

# MAINE STATE LEGISLATURE

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# **Blaine House Conference on Small Business**



A Report To  
Governor Joseph E. Brennan

By The  
Advisory Committee on Small Business

October, 1980



The Advisory Committee on Small Business

Bruce A. Chalmers, Chairman  
Chalmers Insurance Agency  
Bridgton

Milton A. Bailey  
Parker K. Bailey & Sons  
Presque Isle

Kingston Berlew  
Berlew Business Development  
International  
York

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Food Business Associates, Inc.  
Temple

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P. H. Chadbourne & Company  
Bethel

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Dyke Associates  
Portland

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Beau Tech, Inc.  
Portland

Edward P. Harding  
Bicknell Photo Service, Inc.  
Portland

Bennett Katz  
Nicolson & Ryan  
Augusta

Richard Kendall  
Veribest Systems Company  
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Lee Management Company  
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Linda Maxwell  
Maxwell's Market  
West Farmington

Halsey Smith  
Northeast Bankshare Association  
Portland

Roland Sutton  
Maine Machine Products  
South Paris

Gerald Tabenken  
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Bangor

John Telow  
S.C.O.R.E.  
Lewiston

Lawrence J. Ward  
Ward Brothers, Inc.  
Lewiston

Stephen A. Bolduc  
Executive Director  
Augusta





# BLAINE HOUSE CONFERENCE ON SMALL BUSINESS

State Development Office

State House Station 59

Augusta, Maine

04333

JOSEPH E. BRENNAN  
GOVERNOR

Bruce A. Chalmers  
Chairman

Milton A. Bailey  
Robert L. Bull  
Ted Chadbourne  
Richard E. Dyke  
Peter B. Garsoe  
Edward P. Harding  
Bennett Katz  
Richard Kendall  
Shepard Lee  
Linda Maxwell  
Halsey Smith  
Roland Sutton  
Gerald Tabenken  
John Telow  
Lawrence J. Ward

Stephen A. Bolduc  
Executive Director

October 29, 1980

Honorable Joseph E. Brennan  
Governor  
State of Maine  
Blaine House  
Augusta, ME 04333

Dear Governor Brennan:

On behalf of your Small Business Advisory Council, it is with pleasure that we submit to you the report of the Blaine House Conference on Small Business with its prioritized recommendations for encouraging and improving the economic interests of Maine's small business community.

You are to be commended as the first Governor in the Nation to appoint an advisory committee on small business, utilizing the state's delegation to the White House Conference on Small Business. Your foresight and determination to improve the small business climate in our fine State has received nationwide attention.

This report is the result of four regional meetings held throughout the State in September, and the finale held in Augusta on October 15. Hundreds of small business people participated in these conferences, and it is their debates and discussions which produced this report.

Your committee, which has worked most diligently, believes the ideas contained in our report provide a direction for stimulating small business in Maine. We extend our offer of assistance to you in your endeavors toward their implementation.

Respectfully,

A handwritten signature in cursive script that reads "Bruce A. Chalmers".

Bruce A. Chalmers  
Chairman

BAC/mt





## BLAINE HOUSE CONFERENCE ON SMALL BUSINESS

### INTRODUCTION

In February, 1980 Governor Joseph E. Brennan appointed Maine's delegation to the White House Conference on Small Business as a special Advisory Committee on Small Business.

Governor Brennan was interested in obtaining ideas for actions to maintain and stimulate the economic interests and potentials of Maine's small business community in order to strengthen the overall economy of the State.

In creating the Committee the Governor asked them to consult with all segments of Maine's small business community and subsequently to develop recommendations to increase the public awareness of the problems of small business, to identify the problems of new, small, and independent business enterprises, and to suggest legislative, executive, and administrative actions.

The Committee decided that the most effective method of achieving those goals would be through direct contact with small business people - to provide them with the opportunity to recommend solutions to problems that they feel are most important.

Thus came the idea for holding the Blaine House Conference on Small Business.

The Conference resulted in forty-four specific recommendations covering nine issue areas, with fifteen recommendations being named priority ones.

It also resulted in several other achievements, less concrete, but perhaps more significant.

The Blaine House Conference on Small Business accomplished something usually thought of as a rare occurrence; it gathered leaders of government and leaders of small business and gave each the opportunity to see how the other operates and to discuss their concerns.

Business and government leaders had the chance to hear in depth the restrictions and difficulties under which each works. The awareness received from the Conference will enable both government and business to function with greater effectiveness and will affect decisions more far-reaching than the specific recommendations offered.

The second achievement of the Blaine House Conference was a spirit of cohesion and unity that emerged from the gathering of small business people.

By nature independent and competitive, small business men and women have problems as different as their geographical regions and types of business. The attitudes and concerns of the potato farmer in Aroostook County are different than those of a restaurateur in Bangor, and of those of a machine shop operator in Gorham.

However, as people from these different backgrounds and businesses assembled, they found striking similarities in their problems. Government regulation is

different from industry to industry, but it affected them all. Every small business had difficulty raising and maintaining needed capital.

As the Conference proceeded through a series of regional meetings, the participants began to see themselves as a group.

Although Maine's small business community remains true to their nature, fiercely independent and competitive, they returned from the Conference knowing that they are not alone in their problems. Throughout the Conference they subordinated their individual differences for what gradually came to be seen as common goals.

The third general accomplishment of the Blaine House Conference was that the ideas and recommendations were truly a product of small business men and women. The Conference procedure began with draft issue papers prepared by task forces of small business people and experts in the various areas. However, the forty-four recommendations that emerged after the final balloting bear faint resemblance to those original papers. Throughout the meetings the thoughts and priorities of the participants were constantly interjected, molding their own document.

