Fall 2012

CHARTING MAINE'S FUTURE: MAKING HEADWAY



Revisiting the 2006 Action Plan for Promoting Sustainable Prosperity and Quality Places











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Revisiting the 2006 Action Plan for Promoting Sustainable Prosperity and Quality Places

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Contents

I: Foreword	1
II: Charting Maine's Future - 2012 Status and Next Steps	2
III: Introduction	4
IV: What We Learned	6
V: Charting Maine's Future Key Recommendations: Update and Successes	
Investments in Maine's Natural Quality Places	9
Working Landscapes	10
Spotlight on Progress: Forever Farms	10
Access to Forests and Lakes	11
• Spotlight on Progress: Katahdin Lake	
Tourism	12
 Spotlight on Progress: Historic Inns of Rockland 	
Revitalization of Maine Cities and Towns	13
Historic Preservation	14
• Spotlight on Progress: The Mill at Saco Falls	
Municipal Investment Trust Fund/Communities for Maine's Future	15
• Spotlight on Progress: Theater at Monmouth's Helen Melledy Hall	
Maine Downtown Center	16
 Spotlight on Progress: Barrels Market in Waterville 	
Arts and Culture	17
 Spotlight on Progress: Space Gallery 	
Better Visioning Assistance and Planning Tools for Towns	18
Fostering Regional Planning	19
Maine Uniform Building and Energy Code	20
Investments in Innovation	21
Biotechnology	22
• Spotlight on Progress: Bigelow Lab	
Information Technology	23
 Spotlight on Progress: Maine Fiber Company – Three Ring Binder Project 	
Advanced Composite Materials	24
 Spotlight on Progress: Maine Composites Alliance 	
Farming and Local Food	25
• Spotlight on Progress: The Kneading Conference	
Government Efficiency	27
State Government Efficiency	28
Local and Regional Government Efficiency	28
School Administration Consolidation	29
Tax Reduction and Reform	30
VI: Conclusion	32
VII: End Notes	33
VIII: Acknowledgments	34

Foreword

In 2006, the Brookings Metropolitan Policy Program, along with GrowSmart Maine and stakeholders throughout the state, set out to understand Maine's assets and challenges and offer a path forward for growing the state's economy. The result was *Charting Maine's Future*: *An Action Plan for Promoting Sustainable Prosperity and Quality Places.* The Action Plan sought to preserve and build upon Maine's best qualities: a growing, innovationled economy, many historic towns and cities, the beautiful natural landscape, and an overall, outstanding quality of life. The Action Plan recommended that the state pursue three areas with focus and discipline: invest in its promising industry clusters, improve efficiency in the delivery of regional and local services, and revitalize and strengthen its distinctive communities.

Not long after the report was released, the United States became mired in the worst economic crisis since the Great Depression. The Great Recession revealed the failure of the consumption and debt-fuelled growth model of the prior economy, and the urgent need to build a next economy that is more globally-focused and driven by innovative and productive sectors that vary markedly across disparate places. Transitioning to this new growth model requires states to shift away from policies and investments that rewarded sprawl and low-road growth and to instead seek higher value pursuits that build upon its distinct competitive strengths and advantages. If there is a silver lining to this difficult period, it is that the recession and the recovery to date have confirmed and reaffirmed the direction for the state outlined in the *Charting Maine's Future* report: Maine should act with intentionality and purpose to become a better and stronger version of itself.

The report before us, *Charting Maine's Future – Making Headway*, aptly summarizes the progress made over the past six years on many of *Charting Maine's Future's* goals and recommendations. Despite setbacks brought by the Great Recession, there are many success stories around the state to highlight, illustrating the depth of commitment and breadth of talent in the state. Yet we all know that there is much work still to be done. In this post-recession period, the state must continue to stay the course and double-down on those critical assets that make Maine, its economy and its communities truly unique and distinctive. I am confident Maine has a bright and prosperous future ahead.

Bruce Katz Vice President and Director The Brookings Institution

Charting Maine's Future: Making Headway 2012 Status and Next Steps

Revisiting *Charting Maine's Future*, a look at the status of the recommendations and essential next steps.

General recommendation: Invest in quality natural places, to be funded with an increase in the lodging tax.

Specific Recommendation	Status	Essential Next Steps
Establish a \$190-million Maine Qual- ity Places Fund to revitalize communities, conserve land and farms, improve access to forests and lakes, and promote tourism.	While the state lodging tax has not been raised, investments in quality places have happened via other means. Land conserva- tion has grown based on voter-approved state bonding and private enterprise, and tourism promotion has happened via public and private efforts across the state.	Land For Maine's Future is a proven success for both natural and working land conser- vation. However it is funded, there must be consistent public, private and non-profit commitment to this program. Investments outside of LMF have proven their value as well, and additional opportunities to protect Maine's truly unique natural assets are essential.

General recommendation: Support the revitalization of Maine's towns and cities and invest in those quality places, while channeling growth, to be funded by an increase in the Deed Transaction Fee

Specific Recommendation	Status	Essential Next Steps
Perfect and champion the state's new model building and rehabilitation codes; support their wide adoption with technical assistance, training, and outreach; and campaign over time for code uniformity.	The State-appointed volunteer Technical Building Board developed the Maine Uni- form Building and Energy Code (MUBEC), which was required by December 2010 in towns with more than 2,000 people; later revised to towns of more than 4,000 people. A consistently implemented and enforced set of building codes is still lacking, although the current law has eliminated conflicting codes.	Actively encourage more municipalities to voluntarily adopt and enforce the MUBEC. Consistently available and relevant training and technical assistance support for munici- palities is also needed.
Better fund and use the Municipal Invest- ment Trust Fund, the Maine Downtown Center, and the Historic Preservation Tax Credit.	The Municipal Investment Trust Fund was broadened. It was renamed Communi- ties for Maine's Future Fund and bonded at \$3.5 million, which was awarded and matched with \$11.2 million in other funds. The Maine Downtown Center, with state government and other support, demonstrates significant investments in Maine downtowns. Changes to the state's historic preservation tax credit have resulted in significant increases in privately funded historic rehabilitation.	These three initiatives, having proven their value, deserve continued public sector invest- ment. In each case, state dollars generate both significant matching funds and mean- ingful growth in our economy. Maine must continue consistent investing at levels that will have a strong impact.
Provide new visioning and planning re- sources to help towns grow, implement their visions and work together. Encourage more regional planning.	Lacking an increase in the Deed Transaction Fee, few resources have been provided for existing community planning and col- laboration efforts. Regional planning now includes Mobilize Maine, the Sustainability Solutions Initiative and HUD Sustainable Communities Initiative. The State Planning Office Land Use Planning Team has been reduced and relocated to the newly created Department of Agriculture, Conservation and Forestry.	Town-level and regional planning are es- sential to growing Maine's economy and strengthening communities in a manner compatible with natural areas. Maine must consistently support the work of Regional Planning Commissions, Economic Develop- ment Districts and Councils of Government. Maine must provide tools and incentives for these processes as well as new initiatives, and facilitate sharing of lessons learned.

General recommendation: **Invest in an innovation-focused economy, to be funded with savings found by the State Government Efficiency Commission.**

Specific Recommendation

Support a \$200-million Maine Innovation Jobs Fund to support job-creating research and development and develop industry clusters.

Status

Maine has achieved R&D investment of 1% of GDP, against a goal of 3% to be nationally competitive. State bonding for R&D investments has received consistent voter approval, although the 2012 proposal for R&D was vetoed. There has been growth in Maine's targeted industry clusters. While the Commission was not formed, savings in state government are being realized.

Essential Next Steps

The goal of 3% of GDP stated in *Measures of Growth* is still valid, as are recommendations in Maine's 2010 Science and Technology Action Plan. Consistent and significant investments are needed to build on investments to date. Savings from government efficiency should be devoted to these investments, and continued state bonding is recommended.

General recommendation: Streamline government operations and reduce taxes with savings found by the State Government Efficiency Commission.

Specific Recommendation	Status	Essential Next Steps
Fully fund and enlarge the Fund for the Efficient Delivery of Education Services. Reduce K–12 administrative expenditures. Appoint a high-level school district reorganization committee. Develop the state's first-ever state school capital plan.	School consolidation was implemented very differently than the pilot project approach envisioned in <i>Charting</i> <i>Maine's Future</i> , and there is significant pushback throughout the state. Per pupil expenditures have been reduced by 9%.	Strong support for collaboration of efforts and consolidating administrative roles will result in identifying funds that can be reallocated to benefit students directly. Share lessons learned from successful school consolidations.
Fully fund and enlarge the Fund for the Efficient Delivery of Local and Regional Services.	The Fund was not fully capitalized and, ultimately, abolished.	Maine must commit to creating incentives for towns to engage in regional planning and then share the lessons learned statewide for greatest impact.
After making investments outlined above, apply any additional savings in state- government spending to property and income-tax relief. Explore ways to export taxes to non-residents.	Maine's top income tax rate is set to decrease in 2013, and overall tax burden is declining. No progress on exporting taxes to non-residents. Also, income tax cuts in isolation, without broader tax reform, may indirectly impact property taxes by crowding out municipal and school funding.	Continue to explore and implement ways to export tax burden to non-residents, allowing balanced income and property tax relief to residents, while retaining resources for core funding obligations and investments described above.



www.growsmartmaine.org



INTRODUCTION

aine is an amazing state. There are places in Maine that inspire us, please us and connect us with our roots. These are the places where we work and play. This is where we live.

In 2006, GrowSmart Maine brought the Brookings Institution to Maine and called together people from across the state. We asked, "What do you love about this place?" We then gathered the information needed to define how we could grow our economy and increase per capita income

without losing those things we value. *Charting Maine's Future: An Action Plan for Promoting Sustainable Prosperity and Quality Places* resulted from these conversations and research.

The Brookings Institution, a nationally recognized, nonpartisan think tank, confirmed our notion of what's right about Maine—and that it is our brand. And the Brookings Institution showed us what we could do to protect that brand as we build our economy. Despite our

challenges--the Great Recession of 2008, for example--we've accomplished a great deal. Though there's far more to do, we're on the right course.

