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ECONOMIC & COMMUNITY
DEVELOPMENT

(Small) Business Ombudsman Program

Report to Commissioner Johnson, Governor Mills and the Legislature for 2024

Prepared by Jake Daniele, Small Business Development Manager, Office of Business Development

Summary of Statutory Charge of Small Business Ombudsman Program: “The program is established to: resolve problems encountered by businesses dealing with other state agencies; facilitate responsiveness of State Government to small business needs; report to the commissioner and the Legislature on breakdowns in the economic delivery system, including problems encountered by businesses dealing with state agencies; assist businesses by referring businesses and persons to resources that provide the business services or assistance requested; provide comprehensive permit information and assistance; and serve as a central clearinghouse of information with respect to business assistance programs and services available in the State.”

Statutorily, the ombudsman shall report to the Governor and the joint standing committee of the Legislature having jurisdiction over economic development matters about the program with any recommendations for changes in the statutes to improve the program and its delivery of services to businesses on an annual basis.

Overall recommendations: We do not have any specific **statutory** changes to recommend for this legislative session, as the DECD team, in partnership with the other appropriate State agencies, are still working to implement many of the elements of the ombudsman program that are outlined in statute, which are further supported by the Actions recommended in the [10-Year Economic Development Strategy](#) within Strategy Area F: Maintain Stable and Predictable Business Rules. As part of this work over the coming years, DECD and other partner agencies may come to the legislature with recommended statutory changes to better meet the needs of Maine’s small businesses.

2024 Year in Review:

Many businesses all around Maine (but particularly in Central and Western Maine) started the year focused on recovery after the “Grinch Storm” from December of 2023. The loss of inventory right before the holidays was especially hard. January of 2024 brought two more back to back storms that hit the coast and devastated communities and businesses alike. This exposed the lack of resources initially available to businesses in the immediate aftermath of a disaster. Businesses made do while they waited for FEMA and the SBA to arrive in the state. The windstorms and flooding events from January 9-13th did not yield a disaster declaration until March 20th. It took over two months for support to arrive, meanwhile businesses needed to repair and prep for the all-important summer season.

The Maine legislature took action in April and passed a series of supports including the Business Recovery and Resilience Fund (as well as the Working Waterfront Resiliency Grant Program). The Business Recovery and

Resilience Fund was open for applications in May with due date in June. Because of how the bill passed the legislature, the money from this effort became available in August and initial payments went out soon after.

Despite the best of intentions there is a feeling in the commercial community that Government moves slower than businesses. Many businesses commented that they were not eligible for FEMA and felt the SBA loans were promised at much lower rates than they turned out to be. Some of this is confusion but it underlines that messaging in tough times and getting the correct facts out is critical. Those who received funds were appreciative with many commenting that it was a “game changer.” The resilience component was well received and ensured that these businesses will be in a better position for future storms.

The applications to the Business Recovery and Resilience Fund showed that additional education is a worthy investment to ensure that all businesses understand what resilience means. Some Business Recovery and Resilience Applications answered that their resilience plan was to “try hard,” or said things like they “would work more to ensure success.” Part of this is a lack of familiarity with grants with many applicants confiding that they had never applied for a grant before. An emphasis on long-term strategic planning could benefit these businesses. This goes beyond just planning for a changing climate. In business, resilience planning might involve not being reliant on one supplier, having systems in place for different scenarios and just finding ways to mitigate risks (such as a generator if your product needs to be stored cold, etc).

While disasters continued with another declaration in April, there were other items of note going into the summer season. Staffing has been a persistent problem in recent years. While not solved, staffing for the summer season was better than it had been. Maine Tourism Association is quoted saying they are “not hearing the desperation that we heard (previously).”¹ The Office of Business Development heard similar sentiment but make no mistake, it is still something businesses are dealing with. Many businesses have openings at the lower wage end of the spectrum, but businesses are adapting with creative solutions. New Mainers are helping to fill some gaps and one company in the Auburn area is assisting by offering a bus service to work. The business recognized that this subset of workers might not have a driver’s license.

Another feeling that became quantified was that interest in business has been on the rise in recent years. “Maine saw just over 14,000 business applications last year, about an 8 percent increase from the year before, and the highest on record going back to 2005.”² The Office of Business Development assists businesses with questions regarding starting a business and licensing and often refers entrepreneurs to the Secretary of State’s Office. This close working relationship and feedback from businesses implied that the Secretary of State’s Office was seeing their volume increasing. In 2013, there were 79,221 entities that were due to file corporate annual reports. In 2024, there are 144,254 entities that are due to file corporate annual reports. The work by the Secretary of State’s Office is done with essentially the same staff. The Office of Business Development helped with getting the word out about a backlog. At one point, the Secretary of State’s Office had a two-month delay in processing new business applications (in May they were working through March paperwork). The Secretary of State’s Office worked hard to rectify this delay and should be commended for their resolve. The takeaway from this example is that interest in business continues to grow in Maine, even though it might not be growing at the same pace it was during the pandemic.

¹ <https://www.pressherald.com/2024/05/27/maines-seasonal-businesses-say-summer-hiring-looks-sunnier-this-year/>

² <https://www.bangordailynews.com/2024/07/18/business/maine-new-business-applications-new-high-in-2023/>