particularly in light of the Federal government's changing role. To establish a long-term strategy the Committee was also charged with evaluating the needs of small business and studying the findings and recommendations of the Joint Select Committee to Study the Shoe Industry.

To carry out this rather broad charge, the Joint Select Committee on Economic Development identified four major areas into which the Committee efforts could be divided. They included: economic development delivery systems and programs, education and job training, infrastructure and telecommunications and regulation and enforcement. Subcommittees were established to research these four areas supplementing the knowledge and experience of Committee members with additional or ad hoc members who were not official members of the Joint Select Committee.

These subcommittees compared practices of other states, gathered findings from recent reports, both within the state and from other states, and conducted hearings at Bates College in Lewiston and the University of Maine in Presque Isle. These hearings were designed to highlight the issues and/or problems facing economic development in Maine.

Each subcommittee reported to the full Committee in early December. Through December and early January, the full Committee met several times to discuss subcommittee reports and produce a Preliminary Report of the Joint Select Committee on Economic Development. Two public hearings to solicit comments on the Preliminary Report were held during the first week in February, the first in Portland and the second in Orono.

The Committee met two more times in February to discuss the issues raised at the two public hearings, review written comments concerning the Preliminary Report, draft accompanying legislation, and make final revisions to the Report.

I. ECONOMIC DEVELOPMENT DELIVERY SYSTEM

A. Structure and Strategy

Findings:

1. There is no planned focus to economic development efforts throughout the State and no defined state policy for targeting state economic development resources. As a result, there is no means by which economic development programs and efforts of different agencies can be made consistent with each other or with an overall policy or strategy for economic development.

2. There is no formal mechanism to coordinate economic development policies and programs or the programs and policies of other state agencies that have an impact upon economic development. The current system is a decentralized one, and coordination of economic development policies and programs depends upon the extent to which each agency is willing and able to cooperate with the several other agencies of state government to develop and implement these types of programs.

a. Each agency of state government which implements programs that have an impact upon economic development may cooperate and coordinate with another state agency, but this tends to occur on a limited or sporadic basis. Each agency has its own duties and responsibilities to fulfill, which consumes most of the time and resources of each agency, and the fulfillment of these responsibilities takes priority over coordination of activities with other state agencies.

3. There is a lack of coordination and centralization of information regarding the profile and activity of business in Maine. As a result, economic development efforts and planning may not reflect an accurate and comprehensive picture of the Maine economy.

Recommendations:

1. The Governor, by Executive Order, should create a cabinet level coordinating committee to prepare an economic development strategy for the State of Maine. The Governor should be the chairperson of this committee.

a. The cabinet level coordinating committee, at a minimum, should consist of the Commissioners of the Departments of Finance, Human Services, Labor, Environmental Protection, and Transportation; the Chief Executive Officer of the Finance Authority of

Maine; the Commissioner of the Department of Community and Economic Development and the Director of the State Planning Office.

2. The Governor at the beginning of each First Regular Session of the Legislature should present to the Legislature, as part of the Governor's budget message, the economic development strategy that the Governor proposes to guide economic development efforts in the state. The Governor, in his "State of the State" Message should discuss his proposed economic development strategy.

a. The Governor and the Cabinet Coordinating Committee should work and consult with the Joint Standing Committee on Economic Development of the Legislature in developing the strategy and evaluating programs.

3. The Governor and the coordinating committee, in developing an economic development strategy, should consult with the private sector with respect to the components of the strategy.

4. The Governor and the coordinating committee should consider the following issues or factors while formulating an economic development strategy:

a. the opportunities, needs, problems, and conditions of the several different economic regions of the State,

b. the several different sectors of the Maine economy and the opportunities, needs, and problems facing these different sectors,

c. the encouragement of the development of a progressive wage structure,

d. the development of quality jobs for the working poor and low-income population,

e. the development of jobs and training that improve all workers' employment skills and access to quality jobs, and

f. the support of day-care, medical plans and transfer payment reinvestment programs which result in a transfer of welfare recipients to gainful employment.

5. The Governor should provide staff sufficient to enable the Cabinet level committee to prepare a well-conceived economic development strategy.

6. A Department of Community and Economic Development should be created to administer economic development programs and services of the State. (See Appendix A for Legislation) The following agency programs should be considered for transfer to the new department (there may also be other programs which should be considered for inclusion in the department):

a. the current programs of the State Development Office,

b. the Community Development Block Grant Program of the State Planning Office,

c. the Community Development Revolving Fund and Program of the State Planning Office,

d. the local grants program of the Coastal Zone Management Program of the State Planning Office, but not the entire Coastal Zone Management Program, and

e. the Regional Planning Commission grant program of the State Planning Office.

7. The Joint Select Committee on Economic Development considered inclusion of several other programs, but further in-depth study of these programs by the Governor and the Joint Standing Committee on Economic Development is required before any final decisions can be made. For example:

a. Administration of the Coastal Zone Management Program, which is funded with federal money, may be prohibited by federal law and rules from inclusion in an economic development agency;

b. The activities of the Division of Community Services and its implementing agencies, the Community Action Agencies certainly have an impact on economic development, but their primary emphasis is services to low income people. These services and activities should be given appropriate attention by the Department of Community and Economic Development but not included under its responsibilities;

c. The Bureau of Parks and Recreation of the Department of Conservation, which works with municipalities on local recreational projects affecting tourism and local economies, impacts local economic development. Similar to the Division of Community Services, the Bureau of Parks and Recreation engages in activities that are more appropriate for its current structure than the Department of Community and Economic Development; and

d. The marketing programs of the Departments of Agriculture and Marine Resources should be reviewed to determine how state marketing programs can be coordinated or integrated within a single organization.

8. The powers and the duties of the Commissioner of the Department of Community and Economic Development as proposed in the accompanying legislation shall include, but not be limited to, the following:

a. The appointment of a deputy commissioner and bureau directors to serve at the pleasure of the commissioner.

i. Persons in major policy influencing positions and professional staff shall serve at the pleasure of the Commissioner. Clerical and non-professional staff shall be classified state employees.

b. Periodic review of the functions and operations of the agencies and bureaus within the department to assure that programs and activities of the department are coordinated and constitute the best use of available resources.

c. Periodic review of the programs and activities of the department with the assistance of the cabinet level coordinating committee to ensure that these programs and activities are in compliance with the statewide strategy.

d. The reporting of successes and problems in the economic delivery system to the Cabinet level coordinating committee and the Legislative Joint Standing Committee on Economic Development. This report would include problems encountered by businesses in dealing with state agencies that the commissioner is unable to remedy due to limited authority or resources.

e. The preparation and distribution of publications that:

i. Describe business assistance programs within the state available to Maine businesses,

ii. Describe the various economic development programs, and

iii. List and describe the various business licenses and permits issued by state agencies.

9. Some of the policies and programs to be implemented by the commissioner, shall include the following:

- a. identification and development of specific economic opportunities in the State,
- b. product development and marketing programs,
- c. identification and promotion of Maine's assets that contribute to a positive business climate in Maine,
- d. coordination of development efforts of diverse groups and persons in all economic sectors and the consolidation of needed resources for economic development projects, and
- e. a targeted business attraction program, a business assistance program, and a marketing program.

10. The purposes and duties of the Maine Development Foundation (MDF) as redefined in the accompanying legislation more accurately reflects the duties and responsibilities that the MDF currently undertakes and that are within the resources of the MDF. These duties and responsibilities should include the following:

- a. Bridge the knowledge and communications gap between the public and private sectors;
- b. Develop and propose new ideas to the Department of Community and Economic Development and to the Joint Standing Committee on Economic Development relating to:
 - i) The growth and development of the Maine economy,
 - ii) The marketing of Maine products and the development of new markets, especially foreign, and
 - iii) Promotion of Maine as an investment opportunity;
- c. Recommend changes to the Governor and Legislature in the economic development strategy and economic development programs to best meet the economic needs, problems, and conditions of the state;
- d. Analyze various means by which other state agencies' activities may be coordinated with the state's economic development strategy and plan;
- e. Conduct economic studies and analyses;

f. Conduct economic education programs;

g. Request the Maine Development Foundation and the Science and Technology Board to work cooperatively to review the present structure of and authorization for the Board and propose possible statutory language to allow the creation of the Board on a long-term basis. The Board's basic responsibility should be the following:

- i) to advise the Governor on strategies and innovative economic development policy,
- ii) to identify needs for industrial innovation and technological development,
- iii) to recommend economic development policies to stimulate development and expansion of advanced technologies,
- iv) to facilitate coordination among labor, industry, education, and government groups, and
- v) to administer technology innovation grants to foster the development of new products and processes for Maine Businesses.

h. The Board should have independent status, be appointed by the Governor and have majority private sector composition.

11. The Finance Authority of Maine (FAME) should retain its independent organizational status. FAME's programs and policies will be consistent with the state's economic development strategy and policies. (See Part B of Legislation in Appendix A) Financing of new businesses or business expansions should continue to be vested in a separate organization which can objectively review the proposals of the business applicants and their resources (including entrepreneurial ability). Programs for financing individual businesses should not be vested in an organization that also serves as an advocate of business and provides services to businesses.

a. The Finance Authority of Maine should continue to:

- i) underwrite any state loan program administered by a state agency,
- ii) approve issuance of loans to qualifying enterprises,
- iii) approve issuance of industrial development bonds,
- iv) provide loans through the job-start program,

v) assist the Department of Agriculture in administering the Potato Marketing Improvement Fund, and

vi) administer the Pine Tree Loan Program.

B. Programs and Operation

Findings:

1. The private sector lacks information about business assistance services available to private enterprise through public and private not-for-profit organizations in Maine.

a. This problem has begun to be addressed by the Joint Standing Committee on State Government which prepared legislation creating the Business Assistance Referral Office in the State Development Office. The Bureau of Business Assistance created within the new department will go a step further towards addressing this problem.

2. State regulatory agencies, principally the Department of Environmental Protection (DEP), sometimes do not issue decisions in a timely manner which may have an adverse impact upon economic development and growth in Maine.

a. There is a statutory limit of 105 days for a DEP or Board of Environmental Protection (BEP) decision which commences once the application is complete. In many cases, there are disagreements between the department and the applicant with respect to the degree of completeness of the application. The DEP is also understaffed and experiences a high turn-over rate.

b. The BEP has delegated approval authority for certain types of projects to departmental staff. While this has lessened the board's burden, it has not lessened the burden on the DEP staff or facilitated the application process.

3. There appears to be very little external and comprehensive assessment and evaluation of programs and agencies with respect to economic development and business assistance.

4. There is strong sentiment in the business sector for a business facilitator to assist with access to state agencies or with technical problems.

5. An expeditious response to changing job skills and job needs of businesses and new business is essential to the growth and development of the Maine economy. This response rate needs to be improved. The new Vocational-Technical Institute System and the job training programs under the Job Training Partnership Act (JTPA) should assist with resolving this problem.

6. There is need for greater communication between state economic development officials and individual businessmen throughout the State.

a. The State Development Office has implemented a site visitation program by which state economic development officials become acquainted with the individual businesses and business persons become acquainted with the resources and services of state economic development programs.

7. Women continue to enter small business and self employment at a rate five times faster than men, yet their contribution to the economy, both current and future, and their participation do not get addressed through economic development policies. Ninety-four percent of all Aid to Families with Dependent Children (AFDC) recipients are women.

Recommendations:

1. Business Assistance Programs shall be continued or expanded by the Commissioner of the new Department of Community and Economic Development and coordinated through existing regional economic delivery systems and programs presently providing such services as:

a. A program by which competent regional and local planning and development agencies may be certified by the Department of Community and Economic Development to administer or help administer state programs at the regional and local levels consistent with the State's economic development strategy. Resources should be provided to these agencies to provide these services.

b. A program by which small businesses are provided assistance and instruction in:

- loan applications,
- business planning,
- operating a business,
- filing and completing applications for business licenses and permits, and

- working with regulatory agencies.

c. The site-visitation program conducted presently by the State Development Office will be continued and expanded by the new department.

d. A Business Facilitation or Mediation Program which:

i) Assists Businesses in resolving problems encountered by business persons with other state agencies, regional, and local organizations;

ii) Coordinates state programs and services for business;

iii) Facilitates responsiveness to small business needs;

iv) Reports to the Commissioner any problems or breakdowns in the economic delivery system including problems encountered by businesses dealing with state agencies.

2. There should be sufficient staff to undertake departmental planning, research, and administrative services. Strategic planning, economic forecasting, and macro-economic planning should remain within the State Planning Office, but the information and results of the research of the State Planning Office in these areas should be provided to the Department of Community and Economic Development. The planning and research activities of the department as proposed in the legislation shall be undertaken to:

a. Assist the department to fulfill its responsibilities and to respond to opportunities, needs and problems in the Maine economy;

b. Develop a profile of Maine business sectors and the Maine economy;

c. Analyze Maine's ability to compete in northeastern, national, and world markets; and

d. Investigate and propose new ideas and technology for the state economy and Maine firms.

3. The Bureau of Marketing and Tourism as created within the department shall undertake promotion activities relating to tourism, Maine products, and Maine as a good location for new businesses and business expansions.

a. Tourism promotion is an important activity to encourage as it is an important source of income to the State. With a significant investment, a tourism promotion program can increase tax revenues and create important economic "spin-off" effects.

b. Tourism policies and programs should be consistent with the State economic development strategy and the policies of the Department of Community and Economic Development.

4. The Bureau of Community Development shall administer the Community Development Block Grant Program and other community assistance programs. By coordinating the administration of community assistance and development programs there may be greater program impact and more efficient use of state resources.

5. Women should be more involved in economic planning and strategy development. New women's business assistance programs and child-care programs should be developed and existing programs enhanced to provide specialized training and technical assistance to women business owners.

a. State funds should be provided to support a statewide program that would provide management and financial assistance to expand and develop new family-based and central child care services. Funds should be provided to subsidize slots in these new facilities for the disadvantaged and AFDC population. Incentive grants should be made available to groups utilizing schools and community centers to develop innovative, locally-based child care programs.

C. Performance of the State Economy

Findings:

1. There is significant competition with more heavily subsidized foreign firms located in nations with aggressive international trade policies.

2. The basic, traditional bulwarks of the Maine economy are experiencing significant change or decline including: textiles, leather, lumber, agriculture, etc.

3. There are regional economies within the State which are in economic decline.

4. The generation of new products and processes, particularly for firms in "declining industries" or firms faced with severe competition, is necessary for Maine firms to survive in a dramatically changing national and international market system.

5. There are inadequate facilities or services for businesses in rapidly growing areas of the State. While the southern region of the State is rapidly developing, the problems of rapid growth are emerging. Some small and medium sized businesses complain of the lack of available facilities, the high cost of real estate, inadequate sites for growth, transportation and highway problems, etc.

6. There are problems generating new viable enterprises, especially small businesses, and business expansions that have significant growth potential, particularly in areas outside the southern growth zone of the State.

7. There is a high unemployment rate among the unskilled population and persons without a high school education, particularly young single women with children.

Recommendations:

There are several recommendations mentioned in the previous sections that address some of the problems and needs with respect to performance of the economy.

1. A state economic development strategy should address the significant discrepancies among regional economies within the state and the decline of the traditional industries that are the bulwark of the State.

2. The generation of new products and processes through seed financing, the activities of the Science and Technology Board, and the research capability of the University of Maine system and Maine colleges may address the problem of the decline in Maine's traditional industries.

3. High unemployment among the unskilled, especially persons without a high school education will be addressed by investing more in remedial and literacy programs in the adult education program and through targeted employment training programs.

D. Capital Formation and Business Financing

Findings:

1. In 1983 the State consolidated financial assistance programs within a new agency, the Finance Authority of Maine (FAME). FAME has increased the financial assistance available to business in a number of different areas and attempted to focus its financing resources to meet identified economic development needs.

a. However, recent changes in federal tax legislation will greatly reduce the amount of Industrial Revenue Bonds, historically Maine's largest economic development program at over \$200,000,000 a year for the past decade. While FAME has initiated programs such as the SMART and SMART-E bonds to make up some of the ground lost because of federal tax law changes, more needs to be done to assist business finance, especially in the areas of low cost debt and equity capital.

2. Access to adequate capital, particularly high risk capital for small business, continues to be a problem.

a. The State has several business financing programs available through FAME. In addition, certain federal community block grant program monies are provided by municipalities to businesses. The Maine Capital Corporation (MCC) invests privately raised venture capital and makes loans to firms that meet MCC specialized standards for investment. The availability of seed capital for business start-ups is very limited. Small businesses without much of a track record have a very difficult time securing high risk capital or low interest loans.

3. There is very limited access to long-term, fixed rate and affordable capital which poses a hardship particularly for small business.

4. There are insufficient incentives for firms and corporations to address some of the economic liabilities of the state including investments in economically distressed regions, training for unskilled workers, employment of economically and physically disadvantaged persons, etc. There is a need for a policy that offers incentives for the linking of capital investment with high priority social-welfare goals. In the long run, investment in the employment of disadvantaged persons, employment and training of unskilled workers, and provision of health insurance as well as day care facilities for children of disadvantaged persons will bring substantial returns to the State.

Recommendations:

1. The Legislature should establish a direct loan program for businesses that would offer low interest, fixed-rate, and long-term loans not available through other sources. Such loans could be especially effective in assisting businesses invest in areas of the state, distressed industries, employment and training of disadvantaged and unskilled persons, etc.,

identified by an economic development strategy as high-priority development goals.

2. The Department of Community and Economic Development should consider establishing a program to provide direct seed capital to promising businesses. This could be done through an expansion of the existing Pine Tree Partnership program for new technology and product development or through a new program for direct equity investments in companies. Like direct loans, such an equity investment program could be particularly important in attracting additional investments in high-priority industries and areas.

3. The State, through its programs of financial assistance to business, should strive to link capital investment with education and job training for targeted groups, distressed areas of the state, and certain distressed industries, where possible.

4. The Select Committee on Economic Development endorses the following legislation:

a. L.D. 249, "AN ACT To Encourage Industrial Product Development of the State;"

b. L.D. 259, "AN ACT To Continue the Pine Tree Partnership Fund Program;" and

c. "AN ACT To Establish the Maine Business Opportunity and Job Development Program" which has not been printed as of the date of this report.

E. Entrepreneurial Characteristics

Findings:

1. A number of business managers and owners lack business skills and information about changes and developments in the market place.

2. Entrepreneurs are reluctant to accept an "outside" equity investment in their firm, to conduct business in a different manner, to expand operations or to take other steps to expand their business opportunity.

3. There is also a lack of equity financing for many businesses that would accept this type of financing.

Recommendation:

1. The problems relating to lack of business skills and information and reluctance to accept "outside" equity investments by entrepreneurs can be addressed by the Department of Community and Economic Development business assistance programs and financing programs through FAME. Also, the business assistance programs can be provided through certified regional and local economic development agencies.

F. Perceptions of the Maine Economy

Finding:

1. Persons within and outside Maine sometimes have false or misleading information about Maine and the State economy resulting in a poor image of Maine and the State's economy.

Recommendation:

1. The Department of Community and Economic Development shall address this problem through a public information program and the implementation of realistic components of the state economic development strategy.

II. Education and Job Training

A. Educating and Training the Workforce of the Future

Findings:

Despite all the positive steps taken to improve and enhance the elementary and secondary (K-12) curriculum in the state, there is still much to be done. There is a widespread consensus among Maine employers that new entrants to the workforce have been poorly prepared for the world of work both in terms of their educational skills and career guidance. The problems of truancy and dropping-out have not abated. Many Maine youth continue to have very low aspirations. There is also a lack of communication between the business and educational communities.

Based on information gathered in 1986 through the Maine Education Assessment program of 11th-graders, secondary students may not be receiving as much in-school assistance as they need to make career and post-secondary education decisions. This finding is based on the following evidence:

- 65% of the 11th-graders felt that they had received almost nothing to about half of the help needed in the selection of a job or career;
- 47% of secondary school teachers felt somewhat prepared to relate their subject areas to the world of work, and 15% felt inadequately prepared; and
- 33% of teachers reported that they believed it was not their responsibility to be involved in formalized career related activities.

Recommendations:

The Department of Educational and Cultural Services should prepare a plan designed to improve the ability of the elementary and secondary public education system to adequately prepare students for the transition to work and the career decisions and changes they will face during the remainder of their lives. Require through a Resolve (see appendix B) that the Commissioner of Educational and Cultural Services submit the plan to the State Board of Education at its regular monthly meeting in April, 1987. The Department shall report to the Joint Standing Committees on Education and Economic Development on May 1, 1987 regarding the plan and the actions of the State Board. The plan should establish a time schedule for implementation, funding requirements, and any program changes should be designed to accomplish, at a minimum, the following objectives:

1. Increasing each child's knowledge of the work environment, career options, and their own skills and interests.

a. Increasing the emphasis on career education, planning and guidance and begin career education earlier in each child's educational program and formally involve regular classroom teachers in the process.

b. Encouraging schools and educators to communicate better with business. Business should communicate its needs to teachers and students and expand their knowledge of the world of work and occupational choices.

2. Encouraging teachers to explore the world of work themselves through such programs as the "Educator-in-Residence" program, initiated by Maine Savings Bank to provide educators with the opportunity to learn about current business practices. This program has been replicated and expanded by the Maine Development Foundation.

3. Recommending to the State Board of Education as set forth in the "New Directions for Technology Education" idea paper of the Bureau of Vocational Education that the "Required Skills" section of State High School Graduation Standards be amended to include demonstrated proficiency in the four Pre-Employment Competency Areas that have already been adopted by the Maine Job Training Council:

a. Career Decision Making (Self-Awareness, Career Awareness, Labor Market Information, Career Choice);

b. Life/Work Management (Managing Personal Responsibility, Problem Solving/Coping);

c. Job Getting (Job Seeking, Resumes and Applications, Contact Skills, Interviewing); and

d. Work Maturity (Dependability/Reliability, Communication Skills, Personal Relations, Initiative/Productivity, Worker Rights.

4. Upgrading vocational education programs in conjunction with improved career guidance and education to more effectively target education programs to individual needs and chosen career paths.

a. The Department of Educational and Cultural Services should recommend to the State Board of Education that the Board adopt the following recommendation of the "New Directions" idea paper.

i. While phasing out the "General" curriculum, Vocational Education should be expanded to encompass all students who are not committed to a four-year college career and should be reorganized into four standard curricula:

- Specific Vocational Preparation;
- Vocational Technical Preparation;
- Apprenticeship Training Preparation; and
- On-The-Job Training Preparation.

5. Encouraging the use of competency based evaluation systems, particularly for vocational education programs. These types of systems are designed to provide a better measure of skills developed by a student and are better measures of the effectiveness of educational programs. The Department of Educational and Cultural Services should increase its present efforts in this area.

B. Educating, Training, and Retraining the Existing Workforce

Findings:

Listed below are the findings deemed most significant to the discussion of the education, training and retraining needs of the Maine workforce as it exists today and as it will exist in the years ahead. These findings support two conclusions: a) the State of Maine has not adequately met its education and job training needs and b) programs to meet these needs are excessively fragmented.

1. Presently 238,000 adults in Maine lack a high school diploma with one in five adults being functionally illiterate. While 4,000 adults each year go on to secure a high school diploma, a roughly equal number of high school students become dropouts.

2. Ninety percent of today's workers will be in the workforce in the year 2,000. The nature of employment will change drastically by the year 2,000 as the economy continues its shift away from a manufacturing base to an information and service based economy requiring more flexibility and adaptability within the workforce.

3. Employers in Maine are becoming increasingly frustrated by an inability to locate and attract employees with adequate education and training. This problem is greatly intensified in areas of the state experiencing rapid growth.

4. The Job Training Partnership Act (JTPA) program only serves approximately 5% of Maine persons eligible under the program. Similarly, the Welfare Employment, Education, and Training (WEET) program has 20% of AFDC recipients enrolled and only 13% actively participating.

5. The allocation of public funds to address the issues raised in the previous findings is minuscule. The University System operates on a budget of over \$200 million. The demand for an employee with a college education is estimated at ten percent of the total workforce. Public school systems in the state collectively have a budget that exceeds \$600 million. Of this amount, only \$6 million is set aside for adult education. The Vocational-Technical Institutes (VTI's) operate on a total budget of \$27 million with a demand for graduates in specialized fields well in excess of capacity. JTPA in Maine spends approximately \$12 million annually which falls far short of employer and client demands. This should not be understood to imply that too much funding is being directed to the University of Maine system or elementary and secondary education, but rather that there is just too little resources devoted to the other very important areas of human resource development.

6. The relatively scant financial resources dedicated to the education, training and retraining needs of the workforce are scattered throughout state government. Coordination is lacking, duplication of effort is evident and a comprehensive, rational state policy does not exist. Three state departments, as well as the University, VTI's, and the Maine Maritime Academy have a role in the use of the limited adult training and education dollar. At least ten separate policy-making and citizen advisory councils, committees, boards or commissions also have a role to perform in this area. Service delivery and administrative programs at the state level alone total fifteen. The current debate over the recently mandated USDA Food Stamp Recipient Training program highlights the problems faced in trying to coordinate the many programs.

Recommendations:

B-1. Require by Resolve (see Appendix C) that the Commissioner of Educational and Cultural Services develop a plan designed to expand the capacity of the state's adult education program to more adequately address the problems of illiteracy and high school completion within Maine's adult population. The Commissioner should report by May 1, 1987 to the Joint Standing Committees on Economic Development and Education. The report shall include implementing legislation and a plan designed to accomplish, at a minimum, the following objectives:

1. Requiring that all local school units offer directly or by contract with another unit an adult basic education (ABE) program that meets minimum curriculum standards prescribed by the Department of Education and Cultural Services for basic literacy and high school completion courses.

a. The Department should prepare and implement these standards.

3. Increasing state support for adult education to achieve the following results:

a) Providing all adults access to a free public education through grade 12;

b) Subsidizing 75% of the first year cost to local school units in initiating new and expanded programs for basic literacy and high school completion and allow state participation in the first year to be counted 100% toward the local school units subsidy claim for future years;

c) Funding the state subsidy for ABE in sufficient amount to match all local effort;

d) Funding 100% of the costs of textbooks required for basic literacy and high school completion courses and 100% of General Educational Development (GED) testing fees;

e) Testing through pilot projects the use of on-site day care as an incentive for encouraging enrollment. Determining the extent to which the availability of this service increases enrollment, the socio-economic background of the persons benefitted and the most appropriate means for providing this service;

i) The Commissioner should report the results to the First Regular Session of the 114th Legislature and make recommendations regarding the expansion of this service; and

f) Fund sufficient staff within the Department to support the ABE program, including positions lost as a result of federal funding cutbacks.

B-2. Require by Resolve (see Appendix D) that the Governor develop a plan to expand the capacity of Maine's job training programs to train and retrain Maine's workforce. The Governor should report by May 1, 1987 to the Joint Standing Committee on Economic Development with the necessary legislation (including appropriation requests) to implement at a minimum the following:

1. To the maximum extent practical, all state funded or administered job training programs should be consolidated within the Maine Department of Labor. Exempted from this provision are programs under the auspices of the Department of Education and Cultural Services, the University of Maine System, Maine Maritime Academy, and the VTI System.

2. To the maximum extent practical, the multitude of councils, boards and committees presently engaged on behalf of the state in job training activities should be consolidated.

a. The successor organization, hereafter referred to as the State Council, should use subcommittees to give particular focus to such areas as welfare recipient participation and occupational information retrieval systems. In this manner the need for separate free-standing organizations to cover areas such as these can be obviated.

b. In those instances where organizations cannot be merged, dual appointments should be considered as a means of enhancing coordination.

c. In achieving a consolidation, consideration should be given to combining, at a minimum, the Maine Job Training Council, the State Advisory Council, the Maine AFDC Coordinating Committee, the Maine Occupational Information Coordinating Committee, the State Apprenticeship and Training Council and the Displaced Homemakers Advisory Council.

d. The new State Council should be charged with the responsibility of integrating the planning and delivery of job training programs in the state.

e. The new State Council should be fiscally attached to the Maine Department of labor.

f. The State Council should have authority to approve the expenditure of job training funds by regional service providers.

3. The planning and delivery of job training services should be consolidated at the regional level.

a. Regions should be consistent with county boundaries and, to the maximum extent practical, should adhere to sub-state planning and economic regions currently prescribed by executive order.

b. Those agencies designated by the Private Industry Councils (PIC's) under JTPA should be the agencies responsible for service delivery and planning. Where the state is the service provider in a region under JTPA, a regional agency should be designated by the PIC.

c. To the maximum extent practical, the regional agencies should use their financial resources to purchase educational and training services from existing local public school adult and community education programs, the VTI system and the University of Maine System. In the event these agencies are unable to meet service needs, the regional agency should as a last resort be in a position to be direct provider of services.

d. The regional agencies should each year prepare and submit an operating plan drafted in accordance with guidelines promulgated by the State Council. Regional plans would be forwarded to the PIC's which will develop and present final plans to the State Council for approval. The plan should specify goals, objectives, scope of work, time lines, staffing, budget, performance measurements, and their relationship to State and regional economic development strategies. Efforts to maximize coordination with the ABE program, VTI System and University of Maine System should be noted as well as obstacles to such coordination and methods for reducing these obstacles.

e. The funding made available to each region should be allocated on a formula basis that reflects need as defined by the State Council. The State Council should have the authority to reallocate funds should one region not utilize its entitlement.

4. Disincentives which discourage participation in job training programs should be reduced. These disincentives include the lack of day care for parents, the lack of health coverage for the disabled and welfare recipients and the lack of transportation for those without their own vehicle.

5. State financial support for job training should be increased once a coordinated and integrated service planning and delivery system is instituted at the state and regional levels.

6. Career guidance and assessment services offered by the state should be offered in a more coherent and comprehensive manner. The Commissioners of Labor, Human Services, and Educational and Cultural Services should jointly determine the most efficient means of addressing the guidance and assessment needs of the various adult client groups.

C. Commission on Education for Economic Development

Finding:

1. Maine has just begun to understand the implications of strong support of education; both elementary, secondary, adult and higher education in the State. Education is extremely important to economic growth in the State and is also extremely important to personal growth and future earnings. However, many Maine people including many educators appear to be uncertain of the importance of the ties between education and economic growth.

Recommendations:

Establish by Resolve (see Appendix E) a Commission to study the linkages between education and economic development. The Commission should be a joint legislative, executive, and private sector effort.

1. The Commission should have the following goals:

a. To gain a greater understanding of the interrelationship between education and economic development;

b. To educate the Maine public, including educators, about the important linkage between education and economic growth; and

c. To recommend the most effective methods for enhancing economic development given the finite resources available for educational program expansions.

2. The Commission should consist of 17 members to include the following:

- The Chancellor of the University of Maine System;
- The Executive Director of the Maine Vocational Technical Institute System;
- The Commissioner of the Department of Educational and Cultural Services;
- The Commissioner of the Department of Labor;
- The Commissioner of the Department of Community and Economic Development;

- 8 members of the Legislature, 2 each from the Joint Standing Committees on Education, Economic Development, Appropriations and Financial Affairs, and Taxation, to be appointed by the Speaker of the House and the President of the Senate; and
 - 4 members of the general public to be appointed by the Governor.
3. The Chairman will be chosen from those representing the general public.
4. No designees of Commission members will have voting authority.
5. The Commission shall undertake but shall not be limited to the following tasks:
- a. Conduct a study of the linkage between education and economic development which will:
 - Review recent research and studies about this relationship;
 - Evaluate present education programs and new program proposals;
 - Assess the education needs on a statewide and regional basis;
 - Establish priorities among the many educational programs and new proposals based on their effect on short-term and long-term economic growth; and
 - Evaluate the present methods and levels of funding for education programs
 - b. Develop a program to educate the Maine public as to the importance of education to Maine's economic future which should:
 - Provide a forum for educators, business leaders, legislators, and representatives of the economic development community including community development directors to get together and discuss their needs.
6. The commission should be provided with necessary resources and staffing to conduct research and sponsor seminars on this topic. The Maine Development Foundation should be utilized to assist the staff.
7. The Chancellor of the University of Maine System, the Executive Director of the Maine Vocational-Technical Institute System and the Commissioner of DECS should each assess their needs in terms of programs and the required financial support. Priorities should be established based on each program's short-term and long-term impact on economic growth. This information should be gathered and supplied to the Commission within 6 months after the enactment of this proposal.

III. Infrastructure and Telecommunications

A. Infrastructure Finance (Capital Planning and Budgeting)

Findings:

The role of the federal government in infrastructure finance has been enormously important. The role is most obvious in the direct grant programs which have paid up to 90% of highway construction. But the federal government has indirectly financed infrastructure improvements funded the issue of state and local bonds that are exempt from federal taxes. In addition, as much as half of all federal general revenue sharing funds to local governments have been used to pay for their infrastructure needs. However, the federal government is retreating from its infrastructure financing support on all fronts, leaving Maine state and local governments to rely increasingly on their own resources to meet expanding infrastructure needs.

1. Federal tax reform has changed the ways in which tax-exempt bonds can be used, and potentially has raised the cost of borrowing for state and local governments.

2. The interest on state and local "private activity" bonds may no longer be exempt from either federal or state taxation, depending on the use of bond proceeds and whether the bond buyers are subject to the Alternative Minimum Tax.

3. Population and economic growth are creating the need for expansion of such facilities as sewage treatment plants and transportation facilities.

4. The loss of federal revenue sharing for local governments beginning in the current fiscal year will have a dramatic impact on local infrastructure maintenance and construction, especially for public buildings.

5. Capital planning and budgeting in Maine at both the state and local level has not been a legislatively mandated process, as it is in many other states. Capital planning has been left to the discretion of individual agencies. Capital plans provide improved information about current and future short and long-term needs.

Recommendations:

A capital planning and budgeting process should be legislatively mandated. (See Appendix F for Legislation) Three major elements should comprise this capital planning and budgeting process for Maine: A 6 year Capital Plan, a biennial State Capital Budget, and Principles and Standards for Capital Budgeting and Planning.

Capital Planning and Budgeting are actually two distinct tasks: planning (long range analysis of needs and revenues) and budgeting (specific proposals for expenditures to be made in a given time period). In Maine, these tasks are currently performed by separate agencies; planning is done by the State Planning Office and by individual agencies; budgeting is done by the Bureau of the Budget within the Department of Finance. In other states, the capital planning and budgeting functions are performed by a single agency.

The most important role for the Capital Plan should be to identify major needs (by biennium), the principal choices to be made by the Governor and Legislature in deciding on State capital expenditures, and the implications of those choices for economic development in the state. It would identify major policy issues in both expenditures and revenues, and would highlight those issues that cut across several different kinds of infrastructure types. It would not be a schedule of specific projects (though this might be included in some cases), but a framework for making infrastructure investment decisions.

The Capital Plan would be prepared under the direction of the Governor. The plan would be a long term assessment of the State's capital needs and the revenues available to pay for them. It would focus on a six year period (three biennia), and would be prepared and submitted to the Legislature every two years along with the Capital Budget. It would provide the policy context for the specific proposals made in the Capital Budget.

Since "needs" and "priorities" are often a matter of perception, the Plan should be able to distinguish between priorities identified by agencies in their existing procedures, those identified by the planning agency based on its own assessment of economic and demographic trends, and those perceived by the general public. For the purpose of securing comment from the general public, the plan should be submitted in draft form for public review and comment. An independent "advisory board" might also be established to help oversee the plan's development.

The three elements of the capital planning and budgeting process are described below.

1. The Capital Plan would comprehensively assess both state and local capital needs and priorities to give as complete a picture as possible of where public funds are and need to be invested. It would supplement, not replace, existing agency capital planning processes. Its principal elements would be:

a. An inventory of capital assets held by state and local governments, including, to the degree that data is reasonably available, original costs, depreciation, age and condition, current values and replacement values. Capital asset types would be by the following major categories:

- Roads and Bridges
- Other Transportation
- Educational Facilities
- Public Buildings (offices, libraries, courts, etc.)
- Publicly owned dams
- Water & Sewer facilities
- Other waste disposal facilities
- Corrections facilities
- Recreation and other facilities

b. Long range economic and demographic trends likely to affect the demand for public infrastructure throughout the state.

c. An analysis of the age of major classes of capital assets in comparison with standard "design lives".

d. Schedules of major repairs and replacements, expansions, and new facilities needed based on "best professional judgments".

e. An estimate of operating and maintenance costs for new or expanded facilities and the costs to be incurred if new investments are not made (the costs of deferral).

f. An analysis of recent trends and forecasts of revenues available to fund infrastructure improvements, including:

- General Obligation and Revenue Bonds
- General and Dedicated Taxes
- User Fees
- Federal Assistance

2. The State Capital Budget for the priorities established by Capital Plan should be prepared biennially by the Department of Finance for the Governor and submitted to the Legislature as Part 3 of the Budget. It would be a 2-year expenditure proposal for the State's own capital facilities and for those state expenditures that affect local capital spending. As with the capital plan, existing agency priorities and proposals would be the starting point, but the Capital Budget would permit the Governor and then the Legislature to look across all categories of expenditures to make decisions on priorities.

a. The Capital Budget would focus on those facilities to be supported with general revenue financing (whether debt or paid from current revenues). It would include summaries of the highway and other dedicated-revenue budgets to provide a summary of total capital expenditures over the biennium. The Budget would identify:

- Major new facilities to be built
- Major upgrades and expansions of existing facilities
- Local aid program expenditures
- Significant repair and maintenance expenditures
- Implications for future operating and maintenance costs of decisions on expansion/new facilities (including the costs of deferral).
- Revenue sources to pay for proposed capital expenditure program.
 - Taxes
 - User Fees
 - Debt
 - General obligation*
 - Revenue
 - Other funding methods

*The General Obligation Bond section would contain the Governor's proposal for the first year of the biennium and a preliminary proposal for the second year. The Governor and Legislature would continue to consider bond proposals in each session as needed.

For those expenditures proposed, the Budget document would also present an analysis of the costs and benefits of the proposed expenditures on a life-cycle basis.

3. The State Planning Office and the Department of Finance should share the responsibility for establishing principals and standards for Capital Investment Planning and Budgeting with the Economic Development Cabinet Level Coordinating Committee having final approval of these principals and standards. Capital planning and budgeting must be conducted with a common approach to definitions, accounting procedures, and analytical techniques. The third element is, therefore, a manual that sets forth principles and standardizes approaches in the areas of:

- Definitions (e.g. what is a "repair", what is an "upgrade" or "expansion")
- Accounting (a uniform system of accounts for use in capital budgeting by the state and, ultimately, local governments)
- Cost/Benefit Analysis (establishing the ground rules for conducting cost/benefit studies of alternative investments).

This manual would be the first product of the capital planning and budgeting effort, since future plans and budgets would depend on it.

4. Because of inflation and limited revenue, increased infrastructure demands, (discussed in the following sections) will require new revenue sources. Some of the possible financing methods are described below:

a. The Legislature should consider an increase in highway fund revenues (the gas tax, license and registration fees, etc.) to both maintain and expand the level of construction investment. Major new investments in transportation corridors, such as new bridges in Waterville-Winslow and Portland-South Portland will have to be funded outside the normal investment-cycle process simply because of the size of the needed investments, each of which would be equal to or greater than a normal year's budget for bridge improvements. While some federal funds may be available for projects such as the Million Dollar Bridge and the Carlton Bridge, additional funds in the form of bonding, tolls, or tax revenues will be needed. An investment plan setting forth the schedule and levels of investment needed should be prepared so that appropriate decisions about these projects can be included in the overall capital planning process. Legislation enabling the creation of special revenue authorities to own and operate these facilities should also be given serious attention if these needed projects are not to create undue strains on existing resources.

b. The federal Community Development Block Grant Program provides up to \$9 million per year in assistance to communities for various forms of housing and facility development. The program is administered to specifically link public facility and economic development needs, and more than one third of the funds are being used for public facility development. The State should consider expanding this program through a direct matching expenditure.

c. Depending upon needs identified in a capital planning process, the State may wish to consider establishing a subsidized loan program to help municipalities to catch up with maintenance backlogs. Similar programs have been implemented in other states with some success. However, such a program should be implemented only after a more detailed analysis of needs is undertaken.

B. Traditional Infrastructure

Findings:

1. Less-developed rural areas of the state are served by good roads, but major routes to certain areas of the state are only adequate for existing traffic. Upgrades, including widening of lanes, paving shoulders, and installing passing lanes are needed on much of the state's 2,000 miles of primary roads.

