



SEN. ROGER J. KATZ, SENATE CHAIR
REP. ANNE-MARIE MASTRACCIO, HOUSE CHAIR

MAINE STATE LEGISLATURE GOVERNMENT OVERSIGHT COMMITTEE

MEMBERS:

SEN. NATHAN L. LIBBY
SEN. PAUL T. DAVIS, SR.
SEN. BILL DIAMOND
SEN. GEOFFREY M. GRATWICK
SEN. THOMAS B. SAVIELLO
REP. JEFFREY K. PIERCE
REP. JENNIFER L. DECHANT
REP. MATTHEW A. HARRINGTON
REP. DEANE RYKERSON
REP. PAULA G. SUTTON

MEETING SUMMARY

June 14, 2018

Accepted July 10, 2018

CALL TO ORDER

The Chair, Rep. Mastraccio, called the Government Oversight Committee to order at 9:12 a.m. in the Burton Cross Building.

ATTENDANCE

Senators: Sen. Davis, Sen. Gratwick and Sen. Saviello
Joining the meeting in progress: Sen. Diamond
Absent: Sen. Katz and Sen. Libby

Representatives: Rep. Mastraccio, Rep. Pierce, Rep. DeChant and Rep. Rykerson
Absent: Rep. Harrington and Rep. Sutton

Legislative Officers and Staff: Beth Ashcroft, Director of OPEGA
Matthew Kruk, Principal Analyst, OPEGA
Kari Hojara, Analyst, OPEGA
Etta Connors, Adm. Secretary, OPEGA

INTRODUCTION OF GOVERNMENT OVERSIGHT COMMITTEE MEMBERS

The members of the Government Oversight Committee introduced themselves.

SUMMARY OF THE MAY 24, 2018 GOC MEETING

The Summary of the May 24, 2018 GOC meeting was accepted as written.

NEW BUSINESS

- **OPEGA Report on Maine's Beverage Container Recycling Program**

Director Ashcroft reported that the Department of Environment Protection (DEP) will not be at the meeting, but OPEGA has a full understanding of the actions the Department has committed taking and that are listed in the Action Item sections of the Report. She said DEP has been cooperative and looking forward to making improvements in the Program.

Rep. Mastraccio moved to the Public Comment Period.

- **Public Comment Period**

Sarah Lakeman, Sustainable Maine Project Director, Natural Resources Council of Maine. (A copy of her testimony can be found at <http://legislature.maine.gov/doc/2334>.)

Sen. Saviello referred to Iowa, Ontario and Michigan that Ms. Lakeman spoke of in her testimony and asked if they have the same number of containers Maine has that are required to have deposits on them and which State compares best to Maine. Ms. Lakeman said all the programs are quite different. Iowa and Ontario were both wine and spirit numbers exclusively so that was the closest comparison she could give because they had data and the recommendation was on those two containers.

Sen. Saviello said in those states Ms. Lakeman reports the redemption rates are 48.5% and 56% which means in one case there is 52% of containers that are not being redeemed and he asked if the containers were being thrown on the road. Ms. Lakeman did not know. Maybe they are being put into municipal recycling programs where they would potentially cost money because recycling is not necessarily profitable.

Sen. Saviello asked if Ms. Lakeman has had any conversations with redemption centers about container deposits being the same price because it does not cost them any more to handle them. Ms. Lakeman thinks a uniform deposit would be good if it was 10¢ for everything.

Rep. Pierce referred to the fraud with liquor and wine coming into Maine from out-of-state and asked how you would handle that. If you reduced all containers to the 5¢ deposit you would get rid of two-thirds of the fraud because you take 10¢ off the container. Fraud is a problem in the tourist communities. Ms. Lakeman did not think reducing the deposit amount would solve any fraud issue. She thinks there should be a better way to enforce compliance when fraud issues arise. She has not seen data supporting the claim of fraud, but would be interested in seeing it and then targeting those issues specifically.

Rep. Mastraccio asked if Ms. Lakeman had any specific recommendations on additional containers that should have a deposit. Ms. Lakeman has been hearing a lot from municipalities, or people in general, in Maine that do not understand why they would not be able to recycle a different glass jar, for example a mayonnaise jar. She does not necessarily think it belongs in the bottle bill, but thinks Maine needs to think about ways to expand the incentive to recycle to involve more products. Currently it is left up to the municipalities and she thinks that is very inefficient and that Maine needs a better look at all of the materials.