Charting Maine's Future called for bold investments in our economy, our communities and the natural and working landscapes that surround us. **It outlined a three-part**

strategy for promoting sustainable prosperity:

- Invest in a place-based, innovation-focused economy;
- Trim government to invest in Maine's economy and to finance tax reductions; and,
- Support the revitalization of Maine's towns and cities, while channeling growth to reduce development strain on rural lands.

Now, six years later, we have convened to revisit *Charting Maine's Future* and ask a number of questions, including:

- Is the vision described in *Charting Maine's Future* still relevant?
- Does it still inspire action?
- What's been accomplished? and,
- More importantly, what have we learned and how do we proceed?

GrowSmart Maine was created as an organization focused on smart growth, managing growth in a way that strengthens our communities and undeveloped areas, while

managing the costs of providing infrastructure and services. With the creation of *Charting Maine's Future*, we took on a broader role: that of steward of the action plan, convener and champion of the complex challenge Maine faces, improving the economy throughout the state, while conserving the natural and cultural places that serve as the foundation of that economy.

⁶⁶Brookings reflected on information that was gathered, rather than telling towns what they wanted. This is a subtlety but made a great difference; past efforts assume that towns are not experts on their own desires.⁹⁹

Mary Kate Reny, R.H. Reny, Inc.

GrowSmart Maine recognized the need for an update to the original report and presents *Charting Maine's Future*: *Making Headway* to those who, like us, are working toward this shared vision.

The purpose of this update is to recognize the successes, hold up the lessons learned, and empower Mainers to keep doing good work. Interviews were conducted with leaders in Maine's public, private and nonprofit sectors throughout the state. We wanted to learn how, in their experience, the action plan has "played out" over the past

six years. A review of existing research was conducted to add additional information.

Six years after its release, *Charting Maine's Future* continues to resonate with Mainers. The report remains relevant because it took an idea that people understood intuitively–quality of place–and made it clear: living, working and playing in healthy, vibrant communities makes



Research and development investments and entrepreneurial activity have both risen since 2006, though most recently have taken a downward turn.³

Within Maine, there are two additional trends that have impacted work related to *Charting Maine's Future*. With a dramatic shift in political leadership comes a very different focus. From the perspective of the Action Plan in *Charting Maine's Future*, Maine is experiencing a distinctly one-sided focus on the strategic steps related to reducing taxes and improving government efficiency, which seems to have translated into simply pushing for smaller

> government. We are lacking the counterpoints of the Action Plan, consistent public investment in quality places and innovation as well as support for community and regional planning, which are essential for managing growth.

Equally significant, we see trends related to who we are and where we live. While Maine's overall population

good economic sense for everyone. As an economic tool– not a planning document–the report gave us a language for realizing the goal of a sustainable prosperity that recognizes Maine's unique character. Quality of place became a central concept that people could relate to–a touchstone.

Perspective Check, Looking at Trends since 2006

As we evaluate the actions taken since 2006 and consider their impact, it is important to note significant trends in Maine and across the globe.

Since the release of *Charting Maine's Future*, global economic rifts are occurring, including economic crises in Greece, Portugal and Spain. Climate change will present increasingly difficult challenges as well. The United States economy experienced a significant downturn in 2008 and has not recovered. Here in Maine, economic growth has continued, albeit at a slower pace, over the last several years. Still, we have lagged behind New England and the nation as a whole.¹ Per capita personal income in Maine is low relative to New England, and national averages and Maine's poverty rates are relatively high and appear to be getting worse.² has generally held steady since 2006, with a slight increase, the average age in Maine is rising significantly. Particularly troubling is the decades-long trend of people moving away from the state's 63 service center communities and into the rural areas, creating a sprawling infrastructure and increased costs for delivering services and providing options for transportation. In the late 1990s, the number of Mainers living in service centers was surpassed by those living in other municipalities.

While it is important to have housing choices available, it is equally important to recognize the true cost of having significant populations living outside of established and productive community centers.

There are signs this trend may be cooling, with both those in their 20s and those beyond their 50s coming back to the centers for ease of living, cultural offerings, and lower transportation costs. Between 2000 and 2010 service centers collectively grew by 2%–slow growth compared with the faster growing suburbs, but a reversal of losses during the 1990s. And among those growing service centers, the rate was actually more than 5%. These centers added nearly 20,000 people to their communities, including an estimated 15,000 since 2006.⁴

WHAT WE LEARNED: SIX LESSONS

Introduction

**The majority of folks are in the 'common sense middle.' Focus on resonating with the common sense middle. Get short-term wins. Build confidence.''

Bob Thompson, Androscoggin Valley Council of Governments I f there is one statement that captures the Lessons Learned since the release of *Charting Maine's Future*, it would be "process matters." The successes highlighted here achieved results because of strong, broad and consistent support developed with an open and patient process. On the other hand, attempts that met resistance with demands for compliance have not stood the test of even a few years' time.

Not everyone received *Charting Maine's Future* enthusiastically. Some officials and leaders (elected and non-elected) felt the report overstepped bounds by having "outsiders" weigh policy alternatives and chart their own course for Maine. And yet, as action plan items were translated into legislative proposals, criticism that the report's recommendations weren't always followed as outlined have to be balanced with the reality that legislators need to adjust proposals to ensure they gain support and acceptance of their constituents. Despite its many constructive suggestions and an appreciation for its positive tone, the report was also criticized for missing the mark by overlooking the importance of rural Maine and for failing to recognize culture and the arts as an economic driver.

We heard frustration that there was no real strategy for implementation. Yes, the action plan suggested specific dollars to be invested by the state, recommended sources of revenue to fund initiatives and programs, but left unsaid the specific strategies to accomplish bold goals. It was noted by some that Maine had no consistent champions for the overall effort, that what was done was piecemeal and rarely seen as part of the larger plan. We heard that multiple councils and committees acting on recommendations resulted in a perception of duplication. No one made clear that all these efforts strive toward the same vision and complement each other.

We also recognize that focus on these recommendations may have inadvertently made *Charting Maine's Future* appear to be the strategic plan for Maine. *Charting Maine's Future* was never intended to be that. Certainly access and cost of health care, choices and costs of energy as well as opportunities to generate renewable energy sources right here in Maine, and the need for commitment to an overarching plan for education and workforce training are equally important to Maine's future. We recognize that Maine's economy will thrive and that our communities and natural and working landscapes will remain healthy when *Charting Maine's Future* recommendations are meshed with equally powerful efforts related to workforce training and healthcare costs and energy challenges.

Lesson No. I: Local independence is cultural, historic, and not to be ignored

Lynn Bromley, former State Senator Perhaps the most prominent themes heard throughout the interviews we conducted were "respect local knowledge" and the importance people place in being part of their community. It is a fundamental part of what people think of as their quality of life and, indeed, it is part of the "Maine brand." We should be attentive to the fine line between fostering productive regional collaboration and creating even the perceived threats to community identity that forced mergers bring. What we have seen is that Mainers often choose the higher costs of smaller local government over the risk of losing a sense of community.

Going Forward: Enhance community identity while empowering Mainers to engage in collaborative efforts.

Lesson No. 2: Government is not always the most effective change agent

**Local efforts are where we will see successes. We need to continue the commentary on what's needed to bring Maine forward.The conversations matter.??

Chris Hall, Portland Regional Chamber of Commerce Another key observation: don't count on government to always be the lead change agent. Elected officials can only go as far as those who elect them are prepared to go. Engaged community leaders may actually be the ones who lead the way. Why? Term limits prevent legislators from developing the relationships necessary for cultivating support of bold policy, even when change is adopted incrementally. Business, nonprofit, and community leaders with demonstrated commitment to and understanding of Maine's unique assets will continue to be in a strong position to innovate and use their resources to focus on specific objectives. Government's role then is to be an equal partner, supporting those efforts with legislation needed to implement recommendations coming from their constituencies.

Going Forward: Build support for key efforts through relationships with recognized community and business leaders. Focus on those initiatives with strong grass roots support as they are most likely to result in success.

Lesson No. 3: One state, diverse people

⁶⁶The state never looks at itself collectively, rather as a number of parts.⁹⁹

John Massaua, Former Director, Maine Small Business Development Centers When we think of diversity, some terms that may come to mind include race, religion, country of origin, ethnicity, gender, and sexual orientation. To be sure, in a more-globally connected world Mainers are better adapting to these differences. Beyond these and socio-economic differences, we need to be better at acknowledging and articulating rural and urban, southern and northern, coastal and inland perspectives within our state. Our focus should include attracting young workers, but we also need to think about ways to make Maine communities viable for people of every age and all walks of life. We need to be more attuned to the tensions that come with differences and work harder at making policy that is inclusive of these perspectives as well.

Going Forward: Directly address the tensions that exist between Maine's diverse parts in order to create a sense that Maine is, while based on a foundation of individual communities, made up of a population that is "in it together."

Lesson No. 4: Mainers are cautious

**There is a segment that believes wealth and investment are inherently evil, and this belief is so ingrained that no level of economic or cultural suffering will convince them to change. They have made the conscious decision that the uniqueness of the Maine outdoor experience is worth the sacrifice. **

David Trahan, Executive Director, Sportsman's Alliance of Maine It must be something about our long, cold winters. Mainers are so accustomed to adversity that we seem to expect it. It brings to mind the song by Lee Hazelwood and Nancy Sinatra, "I've been down so long it feels like up." To put a Maine voice to it, "Mainers are frugal, fair and humble," notes Laurie LaChance, former President and CEO of the Maine Development Foundation.

Because we anticipate hard times, we are reluctant to invest boldly. We want to be fair, so what we do spend we often spread so thinly that little measurable impact results. And we are reluctant to tout our successes.

Like most people, Mainers don't embrace change easily, and we tend to be averse to risk. And it's difficult to convey the value of these risks and investments (for the good of Maine) when they appear to be only benefitting one region of the state or particular industry—as far from the truth as that may be. As one interviewee noted, "Parochialism has been an issue in Maine for hundreds of years."

As a matter of process, it's a mistake to dismiss these points of view or simply chalk them up to "having been down so long it feels like up" attitudes. In many respects these points of view are a part of the culture of Maine.

Going Forward: Celebrate our successes! We know the return on investments and the "softer" benefits to our communities, our economy, and our environment. Shine a light on them. Share lessons learned so that others can more readily follow the path being set. Focus efforts where they will have the greatest value. And be bold every once in a while.

