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An Act To Promote Sustainable Prosperity

Preamble. Two thirds of both Houses of the Legislature deeming it necessary in accordance with the Constitution of Maine, Article IX, Section 14 to authorize the issuance of bonds on behalf of the State of Maine to provide funds as described in this Act,

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

PART A

Sec. A-1. Commission created. The Maine Government Efficiency Commission, referred to in this Part as “the commission,” is created to identify government expenditures that can be eliminated or reduced by consolidating governmental entities, increasing efficiency in the provision of services and eliminating duplication.

Sec. A-2. Membership. The commission consists of 7 members, appointed as follows:

1. One member of the general public, appointed by the President of the Senate;
2. One member of the general public appointed by the Speaker of the House of Representatives;
3. One member of the general public appointed by the minority leader of the Senate;
4. One member of the general public appointed by the minority leader of the House of Representatives; and
5. Three members of the general public appointed by the Governor.

The appointing authorities shall make all reasonable efforts to select members who are generally considered experts in the fields of business, finance or government operations and who are supported by the other appointing authorities, the general public and other interested parties who are not appointing authorities.

Sec. A-3. Chairs. At its first meeting, the commission shall select a chair from among its members.

Sec. A-4. Appointments; convening of commission. All appointments must be made no later than 30 days following the effective date of this Part.

Sec. A-5. Duties. The commission shall:

1. Analyze state and national reports, including background papers prepared for the Brookings Institution, that identify areas of state and local spending in which Maine costs are high relative to other comparable states; and

2. Identify areas of spending in state and local government, especially spending on administration, that could be reduced by consolidation, elimination of duplication, increases in efficiency or by other means, excluding reduction in services or programs.

Sec. A-6. Staffing. The commission may enter into a contract with a private organization or consultant to provide administrative and research assistance in carrying out the duties of the commission if outside funds to support such staff are received pursuant to section 10. The Office of Program Evaluation and Government Accountability, the Department of Administrative and Financial Services, the Department of Education and the policy institutes of the University of Maine System shall provide such assistance as is requested by the commission, to the extent possible within available resources.

Sec. A-7. Compensation. The members of the commission are entitled to receive reimbursement of necessary expenses for their attendance at authorized meetings of the commission.

Sec. A-8. Interim report. No later than February 1, 2008, the commission shall submit an interim report that includes its interim findings and recommendations, including any suggested legislation, for presentation to the Second Regular Session of the 123rd Legislature. The commission is authorized to introduce legislation related to its report to the Second Regular Session of the 123rd Legislature at the time of submission of its report.

Sec. A-9. Report; implementing legislation. No later than November 5, 2008, the commission shall submit a final report that includes its findings and recommendations, including suggested legislation and an estimate of the reduction in spending that would result from adoption of the recommendations, for presentation to the First Regular Session of the 124th Legislature. The commission is authorized to introduce legislation related to its report to the First Regular Session of the 124th Legislature at the time of submission of its report. The Legislature intends that the legislation submitted by the commission become law in substantially the same form as it is submitted.

Sec. A-10. Funding sources. The commission shall seek outside funds to fully fund all costs of the commission. Contributions to support the work of the commission may not be accepted from any party having pecuniary or other vested interest in the outcome of the matters being studied. Any person, other than a state agency, desiring to make a financial or in-kind contribution must certify to the commission that it has no pecuniary or other vested interest in the outcome of the study. Such a certification must be made in the manner prescribed by the commission. All contributions are subject to approval by the commission. All funds accepted must be forwarded to the commission along with an accounting record that includes the amount of funds, the date the funds were received, from whom the funds were received and the purpose of and any limitation on the use of those funds.

PART B

Sec. B-1. 5 MRSA §1522 is enacted to read:

§ 1522. Government Efficiency Fund

1. Government Efficiency Fund established. The Government Efficiency Fund, referred to in this section as "the fund," is established as an Other Special Revenue Funds account to be used to promote research and development, capital and infrastructure development, tax relief and the efficient delivery of local and regional services.