#### ISSUE TASK FORCES

After their appointment and decision to go directly to small business people for ideas through a state-wide conference, the Advisory Committee faced the obstacle of organization. After much discussion they divided the problems of small business into nine issue areas: capital formation, regulations and paperwork, economic policy, state procurement, energy, international trade, education and training, women in business and transportation. A member of the Advisory Committee was assigned as chairperson of each issue area and instructed to assemble a task force to develop a draft option paper. This paper would serve to orientate people to the particular issue area and to act as a stimulant and basis for discussion.

#### REGIONAL CONFERENCES

As the draft option papers were being prepared, the Committee turned to the problems of location, format, and time.

An objective was to involve as many small business people as possible. In order to facilitate participation, it was decided to hold regional conferences in four parts of the state - Lewiston/Auburn, Presque Isle, Portland, and Bangor - during the month of September.

For the format of these meetings, Committee members wanted to emulate the successful arrangement of the White House Conference. All nine issues would hold simultaneous discussion sessions in the morning and again in the afternoon. Small business people would then be able to discuss in depth their concerns in two issue areas.

During these discussion sessions, or workshops, a member of the Advisory Committee served as moderator, assisted by an expert in that particular area. In eight of the workshops this resource person was from state government. The

participation of these individuals was extremely beneficial, not only for their informational expertise, but also for the first-hand give and take between business and government.

During the workshops moderators continually drew upon the individual experiences of the participants to form recommendations, and small business people eagerly responded.

#### BLAINE HOUSE CONFERENCE

After the four regional conferences the Advisory Committee faced the task of assimilating similar, yet slightly different, ideas from the four regional conferences into coherent sets of options for participants to consider at the Blaine House Conference.

Their efforts resulted in a list of over one hundred options divided among the nine issue areas.

Participants at the Conference came from two sources. Each regional conference elected delegates to represent it, and each State Legislator had the opportunity to appoint a small business person to attend the Conference.

On the day of the Blaine House Conference approximately 150 delegates and over 100 interested observers from both the public and private sector gathered in Augusta.

During the morning delegates met in the nine workshops and engaged in sometimes heated debate. By noon, though, each workshop had decided on five options which would be presented to all the delegates.

During the afternoon of the Conference the moderators of each issue area presented and explained the options that his or her workshop had proposed.

Once the presentation of options was completed, only one task remained in a process that had begun eight months before - the balloting.



## BLAINE HOUSE CONFERENCE ON SMALL BUSINESS

### Final Recommendations

1. Creation of a Governor's Small Business Advisory Council to advise the Governor and state departments.

Membership should be between 15 and 25 and be representative of the variety of small business activities and geographic areas of the state. Chairman and members will be appointed by the Governor from nominations by the private sector submitted by the Maine Chambers of Commerce, Maine Merchant Association, trade, economic development and professional organizations. Necessary staff assistance will be provided by the State Development Office. Each member should serve no more than two, three-year terms. Board to be staggered so that 1/3 are appointed each year.

The Council is to advise on or carry out the following activities:

- a. Advise the Governor on state economic policies as they affect small businesses and review and/or recommend any needed legislation.
  - b. Represent business interests and insist on fair representation on study groups, advisory commissions and task forces established by the Legislature or Executive branches.
  - c. Review proposed state rules, regulations and administrative requirements with regard to their impact on small businesses.
  - d. Represent business interests at Sunset Review hearings on agency programs and rules and regulations. This recently established process is the best single avenue to simplify and restructure government through statutory changes.
  - e. The Council will hold at least 4 open hearings each year to receive input from small business, in convenient locations around the state.
  - f. Represent the small business community at legislative hearings on informational matters and proposed legislation.
2. Relieve the crushing burden of Worker's Compensation Costs by analyzing and designing a system that is equitable for employees and employers.

Presently some small business owners are endangering themselves by excluding coverage for themselves as they cannot afford the cost. Jobs are restricted and growth stifled because of the cost. Furthermore, the situation will only grow worse as present premiums are not nearly supporting losses.

Under this recommendation, legislative action is needed to build incentives into benefits, avoid duplication of benefits, eliminate unnecessary legal expense, incorporate mandatory rehabilitation, define limitations of coverage and take those other steps necessary to make our Act fair and affordable.

3. Revise Maine's inheritance tax laws to a system by which the Maine tax is equal to the Federal Estate State Tax Credit.
4. Provide a state investment tax credit for all investments in qualified depreciable business assets, without making a distinction between new and used property, including but not limited to, leasehold improvements, and permitting any unusable portion of the

credit in any one year to be carried forward and back as provided in appropriate sections of the I.R.S. code.

5. Establish a Regulatory Review Board composed of representatives from the Legislature, the Executive branch and small and micro business owners including retail, service and manufacturing segments. This board shall recommend to the appropriate legislative committees changes in rules and the exercise of line item veto over certain rules.

6. Make available a 20% state income tax credit to small businesses for installation of a solar, wind, wood, or any other energy system generating heat or power from renewable fuels (including waste), and for expenditures on any conservation measure which is eligible for the Federal Income Tax Credit.

7. Limit the state's minimum wage requirement to the federal minimum wage level, and to the industries presently covered by Maine's minimum wage law, and exempt part-time jobs for students from any minimum wage requirement.

8. Amend the Administrative Procedures Act to include a requirement that all agencies shall be required to disclose, at the time of announcing a proposed rule, the cost of compliance by businesses affected and the cost of agency administration.

Such a procedure would require regulators to take into account the cost and economic impact of proposed regulations and would allow for public comment on those factors during the rule-making procedure. In that way, final regulations would only be adopted after an opportunity for full review of their costs. The Regulatory Review Board (recommended in number 5) would be able to use this data in making policy recommendations with regard to regulation.

9. Appoint a special task force for entrepreneurial education, training, and assistance, consisting of representatives from business, education, and government. The task force would promote and guide initiatives in education, training assistance and public awareness within the policy boundaries established by state government. This task force would be responsible for formulation and support of a state-wide policy in support of formal entrepreneurial education and training, continuing education, management assistance and public awareness programs which should be formulated and accorded a high priority by the government. The task force would make recommendations regarding alternate education and training delivery systems. The task force more specifically would:

1. Review educational needs of small and micro business and their employees.
2. Review existing delivery systems.
3. Determine how resources might be coordinated.
4. Examine the possibility of providing one-to-one counseling service.

