

**TESTIMONY  
OF HEATHER JOHNSON, COMMISSIONER  
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT**

Before the Joint Standing Committee on Appropriations and Financial Affairs and  
the  
Joint Standing Committee on Innovation, Development, Economic Advancement  
and Business

Hearing Date: February 24, 2021

**“An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2021, June 30, 2022 and June 30, 2023.”**

Good afternoon Senator Breen, Representative Pierce and members of the Joint Standing Committee on Appropriations and Financial Affairs; Senator Curry, Representative Roberts and members of the Joint Standing Committee on Innovation, Development, Economic Advancement and Business. My name is Heather Johnson and I am the Commissioner of the Department of Economic and Community Development or DECD for short. I am here today to testify in support of LD221, the Biennial Budget.

As Governor Mills said, at a time when Maine people are hurting, when small businesses are struggling to keep their doors open, when the ranks of the unemployed have swelled, and when we are fighting a deadly virus all around us, we are proposing balanced budgets as required by the Constitution that continue efficiencies, good fiscal management and curtailments to cover projected revenue shortfalls for all three fiscal years. They focus on combatting the COVID-19 pandemic by continuing to rebuild the State’s public health infrastructure and protecting essential health care, education, and life-saving services. They do not



change Maine tax rates and they maintain the Budget Stabilization Fund. With a future made unpredictable due to the ongoing pandemic, these budgets make good on the promise of government, which is to protect and support the wellbeing of our people and institutions.

---

## **DEPARTMENT OVERVIEW**

DECD has a mission that contributes greatly to the wealth and prosperity of the state. DECD works statewide and with local partners, private industry, and small businesses to enhance and sustain economic prosperity in Maine. In addition to our core Offices that support and promote community development, business development, attraction and retention; International business recruitment and promotion; technology and innovation; and national and international marketing and promotional programs through the Offices of Tourism, Film and Outdoor Recreation, DECD also is responsible for the oversight of the 10-Year Statewide Strategic Economic Development Plan. The plan, with one vision, three key goals, and seven strategy areas, will drive the economic strategy of the State through 2029

During the past year, we, like many within State government, shifted our focus to the important work of pandemic management and our small staff provided much needed financial support of over \$255 million in CARES ACT funding to Maine businesses as well as resource navigation and other business assistance efforts.

Through the biennial budget process, I would like to not only advocate for DECD but emphasize the importance of all our state agency and economic development partners as we work together to restore Maine's economy. As the lead



agency in coordinating the 10-year Statewide Strategic Plan, DECD relies on both internal and external partners to ensure the plan's vision and goals can be achieved. We will not do it alone. Through collaboration and teamwork, we are able to assist business growth and provide key connections to the workings of the State. Over the years, positions and programs assigned to the department have changed significantly. In the 1980's DECD had over 80 positions. Today with 6 Offices and 36 positions the department has many responsibilities.

Thirty-three of the department's employees are located on the 3rd floor of the State Office Building, two are located with the Maine International Trade Center in Portland and one is located with the Maine Technology Institute in Brunswick. DECD is responsible for administering Maine's programs related to business growth, community development, tourism, film promotion and broadband expansion.

For DECD, the biennial budget provides baseline funding to support the goals and strategies of Maine's Economic Strategic Plan and includes an initiative relating to Maine's workforce attraction needs; an initiative to relocate the oversight of Maine's landfill sites from DECD to the Department of Administrative and Financial Services, Bureau of General Services, and an allocation reduction to reflect a program no longer in DECD.

There are no General Fund requests in our proposed budget.



**ADMINISTRATION - ECON & COMM DEV 0069**

**What the Budget purchases:**

The Commissioner's Office provides overall coordination of the Department, including financial and personnel management, administrative and policy development, coordination of legislative and media activities, program development and evaluation; departmental strategic planning, and coordinated management of statewide initiatives relating to workforce development, business attraction and retention and business tax incentive programs. The Commissioner's Office coordinates the programs and services of the department with those programs and services of other state agencies and economic development organizations to create efficiencies and promote Maine as a place to live, work and visit.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - GENERAL FUND</b>				
Positions - LEGISLATIVE COUNT	5,000	5,000	5,000	5,000
Personal Services	662,505	672,201	725,577	734,753
All Other	1,006,048	1,006,048	1,006,048	1,006,048
<b>Total</b>	<b>1,668,553</b>	<b>1,678,249</b>	<b>1,731,625</b>	<b>1,740,801</b>

**Program Summary - OTHER SPECIAL REVENUE FUNDS**

All Other	4,030,000	30,000	30,000	30,000
<b>Total</b>	<b>4,030,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>

		<b>2021-22</b>	<b>2022-23</b>
<b>Initiative:</b>	Reduces funding for the Maine Workforce Opportunities Marketing Fund pilot project to reflect the statutory repeal of the program on March 31, 2021 and appropriates the funding to the Administration Account within the Department of Economic and Community Development for workforce assistance efforts.		

