

RECEIVED SEP 21 2017



Etta Connors  
c/o OPEGA  
82 State House Station  
Augusta, ME 04333

September 18, 2017

Re: Pine Tree Development Zone

Dear Ms. Connors:

Arundel Machine Tool Co., Inc. <http://www.arundelmachine.com/> offers this letter in support of the Pine Tree Development Zone (PTDZ) program. We are a CNC manufacturing enterprise located in Arundel that has grown from operating in our family garage to our current 40,000 sq. ft. state of the art manufacturing facility.

Arundel Machine aggressively pursues contracts throughout North America and strives to keep our workforce trained so we can remain competitive. Since 2009, the PTDZ program has provided valuable support to my family owned business. The financial support I've realized has provided my company with funds to expand my workforce and purchase equipment. This infusion of capital has allowed my organization to grow strategically, remain cutting edge and therefore profitable.

As the President of Arundel Machine Tool Co., Inc., I would urge the state legislature to make sure the Pine Tree Development Zone program continues to provide benefits to support companies like mine. Let's apply what has been learned since the PTDZ program was initiated and ensure it continues to support organizations that are creating quality jobs for our citizens. Manufacturing is a great employment opportunity for many. Jobs in this industry provide a living wage with benefits and the opportunity to expand one's skills and therefore quality of life. Help me to continue creating opportunity through adding additional new jobs.

My family and our 85 employees appreciate the support we have enjoyed because of the Pine Tree Development Zone program. My PTDZ certification will terminate in 2018. I'm looking forward to learning about how the Legislature will help improve Maine's business climate so I can pass my family owned business onto my sons and future generations within my family.

Respectfully,

A handwritten signature in black ink, appearing to read "Marcel R. Bertrand", written in a cursive style.

Marcel R. Bertrand  
President, Arundel Machine Tool Co., Inc.



September 22, 2017

Etta Connors  
Administrative Secretary  
Office of Program Evaluation and Government Accountability (OPEGA)  
82 State House Station  
Augusta, ME 04333

**Re: Testimony in Response to OPEGA Report on Design of Pine Tree Zones**

*Submitted via email to [etta.connors@legislature.maine.gov](mailto:etta.connors@legislature.maine.gov)*

To Whom It May Concern:

athenahealth appreciates the opportunity to address OPEGA, Senator Katz, Representative Mastraccio, and the Government Oversight Committee of the 128<sup>th</sup> Legislature regarding the Pine Tree Development Zone (PTDZ) program.

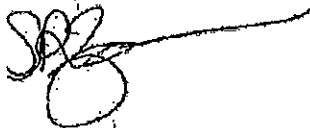
athenahealth partners with hospital and ambulatory clients to drive clinical and financial results. We offer medical record, revenue cycle, patient engagement, care coordination, and population health services. We combine insights from our network of 106,000 providers and 98 million patients with deep industry knowledge and perform administrative work at scale. As athenahealth has grown, we have expanded into new geographies that allow us to strategically work toward our vision of becoming an information backbone that helps healthcare work as it should.

In 2007, athenahealth was searching for a second operational service site to support its growth and business continuity needs. The decision of where to establish such an instrumental cog in our growth was significant—in addition to the considerable investment, we also needed to identify a location where we could expand and enrich the culture that underpinned our early success. Ten years later, our Belfast, Maine location has been woven into the athenahealth fabric, and we are proud members of the mid-coast community.

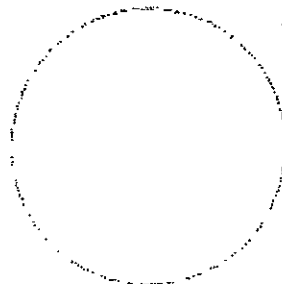
Waldo County was not, however, an intuitive choice for a company like ours. As we engaged in our search, the PTDZ program allowed us to consider a community like Belfast that would not otherwise have been on our radar. Following our initial investment, the program has supported athenahealth's continued growth in the Belfast office over the last decade. We have subsequently added offices in other states, many of which offer incentives to entice companies to consider relocation or expansion, and it is important to note the unique, mutually beneficial relationship that the PTDZ program fostered in Maine.

As you evaluate the program for prospective use, we hope that you will look to the athenahealth-Belfast partnership as a thriving example of what is possible. We gained access to a wonderful employee base that aligned with and advanced our mission, and we have been able to boost the Belfast economy by consistently adding jobs while we expanded our footprint.

Sincerely,



Stephanie Zaremba  
Director, Government Affairs  
athenahealth, Inc.





September 25, 2017

Chairman Katz and Chairwoman Mastraccio  
Members of the Government Oversight Committee  
82 State House Station  
Augusta, ME 04333

Dear Chairman Katz, Chairwoman Mastraccio and members of the Government Oversight Committee,

I am Stuart Jablon, President and COO of Backyard Farms in Madison Maine. I am testifying before you today in support of the Pine Tree Zone Development Program.

Backyard Farms started its business in 2007 in Madison, Maine. We now operate over 1.5 million square feet, or 42 acres, of greenhouse space. With our grow lights and thermal system we are able to grow year-round. To give you a sense of scale, the Pentagon is 34 acres. Our footprint is the same as 31 NFL football fields.

Over 225 full-time employees work hard and work well to produce high quality premium brand tomatoes. The average hourly wage of our full-time employees is over \$13.50/hour and they receive medical and dental insurance and a 401-K plan.

I would have brought you some samples today to show you the varieties and quality of our products but we have recently replanted the entire greenhouse and we won't be back in production until early October.

The benefits available to Backyard Farms under the Pine Tree Zone Development Program were a critical factor in selecting Maine for our location in 2006 when we built the first 24 acre greenhouse. We subsequently undertook two separate expansions using the Pine Tree Zone Development Program: we added 18 acres in 2009 and we built our Research facility in 2013. These investments would not have been made without the benefits available to us under the program.

Running a successful business in Maine is challenging at the best of times. The demographics of the state are not moving in our favor and energy costs in the state are among the highest in the nation. In light of these challenges it is more important than ever for Maine to have business incentive programs in its arsenal to attract and retain jobs in today's global marketplace.

Thank you for your consideration,

Sincerely,

Stuart Jablon, President and COO  
Backyard Farms

# **TESTIMONY OF BATH IRON WORKS CORPORATION**

## **Before the Government Oversight Committee**

**September 25, 2017**

Senator Katz, Representative Mastraccio, and Distinguished Members of the Government Oversight Committee, my name is Jon Fitzgerald and I am the Vice President General and Counsel for Bath Iron Works Corporation in Bath Maine. BIW is a participant in the Pine Tree Zone program and believes it has been an important incentive for businesses to locate in Maine or to stay here while continuing to invest in operations that provide jobs and economic activity. Maine businesses must be competitive, whether that competitor is located in Massachusetts or Mississippi.

BIW has constructed ships on the banks of the Kennebec River for over 100 years. BIW is a place where manufacturing still exists in America, a demonstration of craftsmanship spanning generations of Maine citizens and families. The skilled shipbuilders and engineers of BIW design and construct the world's most advanced surface combatants for the United States Navy, integral to the national security of the United States and its allies. BIW is supportive of anything the State of Maine can do to help produce a skilled workforce as well as provide for a competitive business environment that will support the construction of cost competitive ships at BIW and good jobs for Maine workers.

Since qualifying as a Pine Tree Zone business in October of 2013, BIW has hired more than 2000 employees and invested over \$100M in its facility.

BIW provides economic security as it currently employs over 5,800 Maine citizens, who reside in communities located in ALL of Maine's 16 counties. BIW has an annual payroll of ~\$400M and purchases

\$60M in supplies/services each year from companies in 12 Maine counties with about \$30M coming from small Maine businesses.

BIW works very hard to reduce the total cost of building ships in Bath, Maine. BIW's primary competitor in Mississippi benefits from a number of factors in any competition: ship construction work that is not subject to competition (non-DDG destroyer work); significant state assistance; and, a lower cost of doing business in the areas of taxes, energy, health care and general regulatory environment.

BIW is pursuing numerous cost reduction efforts and those efforts are an essential strategy in our effort to remain competitive. At a time when the Company is preparing bids for ships, anticipating costs years into the future, the Pine Tree Zone benefits to Bath Iron Works are a helpful tool in making investments in our people and facilities while competing for more shipbuilding work in Bath, Maine.



Etta Connors  
c/o OPEGA  
82 State House Station  
Augusta, ME 04333

September 24, 2017

Dear Ms. Connors:

My company, Cape Seafood is a seafood processing company that sells the seafood to retail locations called Luke's Lobster I operate around the world. The support I've received from the PTZ program has allowed Cape Seafood to reinvest funds into the company that have allowed us to prosper sooner.

Specifically, the PTZ program has provided us with sales tax relief as well as a reimbursement of the withholding tax we pay for qualified new positions created. These savings have softened the impact of other costs we incur in Maine like expensive power and transporting and training our workforce. As you look to improve the state's business incentives, please consider the following suggestions:

- More affordable and available power in the state of Maine. Currently, our growth is restricted from lack of power. Crazy right? We think so, there simply is not enough power in the Saco industrial park for us to utilize food grade industrial space so its sits dark.
- More training program for current and prospective employees. We find the workforce to be un-sophisticated when it comes to; work place safety, food safety, and technical training. It is becoming hard and harder to find skilled labor.
- Access to more grant monies. We have a model that works. We have leadership that drives results. Other states recognize this with constant contact for our business. We have received a lot of money from the likes NYC and Washington DC for training and development initiatives. We are currently in discussions to relocate our NYC based HQ. Three million of payroll. For personal reasons I would like to relocate to Portland, ME, for economic reasons this likely will not make sense at the moment. Retracting the PTZ program will future tilt the playing field.



84 Industrial Park Rd., Saco, ME 04072 PH 207-283-1303 FAX 207-283-1304



**Maine is a great place to grow up and operate a business. Please invest energy into making improvements to the PTZ program and not eliminate it. With your vision and leadership, Maine can become a more business-friendly state. I hope you take this opportunity to incorporate changes to the PTZ and other incentives programs that will get the attention of the business community and encourage additional development across the entire state.**

**Regards,**

A handwritten signature in black ink, appearing to be 'Luke Holden', written over a horizontal line.

