



MAINE & CO.

**131st MAINE LEGISLATURE
THE JOINT STANDING COMMITTEE ON INNOVATION, DEVELOPMENT,
ECONOMIC ADVANCEMENT & BUSINESS**

Re: Testimony in Support of LD 1918

Senator Curry, Representative Roberts and distinguished members of the Committee on Innovation, Development, Economic Advancement & Business, my name is Peter DelGreco, President & CEO of Maine & Co. My organization exists to find growing companies and show them how they can be successful in establishing an operation in Maine. Created during the administration of Governor Angus King, we are a privately funded 501(c)6. We compete with states from the entire country and countries around the world to attract new jobs and investment to Maine. We also work with existing Maine companies, helping them implement their growth plans.

Thank you for the opportunity to share why I support LD 1918.

At Maine & Co. we work tirelessly with companies evaluating investment decisions. Over the years, this has given our organization incredible insight into how companies make these decisions, understanding what criteria is important to them. When it comes to investing in local economies and hiring local people, companies have many choices. The more tools we have at our disposal, the more we can demonstrate to a company how they can be successful in Maine by employing Maine people. I've been fortunate to be with Maine & Co. since 2004. One thing that I've learned over the years is that companies evaluate their choices as micro- and macro- economic conditions change over time.

Coming out of the pandemic, we've seen the nature of projects change. Companies are no longer focused solely on long, lean supply chains. They are now balancing their supply chains with resiliency and redundancy to protect when something goes wrong. As a result, we are seeing companies build production and operations closer to the markets that they serve. These projects require dramatically higher capital expenditures than what we've seen in years passed. Maine is an ideal location for these investments as we have untold millions of people within a one-day truck drive our state.

Additionally, the nature of work is changing. While we hear about the pros and cons concerning remote work, changes are also happening in the production world. Companies are investing in cutting edge machinery that requires employees with different skill sets than they may have had. Employers recognize the need to upskill and

re-train their workforce. Companies we work with want to invest in their workforce to reduce turnover, increase productivity, and generally create a better work experience.

This legislation addresses both major issues by encouraging capital investment and rewarding investing in workforce training. These are the issues that today are driving investment decisions.

Passing this legislation provides a smooth transition from our previous tool to a new tool. It ensures that Maine has a tool in its toolkit when competing for new investment projects. Importantly, we need to recognize the applicability of this program to our companies already here in Maine. Our employers are constantly contacted by other states trying to attract their next investment. LD 1918 will now be a tool available to Maine companies to help encourage investment here, rather than across our borders.

Over the years, I've spoken with many economic development professionals, consultants, and economists. Conventional wisdom suggests that a program can be defined as "good" if the community still benefits even if the project does not succeed. LD 1918 meets this test. When a company makes a capital investment in a targeted industry in a community, it improves the site. We can almost always find new users for locations that have shown increased levels of investments. Likewise, if a company helps its workforce develop new skills, we can always find new companies who will want to employ that skill set.

LD 1918 is a chance to update the Pine Tree Zone program that was put in place about twenty years ago. That program was developed for a vastly different economy than we have today. Even as our economy has changed over the decades, the Pine Tree Zone program maintained some effectiveness. However, recognizing the realities of today's economy and building a program around those realities is an important step in helping to encourage new investment activities.

I'm thankful that the legislature is considering this vital piece of legislation. Letting the Pine Tree Zone program expire without a replacement program would put Maine at a stunning disadvantage in the new economy that is emerging post-Covid. Having a tool that encourages employers to invest in capital expenditures in Maine while also investing in the skills of their workforce will be very powerful. Companies will find this new program compelling.

Thank you again and I urge this committee to support LD 1918.