2. Transfers to the fund. Notwithstanding any other provision of law, the State Controller shall transfer to the fund, without deductions, that portion of undedicated General Fund revenues that is certified by the Office of Program Evaluation and Government Accountability to be directly attributable to savings resulting from reductions in spending in state and local government recommended by a statewide government efficiency commission.

3. Investment earnings on funds deposited in the fund. Funds transferred to the fund must be invested by the Treasurer of State in accordance with applicable provisions of law and all earnings on these funds must be credited to the fund.

PART C

Sec. C-1. Authorization of bonds. The Treasurer of State is authorized, under the direction of the Governor, to issue bonds in the name and on behalf of the State in an amount not exceeding \$180,000,000 for the purposes described in section 6 of this Part. The bonds are a pledge of the full faith and credit of the State. No more than \$60,000,000 may be issued in the first year, and no more than \$60,000,000 may be issued in each of the 2 subsequent years except that any unused balance may be added to the specified amount in subsequent years. Bonds may be issued only after the State Controller certifies that the Government Efficiency Fund established under the Maine Revised Statutes, Title 5, section 1522 contains sufficient funds to support the annual financing of the bonds. The bonds may not run for a period longer than 10 years from the date of the original issue of the bonds. At the discretion of the Treasurer of State, with the approval of the Governor, any issuance of bonds may contain a call feature.

Sec. C-2. Records of bonds issued kept by Treasurer of State. The Treasurer of State shall keep an account of each bond showing the number of the bond, the name of the successful bidder to whom sold, the amount received for the bond, the date of sale and the date when payable.

Sec. C-3. Sale; how negotiated; proceeds appropriated. The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no bond may be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the bonds, which must be held by the Treasurer of State and paid by the Treasurer of State upon warrants drawn by the State Controller, are appropriated solely for the purposes set forth in this Part. Any unencumbered balances remaining at the completion of the project in this Part lapse to the debt service account established for the retirement of these bonds.

Sec. C-4. Interest and debt retirement. The Treasurer of State shall pay interest due or accruing on any bonds issued under this Part and all sums coming due for payment of bonds at maturity.

Sec. C-5. Disbursement of bond proceeds. The proceeds of the bonds must be expended as set out in this Part under the direction and supervision of the Department of Economic and Community Development.

Sec. C-6. Allocations from General Fund bond issue. The proceeds of the sale of the bonds authorized under this Part must be expended as designated in the following schedule.

**Department of Economic and
Community Development**

Office of Innovation

\$180,000,000

Provides funds to create the Innovation Jobs Fund within the Maine Technology Institute, to provide competitive grants in the 7 targeted technologies designated under the Maine Revised Statutes, Title 5, section 15301, subsection 2 to support development of research, development and commercialization infrastructure with the goal of stimulating economic development, in anticipation of \$180,000,000 in federal and private funding. Eligible institutions include the University of Maine System and the State's private, nonprofit research institutions, Maine-based technology companies, and state governmental and quasi-governmental agencies that are engaged in research and technology development and commercialization.

Sec. C-7. Contingent upon ratification of bond issue. Sections 1 to 6 do not become effective unless the people of the State ratify the issuance of the bonds as set forth in this Part.

Sec. C-8. Appropriation balances at year-end. At the end of each fiscal year, all unencumbered appropriation balances representing state money carry forward. Bond proceeds that have not been expended within 10 years after the date of the sale of the bonds lapse to General Fund debt service.

Sec. C-9. Bonds authorized but not issued. Any bonds authorized but not issued, or for which bond anticipation notes are not issued within 5 years of ratification of this Part, are deauthorized and may not be issued, except that the Legislature may, within 2 years after the expiration of that 5-year period, extend the period for issuing any remaining unissued bonds or bond anticipation notes for an additional amount of time not to exceed 5 years.

Sec. C-10. Referendum for ratification; submission at election; form of question; effective date. This Part must be submitted to the legal voters of the State at a statewide election held in the month of November following the passage of this Act. The municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Part by voting on the following question:

"Do you favor a \$180,000,000 bond issue to stimulate economic growth and job and wealth creation through investments in research and development and commercialization, in anticipation of \$180,000,000 in federal and private funding as long as no portion of the bond is issued unless the State Controller certifies that sufficient savings have been identified to cover the costs of that portion of the bond?"

