

**TESTIMONY
OF HEATHER JOHNSON, COMMISSIONER
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT**

Before the Joint Standing Committee on Appropriations and Financial Affairs and
the
Joint Standing Committee on Housing and Economic Development

Hearing Date: February 5, 2025

Hearing Time: 10:00 a.m.

**“An Act Making Unified Appropriations and Allocations from the General
Fund and Other Funds for the Expenditures of State Government and
Changing Certain Provisions of the Law Necessary to the Proper Operations
of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026
and June 30, 2027”**

Good morning, Senator Rotundo, Representative Gatine and members of the Joint Standing Committee on Appropriations and Financial Affairs; Senator Curry, Representative Gere and members of the Joint Standing Committee on Housing and Economic Development. My name is Heather Johnson, and I am the Commissioner of the Department of Economic and Community Development or DECD for short. I am here today to testify in support of LD210, the Biennial Budget.

Maine – like many states, both blue and red – is facing a tight budget environment. The Mills Administration has spent months carefully developing a balanced budget proposal to preserve the programs lawmakers and Maine people support, including education, revenue sharing, public safety, higher education, and school meals, while also protecting the long-term fiscal health of Maine.

Ultimately, we took a balanced approach: one that makes some investments - including operational needs such as technology efficiencies, health and safety improvements, collective bargaining impacts, etc. - that proposes some spending

cuts, and that makes some targeted revenue increases. We know these proposals are difficult and appreciate that you will consider them with an open mind.

We look forward to working with you over the coming months to enact a budget that supports our greatest asset of all: the people of Maine.

For the Biennial Budget, DECD continues its baseline budget with minimal changes. In addition to our traditional programming, DECD proposes two additions to support sustainable growth long term. One will create a domestic trade program that helps small businesses increase sales by expanding access to domestic markets for their products. The second is a one-time request for Maine's Technology Institute to attract and grow the life science sector.

This budget includes initiatives to fund increased costs for the Financial and Human Resources Service Center and Office of Information Technology within the Department of Administrative and Financial Services; an initiative to bring allocations in line with projected revenues in the Office of Tourism; initiatives to extend positions with identified federal funding and language relating to the transfer of the Housing Opportunity Program and positions to the Maine Office of Community Affairs.

DEPARTMENT OVERVIEW

The Department of Economic and Community Development's mission is to foster the economic prosperity of the state. DECD works statewide and with local partners, private industry, communities, and small businesses to enhance and sustain economic opportunity in Maine. In addition to our core Offices that support and promote community development, business development, business attraction and retention; International business recruitment and promotion; leadership and

Economic and Community Development, Department of

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Department Summary - All Funds				
Positions - LEGISLATIVE COUNT	35,000	35,000	38,000	38,000
Personal Services	4,994,745	5,148,934	6,078,170	6,269,043
All Other	69,944,704	75,938,762	64,168,013	67,413,090
Total	74,939,449	81,087,696	70,246,183	73,682,133
Department Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	19,000	19,000	22,000	22,000
Personal Services	2,701,722	2,810,582	3,451,359	3,614,713
All Other	13,482,966	15,219,554	13,480,756	16,480,990
Total	16,184,688	18,030,136	16,932,115	20,095,703
Department Summary - FEDERAL EXPENDITURES FUND				
Positions - LEGISLATIVE COUNT	-1,000			
Personal Services	78,206	152,768	284,794	306,748
All Other	1,775,941	1,773,932	1,785,750	1,786,665
Total	1,854,147	1,926,700	2,070,544	2,093,413
Department Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	12,000	12,000	12,000	12,000
Personal Services	1,531,471	1,559,225	1,662,772	1,761,592
All Other	24,846,821	35,528,641	25,484,872	25,728,800
Total	26,378,292	37,087,866	27,147,644	27,490,392
Department Summary - FEDERAL BLOCK GRANT FUND				
Positions - LEGISLATIVE COUNT	5,000	4,000	4,000	4,000
Personal Services	464,422	395,589	440,609	458,292
All Other	21,260,658	21,260,658	21,260,658	21,260,658
Total	21,725,080	21,656,247	21,701,267	21,718,950
Department Summary - FEDERAL EXPENDITURES FUND-ARP STATE FISCAL RECOVERY				
All Other	287,176	151,602	151,602	151,602
Total	287,176	151,602	151,602	151,602
Department Summary - FEDERAL EXPENDITURES FUND-ARP				
Personal Services	218,924	230,770	238,636	127,698
All Other	8,291,142	2,004,375	2,004,375	2,004,375
Total	8,510,066	2,235,145	2,243,011	2,132,073

management; technology and innovation; and national and international marketing and promotional programs through the Offices of Tourism, Film and Outdoor Recreation; DECD also is responsible for the oversight and execution of the 10-Year Maine Economic Development Strategy. The plan, with one vision, three key goals, and seven strategy areas, will continue to be the framework for economic growth through 2029.

DECD has 7 Offices and 35 permanent positions and seven limited period positions covering the department's many responsibilities. Thirty-two of the department's employees are located on the 3rd floor of the State Office Building, two are located with the Maine International Trade Center and one is located with the Maine Technology Institute in their Portland offices.

ADMINISTRATION – ECONOMIC AND COMMUNITY DEVELOPMENT

The **request** for the Administration account may be found on **page A-185**. The Administration Account supports the Commissioner's Office which provides overall leadership of the department, including personnel, financial and contractual obligations; directs the implementation of the 10-year Economic Development Strategy; oversees Maine Jobs and Recovery Programming (MJRP) funding and programs; coordinates legislative and media activities; develops and maintains the department-wide budget; and represents the administration on various boards, commissions, and task forces. The program includes a General Fund appropriation and allocations for Other Special Revenue Funds, Federal Expenditures Funds and State Fiscal Recovery funds assigned to DECD. The Administration Account supports 5 General Fund positions and 1 Federal Limited Period position. **There are three initiatives for this program.**

ADMINISTRATION - ECON & COMM DEV 0069

What the Budget purchases:

The Commissioner's Office provides overall coordination of the Department, including financial and personnel management, administrative and policy development, coordination of legislative and media activities, program development and evaluation; departmental strategic planning, and coordinated management of statewide initiatives relating to workforce development, business attraction and retention and business tax incentive programs. The Commissioner's Office coordinates the programs and services of the department with those programs and services of other state agencies and economic development organizations to create efficiencies and promote Maine as a place to live, work and visit.