Lesson No. 5: Investment requires sustained commitment

⁶⁶R&D is critical to our enhancement, but the political will to support these initiatives does not exist in Maine.We just 'don't do' \$200 million bonds.⁹⁹

Steve Levesque, Executive Director, Midcoast Regional Redevelopment Authority *Charting Maine's Future* called for significant, sustained investments in innovation and quality places. While acknowledging that Mainers are not prepared to stake as bold a claim as is called for, even at lower levels, the investments must be consistent. We speak here not only of state government investments, but also of private and non-profit sector investments, as these efforts are almost always a collaborative effort between government and community and business partners.

It is essential to acknowledge that the non-government sources, be they private sector or non-profit, are more likely to invest when they can foresee a consistent regulatory environment that will support the value of their investments.

Going Forward: The state must commit to a consistent level of investment in innovations and quality places that will strengthen our economy. At whatever level Mainers are prepared to support, investments must be done in a way that is reasonably predictable. In return, Maine must offer consistent and reasonable regulations, at all levels of government, so that the private sector can be confident their resources are well invested.

Lesson No. 6: Rome wasn't built in a day, and it's still there

⁶⁶ Taking the lead on change only comes when it is more uncomfortable to stay the same than to change.⁹⁹

Nancy Smith, Executive Director, GrowSmart Maine Because *Charting Maine's Future* provides a long-term strategy, we should not limit its evaluation to short-term results. The measure of success should not be, "Have we achieved all the goals in just six years?" but rather, "Are we headed in the right direction?" *Charting Maine's Future* set forth BIG goals for a large and complex economy and society. Large ships turn very slowly.

Going Forward: Be patient and consistent and celebrate our successes.

Key Recommendations: Update & Successes

Investments in Maine's Quality Places



INVESTMENTS IN MAINE'S QUALITY PLACES

s part of a two-pronged investment strategy to enhance the state's quality of place and spur business innovation, *Charting Maine's Future* recommended the establishment of a \$190-million Maine Quality Places Fund to promote the revitalization of Maine's towns and cities; augment land and farm conservation; protect traditional uses of

** The Brookings report chapter emphasizing in-migration made the point in 2006 about people voting with their feet and quality of place being a driving force in a world where people with resources and skills can work wherever they want to. This remains exceedingly true. I meet people all the time who are here because they want to live here.^{**}

Charles Lawton, Planning Decisions, Inc.

and access to Maine forests, farms, and lakes; and promote high-quality tourism and outdoor recreation given their importance to Maine's economic well-being. It was suggested that the fund could be financed as a revenue bond supported by a 3-point increase in the state's lodging tax, which is primarily paid by Maine visitors. One of the tremendous strengths of the original report was in connecting the importance of healthy and productive natural landscapes with equally

vigorous downtowns of all sizes throughout Maine. This concept had not been highlighted before.

As *Charting Maine's Future* emphasized, many economic and societal benefits come from Maine's natural resources.

For the commercial farmer, fisherman, forester or logger, access to the land, sea, and forest is imperative for economic reasons. When rural enterprises such as marine fisheries, agriculture, and forestry are strong, our natural-resource heritage is protected for future generations.

There is an intrinsic value in Maine lands as well as the significant economic and societal benefits provided through access to outdoor recreation opportunities. Tourism is enhanced, generating economic benefits. And out-of-state visitors and locals are able to enjoy all Maine has to offer, with active time outdoors contributing to health and well-being.

In our interviews, a vast majority said that the biggest successes of *Charting Maine's Future* was that it brought the words "quality place" and "sustainable prosperity" into everyday conversations across the state. The report gave us a common language to talk about what we love about Maine. The report provides a framework for a statewide, highly inclusive conversation about Maine's future.

The Land for Maine's Future program was frequently cited by interviewees as one of the most effective ways we have to improve, protect and promote quality of place. Indeed, Land for Maine's Future investments have resulted in the conservation of a quarter-million acres of working forest, 1,150 miles of shoreline, 15,000 acres of deer yards, and 29 working farms. In addition, 17 working waterfronts were protected, 24 Parks and Wilderness Management Areas were created or expanded, 50 water-access sites approved, and many miles of recreational trails protected (including 158 miles of snowmobile trails).⁵

There have been many other successes throughout the state. For instance, dam removals through the Penobscot River Restoration Project, and the 363,000 acres placed in permanent conservation easements through the Plum Creek Moosehead Lake development plan.

Investments in Maine's Quality Places: Working Landscapes



Stacy Brenner photo

Spotlight on Progress Forever Farms

Signs that read "Forever Farm" are cropping up on Maine farms that have been protected with agricultural conservation easements, ensuring that the land will forever be available for farming. The Forever Farm program is coordinated by Maine Farmland Trust, a statewide non-profit organization that has helped protect more than 34,000 acres of Maine's best farmland, often in partnership with local land trusts.

Forever Farms celebrates the growing success of Maine's farmland protection efforts, which until recently had been the forgotten component of land conservation in Maine. Protecting farmland is now increasingly seen as critical to farming's future, in part because protected farmland is often the only affordable option for many new farmers.

Broadturn Farm is a Forever Farm operated by John Bliss and Stacey Brenner in Scarborough, Maine, one of many Maine communities where unprotected farmland is prohibitively expensive. This farm couple is typical of many young farmers running diversified family farms. They raise organic vegetables, flowers, strawberries, and some livestock. They sell at a farm stand and also operate a "CSA" (Community Supported Agriculture) that offers weekly vegetables or flowers in exchange for an upfront payment made before planting.

The farm is also home to a non-profit educational camp, Long Barn Educational Initiative, that Brenner and Bliss run. They host and train four farmers each season though the apprenticeship program coordinated by the Maine Organic Farmers and Gardeners Association—adding to the pool of people who know how to farm.

Broadturn Farm is part of a 400-acre parcel that was protected by the Scarborough Land Trust, with financial support from the Lands for Maine's Future program. It is one of almost 200 farm properties that have now been permanently protected statewide, forever available to both feed us and our economy.

Working Landscapes

Charting Maine's Future called for support of "traditional uses" of our land such as farming, forestry and fishing. Since Maine people are concerned, above all else, with jobs and the economy, protection and

enhancement of working landscapes are vital.

Since *Charting Maine's Future* was published:

- 17 Working Waterfronts were protected, with six more in process, through the Working Waterfront Access Protection Program, a component of Land for Maine's Future (LMF).
- The Maine Department of Conservation has conserved 239,824 acres of working forests with

Mainers know the fisherman and farmer aren't going to move their business elsewhere, and understand their impact on the wider economy.

Hon. Bob Nutting, Speaker of the House, Maine House of Representatives

permanent conservation easements primarily with Forest Legacy and LMF funding. The Forest Legacy and LMF funds also supported state fee acquisition of another 30,128 acres of working forests.

• Since 2007, LMF funds have been used to protect 14 farms totaling 2,858 acres with permanent agricultural conservation easements. During this same period, Maine Farmland Trust and a number of local and regional land trusts have together protected over 17,500 additional acres of farmland.⁶



Access to Forests and Lakes

Charting Maine's Future reminded us of the economic value of access to forests and lakes. Tourists visit Maine to take part in a wide range of recreational activities that depend on such access: hiking, snowmobiling, cross country skiing, camping, boating, fishing, and hunting among many others. Further, access to forests and lakes is a key reason many people choose to live in Maine.

In order to maintain high quality of life for residents and unique nature-based experiences for tourists, such access must be maintained. Indeed, significant progress has been made. In recent years the benchmark established by the Maine Economic Growth Council for "acres of conserved land" has been repeatedly achieved to the point where today, 19% of the state's total land area is in conservation.⁷



Spotlight on Progress Katahdin Lake

One of Maine's most impressive "investments in place" occurred in 2007, when Katahdin Lake was incorporated into Baxter State Park, completing Percival Baxter's vision. The story of Katahdin Lake shows how

islature, the State's Bureau of Public Lands, Baxter State

government, the non-profit community, and private enterprise can work together to realize a goal that was previously elusive. But it also unearths the cultural clashes that often accompany major conservation projects.

The Gardner Land Company employs hundreds of Mainers who cut timber on thousands



Courtesy of The Trust for Public Land/Jerry Monkman, EcoPhotography.com

of acres of woodland. The owner of 6,015 pristine acres surrounding Katahdin Lake, Gardner was willing to swap this land for equally valued woodland elsewhere in northern Maine.

In a complex transaction involving the Maine Leg-

The result is that almost 10,000 acres of the North Woods have been secured for hunting and motorized use, preserving "traditional use," while conserving a beautiful lake that lies practically in the shadow of Mount Katahdin.

Park Authority and the non-profit Trust for Public Lands, the agreement had Gardner convey 4,040 of the 6,015 acres to the Park, to be managed as a wildlife sanctuary.

This included all the

land extending up to the

ridge line north of the

lake, protecting the full

view shed. The remain-

conveyed to the State,

with hunting and other

traditional uses allowed. The State then secured

an easement on another

8,000 acres immediately

was eventually purchased

to the east. This parcel

by the State, ensuring

and recreation.

continued public access

ing 1,975 acres were then



Historic Inns of Rockland photo

Spotlight on Progress Historic Inns of Rockland

Working together to market the Rockland vacation experience, members of Historic Inns of Rockland, Maine, have put many of their individual marketing priorities aside to cooperatively attract attention to Rockland's premier inns and vacation experiences.

Made up of historic properties including Captain Lindsey House, Granite Inn, Berry Manor Inn, and LimeRock Inn, the Historic Inns of Rockland, Maine, are working closely with local businesses and the Penobscot Bay Regional Chamber of Commerce to collectively attract vacationers through public relations campaigns, creative marketing, a wedding consortium, a central reservation line, enticing events, a collective ecoinitiative, and an informative website.

Businesses throughout the community have contributed to this effort. Many visitors have participated in packages offered by the Historic Inns of Rockland and many dollars have been spent within the community by people enjoying the shopping, restaurants, museums and local attractions.⁸ **This collaborative effort has helped many of the local businesses involved in tourism thrive during the turbulent past few years.**

Kerry Altiero, chef and owner at Rockland's Café Miranda calls the initiative "brilliant, selfless and absolutely one of the best things that's happened to my business."