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within a corresponding square below the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns. If a majority of the legal votes are cast in favor of this Part, the Governor shall proclaim the result without delay and this Part becomes effective 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Part necessary to carry out the purposes of this referendum.

PART D

Sec. D-1. 5 MRSA §13109-A is enacted to read:

§ 13109-A. Maine Cluster Development Fund

1. Fund established. The Maine Cluster Development Fund, referred to in this section as "the fund," is established as a nonlapsing Other Special Revenue Funds account administered by the office for the purposes of providing cluster development grants to be used for competitive grants to industry-led coalitions in the targeted technology sectors that build a multidimensional approach to job and wealth creation by simultaneously addressing workforce development, research and development, market development and capital and infrastructure development.

2. Fund sources. The fund receives money transferred by the State Controller from the Government Efficiency Fund pursuant to section 1522.

3. Guidelines. The commissioner or the Director of the Office of Innovation shall establish guidelines for the awarding of grants under this section.

Sec. D-2. 5 MRSA §13109-B is enacted to read:

§ 13109-B. Innovation Jobs Fund

1. Fund established. The Innovation Jobs Fund, referred to in this section as "the fund," is established as a nonlapsing Other Special Revenue Funds account administered by the office for the purposes of providing competitive grants in the targeted technologies designated under section 15301, subsection 2 to support development of research, development and commercialization infrastructure with the goal of stimulating economic development.

2. Fund sources. The fund receives money transferred by the State Controller from the Government Efficiency Fund pursuant to section 1522.

3. Eligibility; guidelines. The commissioner or the Director of the Office of Innovation shall establish guidelines for the awarding of grants under this section. Institutions that are eligible for grants under this section include:

A. The University of Maine System;

B. The State's private, nonprofit research institutions;

C. Maine-based technology companies; and

D. State governmental and quasi-governmental agencies that are engaged in research and technology development and commercialization.

Sec. D-3. Transfer of funds; Maine Cluster Development Fund. If sufficient funds exist in the Government Efficiency Fund established by the Maine Revised Statutes, Title 5, section 1522, the State Controller shall transfer \$10,000,000 no later than June 30, 2008 and \$10,000,000 no later than June 30, 2009 from the Government Efficiency Fund to the Maine Cluster Development Fund established by Title 5, section 13109-A.

Sec. D-4. Transfer of funds; Innovation Jobs Fund. If sufficient funds exist in the Government Efficiency Fund established by the Maine Revised Statutes, Title 5, section 1522, and only after transfers are made pursuant to section 3, the State Controller shall transfer funds sufficient to provide annual financing for bonds authorized pursuant to this Act to administer the Innovation Jobs Fund established by Title 5, section 13109-B no later than June 30, 2008 and no later than June 30, 2009 from the Government Efficiency Fund to the Innovation Jobs Fund.

Sec. D-5. Transfer of funds; Fund for the Efficient Delivery of Local and Regional Services. If sufficient funds exist in the Government Efficiency Fund established by the Maine Revised Statutes, Title 5, section 1522, and only after transfers are made pursuant to sections 3 and 4, the State Controller shall transfer \$2,652,333 no later than June 30, 2008 and \$2,744,682 no later than June 30, 2009 from the Government Efficiency Fund to the Fund for the Efficient Delivery of Local and Regional Services established by Title 30-A, chapter 231.

Sec. D-6. Income tax burden reduction. When sufficient funds are available in the Government Efficiency Fund, established under the Maine Revised Statutes, Title 5, section 1522, and after any allocations are made subject to section 5, the State Tax Assessor shall submit legislation to

reduce the highest tax rate applicable to income from 8.5% to 8.0% and to increase by 20% the threshold for applying that rate. The new rate and threshold are applicable to income tax years beginning on or after the effective date of the legislation that implements the change.