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	5,000	5,000	5,000	5,000
Personal Services	741,309	765,809	875,163	917,194
All Other	1,097,088	1,202,448	1,102,448	1,102,448
Total	1,838,397	1,968,257	1,977,611	2,019,642
Program Summary - FEDERAL EXPENDITURES FUND				
Personal Services		152,768		
All Other	500	273,432	273,432	273,432
Total	500	426,200	273,432	273,432
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	30,000	30,000	30,000	30,000
Total	30,000	30,000	30,000	30,000
Program Summary - FEDERAL EXPENDITURES FUND-ARP STATE FISCAL RECOVERY				
All Other	283,176	147,602	147,602	147,602
Total	283,176	147,602	147,602	147,602
			2025-26	2026-27
Initiative: Continues one limited-period Public Executive I position, previously established by Public Law 2023, chapter 412 through June 19, 2027 and provides funding for related All Other costs.				
FEDERAL EXPENDITURES FUND				
Personal Services			146,692	158,069
All Other			6,089	6,563
Total			152,781	164,632
			2025-26	2026-27
Initiative: Provides funding for the department's share of the cost for the financial and human resources service centers within the Department of Administrative and Financial Services.				
GENERAL FUND				
All Other			14,950	28,642
Total			14,950	28,642
			2025-26	2026-27
Initiative: Provides funding for statewide technology services provided by the Department of Administrative and Financial Services, Office of Information Technology.				
GENERAL FUND				
All Other			23,488	23,488
Total			23,488	23,488

The **first initiative** continues the limited period deputy director position in the Office of Outdoor Recreation. The position is currently vacant, and we are reviewing applications. Maine's outdoor recreation economy surged in 2023 and generated \$3.4 billion in value and supports nearly 30,000 jobs. The Northern Border Regional Commission recognizes this growing sector of the New England economy and continues to set aside federal resources to fund a position in each of the States. They have committed funding through fiscal year 2027 and this initiative recognizes the allocation needed for the position and All Other for STA CAP costs.

The **second initiative** requests additional General Funds of \$14,950 in FY26 and \$28,642 in FY27 for the department's General Fund share of the increased costs for the financial and human resources services provided by the Department of Administrative and Financial Services, General Government Service Center.

Service Centers within DAFS provide centralized accounting, payroll, budgeting and human resources services to departments and agencies. Service Centers are established as an internal service funds intended to recoup their costs through billings to departments and agencies for services provided. The Service Centers expenses are higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs. This recoupment process results in increased billing rates for departments and agencies.

The **third initiative** requests additional General Funds of \$23,488 in FY26 and \$23,488 in FY27 for the department's General Fund share of the increased costs for the statewide technology services provided by the Department of Administrative and Financial Services, Office of Information Technology.

Economic and Community Development, Department of

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Revised Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	5,000	5,000	5,000	5,000
Personal Services	741,309	765,809	875,163	917,194
All Other	1,097,088	1,202,448	1,140,886	1,154,578
Total	1,838,397	1,968,257	2,016,049	2,071,772

Revised Program Summary - FEDERAL EXPENDITURES FUND

Personal Services		152,768	146,692	158,069
All Other	500	273,432	279,521	279,995
Total	500	426,200	426,213	438,064

Revised Program Summary - OTHER SPECIAL REVENUE FUNDS

All Other	30,000	30,000	30,000	30,000
Total	30,000	30,000	30,000	30,000

Revised Program Summary - FEDERAL EXPENDITURES FUND-ARP STATE FISCAL RECOVERY

All Other	283,176	147,602	147,602	147,602
Total	283,176	147,602	147,602	147,602

APPLIED TECHNOLOGY DEVELOPMENT CENTER SYSTEM 0929

What the Budget purchases:

The Applied Technology Development Center System encourages early stage development of technology-based businesses through business counseling, shared services and minimizing overhead costs for new technology-based companies. Grant funding is provided through a competitive process.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Program Summary - GENERAL FUND				
All Other	178,838	178,838	178,838	178,838
Total	178,838	178,838	178,838	178,838
			2025-26	2026-27

Initiative: NONE

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Revised Program Summary - GENERAL FUND				
All Other	178,838	178,838	178,838	178,838
Total	178,838	178,838	178,838	178,838

MaineIT is responsible for the delivery of safe, secure, and high-performing networks and systems to State Agencies for the daily performance of their missions for the citizens of Maine. IT enterprise functions benefiting all state agencies are managed through this office to ensure consistency, volume discount efficiencies, and optimum performance and throughput. MaineIT is established as an internal service fund intended to recoup their costs through billings to departments and agencies for services provided. MaineIT expenses are higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs, including vendor increases, supply chain costs, and network and systems modernization and upgrades. This recoupment process results in increased billing rates for departments and agencies.

APPLIED TECHNOLOGY DEVELOPMENT CENTER SYSTEM

The **baseline budget** for the Applied Technology Development Center System may be found on **page A-186**. This program receives a general fund appropriation to fund the state-wide Technology Centers in the State (Maine Center for Entrepreneurial Development, Maine Aquaculture Innovation Center, and Target Technology Incubator). Since 1997, the three Applied Technology Development Centers have leveraged the state investment with significant outside funds to provide critical support to hundreds of Maine entrepreneurs in all 16 counties across the state. The Centers remain true to the original goal of stimulating the Maine economy and making us less reliant on a small number of heritage industries. While the state funding is a small portion of their overall budgets, they are important funds that are used to match outside funding sources and demonstrate Maine's commitment to developing a robust, modern economy that creates jobs and attracts much needed talent. **There are no new initiatives for this program.**

BUSINESS DEVELOPMENT 0585**What the Budget purchases:**

The Office of Business Development provides direct assistance to existing businesses and businesses seeking to relocate or expand in Maine. Through the Business Answers Program, this office responds to the needs of any business with a question or issue regarding state government. Working directly with other state agencies, this office is able to facilitate quick resolution of permitting and licensing issues and is able to connect businesses with the correct assistance needed. Administration of the DIRIGO, Pine Tree Development Zone, E-Tif, J-Tif and municipal tax incentive finance programs and Maine Co-Working Development program are also coordinated through this office.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	8,000	8,000	8,000	8,000
Personal Services	935,226	971,103	1,156,287	1,212,792
All Other	869,604	2,769,604	869,604	869,604
Total	1,804,830	3,740,707	2,025,891	2,082,396

Program Summary - FEDERAL EXPENDITURES FUND-ARP STATE FISCAL RECOVERY

All Other	2,500	2,500	2,500	2,500
Total	2,500	2,500	2,500	2,500

2025-26 2026-27

Initiative: Establishes one Public Service Coordinator II position and provides funding for related All Other costs to create a domestic trade program to support Maine's small businesses.