2. There are a number of bottlenecks in the transportation corridors that cause significant delays and problems.

3. Declining federal support in real dollars, coupled with a flattened trend in gas tax revenue collections as mileage improvements for cars continue, will mean that existing funding sources will be adequate only for current levels of maintenance, and that over time there will be a significant reduction in highway investment.

4. The railroad system in Maine is steadily evolving towards a major north-south trunk line with branch lines only to areas where paper mills are located. Other branch lines are being abandoned.

5. There remain unmet needs for both primary and secondary wastewater treatment plants. Twenty-one towns remain without primary treatment, and sixteen towns require additions to permit secondary treatment, according to the most recent Department of Environmental Protection sewage treatment investment plan. Total costs for these facilities will be \$21.4 million for the current fiscal year (exclusive of sewer line and interceptor plans). While fifty-five percent will be paid by the federal government, this will still require over \$9.6 million dollars from state and local governments in Maine.

6. A significant debate has emerged over the public and private sector roles in managing solid waste disposal and the related issue of increasing demand for using Maine to dispose of solid waste generated in other states. Maine has traditionally been served primarily by municipally owned and operated solid waste disposal sites, but the private sector has been making increasing investment in solid waste disposal facilities in Maine. While technology and environmental management needs are combining to permit increasing centralization of waste disposal, large areas of the state with small, remote populations may not have access to safe solid waste disposal at affordable costs.

7. Local governments, responsible for much basic infrastructure, are finding it increasingly difficult to make prudent decisions about their infrastructure investments. Changing financing policies and State requirements make planning difficult for communities. Local governments often lack the staffing or technical capabilities to effectively plan.

8. In rapidly growing areas of southern Maine, the strains on roads, water and sewer, and other infrastructure combined with the lack of adequate state and local planning and capabilities is providing a crude form of growth management. However, this type of growth management accomplished through putting excess strains on existing infrastructure will only result in prematurely worn-out facilities and excessive costs for early replacement.

Recommendations:

1. The Department of Transportation (DOT), which has a comprehensive capital construction and improvement planning process, should continue its long-term planning for capital projects with some changes in the process. The Department of Transportation should consider the condition of and the direction in which the state economy is going, and analyze how the transportation network and proposed capital projects affect the economy.

a. In its capital project planning process, DOT should include economic growth and development variables. To achieve this end, DOT should consult with the Department of Community and Economic Development and the other relevant departments for the criteria to be included.

b. DOT should work closely with local officials to determine how proposed capital projects will affect municipalities, particularly their effect on the economies of the municipalities and the relationship of these projects with any other proposed future infrastructure investments.

c. Other transportation needs and major new investments in transportation corridors should be evaluated to determine the cost effectiveness and desirability of these investments as well as the levels of investment required.

2. The maintenance needs of current infrastructure assets cannot be meaningfully addressed outside of the context of overall needs for infrastructure investment. The creation of an active capital planning process is thus a key to re-emphasizing the needs for adequate maintenance expenditures.

C. Demands for New Infrastructure Types

Findings:

Waste disposal has been a basic government function, but it has become substantially more complex as it has become clear that certain wastes are hazardous to human health and must be disposed of in ways that avoid exposure of people to the wastes. The broad category of "special and hazardous" wastes includes not only the chemical by-products of many manufacturing processes, but also biologically contaminated hospital wastes, asbestos removed from buildings, used tires, and even such common items as used motor oil.

For businesses, disposal of special or hazardous wastes has become a major issue for a broad spectrum of manufacturing industries as technological advances have produced new kinds of materials. Hazardous waste management is intimately tied to the related issues of solid waste and sewage treatment, but the health and environmental issues raised by toxic wastes are significantly more complex. Two important issues should be addressed:

1. How to clean up hazardous wastes that have already been improperly disposed and now pose a threat to health either directly or to essential water and land resources.
2. How to make provisions for the safe disposal of hazardous waste currently being generated or that may be generated as a result of future growth in the Maine economy. Comments at the public hearing suggested that companies attractive to Maine for economic development, such as electronics manufacturing, are also frequently generators of hazardous waste in some form. Maine could enhance its attractiveness to these firms if it had a program and facilities in place to handle hazardous wastes, through a combination of treatment and environmentally sound storage.

Recommendations:

1. A major effort should be made by the State to assess technologies for waste treatment and disposal, identify sites geologically suitable for disposal of the major types of hazardous wastes, and provide technical information and assistance to makers confronting these issues. There must be strong State leadership in this effort, although local and regional approaches to developing disposal facilities should be encouraged. The highest standards of technical analysis and a strong public information and participation focus must be the foundation of this effort.

2. The establishment of a specific institute to address technical, economic and public health aspects of hazardous waste disposal at the University should be considered.

D. Telecommunications

Findings:

The major challenge in state telecommunications is to adapt to the continuing evolution of a competitive telecommunications industry from the largely-monopolistic industry that existed before 1984. Substantial opportunities for economic development exist as the world's economy becomes more and more information-intensive and relies on the telecommunications network as the major transportation infrastructure.

The telecommunications industry itself is forecast to be the fastest growing industry in the United States over the next five years, and those business and professional service industries that will make the most use of new telecommunications technologies are forecast to be the fastest growing industries in Maine. Ways must be found to take full advantage of these opportunities, without causing large-scale disruption to the long-standing social goal of maintaining universal telephone service.

Maine's telecommunications network is gradually modernizing to take advantage of the most recent technological developments; recent decisions by the Public Utilities Commission (PUC) have, in fact, quickened the pace. But several major issues remain unresolved:

1. Maine's basic policy towards competition remains unclear. While state law can be interpreted to support a competitive telecommunications industry, no clear policy has been formulated by the Legislature or by the PUC. The PUC has encouraged competition in some areas. For example, it has permitted certain central switching services sold by New England Telephone to be deregulated so that NET can compete with the private switches offered by AT&T and other vendors. But the PUC has asserted review authority over mobile cellular radios, which has apparently discouraged some companies from seeking to locate in Maine. The appearance of inconsistent regulatory policies and the potentially large and complex legal procedures of utility regulation can serve as a barrier to new investment in telecommunications.

2. Taxation of the telecommunications industry in Maine continues to be based on the premise that the underlying economic structure of the industry is a monopoly. Maine imposes a tax of 7% on the gross receipts of telephone companies in lieu of property taxes and has recently imposed an additional tax of 5% on interstate long distance service. These taxes imposed on interstate long distance carriers will be fully paid by Maine ratepayers as a result of recent and pending Federal Communications Commission (FCC) rulings. This will raise the cost of long distance telecommunications in Maine above that of other states, providing a disincentive for companies that rely heavily on long distance phone service from locating and expanding in Maine. It will also provide additional incentives for large companies to set up their own telecommunications systems, which could increase the rates for those who remain on the phone network.

3. State Government and the University are the largest telecommunications users in Maine. As such, their decisions affect the amount and types of technology available in Maine and their cost. Telecommunications also offers significant opportunities to improve delivery of services by both government agencies and the University.

4. The PUC has opened a major examination of competition issues. The "competition docket" will examine many of the central issues associated with the evolution of the telecommunications industry. A report is expected in spring, 1987.

5. A combination of increased return on investment permitted by the PUC and falling costs for such technologies as electronic switching, digital microwave, and fiber optic transmission lines has permitted NET to dramatically increase its investment in the Maine telecommunications network over the last two years. Current plans are that fiber optic cables will be laid from Kittery to Bangor by 1987, and to have almost all NET switches electronic by 1992.

6. AT&T has filed a request with the FCC to assign the full cost of the recently-enacted sales tax on access charges for interstate long distance service to Maine ratepayers. This filing follows an earlier FCC decision to assign the full amount of Maine's gross receipts taxes on long distance companies to rate payers in Maine. The cost of these taxes will thus no longer be "exported" to long distance users throughout the country, which will significantly increase costs to Maine telecommunications users.

7. The University of Maine System has initiated development of a comprehensive telecommunications system to link its campuses and other sites around the state to improve delivery of "community college" programs. The University has received a \$3.5 million grant from the federal government to begin constructing the system, which will eventually link all University campuses with the VTI's, the Maine Maritime Academy, and other locations.

8 The Department of Administration and the Chancellor's Office have begun developing a joint planning process for their telecommunications facilities as a result of recommendations made in the 1985 Governor's Telecommunications Task Force Report.

Recommendations:

1. The development of competition in the telecommunications industry holds great promise for the economic development of the state as costs are lowered and new services are made available. While the legacy of the monopoly industry creates difficult issues relating to the regulatory oversight of competition in telecommunications, increased competition should be encouraged in the long term, particularly through a reduction in barriers to entry (regulatory and otherwise) for companies wishing to offer new services and lower prices. Upon completion of the PUC's competition study, the Governor and Legislature should review the outcome of the investigation and consider ways to encourage beneficial competition in the telecommunications industry.

2. The Legislature has established a sunset provision for the 5% tax on interstate access charges established in 1986. This tax should be allowed to sunset on January 1, 1988.

3. The Legislature should give a high priority to changing the method of taxation on telecommunications companies. In a competitive telecommunications industry, this tax cannot be applied in an efficient manner.

a. The relatively high gross receipts tax in Maine is a disincentive to further telecommunications-based economic development and a burden to existing companies that may seek to avoid paying the tax by bypassing the network entirely. This kind of development may be especially important to more remote areas of the state where distance serves as a barrier, but telecommunications can effectively eliminate the distance barriers. The FCC decision on gross receipts taxes on interstate service is likely to be only a harbinger of changes that will also affect the intrastate phone service market. Major common carrier companies (AT&T, MCI, Spring) now pay the gross receipts tax, but the declining costs and increasing sophistication of telecommunications (and

data processing) technologies will make it possible for more companies to establish their own systems. This will create the need for the state to either substantially expand the application of the gross receipts tax (a significant administrative burden for the State and taxpayers) if revenues are to be kept constant or to apply the tax only to common carriers, putting them at a significant competitive disadvantage.

4. The University of Maine's telecommunications-based community college proposal presents a major opportunity for the State to develop its telecommunications infrastructure. The University has received a \$3.5 million federal grant to support construction of the system, and is expected to proceed over the next five years. Several groups have expressed concern over the use of the system to deliver the most effective and needed forms of education and training throughout the state. The University should be sure to seek out the advice of the Maine Vocational-Technical Institute System and the adult education sector to make sure the most pressing educational needs are met. If this advice is utilized fully, the telecommunications system will be a key to meeting future identified education and training needs, and its development should be encouraged to the maximum extent.

a. The benefits of the telecommunications system proposed by the University can only be maximized, however, if the technologies employed are capable of adaptation as the rapid pace of technical development in the telecommunications field proceeds. The University should be strongly encouraged to examine the technical and economic characteristics of a University-built system and seek proposals from different vendors and evaluate the alternative technologies with respect to adaptability and cost.

b. The University should also assure that the facilities it establishes are optimally used to meet the educational needs of the State and, to the extent possible, other public sector telecommunications needs. This should be done through the joint State-University telecommunications planning program recommended by the Governor's Task Force on telecommunications in 1985.

5. The development of a competitive telecommunications network requires a restructuring of phone rates that will tend to decrease long distance rates and increase local service rates over time. As this occurs, the long-standing social goal of universal service may be threatened. The FCC, the PUC, and the Governor's Task

Force on Telecommunications have reviewed the needs for a universal service assistance program. The Legislature should consider establishing a specific policy and program to assist low-income citizens to continue having access to the phone network.

5. The professional economic development community in Maine should enhance their awareness of the capabilities of modern telecommunications technologies for marketing and other business development activities. This should be a high priority especially for those agencies engaged in assistance to small businesses.

IV. STATE REGULATION AND ECONOMIC DEVELOPMENT

There is agreement in the public and private sectors that it is necessary to preserve and protect the public interest and welfare and, at the same time, allow for economic growth and development.

The regulatory process, the means by which the public interest and welfare are preserved can allow and encourage economic growth through the adoption of rules that more clearly reflect legislative intent, recognize the needs and problems of both the regulators and the regulated, and clearly address the issues and purposes that make the rules necessary.

Economic growth and development and preservation of the public interest can be achieved by greater communication and understanding between regulators and the regulated. By providing to the regulated, the information that can help them undertake their proposed projects in compliance with state law and rules, the State can assist in the expansion of economic opportunities in Maine and at the same time protect the welfare of its citizens.

A. The Rule-making Process

Findings:

1. Formulation of rules

- a. There is very little clear legislative intent by which state agencies formulate their rules.
- b. There is inadequate participation by all parties (Regulators, Regulated & Legislators) concerned with the formulation of rules.
- c. Regulators give financial and economic impact of rules inadequate consideration.
- d. Regulators often lack an understanding of business and the impact of regulation on business.
- e. A common goal is lacking between the Legislature which approves a new law and the state agencies which adopt rules to implement the law.
- f. There has been a geometric increase in the numbers of rules without review of existing rules and deletion of obsolete rules.

2. Rules Proposal and Adoption Process

- a. The Administrative Procedures Act is too structured, and the lack of flexibility in the APA prevents the formulation of the best rules.

b. The rule-making process is not direct and lacks accountability.

c. There is insufficient opportunity for regulated interests to point-out to the regulators the weak points or problems with rules prior to their adoption, particularly those rules that are adopted following a public hearing.

3. Codification of Rules

a. There is no Code of Regulations to which regulators, regulated interests and other interested persons may refer. As a result, regulated interests may be unaware of all agency rules that pertain to them. Newly adopted rules may conflict with previously adopted rules. Rules of one state agency may conflict with rules of another state agency with respect to similar or the same issues.

4. Monitoring rule-making Process

a. There is no single person or organization responsible for monitoring the rule-making process to ensure that state agencies fulfill the requirements of the Administrative Procedures Act and that the comments and statements of interest groups affected by proposed rules are adequately addressed by the agencies proposing the rules.

Recommendations:

1. Formulation of Rules

a. Legislative responsibilities

i) Require by Joint Rule that laws be more carefully written with respect to the authorization of rule-making authority to include criteria upon which the rules are to be based. (See Appendix G)

ii) Require by Joint Rule that goals and purposes be included in laws establishing programs or services which require rule-making authority. (See Appendix G)

iii) Provide for more direct legislative participation in the formulation of rules to more clearly define legislative intent with respect to the administration and implementation of rules.

- State agencies should meet at least twice annually with legislative committees to review the agencies' regulatory agenda. These sessions would include exchanges of ideas and concerns between the executive agency and the joint standing committee of the Legislature with jurisdiction over the subject matter.
- The Select Committee on Economic Development supports the proposal of the Joint Standing Committee on State Government in its study of the Legislative Veto which proposes a law that incorporates the provisions of Governor Brennan's Executive Order relating to regulatory agenda (L.D. 161). (See Appendix H)

iv) Require by Joint Rule that every bill or resolve which authorizes an agency to adopt rules should include a notice that rule-making authority is being authorized. (See Appendix G)

v) Require by Joint Rule that every bill or resolve which authorizes rule-making may not appear on the consent calendar. (See Appendix G)

b. Executive Agencies' Responsibilities

i) Wherever possible, rules relating to natural resources and other regulated areas should establish performance standards by which affected groups can more easily define their projects for license application purposes. New criteria or changes in standards should not be applied to any pending application until the new criteria or standards have been incorporated into the appropriate rules in accordance with the provisions of the Administrative Procedure Act.

- This task requires a statutory provisions directing state agencies to develop performance standards. The performance standards would be the products of public hearings.

ii) Require agencies to demonstrate how proposed and adopted rules meet the goals and intent of the Legislature.

iii) Require that prior to adoption of a proposed rule, the estimated fiscal and economic impact of the proposed rule be described along with the estimated degree of impact upon affected groups.

- In developing proposed rules, state agencies should try to estimate or describe the fiscal and economic impacts of the proposed rules and develop accurate impact data to the most feasible extent through the APA process.

iv) Agency statements addressing public comments should be more detailed. Agency statements should explain why proposals made to the agency are accepted or rejected. These statements should be available to the Legislature and through the Secretary of State's office prior to adoption of a rule. The statements should be published (i.e., EPA Preamble Style).

2. Rules Proposal and Adoption Process

a. Evaluate the current Administrative Procedure Act to determine how effective the APA is and how the process can be made less complicated and less time-consuming.

i) The study would be conducted by the Joint Standing Committee on State Government.

b. Improve communication between the regulators and the regulated in order to facilitate the rule-making process and to establish high quality information and evidence to be used in the adoption of rules.

3. Codification of Rules

a. The Select Committee has proposed an amendment to L.D. 161 which is before the Joint Standing Committee on State and Local Government. (See Appendix G) With this amendment, the Secretary of State shall investigate the cost and advisability of codification and indexing of agency rules including the potential of contracting with private firms. The Secretary of State shall publish an index of agency rules which are indexed by agency and by subject matter as soon as possible. The Secretary of State should:

i) periodically review rules for inconsistencies, duplication, and obsolescence,

ii) evaluate agency compliance with statutory requirements relating to rule-making, and

iii) report findings to the Governor and Legislature.

B. Implementation and enforcement of rules

Findings:

1. Regulators

- a. Some regulators often lack sensitivity to the needs and problems of regulated interests.
- b. An adversarial role between regulators and the regulated interests which is created by the statutes that define the regulatory process..
- c. State agency staff administering state laws and rules often lack an understanding of business.
- d. There is an inadequate number of "quality" agency staff with the expertise needed to implement the regulatory process.
- e. There is a retention problem with respect to good "quality" agency staff.

2. License or Permit Application Process

- a. The license or permit application process in some cases is too cumbersome, too costly, too lengthy and lacks accountability.
- b. The license or permit application process guidelines are too unclear. Applicants and intervenors do not understand what they need to do.
- c. The response time is too long. The time for denying licenses or permits should be considerably shortened.
- d. There is no systematic legislative oversight of the regulatory process following legislative approval of a law.
- e. The license or permit application process is an adversarial process that leads to misunderstandings and lengthy delays.

3. Regulated Interests

- a. Regulated interests fear law suits as a result of decisions made under vague regulatory guidelines.
- b. Regulated interests do not understand the needs and problems of regulators.
- c. Regulated interests fail, in many respects, to provide sufficient information on their applications which lengthens the process and leads to misunderstandings and lack of cooperation.

4. Monitoring the Implementation and Enforcement of Rules

- a. There is no single person or organization vested with the responsibility to oversee the regulatory process to ensure fairness to both the regulated interests and the regulators.

Recommendations:

1. Regulators

- a. Improve the quality of the regulators and the retention of "high quality" regulators in order to insure that effective, fair, and just rules are adopted and implemented. To accomplish this objective the Civil Service Policy Review Board should examine the issues listed below and any other issues that relate to this objective and report its findings with necessary implementing legislation to the Second Regular Session of the 113th Legislature no later than February 3, 1988.

- i) Provide the salaries necessary to attract highly qualified persons to regulatory posts who are knowledgeable and experienced in the field in which they are a regulator.

- ii) Provide career paths to retain "high quality" regulators.

- iii) Authorize Commissioners to provide merit increases to persons who have performed in an outstanding manner. This will encourage other agency personnel to improve their skills and work attitudes.

- iv) Require that project managers and other types of persons assisting regulators have the necessary qualifications to carry out their duties in a highly professional and conscientious manner.

- v) Require that regulators and persons assisting regulators keep abreast of current theories, practices, and knowledge in the areas of regulation in which they are involved.

- vi) The Commissioners and directors of state agencies should be required to formulate administrative and management policies with respect to the agency for which they are responsible. The commissioners and directors shall require, at least annually, that the performance of all personnel in their agencies be evaluated as required by civil service law. This evaluation shall include employee conformance to administrative policies. Any person whose performance or whose conformance to department

policies is not satisfactory shall be disciplined as the commissioner or director deems necessary and in conformance with any applicable collective bargaining agreements which apply to the employee.

b. Provide regulatory agencies with sufficient resources to expeditiously and efficiently respond to persons and organizations with proposals requiring agency approval.

2. License or Permit Application Process

a. Evaluate annually the current license or permit application and rules enforcement processes to determine how effective they are, their strengths, their weaknesses, and the necessary steps to improve the processes.

i. The joint standing committees of the Legislature with jurisdiction over the subject matter, would conduct the evaluations and propose any needed changes in the current processes.

b. A public information and education program with respect to the regulatory process should be funded. This program should serve as a forum by which Regulators are made aware of the needs, problems and operation of business and the regulated are made aware of the needs, and responsibilities of the regulators.