PART E

Sec. E-1. 5 MRSA §3305, sub-§1, ¶N, as amended by PL 1997, c. 393, Pt. B, §4, is further amended to read:

N. Coordinate the development of solid waste management policy including:

(1) Collecting and analyzing solid waste management and recycling data from all available sources including commercial and municipal entities;

(2) Preparing a solid waste management and recycling plan to be submitted to the Governor and the Legislature by January 1, 1998 and every 5 years thereafter; and

(3) Providing technical and financial assistance to municipalities in waste reduction and recycling activities; and

Sec. E-2. 5 MRSA §3305, sub-§1, ¶O, as enacted by PL 1995, c. 625, Pt. A, §10, is amended to read:

O. Own, design, develop or operate, or contract with private parties to operate, a solid waste disposal facility, as provided in Title 38, chapter 24, subchapter ~~IV-4~~; and

Sec. E-3. 5 MRSA §3305, sub-§1, ¶P is enacted to read:

P. Provide for a program of grants to municipalities to build capacity for implementing any applicable statewide building code.

Sec. E-4. 5 MRSA §3307-G is enacted to read:

§ 3307-G. Maine Community Enhancement Fund

1. Fund established. The Maine Community Enhancement Fund, referred to in this section as "the fund," is established as a nonlapsing Other Special Revenue Funds account administered by the office for the purposes of providing resources to towns and municipalities for community planning and facilitating and implementing comprehensive plans. Funds in the fund are not available for use as general revenue of the State. Interest earned on the fund must be credited to the fund.

2. Fund sources. The fund receives money transferred by the Treasurer of State from the surcharge on deeds established in Title 33, section 753.

3. Guidelines. The director shall establish guidelines for the distribution of funds under this section.

Sec. E-5. 33 MRSA §753 is enacted to read:

§ 753. Community enhancement surcharge

1. Surcharge. In addition to any other fees required by law, a register of deeds may collect a surcharge of \$20 per transaction for all documents that are recorded in the registry of deeds, except those recorded by agencies of State Government and municipalities.

2. Account. The surcharge imposed in subsection 1 must be transferred on a quarterly basis to the Treasurer of State, who shall deposit it in the Maine Community Enhancement Fund under Title 5, section 3307-G. Interest earned on the account must be credited to the account.

3. Repeal. This section is repealed December 31, 2012.

Sec. E-6. Pilot project. The Executive Department, State Planning Office shall establish a pilot project for a regional planning initiative involving multiple political subdivisions of the State. The State Planning Office shall establish criteria for eligibility, priorities for grant awards, a methodology for tracking the progress of grantees and expectations for outcomes.

Sec. E-7. Appropriations and allocations. The following appropriations and allocations are made.

MAINE DEVELOPMENT FOUNDATION

Maine Downtown Center

Initiative: Allocates funds from Maine Community Enhancement Fund to the Maine Downtown Center.

OTHER SPECIAL REVENUE FUNDS	2007-08	2008-09
All Other	\$300,000	\$300,000
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OTHER SPECIAL REVENUE FUNDS TOTAL	\$300,000	\$300,000

Sec. E-8. Appropriations and allocations. The following appropriations and allocations are made.

EXECUTIVE DEPARTMENT

State Planning Office

Initiative: Allocates funds from the Maine Community Enhancement Fund to the State Planning Office, which must be used for training and technical assistance to municipalities to assist in implementing a statewide building code, once such a code is established. No more than 5% of such funds may be utilized for administration of the grant program.

OTHER SPECIAL REVENUE FUNDS	2007-08	2008-09
All Other	\$700,000	\$700,000
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OTHER SPECIAL REVENUE FUNDS TOTAL	\$700,000	\$700,000

Sec. E-9. Appropriations and allocations. The following appropriations and allocations are made.

EXECUTIVE DEPARTMENT

State Planning Office

Initiative: Allocates funds from the Maine Community Enhancement Fund to the State Planning Office for a grant to a pilot project for a regional planning initiative involving multiple political subdivisions of the State.