**GENERAL FUND**

All Other	50,000	50,000
<b>Total</b>	<b>50,000</b>	<b>50,000</b>

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Revised Program Summary - GENERAL FUND</b>				
Positions - LEGISLATIVE COUNT	5,000	5,000	5,000	5,000
Personal Services	662,505	672,201	725,577	734,753
All Other	1,006,048	1,006,048	1,056,048	1,056,048
<b>Total</b>	<b>1,668,553</b>	<b>1,678,249</b>	<b>1,781,625</b>	<b>1,790,801</b>

**Revised Program Summary - OTHER SPECIAL REVENUE FUNDS**

All Other	4,030,000	30,000	30,000	30,000
<b>Total</b>	<b>4,030,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>

## **ADMINISTRATION – ECONOMIC AND COMMUNITY DEVELOPMENT**

The **request** for the Administration account may be found on **page A-138**. The Administration Account supports the Commissioner's Office which provides overall management of the department, including personnel, financial and contractual obligations; directs the implementation of the 10-year Statewide Strategic Plan; coordinates the legislative and media activities; develops and maintains the department-wide budget; and represents the administration on various boards, commissions and task forces. The program includes a General Fund appropriation and an allocation for Other Special Revenue Funds.

The **initiative** continues funding for workforce assistance programming by reallocating \$50,000 in each year of the biennium from the Maine Workforce Opportunities Marketing Pilot Program to the Administration account. The pilot project was launched in 2016 and funding through a competitive process was awarded to Live and Work in Maine. The statutory repeal of the pilot program is March 31, 2021. Prior to 2016 there was no dedicated funding for workforce attraction. In the past five years, with additional resources, we feel that we have made progress in branding Maine as a great place to visit, live and work. These funds will continue the current efforts and will again be awarded through the competitive RFP process. Workforce attraction is a key element of the 10-Year Statewide Strategic Plan, built on two key pillars of nurturing talent and promoting innovation. We must continue to attract new workers into the Maine workforce and this small amount of funding is a critical element of this work.

## **APPLIED TECHNOLOGY DEVELOPMENT CENTER SYSTEM**

The **baseline budget** for the Applied Technology Development Center System may be found on **page A-139**. This program receives a general fund appropriation and provides funding on a competitive basis, pursuant to statute, to the state-wide Technology Centers. There are three remaining technology centers



**APPLIED TECHNOLOGY DEVELOPMENT CENTER SYSTEM 0929**

**What the Budget purchases:**

The Applied Technology Development Center System encourages early stage development of technology-based businesses through business counseling, shared services and minimizing overhead costs for new technology-based companies. Grant funding is provided through a competitive process.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - GENERAL FUND</b>				
All Other	178,838	178,838	178,838	178,838
Total	178,838	178,838	178,838	178,838

Initiative: NONE

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Revised Program Summary - GENERAL FUND</b>				
All Other	178,838	178,838	178,838	178,838
Total	178,838	178,838	178,838	178,838

**BUSINESS DEVELOPMENT 0585**

**What the Budget purchases:**

The Office of Business Development provides direct assistance to existing businesses and businesses seeking to relocate or expand in Maine. Through the Business Answers Program, this office responds to the needs of any business with a question or issue regarding state government. Working directly with other state agencies, this office is able to facilitate quick resolution of permitting and licensing issues and is able to connect businesses with the correct assistance needed. Administration of the Pine Tree Development Zone, E-Tif, J-Tif, film tax and municipal tax incentive finance programs are also coordinated through this office.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - GENERAL FUND</b>				
Positions - LEGISLATIVE COUNT	8,000	8,000	8,000	8,000
Personal Services	856,986	867,559	905,434	929,161
All Other	669,604	669,604	669,604	669,604
Total	1,526,590	1,537,163	1,575,038	1,598,765

Initiative: NONE

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Revised Program Summary - GENERAL FUND</b>				
Positions - LEGISLATIVE COUNT	8,000	8,000	8,000	8,000
Personal Services	856,986	867,559	905,434	929,161
All Other	669,604	669,604	669,604	669,604
Total	1,526,590	1,537,163	1,575,038	1,598,765

in the State (Maine Center for Entrepreneurial Development, Maine Aquaculture Innovation Center and Target Technology Incubator) whose purposes are to support early-stage development of technology-based businesses. Since FY13, these three centers have joined forces to form one entity that applies for and receives the funding of \$178,838 annually. **There are no new initiatives for this program.**