3. Legislative Review of Agency Programs and Rules

a. Evaluate the current legislative review of programs and rules of state agencies to determine how effective the review is, its strengths, its weaknesses, and the necessary steps to improve the review.

i) The Legislative Council would provide for this review.

V. Issues Requiring Further Consideration

A. Workers Compensation

Findings:

- Portions of the business community continue to view Workers Compensation costs as being very high and a barrier to economic growth in Maine despite the reforms passed by the 112th Legislature. This issue was much too important and broad to be covered effectively by this committee.

Recommendations:

- A process similar to the Speaker's select committee should be continued. This process would involve all interested parties, business, labor, and the Legislature.

B. Liability Insurance

Findings:

- The significant increases in liability insurance premiums or the inability to obtain insurance at any cost have adversely affected municipalities, small businesses and other sectors of the economy. This insurance crisis has an impact throughout the economy because of these costs. The insurance crisis increases the demands on municipal revenues and the costs of doing business in the private sector.

Recommendations:

- The Commission to Examine the Problems of Tort Litigation and Liability Insurance in Maine is studying this issue.

C. Agriculture

Findings:

At the Committee's public hearing in Presque Isle, three priorities emerged. There is a specific need for:

- 1) Improved transportation facilities in rural areas;
- 2) A greater commitment to education; and
- 3) Greater support for agricultural research and development programs.

Recommendations:

The Committee has already addressed the first two priorities mentioned above. However, additional State resources should be applied to research and development capability in the agricultural industry, largely through the University of Maine. The Committee was informed that specific legislation was being introduced toward this end. The Committee will review that legislation when available.

VI. Appendices

- A. "AN ACT to Create the Department of Community and Economic Development and to Establish Consistency among Economic Development Statutes."
- B. "Resolve, Requiring the Commissioner of the Department of Educational and Cultural Services to Develop a Plan to Improve the Elementary and Secondary Curriculum to Better Prepare Maine Students for the World of Work."
- C. "Resolve, Requiring the Commissioner of the Department of Educational and Cultural Services to Develop a Plan to improve the State's Adult Education Program to More Adequately Address the Problems of Illiteracy and High School Completion."
- D. "Resolve, Requiring the Governor to Develop a Plan to Provide for Greater Coordination of Human Resource Development Programs."
- E. "Resolve, Establishing a Commission to Study the Linkages Between Education and Economic Development."
- F. "AN ACT To Require Preparation of a Capital Budget and Capital Plan."
- G. Proposed Joint Orders to the Joint Rules of the Maine Legislature.
- H. Amendment Proposed by the Joint Select Committee on Economic Development to L.D. 161, "AN ACT to Improve Legislative and Public Access to the Agency Rule-Making Process."
- I. Letters with Requests and Recommendations
- J. Subcommittee Membership

APPENDIX A

**"AN ACT to Create the Department
of Community and Economic Development
and to Establish Consistency among
Economic Development Statutes."**

Joint Select Committee on Economic Development
Legislation Pursuant to Resolves of 1985,
chapter 45 and chapter 53

FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY SEVEN

AN ACT to Create the Department of Community and
Economic Development and To Establish Consistency
Among Economic Development Statutes.

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

Part "A"

Sec. 1. 2 MRSA §6, sub-§1, as last amended by PL 1985,
chapter 785, is further amended to read:

1. Range 91. The salaries of the following state
officials and employees shall be within salary range 91:

Commissioner of Transportation;
Commissioner of Conservation;
~~Director of State Development Office~~
Commissioner of Finance;
Commissioner of Administration;
Commissioner of Educational and Cultural Services;
Commissioner of Environmental Protection;
Commissioner of Human Services;
Commissioner of Mental Health and Mental Retardation;
Commissioner of Public Safety;
Commissioner of Business, Occupational and Professional
Regulation;

Commissioner of Labor;
Commissioner of Agriculture, Food and Rural Resources;
Commissioner of Inland Fisheries and Wildlife;
Commissioner of Marine Resources; ~~and~~
Commissioner of Corrections/; and
Commissioner of Community and Economic Development.

Sec. 2. 5 MRSA §934-A is enacted to read:

§934-A. Department of Community and Economic Development

1. Major policy-influencing positions. The following positions are major policy-influencing positions with the Department of Community and Economic Development. Notwithstanding any other provision of law, these positions and their successor positions shall be subject to this chapter:

- A. Director, Bureau of Business Assistance
- B. Director Bureau of Marketing and Tourism
- C. Director, Bureau of Community Development
- D. Director, Division of Administration, Planning, & Research

Sec. 3. 5 MRSA §3302, sub-§1 is repealed and replaced to read:

1 Comprehensive planning. "Comprehensive planning" includes but is not limited to:

- A. Preparation of strategic and long range plans and goals for human and physical resources development and utilization, but does not include preparation of an economic development strategy or economic planning pursuant to Title 5, chapter 383.
- B. Standards and Procedures for programming and financing plans for capital improvements.
- C. Coordination of related departmental plans.
- D. Intergovernmental coordination of related planning activities.
- E. Preparation of regulatory and administrative measures in support of paragraphs A to D.
- F. Continuing analysis of the economy of the State in conjunction with the Department of Community and Economic Development.

Sec. 4. 5 MRSA §3305, sub-§1, ¶A as repealed and replaced by PL 1979, c. 672, is amended to read:

A. Coordinate the preparation of goals and policies to guide and carry forward the ~~wise and coordinated development of the state's economy and the~~ conservation of the state's natural resources. These goals and policies and recommendations for implementation shall be submitted to the Governor and Legislature for their approval. They shall be developed in such areas as: Land use, housing, natural resource development and conservation ~~and commerce and industrial development.~~

The State Planning Office shall give the public full opportunity to participate in the formulation of these goals and policies and these goals and policies shall not be in direct conflict with adopted local and regional plans;

Sec. 5. MRSA §3305, sub-§1, ¶C is amended to read:

C. Conduct in conjunction with the Department of Community and Economic Development continuing economic analysis of the economy and resources of the State of Maine to include economic forecasting and, collect and collate all pertinent data and statistics relating thereto; participate in establishing a data and statistics center for making such material available in useful form; and assist the Governor, the Legislature and the various state departments in formulating economic goals and programs and policies to achieve such goals.

Sec. 6. 5 MRSA §3305, sub-§1, ¶H, as last amended by PL 1983, chapter 477, is further amended to read:

H. Compile, analyze and maintain information useful to the development of industry in the State concerning resources, sites, space, equipment, adequate housing, contracts, materials, transportation, markets, labor supply, population trends and other economic considerations. The State Planning Office in conjunction with the Department of Community and Economic Development, shall study problems peculiar to the industry and economy of Maine with a view toward the broader utilization of our natural resources ~~and the development of new and improved products and techniques,~~ which studies shall be advanced by coordination of research with existing private and governmental agencies and educational institutions, and may be advanced by contractual relations with persons or organizations equipped to conduct the needed research. Additionally, the office in conjunction with the Department of Community and Economic Development, shall prepare evidence and supporting data on types of industries particularly suited to the needs of Maine, including the

travel industry. The State Planning Office shall, upon request from the Governor or any state department, assist in the preparation of reports regarding the responsibilities and duties provided by this subsection.

Sec. 7. 5 MRSA §3305-I, as enacted by PL 1981, chapter 702 is repealed.

Sec. 8. 5 MRSA §33-7-A, as enacted by PL 1985, chapter 457, §5, is repealed.

Sec. 9. 5 MRSA chapter 361 is repealed.

Sec. 10. 5 MRSA chapter 383 is enacted to read:

CHAPTER 383

ECONOMIC GROWTH AND DEVELOPMENT

SUBCHAPTER I

GENERAL STRUCTURE AND AUTHORITY

ARTICLE I

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT: GENERAL ORGANIZATION MISSION, & RESPONSIBILITIES

§15051. Legislative findings

The Legislature finds that the Maine economy is linked to the national and international economies. Economic changes and disruptions around the world and in the nation have a significant impact upon the Maine economy. The rise of third and fourth world countries as manufacturers of commodities for mass markets and the gradual evolution of the national economy to a technology, information, specialty product based economy have significantly affected Maine and its communities.

In order for the Maine economy to grow and gain a solid footing, it is necessary to determine the state's assets and the economic opportunities that are available or will be available to Maine enterprise, Maine's municipalities, and the state's labor force. When these opportunities are determined or become apparent, state economic development policies and programs must be focused on facilitating the realization of these opportunities and removing barriers that impede the exploitation of these opportunities.

The Legislature finds that an economic development strategy designed to focus the State's economic development activities and resources on Maine's economic opportunities can significantly help the State and its municipalities realize greater growth and prosperity without adversely affecting the quality of life in Maine. An economic development strategy

must recognize and reflect the different needs, conditions, and opportunities of the several different economic regions of the State. This strategy must be flexible and periodically evaluated to make it consistent with changes in conditions and opportunities that arise during these times of dynamic change. Furthermore, it is necessary to involve Maine municipalities, regional economic development organizations, and the private sector in the formulation of this strategy in order to establish a well developed and comprehensive plan that has the support of Maine's citizens and officials.

§15052. Purpose

The Legislature finds that the decentralization of economic growth and development programs among several state agencies without any coordination of programs and agencies and without coordination with Maine's municipal and regional economic efforts is not in the best interest of the State. The Legislature further finds that the State's economic development programs and policies and the economies of Maine's municipalities and regions mutually affect each other.

In order for state economic growth and development policies and programs to realize the greatest possible degree of effectiveness, it is necessary to coordinate these policies and programs on the state level as well as with local and regional levels. It is also necessary to formulate and implement economic development policies and programs that are consistent with an economic development strategy for the State.

§15053. Definitions

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

1. Commissioner. "Commissioner" means the Commissioner of the Department of Community and Economic Development.

2. Department. "Department" means the Department of Community and Economic Development.

§15054. Department established; mission

The Department of Community and Economic Development is established to administer economic growth and community development policies and programs of the State and to coordinate these programs and policies with a state economic development strategy. The Department of Community and Economic Development is also established to work with municipalities and regional economic development organizations to build strong local and regional economies and to implement programs and services through local and regional organizations.

The mission of the department is to facilitate economic development throughout the State, remove barriers to growth, assist Maine enterprise to expand and develop, and to increase the number and quality of jobs in the State.

§15055. Organization of the Department

The Department shall consist of the organizations as established in this section. The commissioner shall not establish any other organizations within the department without approval of the Legislature.

1. Organizations. The department shall contain the following organizations:

- A. The Bureau of Business Assistance
- B. The Bureau of Marketing and Tourism
- C. The Bureau of Community Development
- D. The Division of Administration, Planning and Research

§15056. Duties and responsibilities of the department

The department shall, at a minimum, have the duties and responsibilities as described in this section.

1. Implement policies and programs. Implement economic development policies and programs in compliance with the state economic development strategy.

2. Work with other organizations. Work closely with other state agencies, municipalities, and regional economic development organizations.

3. Conduct planning and research. Conduct planning and research for department needs, but not macro-economic planning or forecasting which shall be the responsibility of the State Planning Office. The State Planning Office shall provide this information to the department.

4. Communication with the private sector. Communicate, on a regular basis, with the private sector to inform the private sector of departmental programs and services and to determine the needs, problems, and opportunities of the private sector.

5. Prepare and distribute publications. Prepare and distribute publications that:

- A. describe various business assistance programs within the State that are available to Maine businesses;
- B. describe the various economic development programs of the State;

C. list and describe the various licenses and permits issued to businesses by state agencies.

6. Implement programs. Implement programs formerly administered by other state agencies to include:

A. The programs of the State Development Office, including the Community Industrial Buildings Program;

B. The Community Development Block Grant Program formerly administered by the State Planning Office;

C. The Community Development Revolving Fund and Program formerly administered by the State Planning Office;

D. The local grants program of the Coastal Zone Management Program of the State Planning Office, but not the entire Coastal Zone Management Program;

E. The Regional Planning Commission Grant Program formerly administered by the State Planning Office;

F. The Waterfront Action Grants Program formerly administered by the State Planning Office;

G. Local Capital Improvements Planning Program formerly administered by the State Planning Office.

§15057. Commissioner; appointment

The commissioner shall be appointed by the Governor, subject to review by the joint standing committee of the Legislature having jurisdiction over economic development matters and legislation and to confirmation by the Legislature. The commissioner shall serve at the pleasure of the Governor.

1. Qualifications. The commissioner shall be a person with education, experience, and demonstrated interest in the area of economic development.

§15058. Duties and responsibilities of the commissioner

The Department of Community and Economic Development shall be administered by the commissioner. The commissioner shall have the following powers and duties:

1. Employ and remove staff. The commissioner shall employ and remove the staff of the office. Persons employed in major policy influencing positions as defined in 5 MRSA §934-A and professional staff shall serve at the pleasure of the commissioner. Clerical and other non-professional staff persons shall be hired pursuant to the provisions of the civil service law for classified state employees.

A. The director may employ or engage such outside technical or professional consultants as may be necessary or appropriate to assist the office in carrying out its functions; and may enter into contracts with other boards, commissions, departments and divisions of the State or with the University of Maine System to assist him in carrying out his duties under this chapter.

2. Accept federal funds. The commissioner is authorized to accept for the State any federal funds appropriated under any federal law relating to the authorized programs of the department including community and economic development in those non-entitlement areas and for those projects duly authorized under the United States Housing and Community Development Act of 1974, Title 1, and its subsequent amendments. The commissioner is authorized to undertake the necessary duties and tasks to implement federal law with respect to the authorized programs of the department.

A. The commissioner is authorized to accept for the department any funds from any other agency of government, individual, group, or corporation to carry out this chapter, including fees designated by the commissioner for books, brochures, pamphlets, films, photos, maps, and similar materials.

3. Hold hearings and adopt rules. The commissioner is authorized to hold hearings and adopt rules, in accordance with the Maine Administrative Procedures Act, Title 5, chapter 375, with respect to the implementation of authorized programs of the department.

A. The commissioner may adopt rules to distribute funds or assistance under the United States Housing and Community Development Act of 1974, Title 1, and its subsequent amendments. The rules shall be consistent with the annual final statement for the State Community Development Program submitted to the Federal government. The Department of Community and Economic Development shall give notice in writing of any such rules to the legislative joint standing committee having jurisdiction over appropriations and financial affairs at least 20 days before the hearing, as stipulated in the Maine Administrative Procedure Act, or before the deadline for comments if no hearing is scheduled.

4. Coordinate programs and services. The commissioner shall coordinate the programs and services of the department. The commissioner shall also coordinate to the greatest possible extent, the department's programs and services with those programs and services of other state agencies and regional economic development organizations.

5. Review of program; Report to Governor and Legislature. The commissioner shall review and evaluate the programs and functions of the department and the operation of the economic

delivery system. The commissioner shall report his findings and recommendations with respect to the issues described in this subsection to the Governor and to the Legislature no later than February 1 of each First Regular Session of the Legislature. The Commissioner shall conduct his review and evaluation with respect to the following:

A. the purpose of these programs and the degree to which the purpose is being met;

B. the degree of significance of the purposes of the programs and functions of the department;

C. the extent of the coordination of programs and services as required in sub-§4;

D. the needs, problems, and opportunities that are not being met by the programs and services of the department; and

E. the types of programs and services necessary to meet the needs, problems, and opportunities as described in sub-§5, ¶D and

F. the problems and successes in the economic delivery system.

6. Responsible for oversight. The commissioner shall be responsible for the oversight and implementation of the following:

A. a program of technical assistance provided to business pursuant to subchapter II;

B. the Business Assistance Referral Office pursuant to §15066, sub-§4;

C. a program of tourism promotion, and the promotion of Maine products and Maine as an investment opportunity;

D. a foreign trade zone program;

E. community development programs including the Community Development Block Grant Program; the Local Grant Program of the Coastal Zone Management Program, and the Regional Planning Grants Program;

F. the Community Industrial Buildings Program pursuant to Subchapter IV, Article I.

7. Promotion of Business Assistance Referral Program. The commissioner shall advertise and promote the Business Assistance Referral Program throughout the State. At a

minimum, the program shall be advertised in the major circulating state newspapers as often as necessary to establish a public awareness of the program.

8. The commissioner shall coordinate department programs with employment training agencies and councils for the purpose of developing, promoting and identifying employment opportunities for recipients of Aid to Families with Dependent Children consistent with the policy and intent of Title 22, chapter 1054.

9. Certify local and regional organizations. The commissioner may certify competent local and regional economic development organizations and post secondary educational institutions to implement state programs and services in whole or in part.

A. The commissioner shall adopt rules with respect to standards and criteria for local and regional agencies to be certified, evaluation and monitoring local and regional organizations in regard to the implementation of these programs and services, and the process by which certification of an organization can be voided for failure to comply with the rules adopted under this subsection.

10. Develop marketing strategies. The commissioner may develop marketing strategies for the marketing of goods produced in Maine for foreign and national markets. Any marketing strategies developed pursuant to this chapter shall be consistent with the state economic development strategy.

11. Implement a targeted business attraction program. The commissioner shall be responsible for the formulation of a targeted business attraction program. This program shall be implemented following a careful analysis of the various economic sectors.

12. Develop a Challenge Grant Program. The Commissioner may develop a Challenge Grant Program by which municipalities may be awarded grants to develop local or regional development strategies pursuant to subchapter IV.

§15059. Advisory Council

The Governor shall appoint an ad-hoc advisory board to advise him and the commissioner with respect to department programs and policies; problems and opportunities of the Maine economy; the economic development delivery system in the State and any other issue deemed by the commissioner to require the assistance of the advisory board.

1. Membership. The advisory board shall include representatives of different economic sectors of the economy which are affected by the policies and programs of the department. At a minimum, any ad-hoc advisory board shall

include representatives of labor, the private sector, municipalities, regional economic development organizations, and employment training organization.

15060. State agencies to cooperate

All state agencies and any other organization certified by the department to implement economic development programs and policies shall cooperate with and expeditiously respond to requests of the department.

SUBCHAPTER II

BUSINESS ASSISTANCE

§15065. Purpose

Approximately 80% of Maine businesses employ 20 or less employees. Many of the owners and managers of Maine firms do not have the resources or the expertise to engage in long range planning, secure financing from capital sources, apply for and complete applications for state licenses and permits, and deal with state agencies.

Since the growth and expansion of small business is necessary for the state economy to grow, it is necessary to assist small business, particularly with respect to problems beyond the resources of small business.

The purpose of business assistance, therefore, is to remove barriers to growth, facilitate business exploitation of opportunities, and provide assistance that is convenient to Maine businesses.

§15066. Bureau of Business Assistance

The director of the Bureau of Business Assistance shall administer the bureau in accordance with the policies of the commissioner and the provisions of this chapter. The Bureau of Business Assistance shall:

1. Provide business assistance services. Provide business assistance services that are convenient to businesses throughout the State. The bureau shall use certified local and regional economic development organizations and educational institutions to implement this subsection.

A. Business assistance services shall include, but are not limited to managerial and technical assistance, assistance with applications for loans, and assistance with the completion of applications for licenses and permits from regulatory agencies.

2. Implement a plant-site visitation program. Implement a plant site visitation program whereby economic development officials discuss business opportunities and problems with individual business persons and to familiarize business persons with state business assistance programs.

3. Publish a directory of licenses. Create and publish a directory or guide of state licenses and permits required for various types of new or expanding businesses. This directory, which shall be updated annually, shall delineate the business licenses and permits by the name of the agency that issues the licenses and permits, by the type of business or industry and by the type of activity involved.

A. All state agencies and departments 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 State Development Office with descriptions of licenses and permits issued by each organization, the criteria necessary to qualify for each license or permit granted by the organization, time schedules established by law or rule for the submission of applications and appeals, the time schedules of agency responses to applications and appeals and any other information requested by the State Development Office.

4. Implement a business assistance referral program. In accordance with §15070, 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.

5. Monitor and evaluate programs and activities of the bureau. The director of the bureau shall monitor and evaluate the programs and activities of the bureau and make recommendations to the commissioner.

A. The director of the bureau shall consult with the private sector in order to evaluate the effectiveness of business assistance programs.