OTHER SPECIAL REVENUE FUNDS	2007-08	2008-09
All Other	\$1,000,000	\$1,000,000
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OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,000,000	\$1,000,000

PART F

Sec. F-1. 36 MRSA §662 is enacted to read:

§ 662. State support for municipalities hosting nontaxable property

1. Definitions. As used in this section, the following terms have the following meanings:

A. "Nontaxable property" means real property that is exempt from taxation under section 652 or 656. "Nontaxable property" includes, but is not limited to, hospitals, state facilities, county jails, regional transportation facilities and institutions of higher education.

B. "Service center community" means a municipality or a municipality within a group of municipalities identified by the Executive Department, State Planning Office pursuant to Title 30-A, section 4301, subsection 14-A.

2. Assistance. The bureau shall implement a program to reduce the burden on service center communities of property taxes lost by reason of the nontaxable status of property located within that community. To the extent that funding is available, the bureau shall reimburse a municipality for the municipal, nonschool portion of the taxes lost by reason of the nontaxable status of property.

3. Implementation. The bureau may adopt routine technical rules as defined in Title 5, chapter 375, subchapter 2-A relating to operation of the program under this section, including rules to quantify the burden on service center communities of property taxes lost by reason of the nontaxable status of property within the community to determine the process by which a municipality may request assistance under this section, and to determine how reimbursement is distributed if there are insufficient funds available to fully fund the program. The bureau shall assist municipal assessors in developing appropriate assessments of the property.

4. Funding. The program created in this section is funded by the Government Efficiency Fund created in Title 5, section 1522. Assistance under the program is limited to available funds.

SUMMARY

The purpose of this bill is to implement the recommendations of the report by the Brookings Institution entitled "Charting Maine's Future: An Action Plan for Promoting Sustainable Prosperity and Quality Places."

Part A of this bill establishes the Maine Government Efficiency Commission and directs the commission to identify government expenditures that can be eliminated or reduced by consolidating governmental entities, increasing efficiency in the provision of services and eliminating duplication.

Part B of this bill establishes the Maine Government Efficiency Fund, which consists of that portion of undedicated General Fund revenues that is certified by the Office of Program Evaluation and Government Accountability to be directly attributable to savings resulting from reductions in spending in state and local government recommended by the Maine Government Efficiency Commission.

Part C of this bill authorizes the issuance of bonds for competitive grants for collaborative research and development activities with the goal of stimulating the State's economic development.

Part D of this bill establishes the Maine Cluster Development Fund within the Office of Innovation in the Department of Economic and Community Development for the purpose of providing cluster development grants to be used for competitive grants to industry-led coalitions in the targeted technology sectors and the Innovation Jobs Fund within the Office of Innovation within the Department of Economic and Community Development. Part D also transfers funds from the Government Efficiency Fund, if sufficient funds exist and in this order of priority, to the Maine Cluster Development Fund, the Innovation Jobs Fund and the Fund for the Efficient Delivery of Local and Regional Services. Part D also requires that, when sufficient funds are available in the Government Efficiency Fund to fund the changes, the State Tax Assessor shall submit legislation to reduce the highest tax rate applicable to income from 8.5% to 8.0% and to increase by 20% the threshold for applying that rate.

Part E of this bill:

1. Establishes the Maine Community Enhancement Fund for the purposes of providing resources to towns and municipalities for community planning and facilitating and implementing comprehensive plans;

2. Authorizes, until December 31, 2012, a surcharge of \$20 per transaction for all documents that are recorded in the registry of deeds and transfers revenue from this surcharge for deposit into the Maine Community Enhancement Fund;

3. Directs the Executive Department, State Planning Office to establish a pilot project for a regional planning initiative involving multiple political subdivisions of the State;

4. Allocates funds from the Maine Community Enhancement Fund to the Maine Downtown Center, to the State Planning Office for assisting municipalities in implementing any applicable statewide building code, and to the State Planning Office for a pilot project for a regional planning initiative involving multiple political subdivisions of the State.

Part F of this bill directs the Department of Administrative and Financial Services, Bureau of Revenue Services to implement a program to reimburse service center communities for property taxes lost by reason of the nontaxable status of property of regional significance located within that community.