**Luke Holden  
Chief Executive Officer & Founder  
Cape Seafood and Luke's Lobster**







STATE OF MAINE  
DEPARTMENT OF ECONOMIC  
AND COMMUNITY DEVELOPMENT

PAUL R. LEPAGE  
GOVERNOR

GEORGE C. GERVAIS  
COMMISSIONER

Dear Sen. Katz, Rep. Mastraccio, Distinguished Members of the Government Oversight Committee,

The Pine Tree Development Zone program is one of the more impactful tools we have had in place over the last decade and a half to attract new investment leading to the creation of quality jobs here in State of Maine.

What impact has this program had on Maine businesses and Maine's overall economy? We have provided each of you another copy of the most recent "Comprehensive Evaluation of Maine's Research & Development and Economic Development Incentive and Investment programs" report. This third party independent report is also required by statute. If you peek at pages 36-37 of the report you'll see a contrast to what is implied in the OPEGA report. The PTDZone program has had good results -- or --you could conclude that a more advantageous tax environment, even when simulated, has a positive return for Maine.

For example, per ICA's analysis, if every PTDZone certified company would not have made the investment but for the availability of the PTDZone incentive then the program is giving Maine a 122% IRR on our investment. But even if we assume that only 1 out of every 4 companies would not have moved forward, we still have a positive 10% IRR. How can we conclude anything but the program's success?

Sure, administrative improvements can always be found for any program, and we're happy to work on this with you, but any attempt that limits or eliminates this program, including allowing the PTDZone program to sunset, without first implementing meaningful tax reform, would severely damage our economy.

We already stand at a distinct disadvantage when competing for private sector investment because of tax policy and energy costs. Even with the PTDZone program we often don't make the site selector "short list" (see page 166 of ICA report).



STATE OF MAINE  
DEPARTMENT OF ECONOMIC  
AND COMMUNITY DEVELOPMENT

PAUL R. LEPAGE  
GOVERNOR

GEORGE C. GERVAIS  
COMMISSIONER

The LePage Administration has made several attempts to improve Maine's competitiveness across the board. Unfortunately, the Legislature has said no to these efforts repeatedly. The Pine Tree Development Zone program has become a vital tool to attract investment both from existing Maine companies and companies from outside of Maine – mainly because of the tax environment it simulates!

My official response to the OPEGA report is attached to this letter and is included in the OPEGA report. Thank you for your time and consideration of helping make Maine more competitive and prosperous.

Sincerely,

A handwritten signature in black ink, appearing to read 'George C. Gervais'.

George C Gervais  
Commissioner



STATE OF MAINE  
DEPARTMENT OF ECONOMIC  
AND COMMUNITY DEVELOPMENT



PAUL R. LEPAGE  
GOVERNOR

GEORGE C. GERVAIS  
COMMISSIONER

Dear Sen. Katz, Rep. Mastraccio, and Distinguished Members of the Government Oversight Committee,

On behalf of the Department of Economic and Community Development (DECD), I would like to thank you for this opportunity to respond to OPEGA's recent review of the Pine Tree Development Zone (PTDZ) program, administered by DECD.

The title of this report, could be misleading and steer one to believe a false conclusion.

Under the leadership of Governor LePage, two comprehensive tax reform packages aimed at improving Maine's competitiveness have been submitted and ultimately opposed by the Legislature. The Pine Tree Development Zone program is the state's go-to program for helping incentivize new private investment and the creation of new quality jobs here in Maine. In the absence of meaningful tax and energy reform, this program, at the very least, simulates a more competitive business retention, expansion, and attraction structure.

Private investment goes where it is welcome and stays where it is appreciated. The PTDZ program is unique because it not only helps incentivize new businesses to relocate to Maine, it also helps the growth and expansion of existing Maine businesses.

DECD's administration of the PTDZ program continues to evolve from when it first began back in 2003. Employment Tax Increment Financing (ETIF) is widely considered to be the most impactful incentive within the PTDZ program. ETIF is jointly administered by Maine Revenue Services (MRS) and DECD.

This report touched on the issue of better communication between state agencies to administer various aspects of PTDZ more efficiently. DECD appreciates that feedback and steps to improve communication and administration between various agencies is taking place.

There are currently more than 200 certified PTDZ businesses across Maine. While this report focuses primarily on program design and data in regards to administration and evaluation of



STATE OF MAINE  
DEPARTMENT OF ECONOMIC  
AND COMMUNITY DEVELOPMENT



PAUL R. LEPAGE  
GOVERNOR

GEORGE C. GERVAIS  
COMMISSIONER

the program, it does not look specifically at the impact this program has had on individual businesses in terms of incentivizing and facilitating new private investment and the creation of new quality jobs for Maine people.

From our perspective, that is the true measure of whether this program is successful. If any legislator would like a list of PTDZ businesses in their districts, we would gladly supply that information. I would encourage you to look past the process, and bureaucratic minutia, and ask these businesses how a more competitive tax structure has helped them invest and grow here in Maine.

On a biennial basis, per statute, DECD submits a PTDZ report to the Labor, Commerce, Research & Economic Development (LCRED) Committee. The Program is also included in the statutorily mandated comprehensive evaluation of economic development programs presented to the Legislature every two years.

The PTDZ program is considered Maine's major business attraction tool. As a performance-based program, benefits aren't realized unless the business invests new private capital and creates new jobs.

This program is one step in the economic development continuum and one step along the path of making Maine more competitive.

I look forward to working with the Legislature as they consider further action to improve Maine's competitiveness and ensure that our state remains open for business.

Sincerely,

A handwritten signature in black ink, appearing to be 'G. Gervais', written over a white background.

George C. Gervais  
Commissioner

<b>Company Display Name</b>	<b>County</b>
Corning Incorporated	York
Beacon Analytical Systems, Inc.	York
Pratt & Whitney-United Technologies Corporation	York
Moose River Lumber Co, Inc	Somerset
Mid-State Machine Products, Inc.	Kennebec
J.S. McCarthy Co., Inc.	Kennebec
Rubb Inc.	York
Woodland Pulp, LLC	Washington
Kennebec Lumber Co.	Somerset
Arundel Machine Tool Co.	York
Ntension	Penobscot
Ntension	Penobscot
ABM Mechanical Inc.	Penobscot
Flemish Master Weavers	York
Sea Bags, LLC	Cumberland
Yachting Solutions, LLC	Knox
Dennison Lubricants Inc	Kennebec
Flemish	Cumberland
GVS North America	York
Northern Pride Communications	Sagadahoc
Kepware Technologies	Cumberland
NotifyMD	Kennebec
Boston Financial Data Services, Inc.	Knox
Boston Financial Data Services, Inc.	Knox
Millinocket Fabrication & Machine, Inc.	Penobscot
Steel-Pro Incorporated	Knox
Huber Engineered Woods, LLC	Aroostook
TD Bank, N.A.	Androscoggin
REMM Financial Services, LLC	Penobscot
Atlantic Fund Administration, LLC	Cumberland
Rancourt and Co. Shoecrafters	Androscoggin
Bedard Medical, Inc.	Androscoggin
RoadSafe LLC	Oxford
Inlution, Inc.	Aroostook
Wicked Joe, LLC	Sagadahoc
Grandy Oats Granola	Oxford
Front Street Shipyard	Waldo
Carbonite, Inc.	Androscoggin
PRL Hancock, LLC	Hancock
C & L Aviation Services	Penobscot
Saco River Dye House	York
MGA Cast Stone	Oxford
PRL Sanford, LLC	York
EcoShel, Inc.	Cumberland
Bixby & Co.	Knox
Oxford Networks	Cumberland

Porvair Filtration Group, Inc.  
Tempus Jets  
RedZone Wireless, LLC  
DeepWater Buoyancy, Inc.  
Sierra Peaks Corporation  
Mr. Boston Brands, LLC  
Corinth Pellets, LLC  
Glacier Wear  
Mason's Brewing Company  
Mingle Analytics, LLC  
Wireless Partners, LLC  
Nikel Precision Group, LLC  
Lignetics of Maine, LLC  
Paychex, Inc.  
Test Company 1  
Rock Harbor Brewing Company  
Braincube  
C and L Forestry Wood Pellets Inc.  
Lovett Woodworks, LLC, DBA Maine Made  
Central Maine Meats  
Maibec  
Athens Energy LLC  
Enviro-Mats, Inc.  
The Hinckley Company  
Cape Seafood LLC  
AC Inc  
Harpwell Capital Advisors, LLC  
Huhtamaki, Inc.  
Washburn & Doughty Associates, Inc.  
General Dynamics Bath Iron Works Corporation  
Sinclair Broadcast Group  
Irving Forest Products, Inc.  
Sigco LLC and Lake Creek Properties  
Thermoformed Plastics of N.E., LLC  
Shipyard Brewpub I LLC  
Shipyard Brewpub I LLC  
NorthEast Pellets  
Evans Capacitor Company  
Whitney Wreath  
PowerPay  
Compounding Solutions, LLC  
Compounding Solutions, LLC  
Bedard Senior Care  
Kestrel  
The Gelato Fiasco, Inc.  
Western Polymer Corporation  
PineTree Pellet Fuel LLC

Aroostook  
Cumberland  
Knox  
York  
Knox  
Androscoggin  
Penobscot  
Piscataquis  
Penobscot  
Oxford  
Washington  
York  
Franklin  
Androscoggin  
Kennebec  
Knox  
York  
Lincoln  
Franklin  
Kennebec  
Aroostook  
Somerset  
Somerset  
Hancock  
York  
Washington  
Cumberland  
Kennebec  
Lincoln  
Sagadahoc  
Cumberland  
Aroostook  
Cumberland  
York  
York  
York  
Aroostook  
York  
Washington  
Cumberland  
Androscoggin  
Androscoggin  
Androscoggin  
Cumberland  
Cumberland  
Aroostook  
Penobscot