Rep. Mastraccio noted that Ms. Lakeman said she wants to make recycling easy for consumers and asked if she had any suggestions. Ms. Lakeman said her point with that statement was more like right now the beverage container redemption program is a successful recycling program. It is double the recycling rate of the rest of the states' average so the program is easy enough. There are a lot of redemption centers and places to take containers back and she did not want any changes that might occur through legislation, or

anything happening from OPEGA's Report, to harm that. She would not want fewer places for bottle redemptions and wants to make sure that is preserved.

Sen. Saviello said we have talked about Maine's recycling rate as better, but he thinks OPEGA's Report says we do not have the ability to prove that other than from BABLO's records. Ms. Lakeman said it is an estimate, but there is no way it is off by 40%. Sen. Saviello said Maine doesn't have a good measurement tool to figure out whether the program is working or not. Ms. Lakeman agreed and that is why she supports the extra data and added that even the State's recycling rate is a guess because there is no mandatory reporting about recycling.

Sen. Gratwick asked what happens to glass containers. He also asked whether Iowa, Ontario or Michigan have a similar pattern to Maine where there are variable deposit amounts for different size containers or is this unique to Maine. Ms. Lakeman said Maine is a little unique in that it is separated by what is in the container and not by the container itself. There are a lot of different jurisdictions that do have different deposit rates, but is more based on the size and not split between wine, spirits and beer versus other products. The recycling market changes all the time and it is not good right now. A place where glass used to go, Strategic Materials in Massachusetts, has closed down so she is not entirely sure where it specifically goes at this point. She would say that glass that comes through bottle redemption is going to be the most likely glass that actually gets recycled because they are able to sort it into different colors. In other municipal programs, it is usually not split up that way and gets crushed and used as fill or something like that.

Sen. Saviello referred to commingling agreement comments in OPEGA's Report and asked if there was anything Ms. Lakeman would like to add. His frustration in visiting redemption centers was that they grew from 2 pages of sorts to 53 pages of sorts so their profit margin is affected by how much time they spend on sorting. She thinks it is inefficient to do it that way and commingling agreements benefit some companies and not others and that there is a lot of inequity in the way it is managed. The centers should be able to sort by material type and not worry about where it came from. He asked if she would object if the handling fee were increased from the current 3¢ to 3 1/2¢. Ms. Lakeman said she would not object, but noted that Maine has one of the more expensive programs to manage so would not want the increase to hinder the program.

Newell Augur, Executive Director, Maine Beverage Association. (A copy of his testimony can be found at <http://legislature.maine.gov/doc/2334>.)

Mr. Augur wanted to address several statements made during Ms. Lakeman's testimony about the value of the material. He had checked the figures that day and said aluminum is worth about 90¢ a pound. It takes about 33 containers to make up a pound, so that is 3¢ a container for Maine's containers. Plastic is a little bit less valuable at about 17¢ a pound. Those numbers were as high as 40¢ per pound, but that averages out to about 1¢ per container. There is inherent value in the containers and the reason he raised that is because the world has changed considerably in the last 40 years since we first put this redemption program in and there is a change in how Maine recycles and that ought to inform what the program is about.

Rep. Rykerson referred to the analysis Mr. Augur had provided on Delaware's program. He noted the description of the situation for the move to Universal Recycling and that the grant funding originally established no longer remained. He asked how that was a good example of a redemption program. Mr. Augur said it is a good example because Delaware has moved its recycle rate almost 15 points and that recycling rate is not just for the tiny percentage of bottles and cans, it is for everything. All their municipal solid waste and now the plastic and aluminum that previously had been separated off through the bottle bill is now being processed by the municipalities. Those materials have a lot of value and can be processed successfully to their full economic value although he agreed glass has no value. Rep. Rykerson did not see in the analysis what the continued funding for the Universal Recycling program was going to be and thinks if Maine adopted the Delaware example would be transferring the funding from consumers to the government. Mr. Augur said a lot of the trouble for many of the communities is the initial investment to be able to have a successful recycling program. That is the biggest hurdle and your ongoing transportation

costs is something everyone is fighting, not just recycling. He said you do not need continued influx of money to keep your recycling rate at 47% once you get it to 47%. You have the structure in place and that is why it was successful. He was not suggesting that the GOC report out a bill that is exactly what Delaware is doing, but he thinks it is significant because there are other states that are doing a lot of different things. If Maine wants to continue with the bottle bill as it currently is that would be fine, but we ought to be thinking at least about other options.