### **BUSINESS DEVELOPMENT**

The **baseline budget** for the Office of Business Development may also be found on **page A-139**. This program receives a General Fund appropriation that supports 8 positions (two of which are vacant due to the supplemental curtailment) and All Other funds that help provide direct assistance to existing businesses and businesses seeking to relocate or expand in Maine. This office provides an invaluable resource to Maine's business community by providing expertise on available business assistance programs, tax incentives and financing options. Working directly with other state agencies, this office can facilitate resolution of challenging issues and is able to connect businesses with the correct assistance needed. The Office of Business Development manages the Business Answers program, which supports resource navigation and baseline information on State required licensing and permitting. The service provides a searchable database of permitting information as well as email and phone support. In 2020, the service was upgraded to include a live, searchable database of over 400 resources available via the Maine Resource Compass. A system powered by the Startup Space platform, available in desktop or app versions. We have also made the Business Answers page translatable into multiple languages. Since February 2020, 4,535 users have accessed the online Business Answers option to search for licensing and permitting information and nearly 7,000 users have accessed the resource tool.

**There are no new initiatives for this program.**

**COMMUNITIES FOR MAINE'S FUTURE FUND Z108**

**What the Budget purchases:**

When funds are available this program exists to assist and encourage communities to revitalize and to promote community development and enhancement projects.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - OTHER SPECIAL REVENUE FUNDS</b>				
All Other	500	500	500	500
Total	500	500	500	500

Initiative: NONE

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Revised Program Summary - OTHER SPECIAL REVENUE FUNDS</b>				
All Other	500	500	500	500
Total	500	500	500	500

## **COMMUNITIES FOR MAINE'S FUTURE FUND**

The **baseline budget** for the Communities For Maine's Future Fund may be found on **page A-140**. The Other Special Revenue account was established to provide bond funding for the program and includes a place holder allocation amount of \$500 in both FY22 and FY23. **There are no new initiatives for this program.**

## **COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

The **request** for the Community Development Block Grant Program may be found on **pages A-141 and A-142**. The Federal Funds for this program originate at the Federal Department of Housing and Urban Development or HUD which requires a 2% match from the State's General Fund. HUD distributes funds to each State based on a statutory formula which takes into account population, poverty, incidence of overcrowded housing, and age of housing. The annual federal allocation of approximately \$11.5 million is awarded to over 40 communities for a variety of eligible projects, including economic development, public infrastructure, housing, micro-enterprise assistance, downtown revitalization, public service and workforce development. The Federal Expenditure funds in this account include an allocation placeholder for the Brownfields Revolving Loan Fund and reflects anticipated revenues from the U.S. Environmental Protection Agency. The work of this program is conducted by DEP with financial administration conducted by DECD. The Other Special Revenue funds includes an allocation for the CDBG Federal revolving loan fund that is declining and no longer funded as well as two programs which are unrelated to CDBG and were transferred to DECD from the former State Planning Office. The first program is the Waste Management and Recycling Program which provides oversight of the State-Owned Landfill sites at Carpenter Ridge, Juniper Ridge and

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM 0587**

**What the Budget purchases:**

The Office of Community Development program provides federal funds as grants to municipalities to implement programs to improve economic, social, infrastructure, planning and housing conditions primarily for the benefit of low and moderate-income persons, as well as program administration. State funds provide the required match for federal grant funds that are used for the administration of the Community Development Block Grant Program. This Office also supports the State Landfill Oversight Program, Maine Made Marketing Program and Brownfields Revolving Loan Fund.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - GENERAL FUND</b>				
Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	207,060	208,404	224,755	226,918
All Other	88,262	88,262	88,262	88,262
Total	295,322	296,666	313,017	315,180
<b>Program Summary - FEDERAL EXPENDITURES FUND</b>				
All Other	1,500,000	1,500,000	1,500,000	1,500,000
Total	1,500,000	1,500,000	1,500,000	1,500,000
<b>Program Summary - OTHER SPECIAL REVENUE FUNDS</b>				
Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000
Personal Services	95,095	94,840	109,044	114,544
All Other	700,550	700,550	700,550	700,550
Total	795,645	795,390	809,594	815,094
<b>Program Summary - FEDERAL BLOCK GRANT FUND</b>				
Positions - LEGISLATIVE COUNT	5,000	5,000	5,000	5,000
Personal Services	429,751	436,169	445,726	450,910
All Other	21,260,658	21,260,658	21,260,658	21,260,658
Total	21,690,409	21,696,827	21,706,384	21,711,568

**2021-22                      2022-23**

**Initiative:** Transfers one Public Service Coordinator I position and related All Other from the Community Development Block Grant program, Other Special Revenue Funds within the Department of Economic and Community Development to the Solid Waste Management Fund program, Other Special Revenue Funds within the Department of Administrative and Financial Services.