Field Phyto-Nutrients	Cumberland
Prescott Metal, Inc.	York
Old Town Canoe Co.	Penobscot
Maine Woods Pellet Co LLC	Somerset
Maine Woods Pellet Co LLC	Somerset
American Rheinmetall Systems, LLC	York
American Rheinmetall Systems, LLC	York
Cianbro Constructors, LLC	Penobscot
Cianbro Constructors, LLC	Penobscot
athenahealth, Inc.	Waldo
Kate's Homemade Butter	York
Hissong Ready Mix & Aggregates, LLC	York
Hissong Ready Mix & Aggregates, LLC	York
Hussey Seating Co	York
SironaHealth, Inc.	Cumberland
Vista of Maine Vineyard and Cidery, LLC	Androscoggin
United Fabricants Strainrite Corporation	Androscoggin
OnProcess Technology, Inc.	Waldo
St. Germain Collins	Cumberland
Irving Forest Products, Inc - Dixfield	Oxford
Grand Rounds	Androscoggin
GrandyOats Granola	Oxford
Xpress Natural Gas LLC	Washington
Farming Fungi LLC	York
SaviLinx	Cumberland
Ricker Hill Orchards	Androscoggin
CRI-SIL Silicone Technologies, LLC	York
Maine Molecular Quality Controls, Inc.	Cumberland
Louisiana Pacific Corporation	Aroostook
Maine Woods Company, LLC	Aroostook
Elanco	Kennebec
New England Truck Tire	York
Northeast Coating Technologies	York
Casco Bay Steel Structures, Inc.	York
Sanford Institution for Savings (SIS)	York
Envirologix, Inc.	Cumberland
Telford Aviation Services	Penobscot
Allagash Brewing Company	Cumberland
Compotech, Inc.	Penobscot
CGI Technologies and Solutions Inc.	Kennebec
STARC Systems, LLC	Cumberland
Advanced Modifications, Inc.	Penobscot
Puffin Boats, LLC	Penobscot
Polycor of New England, Inc.	Franklin
PK Floats, Inc.	Penobscot
Blue Marble Geographics	Kennebec
MVP.AERO Inc.	Cumberland

Threadz InMotion	York
Day's Firewood, LLC	Oxford
Wedgerock, Inc.	York
Stored Solar, LLC	Penobscot
Connectivity Point Design & Installation	Androscoggin
Molnlycke Manufacturing US, LLC	Cumberland
Nyle Systems, LLC	Penobscot
Pika Energy, Inc.	Cumberland
Pleasant River Lumber Company	Penobscot
Apothecary by Design, LLC	Cumberland
Ecohouse LLC dba Community Shellfish LLC	Lincoln
Elmet Technologies, LLC	Androscoggin
New Balance Athletic Shoe, Inc.	Somerset
Evonik CYRO LLC	York
Kenway Corp.	Kennebec
Irwin Industrial Tool	Cumberland
Tom's of Maine	York
Maine Wood Turning	Franklin
Performance Foodservice NorthCenter	Kennebec
Robbins Lumber Inc.	Waldo
ReEnergy Ashland LLC	Aroostook
Maine Mutual Group Insurance Company	Aroostook
Lowe Hardware	Knox
Lowe Hardware	Knox
Gardner Chipmills Houlton, LLC	Penobscot
The Prudential Insurance Company of America	Cumberland
Sargent Materials	Penobscot
Saunders Electronics	Cumberland
Maine Maritime Products	Waldo
St Croix Tissue, Inc.	Washington
Aizoon USA, Inc.	Androscoggin
Wayfair	Cumberland
Wayfair	Cumberland
Insphero MFG	Cumberland
Loring Industries LLC	Aroostook
Ducktrap River of Maine, LLC	Waldo
Ducktrap River of Maine, LLC	Waldo
Tasman Leather Group, LLC	Somerset
Downeast Machine & Engineering, Inc.	Androscoggin
Cavendish Agri Services, Inc.	Aroostook
GAC Chemical Corporation	Waldo
FirstLight	Cumberland
IDEXX Reference Laboratories, Inc	Cumberland
Integrity Composites, LLC	York
VGBLADS, LLC	Cumberland
Sterling Rope Co., Inc.	York
IDEXX Laboratories, Inc.	Cumberland



Fisher Engineering	Knox
WahlcoMetroflex, A Division of Senior Operations LLC	Androscoggin
Auburn Manufacturing, Inc.	Androscoggin
Xuron Corp	York
Pineland Farms	Aroostook
Formed Fiber Technologies	Androscoggin
D & G Machine Products Inc.	Cumberland
Grover Gundrilling, LLC	Oxford
Backyard Farms LLC	Somerset
Backyard Farms LLC	Somerset
National Filter Media Corporation (NFM)	Kennebec
Shipyard Brewing Co., LLC	Cumberland
Electronic Mobility Controls	Kennebec
Pine Tree Orthopedic Lab, Inc.	Androscoggin
F3 MFG Inc	Kennebec
Franklin Processing, Inc.	Hancock
Pioneer Plastics Corporation and Panolam Industries Interi	Androscoggin
Twin City Sheet Metal, Inc.	Penobscot
Superior Concrete, LLC	Androscoggin
Insphero Inc	Cumberland
Cam Manufacturing, Inc.	Aroostook
Northeast Wireless Networks, LLC	Androscoggin
Wesmac Custom Boats, Inc.	Hancock
Maine Energy Systems LLC	Oxford
Wilbur's of Maine	Cumberland
LaBree's Bakery	Penobscot
Lyman-Morse Boatbuilding, Inc.	Knox
Great Island Boat Yard	Cumberland
Jasper Wyman & Son	Washington
BarclaycardUS	Franklin
BarclaycardUS	Franklin
Maine Standards Company, LLC	Cumberland
Maine Standards Company, LLC	Cumberland
Stone Coast Fund Services, LLC	Cumberland
Fluid Imaging Technologies, Inc	Cumberland
Mook Sea Farm Inc	
The Partner Group, LLC	Kennebec
Pelletier Manufacturing, Inc.	Penobscot
Twin Rivers Paper Company	Aroostook
Twin Rivers Paper Company	Aroostook

Ryan M. Fecteau  
23 Western Avenue, Apt. 101  
Biddeford, ME 04005  
Residence: (207) 289-4478  
Ryan.Fecteau@legislature.maine.gov

September 25, 2017

Testimony of Rep. Ryan Fecteau  
Re: Pine Tree Development Zone Report  
Before the Joint Standing Committee on Government Oversight

Chairman Katz, Chairwoman Mastraccio, honorable members of the Joint Standing Committee on Government Oversight (GOC), I am Ryan Fecteau, the representative for House District 11—part of Biddeford, and I am submitting written testimony neither for, nor against the Pine Tree Development Zone (PTDZ) program.

The report compiled by the Office of Program Evaluation and Government Accountability (OPEGA) left much to be desired. This is not a consequence of inadequacies in dutifulness at OPEGA. Instead, the issue with the report is the lack of data made available to OPEGA. As noted in the report, the data was either not conceived by the administrative agencies or not available for public consumption (i.e., tax information).

It is patently impossible to evaluate and firmly conclude whether or not the PTDZ program, as currently structured, is effective and efficient without all the necessary data points. The intriguing juxtaposition here is this: we are speaking of a program intended to benefit businesses and thus employment of Mainers. I suspect most businesses would not make continued investment in a program without properly evaluating, with all necessary data, the effectiveness and return on investment (ROI). It is within the best interest of a business and state government to properly evaluate, anecdotal evidence aside, the ROI of all programs.

I also read the letter submitted by the Department of Economic and Community Development (DECD). The letter took issue with the title of the report and subsequently touted the PTDZ program as one of the most important economic development tools in Maine. I am not sure how DECD could make such an assertion when it lacks the necessary data to evaluate, as indicated in OPEGA's report. Anecdotal evidence should not suffice as data. DECD did not offer any data in its letter that supplemented the OPEGA report.

Finally, the OPEGA report notes a veering off from the PTDZ program's intended mission—to spur economic development in economically depressed areas of Maine. The review of the intended mission gave me whiplash. In 2014, I was hired by a company with its only office located in Portland's Monument Square. The company, at the time (may still be), was a PTDZ

recipient. I started at \$12 per hour. I am not sure how this company fulfilled the mission, but I do wonder if a business in Portland's Monument Square, with a starting pay of \$12 per hour, provides the greatest ROI versus a business located in or seeking to locate in Rumford, Lubec, Houlton, Thorndike, or Livermore Falls, for example, all of which ranks significantly lower than Portland in terms of per capita income. Of course, I cannot answer this question and, as it turns out, neither can this report. There is an evident need for data to draw any conclusion—favorable or not about the efficacy and ROI of PTDZ.

I would encourage GOC to consider the lack of sufficient data in its conclusions concerning the PTDZ program and the value of the OPEGA report. Taxpayer dollars should be invested with as much certainty and confidence as possible. Anecdotal evidence cannot and should not supplant unbiased, apolitical, dispassionate, uncommitted, impartial data.

## Connors, Etta

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**From:** stacey.anker@grandrounds.com on behalf of Danielle Snow  
<danielle.snow@grandrounds.com>  
**Sent:** Wednesday, September 20, 2017 8:42 PM  
**To:** Connors, Etta  
**Subject:** Testimony in Response to OPEGA Report on Design of Pine Tree Zones  
**Attachments:** OPEGA Testimony\_Snow.pdf

**128<sup>th</sup> MAINE LEGISLATURE**  
**THE JOINT STANDING COMMITTEE ON GOVERNMENT OVERSIGHT**

**Re: Testimony in Response to OPEGA Report on Design of Pine Tree Zones**

Senator Katz, Representative Mastraccio, and distinguished members of the Government Oversight Committee, my name is Danielle Snow, Senior Vice President of Patient Care at Grand Rounds. Grand Rounds recently announced an expansion from our San Francisco headquarters to Lewiston, ME. We are in the process of building out and staffing up Mill 6 in the Bates Mill.