Rep. Pierce asked what happens to the glass when it is brought back to the IoDs. Mr. Augur said the IoDs he represents are not using glass containers much anymore. He would probably say it gets burned and goes to waste energy. Glass is very difficult material to get any value out of and that is why these IoDs have moved out of it.

Rep. Pierce asked if wine and liquor bottles were reused and, if not, when recycled do they get landfilled. Mr. Augur said he was not the person to speak to that because the manufacturers he represents do not use glass, but he has heard that it gets ground up and put on the side of the road.

Rep. Pierce said if Maine put all recycling containers at a 5¢ deposit and all the handling fees were the same, what percentage would that change the fraud by. Mr. Augur did not think it would reduce fraud that much. Mr. Augur said Rep. Pierce is right to focus on New Hampshire as he knows the New Hampshire Grocers Association says that 40% of all credit card transactions in New Hampshire supermarkets are made with out-of-state credit cards. That number could include Massachusetts as well as Maine. Mr. Augur did not think that most of the fraud would be associated with fifths of Jack Daniels and Jim Beam that have the 15¢ deposit because typically folks consume it in the home. Mr. Augur noted there was an \$80 million bust in Sacramento not more than a month ago when the Attorney General brought down an indictment on four or five redemption centers in Sacramento.

Sen. Davis asked if the ring of redemption centers in Sacramento was an out-of-state group coming in with cans and bottles which were not redeemable in California. Mr. Augur said California has a different system in that the state becomes the initiator so that then means when fraud occurs in the redemption program the victim is not the distributor, the victim is the State of California. The Sacramento case also included that they brought aluminum cans in from another state and tried to process them. Rep. Mastraccio found the article and said they were charged with swindling the state's beverage container recycling program over several years by accepting recyclables purchased in other states and faking the paperwork.

Sen. Davis asked how the glass was burned. Mr. Augur said he assumed it was burned in the waste energy facility before it got landfilled, but he does not know a lot on the topic. Sen. Davis noted glass lasts forever. He asked if Mr. Augur dealt with any cardboard containers. Mr. Augur did not think the value in cardboard would be as high as plastic or aluminum.

Peter Welch, Owner/Manager Gaia, LLC, d/b/a Forest Avenue Redemption Center, Portland, Maine. (A copy of his testimony can be found at <http://legislature.maine.gov/doc/2334>.)

Rep. DeChant said Mr. Welch did well in explaining why some bottles were originally rated a 15¢ return because of the content, but asked if he could explain further the comment in his testimony about whether anyone would bring back a 30.00 bottle of spirits for a .05 deposit." Mr. Welch said, as the previous speakers have mentioned, spirits and wine came into the bottle bill in the late 80's during the McKernan Administration. The original bottle bill had 5¢ containers and through time the Legislature saw the value of adding other containers to a successful program. When wine and beer was added to the program, the Legislature at the time, had dialogue regarding who is going to redeem this expensive bottle of scotch for a nickel. Whether that is right or wrong thinking, he does not have the data to say although Ms. Lakeman's earlier testimony might have inferred that the 15¢ deposit does play a role in higher return rates.

Rep. DeChant asked Mr. Welch whether it is containers with higher deposits or lower deposits that are not coming through his center. He said they were all coming through and is the beauty of it. The program has an 87% return rate so why would you want to try to change it.

Rep. Mastraccio asked if the need to increase the handling fee was the main issue he was having with the bottle bill. He agreed.

Rep. Mastraccio asked for Mr. Welch's comments on fraud because they hear a lot of allegations about fraud being a major problem. He believes most, if not all, of the redemption centers are highly respectable and hardworking people all through the State and he does not believe they are out there intentionally trying to cause fraud. He agreed that containers come across the State border and the law has visited that question. There is a lot of dialogue about shorted bags and he said it can happen and he has seen it happen, but it does not happen anymore than filling bags with more containers than agreed upon. One of the reasons his business went into a counting system is because his employees were prone to over bag so they evolved to a better system. Does shorted bags happen – yes, can it happen and should some sort of a mechanism be looked at to try to improve the veracity of this – absolutely, why wouldn't you want to try to make it better.

Rep. Mastraccio asked how Mr. Welch would feel about the 10¢ uniform deposit and would there be any benefit to do that. He said the process for changing the deposit amount would be chaos and the switch would be a nightmare. That would be an incentive for increasing fraud from containers coming across the State border from New Hampshire. Maine has a highly successful system. The Commingling system has strengths and weaknesses to it also but has, for example, instead of having some version of six of them in our market coming to us every week with six trucks, they only have two trucks coming because of the way they divide it. That saves on invoicing, administration and time and is saving the distributor's trucks.