10. Relieve the crushing burden of unemployment taxes.

11. Assign an existing executive level committee the responsibility of addressing small business issues.

The Governor's Cabinet Economic Sub-Committee might be appropriate to handle this function. The Governor would clearly assign a committee the responsibility of:

- a. Monitoring small business needs and evaluating progress in meeting those needs.

- b. Reviewing existing and/or proposed state rules and regulations with regard to their impact on small businesses.
- c. Periodically meet with small business interests in the state to assess and advise the Governor on state small business policy.
- d. Report at least annually on progress made in meeting the needs of small business and actions which the state might take to address unresolved issues.

12. Establish a transportation council, whose members would represent the major users and providers of transportation, e.g. representatives from the potato, poultry, grain, lumber, paper, and energy industries, exporters, railroads, truckers, Maine Department of Transportation, etc. The chief purpose would be to attempt to improve the utilization of all modes to the mutual benefit of Maine shippers, receivers, and carriers. The council should be permanent, meeting often enough to keep abreast of transportation needs and resources.

13. Require every new regulation proposed be subject to a cost-benefit analysis before it is authorized, and if authorized, be subject to review and cost-benefit analysis every three years. Only if the cost-benefit analysis clearly demonstrates a positive benefit would it be originally issued or continued.

14. Exempt equipment and supplies intended specifically for energy generation from renewable sources (such as wood furnaces, windmills, solar collectors) and for energy savings (such as insulation) from sales and use tax.

15. Additional funds for highway construction and maintenance, except for projects that qualify for bonding, should come from the general fund. Highways are everybody's business. They are necessary for postal service, national defense, fire and police departments, and other municipal, state and federal agencies.





## The Delegates Forty-four Recommendations

### Capital Formation

4. Provide a state investment tax credit for all investments in qualified depreciable business assets, without making a distinction between new and used property, including but not limited to leasehold improvements, and permitting any unusable portion of the credit in any one year to be carried forward and back as provided in appropriate sections of the I.R.S. code.
13. Require that every new regulation proposed be subjected to a cost-benefit analysis before it is authorized, and if authorized, be subject to review and cost-benefit analysis every three years. Only if the cost-benefit analysis clearly demonstrates a positive benefit would it be originally issued or continued.
2. Relieve the crushing burden of Worker's Compensation costs by analyzing and designing a system that is equitable for employees and employers.

Presently some small business owners are endangering themselves by excluding coverage for themselves as they cannot afford the cost. Jobs are restricted and growth stifled because of the cost. Furthermore, the situation will only grow worse as present premiums are not nearly supporting losses.

Under this recommendation, legislative action is needed to build incentives into benefits, avoid duplication of benefits, eliminate unnecessary legal expense, incorporate mandatory rehabilitation, define limitations of coverage and take those other steps necessary to make our Act fair and affordable.

7. Limit the state's minimum wage requirement to the federal minimum wage level and to the industries presently covered by Maine's minimum wage law, and exempt part-time jobs for students from any minimum wage requirement.
3. Revise Maine's inheritance tax laws to a system by which the Maine tax is equal to the Federal Estate State Tax Credit.
10. Relieve the crushing burden of unemployment taxes.

### Regulations & Paperwork

5. Establish a regulatory review board composed of representatives from the Legislature, the Executive branch and small and micro business owners including retail, service and manufacturing segments. This board shall recommend to the appropriate legislative committees changes in rules and the exercise of line item veto over certain rules.
8. The Administrative Procedures Act should be amended to include a requirement that all agencies shall be required to disclose, at the time of announcing a proposed rule, the cost of compliance by businesses affected and the cost of agency administration.

Such a procedure would require regulators to take into account the cost and economic impact of proposed regulations and would allow for public comment on those factors during the rule-making procedure. In that way, final regulations would only be adopted after an opportunity for full

review of their costs. The Regulatory Review Board would be able to use this data in making policy recommendations with regard to regulation.

17. Submit legislation to require agencies to:

1. Clearly articulate the objective of each proposed rule in measurable terms.
2. Demonstrate reasonable assurance that the proposed rule will achieve the objective in all types of situations.
3. Periodically review each rule to determine if it is achieving its objective and require dropping the rule that fails to achieve its objective.
4. Provide for easily obtainable exemption for any business that can demonstrate the objective will not be enhanced if the rule is applied to that business.

16. Write into acts creating laws covering economic policy, the rules and regulations under which the laws are to be enforced.

29. Require through the Administrative Procedures Act that requests for Agency Action shall be acted upon within a reasonable time, not to exceed 90 days unless otherwise specifically provided by statute, or be automatically approved for Agency Action where no action is required by the state other than authorization. The time for action on a request may not be extended for purposes of gathering information only.

#### Economic Policy

1. Creation of a Governor's Small Business Advisory Council to advise the Governor and state departments.

Membership should be between 15 and 25, and representative of the variety of small business activities and geographic areas of the state. Chairman and members will be appointed by the Governor from nominations by the private sector submitted by the Maine Chambers of Commerce, Maine Merchant Association, trade, economic development and professional organizations. Necessary staff assistance will be provided by the State Development Office. Each member should serve no more than two, three-year terms. Board should be staggered so that 1/3 are appointed each year.

The Council is to advise on or carry out the following activities:

- a. Advise the Governor on state economic policies as they affect small businesses and review and/or recommend any needed legislation.
- b. Represent business interests and insist on fair representation on study groups, advisory commissions and task forces established by the Legislature or Executive branches.
- c. Review proposed state rules, regulations and administrative requirements with regard to their impact on small businesses.
- d. Represent business interests at Sunset Review hearings on agency programs and rules and regulations. This recently established process is the best single avenue to simplify and restructure government through statutory changes.
- e. The Council will hold at least 4 open hearings each year in convenient locations to receive input from small business around the state.
- f. Represent the small business community at legislative hearings on informational matters and proposed legislation.