**OTHER SPECIAL REVENUE FUNDS**

Positions - LEGISLATIVE COUNT	-1,000	-1,000
Personal Services	(109,044)	(114,544)
All Other	(78,031)	(78,031)
Total	(187,075)	(192,575)

**2021-22                      2022-23**

**Initiative:** Reduces funding for the Maine Code Enforcement Training and Certification program which no longer exists in the Department of Economic and Community Development.

**OTHER SPECIAL REVENUE FUNDS**

All Other	(6,508)	(6,508)
Total	(6,508)	(6,508)

Dolby which requires an allocation for one position and administrative expenses. The second program relates to the Code Enforcement Officer Training and Certification Program which was transferred to the Department of Public Safety in 2019. **There are two initiatives for this program.**

The **first initiative** relates to the Waste Management and Recycling Program which provides oversight of the State-Owned Landfill sites. The initiative transfers one Public Service Coordinator I position and related all other expenses totaling \$187,075 in FY22 and \$192,575 in FY23 from DECD to the Solid Waste Management Fund program, other special revenue funds within the Department of Administrative and Financial Services.

The program currently operates through a Memorandum of Understanding with the Department of Administrative and Financial Services; Bureau of General Services, who own the landfill sites, and the Department of Environmental Protection, who regulate the sites. Both DAFS and DECD agree that this program would be better housed within DAFS. Funding for this program is derived from a portion of the revenues received at Maine Revenue Services from tire and battery recycling fees and at DEP from environmental abatement fees. The corresponding initiative for the Department of Administrative and Financial Services, Solid Waste Management Fund can be found on Page A-33.

The **second initiative** relates to an unused account in DECD that previously funded the administration of the Maine Code Enforcement Training and Certification Program. The initiative reduces the allocation by \$6,508 in FY22 and \$6,508 in FY23 as funding is no longer needed now that the program resides in the Department of Public Safety. Reducing the allocation will allow this account to be closed.

**What the Budget purchases:**

The Maine International Trade Center (MITC) is a public-private partnership, funded through the Department, membership dues of approximately 300 business members, as well as corporate sponsor contributions. MITC focuses on the expansion of the Maine economy and job creation through increased exports, trade, foreign direct investment and international student attraction. The Trade Center works with all markets, and provides a monthly series of trade education seminars for Maine's growing businesses - attracting over 500 participants throughout the year. MITC coordinates overseas activities including industry specific trade shows and trade missions, as well as foreign direct investment and international student attraction events. Its operations include the Maine North Atlantic Development Office (MENADO), Invest in Maine, StudyMaine and the Canada Desk. The budget includes funding for the Center, the State Director and MENADO Director.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - GENERAL FUND</b>				
Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	269,813	269,794	296,464	297,237
All Other	898,409	898,409	898,409	898,409
Total	1,168,222	1,168,203	1,194,873	1,195,646

Initiative: NONE

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Revised Program Summary - GENERAL FUND</b>				
Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	269,813	269,794	296,464	297,237
All Other	898,409	898,409	898,409	898,409
Total	1,168,222	1,168,203	1,194,873	1,195,646

A - 142

**Economic and Community Development, Department of**

**LEADERSHIP AND ENTREPRENEURIAL DEVELOPMENT PROGRAM Z071**

**What the Budget purchases:**

The 123rd Legislature directed the Department of Economic and Community Development to design a leadership and entrepreneurial development program. A report was submitted to the joint standing committee of the Legislature having jurisdiction over business and economic development matters on March 1, 2009 with a series of recommendations that were not advanced. The account has never received funding but remains in the department.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - OTHER SPECIAL REVENUE FUNDS</b>				
All Other	500	500	500	500
Total	500	500	500	500

Initiative: NONE

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Revised Program Summary - OTHER SPECIAL REVENUE FUNDS</b>				
All Other	500	500	500	500
Total	500	500	500	500

A - 143

## **MAINE INTERNATIONAL TRADE CENTER**

The **baseline budget** for the International Commerce Fund may be found on **page A-142**. This program receives a General Fund appropriation that supports the Maine International Trade Center (MITC) in Portland. MITC is a public/private partnership, funded by a General Fund appropriation from the International Commerce Fund and contributions from its member companies. MITC provides critical services to Maine's small and medium sized businesses, including customized trade assistance that help businesses identify and take advantage of opportunities in the global marketplace. MITC's core functions are to provide accurate, relevant international trade education and counseling and to expose Maine businesses to overseas opportunities through facilitated activities. MITC also manages three specialty subprograms which include StudyMaine, Invest in Maine and MENADO which was created in 2014 to increase trade and investment between Maine and markets of the North Atlantic Region and guide Maine's policy in Arctic affairs. This account funds two full-time positions assigned to the Trade Center and provides pass-through funding for the administration of the Center. **There are no new initiatives for this program.**