GENERAL FUND				
Positions - LEGISLATIVE COUNT			1,000	1,000
Personal Services			135,029	146,038
All Other			550,000	550,000
Total			685,029	696,038

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27

Revised Program Summary - GENERAL FUND

Positions - LEGISLATIVE COUNT	8,000	8,000	9,000	9,000
Personal Services	935,226	971,103	1,291,316	1,358,830
All Other	869,604	2,769,604	1,419,604	1,419,604
Total	1,804,830	3,740,707	2,710,920	2,778,434

Revised Program Summary - FEDERAL EXPENDITURES FUND-ARP STATE FISCAL RECOVERY

All Other	2,500	2,500	2,500	2,500
Total	2,500	2,500	2,500	2,500

BUSINESS DEVELOPMENT

The **request** for the Office of Business Development may be found on **page A-187**. This program receives a General Fund appropriation that supports 8 positions and All Other funds that help provide direct assistance to existing businesses and businesses seeking to relocate or expand in Maine. This office provides an invaluable resource to Maine's business community by providing expertise on available business assistance programs, tax incentives and financing options. Working directly with other state agencies, this office can facilitate resolution of challenging issues and is able to connect businesses with the correct assistance needed.

The Office of Business Development manages the Business Answers program, which supports resource navigation and baseline information on State required licensing and permitting. The service provides a searchable database of permitting information as well as email and phone support. The Business Answers page is now translatable into multiple languages. Over the last four years, the Business Answers website has been visited almost one million times.

The Office of Business Development also administers a site selection website and since its launch in March 2022, more than 70,000 searches have been completed. Over 27,000 page views have attracted close to 4,000 unique visitors who have actively searched for available business property locations around the State. This is one example of the investment attraction activity conducted by this office. Another significant role of OBD is the management of certain economic development incentive programs, including the Dirigo Business Incentive Program that went into effect at the beginning of this year. The office has already received 25 applications from businesses estimating \$195,786,231 in capital investments and 1,394 qualified employee training completions over the five-year certification period. **There is one initiative for this program.**

COMMUNITIES FOR MAINE'S FUTURE FUND Z108

What the Budget purchases:

This program is not currently active.

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	500	500	500	500
Total	500	500	500	500

2025-26 2026-27

Initiative: NONE

<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
--------------------------	---------------------------	----------------------------	----------------------------

Revised Program Summary - OTHER SPECIAL REVENUE FUNDS

All Other	500	500	500	500
Total	500	500	500	500

The **initiative** requests general funds totaling \$685,029 in FY26 and \$696,038 in FY27 which includes one permanent position and All Other funding to continue the Domestic Trade Program. This program provides data, technical assistance and grant funding to help Maine's small businesses sell their products across the U.S. Creating and sustaining a domestic trade program was a specific action item of the Maine Economic Development Strategy, and MJRP funding provided the opportunity to jumpstart the program, resulting in grants to 305 Maine businesses in all 16 counties. Over 70% of those businesses reported an increase in sales directly related to this support. The total value of sales exported out of the state grew by 5% from \$97.7 billion in 2022 to \$102.7 billion in 2023, representing 55.7% of total sales. These small businesses are here in Maine, and with a small amount of help from a sustained Domestic Trade Program, they have the ability to add staff, increase productivity, and grow Maine's economy.

COMMUNITIES FOR MAINE'S FUTURE FUND

The **baseline budget** for the Communities For Maine's Future Fund may be found on **page A-188**. This Other Special Revenue account was established to accept bond funding when the program was active. The baseline allocation in this inactive account exists as a placeholder only. **There are no new initiatives for this program.**

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The **baseline budget** for the Community Development Block Grant Program may be found on **pages A-189 and A-190**. The Federal Funds for this program originate at the Federal Department of Housing and Urban Development or HUD which requires a 2% match from the State's General Fund. HUD distributes funds to each State based on a statutory formula which takes into account population,

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM 0587

What the Budget purchases:

The Office of Community Development program provides federal funds as grants to municipalities to implement programs to improve economic, social, infrastructure, planning and housing conditions primarily for the benefit of low and moderate-income persons, as well as program administration. State funds provide the required match for federal grant funds that are used for the administration of the Community Development Block Grant Program. This Office also supports the Maine Made Marketing Program and Brownfields Revolving Loan Fund.

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	191,109	196,660	232,752	242,185
All Other	88,262	88,262	88,262	88,262
Total	279,371	284,922	321,014	330,447
Program Summary - FEDERAL EXPENDITURES FUND				
Positions - LEGISLATIVE COUNT	-1,000			
Personal Services	(72,553)			
All Other	1,500,000	1,500,000	1,500,000	1,500,000
Total	1,427,447	1,500,000	1,500,000	1,500,000
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	616,011	616,011	616,011	616,011
Total	616,011	616,011	616,011	616,011
Program Summary - FEDERAL BLOCK GRANT FUND				
Positions - LEGISLATIVE COUNT	5,000	4,000	4,000	4,000
Personal Services	464,422	395,589	440,609	458,292
All Other	21,260,658	21,260,658	21,260,658	21,260,658
Total	21,725,080	21,656,247	21,701,267	21,718,950

2025-26 2026-27

Initiative: Continues one limited-period Public Service Coordinator I position, previously continued by Financial Order 003630 F5 through June 19, 2027 and provides funding for related All Other costs.