11. Assign an existing executive level committee the responsibility of addressing small business issues.

The Governor's Cabinet Economic SubCommittee would be appropriate to handle this function. The Governor would clearly assign a committee with the responsibility of:

- a. Monitoring small business needs and evaluating progress in meeting those needs.
- b. Reviewing existing and/or proposed state rules and regulations with regard to their impact on small businesses.
- c. Periodically meet with small business interests in the state to assess and advise the Governor on state small business policy.
- d. Report at least annually on progress made in meeting the needs of small businesses and actions which the state might take to address unresolved issues.

43. Ensure that in those areas where an existing or new program provides services to, or regulation of, business activities, the benefits of services or the burdens of regulations apply equitably to all businesses, regardless of size, so that competition on an equal footing can be maintained as much as possible.

39. Draft a statement of the most significant state policies, assisted by state agencies and particularly the State Planning Office.

Apart from the issue of coordinating specific agencies in specific activities is the issue of overall state economic policy. At the present time, state government lacks a collected statement of overall economic policies. There is presently a large body of legislation, gubernatorial and agency laws or policies that affect business and the economy. These are found in Executive Orders, statements by the Governor, statutes establishing tax structure and budgets, and agency plans. In a July 1978 inventory of State Agency Plans, 143 plans were identified, 73 to meet federal funding requirements, 22 of these were policy plans and 24 economic development plans.

In addition, the State Planning Office, working with other state and regional economic development agencies, is working under an executive mandate to prepare an overall state economic strategy. This effort should receive priority support by the Governor and small business interests should be clearly represented in that policy-making effort.

28. A. Evaluate current state regulations to determine if excessive burdens are being placed on small businesses. Where appropriate, recommendations should be made to reduce those burdens.

B. To the extent possible the state should develop a one-stop permitting system to reduce burdens and delays encountered by small businesses.

C. The state should prepare a simple but complete guide to state and federal regulations which impact small business operations.

#### State Procurement

41. Encourage the submittal of sole, unsolicited proposals.

The state should develop a procedure to encourage small business owners to submit

unsolicited proposals which, if found beneficial, would be converted into specification requirements and made the subject of competitive solicitation. This would take advantage of small business innovation, while permitting a management check on state agencies.

30. Designate a position within the Bureau of Purchases to actively advocate for small business. This office would provide subcontracting assistance, and seek to have state contracts broken down to sizes able to be bid upon by small businesses. It would also urge prime contractors with the state to subcontract with small businesses.

21. Instruct the Standardization Committee to perform the following functions: introduce a system of tiered regulations, evaluate state policy for determining what services the state shall perform for itself, encourage the submittal of sole, unsolicited proposals, advise the purchasing agent on the personnel policy of his office, and have an additional two members appointed from the ranks of, and expressly representing, small business.

Under a tiered system of regulations, a level of paperwork and regulations comparable to the size of the firm would be used.

There are a large number of state-operated programs that have private sector counterparts. There should be an evaluation of this in regards to taxes, economies of scale, timing, and quality of service.

The state should develop a procedure to encourage submittal of unsolicited proposals which, if found beneficial, would be converted into specification, requirements, and made the subject of competitive solicitation. This would take advantage of small business innovation, while permitting a management check on state agencies.

### Energy

38. Determine site suitability for an electric generating plant upon application by a proposed licensee without waiting for the PUC's "Certificate of Public Convenience and Necessity", to reduce the long lead time between a proposed plant and its completion.

6. Make available a 20% State Income Tax Credit to small businesses for installation of a solar, wind, wood, or any other energy system generating heat or power from renewable fuels (including waste), and for expenditures on any conservation measure which is eligible for the Federal Income Tax Credit.

14. Exempt equipment and supplies intended specifically for energy generation from renewable sources (such as wood furnaces, windmills) and for energy savings (such as insulation) from sales and use tax.

33. Authorize Maine's Office of Energy Resources to provide low-cost technical assistance to small business in all energy areas. Note: This service is now available free, but is limited due to budget restrictions.

18. Make small business eligible for low interest loans for systems to provide energy from renewable resources and for systems to conserve energy, with the help of agencies such as the Maine Guarantee Authority.

23. Make available a 20% Income Tax Credit for small businesses for heating furnaces or boilers using coal or high-efficiency oil burners, as recommended for systems using renewable fuels.

#### International Trade

27. Reinforce the Governor's Advisory Council on World Trade's recommendations for creation of a World Trade Division within the State Development Office. Request the Legislature to adequately and aggressively fund the World Trade Division in direct proportion to its (the Legislature's) support for increased Maine exports.

42. Petition the Maine Congressional Delegation for the introduction and support of legislation to end the overlapping, duplicating and confusing export trade services of various federal agencies and replace them with a single World Trade Administration under the Department of Commerce, complete with "one-stop" field offices easily accessible to small businesses, and provide for small business representation on the President's Export Council.

31. Propose that the World Trade Division of the State Development Office carry out or finance studies designed to identify and define target export products and markets of greatest potential interest to the Maine Small Business Community, and to promote export of such products through trade shows and other activities.

35. Propose that the World Trade Division of the State Development Office strengthen its capacity to act as a clearing house for information exchange and maintain a directory on the interest of specific Maine companies of all sizes in foreign business relations including: foreign distribution, licensing, joint ventures, acquisitions and start-ups outside the United States as well as the interest of foreign companies in investment, licensing, distribution, joint ventures and acquisitions within the United States.

44. Recommend that the Small Business Administration's pilot program to provide 90% guarantees of a bank's working capital loan to a small business exporter, be extended through Maine banks to small business exporters in this state.