Tourism

Charting Maine's Future called for significant investments in outdoor recreation and high-value tourism. One reason that we are so interested in providing quality places is to attract tourists and the economic boost they bring. Employers are better able to recruit workers and partners as a result of the amenities offered by Maine's tourism businesses.

Annual analysis commissioned by the Maine Department of Economic and Community Development (DECD) suggests that since the 2006 publication of *Charting Maine's Future*, tourism activity in Maine declined sharply after the 2008 economic downturn and has not rebounded to 2006 levels. The number of tourists who visited Maine in 2011 (38 million) is down 9% from the 41.8 million people who visited in 2006.⁹

However, in the last year there appears to be an increase in the percent of people who cite admiration for Maine or appreciation of Maine's beauty as the reason they come here. Outdoor activities continue to be the most popular activities among tourists, as well as shopping.¹⁰

While Maine is traditionally known for its natural resources, the Maine Office of Tourism is being more innovative in highlighting options for periods of inclement weather by promoting Maine as a dining, entertainment, and shopping destination. Arts and culture are also increasingly part of the state's cohesive marketing strategy.

Tourism marketing is supported by the state's 7% lodging tax. The Office of Tourism receives 5% of the total collected, which amounts to about \$9 million per year. The balance of the lodging tax goes into Maine's general revenue fund.

Maine colleges and universities are training quality workers, in support of tourism marketing done by the Maine DECD Office of Tourism, Maine Tourism Association, Maine Hospitality Association, Chambers of Commerce throughout the state, regional associations, and countless private businesses. The University of Southern Maine is offering its first Bachelor's degree in tourism and hospitality in the fall of 2012. The school also has articulation agreements with five Maine community colleges, allowing students to retain 90% of their credits if transferring to USM. Husson University recently added the following degree programs: BS/ MBA in Hospitality & Tourism Management (5 years); BS in Hospitality & Tourism Management, minor in hospitality management; and a certificate program in hospitality. Husson is also developing a Research Institute for Tourism.

Also of note, Welcome ME is an online customer service certification program that offers free, industry-vetted training to Maine's tourism and hospitality workers. It is a joint venture between the University of Maine, CenTRO (the Center for Tourism Research and Outreach) and the Maine Woods Consortium.

Revitalization of Maine Cities & Towns

harting Maine's Future said we should provide adequate funds for towns and cities to shape their futures. This means investments in quality built places, strategic policies and planning resources. Maine is one of just a few states that did not have a community investment fund to complement the federal community development funds. While we have been investing in the arts, farms, land, and the working waterfront for years, Mainers lacked a true capital investment fund for downtowns and historic town centers.

The response in *Charting Maine's Future* was to call for establishment of a Quality of Place Fund, to be funded by an

towns that fully commit to regional collaboration—not just in planning for development, but also in reducing duplicative services. Among those incentives would be the option for towns to adopt a local sales tax, which could be used to lower property taxes.

The growth of rural and suburban areas has happened in part because we have made it difficult to build in older community centers. Over the years, layer upon layer of confusing, conflicting and occasionally contradictory regulations have made it too expensive to build in town centers. This is particularly true about building housing in walkable neighborhoods near schools and services. *Charting Maine's Future*

increase in the lodging tax and a Maine Community Enhancement Fund based on a small fee increase on all real estate transactions. However, the recommended fee increase has not been adopted and the fund not established. Still, many investments have been made by other means, and planning on local and regional scales are occurring.

Maine's tradition of local control places enormous responsibilities on small communities. While many are overwhelmed by growth and increased throughtraffic, others experience zero



recommended that state and local governments work together to adopt a single model building code that levels the playing field between new construction and rehabilitation, and between the developed areas of older communities and undeveloped woods and fields. The state, the report argued, should also produce model local zoning ordinances that encourage more growth in our existing communities and less in the rural areas.

Charting Maine's Future recommended the harmonization and streamlining of existing codes into a single

or negative growth. Thousands of Mainers across the state volunteer on planning committees in municipalities facing both challenges, trying to manage growth in the town's best interest, they are too often working without adequate tools and resources. In response, the action plan recommended increasing the resources available to local communities to engage citizens in shaping their towns' future and implementing their plans.

Towns functioning independently made sense when people lived their lives largely within the confines of a single town, but it perhaps doesn't make sense today, as we live in one town and shop, work or learn in others, in a larger region. How do we re-engineer government into thinking more regionally, while still preserving the best of our small town culture and traditions? The report recommended substantial financial incentives to fund pilot projects in building and rehabilitation code, and the state adopted the Maine Uniform Building and Energy Code.

Further, *Charting Maine's Future* recommended better funding for, and use of, three existing revitalization and redevelopment-oriented programs and organizations: the Municipal Investment Trust Fund (MITF), the Maine Downtown Center (MDC), and the state's historic preservation tax credit (HPTC).

Largely as a result of the attention *Charting Maine's Future* brought to Maine's existing downtowns, it is clear via our interviews that Maine people now better appreciate their traditional and historic downtowns. The Maine Downtown Center and its Main Street Maine program have enjoyed significant successes. Further, the historic preservation tax credit has been widely used to revitalize many of Maine's historic downtown buildings.

Historic Preservation

Charting Maine's Future focused on the state historic preservation tax credit as a key strategy for Maine's economic development future, and indeed it has proven successful. From 2008 through 2012, 55 privately developed historic preservation projects invested \$200 million during the heart of the real estate downturn.¹¹

It is projected that future historic preservation projects will generate 595 new jobs per year in Maine and \$22 million in additional personal income.¹²

While the Historic Preservation Tax Credit has proved successful, the benefits of a broader strategic focus on preservation of historic resources are worth noting. It is easy to take for granted the historic buildings that abound in Maine's communities. Yet in many of our towns and cities, these buildings collectively represent the community's most economically valuable asset.

** The historic preservation tax credit has been enormously effective. \$200 million of investment in historic buildings has occurred since 2008–in the middle of the recession!**

Greg Paxton, Maine Preservation Although the valuation of these existing historic buildings on the tax rolls is significant, many towns do not actively seek to manage this asset.

The use of the historic preservation tax credit since 2008 has occurred in Maine's large cities such as Portland and Bangor, but substantial projects have also been completed in North Berwick, Farmington, Hallowell and Lisbon Falls. These projects are not only reusing existing buildings but also focusing growth within existing infrastructure of roads, water, sewer and utilities. These

projects demonstrate that preservation of historic assets is a sound economic strategy, even in the most difficult of times, in communities large and small.

While these federal and state tax incentives help substantial rehabilitation of key buildings, in order to retain the picturesque communities cited in the *Charting Maine's Future* report, more attention and study could be focused on the economic impact resulting from small, incremental investments in historic buildings located in downtowns. In a number of Maine communities, including Farmington, Bath and Bethel, such investments have "built the brand," which is considered crucial for economic development success.

According to the State Historic Tax Credit Economic and Fiscal Impact Report of April 21, 2011 by Planning Decisions, Inc:, "The community must project an image of success, prosperity, and liveliness, in order to attract the next business. For

Spotlight on Progress The Mill at Saco Falls

Rising out of the banks of the Saco River, the old mill buildings are now occupied by Maine families enjoying safe and comfortable housing that includes solar-

powered hot water, a playground and bike and kayak storage. A project of the Szanton Company, The Mill at Saco Falls is an adaptive re-use of a 165-year old textile mill building that sits beside the falls in Biddeford. It provides a key piece of the conversion of the Biddeford Mill District from a collection of aging industrial buildings to a vibrant, mixed-use



Szanton Company photo

neighborhood featuring public access to the Saco River and close proximity to public transit. The Mill at Saco Falls offers 66 apartments, 40 of which provide affordable housing at below-market rates to households earning less than 50% of the area median income.

The Mill at Saco Falls, which cost \$14.6 million to redevelop, was funded from a variety of sources, including \$2.2 million in federal historic investment tax credits and \$3 million in Maine Historic Preservation Tax Credits. Federal stimulus funds, the Low Income Housing Tax Credit, Maine Housing, the City of Biddeford and a deferred developer's fee and mortgage loan provided the remaining funding. Energy efficiencies include insulated windows, substantial insulation, low-flow toilets and motion-sensor lighting in hallways and public spaces. These projects combine public incentives with private financing, often from out of state, yet the ownership and the improved building remains in Maine, providing property tax revenue.¹³

most municipalities, the 'brand' is established on Main Street."

Bootstrap strategies including inventorying existing downtown and in-town neighborhood buildings with available space; providing matching incentives for small investments in façade improvements with a design review panel; and encouraging new and expanding businesses, public agencies and residents to locate in vacant or underused existing buildings can create vitality even in communities that are not growing.

Municipal Investment Trust Fund/Communities for Maine's Future

The Municipal Investment Trust Fund was renamed the Communities for Maine's Future Fund, expanded to include all Maine communities and funded with a 2010 bond of \$3.5 million. Administered by Maine's Department of Economic and Community Development, 32 applications requesting a total of \$8,603,620 were submitted, and 11 projects were awarded in September 2011. The grant funds were matched with \$11,245,325 of local funds. Most recently, disbursement of allocated funds has been frozen, with the LePage administration's decision not to sell voter-approved bonds through 2014. Some projects are proceeding with other funding while others are currently on hold.



Photo courtesy of Brenda Melhus, Norway Maine Opera House

munity Development to be-

gin the process of design and renovation. The Communities

the final piece of the project

and included the installation

of an elevator, an additional

for Maine's Future bond funded

Spotlight on Progress Theater at Monmouth's Helen Melledy Hall

The former Monmouth Grange Hall, now Helen Melledy Hall, is one of the oldest buildings in downtown Monmouth. It is one of only a few buildings to have escaped the great fire of 1888, which ravaged the

downtown. Like all Granges around Maine, Monmouth's Grange was a community centerpiece for generations. The Theater at Monmouth (TAM) purchased the Grange from the State Grange when Monmouth and Winthrop's Granges merged in the 1990s.