FEDERAL EXPENDITURES FUND			
Personal Services		138,102	148,679
All Other		5,729	6,170
Total		143,831	154,849

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Revised Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	191,109	196,660	232,752	242,185
All Other	88,262	88,262	88,262	88,262
Total	279,371	284,922	321,014	330,447

Revised Program Summary - FEDERAL EXPENDITURES FUND

Positions - LEGISLATIVE COUNT	-1,000			
Personal Services	(72,553)		138,102	148,679

poverty, incidence of overcrowded housing, and age of housing. The annual federal allocation of approximately \$11.5 million is awarded to over 40 communities for a variety of eligible projects, including economic development, public infrastructure, housing, micro-enterprise assistance, downtown revitalization, public service, and workforce development.

The Federal Expenditure Fund in this account includes an allocation placeholder for the Brownfields Revolving Loan Fund and reflects anticipated revenues from the U.S. Environmental Protection Agency. The work of this program is conducted by DEP with financial administration conducted by DECD. The Other Special Revenue funds include an allocation for the CDBG Federal revolving loan fund that is declining and no longer funded. Two positions in this program are funded by general funds, five positions are funded by HUD federal funds and one position by federal Northern Border Regional Commission. **There is one initiative for this program.**

The **initiative** continues the limited period position responsible for administration of the Northern Border Regional Commission (NBRC) grant funding. NBRC provides annual funding for economic development initiatives in distressed counties in the New England States of Maine, New Hampshire, Vermont and New York, which requires significant in-state coordination, administration and federal oversight. In 2024, Maine received 39 requests for funding totaling over \$29 million. This position must evaluate each proposal and recommend to the Commission which proposals should be awarded funding. NBRC recognized this significant additional work for the States and authorized funding for a dedicated position. NBRC has committed funding through fiscal year 2027 and this initiative recognizes the allocation needed for the position and All Other for STA CAP costs.

HOUSING OPPORTUNITY PROGRAM Z336

What the Budget purchases:

Public Law 2022, Chapter 672 authorized funding for the support and development of additional housing units in Maine, including units that are affordable to low and moderate income people and housing units targeted to community workforce housing needs.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Program Summary - GENERAL FUND				
Personal Services	242,272	268,772		
All Other	2,656,126	2,387,354	2,387,354	2,387,354
Total	2,898,398	2,656,126	2,387,354	2,387,354

Initiative: Continues and makes permanent 2 Public Service Coordinator II positions previously continued by Public Law 2023, chapter 412 and previously established by Public Law 2021, chapter 635 and reduces All Other to fund the positions.

GENERAL FUND

Positions - LEGISLATIVE COUNT

Personal Services

All Other

	2025-26	2026-27
Positions - LEGISLATIVE COUNT	2,000	2,000
Personal Services	327,236	340,694
All Other	(327,236)	(340,694)
Total	0	0

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Revised Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT			2,000	2,000
Personal Services	242,272	268,772	327,236	340,694
All Other	2,656,126	2,387,354	2,060,118	2,046,660
Total	2,898,398	2,656,126	2,387,354	2,387,354

HOUSING OPPORTUNITY PROGRAM

The **baseline budget** for the Housing Opportunity Program may be found on **page A-191**. This program receives a General Fund appropriation to encourage and support the development of additional housing units, particularly housing units for low-and middle-income individuals and units targeted to community workforce housing needs. Support includes providing technical assistance to municipalities to support housing development; support with municipal ordinance development focused on land use changes to increase housing opportunities; researching and providing information to the public, municipalities, and policy makers about opportunities to encourage new housing development including establishing regional and statewide housing goals; and providing funding to service providers and municipalities to support municipal ordinance development, housing master planning and public engagement processes in communities to increase housing opportunities. Since 2022, the Housing Opportunity Program has awarded over \$3 million in grant funds to 13 service providers and over 125 municipalities. **There is one initiative for this program.**

The **initiative** proposes to continue and make permanent the two limited period positions who administer this program. The proposal does not request additional general fund money but seeks to reduce all other funding by the amounts needed for these positions. You will be hearing from the Maine Office of Community Affairs later on today when the language section Part D proposes this program in its entirety be transferred from DECD to the Maine Office of Community Affairs.

INTERNATIONAL COMMERCE 0674**What the Budget purchases:**

The Maine International Trade Center (MITC) is a public-private partnership, funded through the Department, membership dues and corporate sponsor contributions. MITC focuses on the expansion of the Maine economy and job creation through increased exports, trade, foreign direct investment and international student attraction. The Trade Center works with all markets, and provides trade education seminars for Maine's growing businesses - attracting over 500 participants throughout the year. MITC coordinates overseas activities including industry specific trade shows and trade missions, as well as foreign direct investment and international student attraction events. Its operations include the Maine North Atlantic Development Office (MENADO), Invest in Maine, StudyMaine and the Canada Desk. The budget includes funding for the Center, the State Director and MENADO Director and the Citizen Trade Policy Commission.

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	317,251	326,107	389,116	406,026
All Other	924,709	924,709	924,709	924,709
Total	1,241,960	1,250,816	1,313,825	1,330,735

			2025-26	2026-27
Initiative: NONE				

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Revised Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	317,251	326,107	389,116	406,026
All Other	924,709	924,709	924,709	924,709
Total	1,241,960	1,250,816	1,313,825	1,330,735

LEADERSHIP AND ENTREPRENEURIAL DEVELOPMENT PROGRAM Z071**What the Budget purchases:**

This program is not currently active.

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	500	500	500	500
Total	500	500	500	500

			2025-26	2026-27
Initiative: NONE				

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	500	500	500	500
Total	500	500	500	500

MAINE INTERNATIONAL TRADE CENTER

The **baseline budget** for the International Commerce Fund may be found on **page A-192**. This program receives a General Fund appropriation that supports the Maine International Trade Center (MITC) in Portland. MITC is a public/private partnership, funded by a General Fund appropriation from the International Commerce Fund and fees from its 300 member companies and corporate sponsor contributions. MITC provides critical services to Maine's small and medium sized businesses to enhance their global competitiveness, including customized trade assistance that helps businesses identify and take advantage of opportunities in the global marketplace, and counseling on securing and diversifying their supply chains. MITC's core functions are to provide accurate, relevant international trade education and counseling and to expose Maine businesses to overseas opportunities through facilitated activities. MITC assists businesses in all 16 Maine counties, representing over 25 industry sectors who are seeking assistance navigating international markets, resulting in millions of dollars in reported export sales. International trade supports 170,300 jobs in Maine, which equates to 1 in 5 jobs statewide. Foreign-owned companies are important customers for local goods and services and employ 37,300 Maine workers. MITC also manages four specialty subprograms: StudyMaine, which promotes Maine schools as a place to study; Invest in Maine, which promotes the state as an investment destination to global partners; and the Maine-North Atlantic Development Office that leads the state's engagement with the markets of the North Atlantic and Arctic region. MITC is also engaging in the offshore wind roadmap process led by the Governor's Energy Office. In collaboration with the Office of Business Development in DECD, MITC has assisted with targeted domestic trade activities under the MJRP program. This account funds two full-time positions assigned to the Trade Center and provides pass-through funding for the administration of the Center. **There are no new initiatives for this program.**

MAINE COWORKING DEVELOPMENT PROGRAM Z195**What the Budget purchases:**

The Maine Co-working Development Fund exists to strengthen opportunities for entrepreneurship, stimulate innovation in the State by increasing the availability of collaborative workspace environments and address a regional market demand for affordable work environments that support communication, information sharing and networking opportunities.

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Program Summary - GENERAL FUND				
All Other	100,000	100,000	100,000	100,000
Total	100,000	100,000	100,000	100,000
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	500	500	500	500
Total	500	500	500	500

Initiative: NONE

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Revised Program Summary - GENERAL FUND				
All Other	100,000	100,000	100,000	100,000
Total	100,000	100,000	100,000	100,000
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	500	500	500	500
Total	500	500	500	500

MAINE ECONOMIC DEVELOPMENT EVALUATION FUND Z057**What the Budget purchases:**

The Maine Economic Development Evaluation Fund was established to fund a comprehensive evaluation of all of the state's economic development investments. Public Law 2017, chapter 264 included research and development and economic development incentives as part of the evaluation. Utilizing independent, objective reviewers who may consult with the Office of Program Evaluation and Government Accountability, to access data, confidential or otherwise to assess the overall economic performance of various programs, provide recommendations and present areas for improvement. Funding for the evaluation is derived from a 0.8% assessment on agencies and/or private entities that receive General Fund appropriations or general obligation bonds in excess of \$250,000 for economic development incentives as certified by the department and the Office of Fiscal and Program Review. Total payments may not exceed \$200,000 in any fiscal year.

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	200,000	200,000	200,000	200,000
Total	200,000	200,000	200,000	200,000
Initiative: NONE				
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	200,000	200,000	200,000	200,000
Total	200,000	200,000	200,000	200,000

LEADERSHIP AND ENTREPRENEURIAL DEVELOPMENT PROGRAM

The **baseline budget** for the Leadership and Entrepreneurial Development Program may also be found on **page A-192**. This program was created in 2009 but has never been funded. The baseline allocation in this inactive account exists as a placeholder only. **There are no new initiatives for this program.**

MAINE COWORKING DEVELOPMENT PROGRAM

The **baseline budget** for the Maine Co-Working Development Program may be found on **page A-193**. This Program was established in 2016 to strengthen opportunities for entrepreneurship; stimulate innovation in the State by increasing the availability of collaborative workspace environments and addressing a regional market demand for affordable work environments that support communication, information sharing and networking opportunities. The fund is established to match public and private funds to further this purpose. The program receives a general fund appropriation as well as an Other Special Revenue allocation, which is a placeholder for private sector funding. **There are no new initiatives for this program.**

MAINE ECONOMIC DEVELOPMENT EVALUATION FUND

The **baseline budget** for the Maine Economic Development Evaluation Fund may be found on **page A-193**. This account was established to fund the biennial Comprehensive Evaluation of Investments in Economic Development report. Through this dedicated Other Special Revenue account, the department is directed to assess an amount not to exceed 0.8% from those agencies and/or private entities that receive general fund appropriations for economic development. The most recent report was filed on February 1, 2025. **There are no new initiatives for this program.**

MAINE ECONOMIC GROWTH COUNCIL 0727**What the Budget purchases:**

As required by law, the Maine Economic Growth Council exists to prepare and maintain an economic plan for the State. The council develops economic indicators, analyzes the performance of indicators against established benchmarks, and reports findings and recommendations. Funds are provided to the Maine Development Foundation who, by statute, staffs and administers the program.

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Program Summary - GENERAL FUND				
All Other	90,395	90,395	90,395	90,395
Total	90,395	90,395	90,395	90,395

			2025-26	2026-27
Initiative:	NONE			

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Revised Program Summary - GENERAL FUND				
All Other	90,395	90,395	90,395	90,395
Total	90,395	90,395	90,395	90,395

MAINE SMALL BUSINESS AND ENTREPRENEURSHIP COMMISSION 0675**What the Budget purchases:**

The Maine Small Business and Entrepreneurship Commission approves and administers the annual contract for the Maine Small Business Development Centers program. The program promotes and supports economic development by providing comprehensive business management assistance, training, resources and information to small businesses through a network of professional, certified business counselors at centers and outreach offices around the state. An independently validated, impact driven program, the Maine Small Business Development Centers are a partnership involving the U.S. Small Business Administration, Department of Economic and Community Development, the University of Southern Maine and leading state economic development organizations.

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Program Summary - GENERAL FUND				
All Other	683,684	683,684	683,684	683,684
Total	683,684	683,684	683,684	683,684

			2025-26	2026-27
Initiative:	NONE			

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Revised Program Summary - GENERAL FUND				
All Other	683,684	683,684	683,684	683,684
Total	683,684	683,684	683,684	683,684

MAINE ECONOMIC GROWTH COUNCIL

The **baseline budget** for the Maine Economic Growth Council may be found on **page A-194**. The General Fund appropriation is provided through an annual contract to the Maine Development Foundation for the support and administration of the Maine Economic Growth Council as directed by statute. **There are no new initiatives for this program.**

MAINE SMALL BUSINESS AND ENTREPRENEURSHIP COMMISSION

The **baseline budget** for the Maine Small Business and Entrepreneurship Commission may also be found on **page A-194**. The general fund appropriation is passed through to the University of Southern Maine for the Maine Small Business Development Centers (SBDC) program who use this funding to draw down federal matching funds. DECD staff work closely with SBDC, often referring business owners looking for assistance with business planning and financing. SBDC is a partnership involving the U.S. Small Business Administration, Department of Economic and Community Development, the University of Southern Maine and other leading state economic development organizations. **There are no new initiatives for this program.**