#### Education and Training

9. Appoint a special task force for entrepreneurial education, training, and assistance, consisting of representatives from business, education, and government. The task force would promote and guide initiatives in education, training assistance and public awareness within the policy boundaries established by state government. This task force would be responsible for formulation and support of a state-wide policy in support of formal entrepreneurial education and training, continuing education, management assistance, and public awareness programs which should be formulated and accorded a high priority by the government. The task force would make recommendations regarding alternate education and training delivery systems. The task force more specifically would:

1. Review educational needs of small and micro business and their employees.
2. Review existing delivery systems.
3. Determine how resources might be coordinated.
4. Examine the possibility of providing one-to-one counseling service.

37. Encourage educational institutions to examine alternatives to the traditional classroom format, and to relate CED programs to the needs of micro and small business.

26. Develop a more comprehensive version of Doing Business in Maine, to include identifying and cataloging of educational, training and assistance resources, and distribute to entrepreneurs and potential entrepreneurs, educational delivery systems, service organizations, chambers of commerce, trade and professional associations, etc.

32. Establish an information center, accessible by an 800 telephone number, which will serve as a referral center and clearing house for small and micro business persons.

#### Women in Business

25. Initiate the establishment of goals and reporting requirements for state procurement from women-owned or primarily operated businesses (5%), monitor the kinds of contracts state department's engage in, and solicit an equitable percentage of business from women-owned and operated firms.

40. Educate and direct state employees in practices which have impact on Women in Business, by using existing areas of state government, such as Department of Business Regulations, State Development Office, State Planning Office, the Bureau of Labor, and a task force of Women Owners of Business.

19. Make funds available through the Maine Commission for Women to undertake a study on Maine women-owned small businesses; i.e. at least 50% co-owned by women.

36. Make funds available for public and private management training programs for women. Educational programs similar to the Small Business Development Center should be implemented to address additional female discriminatory issues perpetuated by the banks, loan officers, SBA, SCORE, women themselves, and public school systems.

20. Implement legislation to assist cottage and other women-owned small businesses by providing tax incentives, loans and grant programs and technical assistance. The Legislature should amend the tax laws to make them sensitive to the needs of women in business; such changes, at a minimum, should include tax credits for child care and lease hold improvements. The legislature should also study and adopt legislation to increase the support for day care centers and assist those individuals who wish to operate or already do operate home based day care. In this regard, local financial institutions should be encouraged to provide needed capital to local community based cottage and women owned small business (including day care centers and home based day care). Finally, the legislature should study the interaction of small and cottage business wages on AFDC levels.

#### Transportation

12. The Governor should establish a transportation council, whose members would represent the major users and providers of transportation; for example, representatives from the potato, poultry, grain, lumber, paper, and energy industries, exporters, railroads, truckers, Maine Department of Transportation, etc. The chief purpose would be to attempt to improve the utilization of all modes to the mutual benefit of Maine shippers, receivers, and carriers. The council should be permanent, meeting

often enough to keep abreast of transportation needs and resources.

22. Allow and encourage double trailers (tractor hauling two trailers) on I-95 and the Maine Turnpike. It would reduce the cost per mile by 30-35%.

15. Additional funds for highway construction and maintenance, except for projects that qualify for bonding, should come from the general fund. Highways are everybody's business. They are necessary for postal service, national defense, fire and police departments, and other municipal, state and federal agencies.

24. Give high priority to development of Maine seaports, especially Searsport and Portland.

34. Urge legislative action to ensure that PUC commissioners and staff personnel have exceptionally high professional credentials. The emphasis on appointments should be on professional qualifications rather than political affiliation.





## APPENDICES

### Appendix A:

#### Acknowledgements

The Advisory Committee on Small Business wishes to express their sincere appreciation to the following for their assistance in conducting the Blaine House Conference on Small Business.

John Turner	Anne Harrison
Peter Mastrangelo	Jean Helms
Joan Creasey	Cheryl Bryer
Bonnie Milo	Joyce Pushard
Mrs. Milton Bailey	Lucy Grimes
Mrs. Norma Gillespie	Rochelle Melanson
Widgery Thomas, Jr.	Linda Delano
Cal Vinal	

Appendix B.

Executive Order creating  
the Advisory Committee  
on Small Business



OFFICE OF  
THE GOVERNOR

NO. 16FY 79/80  
DATE June 13, 1980

ADVISORY COMMITTEE ON SMALL BUSINESS

WHEREAS, the United States of America and the State of Maine are in a critical period of economic rebuilding;

WHEREAS, such rebuilding can only be accomplished by the revitalization of the small business community;

WHEREAS, small business makes many fundamental contributions to their neighborhoods, communities, state and country;

WHEREAS, small business accounts for more than half of all private sector jobs in the country, and three-quarters of all new jobs;

WHEREAS, 48% of the Gross Domestic Product is attributable to small business;

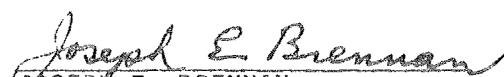
WHEREAS, small business produces 43% of the Gross National Product;

WHEREAS, over half of all innovation originates from the small business community;

WHEREAS, 97% of all United States business enterprises are defined as small businesses;

WHEREAS, small business nourishes the "American Dream" - that one can own their own business, control their own destiny, and profit by their own effort;

NOW, THEREFORE, I, JOSEPH E. BRENNAN, Governor of the State of Maine, charge the Advisory Committee on Small Business, comprised of the Maine delegation to the White House Conference on Small Business, to develop specific recommendations to increase public awareness of the importance of small business, to identify the problems of new, small, and independent business enterprises, and to suggest legislative, executive, administrative, and other appropriate governmental actions for encouraging and maintaining the economic interests and potentials of Maine's small business community in order to strengthen the overall economy of the State.