Sen. Saviello liked Mr. Welch's explanation on the 15¢ deposit and that is similar to what he found out last year. He asked how much of his redemption center business was liquor and wine versus soda, beer, etc. Mr. Welch said liquor and wine is a considerably smaller portion than the others. Liquor bottles are also the harder sort to manage because there is a lot of variance in size.

Sen. Saviello said the biggest frustration from the redemption centers in his area is the commingling agreements change, for example, they go from one particular water that has all plastic that they can do two sorts on and then somebody walks in and says I am not picking that up anymore, you have to sort that 7 times. He asked if Mr. Welch found that it changes mid-stream. Mr. Welch said there is change, but he did not think it was that frequent or dramatic. It happens because maybe brands get sold from one initiator of deposit to another or something higher in the food chain is taking place. He said the number and types of containers has exploded so when "abc" containers gets in your hand, you have to know where "abc" container goes. Mr. Welch said DEP maintains a registration list which is very helpful.

Rep. DeChant asked for further explanation of how new products in the market affected the sorting of containers. Mr. Welch believes the outline and framework of the commingling process is a good concept and has its functionality. There are exceptions, but every brand that is produced may go in a different place and is driven by whoever is the initiator of deposit. They are the ones who are responsible for the container, the first ones that collect 5¢ or 15¢ so when they sell it to a wholesaler, or distributor, in Maine like Hannaford, etc. they become the responsible entity. In the beverage world there is perceived quality in glass. You do not see beer in plastic bottles and is a shift that will never come or come very slow. Glass is a better median for carbonated beverages because there is less migration of CO₂ through the barriers.

The members of the Government Oversight Committee thanked those who presented testimony and for answering their questions.

The Chair, Rep. Mastraccio, closed the public comment period on OPEGA's Report on Maine's Beverage Container Program.

- **Committee Work Session**
- **Committee Vote**

Director Ashcroft said during Committee Work Session the Committee members discuss whether there is any particular action they feel they need to take with regard to implementing recommendations from the report or anything they have decided is a concern that ought to be addressed from what is heard from the public comments. She said in this particular review many of OPEGA's recommendations were directed to DEP. DEP was in agreement with many of the recommendations. DEP has responded to OPEGA's recommendations that they are planning to take action, indicated by what date they intend to take the action and what those actions are. She thinks there is a low risk at this juncture that DEP will not take the actions they have committed to. In that type of situation, the GOC's usual actions are not to do the planned and regular follow-ups on the status of the implementation of recommendations. The Committee sometimes asks for a report back at particular junctures from the agency about how they have implemented those recommendations and actions. Even without that, however, OPEGA monitors implementation status of the GOC and briefs the GOC on that follow-up at appropriate times.

There are also several recommendations for legislative action in the report. Those are Recommendation 2, 4 and 6. With the exception of Recommendation 2, the things OPEGA recommended the Legislature look at are in the policy realm. In the past, the Committee has sometimes sent such Recommendations to the policy committee of jurisdiction asking them to weigh in on whether they agree with the Recommendation or what specifically they think ought to be done with regard to statutory changes. The joint standing committee provides input back to the GOC. This Committee then decides whether to initiate legislation to make the recommended changes. The other option is for the GOC to do the work in order to decide whether they want to see those policy changes made and OPEGA supports the Committee in deciding what will be drafted for legislation for the Committee to introduce. Any bills introduced by the GOC are typically considered by the relevant policy committee as part of the normal bill process. Those are options with regard to everything but Recommendation 2.

Recommendation 2 is for the Legislature to direct OPEGA to conduct further analysis of the data sets they have already obtained for this review which they did not get an opportunity to fully analyze because of other work that was put on OPEGA's Work Plan. At this juncture, OPEGA is the only entity with all of the various data sets that would allow them to do the analysis. OPEGA would be looking for several things, mostly around compliance with the Escheat reporting and remitting requirements. For example, are bottlers still fitting in the appropriate small volume categories if they are not reporting and, are there larger IoDs that may not be reporting. This is an action item where the GOC would be the most appropriate body to determine whether they want to task OPEGA with conducting further analysis of the data sets.