6. Monitor certified local and regional economic development organizations. The director of the bureau shall monitor the activities of certified public and private, local and regional economic development organizations and departments of the University of Maine System as provided in this chapter. The director, with the approval of the commissioner, may require any of these certified organizations to change or terminate programs or activities that the commissioner finds to be in noncompliance with the state strategy, unproductive, or inefficient.

A. The director shall evaluate these certified organizations with respect to their administration of programs and services, the consistency of these programs and activities with the state strategy and the degree of effectiveness of the programs and services.

§15070. Business Assistance Referral and Facilitation Program

The director of the bureau shall be responsible for the implementation of a business assistance referral and facilitation program.

1. Referral and Central Clearinghouse Service. The director of the bureau 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 of the bureau may publish a guide consisting of the business assistance programs and services available from public sector or private sector organizations throughout the State. This program shall be designed to:

A. Expeditiously respond to written and oral requests for information about business services and business assistance programs available throughout the State;

B. Obtain and compile the most current and available information pertaining to business assistance programs and services within the State;

C. Delineate the business assistance programs and services by type of program or service and by agency; and

D. Maintain a list, to be updated annually, of marketing programs of state agencies with a description of each program.

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 Bureau of Business Assistance. Each organization required by this subchapter to cooperate with the bureau shall, at a minimum, provide the bureau with descriptions of its business assistance programs and services, marketing programs, geographical areas served, client qualifications, funding levels and other information requested by the State Development Office to implement this program.

2. Business facilitation service. The director of the bureau shall also implement a business facilitation service which shall be designed to:

A. Strive to resolve problems encountered by business persons with other state agencies and with certified regional and local economic development organizations;

B. Work to coordinate programs and services for business among agencies and all levels of government;

C. Strive to facilitate responsiveness of state government to small business needs; and

D. Report to the Commissioner any breakdowns in the economic delivery system including problems encountered by businesses dealing with state agencies.

SUBCHAPTER III

MARKETING AND TOURISM

§15075. Bureau of Marketing and Tourism: Purpose

1. Purpose. The purpose of the Bureau of Markets and Tourism is to promote Maine's goods and services in national and international markets, to market Maine as an investment opportunity, and to market Maine as a vacationland. To achieve this purpose, the bureau shall consist of the following:

A. The Division of Business attraction;

B. The Division of Markets and Trade;

C. The division of Tourism.

§15076. Director, Bureau of Marketing and Tourism

The director of the Bureau shall administer the Bureau of Marketing and Tourism in accordance with the policies of the commissioner and the provisions of this chapter. The director shall have the following powers and duties:

1. Promote the State as an investment opportunity. The director of the bureau shall promote Maine as a good location for new businesses and business expansions.

2. Promote Maine's products and Service. The director shall promote Maine's products and services in national and international markets.

3. Market development and international trade. The director shall be responsible for an international trade program and market assistance for Maine industry.

A. This subsection shall apply to foreign trade zones.

4. Market and product analysis. The director may conduct market and product analyses on an industry wide basis for Maine industry. The information developed by these analyses shall be provided to Maine industries to assist them in developing marketing and product strategies.

5. Work with other state agencies. The director shall work with other state agencies which implement product marketing programs and strive to coordinate the marketing activities of the department with those of other agencies wherever possible.

6. Analyze and propose marketing strategies. The director may analyze and propose marketing strategies to the commissioner for different industries of the State. The director in undertaking this task, shall work with other state agencies, regional organizations and the private sector.

7. Promote tourism. The director of the Bureau of Marketing and Tourism shall promote Maine as a vacationland and shall promote the tourism industry. The director shall implement this program in accordance with the provisions of §§15080-15082.

8. The bureau, with the approval of the commissioner, may contract with any firm, organization or association to achieve the purpose of this subsection.

§15077. Division of Business Attraction.

The Division of Business Attraction shall be responsible for the implementation of a targeted business attraction program designed to attract particular types of businesses which have significant potential for Maine and businesses which are deemed to be compatible with Maine's environment and interests. The Division shall actively seek and encourage firms to expand or locate in Maine.

1. The division shall conduct a careful analysis of the various industrial sectors of the economy. The types of businesses to be targeted for attraction shall be ones which have significant potential for development in Maine and which will contribute to a healthy business and environmental climate.

2. The Division shall report its findings and recommendations to the director of the bureau and the commissioner. The commissioner, with the advice of the bureau director shall determine the type and extent of the business attraction program to be implemented.

§15078. Division of Markets and Trade

The Division of Markets and Trade shall be responsible for the implementation of programs designed to promote Maine products in national and international markets and to develop markets for industry located in Maine.

1. Provide marketing information. The division shall provide marketing information to firms and industries. The

division in conjunction with local and regional organizations and other institutions with marketing expertise may conduct marketing seminars to educate Maine businesses about marketing.

A. This function may also be contracted by the department to any organization with marketing expertise.

2. Identification of Maine Products. The director of the bureau shall implement a program to identify goods manufactured in the State under a "product of Maine" designation. This program shall also include agricultural, marine, mineral and forestry products processed in the State, but shall remain separate and distinct from the blue, white and red identification promulgated by the Commissioner of Agriculture.

A. A product shall qualify for this designation upon submission by the manufacturer or final processor of a signed affidavit which attests that the product is in fact manufactured in the State or receives final assembly or processing in the State. This affidavit shall be submitted to the director who shall then grant permission for use of the "Product of Maine" designation, who shall withdraw the permission upon finding that the contents of the affidavit are false. The director may also withdraw the permission if it comes to his attention that the product is mislabeled in a manner which is deceiving to the purchaser.

B. The mere packaging of a product within the State shall not be deemed sufficient for inclusion under the "Product of Maine" label.

C. The director shall, as the funds become available, promote consumer recognition of the "Product of Maine" designation and shall encourage the use of this designation by manufacturers.

D. The director of the bureau shall advise the commissioner with respect to products and firms that are to be included with respect to this subsection. The commissioner may adopt rules, in accordance with the Maine Administrative Procedures Act, Title 5, chapter 375, by which standards and definitions are established to determine which products qualify under this subsection.

3. Foreign trade zone grants. The director of the bureau, with the approval of the commissioner and through the division shall make grants for market development from appropriations therefor to any municipality or group of municipalities which have received a grant of authority from the Federal Government to establish a foreign trade zone, provided that:

A. No municipality or group of municipalities shall be granted amounts totaling more than \$20,000 under this chapter; and

B. The municipality or group of municipalities shall, during the state fiscal year during which any grant expenditure is made, expend from its own appropriated funds a matching amount, equal to or greater than the amount expended from the grant, for market development. "Market development" means any activity to encourage us of the trade zone, or of its sections or subzones where they may be located in Maine communities away from the main zone.

3. Application for foreign trade zones.

A. The director with the approval of the commissioner may, on behalf of the State, make applications to the Foreign Trade Zone Board and establish foreign trade zones that are to be located on state-owned, leased or otherwise controlled property. A municipality or group of municipalities may, with the approval of the department, make applications to the Foreign Trade Zone Board and establish foreign trade zones at other locations. Foreign trade zones shall be established in or adjacent to any ports of entry in the State, where personal property in transit shall be exempt from the stock-in-trade tax and such other taxes and customs as are normally levied in a port of entry.

B. Any development or activity with a foreign trade zone established in the State is subject to the laws which the Department of Environmental Protection, Department of Conservation, Department of Marine Resources and Department of Inland Fisheries and Wildlife are responsible for administering, as well as any other law which protects the environment.

C. For the purpose of this subsection, personal property in transit through the areas established under subparagraph A is defined as follows: Goods, wares and merchandise moving in interstate or international commerce through these zones, or which were consigned to a warehouse, public or private, within these zones, whether specified when transportation begins or afterward. This property shall not be deprived of exemption because, while in the warehouse, the property is assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled or repackaged. The exemption granted shall be liberally construed to effect the purposes of this subsection. The warehouse in which these goods, wares or merchandise are stored shall not be owned, in whole or in part, by either the consignee or consignor. This paragraph does not apply to agricultural products.

ARTICLE I

DIVISION OF TOURISM

§15080. Division of Tourism

There is established, to carry out the purposes of this section, a Division of Tourism, called the "division," within the Bureau of Marketing and Tourism which shall be directly responsible to the director of the bureau.

1. Director. The director and staff of the Division of Tourism shall be appointed by the director of the bureau with the approval of the commissioner and shall serve at his pleasure.

2. Powers and duties. The division shall:

A. Conduct travel product planning and research to determine market demand, prepare marketing, promotion and advertising strategies, prepare a travel product development plan, determine the feasibility of travel facility development proposals, develop and implement a comprehensive travel product information system and evaluate the impact of travel product programs and grants;

B. Implement advertising and promotion programs to market this state's travel product;

C. Print, or cause to have printed, alone or in cooperation with other travel promotion agencies and groups, booklets, brochures, pamphlets and other materials as required to fulfill requests for information on Maine's travel product;

D. Encourage the development of travel product facilities and activities by locating potential developers, providing market and feasibility analysis, assisting developers in complying with public rules and laws and providing technical assistance to location decision making, including site selection, financing and utilities;

E. Review and comment upon the policies and programs of state agencies which directly affect the achievement of the duties and responsibilities of the division;

F. Provide basic support and discretionary matching grants to local, regional and statewide nonprofit agencies which directly affect the achievement of the duties and responsibilities of the division;

G. Staff or cause to be staffed any information center constructed, owned, leased, acquired or operated by the State;

H. Employ or engage such outside technical or professional consultants or organizations as may be necessary or appropriate to assist the division in carrying out its functions;

I. Accept such fees as the director of the Bureau may designate for the preparation and distribution of books, booklets, brochures, pamphlets, films, photos, maps, exhibits, mailing lists, all like materials and media advertising. There is established within the division a revolving fund for the use of the division to help offset the preparation and distribution costs of these materials. The division shall retain, without charge, an appropriate number of each publication for complimentary distribution. Income from the sale of publications and other materials that were charged to the revolving fund shall be credited to the revolving fund to be used as a continuing carrying account to carry out the purposes of the revolving fund;

J. Subject to the approval of the commissioner adopt, amend and repeal rules to carry out the purposes of this subsection and section _____; and

K. Undertake such other activities as the director of the bureau considers appropriate and necessary to insure the successful implementation of this section.

§15081. Maine Vacation-travel Commission

1. Maine Vacation-travel Commission. The Maine Vacation-travel Commission established by Title 5, chapter 379, shall assist, advise, recommend and guide the Division of Tourism's operation. It shall consist of 9 members of major tourism trade associations and 8 public members who shall represent their respective regions and who are experienced in the field or who have demonstrated a concern for the travel industry. The terms of the members shall be 4 years each, except for the members first appointed, 4 shall be appointed for a term of 4 years, 4 for 3 years, 4 for 2 years and 5 for one year. The members shall be appointed by the Governor, who shall fill any vacancies in the appointed membership for the unexpired term. The commissioner or director, or his designee, of the following state departments or offices shall serve as ex officio, nonvoting members of the commission: Department of Community and Economic Development; State Planning Office; Department of Conservation; Department of Transportation; Department of Inland Fisheries and Wildlife; Department of Agriculture, food and Rural Resources; Department of Educational and Cultural Services; Bureau of Public Improvements and Canadian Affairs Coordinator. A chairman and vice-chairman shall be elected annually from the appointed membership.

2. Powers and duties. The commission shall:

A. Recommend rules for the implementation of section 15074 and make recommendations on the award of matching funds to the commissioner and the director of the Bureau of Marketing and Tourism;

B. Recommend policy guidelines on marketing, promotion and advertising strategies to the Division of Tourism;

C. Conduct public hearings as necessary to obtain input concerning tourism policy development from a broad cross section of travel interests;

D. Assist the Division of Tourism in providing technical assistance to the travel industry and in planning and conducting periodic tourism conferences;

E. Prepare a report for annual submission to the Governor and the Legislature relative to the programs, policies and accomplishments of the Maine Vacation-travel Commission; and

F. Assist the Division of Tourism in such other areas as the commissioner considers appropriate and necessary to insure the successful implementation of this section.

3. Compensation. Commissioners shall be compensated as provided by chapter 379.

§15082. Travel Promotion Matching Fund Program

1. Statement of purpose. There is established a Travel Promotion Matching Fund Program to serve the following purposes:

A. To allow the State to provide part of the funds necessary for public and private nonprofit travel promotion organizations to conduct promotion programs;

B. To strengthen the state image by coordinating the promotional efforts of the private sector and the Division of Tourism and the Bureau of Marketing and Tourism within the Department of Community and Economic Development.

2. Allocation of funds. Within the limits of available funding, for every dollar raised by the private sector for travel promotion under the provisions of this section, the State shall provide one dollar in matching funds. No grant may exceed the amount raised by the organization and applied to its proposed program. It is not the intent of this section to reduce any organization's financial participation in any on-going project, but rather to increase them or develop new programs. The grant program shall be geared to specific promotional efforts and costs and is not intended to match any administrative costs, including any form of personal services.

3. Eligible organizations. Matching funds shall be made available to those nonprofit travel promotion organizations which best meet the purposes of this section. No such organization may disburse state matching funds to a private, for profit, business for the purpose of promoting its goods, services, functions or activities.

4. Administration. The Bureau of Marketing and Tourism, through the Division of Tourism shall administer the Travel Promotion Matching Fund Program with such flexibility as to bring about the most effective and economical travel promotion program possible. Applications from all regions of the State shall be equally considered. The Maine Vacation-travel Commission shall recommend rules and procedures necessary and appropriate to the proper operation of the Travel Promotion Matching Fund Program. These rules shall establish eligibility requirements, allocation formulas, application procedures and criteria subject to the final approval of the commissioner. The Maine Vacation-travel Commission shall establish a schedule for review of grant applications and make timely recommendations of grant awards to the Division of Tourism. Grants recommended by the commission to the division must be approved by the director of the Bureau of Marketing and Tourism prior to any disbursement of funds.

5. Bookkeeping systems. The department and all tourist promotion organizations qualifying for matching funds under this section shall keep accurate records of any applications, transactions, payment receipts and correspondence relating to the implementation of the Travel Promotion Matching Fund Program.

A. The department, with the advice of the Department of Finance, shall establish a standard accounting procedure to be used by any organization receiving moneys under this section.

B. The records of any organization pertaining to accounts and contracts funded with moneys under this section shall be open to audit by the State or by any firm employed by the State to audit these records.

6. Reimbursement procedures. Upon receipt in writing of satisfactory evidence of program progress and funds expended or committed, the Division of Tourism shall reimburse the organization according to a matching funds contract. Within 60 days of completion of the program, each grant recipient shall provide the Division of Tourism with the following:

SUBCHAPTER IV
COMMUNITY DEVELOPMENT

§15085. Findings

The Legislature finds that the strength of the state economy is based on the strength of the economies of Maine's municipalities and their ability to adjust to the dramatic changes in the national and international economies. The Legislature also recognizes the need for the coordination of state, regional, and local efforts and resources to produce solid economic growth and development for Maine.

Economic growth and development is not limited exclusively to the generation of new businesses and business expansions. It requires sufficient housing and infrastructure facilities, planning, and availability of an educated and well-trained labor force which are also necessary to the prosperity of Maine's municipalities.

It is necessary to coordinate the development and delivery of community programs. By coordinating and focusing various community development programs, the impact of these programs can be far more effective. In addition, the existence of a central community development agency can improve and facilitate communication and assistance between the state and its municipalities.

By working together, coordinating resources, and developing policies which are mutually consistent and consistent with an overall state strategy, the state and its municipalities can realize their potential and prosperity in the future.

§15086. Bureau of Community Development: Purpose

The purpose of the Bureau of Community Development is to work with and help Maine's municipalities achieve economic growth and development and, at the same time, preserve and protect their resources and assets. To achieve this purpose, the department, through the bureau shall strive to remove barriers to growth and provide resources to greatest possible extent to assist or generate growth in Maine's municipalities.

§10587. Bureau of Community Development: duties and responsibilities

The director of the bureau of Community Development shall administer the bureau in accordance with the policies of the commissioner and the provisions of this chapter. The director shall have the following powers and duties:

1. Establish communications network. The director shall establish a communications network by which information

resources and assistance are transferred between the department and Maine's municipalities.

A. The director shall work with municipalities and regional economic development organizations. The director of the bureau shall work closely with persons or organizations representing municipalities and with regional economic development organizations to address the economic development needs, problems, and opportunities of municipalities and regions.

B. The director may propose to the commissioner changes in the state's economic development strategy policies, or programs to address the issues that evolve pursuant to this subsection.

2. Challenge grants. The director, with the approval of the commissioner, may provide challenge grants to Maine municipalities and regional economic development organizations for the purpose of developing strategies and policies.

3. Provide information. The director shall provide municipalities with information about the department's programs and services and shall refer municipalities to the bureaus and programs within the department that can best assist them.

4. Work with state agencies. The director shall work with other state agencies that administer programs and services used by municipalities. The director shall strive to coordinate department programs and services with the programs and services of these agencies.

5. Develop distressed zone assistance. The director of the bureau, with the assistance of the State Planning Office, shall determine areas and municipalities of the State that are economically distressed. The director of the bureau shall analyze these areas with respect to their problems and determine the causes.

A. The director shall work with distressed municipalities and areas to define a remedial approach and incentives to encourage growth and development in each area.

B. The director shall report his findings and recommendations to the commissioner.

6. Oversee community development programs. The director shall oversee the implementation of community development programs to include:

A. the Community Development Block Grant Program;

B. the Local Grants Program of the Coastal Zone Management Program;

- C. the Regional Planning Grants Program;
- D. the Waterfront Action Grants Program;
- E. the Community Industrial Buildings Program.

§15088. Community Development Block Grant Program

The director of the Bureau of Community Development shall implement the Community Development Block Grant Program pursuant to the United States Housing and Community Development Act of 1974, Title I, and its subsequent amendments.

1. Revolving loan fund. The Community Development Block Grant Program shall include the Community Development Revolving Loan Fund which shall be a non lapsing revolving fund.

2. Repayments to fund. To this fund shall be credited all repayments of grants made to municipalities that elect not to retain those funds under the Development Fund part of the State Community Development Program, including interest, penalties and other fees and charges related to Development Fund grants.

3. Investment of fund monies. Money in the fund not needed to meet the current obligations of the Development Fund Program shall be deposited with the Treasurer of State to the credit of the Community Development Revolving Loan Fund and may be invested in such manner as is provided for by law. Interest received on that investment shall be credited to the Community Development Revolving Loan Fund.

4. Legislative allocation of the Community Development Revolving Loan Fund is required. The Department of Community and Economic Development shall submit to the Legislature, through the budget process as required by chapter 149, its recommendations for disbursement from the fund.

5. Expenditures from fund. Upon approval of the allocation by the Legislature and approval of the allotment by the Governor, the State Controller shall authorize expenditures from the Community Development Revolving Loan Fund as approved by the department for the following purposes:

- A. Administrative expenses related to the Development Fund;
- B. Grants to cities and towns under the Development Fund;
and
- C. Grants related to the Development Fund and to other public and private organizations.

§15089. Local Grants Program.

The director of the Bureau of Community Development shall administer the local grants program of the Coastal Zone Management Program and the Regional Planning Commission Grant Program established under Title 30, chapter 204-A, subchapter III and of Councils of Government empowered under Title 30, chapter 204-A, subchapter II. Participation in the Regional Planning Commission Grant Program shall be limited to half of the nonfederal share of a federally assisted project or 1/3 of a non-federally assisted planning operation.

4. Administer the Community Industrial Buildings Program. The director of the bureau shall administer the Community Industrial Buildings Program as defined in Article I, of Subchapter IV.

ARTICLE I

COMMUNITY INDUSTRIAL BUILDING AUTHORITY

§15090. Definitions

As used in this Article, unless the context otherwise indicates, the following terms have the following meanings.

1. Carrying costs. "Carrying costs" means reasonable costs incurred for the maintenance, protection and security of a community industrial building prior to occupancy, including, but not limited to, insurance, taxes and interest.

2. Community industrial building. "Community industrial building" means a building of flexible design whose construction or carrying costs, or both, are financed through this subchapter for the purpose of creating new jobs in a municipality resulting from the sale or lease of the building.

3. Industrial park. "Industrial park" means an area of land that is planned and designed for one or more industrial buildings.