## **LEADERSHIP AND ENTREPRENEURIAL DEVELOPMENT PROGRAM**

The **baseline budget** for the Leadership and Entrepreneurial Development Program may be found on **page A-143**. This program was created in 2009 but has never been funded. **There are no new initiatives for this program.**

## **MAINE COWORKING DEVELOPMENT PROGRAM**

The **baseline budget** for the Maine Co-Working Development Program may be found on **page A-143**. This Program was established in 2016 to provide funds through the RFP/Contract process to entities that increase the availability of collaborative workspace environments and support communication, information



What the Budget purchases:

Public Law 2015, chapter 362 established within the Maine Department of Economic and Community Development the Maine Co-working Development Fund to strengthen opportunities for entrepreneurship, stimulate innovation in the State by increasing the availability of collaborative workspace environments and address a regional market demand for affordable work environments that support communication, information sharing and networking opportunities.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - GENERAL FUND</b>				
All Other	100,000	100,000	100,000	100,000
Total	100,000	100,000	100,000	100,000

**Program Summary - OTHER SPECIAL REVENUE FUNDS**

All Other	500	500	500	500
Total	500	500	500	500

Initiative: NONE

A - 143

Economic and Community Development, Department of

**MAINE ECONOMIC DEVELOPMENT EVALUATION FUND Z057**

What the Budget purchases:

The Maine Economic Development Evaluation Fund was established to fund a comprehensive evaluation of all of the state's economic development investments. Public Law 2017, chapter 264 included research and development and economic development incentives as part of the evaluation. Utilizing independent, objective reviewers who may consult with the Office of Program Evaluation and Government Accountability, to access data, confidential or otherwise to assess the overall economic performance of various programs, provide recommendations and present areas for improvement. Funding for the evaluation is derived from a 0.8% assessment on agencies and/or private entities that receive General Fund appropriations or general obligation bonds in excess of \$200,000 for economic development.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - OTHER SPECIAL REVENUE FUNDS</b>				
All Other	200,000	200,000	200,000	200,000
Total	200,000	200,000	200,000	200,000

Initiative: NONE

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Revised Program Summary - OTHER SPECIAL REVENUE FUNDS</b>				
All Other	200,000	200,000	200,000	200,000
Total	200,000	200,000	200,000	200,000

**MAINE ECONOMIC GROWTH COUNCIL 0727**

What the Budget purchases:

As required by law, the Maine Economic Growth Council exists to prepare and maintain an economic plan for the state. The council develops economic indicators, analyzes the performance of indicators against established benchmarks, and reports findings and recommendations. Funds are provided to the Maine Development Foundation who, by statute, staffs and administers the program.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - GENERAL FUND</b>				
All Other	55,395	55,395	55,395	55,395
Total	55,395	55,395	55,395	55,395

Initiative: NONE

A - 144

sharing and networking opportunities. Awards provided to entities meeting the specified criteria. The program receives a general fund appropriation as well as Other Special Revenue allocation which is a place holder for private sector funding. **There are no new initiatives for this program.**

#### **MAINE ECONOMIC DEVELOPMENT EVALUATION FUND**

The **baseline budget** for the Maine Economic Development Evaluation Fund may be found on **page A-144**. This account was established to fund the biennial Comprehensive Evaluation of Investments in Economic Development report. Through this dedicated Other Special Revenue account, the department is directed to assess an amount not to exceed 0.8% those agencies and/or private entities that receive general fund appropriations or general obligations bonds in excess of \$200,000 for economic development. **There are no new initiatives for this program.**

#### **MAINE ECONOMIC GROWTH COUNCIL**

The **baseline budget** for the Maine Economic Growth Council may be found on **page A-144**. The General Fund appropriation is provided through an annual contract to the Maine Development Foundation for the support and administration of the Maine Economic Growth Council as directed by statute. The Maine Development Foundation and Maine Economic Growth Council are assisting the department with the 10-Year Economic Development Strategic Plan. **There are no new initiatives for this program.**