I am originally from Lewiston and graduated from the University of Maine, Orono. I left Maine to build a successful career, believing that it would be hard to do so in Maine. As Grand Rounds began achieving attention, funding, and success, we soon realized we needed to expand from our San Francisco office. Our first expansion landed in Reno, NV. Soon, our growth continued at such rate that we needed another expansion and were targeting the eastern/central time zones. As we began a nationwide search, I convinced my CEO that we should review my home state of Maine. While he was skeptical, he encouraged me to see if Maine could compete with the rest of the US.

While doing my research, I was very pleased to find the Pine Tree Zone program. While it may not have be as robust as some programs in larger states, it appeared to have many characteristics that could be a good match for Grand Rounds: it was scalable, it was based on performance, it was measurable, and it was simple. The more Grand Rounds grows, the more benefit received. It did not provide up-front money like many other programs in other states. However, that turned out to be a positive because it did not require a complicated clawback. Maine said quite simply: Report your results, and if you perform, we will help.

I reviewed the OPEGA report of the Pine Tree Zone program. It surprised me that they were not able to collect data on the effectiveness of the program. As a company that uses the program and faithfully meets the reporting requirements, we have found the program to be well run and important.

Make no mistake: without access to this program, our CEO and my fellow executives would not have allowed me to recommend Maine as our place of expansion. The cost savings described in the proposals by numerous other states required a proportional response by Maine. Your Pine Tree Zone program allowed me to convince my CEO to visit Maine and take it seriously as a place worthy of consideration.

We strongly considered two communities in Maine. We eventually selected Lewiston over the other Maine community because of its access to the Pine Tree Zone program. Lewiston, Maine was then one of the 3 finalist communities with much larger cities in the mid-Atlantic region and southwest. Maine cannot compete with these other locations without the existence of the Pine Tree Zone program; it is the price of entry.

Once we selected Lewiston, in July 2016, we established a temporary office in Auburn while Platz & Associates completed construction of our new East Coast Operations Center in Mill 6 of the Bates Mill. We moved into the new site in February 2017. I encourage you to come visit our location. You will see a growing, professional and high tech workforce in a state of the art business facility. You will see how we are connecting Lewiston to our nationwide network while interlinking our San Francisco, Reno, and Lewiston operations into a seamless organization. We are going through this effort in order to provide better and more affordable health care options and opportunities to people across the country. We have seen Maine people already benefit from the services we offer by receiving treatment through networks that we have established.

We have partnered with one of Maine's largest employers – Dead River Company – to provide our health benefit to their 1,200 employees. We offer this same benefit to the employees of the State of Maine. We are slowly and smartly growing our workforce. Over the past year of operations in Maine, we've grown from 20 employees to nearly 50. We anticipate reaching 150 to 200 employees over the next 4 years. Your Pine Tree Zone program will only assist us at the same rate that we grow and hire.

Since we have been up and running in Maine, I have returned home to Lewiston. Our Medical Director relocated from New Haven, CT to his hometown of Portland. Our Site Director relocated from Chicago to her hometown of Falmouth. Additionally, we had one employee from Reno and two employees from San Francisco move to Lewiston.

As you decide what to do with this program as it is expiring, I urge you to think about Grand Rounds. We are one of this country's fastest growing and innovative healthcare companies, providing both a life and money saving service for our members in one of this nation's most complicated industries: healthcare. Our east coast operations is in Maine because of the Pine Tree Zone program.

Danielle Snow / SVP Patient Care  
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grandrounds.com

*Should Big Data Pick Your Next Doctor? Read in [Forbes](#)  
how we're helping folks like [Stacey and Jordan](#) access  
the top 1% of health care from Montana.*

**TESTIMONY IN SUPPORT OF MAINE PINE TREE ZONES**  
**SEPTEMBER 25, 2017**

Senator Katz, Representative Mastraccio and Members of the Joint Government Oversight Committee. Good afternoon, my name is Geoff Baur and I lead the worldwide tax function at IDEXX. I am a resident of Portland, Maine and I am here today in support of Maine's Pine Tree Zone program and its importance in attracting and expanding investment in Maine.

Before I begin talking about IDEXX and our experiences, I do wish to express my view of the importance of this hearing and the work being done here. The issue of incentives should not be a debate between business and the legislature or left and right, but a discussion of how labor, business and government can work together so that Maine can compete in a global economy. Our interests are aligned.

In our increasingly global economy, every citizen is competing for the investments needed to earn a living. The winners in this competition come from geographies where labor, business and local government forge the most effective partnerships. For example, Massachusetts recently provided \$145 million in grants to GE for 800 new jobs in a plan involving numerous government agencies. Wisconsin has done something similar and offered \$3 billion to Foxconn for between 3,000 and 13,000 jobs. I am not suggesting that programs at this level are right for Maine, but the modest aspects of our program I believe is working well.

For those of you that don't know IDEXX, we're a global company with a primary focus on animal diagnostics. We conduct operations through 98 separate locations in 22 countries. Our most significant presence and our worldwide corporate headquarters is located in Westbrook, ME. We acquired this location in 2006 through the support of the Pine Tree Zone program. Prior to that we operated out of a facility under a soon to expire lease. The Pine Tree Zone program supported our ability to acquire a permanent home and allowed us to make further significant investments. Over the last 6 years, our growth has added 738 employees in Maine bringing our total to 2,500 people. And we hope to avail ourselves of this valuable program in the future to make future investments in Maine.

The Pine Tree Zone program is really the only tool that Maine has to attract investment. And I am confident that in IDEXX's case it has worked well and has worked as intended. In regards to the OPEGA report, I would like to offer a couple of thoughts. First, approximately 25% of our employees reside in Tier 1 zones. While it is not practical for companies such as IDEXX to locate facilities in some of these areas, we are still having a significant impact through our employment of people and usage of suppliers from those areas.

Second, I would like to mention that unlike incentive programs in other jurisdictions the Pine Tree Zone provides the majority of its benefits after the project has become successful appropriately leaving significant risk with the business making the investment. This is because most of the Pine Tree Zone benefits are linked to the expanded ETIF program and those benefits are based on actual jobs created. But in many other jurisdictions, the benefits are in the forms of a grant coordinated with the investment.

Thank you, and I would be happy to answer any questions.



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September 21, 2017

**Maine Legislature – Joint Standing Committee on Government Oversight**

**Re: OPEGA Report on Design of Pine Tree Zones**

To the Members of the Committee,

I regret that I am not able to meet with you on September 25, but I appreciate the opportunity to send you my thoughts and suggestions about the August 17 report from OPEGA regarding evaluating the Pine Tree Development Zone (PTDZ) program.

The OPEGA report states, in essence, that it is not possible to measure the effectiveness of the PTDZ program. Over the past four years – comprising two rounds of analysis – we have found otherwise: PTDZ progress is in fact measurable, and in most cases the program's return on investment to the state is estimated to be significantly positive. Our survey of companies receiving PTDZ benefits yielded a response rate of 72%, and evaluation of the survey results enabled us to evaluate the real results of the program in terms of hiring and financial benefit.

My firm, Investment Consulting Associates (ICA), has been retained by the State of Maine to perform the legislatively required independent, third-party evaluation of all of the State's economic development programs, as well as the State's investment in research and development. We have performed this analysis twice already, with reports submitted in 2014 and 2016. In those years, we submitted our reports to DECD and presented them to the Maine State Legislature. Stakeholders from across state government have been involved in our reviews, and several members of the State Legislature have served as advisors and steering committee members for our project. We incorporated a much more inclusive group of stakeholders than what was presented in the OPEGA report. Our next report will be presented to this body in early 2018.

During the course of our evaluations, the ICA team has had many discussions about the PTDZ and about the availability of measurable data on all of the State's programs. I feel that I should take the opportunity to send you the following comments, since no one from ICA was interviewed for the report you received.

The program has helped bring businesses to Maine, resulting in a net improvement to the economic conditions of the state. OPEGA is correct in noting that the legislature made some changes to the program. These changes were usually responsibly done in response to major events – like the financial crisis of 2009/2010 – or to help a specific or struggling project in a limited part of the state (Sanford and Aroostook

County). Any program like PTDZ should correctly be viewed as a contract between the public sector – the people’s government – and the private – the company being courted. The company agrees to provide employment and investment and in return for which the company receives aid in the form of temporary relief from specific forms of taxation. For example, the Pine Tree Zone program is performance based and self-regulating. Companies receive benefits as they add employees and investments. Some other states inverse this proposition leading to issues necessitating clawbacks and other remedies related to performance.

Incentive programs such as PTDZ must be understood within the competitive context as well. From this point of view, Maine’s incentive activity is smaller than - and productivity similar to - those of New Hampshire, Vermont, and Rhode Island.

According to IncentivesMonitor.com, Maine’s number of incentive awards makes up 3% of all incentive awards in New England from 2010-2015. Maine’s total value of awards represents 5.8% of the total amount awarded in New England. Maine’s total capital investment related to the incentive programs represents 4.1% of New England’s overall incentivized capital investment. Maine’s job creation related to incentive programs makes up 3.4% of New England’s total job creation affected by incentive programs.

Over this same period, Maine’s incentive awards amounted to roughly .29% of the gross state product (GSP), a proportion that compares reasonably with the proportions of GSP dedicated to incentives awards by Vermont (.21%) and New Hampshire (.20%). Massachusetts, a dramatically larger economy, awarded only .1% of GSP despite having the largest awards. Connecticut relied very heavily on incentives over the same period and made awards that amounted to roughly .79% of the state’s GSP.

These comparisons further underline how programs can drive economic development results, but also accentuate the need to evaluate their overall effectiveness and efficiency on a regular basis. The State has hired us for this evaluation and we have delivered our results to you consistently.

There is a fundamental truism in incentive policy design: no incentive will ever make a bad location into a good one. An incentive cannot change the fundamental location realities of a location. It cannot create a workforce where one does not exist, or create a market, or change the distance between a company and its suppliers.

What it can do, however, is create a dialogue and a partnership between the public and private sector whereby each can benefit. The private sector obtains a temporary respite from some taxation, aid in investing in equipment, or assistance in training. Each of these lowers the barrier to entry to operate in the state. The public in turn gains the added investment and employment. If the policy is designed well, the public sector also gains investments in infrastructure and skills improvements that can go beyond the direct involvement of the original company’s location decision.