Rep. Mastraccio said she did not recall seeing in the Report a recommendation to look at the handling fee. Director Ashcroft said that was outside the scope of the questions OPEGA had been asked. It has been raised at this meeting as being relevant. Rep. Mastraccio asked if the GOC could send the handling fee matter back to the committee of oversight and ask that they look at the recommendation. Director Ashcroft said sometimes when the GOC takes that action they not only send what is in the Report, but anything the Committee has gleaned from public comments that they think ought to be addressed as well. So, yes, the GOC has done that before.

Motion: That the Government Oversight Committee endorse OPEGA's Report on Maine's Beverage Container Redemption Program. (Motion by Rep. Pierce, second by Rep. Rykerson)

Discussion: Sen. Gratwick asked for an explanation of why the policy committee would not be able to take the action in Recommendation 2 of the Report. Director Ashcroft said OPEGA had collected data which she thinks people would see as confidential data from Maine Revenue Services, BABLO and some of the

third party pick-up agents. Nobody but OPEGA has all the data needed to do the analysis that is being suggested in the Recommendation. OPEGA has already collected the data and the information is not something the policy committee would have access to.

Sen. Gratwick asked why the escheat data was privy information. Is it part of a business plan? Director Ashcroft said this is a separate issue from what the GOC heard discussed about escheat today. OPEGA would be looking to do a data analysis that identified noncompliance with the current reporting and remitting requirements. The information involves product volumes that are market share competitor data that would be seen confidential in the private sector. It also involves MRS's data which is protected as confidential taxpayer data. Rep. Mastraccio noted that OPEGA has collected the data with the assumption that the information was confidential. Director Ashcroft agreed and said MRS's data is confidential under statute.

Rep. Mastraccio asked if the GOC voted to endorse the Report would they then need a separate motion on Recommendation 2 that the Committee should allow OPEGA to go forward and analyze the data. Director Ashcroft said yes because the Committee would be voting to put something on OPEGA's Work Plan. Rep. Mastraccio said part of the motion would include the Recommendations going to the policy committee of oversight with a report back to the GOC. Director Ashcroft said the GOC would have a motion on the endorsement of the Report, a vote on whether they wanted to add that OPEGA do the analysis of escheat to the Work Plan. The Committee does not always take a vote on whatever other action they want to take unless it is to introduce legislation.

Vote: The above motion passed, 8 in favor, 0 against.

Motion: That the Government Oversight Committee directs OPEGA to further analyze the extent of non-compliance and the impact as recommended in Maine's Beverage Container Redemption Program, (Recommendation 2). (Motion by Sen. Saviello, second by Rep. Pierce, motion passed, vote 8 in favor, 0 against.)

Sen. Saviello noted that if the GOC wanted expertise in regard to OPEGA's Recommendations 4 and 6 that the issues be worked by this Committee because there are currently two members of the ENR Committee with knowledge of Maine's Beverage Container Redemption Program sitting on the GOC. The 129th ENR Committee would then have something to work. The GOC is non-biased and will work carefully on what needs to be done and give the final recommendation to the ENR Committee to act upon.

Rep. Pierce said the legislative action required in OPEGA's Report should be worked in this Committee and agreed that they should task OPEGA to draft a bill for the GOC to review and then ultimately forward the bill to the ENR Committee. Director Ashcroft noted that the legislative action is that the Legislature should consider whether they want to make any changes to the areas OPEGA identified as needing clarification. OPEGA is not the deciders of what that should be, but they can help with it. Rep. Pierce asked if the GOC could report out a bill. Director Ashcroft said the Committee can do that.

Rep. Mastraccio asked for Director Ashcroft's thoughts on how Sen. Saviello's suggestion would work. Director Ashcroft said typically the GOC is trying somehow to involve the policy committee in discussion when the GOC is preparing legislation on policy matters. In this particular case, she is not sure whose perspectives are going to need to be brought to bear for the Legislature to have this consideration about what is the right thing to do about this. For example, looking at the recommendation that the Legislature consider re-examining the program scope, we are saying reconsider whether the State should continue to determine which containers belong in the program by virtue of the fact of what they contain, rather than by virtue of the container material. There is a lot of thinking or perspectives that might go into that discussion and OPEGA would need to know from the GOC what they wanted to draw on next for information that will help them decide what those changes should be. OPEGA can do that, but it would involve additional work and bringing more people to a meeting for Committee members to ask questions of, including the DEP. In the end the GOC would have a bill, or bills, that would get initiated and go to the committee of jurisdiction

for public hearing and the normal legislative process. Even when the GOC says the legislation stays with this Committee, it means to the point of deciding whether or not they want to initiate legislation, not hearing the bill and passing legislation, etc.