The hall serves a critical role in TAM operations as a dining and rehearsal hall for the professional company members who travel to Monmouth from across the country. TAM started planning renovations in 2009,

and when community forums revealed the need for a building in Monmouth that could serve as a community center and emergency shelter, the function of the former Grange hall became clear. The partnership of TAM and the Town of Monmouth attracted support from The Davis Family Foundation, the USDA Rural Development Program, and the Maine Department of Economic and Com-



ADA accessible rest room, and allowed for connecting with the generator at the Monmouth Fire Station. The result is a wonderful community center, a critical piece to support TAM's work

in the community, and the only

emergency shelter with a power

Nancy Smith photo

generator and commercial kitchen between Augusta and Lewiston. In the event of another emergency such as the 1998 Ice Storm, Monmouth will serve those in need.



Photo courtesy of Barrels Market

Spotlight on Progress Barrels Market in Waterville

Waterville Main Street, and its subsidiary project, Barrels Market, is just one example of what the Maine Downtown Center is accomplishing.

Barrels Market, a nonprofit subsidiary of Waterville Main Street, is a co-operative market that buys from local farmers and provides the community with fresh, local foods year-round and supports local craftspeople by providing an outlet for their products.

By making these local, affordable goods available to the greater Waterville community, the market's aim is to revitalize downtown Waterville through an emphasis on local productivity. Established in June 2009 by volunteers from the greater Waterville community, Barrels Market is not only a store but also a meeting center offering events and classes designed to promote individual and community health, teach traditional arts and skills and celebrate the unique spirit of the community.

Central to the mission of Barrels Market is outreach work that promotes the benefits of eating healthy, local foods, and collaborating with community institutions to incorporate these foods into their dining programs. They currently work with the following partners toward this end: Maine General Health, Waterville Public Schools, The Muskie Center, Messalonskee High, Selah Tea and Colby College.

Maine Downtown Center

The State Legislature established the Maine Downtown Center in 1999 to be the statewide resource for downtown revitalization efforts. Housed at the Maine Development Foundation, the Maine Downtown Center serves as the state coordinator for the National Main Street program of the National Trust for Historic Preservation.

While *Charting Maine's Future* emphasized that the Maine Downtown Center "has been woefully underfunded" and called for it to be funded at a level of \$300,000 per year, the Center has in fact received an average of \$160,000 per year over the past 6 years (\$260,000 in state funds for Downtown FY '06 to FY '12 and \$700,000 in CDBG funds for FY '09 to FY '12).¹⁴

The Maine Downtown Center now supports 10 officially designated Main Street communities and an additional 20 communities are part of the Maine Downtown Network. The Maine Downtown Center reports that **since 2002**, **\$153 million has been invested in Main Street physical improvements from public and private sources**, **1,075 more jobs and 228 more businesses now exist in Main Street communities**, and for every \$1 spent administering Main Street programs, \$27.38 is invested in the downtowns where they exist.¹⁵



Arts and Culture

Notably, the contributions of Maine's arts and culture to the state's creative economy and quality of life were largely absent from *Charting Maine's Future*. Perhaps Maine's rich cultural offerings are so enmeshed in our daily lives and innate to Maine's livability that they are taken for granted. In an effort to quantify the economic impact of what had previously been subjective and anecdotal, The Maine Arts Commission has since undertaken economic impact studies of Maine's museums and performing arts festivals to evidence their significant economic contributions.

The results of a summer 2009 survey of 14 Maine museums show that approximately 442,000 visitors spent nearly \$71 million that summer. Using then-current multiplier programs, it was estimated that the direct spending of these museum visitors created a sales impact of nearly \$148 million, generating tax revenues for state and local government of more than \$7.5 million. (It is important to keep in mind that these results reflect only the 14 museums participating in the study and did not count additional dollars resulting from the direct and indirect impact of visitor spending by other museums and galleries in the state).¹⁶

In a 2011 survey of 15 separate Maine performing arts festivals, results showed nearly 31,000 attendees between July 1 and October 2. Extrapolating from survey results, attendees spent approximately \$45 million as part of their festival experience. In indirect expense, this translated to approximately \$14.3 million of additional sales for Maine businesses. The total economic impact of festival activities is estimated to be nearly \$71 million in sales for Maine businesses. Business and household spending related to festivals generated annual tax and fee revenue for Maine state and local governments of approximately \$3.9 million.¹⁷



The Farnsworth Art Museum, Heather Veilleux photo

Spotlight on Progress Portland's Space Gallery

Portland's Space Gallery has just celebrated its 10year anniversary. It is a magnet for creativity and an inspiring example of investor/institution partnership.

Once a Wendy's, this **Congress Street location** was purchased by Christopher Campbell in 1999. Campbell, an architect, held a vision for his building that would sustain and enhance the community's greatest asset, a rich cultural life. He offered the ground floor space at 538 Congress St. rent-free during demolition to a group of artist entrepreneurs and grew the rent gradually, beginning at \$100 a month. Campbell now receives \$4,300 a month



Photo courtesy of Kristin Teig Christopher Campbell

from that tenant – proving that patient capital pays off. $^{\rm 18}$

Space Gallery, which recently invested \$250,000 of private/philanthropic dollars in an infrastructure buildout, has grown its operating budget to \$500,200 and quadrupled its work force.¹⁹

In addition to Space Gallery, Campbell also houses his architectural office, a printing co-operative and 30 artists' studios in the upper floors.

The City of Portland is a partner in the revitalization of Congress Street, officially designating it as an arts district and creating a TIF (tax incremental financing) to support arts activities within that district.

Space Gallery's budget alone has a \$1.4M economic impact on the City of Portland, a small part of the nonprofit arts and culture industry which generates \$49.1 million in annual economic activity in the City of Portland, supports 1,535 full-time equivalent jobs and generates \$5.7 million in local and state government revenues.²⁰

Economic development through the arts works. It takes vision and patience, but the payoff is great for communities looking to revitalize through quality place-making.

Better Visioning Assistance and Planning Tools for Towns

So that leaders of Maine cities and towns would be better equipped to shape their own destiny, foster quality places,

and achieve sustainable prosperity, *Charting Maine's Future* called upon Maine to "provide to regions and towns the resources they need to secure top-quality visioning and conflict-resolution services as well as state-of-the-art GIS visualization skills."

These efforts were to be funded with an increase to the Deed Transaction Fee, which has not happened, and several actions have been taken which actually reduced capacity to address this particular recommendation. For instance, grants were eliminated that support all phases of comprehensive planning–development, implementation, and updating provided through the land-use planning program at the State Planning Office and funded through the gen-

eral fund. Planning grants in the Community Development Block Grant program, administered by the Department of Economic and Community Development, have been an important component of community planning, funding 62 projects statewide 2007-2011. These were zero funded in 2012 and are proposed for elimination in 2013. In addition, staffing of the Land Use Planning Program at the State Planning Office was reduced by 40%, as the State Planning Office was eliminated and its programs relocated to several departments.

In spite of the above-noted reversals, there have been actions taken in support of the recommendations. The Maine



Phil Fliss photo

Coastal Program refocused a competitive grant program, thus providing coastal municipalities either singly or regionally a new funding source that allows them to access visioning, GIS, and consulting services. The Land Use Program in partnership with the Maine Nonpoint Education for Municipal Officials Program successfully competed for an EPA

> grant that brought state-of-art GIS services, visioning, and consulting services to a seventown region in the Bangor area to address storm water and wetlands issues. The Land Use Planning Program developed an easy-touse and understand Density Visualization Tool available online.²¹

> *Charting Maine's Future* also recommended new, model zoning ordinances to compliment and enhance the special value of Maine's historic, densely built traditional centers. While the state government has not taken the lead on developing such ordinances, we have seen examples across the state, including the western Maine town of Standish, which adopted Maine's first form-based code for Standish Corner as a result of GrowSmart Maine's Model Town initiative.



Maine Downtown Center photo

Fostering Regional Planning

Charting Maine's Future recommended funding groups of towns that agree to plan together. The report suggested that: "Even bolder collaboration could be encouraged by offering even stronger incentives for towns to actually implement regional growth-management plans." These incentives might include priority awarding of key state grants and having aid flow to towns engaged in shared planning, etc.

Gov. Baldacci created a Governor's Council on Quality of Place to address these recommendations. It was replaced by a legislatively-formed Quality of Place Council. This more recent Council was eliminated in 2012, before implementation of various recommendations could occur.

Regional planning is ongoing in Maine, through Economic Development Districts, Regional Planning Commissions and Councils of Government. One example is Gateway One, which despite funding being cut by the current administration, engages 21 communities, from Brunswick to Prospect, along 100 miles of US Rte 1 in planning collaboratively for growth along this major transportation corridor.

Other examples include:

- Maine's Sustainability Solutions Initiative, a partnership between the University of Maine, the University of Southern Maine, and other institutions of higher education. The Initiative seeks to transform Maine's research capacity for addressing sustainability challenges in ways that directly benefit Maine economically, environmentally, and socially.
- The Partnership for Sustainable Communities, which provides federal funding for regional planning, within a unique partnership of Housing and Urban Development, Department of Transportation, and the Environmental Protection Agency. GROWashington-Aroostook and Sustain Southern Maine are two Sustainable Communities projects in Maine. Each initiative draws on the expertise of local people focused on housing, transportation, public health, environment, education, agriculture and municipal government.





- **Mobilize Maine**, a regional initiative that invites strong private sector participation and focuses on capitalizing on a region's assets. Among other things, the effort identifies regional priorities that become the basis for private, public and philanthropic investment in each economic region. Mobilize Maine "preserves and sustains Maine's unique Quality of Place, while growing good paying jobs and businesses."²²
- Friends of Midcoast Maine, which works collaboratively with Midcoast community members and communities, upon request, to engage the public in developing a community vision, plans and policies that support local values.

Maine Uniform Building and Energy Code

When the building codes vary from town to town, it's challenging for engineers, contractors and architects to keep track of which rules apply where. A lack of uniformity and predictability makes it difficult and time consuming for contractors to estimate costs.

When *Charting Maine's Future* was published, the state used the International Building Code (IBC) and the International Residential Code (IRC) as models and also delineated eight areas where municipalities were directed to use other state laws. Adoption of these model building codes by individual municipalities was voluntary. Commercial buildings were required by law to comply with AHRAE 90.1 or the IECC for energy efficiency, but the State did not provide any enforcement mechanisms. There were contradictions between the IBC/IRC and other state laws, and use of the rehabilitation code was even more confusing.

For this reason, *Charting Maine's Future* recommended harmonizing the codes with existing state laws and establishing a single, clear, building and rehabilitation code for use statewide.

Implementation has been rather convoluted. Effective Dec. 1, 2010, the State of Maine adopted the statewide Maine Uniform Building and Energy Code (MUBEC) which consists of four International Code Council (ICC) codes and four standards. All previously existing local building ordinances that were inconsistent with the MUBEC were made void. Different implementation schedules were required based on whether or not the municipality had previously adopted a building code. Compliance with the MUBEC was mandatory, but only municipalities with populations greater than 2,000 were required to provide a means of enforcement.

Soon after it took effect, the MUBEC was amended, and as of September 28, 2011, municipalities over 4,000 in population were required to enforce the new code if they had a building code in place by August 2008 (the population threshold was formerly 2,000).

In municipalities under 4,000 (this was formerly 2,000) both compliance with and enforcement of the MUBEC is optional and such communities either adopt and enforce the MUBEC as listed above, adopt and enforce MUBC (the building code without energy code in it, adopt and enforce MUEC (the energy code only), or have no code at all.²³

Further, MUBEC could put the onus of compliance on builders. The law gave communities the option of using municipal staff to perform inspections, or, for builders, developers or homeowners to hire independent third-party inspectors to ensure compliance with the new code. Because



the code is community-specific, professionals are faced with the business decision on whether to comply in all their work with MUBEC in recognition of its value, knowing they could be underbid by competitors choosing not to meet the codes.

Maine architects and builders are concerned about MUBEC's implementation. For example, PDT Architects, located in Portland, has strongly supported acceptance of a statewide building code, citing the advantage of a single set of codes in providing consistent regulations, which in turn reduces the cost of doing business and improves efficiencies.

"It is unfortunate how MUBEC was implemented," says David Webster, Principal of PDT. "But the code does provide both life safety and energy efficiency minimum standards that result in buildings that are safer, more durable and more cost effective to own."

In addition to MUBEC, which covers new construction, the International Existing Building Code (IEBC) was adopted to work with the conditions within an existing building undergoing rehabilitation rather than having to impose a rigid set of requirements upon it. This allows more feasible rehabilitation by allowing for compliance alternatives that provide equivalent safety and functionality.

Training in this portion of the code, as envisioned in the legislation creating MUBEC, has been limited to date, although the Maine Building Officials and Inspectors Association has initiated such training and intends to continue it. The IEBC is strongly supported by code officials who recognize its benefits in flexibility and in limiting costs, citing such areas as reusing staircases, handrail heights and reusing existing doors and windows.

INVESTMENTS IN INNOVATION

harting Maine's Future encouraged us to continue to invest in Maine's resourcefulness and creativity. The report called for an Innovation Jobs Fund of \$200 million to grow jobs through innovation. Most of the money (\$180 million) was to be invested in Research and Development, doubling Maine's current rate of investment, and the remaining \$20 million was intended for creation of a new Maine Cluster Development Fund for business-led partnerships that catalyze cluster-based job creation through collaborative work on key challenges like work force development and marketing.

These recommendations are reflected in the 2010 Science and Technology Action Plan, developed by the Maine Innovation Economy Advisory Board and the Maine Office of Innovation, within the Department of Economic and Community Development. As stated in the report's Executive Summary, "The plan describes a new phase of Maine's investment in an innovation economy, broadening the earlier focus on building research capacity to include investment in innovation and entrepreneurship as well as R&D."

Research and Development

Maine has made advances since 2006, but there is much work still to do. In 2007, the Maine Legislature authorized and the voters of the State of Maine approved \$50 million in bond funds for research, development and commercialization projects. In 2010, voters approved an additional \$3 million bond. The Maine Technology Asset Fund was created to distribute these funds, and the Maine Technology Institute (MTI) administers the program.

The impact of these investments is significant. Since 2007, Maine's university and nonprofit research institutions have significantly improved their technology transfer outcomes on key measures such as patents, licenses and spin-offs.

Companies with high growth potential are taking advantage of the state's support and increasing jobs and revenues at rates above statewide averages. New programs and investments, such as the new \$3 million Blackstone Accelerates Growth Initiative, are available to help build a more robust and sustainable infrastructure to support Maine's entrepreneurs.²⁴

However, in 2011, the Maine Office of Innovation was eliminated from DECD, and in 2012, Gov. LePage's veto of a \$20 million Research and Development bond was upheld in the House of Representatives.



Cluster Initiative Program

A new fund was not created as recommended, Maine instead invested in an existing program, the Cluster Initiative Program (CIP) also administered by MTI. Established in 2002, CIP awards up to \$50,000 for feasibility and planning and up to \$500,000 for collaborative initiatives that boost the strength and scale of Maine's high-potential technology intensive clusters.

The CIP program supports collaborative efforts that help spread knowledge and skills, build connections among businesses, connect businesses to research and service partners, and address common opportunities and challenges, leading to more vibrant economic growth and innovation in Maine's high-potential technology clusters.

Business Innovation Program

A third MTI program aligned with the recommendations of *Charting Maine's Future* is the Business Innovation Program (BIP), which accelerates technology-based Maine businesses along their business development cycle of bringing new processes, services and products to market, while accelerating their capacity for profitability and growth. BIP creates greater access to mentoring and capital for growing businesses in all seven of Maine's technology sectors from Maine's traditional industries such as precision manufacturing, forestry and agriculture as well as emerging industries such as biotechnology and information technology. This program is funded by returns to MTI of company investment and by general fund appropriation.



Biotechnology

Currently there are more than 200 Maine companies and organizations working in the biosciences, covering everything from discovery research through commercialization. **In 2010 there were 6,042 employees in all bioscience industries in Maine.** This represents a 29% increase since 2002, a time in which overall job growth was only 3% in Maine and 5% nationally. Most Maine bioscience jobs are in Cumberland and Hancock counties.²⁵

Spotlight on Progress Bigelow Labs

Internationally recognized by the research community, Bigelow Laboratory for Ocean Sciences studies oceans, coastal seas, and estuaries to discover the medical, commercial, and other benefits of marine microorganisms. There is a whole range of known benefits from these microorganisms, including fatty acids that can be converted to biofuels and compounds to be used in grain development. With great opportunities for research to discover commercial development opportunities, the Laboratory has begun to collaborate on commer-



Christopher Barnes photo

cializing its research with Maine companies, including Kennebec River Biosciences in Richmond and Fluid Imaging in Yarmouth.

Through a Maine Technology and Asset Fund award of \$4.45 million, which provided the leverage for two major federal grants totaling \$14.12 million, the Laboratory is developing a 7,000 square-foot facility and will double its employment to more than 150. In addition to staff scientists, a portfolio of medium and high wage jobs will be brought to this rural region of the state.²⁶ Bigelow's Center for Blue Biotechnology (BCBB) will house the Bigelow Center for Blue Biotechnology Research which applies molecular biology and microbial ecology to the viruses, bacteria, and algae living throughout the world's oceans in order to understand their evolution, genetic and chemical make-up, and their culture and industrial application.

BCBB is projected to generate \$33,832,310 in new revenue over five years, with 85% of these funds spent in Maine, primarily in rural Lincoln County.²⁷

Information Technology

Internet connectivity makes it possible for companies to compete in the greater global economy yet is particularly challenging in a rural state like Maine.

From 2006 to 2010, the percentage of Maine residents



subscribed to the internet increased from 23% to 48%. While this is a significant improvement, the percent of Maine people currently subscribed to the internet lags 13% behind the national average and 20% behind the New England average.28 In general, broadband access is more available in southern and coastal Maine and less available in the northern, eastern, and western regions. Yet even in more connected

regions, there are still pockets that do not have broadband access. $^{\rm 29}$

Expanded internet connectivity is improving due to many efforts, including those of Maine Fiber Company, the ConnectME Authority, GWI, Fairpoint Communications and Axiom Technologies' work.

Spotlight on Progress

Maine Fiber Company – Three Ring Binder Project

As part of the American Recovery and Reinvestment act of 2009, the federal government set aside money to be used to improve access to broadband internet service in areas where such service has been hard to come by.

A coalition of Maine state officials, representatives of the University of Maine System and Maine



telecommunications companies created a proposal named the Three Ring Binder because it featured three "rings" of fiber strung through Western, Northern and Downeast Maine. On Dec. 17, 2009, U.S. Secretary of Commerce Gary Locke came to Bangor to announce

that the Three Ring Binder would receive a \$25.4 million federal grant.

Maine Fiber Company was formed in 2010 to oversee the construction, maintenance, and leasing of a 1,100-mile high-capacity fiber-optic network in Maine.

The network, which will be completed this fall, has been built with a combination of public and private funding and is an open-access middle-mile infrastructure available to all service providers on a non-discriminatory basis. Maine Fiber Company's private investors have provided approximately \$7 million in additional financing to complete the project.³⁰

Designed to attract business and help rural towns, the Three-Ring Binder Project provides Maine with a backbone for high-speed internet access.³¹

Investments in Innovation: Advanced Composite Materials



Advanced Composite Materials

With a long tradition of boatbuilding, it is not surprising that Maine has taken a lead in the technologies related to building boats and other structures by combining different materials to make a product that is superior to single components or methods, according to the Maine Department of Economic and Community Development.

Starting with advanced research into fiber-reinforced polymers, Maine is leading the way in the use of composites in construction, security applications and renewable energy devices.

This is one of Maine's best-defined clusters, with active trade associations, a number of spin-offs from the University of Maine, as well as revitalized traditional manufacturers.³²

Spotlight on Progress Maine Composites Alliance

The Maine Composites Alliance, the University of Maine Advanced Structures and Composites Lab, and Maine Department of Transportation (MDOT) have been collaborating for more than 10 years to advance the use of Maine-made composites in major infrastructure projects. This collaboration resulted in the birth of a new composite industry, with roots in Maine's boatbuilding industry.

That collaboration began in the early 2000s with informal brain-storming sessions and culminated in the emergence of a new "Bridge-in-a-Backpack" construction technology and

the commercialization of a second technology, the Hybrid Composite Beam, with both efforts coming from UMaine. This collaboration has resulted in spinoff companies and new jobs in a number of traditional Maine composite companies.

The State encouraged the use of new materials by adding a requirement to use the new materials in a percentage of bond-funded bridges built in Maine. MDOT led the project collaborators in the 2010 Maine



Maine Composite Alliance photo

Composite Bridge Tour in October, where regional bridge engineers visited Maine to tour bridges under construction and fabrication facilities and to attend a seminar at UMaine on technology and construction standards.

The result for Maine is hundreds of jobs, expansion of existing companies and the export of new products and technologies. Maine-built bridges are now in dozens of states.

Farming & Local Food

Charting Maine's Future recognized that rural Maine faces "with extra force" the challenges of strengthening its economy and recommended innovative solutions within our agricultural sector. "Just as the state must nurture and Farms and local food are increasingly the centerpiece of community building activities, whether a farmers' market that has been expanded and relocated to a downtown center, or a lively arts or musical event that now also showcases farm products. Maine's 25 agricultural fairs have never been more popular, while the annual Common Ground

Country Fair hosted

by the Maine Or-

ganic Farmers and

has been the ini-

tial spark for many

young people who

have since become

number of farmers'

markets has grown

by 94% and the

number of farms

by 174%.34 One

trends is among

using "CSAs" (See

Page 10) has grown

of the more recent

Since 2006, the

farmers.

Growers Association

grow its clusters of innovation industries and firms, so too must rural Maine in order to reduce the dependency on commodity-producing industries so susceptible to global price fluctuations." Agriculture has been one of Maine's fastest growing sectors in recent years, and is poised to grow even more. From 2002 to 2007, the number of Maine farms increased by 940-from 7,196 to 8,136—a remarkable 13% increase in only



five years. During this same period, the amount of cropland and open pasture grew by 3%.³³ (The next US Census of Agriculture will cover the period 2007-2012: anecdotal



Maine Kneading Conference photo

evidence suggests that that Census will confirm that farm growth has remained robust.) Several factors drive

the current growth in farming, including an influx of young farmers full of energy and new ideas. But perhaps the dominant factor is booming consumer interest in locally-grown food, which often dovetails with a preference for organic or naturally-raised products that are the focus of many of Maine's newest farms. restaurants that build their menus around what's available from local farms. Twenty years ago, Maine helped usher in the "farm-to-table" movement at a few select restaurants, including Portland's Fore Street; but the movement has now grown considerably, becoming a foundation of a vibrant statewide culinary scene.

Innovations in marketing have fueled much of the rebirth of Maine farming. Many of Maine's most successful farms are either selling "direct" (through farm stands, farmers markets, buying clubs, or CSAs) or "close to direct" (by establishing close relationships with restaurants or small stores).

However, marketing innovation is not the answer for all, and some farms are struggling. Many Maine farms are either not located near good markets or they sell direct to a wholesaler or processor (as with most of Maine's dairy farms). The bottom line is that farming in Maine is diverse in so many ways–with farms both flourishing and struggling, regardless of type or size.

Simply put, farming is a difficult business. In Maine, the difficulties are made worse by counter-productive federal policies (especially around milk pricing) and by the lack of key infrastructure (grain storage facilities,

From Previous Page

slaughterhouses, climate controlled vehicles for regional distribution, and food processors). But, in some ways, the greatest challenge facing Maine agriculture may be demographic. Though Maine has seen an influx of young farmers, most of Maine's farms remain in the hands of an aged population. Maine Farmland Trust estimates that approximately one-third of Maine's best farmland—or about 400,000 acres—will be in transition in the next five years,



Photo by Bridget Besaw for Maine Farmland Trust

appears well-poised for the future. Maine has abundant water, good soils, energized local markets, and handy access to large Northeast markets. There is great opportunity in Maine for farms serving both local and broader regional markets. A soon-to-be-released study (led by Brandeis Professor Brian Donahue) shows how New England, by 2060, could be growing most of its own food, with Maine as the dominant producer. But to get to this vision, Maine must first transition

through a period that will require protecting much more farmland, attracting more new farmers, and rebuilding key infrastructure.

If one looks at the fundamentals, Maine agriculture

due simply to the age of the farmland owners.

Spotlight on Progress The Kneading Conference

Amber Lambke, one of the Kneading Conference founders, tells the story of how *Charting Maine's Future* provided her with a framework for brainstorming economic development solutions, particularly economic clusters, when other economic development efforts in her

region didn't seem to be working.

Simultaneously, several Skowhegan residents were motivated by the need to restore the region's grain farming as an important cornerstone of a growing local food movement. Somerset County wheat production fed more than 100,000 people annually until the



Kneading Conference was held in July of 2007 in the heart of Somerset County near Skowhegan.

The Kneading Conference has been an inspiration to many. Bob and Mary Burr of Blue Ribbon Farm routinely brainstormed about new products to introduce at their

> farmers' market stand, and they kept coming back to fresh pasta, but there was no local source of flour.

Enter the Kneading Conference, which has influenced Maine farmers to grow grains. In fact, the Conference influenced Amber Lambke and Mike Scholz to turn the Old Skowhegan jail into a grist mill.

Maine Kneading Conference photo

mid-1800's. Today less than 1% of Maine's wheat demand is actually grown in Maine. $^{\rm 35}$

The Skowhegan-based Kneading Conference was launched to bring together novice and professional bakers, grain farmers and millers, researchers, wood-fired oven enthusiasts and lovers of handcrafted breads for workshops, presentations, and panel discussions. The first Once the Burrs knew they had found a source for freshly ground Maine flour, they launched "Pasta Fresca at Blue Ribbon Farm." It was the excitement of locally grown and ground grains that gave the Burrs the inspiration for a unique, value-added product that they could make on their farm with their eggs and vegetables, flour from the new mill, and cheese from local producers.



Government Efficiency

harting Maine's Future argued that Maine needs to modernize and overhaul state government, provide incentives for local and regional government efficiencies, streamline K-12 school administration, and lower Maine taxes to be more in line with national averages. A top-to-bottom overhaul of bureaucracies would not only improve service and finance needed investments, but could also make a down-payment on tax reform.

Charting Maine's Future:

- Recommended the establishment of a Maine Government Efficiency Commission modeled after the federal Base Realignment and Closure Commission which had won begrudging praise for its ability to reduce the nation's over-extended military infrastructure. In this case, a high-level commission would undertake a rigorous analysis of the structure and cost of state government and make recommendations that would be subject to a simple up or down vote by elected officials.
- Called for the establishment of the Fund for the Efficient Delivery of Education Services to promote voluntary collaborations between schools and districts to reduce K–12 costs. The goal was to reduce K–12 administrative expenditures to the vicinity of the national average of \$195 per pupil, and so save about \$25 million a year. A high-level school district reorganization committee was to substantially reduce

the number of school administrative units.

- Estimated that Mainers could save from \$60 million to \$100 million a year with such a tough, extensive, thoughtful and binding review. Savings would go toward investments in the Innovation Jobs Fund and toward tax reductions. Property tax relief should be earmarked to towns with a high percentage of untaxable property.
- Further called for reducing income tax by lowering the top tax rate and increasing the threshold that triggers the entry rate. And it also called for exploring ways to "export" tax burdens onto Maine visitors and non-resident second-home owners. *Charting Maine's Future* noted that such an "export" would help the state "recoup at least a portion of the costs of the public services consumed by visitors and tourists," and it would help mitigate the heavy tolls that tourism can take on parks, lakeshores and tourist corridors.

In the end, the Maine Government Efficiency Commission was not established; the Fund for the Efficient Delivery of Local and Regional Services was not capitalized as envisioned, and was eventually abolished; school consolidation was implemented, but not as envisioned; and progress on tax reform and reduction has been mixed.

Reinventing Maine Government is a 2010 document commissioned by GrowSmart Maine and produced by Envision Maine to address how to achieve these goals.



State Government Efficiency

While the Maine Government Efficiency Commission was not established as recommended in *Charting Maine's Future*, some aspects of regulatory reform have occurred in recent years. In January 2008, The Maine Council on Competitiveness and The Economy released a report by McKinsey & Co. entitled "Maine: Delivering Efficient Government." First noting \$140 million in reduced state spending through government efficiencies realized 2004-2008, the report then outlined \$100 million to \$180 million of annual general fund savings achievable through efficiency capture and services changes. Many of these recommendations were implemented.

More recently, the 125th Legislature passed An Act To Ensure Regulatory Fairness and Reform, resulting from the work of the Joint Select Committee on Regulatory Fairness and Reform.

Among other things, the resulting legislation:

- Created an environmental self-audit program with incentives for companies to promptly selfreport, correct and prevent violations, including reducing or eliminating penalties and prosecution for environmental violations;
- **Expanded the business assistance office** within the Department of Economic and Community Development;
- **Streamlined permitting** and made the Board of Environmental Protection more efficient;
- Eliminated duplications of state permitting for fire codes and restaurant health inspections if municipalities already have licensed agents to perform those duties;
- Authorized regulatory agencies to conduct more costbenefit analyses when warranted.

Governor LePage's current effort to institute zero-based budgeting is an effort to further increase government efficiency by requiring a justification and re-evaluation of all current spending.

The impact of these reforms have not yet been quantified.

Local and Regional Government Efficiency

Charting Maine's Future emphasized the need for towns to cooperate regionally for a number of reasons, including efficiency.

The Fund for the Efficient Delivery of Local and

** For regional cooperation at any level, there need to be incentives in place for policy makers to buy into the concept. It has to be more than the 'right thing to do.' The average citizen must be able to understand: Is this actually going to save me money?"? **Regional Services** was first adopted by Maine voters in June 2004 as part of the citizen initiative known as the School Finance and Tax Reform Act of 2003. Money in the Fund was to be "distributed to those municipalities that can demonstrate significant and sustainable savings in the cost of delivering local and regional governmental

Ryan Pelletier, Northern Maine Development Commission

services through collaborative approaches to service delivery, enhanced regional delivery systems, the consolidation of administrative services, the creation of broad-based purchasing alliances or the execution of interlocal agreements."³⁶

Charting Maine's Future called for the Legislature to carry out the law's initial intentions by capitalizing the fund at a rate of about \$2 million per year from municipal revenue sharing. However, apart from some initial investments totaling \$1.5 million, no other funds were invested. The \$1.5 million was awarded to collaborative municipal projects that estimated total cost savings of well over \$10 million.³⁷

In subsequent years, money in the Fund was used for other purposes and in the 2009/2010 Legislative session the Fund was repealed.