4. Lease. "Lease" means a contract providing for the use of a project or portions of a project for a term of years for a designated or determinable rent. A lease may include an installment sales contract.

5. Lessee. "Lessee" means a tenant under lease and may include an installment purchaser.

6. Local development corporation. "Local development corporation" means any nonprofit organization created by a municipality; incorporated under Title 13, chapter 81; Title 13-B or otherwise chartered by the State; and designed to foster, encourage and assist the settlement or resettlement of industrial, manufacturing, fishing, agricultural, recreational

and other business enterprises within the State. A majority vote of the municipal officers is sufficient to form a local development corporation, notwithstanding Title 13, chapter 81.

7. Municipality. "Municipality," as used in this subchapter, means any county, city or town in the State.

8. Rural area. "Rural area" means any area that is not an urban area as defined in this Article.

9. Urban area. "Urban area" means any municipality with a population greater than 10,000 persons.

§15091. Community Industrial Buildings Fund

1. Creation. The Community Industrial Buildings Fund is created as a nonlapsing revolving fund to be used by the department only for the purposes of this Article. There is created within the fund separate accounts for rural and urban areas, respectively called the "rural" and "urban" accounts, which shall be separately charged and credited as provided under this section according to the location in a rural or urban area of each community industrial building..

2. Items charged or credited. Operating expenses of the department incurred under this Article shall be charged to the fund and all payments required by this subchapter shall be credited to it. All department expenses that arise out of assistance to local development corporations under this Article shall be charged solely against the proceeds of the sale or rental of a community industrial building or all or part of an industrial park assisted under this subchapter.

3. Deposited funds. Money in the fund not currently needed to meet the obligations of the department under this Article shall be deposited with the Treasurer of State to the credit of the fund with all interested earned by the deposit credited to the fund.

4. Successor to fund. The department shall be the successor to the State Development Office for the purposes of this Article. All properties, rights in land, buildings and equipment and any funds, moneys, revenues and receipts or assets of the State Development Office as they apply to the Community Industrial Buildings Program, including funds previously appropriated by the State for the Community Industrial Buildings Program, shall belong to the department as successor to the State Development Office. All liabilities of the State Development Office with respect to the Community Industrial Buildings Program shall become liabilities of the department. Any action taken by the State Development Office with respect to assisting a local development corporation to create community industrial buildings shall be an action taken by the Department of Community and Economic Development.

§15092. Assistance to development corporations

The department may assist a local development corporation to construct a community industrial building by loaning it money, for construction or carrying costs, or both, for the project, subject to subsection 1.

1. Project. The following conditions apply to the project.

A. The project shall be within the scope of this subchapter, shall be of public use and benefit and shall reasonably be expected to create new employment opportunities.

B. Within the separate rural and urban accounts, preference shall be given to projects in economically deprived areas within labor market districts declared to be in need of economic development assistance by the Department of Labor, and

C. No more than one unoccupied community industrial building project may be financed in a labor market area at any one time.

2. Local development corporation. The local development corporation shall comply with the following.

A. The local development corporation shall own or hold on long-term lease the site for the project.

B. The local development corporation, in the opinion of the department shall be responsible and shall present evidence of its ability to carry out the project as planned.

C. The site owned or leased by the local development corporation shall be not less than 4 times the size of the community industrial building.

D. The local development corporation shall provide and maintain, with funds other than those provided by the department, a adequate access road from a public highway to the proposed site and water, sewer and power facilities. The development corporation will also be responsible for plowing out the plant site at all times and for landscaping the building in an attractive fashion until the building is occupied by an industrial tenant.

E. The local development corporation's project plans shall comply with applicable zoning, planning and sanitary regulations in the municipality where it is to be located. No loan may be approved and no certificate of approval for the project or for any subsequent enlargement or addition to the project may be issued until the Department of

Environmental Protection has certified to the department that all licenses required from the department have been issued or that none are required.

F. The local development corporation shall make adequate provisions for insurance protection, fire protection and maintenance of the building while it is unoccupied.

3. Loan terms. Terms for a loan are as follows.

A. The department may prescribe the terms and conditions of the loan.

B. Loans shall be repaid in full, including interest and other charges within 90 days after the building is occupied.

C. The building financed by a department loan may not be sold or leased without the express approval of the department of the purchaser or lessee. If the local development corporation and the department agree that a community industrial building is unlikely to be sold in the near future despite a marketing effort, the department may permit an interim lease upon terms it deems appropriate for the protection of the fund. Occupation of the premises under an interim lease shall not require payment in full of the entire loan within 90 days, as provided in paragraph B.

4. Promotion and development. The department shall undertake promotional and publicity activities on behalf of community industrial buildings to properly market them to prospective purchasers or tenants. The department shall maintain a constant and continual effort to secure suitable tenants or purchasers for these buildings and shall prepare necessary advertising and promotional materials.

5. Taxes. While the community industrial building remains unoccupied and a first mortgage is held by the department, it is declared to be property held for a legitimate public use and benefit and shall be exempt from all taxes and special assessments of the State or any of its political subdivisions. This section shall not apply to any community industrial building whose construction is not financed under this chapter.

6. Municipality. A municipality may raise or appropriate money supporting and guaranteeing the obligation of a chamber of commerce, a board of trade, a local development corporation, a chamber of commerce and a local development corporation or a board of trade and local development corporation for the purpose of constructing a community industrial building subject to the provisions of this Article.

Sec. 12. Transition.

1. Funds transferred. Notwithstanding the Maine Revised Statutes, Title 5, sections 1585 and 1586, all accrued

expenditures, assets, liabilities, balances, appropriations or allocations, transfers, revenues or other available funds in any account or subdivision of an account of any unit of State Government, including any department bureau, division, program or other subunit of a state agency, affected by this Act shall remain with that unit following transfer to another department.

2. Personnel transferred. All employees of any unit of State Government including department, office, bureau, division, section, program or any portion thereof to be transferred to the Department of Community and Economic Development shall be transferred with their accrued rights and benefits. The accrued fringe benefits, including vacation and sick leave, health and life insurance, and retirement of these personnel shall remain with those personnel.

3. Rules and procedures. All rules and procedures currently in effect and in operation pertaining to any unit or program and which are in compliance with the provisions of this Act shall remain in effect until rescinded or amended as provided by state law.

4. Contracts and agreements. All contracts and agreements currently in effect with respect to any unit or program of State Government affected by this Act shall remain in effect until rescinded, terminated or modified as provided by state law.

5. Equipment and property transferred. All equipment and property of the State used by employees and officials of any unit of State Government affected by this Act shall remain with that unit upon transfer to another department.

6. Organization and operation. Notwithstanding any other provision of law, any appointment required by this Act and preparation work may be made or occur prior to the appropriate effective date of this Act, but shall not become binding until the appropriate effective date.

7. Community Development Block Grant Program. Following the transfer of the Community Development Block Grant Program from the State Planning Office to the Department of Community and Economic Development, the focus and direction of the Community Development Block Grant Program shall not be determined by the Community Development Block Grant Advisory Committee.

Part "B"

Sec. 13 10 MRSA §917, as last amended by P.L. 1985, c. 161, §1 is repealed and replaced to read as follows:

§917-A. Purpose

The Maine Development Foundation is authorized and directed to foster, assist and participate in efforts for economic growth and revitalization, in coordination with existing state, regional, and local agencies, such efforts to include, but not limited to, providing for or stimulating the provision of:

1. Public - Private Partnerships. The Maine Development Foundation shall strive to:

A. Bridge the knowledge and communications gap between the public and private sectors;

B. Build the leadership capacity of public and private sector persons and institutional capacity of agencies to accomplish economic development;

C. Expand the traditional business and government partnership to include other significant sectors of the economy.

2. Economic Analysis. The Maine Development Foundation may:

A. Develop and propose new ideas and recommend changes to state government and others for the growth and development of the Maine economy, including development strategies and economic development programs to best meet the economic needs, problems, and conditions of the state.

B. Analyze opportunities to improve the marketing of Maine products and the development of new markets, especially foreign.

C. Analyze opportunities to promote business investment in Maine.

3. Economic Education. The Maine Development Foundation may:

Provide state legislators, state government officials, business people, municipal officials, development professionals and others with an education program on the Maine economy, including training, information, and experiential learning on the Maine economy, business investment, government operations, and the relationship between public policy decisions and business investment, with the goal of strengthening public-private partnership to accomplish economic development.

4. Economic Opportunities. The Maine Development Foundation may:

A. Identify and develop specific economic opportunities in the state.

B. Design, coordinate, and implement, when necessary, development projects of a statewide or broad regional significance.

C. Provide assistance to business and communities for economic growth and revitalization.

5. Good Climate for Economic Development. The Maine Development Foundation shall strive to:

Promote of an improved climate for economic development in the State through judicious use of the public and private nature of the foundation to provide objective analysis and develop broad consensus on issues of significance to the economic health of the State provided that the promotion does not require the foundation to register as a lobbyist employer pursuant to Title 3, chapter 15, and further provided that the foundation does not advocate to the general public a position on a question as defined in Title 21, section 1, subsection 30.

Sec. 14 10 MRSA §920, sub §8 as enacted by P.L. 1977, c. 548, §1 is repealed

Sec. 15 10 MRSA §962, was last amended by P.L. 1985, c. 714, §5, is further amended by added a new second paragraph to read:

In order to fulfill these purposes, and to make the best use of the states limited resources, it is essential that the Finance Authority of Maine implement its powers, duties, and responsibilities consistent with a state economic development strategy and consistent with the policies and activities of the Department of Community and Economic Development.

Sec. 16 10 MRSA §964, sub §3 is enacted to read:

3. Consistency of Policies and programs. The Finance Authority of Maine shall implement its powers, duties, responsibilities, and programs consistent with the State economic development strategy and consistent with the policies and activities of the Department of Community and Economic Development.

Effective date. This Act shall take effect on October 1, 1987.

STATEMENT OF FACT

This bill creates the Department of Community and Economic Development to consist of the following:

1. the Bureau of Business Assistance

a. Business Assistance Referral and Facilitation Program

2. the Bureau of Marketing and Tourism
 - a. Division of Business Attraction
 - b. Divisions of Markets and Trade
 - c. Division of Tourism
3. the Bureau of Community Development
 - a. Community Development Block Grant Program
 - b. Local Grants Program of the Coastal Zone Management Program
 - c. Community Industrial Building Program

The Department of Community and Economic Development, by certifying local and regional economic development organizations, will provide convenient business assistance services through these organizations to businesses throughout the State. The Department's business assistance referral and facilitation program serves to facilitate and assist businesses with respect to economic development programs and with respect to working with state agencies. This program also serves to coordinate programs throughout state government that affect business.

The director of the Bureau of Business Assistance will report any breakdown in the economic delivery system to the Commission. In the event that the commissioner cannot correct the breakdown, the commissioner will report it to the Governor.

The Commissioner is required to monitor and evaluate the programs of the Department and to make them consistent with the State strategy. In addition, the commissioner is required to coordinate programs and services of the department and report any proposed changes or recommendations to the Governor.

The Bureau of Marketing and Tourism is established to promote Maine's goods and services in national and international markets, to market Maine as an investment opportunity, and to market Maine as a vacationland.

The purpose of this bureau is to be achieved from a division of business attraction to implement a targeted business attraction program, particularly types of enterprise that have significant potential in Maine and are compatible with Maine's environment. The Division of Markets and Trade is designed not only to promote Maine products but also to provide marketing information to Maine firms and industries.

The Division of Tourism is designed to promote tourism through the State.

The Bureau of Community Development is established to coordinate community development programs of the State, to provide resources to municipalities and regions and to assist Maine's municipalities to develop strong economies. The Bureau of Community Development also serves to develop an effective communications system that links Maine's municipalities with the State's economic development organizations.

In, Part B of the bill, the provisions of law relating to the Finance Authority of Maine(FAME) are amended to require FAME to implement its programs and policies consistent with the state strategy and with the policies of the Department of Community and Economic Development.

The bill also amends the provisions of law relating to the Maine Development Foundation(MDF). The purpose section of the MDF has been changed to include the following duties and responsibilities:

1. to bridge the knowledge and communications gap between the public and private sectors;
2. to conduct economic analyses;
3. to develop education programs on the Maine economy;
4. to identify and develop specific economic opportunities in the State; and
5. to promote an improved business climate in the state.

The bill also removes the provision authorizing the MDF to engage in debt and equity financing.

APPENDIX B

"Resolve, Requiring the Commissioner
of the Department fo Educational
and Cultural Services to Develop
a Plan to Improve the Elementary and
Secondary Curriculum to Better Prepare
Maine Students for the World of Work."

JOINT SELECT COMMITTEE ON ECONOMIC DEVELOPMENT
LEGISLATION PURSUANT TO RESOLVES OF 1985, c.45 and c. 543

FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No.

H.P.

In House, -----

STATE OF MAINE

In the Year of Our Lord
Nineteen Hundred and Eighty-Seven

RESOLVE, Requiring the Commissioner of the Department of Educational and Cultural Services to Develop a Plan to Improve Elementary and Secondary Curriculum to Better Prepare Maine Students for the World of Work.

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

Whereas, despite all the positive steps taken to improve and enhance the elementary and secondary curriculum in Maine, there is still a widespread consensus among Maine employees that new entrants to the workforce have been poorly prepared for the world of work both in terms of their educational skills and career guidance; and

Whereas, based on information gathered through the Maine Education Assessment Program of 11th graders, Maine secondary students are not receiving as much in-school assistance as they need, secondary school teachers felt only somewhat or inadequately prepared to relate their subject areas to the world of work, and too many teachers believed it was not their responsibility to be involved in formalized career-related activities; and

Whereas, any delay in addressing these issues will have far-reaching economic effect well into the future and will be a great disservice to many more of Maine's youth; and

Whereas, the Joint Select Committee would like to have a plan to address these issues implemented before the adjournment of the First Regular Session of the 113th Legislature; and

Whereas, in the judgement 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 enacted by the People of the State of Maine as follows:

Commissioner's Plan. Resolved, that the Commissioner of Educational and Cultural Services shall prepare a plan to improve the ability of the elementary and secondary public education system to adequately prepare students for the transition to work and the career decision and changes they will face through the remainder of their lives; and be it further

Report to the State Board of Education. Resolved, that the plan should be presented to the State Board of Education at its monthly meeting in April, 1987; and be it further

Guidelines for Plan. Resolved, that the Commissioner's plan shall include a method to accomplish, at a minimum, the following objectives:

1. Increasing each child's knowledge of the work environment, career options, and their own skills and interests.

- A. Increasing the emphasis on career education, planning and guidance and begin career education earlier in each child's educational program and formally involve regular classroom teachers in the process.

- B. Encouraging schools to communicate better with business. Business should communicate its needs to teachers and students and expand their knowledge of the world of work and occupational choices.

2. Encouraging teachers to explore the world of work themselves through such programs as the "Educator-in-Residence" program, initiated by Maine Savings Bank to provide educators with the opportunity to learn about current business practices. This program was replicated and expanded by the Maine Development Foundation.

3. Recommending to the State Board of Education, as set forth in the "New Directions for Technology Education" idea paper of the Bureau of Vocational Education, that the Required Skills section of State High School Graduation Standards should be amended to include demonstrated proficiency in the four Pre-Employment Competency Areas that have already been adopted by the Maine Job Training Council:

A. Career Decision Making (Self-Awareness, Career Awareness, Labor Market Information, Career Choice);

B. Life/Work Management (Managing Personal Responsibility, Problem Solving/Coping);

C. Job Getting (Job Seeking, Resumes and Applications, Contact Skills, Interviewing); and

D. Work Maturity (Dependability/Reliability, Communication Skills, Personal Relations, Initiative/Productivity, Worker Rights.

4. Upgrading vocational education programs in conjunction with improved career guidance and education to more effectively target education programs to individual needs and chosen career paths.

A. The Department of Educational and Cultural Services should recommend to the State Board of Education that the Board adopt the following recommendation of the "New Directions" idea paper.

(1) While phasing out the "General" curriculum, Vocational Education should be expanded to encompass all students who are not committed to a four-year college career and should be reorganized into four standard curricula:

- a. Specific Vocational Preparation;
- b. Vocational Technical Preparation;
- c. Apprenticeship Training Preparation; and
- d. On-The-Job Training Preparation.

5. Encouraging the use of competency based evaluation systems, particularly for vocational education programs. These types of systems are designed to provide a better measure of skills developed by a student and are better measures of the effectiveness of educational programs. The Department of Educational and Cultural Services should increase its present efforts in this area; and be it further,

Report to the Legislature. Resolved, that the Commissioner report prior to May 1, 1987 to the Joint Standing Committees on Economic Development and Education. The report shall include the plan submitted to the State Board and an account of the Board's actions related to the plan.

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

STATEMENT OF FACT

This Resolve, to carry out some of the recommendations of the Joint Select Committee on Economic Development, will require the Commissioner of the Department of Educational and Cultural Services to develop a plan designed to improve elementary and secondary curriculum to better prepare Maine students for the world of work and report to the Joint Standing Committees on Economic Development and Education prior to May 1, 1987.

APPENDIX C

"Resolve, Requiring the Commissioner
of the Department of Educational and
Cultural Services to Develop a Plan to Improve
the State's Adult Education Program
to More Adequately Address the Problems
of Illiteracy and High School Completion."

JOINT SELECT COMMITTEE ON ECONOMIC DEVELOPMENT
LEGISLATION PURSUANT TO RESOLVES OF 1985, c.45 and c. 543

FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No.

H.P.

In House, -----

STATE OF MAINE

In the Year of Our Lord
Nineteen Hundred and Eighty-Seven

Resolve, Requiring the Commissioner of the Department of Educational and Cultural Services to Develop a Plan to Improve the State's Adult Education Program to More Adequately Address the Problems of Illiteracy and High School Completion.

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

Whereas, the Joint Select Committee on Economic Development has found that the State of Maine and the Department of Educational and Cultural Services have not adequately addressed the problems of illiteracy and high school completion in the State; and

Whereas, there are 238,000 adults in Maine lacking a high school diploma and one in five Maine adults functionally illiterate; and

Whereas, basic educational skills will become even more important as the nature of employment changes with the changes in the economy demanding more flexibility and adaptability within the workforce; and

Whereas, the State's financial support for adult education programs and the present subsidy formula is inadequate to address the basic education needs of Maine's adults; and

Whereas, employees in Maine are becoming increasingly frustrated by an inability to locate and attract employees with adequate education and training, hindering economic growth; and

Whereas, the Joint Select Committee would like to see a plan developed to address the needs of the adult community prior to adjournment of the First Regular Session of the 113th Legislature; and

Whereas, in the judgement 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 enacted by the People of the State of Maine as follows:

Report of the Commissioner of the Department of Educational and Cultural Services: Resolved, that the Commissioner of the Department of Educational and Cultural Services report to the Joint Standing Committees on Economic Development and Education prior to May 1, 1987 with a plan to implement the recommendations of the Joint Select Committee on Economic Development concerning adult education; and be it further

Guidelines for Plan. Resolved, that the plan shall be designed to accomplish, at a minimum, the following objectives:

1. Requiring that all local school units offer directly or by contract with another unit an adult basic education (ABE) program that meets minimum curriculum standards prescribed by the Department of Education and Cultural Services for basic literacy and high school completion courses.

- A. The Department should prepare and implement these standards.

2. Increasing state support for adult education to achieve the following results:

- A. Providing all adults access to a free public education through grade 12.

- B. Subsidizing 75% of the first year cost to local school units in initiating new and expanded programs for basic literacy and high school completion and allow state participation in the first year to be counted 100% toward the local school units subsidy claim for future years.

C. Funding the state subsidy for ABE in sufficient amount to match all local effort.

D. Funding 100% of the costs of textbooks required for basic literacy and high school completion courses and 100% of GED testing fees.

E. Testing through pilot projects the use of on-site day care as an incentive for encouraging enrollment. Determine the extent to which the availability of this service increases enrollment, determine the socio-economic background of the persons benefitted and determine the most appropriate means for providing this service.

F. Providing sufficient General Fund support to staff to support the ABE program within the Department, including funding for positions lost as a result of federal funding cutbacks.

and be it further,

Report on Pilot Projects. Resolved: That the Commissioner of Educational and Cultural Services shall report the results of the pilot projects implemented as part of the plan to the Joint Standing Committee on Education during the First Regular Session of the 114th Legislature.