Sen. Saviello wanted DEP to be at a meeting to discuss OPEGA's Report Recommendations so they can go through what their recommendations are and how they might suggest the GOC might address some of the other matters. That way he knows there is continuity between now and January.

Rep. Mastraccio noted Sen. Saviello's concerns and asked if this matter could be added to a future agenda for further discussion and to ask that DEP be at the meeting to discuss what action(s) they have or will take regarding the recommendations. Director Ashcroft said that is part of OPEGA's routine follow-up that they do for the GOC. DEP has said specifically what they are willing to do and when they are going to do it by. As part of OPEGA's normal process they would be following up, on behalf of the Committee, to check whether the actions have been taken by DEP, the status and to provide evidence that it was done. She feels comfortable that the Committee has a process already in place. Rep. Mastraccio said the GOC/OPEGA's process seemed to have worked in the past because she has seen how it works. The Director thought the first thing that has to be decided is whether the Legislature wants to do anything about changing the program or do they like it just the way it is. If it should be changed, what should that look like? This Committee has been hesitant to make those kinds of decisions without at least getting input from the policy committee about whether they think that is worthwhile to be pursuing. She said another way things like this have been successfully championed is for individual legislators to tackle how to implement OPEGA's Report recommendations with the agency so there is a bill ready to be introduced in the next legislative session.

Rep. Mastraccio said this discussion can be continued at a future meeting. Sen. Saviello agreed and thought if they sent it back to the ENR Committee, other than what DEP has committed to, there will be no discussion about the issues. Committee members agreed the matter will be added to a future GOC agenda for further discussion.

UNFINISHED BUSINESS

- **Follow-up on Maine State Lottery Report**

- **Proposed Draft of GOC Legislation**

OPEGA made a recommendation in the Maine State Lottery report to change BABLO's statute for what reporting is needed to come to the Legislature. The current reporting requirement is very general, not date-specific and did not say who it should go to. The GOC sent a letter to the Veterans and Legal Affairs (VLA) Committee to ask if they thought it would be worthwhile enhancing the reporting requirements. The VLA Committee thought it would be helpful. Director Ashcroft directed the Committee members to the Proposed Change to the State Lottery Statute Regarding Annual Reporting in their notebooks. (A copy of that document legislation is attached to the Meeting Summary.)

Director Ashcroft said the GOC vote would be whether or not they wanted to introduce legislation, as a Committee, to make the changes to statute with regard to the reporting requirements. If the GOC thinks they want to do that, then she would come back at a future meeting with draft legislation starting with the elements contained in the Proposed Change document.

Motion: That the GOC introduce legislation to change State Lottery Statute regarding annual reporting. (Motion by Rep. Rykerson, second by Sen. Davis, motion passed, vote is 8 in favor, 0 against.)

- **OPEGA Report on the Child Protection System: A Study of How the System Functioned in Two Cases of Child Death by Abuse in the Home**

- **Committee Discussion of Information Desired for June 28th Work Session**

Director Ashcroft was looking to the GOC for direction as to what it is they might want to discuss, or have, as a goal or focal point for their June 28th work session on Child Protective Services. They were going to initially approach that work session as though the Committee was going to be focused on what they wanted for areas of focus for OPEGA's second phase review. However, there seems now to be the idea that the GOC would like to think about what can be done right now for change. If that is going to be more of the focal point for the June 28th discussion then OPEGA would rather be spending its resources getting together the information that would be relevant to those areas that folks have expressed they may want to do something with. Gathering the information for scoping the second phase of the review would be a different task and the Director was looking for guidance as to what the Committee thinks it is going to be trying to work on.

Rep. Mastraccio's suggestion is that the Committee consider what they can do now having listened to the public comments on the Report.

Sen. Diamond thinks the GOC has several things going its way. The Governor is committed to bringing the Legislature back into session and not having to wait until the next session to deal with what the GOC decides is something that needs to be done. There is much more information that has come to him about what is happening when cases are referred to the Child Protection Services (CPS) and how they are being neglected, for whatever reason. He thinks there is an emergency situation so hopes on June 28th the GOC can come out of that meeting with some definite pieces of legislation, or legislation that would allow them to say to the Governor that they were ready to come back into session, so that the issues can be dealt with immediately.

Rep. Pierce agreed with Sen. Diamond.

