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**An Act To Implement the Recommendations of  
the Office of Program Evaluation and Government  
Accountability Regarding Economic Development in Maine**

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

**Sec. 1. 5 MRSA §13058, sub-§5**, as amended by PL 1999, c. 776, §§4 and 5, is further amended to read:

**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 Maine Small Business Commission, as established in section 13032, shall conduct the evaluation and review required by this section with respect to small business programs. The commissioner shall report in writing the commissioner's findings and recommendations with respect to the issues described in this subsection to the Governor and to the Legislature no later than February 1st of each first regular session of the Legislature. The commissioner shall conduct the 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 purpose of the programs and functions of the department;
- C. The extent of the coordination of programs and services as required in subsection 4;
- D. The needs, problems and opportunities that are not being met by the programs and services of the department;
- E. The types of programs and services necessary to meet the needs, problems and opportunities as set out in paragraph D;
- F. The problems and successes in the economic delivery system;
- G. The state of small business in this State, including economic data, the effectiveness of state programs to aid small business, problems of small business that may be affected by state policies and such other information on small business as desired by the commissioner;
- H. Within available resources, the extent of business growth and change, including business expansions, new businesses and business closings;
- I. Within available resources, the status of investments in business in the State; and
- J. The extent to which the purposes of the Maine Downtown Center are being met.

**Sec. 2. 5 MRSA §13070-O, sub-§1, ¶F**, as enacted by PL 1999, c. 768, §5, is amended to read:

F. Provide incentives for a business to meet objectives of the program and, when incentives are provided in anticipation of contractual performance, penalties for a business that does not meet the objectives of the program; and

**Sec. 3. 5 MRSA §13070-O, sub-§1, ¶G,** as enacted by PL 1999, c. 768, §5, is amended to read:

G. Provide a cost analysis of the program based on at least a 10-year period;

**Sec. 4. 5 MRSA §13070-O, sub-§1, ¶H** is enacted to read:

H. Have a clearly defined public purpose;

**Sec. 5. 5 MRSA §13070-O, sub-§1, ¶I** is enacted to read:

I. In addition to standard data, report performance data specific to its goals and objectives annually to the entity that is assigned to coordinate the State's portfolio of economic development programs; and

**Sec. 6. 5 MRSA §13070-O, sub-§1, ¶J** is enacted to read:

J. Require that a business that receives benefits under the program have a business statement that includes the requirements of section 13070-J, subsection 2.

**Sec. 7. Assessment of economic development programs.** By September 1, 2007 the Joint Standing Committee on Taxation shall review and make recommendations to the Government Oversight Committee of the Legislature on the necessity of an in-depth performance evaluation to study the effectiveness of the following state programs and tax incentives: all state tax incentive programs, the revenue obligations securities program under the Maine Revised Statutes, Title 10, section 1041; the Economic Recovery Program under Title 10, section 1026-J; the Governor's Training Initiative Program under Title 26, section 2031; the commercial loan insurance program under Title 10, section 1026-A; the Maine Milk Commission under Title 7, section 2952; the Regional Economic Development Revolving Loan Program under Title 10, section 1026-M; the Maine Manufacturing Extension Partnership under 15 United States Code, Sections 271 to 286; the Agricultural Marketing Loan Fund under Title 10, section 1023-J; the Agricultural Water Management and Irrigation Fund under Title 7, section 351; the apprenticeship program under Title 26, section 2006; the Potato Marketing Improvement Fund under Title 10, section 1023-N; and the Maine Farms for the Future Program under Title 7, section 317.

**Sec. 8. Economic development incentives; statutory duties of Department of Economic and Community Development.** By November 1, 2007, the Department of Economic and Community Development shall develop a proposal for amending the statutory definition of "economic development incentive" and incorporating the new definition into the statutory roles and responsibilities of the department. The department also shall submit a proposal to define the phrase "all economic assistance programs" in the Maine Revised Statutes, Title 5, section 13070-J, subsection 3, paragraph B. The Joint Standing Committee on Business, Research and Economic Development is authorized to submit legislation regarding the roles and responsibilities of the department to the Second Regular Session of the 123rd Legislature.

**Sec. 9. Proposals for expanding the role of Department of Economic and Community Development.** Beginning in October 2007, the Joint Standing Committee on Business, Research and Economic Development shall request proposals from the Maine Development Foundation and other nongovernmental entities that could potentially fulfill the role of the State's economic development portfolio coordinator and compare these proposals with any similar proposals submitted by the Department of Economic and Community Development. The joint standing committee is authorized to submit legislation on the creation of a state economic development portfolio coordinator to the Second Regular Session of the 123rd Legislature.

**Sec. 10. Performance measures; incentives.** By November 1, 2007, the Joint Standing Committee on Business, Research and Economic Development shall develop and propose statutory changes that will increase business compliance, through meaningful incentives and penalties, with the current reporting requirements for beneficiaries of state economic development incentives, as set out in the Maine Revised Statutes, Title 5, section 13070-J, subsection 3. The joint standing committee shall also consider the establishment of a new legislative process for review of all economic development programs that are included in proposed legislation, to ensure that the Department of Economic and Community Development and the joint standing committee review such proposals with clearly defined criteria. The joint standing committee is authorized to submit legislation to increase reporting compliance from businesses receiving economic development incentives, and on a proposal to establish a new legislative process for the review of economic development program legislation to the Second Regular Session of the 123rd Legislature.

## SUMMARY

This bill implements the recommendations of the Office of Program Evaluation and Government Accountability's report to the Government Oversight Committee on economic development programs in Maine.