When examining any program like PTDZ, it is important to recognize the effect it has produced as well as the effect it was designed to have. It is also important to understand the context in which these programs



operate. In the case of PTZ, it is important to think bigger – to recognize that it's incentive awards are more effective at persuading businesses to come to Maine than influencing them to choose Portland over Millinocket, for example.

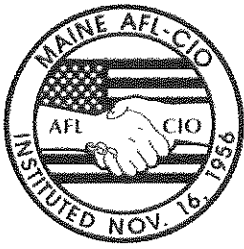
Our analysis of Maine's programs over the previous four years has shown that they do in fact have a positive benefit, and are competitive. Almost every program ever created in local, state, or national government, whether it helps businesses or citizens, could be more transparent, more accountable, and more effective. No program has been created that reaches 100% efficiency. This program was created in 2004. No doubt, there are opportunities to use new technology and streamlined reporting to enhance transparency and accountability. Even companies have indicated that they would prefer more modern ways of reporting their use of the program. This is something that would help users of the programs and policy experts, while at the same time creating efficiencies and reducing administrative costs.

Likewise, we have recommended for some time that the state government could and perhaps should provide a clearinghouse for data about this and other incentive programs. Upcoming federal guidelines (such as GASB 77) may even make this a requirement. Such a collection of data would aid in the evaluation of these programs, would help to educate companies wishing to come into Maine, and would provide the public with the transparency needed so that these programs and their goals are better understood.

We look forward to continuing this conversation as we continue with our evaluation and submit our report early next year.



Christopher Steele, COO, President (North America)  
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# **MAINE AFL-CIO**

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*President*  
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*Vice President*  
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*Secretary Treasurer*  
**Doug Born**

## **Public Comments of Maine AFL-CIO Legislative & Political Director, Adam Goode, in Support of OPEGA's Tax Expenditure Review of the Pine Tree Development Zone Program**

Good afternoon, Senator Katz, Representative Mastraccio and members of the Government Oversight Committee, my name is Adam Goode. I am the Legislative & Political Director of the Maine AFL-CIO. We represent 40,000 working men and women in the state of Maine. We work to improve the lives and working conditions of our members and all working people.

Thank you for the opportunity to comment on the Office of Program Evaluation and Government Accountability's (OPEGA) Pine Tree Development Zone report. The Maine AFL-CIO believes that people who work to provide for their families should get a fair return on their labor. Having this fair analysis of the Pine Tree Development Zone program will help better understand whether the state spending on these programs benefits workers and their families.

The Pine Tree Development Zone (PTDZ) program exists as a part of a jobs program. When a jobs program does not require any jobs, let alone good quality jobs, to be created, then that program is failing.

A few sections of the report before you speak directly to the lack of connection between job creation and supporting workers at businesses that utilize the program. On page 33, under the recommendations of the report, OPEGA confirms that businesses may receive the financial assistance of this program, yet never actually hire any qualifying employees. In order to be eligible for PTDZ assistance, the business must hire one employee within two years of certification. The report discovers that once a business is certified, they receive discounted utility rates, reimbursements for purchases, sales tax exemptions and income tax credits. If two years pass and the business fails in the requirement of hiring one qualified employee, their certification is revoked.

There is no clawback provision in the PTDZ. That means that the assistance received in the initial two years is not recaptured.

The same section has information on how businesses that are in the program that fail to create at least one job and are not a part of the employee tax increment financing (ETIF) expansion can receive assistance that is not proportionate to the number of jobs created. This creates a scenario where Maine is at risk of spending money in the form of forgone tax revenue through sales tax exemption and reimbursement benefits that is not fully offset by positive economic impacts resulting from new jobs.

In the section titled "Assessing Program Design", you will find further information on how only businesses in the ETIF expansion are actually required to create a new job before the business can receive assistance in the program. This section also lists how statutory exceptions have made it so businesses can lower their base level of employment and allow existing employees to be counted as new hires under the PTDZ program. Our understanding of this trick is that it would allow a business to state they have created a "new job" through the use of PTDZ assistance that was actually an existing job prior to use of the program.

We find the tax expenditure review process taken on by OPEGA to be very helpful. Their objective analysis will allow you to make informed decisions about how to invest Maine tax dollars in business programs help people who work and their families. These programs compete with state funding for schools, health care and infrastructure. Having good objective information will help you prioritize the best way to invest tax dollars to help Mainers.

There are many ways the state could invest \$12 million a year. The information in this report indicates that there is nothing in the program that prevents a business that receives assistance in order to help create new jobs for workers from accepting state benefits without following through on the required job creation. Of note, our comments today have focused on job creation. The issue of the quality of the jobs that are connected to this program is also one worth considering. If spending in the Pine Tree Development Zone program is not resulting in or proportional to jobs being created, we would suggest investing state resources in supporting job training and improving the quality and quantity of jobs in areas of need.



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**128<sup>th</sup> MAINE LEGISLATURE  
THE JOINT STANDING COMMITTEE ON GOVERNMENT OVERSIGHT**

**Re: Testimony in Response to OPEGA Report on Design of Pine Tree Zones**

Senator Katz, Representative Mastraccio, and distinguished members of the Government Oversight Committee, my name is Peter DelGreco, President & CEO of Maine & Company. My organization exists to find growing companies and show them how they can be successful in establishing an operation in Maine. Created during the King administration, we are a privately funded 501(c)6 that has existed since 1997. We compete with states from the entire country and countries around the world to attract new jobs and investment to Maine.

Since 2004, our primary tool to attract new companies to Maine has been the Pine Tree Development Zone program, established by Governor John E. Baldacci (D). As you might imagine, I have read the OPEGA report on Pine Tree Zones and digested it fully. I have also followed the media hysteria over the report and have been dismayed by characterizations of the program, especially given the parameters that OPEGA clearly lays out.

OPEGA is very clear that they are not evaluating the performance of the program. Here is a list of items in the report that OPEGA reminds the reader that they did not do:

- They did not collect data.
- They did not speak to most of the stakeholders marketing the program.
- They did not speak to businesses that have used the program.
- They did not speak to people that have benefited from being hired by companies that use the program.

Even though OPEGA clearly and explicitly acknowledges these limitations in their analysis, it has not stopped people outside of the economic development community from inferring inaccurate conclusions.

I know first-hand that the data exists. I have been honored to sit on a steering committee working with a third party independent consultant named Investment Consultant Associates (ICA) to evaluate the Pine Tree Zone program and all of Maine's business assistance programs. ICA is one of the world's leading experts on incentive programs and has built the most thorough compendium of incentive packages accessed by businesses throughout the world. I have sat on that steering committee with members of this and past legislatures. People like Emily Cain, Andre Cushing, Anne-



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Marie Mastraccio, and Amy Volk have generously volunteered their time and insight into this process.

ICA's analysis has yielded a clear result: The Pine Tree Zone has a significant and positive return on investment for Maine. The data showed this in 2014 and 2016. This next report is due in 2018. Members of this legislature will again sit on the steering committee evaluating this program for the 2018 report.

Maine's Pine Tree Zone program is one of Maine's programs that has a wage threshold. This wage threshold increases every year. I have included data to demonstrate how the wages have increased over the life of this program.

	2005	2009	2017
Androscoggin	\$26,721	\$30,275	\$37,106
Aroostook	\$23,125	\$26,633	\$35,716
Cumberland	\$34,498	\$40,423	\$52,298
Franklin	\$23,180	\$25,543	\$34,849
Hancock	\$29,243	\$31,771	\$45,190
Kennebec	\$27,324	\$30,350	\$41,554
Knox	\$29,390	\$33,974	\$43,738
Lincoln	\$29,420	\$32,323	\$45,358
Oxford	\$22,999	\$25,393	\$34,891
Penobscot	\$26,123	\$29,324	\$37,032
Piscataquis	\$22,699	\$27,373	\$34,634
Sagadahoc	\$27,955	\$33,075	\$45,072
Somerset	\$22,933	\$25,428	\$35,951
Waldo	\$23,775	\$27,556	\$36,833
Washington	\$22,469	\$26,148	\$37,185
York	\$28,482	\$33,034	\$45,466

Companies need to meet this new wage threshold every year that they participate in this program. As a result, the people that they hire need to receive consistent wage increases for the company to receive the benefit.

Even though OPEGA did not evaluate the performance of the Pine Tree Zone program, we can share with this group live examples and statistically significant data demonstrating the program's effectiveness. Here are a few examples of companies that have utilized this program and from whom you may hear:



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- Molnlycke: Built an 80,000 SF state-of-the art production facility just after the Brunswick Naval Air Station was decommissioned;
- Athenahealth: Purchased a vacated MBNA campus and hired approximately 1,000 people;
- Grand Rounds: Recently announced a new operations center in Lewiston, ME.

These companies – and many others – invested in Maine, hired and trained workers, reported their results, and then received the statutorily defined benefits appropriate to their efforts.

OPEGA's analysis uncovered some design issues that may exist in an academic setting. As the organization that has probably used Pine Tree Zones more than anyone since the program's inception, we have not worked with any company that has discovered or utilized these hypothetical issues. Our projects have used the program when appropriate, have hired people and compensated them greater than the personal per capita wage of their county of operation, and increased those salaries to meet with the increases in income as defined in statute. Only after meeting statutory obligations has the state conferred benefits to my clients and their projects.

That said, we are grateful that OPEGA has begun this discussion. At Maine & Company, we truly get excited when policy makers and other stakeholders want to discuss job creation. I have the best job in the world: I get to share with decision makers how their companies can be successful in this great state of ours by hiring and investing in our amazing people. I give my word to this committee and to the entire legislature that I will work with you to make this program better, to go through the OPEGA report line-by-line with you, and to share with you programs in Maine and throughout the country that are working to attract new job growth. We are all on the same page with respect to our goals: we want to bring new jobs and investment to Maine, we want a growing economy that works for our families, and we want to be fiscally prudent in achieving these goals.

As we enter the final year of the LePage administration and begin to transition to a new administration, we need to re-focus on what we are trying to do: attract new jobs and investment to Maine. I had the privilege of joining Sen. Diamond on the radio a few weeks ago. I was heartened to hear him say that we need a program to compete. If we do nothing, if we choose to repeal this program without a new replacement for 2019 (and the dawn of a new administration), we will seriously handicap our ability to attract new investment to Maine and help our existing companies expand.

Thank you for your time and I would be happy to answer any questions.

## Public comment on OPEGA's Pine Tree Development Zones tax expenditure review

September 25, 2017

Good afternoon Senator Katz, Representative Mastraccio, and members of the Government Oversight Committee. My name is Sarah Austin; I'm a policy analyst at the Maine Center for Economic Policy (MECEP). Thank you for the opportunity to comment on the Office of Program Evaluation and Government Accountability's (OPEGA) Pine Tree Development Zone (PTDZ) report. MECEP supports the methodology of the report and believes it offers a fair and complete analysis to determine that the program is not designed to achieve intended results.

First, MECEP would like to express our support for the tax expenditure review process OPEGA is undertaking. Without this kind of objective analysis, legislators cannot make informed decisions about the investments they make with Maine tax dollars. Programs like PTDZ compete with state funding for schools and other essentials like health care and infrastructure and should be able to demonstrate their benefit to Maine people.

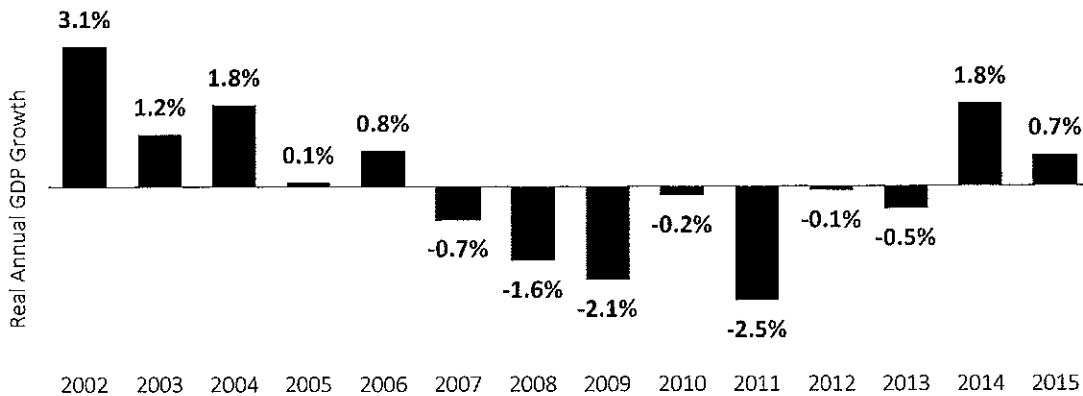
OPEGA's analysis uses a framework of comparing program design and, where possible, program outcome to legislative intent. Any tax expenditure program should be able to demonstrate that it is executed in a way that delivers on goals set out by the initial spirit and intent of the program. As the report points out, on many measures, PTDZ are failing this test.

Pine Tree Development Zones are intended to boost quality employment opportunities for existing workers and job seekers. In its report, OPEGA identifies deep design flaws that allow businesses to benefit without creating any jobs. The program lacks any clawback measures to require that businesses pay back benefits if they do not create jobs.

Additionally, income tax credits and sales tax exemptions and reimbursements, which make up about half of the PTDZ program costs, are not distributed proportionate to the number of jobs created and can be claimed for the same value whether a business creates one job or twenty. A jobs program should only reward businesses that create new jobs, and greater benefits should be offered to businesses that successfully create multiple new jobs.

The program also intends to target resources to economically distressed areas of the state. This is a goal we find tremendously important because, while the Greater Portland Area has seen slow but consistent economic growth since 2009, the rest of the state's economy contracted for seven consecutive years between 2006 and 2013 (see Fig. 1). The importance of investing in quality job creation outside of the Greater Portland Area cannot be overstated.

Fig. 1 Between 2006-2013 rural Maine's economy was in freefall



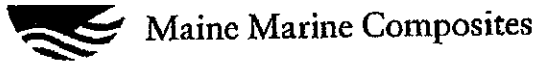
Source: US Bureau of Economic Analysis, Real Gross Domestic Product adjusted for inflation. GDP for metropolitan areas is measured annually. Data reflects statewide GDP growth without the Portland-South Portland Metro Area.

OPEGA finds that the program does not target effectively, as the entire state is designated a PTZ. But even more troubling, it finds that the program gives the greatest boost to the areas of the state that have stronger economies. This is because the employment tax increment financing (ETIF) portion of the program largely overlaps existing benefits available in areas under the greatest distress compared to areas with the strongest employment where PTZ participants get their ETIF benefits nearly tripled. Not only does PTZ fail to offer greater benefits to areas of need, it also works to undo the ETIF targeting that allows areas in greater distress to receive larger assistance.

MECEP also acknowledges that OPEGA chose not to examine some questions posed by the committee because the program will not be accepting new applicants past December of next year. We support this decision as the existing findings on their own should condemn the future of PTZ. Major design flaws and lack of accountability measures lead us to believe that no new evidence could overcome the existing findings to produce a favorable review of the program.

However, if there is legislative interest in resurrecting this program past its current expiration date, MECEP recommends that the committee direct OPEGA to continue researching the unanswered questions regarding measurable program outcomes and the extent to which these outcomes would not have occurred without PTZ. This analysis is essential to developing a stronger program moving forward that creates jobs and is a good investment for Maine taxpayers.





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September 21, 2017

RE: The Pine Tree Zone Program

Dear Sen. Katz, Rep. Mastraccio, and Distinguished Members of the Government Oversight Committee,

I would like to write in support of the Pine Tree Zone program as a state-wide program to support both Maine grown entrepreneurship and the attraction of new business to Maine. As a small business owner, my firm has taken advantage of the program to buy computer software and equipment that has allowed us to hire two engineering positions. Beyond that, however, I believe the Pine Tree Zone program is one of few tools that has the potential to support every corner of the state and every size of business and most types of business to promote economic growth.

As business person, I have been involved in such diverse activities as the development of a shipyard in the Midcoast and the redevelopment of the Old Town Fuel and Fiber mill currently taking place in Old Town, Maine. We plan to use the Pine Tree Zone mechanism as part of a package of layered incentives we intend to use to bring several Bioproducts companies, an energy producer and an engineered wood products company to the site. While the site is in Old Town, the economic benefits will ripple throughout the entire forest economy.

I encourage you to see the value in the Pine Tree Program as a tool to grow the economy across the state. Let's apply what we have learned since the program began and make changes that can drive economic prosperity statewide.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen Von Vogt", written in a cursive style.

Stephen Von Vogt  
President and CEO



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Etta Connors  
c/o OPEGA  
82 State House Station  
Augusta, ME 04333

September 22, 2017

Dear Ms. Connors:

I was recently informed about the Legislature's interest in receiving feedback on the effectiveness of the Pine Tree Development Zone program. My company, Maine Molecular Quality Controls, Inc. has been certified for several years therefore I believe I can offer relevant feedback. As a business owner, I can assure you the PTZ program allowed me to grow my business, hire additional employees and build a first-class facility that suits my current and future needs.

Maine Molecular Quality Controls began operations in 2000 with 2 employees. We design and market molecular controls for use in inherited disease testing, infectious disease detection, cancer and pharmacogenetics. We initially rented space in Scarborough that served our needs for several years but were required to leave as the landlord needed the space for the primary tenant. Rather than lease a new space, invest in required improvements necessary for our technical processes, and possibly face another move, we pursued building a facility that met our unique and expensive needs.

After designing the space, selecting the builder, and reviewing the projected costs, we realized the PTZ sales tax savings on construction materials would provide significant relief and allow us to pursue the project. Fortunately, our lot in the Saco Mill Brook Business Park is large enough to allow us to build an addition onto our current facility. We are hoping to take advantage of similar sales tax savings when the timing is best suited for a future expansion.

My staff and I work hard every day to remain competitive in a very demanding workspace. We now have 25 employees with high paying jobs and continue to hire. Every dollar we save allows me to reinvest in my organization's and employee's future. The State of Maine provides a variety of incentives that are essential to companies like mine to remain competitive. That being said, businesses need consistency in these incentives and other tax laws to be successful.

Maine's quality of life can't pay the bills by itself. Thoughtful discussion on important programs like the Pine Tree Development is essential to the business community. Please consider your decisions carefully as you envision a state that can retain, and attract entrepreneurs and employees eager to work.

Regards

Joan Gordon, President

Maine Molecular Quality Controls, Inc.

RECEIVED SEP 26 2017



PAUL R. LEPAGE  
GOVERNOR

STATE OF MAINE  
MAINE REVENUE SERVICES  
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MAINE REVENUE SERVICES

JEROME D. GERARD  
EXECUTIVE DIRECTOR

September 25, 2017

Senator Roger J. Katz, Senate Chair  
Representative Anne-Marie Mastraccio, House Chair  
Government Oversight Committee  
82 State House Station  
Augusta, ME 04333-0082

RE: OPEGA Tax Expenditure Review Final Report: Pine Tree Development Zone Program

Dear Senator Katz and Representative Mastraccio:

As the Government Oversight Committee reviews the OPEGA PTDZ Report, we wish to highlight several tax administration considerations that provide further context for OPEGA's evaluation of and recommendations for the current PTDZ program.

At the outset of its Report, OPEGA notes a shortage of information in parts of its evaluation of the PTDZ program. Recommendation 4 of the Report (p. 40-41) returns to this point and contemplates possible legislative action for collection of additional information toward that end. Such additional information may be useful in evaluating the effectiveness of the program. However, MRS is charged with administering and ensuring compliance with the tax code and MRS' data collection is designed with this responsibility in mind.

The tax administration system is designed to be only as intrusive as needed to ensure a fair and effective tax system. There is good reason to be cautious about adding mandatory reporting by taxpayers of additional information that, while perhaps assisting a policy evaluation of a tax benefit provision, is not needed for MRS to review tax liability and compliance. The tax system is on the whole a self-reporting system, with taxpayers having the obligation to report their tax calculation information and other information needed for MRS to evaluate and enforce compliance. When the public has confidence that the tax system is fair and minimally intrusive, by far the great majority of taxpayers comply. We therefore caution against requiring taxpayers to report information that is not needed for tax liability and compliance purposes.

Furthermore, good tax administration is built on efficient use of budget and staff resources. MRS often reviews tax returns by desk review or field audits using thresholds and sampling review methodology based on tax data and compliance algorithms. One-for-one review of all tax returns and claims for tax benefits is not practical or efficient, and for the tax system as a whole, is not necessary. Tax returns and related forms often do not require taxpayer reporting of the tax benefit information on an underlying transaction-by-transaction basis.

In the case of the PTDZ sales tax refund or reimbursement requests made by PTDZ businesses or contractors, the applicant provides transactional data to MRS in support of the refund application. The data may be submitted in the form of an electronic spreadsheet, digital imaging, or hard copies of the invoices; it is used by MRS in determining whether the refund request is valid. To require all PTDZ businesses, retailers, or contractors to submit such complete data on all PTDZ-related sales tax exempt transactions, along with a sales tax return or some other report, would prove considerably burdensome for both the taxpayer and MRS. MRS would need to have dedicated tax examiners to review all tax returns and supplemental data in order to determine whether the transactions are compliant. Tax examiners would be diverted from revenue-adding tasks to reviews of onerous amounts of data, the great majority of which would be correct and revenue-neutral.

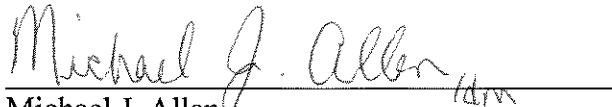
In the case of the PTDZ income tax benefits, returns are filed on a tax year-end transaction summary or netting basis. Specifically, taxpayers are required to provide with tax returns only the information necessary to support eligibility for the credit (e.g. copy of the PTDZ certificate) and to calculate the credit, including an apportionment calculation when the business has both qualified and non-qualified activity and when individuals have both business and non-business income. Considering the history of the taxpayer and information reported on returns, desk or field audits are performed as needed within existing resources, usually in tandem with the review of other tax items. However, to request additional data unrelated to the tax and credit calculations (e.g. information to support program efficacy and worth) adds administrative burden to both taxpayer and MRS. It would be necessary for MRS to update its computer systems for the additional data collection and processing and to hire auditors and examiners to review the data for analysis. It would add tax preparation costs for affected taxpayers. It would also divert agency efforts from the MRS core mission of collecting tax revenue for the operation of state government, with possible impact on Maine General Fund revenue.

In Recommendation 2 of the Report (p. 38-39), OPEGA recommends including additional information in future Tax Expenditure Reports. The Tax Expenditure Report is designed as a simple and easy to use resource; adding too much information makes the report more complex and may actually reduce its overall usefulness. Since OPEGA has already included much of this information in their PTDZ report we suggest that including it in the Tax Expenditure Report as well may be unnecessary.

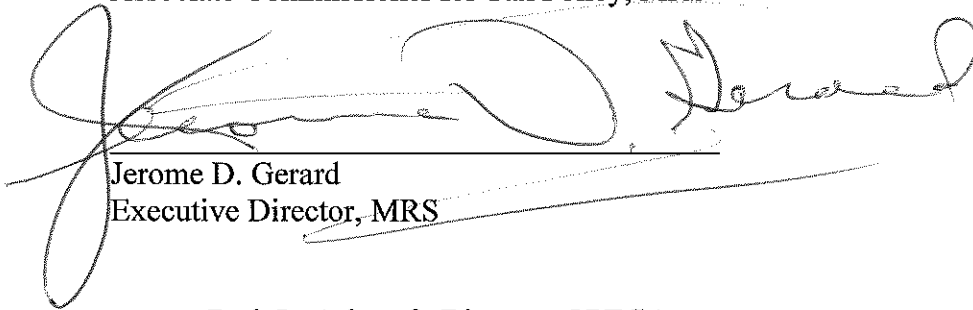
Finally, changes in forms and reporting would carry with it necessary additional costs for tax computer systems changes and additional staff resources.

Thank you for the opportunity to comment.

Sincerely,

  
Michael J. Allen

Associate Commissioner for Tax Policy, MRS

  
Jerome D. Gerard

Executive Director, MRS

cc: Beth L. Ashcroft, Director, OPEGA  
Members of the Government Oversight Committee  
Alec Porteous, Acting Commissioner, DAFS  
Brent Davis, Chief Counsel, Governor's Office  
Aaron Chadbourne, Senior Policy Advisor, Governor's Office  
Nick Adolphsen, Senior Health Policy Advisor, Governor's Office  
George C. Gervais, Commissioner, DECD  
Members of the Taxation Committee

## JOINT STANDING COMMITTEE ON GOVERNMENT OVERSIGHT

Testimony of Steven Levesque  
Regarding the Pine Tree Zone Program  
September 25, 2017

Senator Katz, Representative Mastraccio, and distinguished members of the Government Oversight Committee, my name is Steve Levesque and I am the Executive Director of the Midcoast Regional Redevelopment Authority, the entity charged with the redevelopment of the former Brunswick Naval Air Station. I'm here today to testify about the Pine Tree Zone program.

I have spent the past 37 years working in the economic development field, 27 of those have been dedicated to improving Maine's economy. While I am a long-term economic development practitioner, former City of Lewiston Development Director and Commissioner of DECD, amongst others, I am also a student of the business and have a good sense of what works and what doesn't in the marketplace. I spend a great deal of time attending national and international trade shows and economic development conferences, and get to see firsthand how other states and countries put together business assistance packages to attract investments to their respective places.

From my experience, if we want to be competitive in the global marketplace to attract new business investment to the State, as well as retain existing Maine businesses, we need to have a comprehensive business assistance program. Like it or not, business incentives are a critical element of the decision-making process in the locations of where businesses want to invest. They mitigate the financial risk of locating in or growing in a business location and "level the playing field" in evaluating multiple business site locations.

From my perspective, the business assistance programs included into Maine's Pine Tree Zone program, represents a modest, yet very important element in influencing business investments decisions in Maine. This is not a new program! It's actually an amalgamation of a number of business incentive programs that were instituted by well-meaning legislatures and governors over the past 25 years. These were bundled into the Pine Tree Zone program during Governor Baldacci's tenure.

For comparative purposes, I believe Maine's business incentive investments represent a very small fraction of what other States are investing in to attract business growth. The Pine Tree Zone program, is mostly performance based. Meaning that you have to hire people, pay them well and/or make capital investments in order to receive State support. That in my mind is good policy!!

While not equal to the big give-a-ways other states make to attract investment, our modest program has been critical to the decisions made by many companies to either bring business investment to Maine and to keep it here. Unfortunately, I do not believe that the OPEGA report accurately portrayed the program in the context of a competitive economic development system for Maine.

Maine needs to stay competitive in the global marketplace. While certainly not perfect, the Pine Tree Zone program is important to our economic delivery system in Maine and should not be eliminated. I would urge you to consider keeping the program in place and work with the next incoming administration to modernize our incentive programs and develop a comprehensive "performance based" business support program that keeps Maine competitive.

Thank you for your time and I'd be happy to answer any questions.



Senator Katz, Representative Mastraccio, and Distinguished Members  
Government Oversight Committee  
Maine State Legislature

September 22, 2017

Re: In support of the Pine Tree Development Zone Program

I am writing to urge the Government Oversight Committee to continue to support the Pine Tree Development Zone Program.

With this letter, I am introducing our company's experience as anecdotal evidence that the program is, in fact, achieving its desired results. I urge you to support redesign of the program or redesign of the program's assessment to access the data necessary to accurately assess and continually improve the program.

I am the founder, CEO, and President of Mingle Analytics, Inc. We began operations January 1, 2012 and subsequently established our headquarters in South Paris, Maine (population 5,000) because I live there. I have the distinct pleasure of operating a nationally competitive company that is located in an idyllic setting and provides my friends and neighbors with higher-than-average wages and excellent benefits.

We are a healthcare informatics company. Our clients are healthcare providers whom we help to access and analyze their data to assess and improve the value of their care. Our core product/service is to help practices to comply with Medicare Quality Reporting requirements. In the quality data submission season ending March 31, 2016, we served 33,000 healthcare providers in 2,700 practices in 50 States and 4 territories. We serve practices and health systems of all sizes and healthcare providers of all specialties. By number of provider-submissions per year, we are Medicare's top-ranked vendor in the nation for our submission category. We were identified recently as a top ten vendor nationally in our class by Black Book Surveys and by Health Tech Outlook magazine.

Of our 54 employees, 38 reside, vote, and contribute to the tax base in Maine. Our current expenditure on salaries for Maine residents is over \$3m before benefits. We have been growing exponentially and will add 4 more employees within the next 2 months and expect exponential growth to continue for another 5 to 10 years.

We face incredible prejudice against both rural-based and Maine-based businesses. It effects our recruitment of clients and has an even greater effect on access to growth capital from potential investors. Support we receive from the State of Maine remains important to help counter these pressures to needlessly relocate out-of-State. We are grateful for the following 4 programs, supported by the State of Maine, that are helping to keep us growing, competitive, and headquartered in the Oxford Hills:

1. The Pine Tree Development Zone Program: providing tax relief as we invest everything we can in growth
2. Maine Technology Institute: for loans and grants to support technical R&D and development
3. Maine Venture Fund: for early stage equity investment
4. Finance Authority of Maine: In support of commercial loans to small businesses

Gratefully

A handwritten signature in black ink that reads "Daniel B. Mingle".

Daniel Mingle, MD MS

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[info@mingleanalytics.com](mailto:info@mingleanalytics.com) [www.mingleanalytics.com](http://www.mingleanalytics.com)



## Connors, Etta

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**From:** Dan Mingle M.D. <daniel.mingle@mingleanalytics.com>  
**Sent:** Friday, September 22, 2017 12:07 PM  
**To:** Connors, Etta  
**Cc:** Ray, Douglas; Jackson, Diane M; Sandy Martin; Richard Clark; Herrick, Lloyd; Hamper, James; Winsor, Tom; Dillingham, Kathleen; Madigan, John; Sheats, Bettyann; Keim, Lisa; Brakey, Eric; Timberlake, Jeffrey; Mason, Garrett; Brooks, Heidi; Libby, Nathan; Golden, Jared; Fuller, Roger; Handy, Jim; Pickett, Richard; Ginzler, Phyllis; Head, Frances; Whitney, Brian - MTI; john@maineventurefund.com  
**Subject:** Mingle Analytics support of the Pine Tree Development Zone  
**Attachments:** PTDZ\_LetterOfSupport201709.pdf

I am aware of the Government Oversight Committee public hearing on September 25 regarding the Pine Tree Development Zone project.

I am buried in tasks related to growing a new business and am unable to attend in person. In lieu of my attendance, I offer this written testimony of the value of the Pine Tree Development Zone program to keep us growing, nationally competitive, and headquartered in the Oxford Hills of Maine.

I am copying this to the legislators serving the communities of the Oxford Hills and the neighboring communities where the majority of our employees reside. Your support remains important to all of us. I want to be sure you are aware of what we are growing within our greater community and how we depend on Maine support to continue to grow.

We are grateful to the State of Maine for the programs that continue to nurture our fledgling business and are helping to keep us growing, competitive, and headquartered in the Oxford Hills. The following 4 programs particularly give me the strength to fight on against tremendous prejudices we encounter toward rural and Maine headquartered businesses:

1. The Pine Tree Development Zone Program: providing tax relief as we invest everything we can in growth
2. Maine Technology Institute: for loans and grants that support technical R&D and development
3. Maine Venture Fund: for early stage equity investment
4. Finance Authority of Maine: in support of commercial loans to small businesses

Dan

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**POLYCOR**

OUR STONE. YOUR IDEAS.

September 25, 2017

The Honorable Roger Katz,  
Senate Chair  
The Honorable Anne-Marie Mastraccio  
House Chair  
Government Oversight Committee  
Room 107, Cross State Office Building  
Augusta, ME 04333-0082

RE: OPEGA Report on the Pine Tree Development Zones

Senator Katz, Representative Matraccio and members of the Committee, I am Senator Tom Saviello and I am here today to speak on behalf of Polycor and our North Jay facility. After reviewing the OPEGA report, we felt compelled to share our story with the Pine Tree Development Zone benefits.

Polycor, Inc. is the most diversified and the largest fully-integrated granite and marble group in North America. Swenson Granite, Rock of Ages and Vetrazzo are well-known brands in the Polycor family. We have over 800 employees operating 30 quarries and 12 manufacturing plants across North America including our North Jay facility.

Maine has a long and rich history of producing granite products, but until Polycor's 2015 construction of the North Jay facility there was no granite curbing production in Maine and products were imported from other New England states.

Polycor recognized the potential for the North Jay quarry and construction of a granite curbing manufacturing facility, but a myriad of daunting challenges had to be overcome to make the project feasible. The cost of capital along with construction and operational costs, infrastructure needs, and the lack of skilled labor peculiar to the needs of quarrying and granite fabrication presented significant barriers to the project.

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THE POLYCOR INC. FAMILY OF BRANDS

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**POLYCOR**  
OUR STONE. YOUR IDEAS.

What made the difference for this project moving forward, was the strong working partnership with the Town of Jay and state agencies. Among these, the Pine Tree Development Zone program benefits were and remain essential to the economic viability of this facility.

Polycor has invested over \$5 Million in reopening the North Jay Quarry and constructing a state-of-the-art manufacturing facility. In 2015 we hired, and with the state's assistance, trained 5 new quarriers and expanded employment to a total of 9 today. As the economy continues to improve and with the likelihood of increased infrastructure spending, the North Jay facility holds significant promise for increased production and expanded employment. The high-paying jobs (way above the LMI for Franklin County) are very attractive and the investment at the North Jay Quarry a welcome addition to the community.

On behalf of our employees in Jay and the entire Polycor family, we very much appreciate the welcome and support, without which, we would most likely not be where we are today.

If we can be of any further assistance to this committee, please do not hesitate to call.

Sincerely,

Kevin Jack,  
Director of Operations  
Polycor New England  
2 Woodman Hill Rd  
Jay, ME 04239

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THE POLYCOR INC. FAMILY OF BRANDS



**PUBLIC COMMENTS OF  
James F. Nimon, Executive Director  
Before the Government Oversight Committee  
REGARDING  
"Pine Tree Development Zones" Report  
Public Hearing, Monday, September 25, 2017**

Senator Katz, Representative Mastraccio, and Honorable Members of the Government Oversight Committee, my name is Jim Nimon, executive director, Sanford Regional Economic Growth Council. As always I bring greetings from Sanford and from my Board of Directors who represent the growth council co-founders: the City of Sanford, the Industrial Development Corporation of Sanford, and the Sanford-Springvale Chamber of Commerce. The growth council, as a private 501(c)(6) nonprofit corporation operating since Fall 2010, is the entity in Sanford that serves as the portal for economic development. I have led the growth council's work since March 2011. There are a lot exciting things happening in our community as I sit before you but sharing those highlights will be for another day.

Brief background. I have spent the thirty-five years of my professional career working primarily with business people. I was one of the first half-dozen staff people hired at the new Finance Authority of Maine in the mid-1980s with responsibilities for loan guarantees and research grants. Then I was recruited into the McKernan Administration to run Maine's Job Training System as part of then-DOL Commissioner John Fitzsimmons' management team. From there I was brought into the King Administration to initially manage the TIF and ETIF programs and eventually served as Business Development Director under then-DECD Commissioner Steve Levesque. With the transition to the Baldacci Administration I played a central role in the development of the PTZ initiative as Tax Incentives Director and eventually as Business Development Director. My final two years in state government were in a staff position as Senior Economic Advisor to Governor Baldacci.

I provide this background so you understand my perspective. I have worked with hundreds of companies all across this state on some of the most critical issues that go into their business planning: site location, financing, workforce development, and tax incentives. I walked into a situation at DECD in the late 1990s when the legislature had created a couple of programs, TIF (1985) and ETIF (1995), which they suddenly wanted to know a lot about. They established the Economic Development Incentives Commission and provided it, as I recall, with a two or three year run with sunset. One of my tasks was to staff this group and track results for the two programs. I issued annual reports at least in 1999 and 2000 based on the surveys of those businesses receiving \$10,000 or more from the programs.

The reports showed that TIF companies paid an average annual wage that was 32.6% higher than all other companies in Maine, while ETIF companies paid a wage that was 37.4% higher. In addition, for every \$1 paid to TIF companies \$41 was spent on training and capital investments; for every \$1 paid to ETIF companies they spent \$306 in training and capital investments. Though dated now, those were very impressive returns for the public funds that were reimbursed to the private sector. Remember as "financing" programs they are often used to enhance credit required by the business for expansion and modernization.

Public Comments of James F. Nimon  
Regarding "Pine Tree Development Zones" Report

Let's jump ahead a few years. In the first few weeks of the Baldacci Administration, a colleague and I were provided a couple of paragraphs on the framework proposed for "Pine Tree Zones." There were four automatic zones and four that would go through a competitive process. The seeds were planted for a comprehensive Maine program of tax incentives (modeled after those found in NY, PA & MI at the time) for distressed areas (as determined by income and unemployment tests) that would essentially make for a "tax-free" zone for targeted businesses to expand or locate in our state.

My life for all of 2003 and that of a few of my colleagues was focused on converting a few notes into legislation and rules for program implementation. The activity over those early months required DECD to take the lead with State agencies, regional organizations and local communities. Our key State partner was Maine Revenue Services. We were hitched together in a shot-gun wedding, some might argue. DECD, the State department chartered to do deals expeditiously with any economic development tools (i.e. tax incentives) it could find, and MRS, organized to gather up as much as it legally could in taxes, were holding hands and hosting joint program presentations all across Maine. What could go wrong?

Following numerous meetings at all levels of government, 8 regions were ready to participate by the end of 2003. They brought with them 100 communities (all of whom held public meetings and formally voted their local approval), and 30,000 acres of land on 110 parcels. This was a monumental exercise in inter-governmental cooperation. Given the speed of assembly, there would be many adjustments to the program statute and rules as the years went by. The first PTZ company was certified in April 2004.

I read through the OPEGA report and even though I lack some objectivity regarding Pine Tree Zones, I believe this report could be written for many programs created by the legislature. A statute is crafted with what seem like pretty clear goals and objectives: create quality jobs, encourage private investment, broaden the tax base and spur economic growth in distressed areas. Rules are promulgated to clarify the intent and to structure process and protocols. The program gets implemented all across the state. You simply cannot plan for all contingencies. So to be realistic you identify any concerns together and, with concurrence, you make program adjustments.

The question of outcomes is always going to be debated across all State programs. Although DECD has the smallest budget and staff of any State department, it is steward for the high profile PTZ program that it does not completely control. Mix in the substantial confidentiality statutes that govern DECD and MRS, and you have built-in complications for the transparency that the report is seeking for PTZ outcomes. While I have not followed the work of your steering committee and their independent consultant I am aware of the ICA by reputation and it's a solid one. If I had a farm I'd be willing to bet the current program results reflect the ones we tallied many years ago when your predecessors asked for outcomes.

My economic development colleagues and I often feel we are dealing with one arm tied behind our backs in Maine when it comes to attracting new companies here or helping existing companies expand. We simply do not have the ability to greet potential clients with a bag of money as they arrive at the airport. We have to explain that our tax incentives are performance-based and our Maine "partnership" means you must create quality jobs and make property investments in order to be reimbursed next year for your performance this year. If some in the legislature don't believe the partnership is happening that way today, let's work together on any perceived shortcomings and make our State's only comprehensive economic development tool better. Maine needs a Pine Tree Development Zone program to compete in the global marketplace today.

I'm pleased to answer any questions you may have.