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## **An Act To Implement the Recommendations of the Maine Economic Growth Council Regarding Prosperity**

### **CONCEPT DRAFT**

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to implement the recommendations of the Maine Economic Growth Council, which was directed by the Legislature in Resolve 2011, chapter 148 to develop the Maine Prosperity Action Plan. The recommendations are to:

**1. Health and wellness.** Invest in preventive care, wellness and improvements in the current health care system to improve health, increase productivity and control costs. This goal would be accomplished by:

A. Investing in wellness and prevention for state employees and state-funded programs by:

- (1) Continued use of the State's buying power to support best practices;
- (2) Using public schools to educate children and families about healthy lifestyles, preventive care, wellness, physical activity and proper nutrition and providing nutritious foods in schools; and
- (3) Promoting healthy nutrition through the statewide food supplement program under the Maine Revised Statutes, Title 22, section 3104;

B. Using market incentives to promote wellness and prevention by:

- (1) Providing tax incentives for employers that offer health and wellness programs; and
- (2) Providing tax incentives to health insurers for their providing discounts to employers providing health and wellness programs;

C. Investing in preventive care and education by promoting existing investments and systems to improve transparency in the health care system so all consumers can make informed decisions about health care options based on cost and quality data; and

D. Improving the current health care system to reduce costs by:

- (1) Limiting high emergency department use;
- (2) Continuing to expand telemedicine throughout the State;
- (3) Ensuring that MaineCare's reimbursement rate prevents cost-shifting to the private market;
- (4) Encouraging accountable care organizations that promote health, prevent illness and support quality;
- (5) Enabling the Joint Standing Committee on Health and Human Services to explore ways to encourage healthy behaviors for MaineCare clients consistent with federal law; and

(6) Improving efficiency and value in MaineCare by rewarding prevention and discouraging excessive use.

In order to further the implementation of the health and wellness goal, this bill would immediately connect the Women, Infants and Children Special Supplemental Food Program and the Supplemental Nutrition Assistance Program with more farmers' markets; increase access to primary care and dental care to limit emergency department use; and make all state office buildings and grounds tobacco-free;

**2. Energy.** Reduce energy costs by improving efficiency and expanding the portfolio of available and economically viable alternatives for residential, industrial and commercial customers. This goal would be accomplished by:

A. Improving efficiency to lower energy costs in the near term by:

(1) Investing in efficiency for residential, industrial and commercial users, focusing on commercial and industrial users that yield the highest return on investment;

(2) Supporting the goals of the Efficiency Maine Trust by:

(a) Leveraging existing funds from utilities and fuel suppliers; and

(b) Using funds available from the Efficiency Maine Trust to make low-interest loans and grants available to manufacturing and natural resources businesses for infrastructure upgrades;

(3) Maintaining a statewide building code with efficiency standards; and

(4) Supporting time-of-day pricing options and smart meter technology; and

B. Developing new commercially viable energy sources to lower reliance on oil and protect against market volatility by:

(1) Investing in and expanding development of renewable energy that is economically viable as dictated by the market, such as biofuels, tidal power, onshore and offshore wind power, hydropower and solar power;

(2) Promoting development of energy production technology as an economic development opportunity; and

(3) Improving access for Maine businesses to a variety of energy sources.

In order to further the implementation of the energy goal, this bill would immediately develop a statewide natural gas distribution plan that includes service center communities;

**3. Government reform.** Improve the efficiency and effectiveness of the legislative process and regulatory framework. This goal would be accomplished by reforming the Legislature by:

A. Reducing the size of the Legislature, which would need to be accomplished through an amendment to the Constitution of Maine, and identifying efficiencies in the law-making process;

B. Requiring legislative leadership and the Maine Economic Growth Council to find ways to incorporate measures of growth into the legislative process;