**MAINE SMALL BUSINESS AND ENTREPRENEURSHIP COMMISSION 0675**

**What the Budget purchases:**

The Maine Small Business and Entrepreneurship Commission approves and administers the annual contract for the Maine Small Business Development Centers program. The program promotes and supports economic development by providing comprehensive business management assistance, training, resources and information to small businesses through a network of professional, certified business counselors at centers and outreach offices around the state. An independently validated, impact driven program, the Maine Small Business Development Centers are a partnership involving the U.S. Small Business Administration, Department of Economic and Community Development, the University of Southern Maine and leading state economic development organizations.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - GENERAL FUND</b>				
All Other	683,684	683,684	683,684	683,684
<b>Total</b>	<b>683,684</b>	<b>683,684</b>	<b>683,684</b>	<b>683,684</b>
<b>Initiative: NONE</b>			<b>2021-22</b>	<b>2022-23</b>
	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Revised Program Summary - GENERAL FUND</b>				
All Other	683,684	683,684	683,684	683,684
<b>Total</b>	<b>683,684</b>	<b>683,684</b>	<b>683,684</b>	<b>683,684</b>

**MAINE STATE FILM OFFICE 0590**

**What the Budget purchases:**

The Maine State Film Office markets Maine as a production location, and supports the economic growth of the film, television and digital media industry sectors. Productions are actively recruited and supported by the office, which serves as a liaison between the industry and state agencies and provides essential support services for projects that film in Maine.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - OTHER SPECIAL REVENUE FUNDS</b>				
Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000
Personal Services	96,963	97,297	103,779	104,935
All Other	170,605	170,605	170,605	170,605
<b>Total</b>	<b>267,568</b>	<b>267,902</b>	<b>274,384</b>	<b>275,540</b>
<b>Initiative: NONE</b>			<b>2021-22</b>	<b>2022-23</b>
	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Revised Program Summary - OTHER SPECIAL REVENUE FUNDS</b>				
Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000
Personal Services	96,963	97,297	103,779	104,935
All Other	170,605	170,605	170,605	170,605
<b>Total</b>	<b>267,568</b>	<b>267,902</b>	<b>274,384</b>	<b>275,540</b>

## **MAINE SMALL BUSINESS AND ENTREPRENEURSHIP COMMISSION**

The **baseline budget** for the Maine Small Business and Entrepreneurship Commission may be found on **page A-145**. The general fund appropriation is passed through to the University of Southern Maine for the Maine Small Business Development Centers (SBDC) program. DECD staff work closely with SBDC, often referring business owners looking for assistance with business planning and financing. SBDC is a partnership involving the U.S. Small Business Administration, Department of Economic and Community Development, the University of Southern Maine and other leading state economic development organizations. Per their 2020 Annual Report, SBDC's twelve statewide certified business advisors met with 1,553 clients, they helped start 133 businesses, created and saved 600 jobs and provided access to \$26.8 million in capital. Over 9,230 hours were spend advising clients towards success. **There are no new initiatives for this program.**

## **MAINE STATE FILM OFFICE**

The **baseline budget** for the Maine State Film Office may be found on **page A-145**. The Maine State Film Office markets Maine as a production location for all forms of production, from feature films to catalog shoots, and supports the economic growth of the film, television and digital media industry sectors. Productions are actively recruited and supported by the office, which serves as the official liaison between the industry, state agencies, and production companies. The Maine Film Office is comprised of one staff member and is a division within the Office of Tourism. An eleven-member commission serves in an advisory capacity to the Film Office. The source of Other Special Revenue Funds is a transfer from the Office of Tourism fund for administration of this program. **There are no new initiatives for this program.**

**MAINE WORKFORCE OPPORTUNITIES MARKETING FUND Z178**

**What the Budget purchases:**

The Maine Workforce Opportunities Marketing Fund was established by the 126th Legislature, and directed the Department of Economic and Community Development to establish a pilot project that seeks to match qualified employees with positions at companies in the State representing industries with significant unmet demand for skilled labor by promoting incentives and other programs or initiatives operated by the State that seek to attract new employees to businesses in the state. Current funding is used to fund Workforce Attraction efforts through an annual contract with Live and Work in Maine. This program is repealed as of March 31, 2021.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - GENERAL FUND</b>				
All Other	50,000	50,000	50,000	50,000
<b>Total</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>

**Initiative:** Reduces funding for the Maine Workforce Opportunities Marketing Fund pilot project to reflect the statutory repeal of the program on March 31, 2021 and appropriates the funding to the Administration Account within the Department of Economic and Community Development for workforce assistance efforts.