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

STATEMENT OF FACT

This Resolve, to carry out some of the recommendations of the Joint Select Committee on Economic Development, will require the Commissioner of of Educational and Cultural Services to develop a plan to improve the state's adult education program to more adequately address the problems of illiteracy and high school completion and report to the Joint Standing Committees on Economic Development and Education prior to May 1, 1987.

APPENDIX D

**"Resolve, Requiring the Governor to Develop
a Plan to Provide for Greater Coordination of
Human Resource Development Programs."**

JOINT SELECT COMMITTEE ON ECONOMIC DEVELOPMENT
LEGISLATION PURSUANT TO RESOLVES OF 1985, c.45 and c. 543

FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No.

H.P.

In House, -----

STATE OF MAINE

In the Year of Our Lord
Nineteen Hundred and Eighty-Seven

RESOLVE, Requiring the Governor to Develop a Plan to
Provide for Greater Coordination of Human Resource
Development Programs.

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

Whereas, the Joint Select Committee on Economic Development
finds that the State of Maine has not adequately met its
education and job training needs and its programs to meet these
needs are excessively fragmented; and

Whereas, the nature of employment will change drastically by
the year 2000 as the economy continues its shift away from an
industrial base to an information and service based economy
requiring more flexibility and adaptability within the workforce;
and

Whereas, employers in Maine are becoming increasingly
frustrated by an inability to locate and attract employees with
adequate education and training, hindering economic growth; and

Whereas, the Job Training Partnership Act and Welfare Employment, Education, and Training Programs are serving only approximately 5% and 20% of their eligible recipients, respectively; and

Whereas, the relatively scant financial resources dedicated to education, training, and retraining needs of the workforce are scattered throughout state government; and

Whereas, coordination is lacking, duplication of effort is evident, and a comprehensive, rational state policy does not exist for these human resource development programs; and

Whereas, three state departments, the University of Maine System, the Maine Maritime Academy, and the Maine Vocational-Technical Institute System in addition to at least ten separate policy-making and advisory councils, committees, or boards are involved in approximately 15 service delivery and administrative programs in this area; and

Whereas, the Joint Select Committee would like to have a plan to address the above mentioned concerns implemented prior to the adjournment of the First Regular Session of the 113th Legislature; and

Whereas, in the judgement 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 enacted by the People of the State of Maine as follows:

Governor's Report. Resolved: That the Governor report to the Joint Standing Committee on Economic Development prior to May 1, 1987 with his plan for the more effective delivery and coordination of human resource development programs in the State.

Report Guidelines. Resolved: The Governor's report and the plan shall consider, at a minimum, the following:

1. To the maximum extent practical, all state funded or administered job training programs should be consolidated within the Maine Department of Labor. Exempted from this provision are programs under the auspices of the Department of Education and Cultural Services, the University of Maine System, Maine Maritime Academy, and the VTI System.
2. To the maximum extent practical, the multitude of councils, boards and committees presently engaged on behalf of the state in job training activities should be consolidated.

A. The successor organization, hereafter referred to as the State Council, should use subcommittees to give particular focus to such areas as welfare recipient participation and occupational information retrieval systems. In this manner the need for separate free-standing organizations to cover areas such as these can be obviated.

B. In those instances where organizations cannot be merged, dual appointments should be considered as a means of enhancing coordination.

C. In achieving a consolidation, consideration should be given to combining, at a minimum, the Maine Job Training Council, the State Advisory Council, the Maine AFDC Coordinating Committee, the Maine Occupational Information Coordinating Committee, the State Apprenticeship and Training Council and the Displaced Homemakers Advisory Council.

D. The new State Council should be charged with the responsibility of integrating the planning and delivery of job training programs in the state.

E. The new State Council should be fiscally attached to the Maine Department of labor.

F. The State Council should have authority to approve the expenditure of job training funds by regional service providers.

3. The planning and delivery of job training services should be consolidated at the regional level.

A. Regions should be consistent with county boundaries and, to the maximum extent practical, should adhere to sub-state planning and economic regions currently prescribed by executive order.

B. Those agencies designated by the Private Industry Councils (PIC's) under JTPA should be the agencies responsible for service delivery and planning. Where the state is the service provider in a region under JTPA, a regional agency should be designated by the PIC.

C. To the maximum extent practical, the regional agencies should use their financial resources to purchase educational and training services from existing local public school adult and community education programs, the VTI system and the University of Maine System. In the event these agencies are unable to meet service needs, the regional agency should as a last resort be in a position to be direct provider of services.

D. The regional agencies should each year prepare and submit an operating plan drafted in accordance with guidelines promulgated by the State Council. Regional plans would be forwarded to the PIC's who will develop and present final plans to the State Council for approval. The plan should specify goals, objectives, scope of work, time lines, staffing, budget, performance measurements, and their relationship to State and regional economic development strategies. Efforts to maximize coordination with the ABE program, VTI System and University of Maine System should be noted as well as obstacles to such coordination and methods for reducing these obstacles.

E. The funding made available to each region should be allocated on a formula basis that reflects need as defined by the State Council. The State Council should have the authority to reallocate funds should one region not utilize its entitlement.

4. Disincentives which discourage participation in job training programs should be reduced. These disincentives include the lack of day care for parents, the lack of health coverage for the disabled and welfare recipients and the lack of transportation for those without their own vehicle.

5. State financial support for job training should be increased once a coordinated and integrated service planning and delivery system is instituted at the state and regional levels.

6. Career guidance and assessment services offered by the state should be offered in a more coherent and comprehensive manner. The Commissioners of Labor, Human Services, and Educational and Cultural Services should jointly determine the most efficient means of addressing the guidance and assessment needs of the various adult client groups.

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

STATEMENT OF FACT

This Resolve, to carry out some of the recommendations of the Joint Select Committee on Economic Development, will require the Governor to develop a plan to provide for greater coordination of human service development programs and report to the Joint Standing Committees on Economic Development prior to May 1, 1987.

APPENDIX E

**"Resolve, Establishing a Commission
to Study the Linkages Between Education
and Economic Development."**

JOINT SELECT COMMITTEE ON ECONOMIC DEVELOPMENT
LEGISLATION PURSUANT TO RESOLVES OF 1985, c.45 and c. 543

JOINT SELECT COMMITTEE ON ECONOMIC DEVELOPMENT
LEGISLATION PURSUANT TO RESOLVES OF 1985, c.45 and c. 543

FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No.

H.P.

In House, -----

STATE OF MAINE

In the Year of Our Lord
Nineteen Hundred and Eighty-Seven.

RESOLVE. Establishing a Commission to Study the
Linkages Between Education and Economic Development.

Commission on Education for Economic Development
Established. Resolved: That the Commission on Education for
Economic Development, referred to as the Commission, is
established as a joint legislative, executive, and private sector
effort to study the linkages between education and economic
development, to educate the public regarding the linkage, and to
recommend the most effective methods for enhancing economic
development given the limited resources available to finance
educational program expansions; and be it further

Membership. Resolved, that the Commission shall consist of
17 persons who shall include the Chancellor of the University of
Maine System; the Executive Director of the Maine
Vocational-Technical Institute System, the Commissioners of the
Departments of Educational and Cultural Services and Labor, the
Director of the State Development Office; eight (8) members of
the Legislature, four (4) of whom shall be appointed by the
President of the Senate and four (4) of whom shall be appointed
by the Speaker of the House; so that there shall be two

representatives each from the Joint Standing Committees on Appropriations and Financial Affairs, Economic Development, Education, and Taxation, and four (4) representatives from the general public to be appointed by the Governor; and be it further

Responsibilities. Resolved: That the Commission shall undertake the following tasks but shall not be limited to these tasks:

1. Conduct a study of the linkage between education and economy which will
 - A. Review recent research on this linkage;
 - B. Evaluate present education programs and new program proposals;
 - C. Assess the education growth on a statewide and regional basis;
 - D. Establish priorities among the many education programs and new proposal based on their effect on short-term and long-term economic growth; and
 - E. Evaluate the present methods and levels of funding for education programs.
2. Develop a program to educate the Maine public as to the importance of education to Maine's economic future which should:
 - A. Provide a forum for educators, businessmen, legislators and representatives of the economic development community including community development directors to get together and discuss their needs; and be it further

Cooperation with the Commission. Resolved: That all agencies and departments of state government shall cooperate with the Commission and shall expeditiously provide the Commission with the information and materials that it needs. The several campuses of the University of Maine System and the Maine Vocational-Technical Institute System shall make their facilities available to the Commissioner at their mutual convenience to conduct the above mentioned program in the various regions. The Maine Development Foundation shall assist the Commission in conducting the program; and be it further

Information Gathering by Educational Agencies. Resolved: That the Chancellor of the University of Maine System, the Executive Director of the Maine Vocational-Technical Institute System, and the Commissioner of Educational and Cultural Services shall each immediately after the effective date begin to assess their program needs and the required financial support and report their findings to the Commission within 90 days of enactment of this resolve; and be it further,

Organizational Meeting. Resolved: That the Commission shall hold an organizational meeting, called by the Chairman of the Legislative Council, within 30 days of the effective date of this Act and shall elect the chairman and a vice-chairman at that meeting. The Chairman shall be elected from among the members representing the general public. At the first meeting, the Commission shall 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 the hearings held for the purpose of information gathering and dissemination. The Commission shall begin to implement the above mentioned program immediately after the organizational meeting and shall work simultaneously and in concert with the information gathering of the educational agencies; and be it further,

Hearings. Resolved: That the Commission 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 Commission may hold hearings in a manner deemed practicable to submit proposals to the public for public evaluation; and be it further

Contract for Services. Resolved: That the Commission may contract for services within the constraints of its budget; and be it further

Member Reimbursement. Resolved: That members of the Commission, including legislators and excepting representatives of executive agencies or departments and the University of Maine System and the Maine Vocational Technical-Institute System, be paid a per diem as defined in the Maine Revised Statutes, Title 3, section 2. Legislators serving on the Commission shall not be paid a per diem for Commission meetings while the legislators are collecting legislative per diem. Members representing the general public shall be paid at a rate normally paid to state employees for expenses, including travel, meals and lodging for meetings and hearings of the Commission. Legislative members of the Commission shall be paid expenses, as defined in the Maine Revised Statutes, Title 3, section 2, 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

Funding. Resolved: That the Legislative Council shall allocate from the Legislative Account, money deemed sufficient by the council to achieve the purposes of this resolve. The Executive Director of the Legislative Council at each scheduled meeting, except public hearings, shall provide the Commission

with an account of the money expended by the Commission and the remaining money available for use by the Commission up to the date of each meeting. Members of the Commission shall submit their vouchers of expenses no later than two weeks from the date the expense is incurred in order to qualify for reimbursement; and be it further,

Study. Resolved: that the Legislative Council shall provide a minimum of one person to help staff the Commission; and be it further,

Report. Resolved: that the Commission make its final report including recommended legislation to the First Regular Session of the 114th Legislature.

Appropriation. Resolved: that the following funds are appropriated from the General Fund to carry out the purposes of this Resolve

	<u>1987-88</u>
<u>LEGISLATURE</u>	
Legislature	
Personal Services	\$ 6,600
All Other	18,400
TOTAL	<u>\$ 25,000</u>

STATEMENT OF FACT

The Resolve, to carry out some of the recommendations of the Joint Select Committee on Economic Development, will establish a Commission to study the linkages between education and economic development.

APPENDIX F

**"AN ACT To Require Preparation of
a Capital Budget and Capital Plan."**

AN ACT TO REQUIRE PREPARATION OF A CAPITAL BUDGET AND CAPITAL PLAN

Section 1. 5 MRSA Chapter 149 § 1664 is amended to read:

The state budget document, setting forth a financial plan for the State Government for each fiscal year of the ensuing biennium, shall be set up in 3 parts, the nature and contents of which shall be as follows:

Part 1 shall consist of a budget message by the Governor-elect or the Governor, which shall outline the financial policy of the State Government for the ensuing biennium, describing in connection therewith the important features of the financial plan. It shall embrace a general budget summary setting forth the aggregate figures of the budget in such manner as to show the balanced relations between the total proposed expenditures and the total anticipated revenues together with other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with the corresponding figures for the last completed fiscal year and the fiscal year in progress. The general budget summary shall be supported by explanatory schedules or statements, classifying the expenditures contained therein by organization units, objects and funds, and the income by organization units, sources and funds.

Part 2 shall embrace the detailed budget estimates both of expenditures and revenues as provided. It shall include statements of the bonded indebtedness of the State Government showing the debt redemption requirements, the debt authorized and unissued and the condition of the sinking funds. It shall contain any statements relative to the financial plan which the Governor-elect, or the Governor, may deem desirable, or which may be required by the Legislature.

Part 3 shall embrace complete drafts or summaries of the budget bills, the legislative measures required to give legal sanction to the financial plan when adopted by the Legislature. These bills shall include General Fund appropriation bills, and allocation bills for the following: Highway Fund, Inland Fisheries and Wildlife Fund, Federal Revenue Sharing Fund, Coastal Protection Fund, and the administrative expenses of the Bureau of Alcoholic Beverages and the State Liquor Commission, authorizing expenditures for each fiscal year of the ensuing biennium and such other bills as may be required to provide the income necessary to finance the budget.

Part 4 shall consist of the state capital budget required under §1676.

Sec. 2. 5 MRSA Chapter 149-A is enacted to read:

CHAPTER 149-A

Capital Budgeting and Planning

§ 1675. DEFINITION.

The term "1987 dollars" shall mean dollar amounts adjusted for inflation using the implicit price deflator for the purchases of goods and services by state and local governments, published by the U.S. Department of Commerce, or other appropriate measure of inflation.

§ 1676. STATE CAPITAL BUDGET

1. Preparation The Department of Finance, through the Bureau of the Budget, shall prepare, at the same time as the state budget document is prepared, a capital budget. The capital budget shall be prepared and submitted to the Governor or Governor-elect in accordance with the procedures for preparing the state budget document, set forth in Chapter 149.

2. Contents The capital budget shall embrace all expenditures of the state government for facilities and equipment and all revenues to be raised for purpose of meeting expenditure commitments during the ensuing biennium.

A. Except as provided below, "capital facilities and equipment" for purposes of this chapter shall mean facilities and equipment having an expected useful life of greater than one year and a cost in excess of \$10,000 in 1987 dollars, including, but not limited to:

(1). The capital improvements program for state facilities prepared by the Bureau of Public Improvements.

(2). Capital Expenditures of the Department of Transportation for highways, bridges, air, marine, and public transportation, and other transportation facilities.

(3). Expenditures by State agencies, from both state and federal sources, for the purpose of funding capital facilities and equipment for political subdivisions of the state. Where federal program policies or requirements preclude precise estimates of expenditures, general estimates may be presented; such general estimates shall not be considered as binding limitations, except as

otherwise provided by law.

(4). Capital Expenditures by The University of Maine.

(5). School construction projects for which concept approval from the State Board of Education has been issued in accordance with Title 20-A, chapter 609. The definition of "school construction project" used in Title 20-A shall apply for purposes of this subparagraph

(6). Acquisition and development of state parks and recreational areas.

(7). Acquisition of land.

The capital budget shall indicate for each expenditure and class of expenditures the costs to be incurred in each fiscal year of ensuing biennium, plus where appropriate, the annual operating and maintenance costs of such facilities and a schedule of depreciation calculated in accordance with the principles and standards of capital budgeting authorized by § 1678.

B. The capital budget shall indicate the revenues and sources required to meet projected expenditures during the ensuing biennium. Revenue sources to be indicated include, but are not limited to: the General Fund, the Highway Fund, other special funds, proceeds of bond sales, federal funds, local government revenues, or other sources.

(1). Where additional revenues in the form of additional taxes, user fees, or new bond issues are proposed to meet expenditure requests, these shall be indicated.

3. Relationship to Capital Plan The capital budget shall be based upon the capital plan, and shall contain a summary of the most recent capital plan prepared by the State Planning Office in accordance with § 1677, and indicate the relationship between the proposals contained in the capital budget and the capital plan.

4. Effective Date The capital budget shall be prepared beginning with the 1990-1991 biennium.

§ 1677 THE CAPITAL PLAN

1. Capital Plan Required The Governor shall biannually prepare and submit to the Legislature a plan for addressing the needs for public capital facilities during the ensuing six years. The capital plan shall form the basis for the capital budget, and shall be prepared in a timely manner to meet the requirements for preparation of the capital budget.

2. Contents. The plan shall assess long term needs for capital facilities provided by both state and local governments and shall include:

A. An inventory of capital facilities held by state and local governments, and special purpose and quasi-municipal districts, including such information as is reasonably available on the physical and economic condition of these assets.

B. A projection of economic and demographic trends likely to influence the needs for new or expanded capital facilities, and an analysis of the relationship between capital needs and any economic development strategy prepared by State or political subdivisions of the state.

C. An estimate of mandatory, essential, desirable, and deferrable repair, replacement, and expansions.

D. Estimates of life cycle costs for new and substantially expanded or renovated facilities. Life cycle costs shall include the costs of construction, financing, repair and maintenance, and shall be determined taking into account the procedures for calculating life cycle costs required under § 1764.

E. An analysis of recent trends and projections of revenues available from general and revenue obligation bonds, general and dedicated taxes used for capital facilities finance, user fees, the federal government, and other sources.

§ 1678 Principles and Standards for Capital Planning and Budgeting

The State Planning Office, in cooperation with the Bureau of the Budget, shall prepare and publish guidelines that set forth principles and standards for capital planning and budgeting to be used by state agencies and, where appropriate, local agencies. The guidelines shall set forth definitions of relevant terms to be used in the capital planning and budgeting processes, establish accounting standards and standards for assessing costs and benefits of public facility investments. The guidelines shall be prepared by July 1, 1988, and may be revised from time to time thereafter.

§ 1679. Grants to Regional Planning Agencies. The Department of Community and

Economic Development shall administer a program of grants to regional planning agencies for the purpose of assisting municipal and other local government agencies prepare information for the capital plan.

A. Grants shall be awarded to regional planning agencies in proportion to the number of local government units within their service area.

B. In the event that an area of the state is not served directly by a regional planning agency, the Department of Community and Economic Development may arrange for another regional planning agency to assist the municipalities, or may assist the municipalities directly or by contract services; in such case the total number of units of local government eligible for assistance but without regional planning agency services shall constitute a region for purposes of allocating grant funds.

C. The Department of Community and Economic Development may adopt rules for the administration of this

Section 3. Appropriation

The following funds are appropriated from the General Fund for the purposes of carrying out this act:

	FY 1988	FY1989
State Planning Office		
Positions	1	1
Personal Services	\$35,000	\$35,500
All Other	\$50,000	\$10,500
Department of Community and Economic Development		
Grants to Regional Planning Agencies	\$300,000	\$300,000
Bureau of the Budget		
Positions	1	2
Personal Services	\$35,000	\$60,000
All Other	\$10,000	\$10,500

Fiscal Note

This bill will require a General Fund Appropriation of \$430,000 in FY1988 and \$426,000 in FY 1989.

STATEMENT OF FACT

This bill was prepared on the recommendation of the Joint Select Committee on Economic Development. It requires that a capital budget be prepared as a part of the biennial budget process. The budget would include all expenditures on capital facilities and equipment for the biennium and the revenues required to fund them, and would be informed by the long term capital needs identified in the capital plan.

The bill authorizes creation of a grant program for regional planning agencies to assist municipalities in preparing information for the capital plan.

The bill also requires the creation of a long term (6 year) capital plan that will identify both state and local needs for capital facilities and equipment and trends in revenues to fund capital facility investments. The plan will also project economic and demographic trends affecting the needs for state and local capital facilities.

The bill also requires that guidelines for capital budgeting and planning be prepared for use by state and, where appropriate, local governments.

APPENDIX G

Proposed Joint Orders to the
Joint Rules of the Maine Legislature.

STATE OF MAINE

In House _____

Ordered, the Senate concurring, that the Joint Rules be amended by adding Joint Rules 21-A and 21-B to read:

21-A. Committee regulatory statements. Every bill or resolve which grants to a state agency rule-making authority and which has a committee recommendation other than "ought not to pass" or "leave to withdraw" shall contain sufficient standards under which rules are to be promulgated. A statement indicating that rule-making authority is being granted shall be incorporated in the bill when it is reported out of committee. Any bill or resolve which includes this statement may not appear on the consent calendar but must follow the procedure that applies to bills with divided reports.