MAINE STATE FILM OFFICE

The **baseline budget** for the Maine State Film Office may be found on **page A-195**. The Maine State Film Office markets Maine as a production location for all forms of production, from feature films to catalog shoots, and supports the economic growth of the film, television, and digital media industry sectors. Productions are actively recruited and supported by the office, which serves as the official liaison between industry, state agencies, and production companies. The Maine Film Office is comprised of one staff member and is a division within the Office of Tourism. An

MAINE STATE FILM OFFICE 0590**What the Budget purchases:**

The Maine State Film Office markets Maine as a production location, and supports the economic growth of the film, television and digital media industry sectors. Productions are actively recruited and supported by the office, which serves as a liaison between the industry and state agencies and provides essential support services for projects that film in Maine. This office also administers the Film Tax Credit incentive program.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000
Personal Services	109,753	110,745	136,837	144,763
All Other	170,605	170,605	170,605	170,605
Total	280,358	281,350	307,442	315,368

Initiative: NONE

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000
Personal Services	109,753	110,745	136,837	144,763
All Other	170,605	170,605	170,605	170,605
Total	280,358	281,350	307,442	315,368

A - 195

MUNICIPAL GRANT FUND Z323**What the Budget purchases:**

Public Law 2021, Chapter 319 established a nonlapsing fund to provide funding for municipalities for projects that further the goals of sustainable economic development. A baseline allocation of \$500 exists should funds be received from federal or private sources to establish program.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Program Summary - FEDERAL EXPENDITURES FUND				
All Other	500	500	500	500
Total	500	500	500	500

Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	500	500	500	500
Total	500	500	500	500
			2025-26	2026-27

Initiative: NONE

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Revised Program Summary - FEDERAL EXPENDITURES FUND				
All Other	500	500	500	500
Total	500	500	500	500
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	500	500	500	500
Total	500	500	500	500

eleven-member commission serves in an advisory capacity to the Film Office. The source of Other Special Revenue Funds is a transfer from the Office of Tourism fund for the administration of this program. **There are no new initiatives for this program.**

MUNICIPAL GRANT FUND

The **baseline budget** for the Municipal Grant Fund may be found on **page A-196**. Public Law 2021, Chapter 319 established this non-lapsing fund to provide funding for municipalities for projects that further the goals of sustainable economic development. A baseline allocation exists as a placeholder should funds be received from federal or private sources to establish the program. **There are no initiatives for this program.**

OFFICE OF INNOVATION

The **baseline budget** for the Office of Innovation may be found on **page A-197**. This program receives a general fund appropriation that funds two positions and includes pass-through grant funds for the Maine Technology Institute or MTI for short. MTI offers early-stage capital and commercialization assistance in the form of grants, loans, and equity investments, as well as entrepreneurial guidance and mentorship, to diversify and grow Maine's economy by encouraging, promoting, stimulating, and supporting innovation and its transformation into new products, services, and companies, leading to the creation and retention of quality jobs for Maine people. Created by the Legislature and Governor in 1999, MTI has now disbursed over \$372 million across more than 4,000 distinct projects throughout Maine and that funding has leveraged well over \$2.2 billion in private sector matching investment. In FY24, MTI deployed \$7.6 million across 238 distinct projects generating an additional \$24.9 million in private sector matching

OFFICE OF INNOVATION 0995

What the Budget purchases:

The Office of Innovation's legislative direction is to promote, evaluate and support research and development relevant to the State, including: technology transfer activities to increase the competitiveness of businesses and public institutions of higher education in the state; the development of new commercial products and the fabrication of such products through the Maine Technology Institute; and research opportunities that create sustained, inter-institutional multi-disciplinary efforts. The budget includes funding for a position at the Department of Economic and Community Development, and a position who serves as the President of the Maine Technology Institute as well as pass-through funding in support of its operations.

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	274,555	282,131	335,776	349,784
All Other	6,794,260	6,794,260	6,794,260	6,794,260
Total	7,068,815	7,076,391	7,130,036	7,144,044
Program Summary - FEDERAL EXPENDITURES FUND-ARP STATE FISCAL RECOVERY				
All Other	1,500	1,500	1,500	1,500
Total	1,500	1,500	1,500	1,500

2025-26 2026-27

Initiative: Provides one-time funding for the Maine Technology Institute to facilitate and expedite the growth of the life sciences sector in Maine.

GENERAL FUND

All Other		3,000,000
Total	0	3,000,000

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Revised Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	274,555	282,131	335,776	349,784
All Other	6,794,260	6,794,260	6,794,260	9,794,260
Total	7,068,815	7,076,391	7,130,036	10,144,044
Revised Program Summary - FEDERAL EXPENDITURES FUND-ARP STATE FISCAL RECOVERY				
All Other	1,500	1,500	1,500	1,500
Total	1,500	1,500	1,500	1,500

investment. MTI's general fund appropriation is \$6,572,814.00 **There is one initiative for this program.**

The **initiative** requests one-time funding of \$3 million in Fiscal Year 2027 for the Maine Technology Institute to facilitate the attraction and growth of life sciences businesses in Maine. The life sciences sector has been a major source of growth in Maine in recent years and has the potential to grow exponentially more with targeted investments. The Bioscience Association of Maine's most recent industry report found that life sciences was responsible for \$2.3 billion of our GDP in 2024 and employed close to 10,000 people - 50% more than a decade earlier. We have done well building on our anchor institutions here in Maine, but other parts of the country have built more competitive ecosystems for startups and technology commercialization in the sector - a competition in the 21st century economy that we can't afford to lose. Other key players in Maine are doing the heavy lifting to grow this sector to its full potential, including universities, research institutions, private companies, and industry associations. But there are specific points of leverage in terms of lab space and equipment access for early-stage companies, as well as financial support for research and startup costs, that the State, via the Maine Technology Institute, can support to boost broader investment. With this targeted funding, we can put Maine's life sciences sector on a higher growth trajectory and increase the positive economic impact for our state.

