

MAINE STATE LEGISLATURE

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STATE OF MAINE
ONE HUNDRED AND TWELFTH LEGISLATURE
SECOND REGULAR SESSION

JOINT STANDING COMMITTEE ON
STATE GOVERNMENT
BILL SUMMARY



MAY 1986

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JOINT STANDING COMMITTEE
BILL SUMMARIES
MAY 1986

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature, covering the Second Regular Session of the 112th Legislature. The summaries are arranged by LD number under each committee.

All Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor if it is a floor amendment or the designation "CA" if it is a committee amendment. If the amendment was adopted in the House, the letter H appears after the sponsor. If it was adopted in the Senate, the letter S appears.

Final action for each bill is listed to the right of the title. If final House action and Senate action differ, both are listed.

Key to Committee Reports and Floor Action:

OTP	Ought to Pass
OTP-ND	Ought to Pass in New Draft
OTP-ND-NT	Ought to Pass in New Draft, New Title
OTP-AM	Ought to Pass as Amended
ONTP	Ought Not to Pass
LVWD	Leave to Withdraw
INDEF PP	Indefinitely Postponed

LD AN ACT TO ENCOURAGE INDUSTRIAL PRODUCT
410 DEVELOPMENT IN THE STATE

LVWD

Sponsor: KANY, Dillenback, Gwadosky, Andrews
Committee Report: LVWD

SUMMARY: LD 410 was introduced during the First Regular Session of the 112th Legislature. The bill proposed to establish a \$500,000 venture capital fund to be administered by the Finance Authority of Maine to finance the production of new products, innovations and inventions leading to new products, and new production processes in the State. A ceiling of 60% of total product development costs is placed on the state's investment in any one firm. In addition, priority of venture capital investments is given to businesses dependent upon defense customers/contracts for more than 50% of the gross income generated by the business within the State. These types of businesses qualify for the investments if the investments will generate new products for customers other than defense customers/contracts. Second in priority are individual businesses on which a municipality or region has substantial reliance with respect to employment and economic activity.

The venture capital investment fund would be replenished by a 5% royalty of annual sales of the new product.

The bill was held over until the Second Regular Session in order to study means of financing the proposal. There were insufficient General Fund revenues to finance the venture capital fund in 1985.

LD 410 was withdrawn by the sponsor following the realization that there would be insufficient revenues for the rest of the biennium to fund the proposal.

LD AN ACT TO DIVEST STATE MONEY FROM BUSINESS
488 INVESTING IN SOUTH AFRICA AND NAMIBIA

LVWD

Sponsor: BAKER, H., Martin, J., Richard, Matthews, Z.
Committee Report: LVWD

SUMMARY: LD 488 was introduced in the First Regular Session of the 112th Legislature and held over to the Second Regular Session.

LD 488 proposed to prohibit the investment of State monies by the State Treasurer and the Board of Trustees of the Maine State Retirement System in any bank or financial institution that invests directly or through a subsidiary in the Republic of South Africa or Namibia. In addition, these State monies would also have been prohibited as investments in corporations or firms or their subsidiaries which do business with the Republic of South Africa or Namibia.

The purpose of the bill is to remove Maine as any financial source of support to a racially discriminatory regime.

The committee requested and received permission to hold the bill until the Second Regular Session. The Committee also endorsed a Resolution, HP 1117, "Requesting Limitations on Investment and Divestiture of Public Funds in the Republic of South Africa and Namibia." A Resolution was introduced and passed both Houses that condemned apartheid, and requested the State Treasurer and the Maine State Retirement System to divest their portfolios of investments in firms that have not signed the Sullivan Principles. In addition, the Resolution requested the State Treasurer and Maine State Retirement System to consider the means by which all their investments in South Africa may be divested. The State Treasurer and the Maine State Retirement System were requested to report their progress to the State Government Committee by January 1, 1986.

A strongly worded letter opposing apartheid was sent to Prime Minister Botha and to the President of the Republic of South Africa. A copy of the Resolution was included with the letter.

The response from the government of South Africa declared that the government (of South Africa) is taking significant measures to improve conditions for the non-white peoples of South Africa. According to government leaders, South Africa has unique circumstances that require unique obligations. As a result, the government contends that its commitment to social and political justice (omitted economic justice) requires considerable time to realize its commitment.

The Maine State Retirement System divested its portfolio of all investments in businesses that are non-signatories to the Sullivan principles and which do businesses in or with South Africa. As of the effective date of the Joint Resolution requesting the State Retirement System to divest, the System had investments of roughly \$98,500,000 or 13.5% of its total portfolio in firms doing business in or with South Africa. Of this amount, roughly \$11,300,000 or 11.5% was invested in non-Sullivan signatory firms.

The State Treasurer also divested several funds that he administers of non-sullivan signatory firms. As of April 30, 1985 these funds had total investments of \$1,110,250 or 16.5% of the total portfolio in firms doing business in or with South Africa. Of this amount, \$138,000 or 12.5% was invested in one non-sullivan signatory firm, Chesebrough Pond's which has recently signed the Sullivan Principles.

Following the reports from the State Treasurer and the Maine State Retirement System, the bill, LD 488 was withdrawn. The State Government Committee was willing to enact into law a prohibition against the investment of public monies in non-Sullivan signatory firms, but the sponsor requested a "leave-to-withdraw" with the intention of preparing for stronger action through a joint resolution.

A Joint Resolution was introduced in the Second Regular Session requesting the Maine State Retirement System to divest itself of 1/3 of its investments in businesses doing business in or with South Africa. In addition, the joint resolution requested the Maine State Retirement System to restrict future investments in firms doing business in or with South Africa to only those firms with a rating of I, II, or V (new Sullivan Principle signatories). The joint resolution was adopted in both Houses.

LD 628 RESOLUTION, PROPOSING AN AMENDMENT TO THE
CONSTITUTION OF MAINE TO REQUIRE THAT LOCAL
UNITS OF GOVERNMENT BE REIMBURSED FOR THE
COSTS INCURRED IN EXECUTING STATE-MANDATED
Sponsor: WEBSTER, M., Jackson, Bell
Committee Report: OTP-ND-NT

ND LD 2143

SUMMARY: LD 628 was introduced during the First Regular Session of the 112th Legislature and held over for further consideration during the Second Regular Session.

LD 628 proposed to prohibit the Legislature and the Executive branch from enacting any law or adopting or amending any rule that would impose a new or expanded requirement on any municipality or local governing unit that requires a new or increased municipal or local unit expenditure unless the State reimburses the municipality or local governing unit. If the total sum of all the proposed new or required expenditures do not exceed \$100,000, the State would not be required to reimburse the municipalities or local governing units.

The Committee voted to hold the bill to the Second Regular Session in 1986 because the bill raised a number of issues and questions that could not be readily resolved. Some of these issues include: