



Department of the Secretary of State

Regulatory Fairness Board Meeting

Friday, May 10, 2013

12:00 - 3:00 PM

University of Maine at Presque Isle, Alumni Room

In Attendance:

Board Members:

Secretary of State Matthew Dunlap, Chairman

Pat Kuhn

Doug Smith

Other Attendees:

Small Business Advocate, Peggy Schaffer

Barbara Hayslett, Congressman Michaud's office

Alan Perry, Farm Technologies Network, Presque Isle

Loretta Adamson and Shelly Mountain, logging truck

Theresa Fowler, Central Aroostook Chamber of Commerce

Bob Dorsey, Aroostook Partnership for Progress

Secretary Dunlap provided an overview of the role of the Secretary of State, Regulatory Fairness Board and Small Business Advocate: to provide a forum for people in business to navigate their way through the regulatory process and to hear what business people are dealing with in the real world. Legislative action often causes unanticipated consequences. The purpose of the Regulatory Fairness Board is to listen to the business community and to hear what is really happening on the ground.

Public Comment:

Shelly Mountain – Owns a logging truck and has issues with over-load enforcement. The trucking rates make it hard to make a living with a legal weight load. Truckers need to carry the extra weight to make any money. Being fined for carrying above the legal weight load becomes one of the costs of doing business. Requirements for the IFTA form now also call for maintaining separate log books for wood roads vs. paved roads, increasing the paperwork

burden. Ms. Mountain also inquired as to whether the registration of trucks can be done locally without sending the registration and international fuel tax form to Augusta.

Secretary Dunlap— Registration system for trucks (IRP and IFTA) are all very complicated and dictated largely by federal regulations. Processing those applications locally would actually take more time and be much less efficient.

Alan Perry noted potato farms face the same issue with overweight loads. Perry pointed out that natural resource based industries do not have the luxury of passing on their costs, especially the closer to the raw product you get. The result is that often all the costs with complying with regulations (and costs for not complying) are born by those that are closest to the resource (the producer).

Secretary Dunlap: Increasing truck weight limits comes in front of the legislature every session, and it is always defeated. Safety issues, and damage to the state roads are usually the key reasons increasing truck weights on back roads has never happened, despite the strong interest of some of the business community to raise them. This year **Senator Jackson** successfully sponsored legislation to raise the limits on a very short piece of road to get access from the woods to a mill. But that is an isolated specific exception.

Question to the Regulatory Fairness Board: How are you able to get the information needed from industry to make changes?

Doug Smith: RFB would like to hear the most important regulatory concerns about how the state is conducting its regulatory responsibilities. That has proven not to be an easy task. There is a possibility for this board to take on some of those most important issues to present to the Governor and the Legislature. Not all regulatory issues are going to get satisfactorily handled – but it is important for the business community to get this information to the RFB so the board can act as a conduit to address specific issues.

Secretary Dunlap noted the board has no authority to waive statutes. The RFB is an effort to address what often ends up as a disjointed regulatory process. Sometimes laws have unintended consequences, that are not understood or reflected in the intent of the legislature when they passed them. Part of the role of this board is to listen to those unintended consequences and make recommendations for changes.

Alan Perry and **Shelly Mountain** noted that the perspective of small farmers and small businesses is that big companies get away with violating the regulatory structure because money buys the ability to influence. Big business has the ability to lobby and put pressure on agencies that lessens the impact of regulation on their business. Small business – especially natural resource based industries do not have that same ability.

Alan Perry spoke about the difficulties in retaining natural resource based small businesses. Many of the issues are not purely regulatory – including access to markets, adopting new methods and technologies. Natural resource businesses – especially small ones - end up being price takers because they have very limited access to markets and the costs to move goods to far away markets is often prohibitive.

Doug Smith: Very interested in the agricultural piece of the impact of the combination of the regulatory issues.

Secretary Dunlap: There is a problem bringing agricultural produce to market. The trip from Aroostook to Boston requires at least one layover, then the trucks often return empty, with no “back haul” available coming this far north, making the trip twice as expensive. How do we make a connection between loads? Would there be any utility of a distribution hub – where farmers could bring their produce to a central distribution point? Cabot has a successful cooperative model using multiple farmers to bring together enough raw product to make cheese, and then distribute it to larger markets.

The question of who pays for the hub was raised. **Alan Perry** noted that it can’t be the grower. **Secretary Dunlap’s** suggestion is the state does it – to give local farmers better access to larger markets.

Attendees also questioned what would get new people into the agricultural business? Given the perceived and real cost barriers of access to markets, the substantial capital investments, the significant time commitment of labor, and regulations?

Doug Smith: Every regulatory issue has some rational basis. The issue is that in total they cost money to the farmer or business person. That increased regulatory cost increases the risk, making capital investments in the natural resource based industries not viable. At the same time, it is very difficult come up with constructive regulatory solutions that do not impair public safety, environment, worker safety, etc. Industry must take the lead to help frame this up for the legislature so legislators will understand the overall impact.

Theresa Fowler, executive director, Central Aroostook Chamber of Commerce. Theresa offered to take on the effort to contact the major farmers. She believes all have a laundry list of regulations that are costly.

Alan Perry - Suggested putting out a survey on what might be the regulatory issues – and identify which growers to bring to the table. Smaller farmers are not going to be happy if the big growers are the only ones who are asked. The small growers think the biggest growers are just fine.

Doug Smith: The Board would like to accept **Theresa’s** offer about pulling together a survey or something to bring more of a focus and a follow –up meeting with farmers. **Theresa and Alan** offer to hone the issues and bring the big issues with possible solutions to a future meeting of the RFB in Aroostook . The agenda would be driven by the industry to come up with recommendations that are substantive.

Bob Dorsey – Aroostook Partners for Progress works with Mobilize Northern Maine which is an asset based economic development structure. They have formed a diversified group looking at agriculture and forestry’s growth potential. One of the things the group is looking at is barriers to competition – both from Canada and from other states. Regulations are part of that process. When the group identifies them, they would like to be able to come to the Regulatory Fairness Board with the results. Canadians do not have the same barriers on exports, workforce

training, healthcare. Maine often seems like its fighting itself. New administrations and legislators have different priorities and policies from the previous administrations and legislatures. Aroostook has been working to attract investment in wind power for the past seven years. Now the state policies have changed, making very difficult to continue to attract those investments.

Final outcome:

Theresa Fowler and **Alan Perry** will work together to identify key regulatory issues of farmers and possible solutions and will work to schedule another meeting with the RFB when farmers can attend. The meeting has been scheduled for July 26, 9:00 a.m. at the Alumni Room, University of Maine at Presque Isle.

Other Business:

Two board members have resigned because of inability to attend meetings. The RFB agreed to pull together a few names to offer to appointing authority (Senate President and Speaker). Requests have been made to the Speaker and the President for new appointees.