OFFICE OF TOURISM

The **request** for the Office of Tourism may be found on **pages A-198 and 199**. The Office of Tourism exists to support and expand the economic value of the tourism industry and promote the State as a tourist destination. The Maine Office of Tourism leads, convenes, and advances the state's tourism economy by providing

OFFICE OF TOURISM 0577

What the Budget purchases:

The Office of Tourism exists to create and implement integrated sales and marketing campaigns (research, advertising, public relations, promotional activities, and travel trade) to attract visitors to Maine, provide oversight of the State visitor centers through contract management, and provide technical assistance and funding to regional tourism organizations. This Office supports the Maine Film Office which is responsible for the marketing and promotion of Maine as a production location from feature films to catalog shoots and supports the economic growth of the film, television and digital media industry sectors.

The Office also supports the Maine Office of Outdoor Recreation which brings awareness of outdoor recreation activities to Maine citizens and visitors. This office coordinates awareness and the importance of outdoor recreation to increase tourism and support statewide economic growth.

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
Program Summary - FEDERAL EXPENDITURES FUND				
Personal Services	150,759			
All Other	274,941			
Total	425,700	0	0	0

Program Summary - OTHER SPECIAL REVENUE FUNDS

Positions - LEGISLATIVE COUNT	9,000	9,000	9,000	9,000
Personal Services	1,143,605	1,162,919	1,239,045	1,306,224
All Other	22,671,205	23,053,025	23,053,025	23,053,025
Total	23,814,810	24,215,944	24,292,070	24,359,249

Program Summary - FEDERAL EXPENDITURES FUND-ARP

Personal Services	218,924	230,770	82,701	
All Other	8,291,142	2,004,375	2,004,375	2,004,375
Total	8,510,066	2,235,145	2,087,076	2,004,375

2025-26 2026-27

Initiative: Continues 2 limited-period Public Service Coordinator I positions, previously established by Public Law 2023, chapter 412 through December 19, 2026.

FEDERAL EXPENDITURES FUND-ARP

Personal Services		155,935	127,698
Total		155,935	127,698
		2025-26	2026-27

Initiative: Adjusts funding to align with revenue projections from the December 1, 2024 revenue forecast.

OTHER SPECIAL REVENUE FUNDS

All Other		106,231	350,159
Total		106,231	350,159

<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
--------------------------	---------------------------	----------------------------	----------------------------

Revised Program Summary - FEDERAL EXPENDITURES FUND

Personal Services	150,759			
All Other	274,941			
Total	425,700	0	0	0

Revised Program Summary - OTHER SPECIAL REVENUE FUNDS

Positions - LEGISLATIVE COUNT	9,000	9,000	9,000	9,000
Personal Services	1,143,605	1,162,919	1,239,045	1,306,224

resources and education to strengthen the tourism industry, fostering a culture of stakeholder collaboration, and developing strategy and best practices to promote and enhance the Maine experience for all. Each year, the office develops a fully integrated, “always-on”, research-based marketing program which is a mix of paid, earned and owned media that includes paid advertising, media relations, social media and website management, email, fulfillment, consumer travel shows, travel trade events and sales missions. Primary target markets are New England (ME, MA, NH, VT, CT, RI), the Mid-Atlantic (NY, NJ, PA, DC, MD) and the Eastern Canadian provinces of Ontario, Quebec, and New Brunswick. Expansion markets are Tampa, Orlando, Miami, Jacksonville, Atlanta, Chicago & Raleigh-Durham. As a participating member of Discover New England, a regional destination marketing organization founded in 1992 by the six New England state tourism offices, Maine participates in cooperative marketing opportunities to reach the global market and attract more international visitors. The primary overseas markets are the UK, Ireland, Germany, France and Japan. The Office of Tourism is funded by a dedicated special revenue account which receives a portion of the meals & lodging sales tax collected. Per statute, 10% of the annual allocation is set aside for regional marketing and special events promotion. These funds are distributed in the form of grants through 8 regional marketing organizations and other eligible non-profit organizations focused on destination marketing and visitor attraction. The remaining allocation is devoted to visitor research which drives the strategic marketing program, visitor center operations, Governor’s Conference on Tourism and office operations. In 2023, research shows that visitors stayed longer and spent more money during their visit to Maine resulting in direct tourism expenditures of approximately \$9.07 billion, a 4.9% increase over 2022. The tourism economy in Maine supported 131,000 jobs in 2023, up 5.6% from 2022. The office has 9 full-

Economic and Community Development, Department of

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	22,671,205	23,053,025	23,159,256	23,403,184
Total	23,814,810	24,215,944	24,398,301	24,709,408

Revised Program Summary - FEDERAL EXPENDITURES FUND-ARP

Personal Services	218,924	230,770	238,636	127,698
All Other	8,291,142	2,004,375	2,004,375	2,004,375
Total	8,510,066	2,235,145	2,243,011	2,132,073

RENEWABLE ENERGY RESOURCES FUND 2072

What the Budget purchases:

The Efficiency Maine Trust is required to set aside 35% of its Renewable Energy Fund for the Maine Technology Institute for use to further the development of renewable energy technologies. Funding in this account is passed through to the Maine Technology Institute.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	88,000	88,000	88,000	88,000
Total	88,000	88,000	88,000	88,000

2025-26 2026-27

Initiative: NONE

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	88,000	88,000	88,000	88,000
Total	88,000	88,000	88,000	88,000

RURAL WORKFORCE RECRUITMENT AND RETENTION GRANT PROGRAM Z322

What the Budget purchases:

Public Law 2021, Chapter 420 authorized funding for the rural workforce recruitment and retention grant program designed to advertise and promote jobs in rural regions of the State and to locate and retain qualified staff. A baseline allocation of \$500 exists should funds be received from outside sources to continue this program.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	500	500	500	500
Total	500	500	500	500

2025-26 2026-27

Initiative: NONE

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	500	500	500	500
Total	500	500	500	500

time positions and includes funding for the Office of Outdoor Recreation. **There are two initiatives for this program.**

The **first initiative** continues two limited period positions and all other funding for federal grants as authorized by the EDA. These positions support the administration of the American Rescue Plan Act Travel, Tourism and Outdoor Recreation federal award and funding has been committed through December 19, 2026, when the program expires.

The **second initiative**, which was submitted by DAFS, increases the allocation in Fiscal Years 2026 and 2027 to reflect revenue changes projected by the Revenue Forecasting Report. This aligns the allocation with the forecast. A similar initiative was included in the Supplemental Budget that adjusted the current year's revenues to reflect projections.