Director Ashcroft said what OPEGA could do for the June 28th meeting would be to line out the issues and themes heard at the public comment period, where people agreed on places to focus on and what would need to be addressed through legislation. She was not sure it was as clear cut for some of them as for others and there may be some additional research work needed to be done to help inform what the GOC wanted to do. She is not sure OPEGA could complete all the work that would need to be done before the 28th in order to be able to turn it into a bill, but they could at least get framed out what the pieces would be needed to come to some decisions.

Rep. Rykerson asked if, from the meeting discussion notes, the Director could say what the possibilities are for legislation. Director Ashcroft said the topics that occur to her are around mandated reporting, the reunification versus best interest of the child balance, and kinship placement. As an example, there was a bill passed in the 128th Legislature that involves kinship placement and has a definition of child's best interest, etc. The web version of the child protection statutes has not yet been updated to incorporate this new law. OPEGA would want to research and be aware of what the most current starting point should be. There may also be things around information sharing between DHHS and key mandated reporters that could be considered for legislation. For example, are there any statutory, or legal, barriers that need to be addressed regarding information sharing, and that is something that would also need to be figured out.

Rep. Mastraccio said an issue for her is a report that came when the Governor was at the GOC meeting that the Committee had not seen. She looked through it and there are things they say they are doing and the GOC hasn't even begun to look at those and evaluate what is happening. Director Ashcroft thought another thing OPEGA could do is to go through the Governor's report, look at what those items are and to

understand what the changes are, how they are impacting the system and the actions that DHHS has committed to taking already. OPEGA could get an understanding of that and roll it into a discussion about what legislation might make sense.

Sen. Diamond said that was a good move, however, one of the more obvious problems with CPS and DHHS right now is a lack of bodies to check out the abuse/neglect reports. He has information that is coming from so many different people saying reports to CPS are just not followed through on and that is where kids die, they are on the edge and nobody gets to them. If the GOC agrees, they can talk about ways of ensuring there are more people to deal with these situations. Director Ashcroft said, for example, that is something OPEGA can be trying to find out for the Committee for the June 28th meeting. OPEGA can see what the current staffing levels are, what are they doing to manage the current workload, etc. Sen. Diamond noted that the current staffing levels on the website are nowhere near the reality because they are considerably less and thinks it would be very helpful to have the data on staffing.

Director Ashcroft said there were a lot of requests for information that came out of the last two meetings from Committee members. If OPEGA knows that is the kind of discussion that they want to have on the 28th, she will choose from those information requests the ones she thinks OPEGA can get to that will help what the Committee wants to focus on for the 28th and will hold the rest to deal with as those issues come up.

Rep. Mastraccio noted that Director Ashcroft has been at the meetings during the discussions and she understands the focus so she would trust her to have that information available for the Committee on June 28th.

Sen. Gratwick wanted to underscore how important it is to look at how much money is going into this particular program from the Department and that seemed like information the Committee could get. It would not lead to an immediate legislative change and bill but, nonetheless, thinks that is the underlying cause of everything we are doing so he wants to have that data.

Rep. Rykerson asked for information on whether or not there is a reporting hot line and how it is working. Director Ashcroft said she did not think there was a reporting hot line and it may not be a priority for the June 28th meeting to try to understand whether or not there is an anonymous reporting line. She thought there was going to be more discussion about this topic, but wanted to make sure that in the next two weeks OPEGA is working to bring the Committee what they need to move forward. A tip line is a good idea, but is not going to result in the same kind of discussions as to whether they want to change the mandating reporting requirements. Rep. Rykerson thought the hot line should be included for the June 28th discussion.

Sen. Diamond wants the GOC's goal to be ready to come back into session no later than end of September to deal with anything that should be dealt with as it should not wait until the new administration. He is hopeful the Committee can come up with a direction and time line to be called back into session in late September.

ANNOUNCEMENTS AND REMARKS

Rep. Mastraccio said there are time constraints for the June 28th meeting so the Committee meeting may start at 8:30 a.m. Etta will let members know what the Chairs decide. If the meeting time changes she asked that members be on time and if they are not able to be at the meeting, please let the Chairs, Director Ashcroft or Etta know.

REPORT FROM DIRECTOR

• Status of Projects in Progress

OPEGA is reporting out the **TANF** Report at the June 28th meeting. They are currently on schedule to report out the **ETIF** review on July 26, 2018, although the Director noted that report out may need to be pushed to the beginning of August because OPEGA used confidential tax payer data, and there is a special process built in by which MRS has to review a draft of the report and advise OPEGA on using that information to make sure we are not violating any disclosure restrictions. MRS informed OPEGA that they are not sure how quickly, or when, they will be able to get their review done. OPEGA, however, is still shooting for the July 26th meeting for its release of the Report. Also in progress is the **Maine Citizen Initiative Process** which is at the half way point and needs planning for the next phase of work. OPEGA is working on the **Sale of Timber From Public Lands** review. **BETE and BETR** is still in progress and OPEGA will be reporting out to the Taxation Committee the **Special Project: Tax Expenditure Design Evaluation for Major Business Headquarters Expansion Credit** by the first of July.