C. Changing accounting and legislative practices to reflect the full cost and effect of long-term obligations; and

D. Using dynamic fiscal notes to evaluate economic impact beyond direct revenue impact.

In order to further the implementation of the government reform goal, this bill would immediately institutionalize the legislative regulatory review process to occur on a regular basis and encourage the cost-effective and efficient regionalization of services by providing information on best practices, resources and opportunities;

**4. Taxation.** Reform Maine's tax system to promote economic growth and minimize volatility. This goal would be accomplished by:

A. Changing the structure of the income and sales taxes by:

- (1) Lowering the top marginal income tax rate, thus eliminating a disincentive to investment;
- (2) Lowering the top income tax brackets;
- (3) Indexing the income brackets to adjust with inflation;
- (4) Bringing the estate tax into conformance with federal estate tax;
- (5) Exploring ways to export tax burdens onto visitors; and
- (6) Reforming the sales tax by removing exemptions and lowering the overall rate; and

B. Limiting government spending and investing the savings in economic growth and tax reform by:

- (1) Continuing to monitor and limit state and local spending through the process limiting municipal property tax levies pursuant to the Maine Revised Statutes, Title 30-A, section 5721-A;
- (2) Promoting government efficiencies through consolidation, technology and cooperation;
- (3) Supporting inclusion of a long-range plan in the biennial budget;
- (4) Supporting and highlighting the success of a few major pilot projects in regionalized service delivery; and
- (5) Making financial incentives available for municipalities to implement regional services.

In order to further the implementation of the taxation reform goal, this bill would immediately eliminate all sales tax exemptions and lower the general sales and use tax rate to 4%;

**5. Education.** Invest in and support a comprehensive educational system that meets the educational needs of each individual at all levels and prepares those individuals for citizenship, meets the workforce needs of Maine businesses and supports economic growth. This goal would be accomplished by:

A. A comprehensive approach of:

- (1) Creating an overarching vision and integrated state approach to help all Maine residents achieve their greatest potential;
- (2) Adopting a global budget for public funds across the birth-to-college spectrum;
- (3) Including explicit student-centered outcomes at all stages of investment and evaluation;
- (4) Ensuring successful, seamless transition across individual systems; and

(5) Supporting adult students through programs such as the Maine Career Advantage program and the Governor's Jobs Initiative Program;

B. Improving early childhood education by:

(1) Increasing General Fund investment to control kindergarten to grade 12 remediation and public assistance costs;

(2) Developing strategies to share resources of the model used by Educare Central Maine in the City of Waterville with all Maine communities;

(3) Establishing minimum quality standards for early childhood programs eligible for state funding;

(4) Fully integrating early childhood development into Maine's educational system;

(5) Improving the quality of the early childhood care workforce by:

(a) Investing fully in training and education of providers through scholarships, loan forgiveness and tax credits; and

(b) Expanding access to child-focused and family-focused systems that incorporate all components of the Early Head Start program and Head Start program;

(6) Creating a means for private funds to support and enhance access to quality services by:

(a) Establishing private endowments with private, philanthropic and public funds; and

(b) Organizing a core group with the goal of adopting market-based approaches to sustain investment in the public sector; and

(7) Supporting the Maine Children's Growth Council to engage private and philanthropic sectors;

C. Improving kindergarten to grade 12 education by:

(1) Bringing the student-to-teacher ratio and administrative costs closer to the national average;

(2) Providing incentives and encouragement for district administrative consolidations with savings going to classrooms;

(3) Rewarding high-performing teachers;

(4) Continuing to explore all alternatives to improve the overall quality of Maine's educational system;

(5) Making distance learning available to all students;

(6) Creating a postsecondary options program to allow high school juniors and seniors to take postsecondary education courses, with public funding following the student; and

(7) Developing a rational school capital plan for construction and renovation investments;

D. Improving higher education by:

(1) Making public higher education affordable for all Maine students;

(2) Increasing need-based scholarship aid through programs such as the Maine State Grant Program;