  
JOSEPH E. BRENNAN  
Governor

Appendix C:

Task Forces

Capital Formation

Chair:

Halsey Smith

Members:

Frederick H. Greene, Jr.  
New Enterprise Institute

Stephen Hyde  
New Enterprise Institute

Regulations and Paperwork

Chair:

Richard Kendall

Members:

Gordon Weil  
Dept. of Business Regulations

Stuart Pennels  
Small Business Development Center

Economic Policy

Chair:

Peter Garsoe

Members:

Charles Lawton  
State Planning Office

June Conley  
State Planning Office

State Procurement

Chair:

Roland Sutton

Members:

William E. Brown  
Legislative Assistants Office

Energy

Chair:

Theodore S. Chadbourne

Members:

Barbara Trafton  
State Senator

Christine Donovan  
Audubon Society

Richard Darling  
Office of Energy Resources

Vincent DiCara  
Office of Energy Resources

International Trade

Chair:

Robert Bull

Kingston Berlew

Members:

Wanda J. Evans  
State Development Office

Harvey Clew  
State Development Office

David Crowell  
Maine Post and Beam Company

Education and Training

Chair:

Lawrence Ward

Members:

Whitney Newcomb  
Dept. of Education and Cultural Services

Richard Clarey  
New Enterprise Institute

Women in Business

Chair:

Linda Maxwell

Members:

Jackie Potter  
Maine Commission for Women

Transportation

Chair:

Milton A. Bailey

Members:

James Cunnion  
Department of Transportation

Dean Merrill  
Department of Transportation

John Dority  
Department of Transportation

Penny Hawkins  
Parker K. Bailey & Sons

Appendix D:

Delegates

Lewiston/Auburn Regional Conference

Gordon Platt	George Hess
Bill Plourde	Benedict Haines
Gary Adams	David Hodgkins
John Carver	Paul Gardner
George Gustin	Bob Tanguay
William Coombs	Ernest Bourgon
Nancy Paradis	Penny Rafuse
Leo Daigle	Shirley Olson
Darryl Brown	Robert Casavant
Georgette Jewell	Louise Skalski
Maurice Boucher	Roger Berube
Walter Sylvester	Wilfred Rafuse
Richard Wilmer	Leslie Emerson
George Wehrman	Gary Duarte

Presque Isle Regional Conference

Bruce D. Bartlett	John P. Cyr
Gene Naegelin	David Michaud
N. Wayne Hughes	Steve Dow
Tom Gagnon	Albert Akeley
William S. Chase	Sam Hamilton
Geneva Morin	Mary Lou Doughty
Stanley Greaves	James M. Williams
Galen Cole	Robert N. Smith
Tammy Massengale	Dr. G. N. Currie

Roger Hunter

R. William Wright

June Coty

David I. Dorsey

James O. Nesbitt

Portland Regional Conference

Michael S. Bartley

Robert Allen

Ron Palmquist

David Skillin

Robert Mooers

John Brady

Kathryn M. Weare

C. Howell

Alan Caron

Dale W. Doughty

Harry B. Eddy

Genie A. Libby

Jim Mains

Nancy Thompson

Harry A. Bishop, Jr.

Karen L. Mintzer

Janet L. Perrin

John P. Goucher

Claude E. Hews

Russell S. Douglas

Samuel Brady

Karen Saum

Tuck Long

Roger B. Gorham

Vincent Welch

Conrad K. Eastman

Arthur F. McEvoy

Pamela Ware-Ouellette

Judith A. Hagerman

Donah Drew

Allerton Choquet

Raynold H. Martin

Joseph L. McDonald

George W. Gustin

Louise E. Falt

Anne Larrivee

Richard M. Johns

James P. Foley

Elmer C. Murray

George W. Crockett

Roger Pomerleau

Donald C. Almy

Sewall Maddocks

Robert T. Chaffee

Porter D. Leighton



Bangor Regional Conference

Robert Cort	Lloyd Brace
B. Conley Worcester	Robert S. Howard
Robert E. Brader	David Crook
Darby Houston	Mike St. Thomas
Ron Mahnture	Emily Trask-Eaton
Ed Andrews	Dale H. Morrill
Joyce H. Worcester	Harriet Cummings
Charles Howard	Chet Sherrard
Tom Sawyer	Kenneth Taplin
R. Leon Williams	Elizabeth J. Levinson
Audrey Diamond	Leroy G. Shepard
Arthur A. Comstock	Dana Skinner
Wendall H. Dennison	Roy Daigle
William J. Little	Paul Nevin
Richard Rosen	Jeannette S. Dennison
Bob Baldacci	Mary Ann Drake
Melinda Loveitt	Gerard Dodd

Appointed Delegates

Robert Voight	James Pittman
Don Harris	Patrick McGowan
David White	Peter Chapman
Donald Drew	Donald Rich
John Naross	David C. Skillin
Alan Caron	Roger Cormier
Lucy Palmer	Mrs. Bernice Cousins
Tim Giroux	Roger Gilgore

Richard Smiley

Albert Harmon

Raymond W. LaFreniere

William L. Johnston

Byron Haining

A. V. Federle

Tom Brazier

Kenneth Nelson

Joel Stevens

William P. Pleau

Ernest A. Caliendo

Doyle Marchant

Russell Wolfertz, Jr.

Andrew V. Atripaldi

Corliss A. Blake

Elaine Cormier

Darrell Mitchell

Dominic Reali

Gordon Webster

Neil Taylor

Byron W. Jay

Richard Hede

Rodney Cummings

Henry Botha

Robert LeCompte

Gus Mathieu

Carl Savage

Sharon Kallweit

Daniel A. Cote

Mr. & Mrs. John O. Robertson

Nancy Cote

Mr. Flynn

Edgar S. Day

Helen J. Johnson

Marie Mallon

Walter Capen

Lee Caron

David H. Denison

William Sleamiker

Rocky Paradis

Appendix E:

Profile of Participants

Participants of the four regional meetings and the Blaine House Conference on Small Business by numbers of employees.