• Status of Director Recruitment

The GOC is to have interviews with the top candidates next week.

NEXT GOC MEETING DATE

The next Government Oversight Committee meeting is scheduled June 28, 2018 at 8:30 a.m.

ADJOURNMENT

The Chair, Rep. Mastraccio adjourned the Government Oversight Committee at 11:23 a.m. on the motion of Rep. Rykerson, second by Sen. Diamond, unanimous.

**Proposed Change to State Lottery Statute Regarding Annual Reporting
For GOC Consideration**

Current Statute (Excerpted)

**Maine Revised Statutes
Title 8: AMUSEMENTS AND SPORTS
Chapter 14-A: LOTTERY**

§372. DIRECTOR

The executive head of the bureau shall be the director.

1. Appointment; qualifications.

2. Powers and duties. The director shall have the following powers and duties:

H. Certify monthly to the Treasurer of State, the commission and the commissioner a full and complete statement of lottery revenues, prize disbursements and other expenses for the preceding month; submit an annual report, subject to the approval of the commission, that must include a full and complete statement of lottery revenues, prize disbursements and expenses, to the Governor and the Legislature, together with recommendations for changes in this chapter;

I. Carry on a continuous study and investigation of the lotteries throughout the State and the operation and administration of similar laws that may be in effect in other jurisdictions. The director, subject to the prior approval of the commission, may enter into a written agreement with a multijurisdictional lottery association for the operation, marketing and promotion of a joint lottery or joint lottery games with other jurisdictions.

Any final agreement entered into with a multijurisdictional lottery association must provide that the director has the authority to terminate the agreement upon the provision of reasonable notice, not to exceed 6 months. The final agreement must further provide that the director may terminate the agreement at any time, without prior notice, in the event that the director's authority is withdrawn or limited by law; and

J. Assign duties as necessary to a designee.

Proposed Statute (Excerpted)

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J. Assign duties as necessary to a designee.

K. Submit an annual report, subject to the approval of the commission, to the Governor, the joint standing committee having jurisdiction over lottery matters and the joint standing committee having jurisdiction over appropriations and financial affairs. The report shall be submitted by **DATE** each year and shall include:

- (1) a description of the decisions made and actions taken by the State Liquor and Lottery Commission for the preceding year relevant to lottery operations;
- (2) a full and complete statement of lottery revenues, prize disbursements and expenses for the preceding year with a detailed statement of the expenditures made to promote lottery sales through marketing, advertisement and recruitment;
- (3) a historical view of the account used to manage lottery operations and from which transfers are made to the General Fund;
- (4) a description of the lottery marketing and advertising activities for the preceding year including a listing of the radio and television stations used for advertising and the amount of advertising activity and budget associated with each; and
- (5) any recommendations for changes in this chapter.

The joint standing committee with jurisdiction over veterans and legal affairs may submit to the Legislature any legislation based on the report.

Questions:

1. Should there be a requirement also for BABLO to brief VLA on the report in a public meeting?
2. Is it important to set up the reporting to the Legislature so that the report will be included on the Legislative Calendar?
3. Should BABLO's similar reporting requirement for liquor operations also be amended to remove requirement to certify to Treasurer and to specify date of annual report and which committees the report should be made to? See current statute (excerpted) next page.

Maine Revised Statutes

Title 28-A: LIQUORS

Chapter 3-A: ADMINISTRATION AND ORGANIZATION

§83-B. ENFORCEMENT AND LICENSING ACTIVITIES OF THE BUREAU

The bureau shall establish policies and rules and propose legislation concerning the administration and the enforcement of the laws under this Title and for the sale of liquor in this State. The bureau shall:

11. Certification. Certify monthly to the Treasurer of State and the commissioner a complete statement of expenses and revenues collected in accordance with the licensing and enforcement functions of the bureau. The bureau shall submit an annual report that includes a complete statement of expenses and revenues collected in accordance with the licensing and enforcement functions of the bureau to the Governor and the joint standing committee of the Legislature having jurisdiction over alcoholic beverage matters, together with recommendations for changes to this Title.