School Administration Consolidation

Charting Maine's Future called Maine's K-12 education system "one of the most expensive in the country and the largest single outlay in the state-local budget." The report noted the complexity of managing no less than 286 independent school administrative units in five different types of administrative systems requiring more superintendents and 50 percent more district level administrators than the national average. Also, that school construction costs were much higher than necessary because a strong tradition of local control doesn't take into account the potential for realizing regional economies of scale.

Charting Maine's Future specifically called for:

- Fully funding and enlarging the Fund for the Efficient Delivery of Education Services;
- Reducing Maine's K-12 district level administrative spending to the national average;
- Beginning the work of dramatically reducing the number of school administrative units (districts); and
- Developing a statewide K-12 capital plan conceived from a regional perspective.

It is important to note that *Charting Maine's Future* encouraged that changes be brought about via pilot projects, not mandates.

Under the Baldacci administration, Maine embarked on the process of school consolidation.³⁸ The legislative intent of the law was to create a maximum of 80 school units



⁶⁶One of the lessons learned, and we'll know more in a year or two, is that we have heard that districts are talking more to each other; working together more. In the communities where they talk about what is best for the kids and education. really great things happen. The how is more of a challenge than an obstacle. When the focus is on the structure – the adult stuff – it was a lot harder.

David Connerty-Marin, Maine Department of Education or the number of units appropriate to achieve administrative efficiencies.

There has been significant pushback throughout Maine in response to the State's across-theboard requirements, an approach, as noted above, that differs from *Charting Maine's Future*'s suggestions for starting the process with pilot projects.

Even with the unpopular process, there have been improvements. As of July 1, 2012, there are 168 school districts (school systems) and 213 if

you count all the member entities, significantly fewer than the 286 school administrative districts mentioned earlier. And school administrative costs per pupil have continued a downward trend; from \$365.26 in 2006/2007 to \$331.02 in 2010/2011, a 9% decrease.³⁹

In 2011, the Legislature created The Fund for the Efficient Delivery of Educational Services, which was funded with \$2 million in 2012.⁴⁰ The fund provides startup money for districts working together to implement projects that have demonstrated significant and sustainable savings in the cost of delivering educational services and improving student achievement.

The Major Capital Improvement Program already meets much of the intended outcome in *Charting Maine's Future's* recommendation. Maine's Department of Education does on-site assessments of building conditions and programmatic appropriateness, prioritizes those identified needs, and commits state support to the most urgent needs. A regional study is required before solutions are finalized. For example, one new SAD#64 elementary school in Corinth will replace four existing buildings in very poor condition. And a high school being considered for RSU#19 in Newport may bring together three current school units and three high schools that would result in one regional comprehensive high school for the area.⁴¹



Tax Reduction and Reform

harting Maine's Future includes a number of recommendations relating to Maine tax policy. Change is needed in part because Maine's overall tax burden has historically remained above the New England average, as tracked by the Maine Economic Growth Council's report, *Measures of Growth*. (See chart on page 35). As of 2009, Maine's tax burden was dropping, and—according to data collected by the Tax Foundation—had for the first time in over a decade dropped below the New England average. That's good news. But *Charting Maine's Future* recommends far more than lowering tax burden; the report provides detail about how taxes could be restructured to better serve Maine's people and economy.

Recommendations for property tax relief include reimbursing towns with large amounts of tax-exempt property and extending the homestead and circuit breaker programs. Recommendations for income tax relief include reducing the state's top income tax rate and raising the income threshold at which the top rate applies.

The report also advises exploring ways to "export" tax burdens onto visitors and non-resident second home-owners, such as by expanding the sales tax base to include more goods and services presently tax-exempt, and raising the lodging tax. The report also suggests raising the deed transaction fee. These methods of exporting tax burden were offered in part to fund the investments proposed in the report, and in part to allow reductions in other components of the tax system, such as Maine's high income and property tax rates on residents.

Progress on tax reform and tax reduction has been mixed. The last Legislature did enact a reduction in the top income tax rate from 8.5 to 7.95%, while eliminating any income tax obligation for an estimated 70,000 lower-income residents. This responds directly to two recommendations of *Charting Maine's Future*. But the new tax reductions, effective in 2013, will result in the loss of hundreds of millions of dollars in state revenues. This will likely force cuts in state services that may include cuts to education and municipal funding, which would in turn shift more burden to

local property taxes. This runs counter to another recommendation of *Charting Maine's Future*, which calls for more state support for cities and towns, as a way to lessen property taxes.

At the same time, no reform has yet been enacted that exports more tax burden to non-residents, despite many legislative proposals with this goal. In 2007, for example, the legislature's tax estimated that this reform would have reduced the burden on residents by \$48 million, while maintaining revenues.

The recommendations that were designed to relieve property taxes in *Charting Maine's Future* have not been achieved either. In the year preceding its publication, the Legislature enacted a substantial property tax reform known as LD1. This legislation

committee reported out LD1925, proposing a revenue neutral tax reform package, generally lowering income and property taxes, while raising revenue from sales taxes. The proposal included a flat 6% income tax, coupled with a "resident credit" to maintain the system's progressivity. It expanded the homestead exemption and circuit breaker programs to provide resident-targeted property tax relief. It increased taxes on meals and lodging, beer and wine, and real estate transfers. And it expanded the sales tax base to include (for the first time) certain personal services (such as hair care and dry cleaning), real property services (such as lawn care), installation, repair, and maintenance services, and amusement and recreational services (such as skiing, golf, and movie tickets).

Because the sales tax base expansions and rate increases would have been imposed on both residents and non-residents, while the income and property tax reductions were resident-targeted, Maine Revenue Services estimated that the bill would reduce the tax burden on Maine residents by \$140 million, while maintaining revenues. Opposition to the bill centered on the sales tax base expansions and rate increases. Also, because of its revenue neutrality, opponents characterized the reform as a "tax shift" rather than a tax cut, perhaps missing the point. The proposal passed in the House, but failed in the Senate.

A similar but more narrowly targeted bill, LD1495, passed the full Legislature in 2009, but was overturned by citizen referendum. This reform would have imposed a flat 6.5% income tax rate for households that earn less than \$250,000, and 6.85% for those with incomes above \$250,000, again coupled with a resident credit to retain the progressive nature of the income tax rates. To make up for lost income tax revenues, and to export the burden to non-residents, LD1495 would also have increased the meals and lodging tax, and expanded the sales tax base to certain services, though fewer than earlier proposals. Maine Revenue Services



included a phased-in increase in state funding for education, increases in the homestead exemption and circuit breaker programs, spending growth guidelines for all levels of government, and greater targeting of municipal revenue sharing to high tax rate municipalities. While most of the core provisions of LD1 remain in Maine law, budget pressures have resulted in less funding for municipalities and school districts, and reductions in both homestead exemption and circuit breaker benefits – as compared with what LD1 prescribed. So if anything, Maine has stepped backward, not forward, in implementing the additional property tax relief envisioned in *Charting Maine's Future*.

There are mixed results since the release of *Charting Maine's Future* in 2006, with many efforts that move us overall toward or away from its tax recommendations. The lowering of Maine's top income tax rate and the long-term trend toward lower overall tax burden are clearly consistent with the vision of *Charting Maine's Future*. Much less has been accomplished in exporting tax burden to non-residents, providing property tax relief to residents, or using targeted tax increases to fund recommended investments in Maine's future.

Conclusion

harting Maine's Future described a vision for Maine that combines the protection of our quality places and sustainable economic development. It offered an action plan to lead us in that direction and suggested funding sources for various initiatives. Across the state, the report's key ideas resonated strongly with citizens, business and community leaders, and public officials.

This enthusiastic response to *Charting Maine's Future* led to some significant policy successes. In addition, it engaged Mainers of diverse backgrounds and political perspectives in a common statewide conversation about the state's future.

While we have always appreciated our beautiful downtowns and natural and working landscapes, the report conveyed that these "quality places" are in fact intrinsic to our economic well-being. In particular, traditional downtowns received needed attention when the Municipal Investment Trust Fund was renamed the "Communities for Maine's



Future Fund." This change linked it conceptually to the popular Land for Maine's Future program, and it received \$3.5 million in bond money in 2010.

Likewise, Charting Maine's Future emphasized the need to boost our innovation economy with sustained R&D investments in strategic industry clusters. Maine made a very significant step toward a recommended three-year

goal of \$180 million with the \$50 million in bond funds passed in 2007. The Maine Technology Institute has very ably administered the funds it has received on a competitiveaward basis, as this update has shown.

The revitalization of Maine's cities and towns has been notably strengthened by the extension of the state historic preservation tax credit and the passage of a uniform building and energy code.

Efforts to improve government efficiency have been more uneven. We came very close to passing a balanced tax reform package in 2009, as recommended by the report, ⁶⁶The challenge for national and state policy makers is two-fold; to develop economic growth policies that preserve the Maine experience and the second more difficult hurdle, convince some Mainers to trust them.⁹⁹

David Trahan, Executive Director, Sportsman's Alliance of Maine

and income tax reductions are set to take effect beginning in 2013. The initiative to consolidate K-12 school administrative districts was poorly implemented, yet, some consolidation has taken place, and per pupil administrative costs have declined as a result.

Charting Maine's Future's vision is still inspiring and the action plan can still serve as a template for Maine's growth and prosperity.

To make further headway, we must continue to:

- Invest in Maine's quality natural and built places;
- Support the innovators who strengthen this economy;
- Ensure that government on all levels is effective in providing appropriate services;
- Support community planning and development within and beyond municipal boundaries.

Maine has made progress toward that vision despite the current political push to diminish state government, the effects of the recent recession and continuing global challenges. We learned that process—engaging Mainers in conversation about the state's future—matters; and that sustainable growth requires long term commitment from citizens, business and government. **As we continue, we should keep a couple of lessons in mind:**

- Be a champion of all good work. Promote and share best practices and excellent results wherever they occur. Good stories, positive examples and successful role models provide a platform for broader achievements.
- Support collaborations large and small, from community-based initiatives to large scale private/ public partnerships, recognizing the exponential value of working together.

Mainers rightly view their state as different from the sprawling urban regions that lie outside our borders. Let's continue to work together, increasing economic opportunity in the great state we call home, while conserving the unique natural assets for future generations. Working together, we will continue to make headway.

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