RENEWABLE ENERGY RESOURCES FUND

The **baseline budget** request for the Renewable Energy Resources Fund may also be found on **page A-199**. This is an inactive account as the Renewable Resources Fund in the Public Utilities Commission was closed in 2023. **There are no new initiatives for this program.**

RURAL WORKFORCE RECRUITMENT AND RETENTION GRANT PROGRAM

The **baseline budget** request for the Rural Workforce Recruitment and Retention Grant Program may be found on **page A-199**. This program was established in 2021 and provided one-time funds to support the attraction of workforce and talent to four of Maine's rural counties. The baseline allocation in

SOCIAL EQUITY PROGRAM Z409

What the Budget purchases:

The Social Equity Program, authorized by Public Law 2024, Chapter 683, exists to increase workforce development programs and provide support to individuals who are members of impacted communities and businesses that are owned by members of impacted communities.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other		300,000	150,000	150,000
Total	0	300,000	150,000	150,000

Initiative: NONE

2025-262026-27

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other		300,000	150,000	150,000
Total	0	300,000	150,000	150,000

this account exists as a placeholder only. **There are no new initiatives for this program.**

SOCIAL EQUITY PROGRAM

The **baseline budget** request for the Social Equity Program may be found on **page A-200**. This program was established in 2024 and requires DECD to establish and administer a social equity program to increase workforce development programs and provide support to individuals and businesses who are members of impacted communities. The Departments of Administrative and Financial Services and Labor also received funding in 2024. DECD is in the process of issuing an RFP for a consultant to assist with the administration of this program. **There are no new initiatives for this program.**

CONCLUSION

To sum up, Maine's economy is growing—according to the most recent numbers, Maine's GDP grew 8th fastest in the nation between the first quarter of 2019 and third quarter of 2024. At the same time, wage growth has outpaced inflation over that period, and every income decile is growing. Our state is seeing success moving to a more diversified economy—one with further room to grow by offering ever more valuable products and services that are in demand both nationally and internationally. While all that is changing, there are many affordability challenges that both businesses and workers are faced with.

With an eye on the State's strategic goals of increasing wages, improving the value of what we sell, and growing our workforce, we put forward two initiatives in this budget that will build upon our existing portfolio and strengths; programs that,

when successful, will help drive the revenues that offer Maine taxpayers clear return on this investment. Thank you for your time and consideration of our department's work and Maine's economy.

This concludes my testimony for the Department of Economic and Community Development.



STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT

MAINE.
ECONOMIC & COMMUNITY
DEVELOPMENT

JANET T. MILLS
GOVERNOR

HEATHER JOHNSON
COMMISSIONER

January 29, 2025

Statewide Coalition Unveils 10-Year Roadmap to Strengthen State's \$3.4B Outdoor Recreation Economy
Comprehensive Plan Emphasizes Sustainable Growth, Workforce Development, and Community Investment

MILLINOCKET, Maine — Today, a coalition of industry stakeholders – including Maine Outdoor Brands (MOB), Maine's Office of Outdoor Recreation, the University of Maine, Maine's Bureau of Parks and Lands, Maine Technology Institute, and the Maine Marine Trades Association – officially launched **Maine's Outdoor Recreation Economy Roadmap**, a comprehensive 10-year plan designed to bolster the state's \$3.4 billion outdoor recreation industry through strategic economic investments, workforce expansion, and community revitalization. Another step in ensuring Maine is on pace to reach its goal of a diverse and sustainable economy.

"This roadmap is the collective vision of hundreds of Mainers – business owners, community leaders, and outdoor enthusiasts – who shared their experiences and insights," said **Jenny Kordick, executive director of MOB**. "It's a strategic plan that honors our natural assets, creates new economic opportunities, and preserves Maine's outdoor legacy for future generations."

Developed with extensive input from stakeholders spanning interviews, focus groups, roadshow stops, and engagement with more than 200 industry leaders across 31 cities and towns in 16 Maine counties, the roadmap places local voices at the forefront of shaping Maine's outdoor future.

"At the University of Maine, we are proud to drive innovation in outdoor recreation through cutting-edge research, product development, and entrepreneurship. Our talented students, interns, and faculty work alongside industry leaders to create solutions that honor Maine's rich natural heritage while advancing its emerging resource-based economy. This roadmap highlights the importance of strategic partnerships and sustainable practices, ensuring Maine remains a leader in outdoor recreation and economic opportunity for generations to come," said **Jake Ward**,



STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT

MAINE.
ECONOMIC & COMMUNITY
DEVELOPMENT

JANET T. MILLS
GOVERNOR

HEATHER JOHNSON
COMMISSIONER

University of Maine's vice president for strategic partnerships and innovation.

Maine's Outdoor Recreation Roadmap outlines four key goals:

- Goal 1: Elevate Maine's outdoor recreation industry into a critical and thriving pillar of the state's economy.
- Goal 2: Increase and sustainably manage outdoor recreation.
- Goal 3: Establish outdoor recreation as a tool for building vibrant, economically diverse, and resilient communities.
- Goal 4: Establish Maine as a premier state for outdoor recreation businesses, education, training, and career opportunities.

"The roadmap, aligned with the visions and goals of various statewide initiatives, underscores two essential themes: Collaboration and Assurance," said **Jeff McCabe, director of the Maine Office of Outdoor Recreation**. "By working in partnership and strategically aligning our efforts, we can preserve, enhance, and expand Maine's assets and amplify the benefits of outdoor recreation."

As outlined in the 10-year Economic Development Strategy for Maine, fostering a unified effort to address challenges and capitalize on opportunities was imperative. Input for the roadmap came from several sectors of Maine's outdoor economy to ensure many voices were heard and considered as strategies and tactics were formed.

"Maine's recreational boating industry is proud to be a leader of the state's outdoor economy. Through this roadmap, we're ensuring that marine trades, from boatbuilding to marinas, continue to thrive, delivering world-class boats and experiences for residents and visitors on our iconic waters. Mainers have always had a collaborative mindset and we are pleased to have so many new partners across the state through this project," said **Stacey Keefer, executive director of Maine Marine Trades Association**.

To learn more about each goal and its specific strategies, view **Maine's Outdoor Recreation Economy Roadmap** at: trailblazerroadmap.com/roadmap.