<u>Employees</u>	<u>Percentage</u>	<u>Number</u>
Less than 5	27%	113
5 - 24	22%	94
25 - 49	13%	56
50 - 100	6.5%	23
More than 100	1.4%	6
Unknown	2.0%	9
Non-Business Owners or managers	28%	118

Appendix F:

The Conference Agenda

9:00 a.m.	Introductory Meeting
9:30 a.m.	Issue Discussion Session
12:00 noon	Luncheon
12:45 p.m.	Guest Speakers
1:30 p.m.	Issue Discussion Session
4:00 p.m.	Conference Summary Meeting

Guest Speakers:

Lewiston/Auburn -	Milton D. Stewart, Chief Counsel Office of Advocacy Small Business Administration
Presque Isle -	James D. McKeivitt Director of Federal Legislation National Federation of Independent Business
Portland -	James M. Howell Senior Vice President and Chief Economist First National Bank of Boston
Bangor -	Arthur Levitt, Jr. Chairman, Board of Governors American Stock Exchange  Lewis A. Shattuck, Executive Director Smaller Business Association of New England
Augusta -	Joseph E. Brennan, Governor State of Maine  A. Vernon Weaver, Administrator Small Business Administration



STATE OF MAINE  
OFFICE OF THE GOVERNOR  
AUGUSTA, MAINE 04333

Appendix G:

REMARKS OF GOVERNOR JOSEPH E. BRENNAN  
TO THE BLAINE HOUSE CONFERENCE ON SMALL BUSINESS  
AUGUSTA CIVIC CENTER  
OCTOBER 15, 1980

I am happy to welcome you to the Blaine House Conference on Small Business. And I want to thank you for attending.

As a candidate for Governor, I spoke of my desire to create a working partnership between government and the private sector, to attack problems together and to seize opportunities together. This Conference is an example of the success we have enjoyed in trying to create that partnership.

As Governor, I have found that one of state government's greatest assets is the willingness of the people of Maine to serve their state. Our experience has been that people are willing and anxious to do what they can to assist government in shaping the future.

The response of the private sector to this Conference is one more proof of the involvement of Maine people and their interest in coming forward in the spirit of public service and offering their experience, their professional and technical knowledge, and their perceptions of the policies that should shape our laws and future actions.

It's also gratifying, because it means that the gap between government and the people is narrowed some each time a conference convenes or a citizen task force is formed.

And it is important -- in an age when government is increasingly perceived as distant and unresponsive -- to keep the lines of communication open.

As you are aware, this Conference is the culmination of more than six months of effort by a committee I asked to help my Administration in responding to the needs and problems of small business in Maine.

The committee began as the Maine delegation to the White House Conference on Small Business. We felt their special knowledge and experience could be valuable to both state government and the business community in finding ways to develop a public-private partnership. Maine was the first state to take this step. I understand that similar efforts are now under way in some 17 other states.

I want to thank the members of the Governor's Advisory Committee on Small Business for their cooperation and for the hard work they have put into this meeting and the four previous regional meetings that helped create the agenda for today.

This Administration has made a commitment to work in every possible way to improve the economy of Maine to create more and better jobs for Maine people.

There has been a special focus on the future of small business in Maine, for three reasons.

First, small business is a basic part of the American dream. It gives individuals and families the chance to be their own boss, to take an idea and develop it as far as one's imagination and talent will allow. This is one of our essential American freedoms.

Second, the future of small business in Maine and across the nation is not merely important, it is vital to a prosperous and growing economy.

And third, small business makes other contributions to society and the economy that are often overlooked.

Let me briefly elaborate on each of these three reasons.

In the five-year period ending in 1979, the annual incorporation of businesses rose to more than a half million.

This was an increase of 63 percent in just five years.

This dramatic change has profound implications for our political, social and economic future.

More Americans are showing that they are willing to take risks.

More Americans are showing that they have the self-confidence and the resourcefulness to strike out on their own and forge their own economic futures.

Since our first days as a nation, we have cherished our rights of liberty and opportunity, our freedom to take our lives into our own hands and pursue prosperity, our freedom to take risks and assume responsibility on our own behalf, our right to realize economic gain according to our energy and ability.

So in a very practical sense, a climate in which small business is free to prosper is also a climate that is conducive to the continuation and expansion of those freedoms which we hold to be essential.

Secondly, small business is vital to a prosperous and growing economy.

Taken as a whole, small business is really big business.

There are about 12 million small businesses providing livelihoods for more than 100 million Americans.

Ninety-seven percent of all American companies are small businesses.

Typically, they are owned and run by the people who started them.

The owners are usually involved in managing the day-to-day operation.

Management has an emotional and financial stake in the success of the company.

They know the employees, the customers, the suppliers.

They tend to be deeply involved in their neighborhoods, their communities and their regions.

They care.

They are a vital part of the social and economic health of their communities.

Indeed, we can find the proof on the evening news. The economy of a small city or town can be devastated if its major employer is a plant owned by a giant corporation -- and if the plant is suddenly shut down. But when small businesses are the main source of employment, a community's economy is more resilient and stable.

A post-war sociological study found that communities where small businesses predominated were also communities with higher income levels, more stable economies, greater civic participation, more home ownership, better housing and greater support for education, recreation, and cultural and religious activities.

Small business means competition and diversity -- and both are essential to a prosperous economy.

Finally, there are the benefits of small business that may be overlooked.

One of the most important is new jobs.

According to an MIT report, more than 86 percent of all new private sector jobs are created by businesses with fewer than 500 employees.

And two-thirds of those new jobs were created by companies that had been in business less than five years and had fewer than 20 employees.

These statistics are of great importance to a state like Maine, which has so many very small companies.

We also tend to overlook the fact that small enterprise is more often than not the source of great innovation or technological breakthroughs.

A study by the Office of Management and Budget shows that more than half of the major technological advances of this century originated from individuals or small companies.

Just a few of these include Xerography, insulin, the vacuum tube, the helicopter, the Polaroid camera, cellophane, penicilin and the jet engine.

Along the same lines, the National Science Foundation study found that for every dollar spent on research and development, small companies produced 24 times more innovations than large companies.

This track record is especially significant at a time of great problems.

We must find new energy sources.

We must find new uses for raw materials.

We must replenish our renewable resources.



We must redesign and replace old plants and old equipment.

These challenges present opportunity for the innovative small business, and this underscores our need to work to strengthen a healthy economic climate for small business.

It is obvious that small business needs financial help in the form of more capital.

It needs improvement in management to reduce the level of business failure.

It needs a government with a philosophy of regulation that helps, instead of hinders, business growth.

My Administration has been, and will continue to be, sensitive and responsive to the needs of business.

We have strengthened the State Development Office and opened the first Office of Business Assistance to help businesses in their dealings with government.

We have advocated new legislation that will make business loans and capital more readily available.

We are seeking advice from Maine business executives in foreign trade and tourism, and we have a group working to help us find ways to make government function more efficiently.

It is in this spirit of cooperation that I have encouraged this Blaine House Conference on Small Business.

I will look forward to receiving your recommendations and to working with you to implement them.

If our goal is the improvement of the Maine economy, then we must listen to the voice of small business. That is why we are here today.

I have been listening to the voice of small business in Maine, and I will continue to do so in the future, for meeting the needs of small business is essential to the goal we both share -- a more prosperous and growing economy in our state.

## Appendix H:

### Balloting Results

The following is the tabulation of the voting by delegates at the Blaine House Conference on Small Business, October 15, 1980. Each delegate voted for fifteen options, the first option receiving fifteen points, the second fourteen, etc., comprising the weighted vote column. Total votes refers to the number of votes an option received regardless of priority.

<u>Option Number</u>	<u>Weighted Points</u>	<u>Total Votes</u>
1	1048	88
2	787	72
3	667	63
4	656	68
5	517	59
6	478	59
7	444	46
8	413	50
9	384	51
10	368	37
11	315	35
12	264	41
13	263	30
14	248	36
15	232	34
16	228	26
17	216	32
18	204	30
19	203	24
20	198	24
21	183	31
22	171	33
23	160	23
24	150	27
25	144	21
26	143	26
27	139	19
28	130	22
29	128	21
30	126	18
31	123	17
32	121	24
33	119	17
34	108	17
35	98	15
36	92	12
37	82	14
38	77	13
39	76	12
40	74	10
41	68	16
42	66	15
43	64	11
44	64	12

## Appendix I:

### Supplement to Option 2 - Workers' Compensation Cost Containmentment

Maine already has one of the most liberal benefit schedules in the country, and a history of generous interpretation of the law by both the Workers' Compensation Commission and the courts. Heretofore, a part-time Commission has caused expensive delay in handling cases and has produced excessive legal expense. We are encouraged that the change to a full-time Commission will result in administrative streamlining for the benefit of both employee and employer. In addition to administrative change, certain amendments in the Workers' Compensation Statute will curb some of the excessive costs and abuses of the Maine Workers' Compensation system.

We, therefore, ask the Governor, his administrators, the Workers' Compensation Commission, and the Legislature to:

1. Support the administrative budget of the Workers' Compensation Commission, as we feel certain that such an investment will be returned to Maine's businesses many times over in controlling the cost of Workers' Compensation.
2. Work toward revised administrative procedures which will simplify and expedite claim handling and minimize the intrusion of lawyers in uncontested cases. Consider legislation to permit a direct-pay system. Encourage the adoption of a system of informal pre-hearing conferences. Require the prompt rendering of physicians' reports when required for the handling of claims. Amend the statute to provide for the payment of employees' legal fees only in instances when the employee prevails.

Maine's procedure, both statutory and administrative, promotes excessive litigation in what is intended to be a no-fault system. The statute's requirement of a legal agreement between the employer and the employee increases the involvement of lawyers where, in fact, no legal services are required creating both excessive expense and delay in settlement. The fact that Maine requires the payment of all the employee's legal expenses, win, lose, or draw, again promotes the intrusion of lawyers. Only one other state, Rhode Island, has such an unfair requirement.

The adoption of a direct-pay system in lieu of legal agreements will permit immediate assumption of uncontested cases by the employer or the insurance company. In contested cases, the initial arena for reaching a settlement is a full blown hearing before the Commission with both parties represented by attorneys resulting in excessive cost and delay both in commencing the payment of benefits and in discontinuance. We believe a system of pre-hearing conferences between the employer and employee under the guidance of a member of the Commission would do much to forestall the amount of litigation now built into the system.

3. Support legislation to remove from the Workers' Compensation benefit system disincentives to return to work when work capacity exists and a medical end result has been reached. Of particular importance is the control of duplicate and overlapping benefits, offsets for other benefits, and discontinuation of compensation at normal retirement if the employee is eligible for full Social Security Benefits. Many states delay payment of lump sum payments for permanent impairment until the employee returns to work in order to encourage re-employment.
4. Support legislation to adopt the Wage Loss concept of Workers' Compensation benefits which has so dramatically brought Florida's disastrous experience into reasonable balance. Under the Wage Loss system, payment is made only to reimburse for wages actually lost plus a reasonable schedule of specific permanent impairment benefits. The Wage Loss concept brings the actual payment of benefits much closer to the original objective of Workers' Compensation of family income maintenance.
5. Support legislation to delay implementation of the next stage of escalation of benefits from the present maximum weekly indemnity of 166 2/3% of the statute's average weekly wage to 200%, already legislated to rise on July 1, 1981. Maine's present benefit at 166 2/3% is exceeded already in only three states, and a further increase will only aggravate our difficult affordability problem. We further recommend a cap on inflation adjustments simply because when it is coupled with an unlimited payment period it creates a completely unpredictable loss potential.
6. Support legislation to make the Workers' Compensation Statute the exclusive remedy for the employee or his family, to curb the explosion of litigation, facing employers in Massachusetts and Texas, regarding loss of companionship and mental anguish.