- (3) Establishing a single comprehensive plan and financing for all public institution physical plants;
- (4) Treating the University of Maine System as a true system with campuses specializing in areas rather than underfunding a full curriculum at each campus; and
- (5) Utilizing more technology, distance and online learning to reduce costs;
- E. Ensuring that credits transfer within and across systems easily;
- F. Aligning curricula and courses to ensure graduates meet current and future skill and knowledge needs of Maine businesses, especially by supporting and expanding employer and institution partnerships;
- G. Directing the University of Maine System to provide technical support to Maine businesses, prioritize economic development and market community assets;
- H. Maintaining the University of Maine System and the Maine Community College System as separate systems coordinated by a single, integrated board of trustees; and
- I. Eliminating the existing University of Maine System funding formula and establishing in its place a system that rewards excellence and results and recognizes changing marketplace and student needs.

In order to further the implementation of the education improvement goal, this bill would immediately require prekindergarten screenings statewide; strengthen relationships and collaboration between employers and the kindergarten to grade 12 educational system to ensure that the system is providing students the foundation and skills they need to succeed in the workforce; and review the State's geographic higher education needs and explore all options to deliver high-quality public education opportunities to students throughout the State in a more cost-effective manner that fully employs online and distance learning;

**6. Connectivity.** Create balanced and affordable transportation and communications systems to connect businesses to customers and markets beyond the State's borders. This goal would be accomplished by:

- A. Developing a sustainable funding mechanism for road infrastructure based on users paying the costs;
- B. Supporting multimodal options, such as rail, marine, air, roadways and trails, by:
  - (1) Finishing the Three-Port Strategy investment plan;
  - (2) Evaluating all options to make competitive freight and passenger rail service available; and
  - (3) Improving regional air connections; and
- C. Filling gaps in broadband coverage and availability to increase business activity statewide by:
  - (1) Supporting the mission and objectives of the ConnectME Authority to expand access and subscription rates to broadband;
  - (2) Exploring opportunities to lower costs and increase subscription rates; and
  - (3) Supporting modernization of federal and state communications regulations.

In order to further the implementation of the connectivity goal, this bill would immediately appoint a blue ribbon commission to develop an appropriate sustainable mechanism for financing transportation infrastructure; and promote the benefits of Internet connectivity to businesses and individuals to increase the subscription rate and provide a level of certainty for private investment; and

**7. Innovation and entrepreneurship.** Support the innovation of Maine's economy to capitalize on new markets and promote economic growth. This goal would be accomplished by:

A. Making changes to funding, including:

- (1) Supporting public investment in research and development that leverages private funds to bring total spending to 3% of Maine's gross domestic product;
- (2) Updating the existing seed capital regime to encourage more private investment; and
- (3) Supporting commercialization of innovations; and

B. Changing information technology capacity and education by:

- (1) Building information technology capacity through public-private-nonprofit partnerships;
- (2) Teaching innovation and entrepreneurship statewide by:
  - (a) Providing training to 10,000 small businesses over the next 8 years through existing organizations; and
  - (b) Including entrepreneurship in kindergarten to grade 12 curricula statewide;
- (3) Continuing support of the Maine Technology Institute's Cluster Initiative Program and the Maine Innovation Economy Advisory Board;
- (4) Increasing the University of Maine System's research and development in order to leverage funding and create marketable ideas, wealth and jobs;
- (5) Requiring the University of Maine System, the Maine Community College System and the Maine Maritime Academy to develop the entrepreneurial skills of students and faculty and support the transfer of knowledge and technology between the systems and the academy; and
- (6) Requiring the University of Maine System, the Maine Community College System and the Maine Maritime Academy to bring research and development knowledge directly to businesses through relationships and public-private partnerships.

In order to further the implementation of the innovation and entrepreneurship goal, this bill would immediately ensure that all programs supporting innovation are working together and that the most meaningful evaluation metrics are being utilized; and update existing seed capital legislation to enable crowd-funding of innovation.