**GENERAL FUND**

All Other			(50,000)	(50,000)
<b>Total</b>			<b>(50,000)</b>	<b>(50,000)</b>

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Revised Program Summary - GENERAL FUND</b>				
All Other	50,000	50,000		
<b>Total</b>	<b>50,000</b>	<b>50,000</b>	<b>0</b>	<b>0</b>

A - 146

**OFFICE OF INNOVATION 0995**

**What the Budget purchases:**

The Office of Innovation's legislative direction is to promote, evaluate and support research and development relevant to the State, including: technology transfer activities to increase the competitiveness of businesses and public institutions of higher education in the state; the development of new commercial products and the fabrication of such products through the Maine Technology Institute; and research opportunities that create sustained, inter-institutional multi-disciplinary efforts. The budget includes funding for a position at the Department of Economic and Community Development, and a position who serves as the President of the Maine Technology Institute as well as pass-through funding in support of its operations.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - GENERAL FUND</b>				
Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	271,948	272,167	304,137	305,512
All Other	6,794,260	6,794,260	6,794,260	6,794,260
<b>Total</b>	<b>7,066,208</b>	<b>7,066,427</b>	<b>7,098,397</b>	<b>7,099,772</b>

**Initiative:** NONE

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Revised Program Summary - GENERAL FUND</b>				
Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	271,948	272,167	304,137	305,512
All Other	6,794,260	6,794,260	6,794,260	6,794,260
<b>Total</b>	<b>7,066,208</b>	<b>7,066,427</b>	<b>7,098,397</b>	<b>7,099,772</b>

A - 147

## **MAINE WORKFORCE OPPORTUNITIES MARKETING FUND**

The **request** for the Maine Workforce Opportunities Marketing Fund may be found on **page A-146**. As I mentioned earlier, the statutory repeal of this program is March 31, 2021. The request is to transfer the general fund appropriation in this account to the Administration Account within DECD to continue support for workforce attraction. In 2016, DECD contracted with Live and Work in Maine to develop an employer board to be marketed to in-state and out-of-state job seekers. The annual contract has been \$100,000 and DECD utilizes other general fund monies within the Commissioners Administration budget to fully fund the contract. Working closely with all Maine's workforce partners and the Department of Labor; DECD is playing a key role in connecting the business community with programs and resources to help them gain access employees. **There is one initiative for this program.**

The **initiative** reduces funding in this account to reflect the statutory repeal of the program and seeks to re-appropriate General Funds in the amount of \$50,000 in both FY22 and FY23 to the Administration Account to continue the workforce attraction efforts through the RFP process.

## **OFFICE OF INNOVATION**

The **baseline budget** for the Office of Innovation may be found on **page A-147**. This program receives a general fund appropriation that funds two positions and includes pass-through grant funds for the Maine Technology Institute or MTI for short. MTI offers early-stage capital and commercialization assistance in the form of grants, loans and equity investments, as well as entrepreneurial guidance and mentorship, to diversify and grow Maine's economy by encouraging, promoting, stimulating and supporting innovation and its transformation into new products, services and companies, leading to the creation and retention of quality jobs for Maine people. In FY20, MTI deployed \$9.6 million across 140 distinct

OFFICE OF TOURISM 0577

What the Budget purchases:

The Office of Tourism exists to create and implement integrated sales and marketing campaigns (research, advertising, public relations, promotional activities, and travel trade) to attract visitors to Maine, provide oversight of the State visitor centers through contract management, and provide technical assistance and funding to regional tourism organizations. The Office of Tourism includes funding for the Maine Film Office which is responsible for the marketing and promotion of Maine as a production location from feature films to catalog shoots and supports the economic growth of the film, television and digital media industry sectors. The Office of Outdoor Recreation brings awareness of Maine's outdoor recreation activities to Maine citizens and visitors. This office provides a single point person to coordinate awareness and the importance of outdoor recreation that will increase tourism and support statewide economic growth.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - OTHER SPECIAL REVENUE FUNDS</b>				
Positions - LEGISLATIVE COUNT	9,000	9,000	9,000	9,000
Personal Services	1,014,747	1,038,206	1,078,684	1,096,167
All Other	16,870,073	17,374,840	17,374,840	17,374,840
<b>Total</b>	<b>17,884,820</b>	<b>18,413,046</b>	<b>18,453,524</b>	<b>18,471,007</b>

2021-22                      2022-23

**Initiative:** Reduces funding to align with dedicated revenue as projected by the December 2020 Revenue Forecasting Report.

**OTHER SPECIAL REVENUE FUNDS**

All Other		(2,043,787)	30,771
<b>Total</b>		<b>(2,043,787)</b>	<b>30,771</b>

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Revised Program Summary - OTHER SPECIAL REVENUE FUNDS</b>				
Positions - LEGISLATIVE COUNT	9,000	9,000	9,000	9,000
Personal Services	1,014,747	1,038,206	1,078,684	1,096,167
All Other	16,870,073	17,374,840	15,331,053	17,405,611
<b>Total</b>	<b>17,884,820</b>	<b>18,413,046</b>	<b>16,409,737</b>	<b>18,501,778</b>