21-B. Statutory purposes. Every bill or resolve which has a committee recommendation other than "ought not to pass" or "leave to withdraw" and which creates an agency, a program, or a service of government shall contain the goals and purpose of the proposal within the statutory provisions of the bill or body of the resolve and the intent of the Legislature with respect to the provisions of the bill or resolve.

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APPENDIX H

Amendment Proposed by the Joint Select Committee
on Economic Development to
L.D. 161, "AN ACT to Improve Legislative
and Public Access to the
Agency Rule-Making Process."

AMENDMENT PROPOSED BY THE JOINT SELECT
COMMITTEE ON ECONOMIC DEVELOPMENT

STATE OF MAINE
113TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "." TO H.P. 132, L.D. 161, "AN ACT to Improve Legislative and Public Access to the Agency Rule-making Process."

Sec. 1. Amend the bill in Section 6 sub-§1 by adding a new paragraph to follow Paragraph E (Page 2, line 23) to read:

F. A review of all emergency rules adopted since the last meeting of the Agency with the appropriate joint standing committee of the legislature.

Sec. 2. Further amend the bill by adding §8063 to read:

§8063. Performance standards.

Each agency shall strive to the greatest possible degree to establish performance standards by January 1, 1989 which shall be adopted in accordance with the Maine Administrative Procedures Act, Title 5, Chapter 375. The Secretary of State, pursuant to section 8056-A, sub-§3 shall report the degree to which the provisions of this section have been implemented by each agency.

Sec. 3. Further amend the bill in section 7 (Page 3, lines 36-39) by striking therefrom the first sentence and replacing it with the following:

The Secretary of State shall index all state agency rules by subject matter and by agency no later than July 1, 1988. The Secretary of State shall investigate the cost of codification of state agency rules with the index established pursuant to this section and shall consider the cost for contracting this responsibility with private resources.

STATEMENT OF FACT

The purpose of this amendment is to facilitate the rules adoption and regulatory process. This amendment requires state agencies to review all emergency rules that have been adopted with the appropriate committee of the Legislature during the discussion of the regulatory agenda with each state agency. This amendment also seeks to establish performance standards by

the rulemaking process where performance standards are possible. The standards will replace vague statutes and rules that create differences of interpretation. The performance standards will be established by January 1, 1989.

This amendment also requires the Secretary of State to publish an index of all rules by agency and subject matter. In this way the general public, including the business sector, will know what rules apply to specific types of activities and the agencies which have adopted the rules.

APPENDIX I

Letters with Requests and Recommendations



MAINE STATE LEGISLATURE
JOINT SELECT COMMITTEE on ECONOMIC DEVELOPMENT
STATE HOUSE, STATION 5
AUGUSTA, MAINE 04333
Telephone: (207) 289-1635

March 10, 1987

Dr. Robert L. Woodbury, Chancellor
Office of the Chancellor
The University of Maine System
107 Maine Avenue
Bangor, Maine 04401

Dear Chancellor Woodbury:

The Joint Select Committee on Economic Development recognized throughout its report the important role that the University of Maine System can play in Maine's future economic growth and development. We are pleased by your recent statements and some of the statements of other University leaders articulating the University's willingness and commitment to take a leadership role in this area.

Enclosed is a copy of the report. We would like to direct your attention to some of the areas which call for an expanded university role. These include:

- Your participation on the Commission to study the linkages between education and economic development (see p. 23 of this report and Appendix E);
- A possible role for the University in the future study of the solid and hazardous waste disposal issue (see p. 32 of the report); and
- The University's role in the development of a more modern telecommunications system and its potential application for expanding educational opportunities.

We wholeheartedly support the University's efforts in these and other areas and particularly your efforts in conjunction with the Department of Administration to develop a joint planning process for telecommunication facilities. However, several members of the Select Committee expressed concern over the planning process involved with the use of the \$3.5 million telecommunication grant.

Dr. Robert L. Woodbury

-2-

March 10, 1987


The Select Committee identified several areas of great need for expanding educational initiatives. Probably the greatest need identified was that of addressing the high rate of illiteracy and the rather low rate of high school completion in this state. There is also the possibility of a future shortage of qualified math and science teachers. The University telecommunications grant presents an exciting opportunity to address these issues in addition to increasing the accessibility of the community college system.

It is for these reasons that the Joint Select Committee on Economic Development would urge you to seek the input, through a formal process, of the adult education community, the vocational-technical institutes, and other educators before finalizing the University's plans for the use of this grant.

Whereas, the Joint Select Committee has completed its duties and the Joint Standing Committee on Economic Development has been left with the responsibility of carrying on in these areas, we would hope that you would report your progress to that Joint Standing Committee.

On behalf of the Joint Select Committee, I would like to wish you the best of luck. We look forward to your positive leadership and your cooperation with the Governor and the Legislature.

Sincerely,


Rep. Gregory G. Nadeau
Chairman

cc: Chairman, Board of Trustees
George Connick



MAINE STATE LEGISLATURE
JOINT SELECT COMMITTEE on ECONOMIC DEVELOPMENT
STATE HOUSE, STATION 5
AUGUSTA, MAINE 04333
Telephone: (207) 289-1635

March 10, 1987

Hon. Michael Michaud, House Chair
Hon. Ronald Usher, Senate Chair
Study Subcommittee on Solid Waste
Joint Standing Committee on Energy & Natural Resources
State House
Augusta, Maine

Dear Senator Usher and Representative Michaud:

The Joint Select Committee on Economic Development noted in its recently released report the importance of resolving the issues surrounding solid and hazardous waste disposal so as not to impede economic growth in Maine. Considering the importance of this topic and the broad charge of the Joint Select Committee, we were relieved that your study subcommittee was created to more adequately cover these issues.

As a result of the Joint Select Committee's review of this topic, we felt that at a minimum the following two issues should be addressed:

1. How to clean up hazardous wastes that have already been improperly disposed and now pose a threat to health either directly or to essential water and land resources; and
2. How to make provisions for the safe disposal of hazardous waste currently being generated or that may be generated as a result of future growth in the Maine economy. Comments at the public hearing suggested that companies attractive to Maine for economic development, such as electronics manufacturing, are also frequently generators of hazardous waste in some form. Maine could enhance its attractiveness to these firms if it has a program and facilities in place to handle hazardous wastes through a combination of treatment and environmentally sound storage.

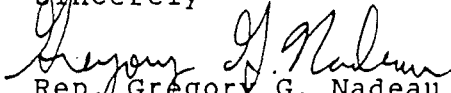
Based on our limited review, the Joint Select Committee suggests that your study subcommittee consider the following recommendation:

- A major effort should be made by the state to assess technologies for waste treatment and disposal, identify sites geologically suitable for disposal of the major types of hazardous wastes, and provide technical information and assistance to makers confronting these issues. There must be strong state leadership in this effort, although local and regional approaches to developing disposal facilities should be encouraged. The highest standards of technical analysis and a strong public information and participation focus must be the foundation of this effort; and
- The establishment of a specific institute to address technical, economic and public health aspects of hazardous waste disposal at the University should be considered.

We would defer to your judgement as to the most appropriate means of addressing these important and complex issues. However, we would hope that you balance other considerations with the potential economic impact of your decisions.

The Joint Select Committee on Economic Development wishes you success in your endeavors and hopes that you will keep the Joint Standing Committee on Economic Development apprized of your efforts.

Sincerely


Rep. Gregory G. Nadeau
Chair



MAINE STATE LEGISLATURE
JOINT SELECT COMMITTEE on ECONOMIC DEVELOPMENT

STATE HOUSE, STATION 5
AUGUSTA, MAINE 04333
Telephone: (207) 289-1635

March 10, 1987

Hon. Donald Twitchell, Senate Chair
Hon. John Cashman, House Chair
Joint Standing Committee on Taxation
State House, Augusta, Maine

Dear Senator Twitchell and Representative Cashman:

The Joint Select Committee on Economic Development in its recently released report noted the importance of providing an environment that is favorable to the growth of the telecommunication.

The Select Committee as part of its review of the telecommunications industry noted that:

"Taxation of the telecommunications industry in Maine continues to be based on the premise that the underlying economic structure of the industry is a monopoly. Maine imposes a tax of 7% on the gross receipts of telephone companies in lieu of property taxes and has recently imposed an additional tax of 5% on interstate long distance service. These taxes imposed on interstate long distance carriers will be fully paid by Maine ratepayers as a result of recent and pending FCC rulings. This will raise the cost of long distance telecommunications in Maine above that of other states, providing a disincentive for companies that rely heavily on long distance phone service from locating and expanding in Maine. It will also provide additional incentives for large companies to set up their own telecommunications systems, which would force up the rates for those who remain on the phone network."

As a result, the Joint Select Committee has recommended that:


- The sunset provision for the 5% tax on interstate access charges established in 1986, be allowed to sunset on January 1, 1988;
- The Legislature should give a high priority to changing the method of taxation on telecommunications companies. In a competitive telecommunications industry, this tax cannot be applied in an efficient manner;

- The relatively high level of gross receipts tax in Maine is a disincentive to further telecommunication-based economic development and a burden to existing companies that may seek to avoid paying the tax by bypassing the network entirely. This kind of development may be especially important to more remote areas of the state where distance serves as a barrier, but telecommunications can effectively eliminate the distance barriers; and
- The FCC decision on gross receipts taxes on interstate service is likely to be only a harbinger of changes that will also affect the intrastate phone service market. Major common carrier companies (AT&T, MCI, Sprint) now pay the gross receipts tax, but the declining costs and increasing sophistication of telecommunications (and data processing) technologies will make it possible for more companies to establish their own systems. This will create the need for the state to substantially expand the application of the gross receipts tax (a significant administrative burden for the state and taxpayers) if revenues are to be kept constant or to apply the tax only to common carriers, putting them at a significant competitive disadvantage.

We hope that the Joint Standing Committee on Taxation will keep in mind the importance of the telecommunication industry to Maine's economic future, apply its expertise in the area of taxation, and build upon the above recommendations.

We wish you success in your endeavors and urge you to keep the Joint Standing Committee on Economic Development informed of your progress. Thank you.

Sincerely,


Rep. Gregory G. Nadeau
Chairman



MAINE STATE LEGISLATURE
JOINT SELECT COMMITTEE on ECONOMIC DEVELOPMENT
STATE HOUSE, STATION 5
AUGUSTA, MAINE 04333
Telephone: (207) 289-1635

March 10, 1987

Mr. H. L. Gosselin, Chairperson
Civil Service Policy Board
Department of Personnel
State Office Building, Station #4
Augusta, ME 04333

Dear Mr. Gosselin:

For nearly 1 year, the Joint Select Committee on Economic Development has been studying the State's economic delivery system and the factors that affect economic growth and development. One of the areas that the select committee had studied in detail is state regulation and economic development.

Based in part on the 1985 Samoset Conference Report on regulation, testimony presented at public hearings, and review of some of the regulatory agencies, the Select Committee has developed several recommendations to improve the rulemaking and regulatory processes. Some of the recommendations involve personnel policies, and the Select Committee believes that the Civil Service Policy Review Board is the best group to evaluate those recommendations.

As a result of the need for expert review of the committee's recommendations, the select committee is recommending in its report that the Civil Service Policy Review Board evaluate these recommendations and report its findings and implementing legislation to the Second Regular Session of the 113th Legislature no later than February 3, 1988. The recommendations are described as follows.

1. Provide the salaries necessary to attract highly qualified persons to regulatory posts who are knowledgeable and experienced in the field in which they are a regulator.
2. Provide career paths to retain "high quality" regulators.
3. Authorize Commissioners to provide merit increases to persons who have performed in an outstanding manner. This will encourage other agency personnel to improve their skills and work attitudes.

4. Require that project managers and other types of persons assisting regulators have the necessary qualifications to carry out their duties in a highly professional and conscientious manner.

5. Require that regulators and persons assisting regulators keep abreast of current theories, practices, and knowledge in the areas of regulation in which they are involved.

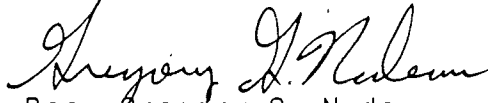
6. The Commissioners and directors of state agencies should be required to formulate administrative and management policies with respect to the agency for which they are responsible. The commissioners and directors shall require, at least annually, that the performance of all personnel in their agencies be evaluated as required by civil service law. This evaluation shall include employee conformance to administrative policies. Any person whose performance or whose conformance to department policies is not satisfactory shall be disciplined as the commissioner or director deems necessary and in conformance with any applicable collective bargaining agreements which apply to the employee.

The Select Committee on Economic Development understands the significance of the task proposed in its recommendations and realizes the effort required. The results of this evaluation, however, could have a very substantial impact on the State of Maine.

We appreciate any efforts that you are willing to undertake to develop civil service policies that will attract and retain "high quality" regulators.

If you have any questions, please do not hesitate to contact me.

Sincerely,


Rep. Gregory G. Nadeau
Chairperson



MAINE STATE LEGISLATURE
JOINT SELECT COMMITTEE on ECONOMIC DEVELOPMENT
STATE HOUSE, STATION 5
AUGUSTA, MAINE 04333
Telephone: (207) 289-1635

March 10, 1987

Senator John L. Tuttle, Jr., Senate Chair
Representative Don P. Carroll, House Chair
Joint Standing Committee on State Government
State House
Augusta, ME 04333

Dear Sen. Tuttle and Rep. Carroll:

For approximately 1 year, the Joint Select Committee on Economic Development has been studying the means by which economic development efforts of the State can be coordinated and made more effective. One area of study pursued by the Select Committee is regulation of business. The Select Committee analyzed the rule making process and the implementation and enforcement of rules (the regulatory process).

During its study of the issue of regulation the Select Committee reviewed the report and implementing legislation issued by the Joint Standing Committee on State Government of the 112th Legislature. The Select Committee commends the Committee on State Government for its outstanding work and excellent report. It is interesting to note that there is considerable agreement between the State Government Committee report and the Select Committee with respect to the issues that are of mutual concern to both studies.

The Select Committee on Economic Development, following public testimony and discussion of the Administrative Procedures Act, believes that this law needs to be carefully evaluated particularly with respect to the degree of timelines and the degree of facility with which rules are adopted. The Select Committee also agrees with the State Government Committee's proposed changes to the rule making process in LD 161, "AN ACT to Improve Legislative and Public Access to the Agency Rule-making Process."

Since the adoption of rules has such a major impact on the operation of business in Maine, the Select Committee on Economic Development respectfully requests the Joint Standing Committee on State Government to conduct a study of the Administrative Procedures Act, Title 5, Chapter 375. A review of the rules adoption process with respect to the degree of complexity of the process could have a significant impact upon the State of Maine.

The Select Committee on Economic Development also proposes three changes to LD 161, which will be heard by the State and Local Government Committee on March 18, 1987. The proposed changes are included in a proposed committee amendment to the bill.

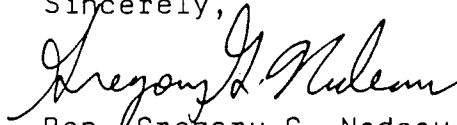
The amendments suggested by the Select Committee propose that the regulatory agenda prepared by an executive branch agency to be discussed with the appropriate joint standing committee of the Legislature include a review of all emergency rules adopted by the agency since the last meeting of the appropriate agency with the legislative standing committee.

A second proposed change is the formulation of performance standards to be adopted in accordance with the rule making process of the Administrative Procedures Act. This change would enable persons and businesses to obtain licenses and permits more quickly by demonstrating how a proposal before a regulatory agency meets the performance standards. This proposal would remove the vague standards in current law and rules which allow differences in interpretation and foster lengthy delays in the issue of licenses.

A third proposed change is the requirement that the Secretary of State publish an index of agency rules. The index would not only index rules by agency, but also by subject matter. The Secretary of State would still investigate the cost of codifying the rules, but the index would be available to the general public, particularly persons interested in economic ventures. Currently, there is no guide to the rules that are in effect. In many cases, people do not know that different agencies have adopted rules with respect to the same issue.

The Select Committee on Economic Development appreciates your willingness to consider its proposals. The Select Committee is willing to discuss these issues with you. Please do not hesitate to contact me if you have any questions.

Sincerely,



Rep. Gregory G. Nadeau
Chairperson



MAINE STATE LEGISLATURE
JOINT SELECT COMMITTEE on ECONOMIC DEVELOPMENT
STATE HOUSE, STATION 5
AUGUSTA, MAINE 04333
Telephone: (207) 289-1635

March 10, 1987

Senator Charles P. Pray, President
Legislative Council
State House
Augusta, ME 04333

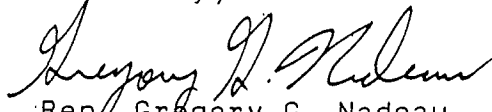
Dear President Pray:

The Joint Select Committee on Economic Development has been studying for approximately 1 year the means by which economic development efforts may be coordinated and made more effective. One of the areas that the study pursued is regulation of economic activities. The Select Committee found that there is no published official code of rules, no central agency that monitors rules, no systematic evaluation of agency rules that includes the repeal of obsolete rules, and no mechanism that resolves inconsistencies among similar rules of different agencies that conflict with one another.

The Select Committee respectfully requests the Legislative Council to undertake a study of the current legislative review of state agencies, programs, and rules to determine how effective the review is, its strengths and weaknesses, and the necessary steps to improve the review. Legislative review of state agencies can have a significant impact upon the policies and programs of these agencies. Since many state agencies implement different programs and rules that have a significant impact on economic development, it is important that the Legislature monitor these agencies to remedy any problems that unnecessarily deter economic growth in Maine. The current schedule of review of state agencies once every ten years, however, may not produce the intended results of which legislative review was established.

The Select Committee on Economic Development appreciates the support that the Legislative Council has given to the committee and the study. The Committee believes that the report and its recommendations will have a significant impact on Maine and that the Legislative Council support will be well justified.

Sincerely,


Rep. Gregory G. Nadeau
Chairperson



MAINE STATE LEGISLATURE
JOINT SELECT COMMITTEE on ECONOMIC DEVELOPMENT
STATE HOUSE, STATION 5
AUGUSTA, MAINE 04333
Telephone: (207) 289-1635

March 10, 1987

Dana Connors, Commissioner
Department of Transportation
State House Station 16

Dear Commissioner Connors:

The Joint Select Committee on Economic Development has been studying the economic delivery system in Maine, including the factors that affect economic development. It soon became apparent to the select committee that the formulation of a capital plan and a capital budget could significantly help the State and its municipalities to establish priorities for capital projects. In addition, an economic development strategy requires an inventory, at a minimum, of needed capital improvements throughout the State.

The Select Committee on Economic Development commends the Department of Transportation for the long-term planning process for capital projects that the department has been implementing for many years. The select committee urges the department to continue this process and to incorporate economic development variables in the planning process. The select committee suggests that the department consider the condition and the direction of the state economy and analyze how the transportation network and proposed capital projects affect the local and state economies.

To achieve this end, the select committee suggests that the Department of Transportation and the proposed Department of Community and Economic Development work together to develop the necessary criteria.

The Joint Select Committee on Economic Development appreciates your willingness to consider this proposal. The Select Committee is willing to discuss this issue with you. Please do not hesitate to contact me if you have any questions.

Sincerely,

Gregory G. Nadeau
Rep. Gregory G. Nadeau
Chairperson

APPENDIX J

Subcommittee Membership

SUBCOMMITTEE MEMBERSHIP

Economic Development Delivery Systems and Programs:

Chair: Vendean Vafiades
Members: Sen. Thomas H. Andrews
Rep. Donald F. Sproul
Robert Baldacci
Conrad Grondin
Roger Mallar

Staff: Ted Potter

Education and Job Training

Chair: John Melrose
Members: George R. Ezzy
Leslie Stevens
Fred Kahrl
David Flanagan

Staff: Grant Pennoyer

Infrastructure and Telecommunications

Chair: Stanley Provus
Members: Sen. Thomas R. Perkins
Joe Chaisson
Dana Connors
Henry Bouchard
Bill Wadman

Staff: Charles Colgan

Regulation and Enforcement

Chair: Rep. Dan A. Gwadosky
Members: James Giffune
Charles O'Leary
Robert Gardiner
Kenneth Young

Staff: Grant Pennoyer
Ted Potter