projects throughout Maine. That's up from \$9.3 million in FY19. And, perhaps more importantly, MTI's funding leveraged more than \$58 million in private sector matching investment (6:1 private/public funding ratio). This past summer, in FY21, MTI also deployed \$2.1 million in unexpended bond funds. Ten projects were funded that spanned innovations in Maine's traditional industries, from agriculture, forest products, and boatbuilding, to innovations in aquaculture and precision manufacturing. The ten awards will create and retain over 1,600 jobs across the State of Maine, from the north (Madawaska and Limestone), south (Springvale), and east (Eastport), as well as points in between (Brewer, Brunswick, Lisbon, Thomaston, Waldoboro, and Westbrook). The ten awards were matched by nearly \$32 million in private sector matching funds (14:1 private/public ratio). **There are no new initiatives for this program.**

### **OFFICE OF TOURISM**

The **request** for the Office of Tourism may be found on **page A-148**. The Office of Tourism and Outdoor Recreation exists to promote and market tourism in Maine. Its broad directive is to promote Maine as a four-season destination to both consumers and the travel trade. Annually the office develops a fully integrated, research-based marketing program which includes a mix of paid advertising, public relations, email, fulfillment, social media, consumer and travel trade shows and sales missions. Primary marketing efforts currently cover New England, New York, the Mid-Atlantic States and the Eastern Canada provinces of Ontario, Quebec and New Brunswick. As a participating member of Discover New England; a collaboration with four other New England states, Maine is also marketed to the UK, Germany and France. The Office of Tourism is funded by a dedicated special revenue account which receives a portion of the meals & lodging sales tax collected. Per statute, 10% of the annual allocation is set aside for regional marketing and special events promotion. These funds are distributed in



**RENEWABLE ENERGY RESOURCES FUND Z072**

**What the Budget purchases:**

The Efficiency Maine Trust is required to set aside 35% of its Renewable Energy Fund for the Maine Technology Institute for use to further the development of renewable energy technologies. Funding in this account is passed through to the Maine Technology Institute.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Program Summary - OTHER SPECIAL REVENUE FUNDS</b>				
All Other	88,000	88,000	88,000	88,000
Total	88,000	88,000	88,000	88,000

Initiative: NONE

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
<b>Revised Program Summary - OTHER SPECIAL REVENUE FUNDS</b>				
All Other	88,000	88,000	88,000	88,000
Total	88,000	88,000	88,000	88,000

the form of grants through 8 regional marketing organizations and other eligible organizations. The remaining allocation is devoted to the marketing program, visitor research which drives the marketing program, visitor center operations and office operations. Programming has been slightly modified in 2020 and 2021 to focus marketing efforts in states for which COVID travel restrictions have been waived. You will be receiving an invitation shortly to the Governor's Annual Tourism Conference which is being held virtually this year in late April or early May. Our annual conference attracts over 400 attendees from Maine's Tourism businesses, Chambers, Economic Development agencies and vendors. **There is one initiative for this program.**

The **initiative**, which was submitted by DAFS, adjusts the allocation in FY22 to \$16,409,737 and \$18,501,778 in FY23 to reflect revenue changes projected by the December 2020 Revenue Forecasting Report.

### **RENEWABLE ENERGY RESOURCES FUND**

The **baseline budget** request for the Renewable Energy Resources Fund may be found on **page A-148**. This program was established in 2008, when the Maine Legislature authorized the establishment of the Renewable Resources Fund in the Public Utilities Commission with the Maine Technology Institute named as a recipient of an annual distribution of 35% of the funds to support the development and commercialization of renewable energy technologies. An amount is transferred from the Public Utilities Commission to DECD annually and provided to Maine Technology Institute in the form of a grant. The budget is prepared with an estimate of the anticipated transfer. The actual transfer as of July 1, 2020 was \$24,541.35. **There are no new initiatives for this program.**

## PART 000

Sec. 000-1. 5 MRSA §15301 sub-§2, as established by PL1999, c. 401, Pt. AAA, §3 is amended to read:

### §15301. Definitions

2. Targeted technologies. "Targeted technologies" means healthcare and public health, biotechnology, aquaculture and marine technology, composite materials technology, environmental technology, advanced technologies for forestry and agriculture, computing, artificial intelligence, information technology and precision manufacturing technology. These targeted technologies may be amended only by the Legislature.

## PART 000 SUMMARY

This Part includes healthcare and public health, computing, and artificial intelligence under the definition of targeted technologies for the purpose of research and development.

---

## **LANGUAGE**

**Part 000** of the Language Section may be found on **Page 49** and includes healthcare and public health, computing, and artificial intelligence under the definition of targeted technologies for the purpose of research and development programming at the Maine Technology Institute.

**This concludes my testimony for the Department of Economic and Community Development.**