



Testimony Of: Peter DelGreco
In support of LD 730
An Act To Protect Economic Competitiveness in Maine by Extending the End
Date for Pine Tree Development Zone Benefits
March 23, 2021

Re: Testimony in Support of LD 1654

Senator Volk, Representative Fecteau, and distinguished members of the Labor, Commerce, Research, and Economic Development Committee, my name is Peter DelGreco, President & CEO of Maine & Company. 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. These companies are constantly bombarded with solicitations from other states and communities to move their operations out of Maine.

In the economic development world, there are no shortage of reasons why this program should be extended. We can look at this situation through a number of difference lenses:

- *Anecdotally:* I can share with this committee numerous stories of companies that would not be here without the Pine Tree Zone program. These companies conducted nationwide and in some cases worldwide searches. There are thousands of people employed by Maine & Company-related projects that were successful because of the Pine Tree Zone program. I encourage everyone to read the testimonies from this past fall from the many businesses that discussed the importance of this program. Pay particular attention to the testimony of Danielle Snow, a Maine native who recently returned to her home state to lead Grand Rounds' new venture in Lewiston. They are ahead of schedule in their hiring and are leading a revolution in healthcare information technology.
- *Statistically:* There are independent, third party consultant reports that show that this program has a positive rate of return for the state. Investment Consultant Associates has conducted an assessment of all of Maine's investment and research and development programs. They are an experienced firm that conducts these reviews for governments all across the world. Two members of this committee sit on the steering committee working with the consultant. The



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consultant is an elected official recently completing his term as a leading Democrat with the Town of Newton, MA on their charter commission. He is also a former adjunct professor at UMass Boston, teaching classes on economic development and strategy.

- *Logically:* Realizing that Maine will have a new governor in January 2019, why would a legislature want to rob a brand-new administration of their strongest economic development tool without having a replacement? The responsible action would be to give a new governor, regardless of party, some tools to help grow the economy while they begin to develop and implement their own economic development strategy. Removing this program without having a replacement program in place would damage any new efforts to attract investment.
- *Politically:* This program was instituted on a bi-partisan basis. It was proposed by a Democratic Governor, supported by republicans and democrats in the legislature, and implemented by a Republican Governor.
- *Geographically:* There are Pine Tree Zone certified companies throughout the state.
- *From the perspective of scale:* This program spends approximately \$12 million per year (depending on the year). That is an amount spread over 200 + companies, thousands of workers, and seven industries. Massachusetts just spent \$1 billion on incentives for the Biotech industry alone. We are fortunate to have Mary Hebert joining us today. Mary is the Sr. VP for North American Operation for Wavteq, the world's leading monitor of business assistance programs. My guess is that she would tell you that there are not many locations in America where a \$12 million incentive package creates thousands of jobs. In a deal announced yesterday, the State of Alabama is expected to spend \$1 Billion for 4,000 jobs for a Toyota Mazda Plant. Recently, the State of Iowa gave Apple \$200 million for a 50-employee data center. On a different scale, but one that still demonstrates the value of this program, a sawmill in Arkansas recently received \$2 million from the State for 120 new employees. We are getting tremendous value from our program.
- *From a wage growth perspective:* Companies every year need to increase their compensation to ensure they remain compliant with the compensation threshold.
- *From a competitive perspective:* This program is incredibly conservative. It is written in statute and it is not discretionary. It regulates itself and companies do



not abuse it. Compared to our neighbors in New England, this program is incredibly modest and dramatically more effective.

- *From an accountability perspective:* This program is performance based. A company receives benefits *after* it performs. Companies faithfully report their activities to the State. The State has all of the data necessary to perform an evaluation.

I could go on. I could write long testimony on each of these individual points (with excruciating levels of detail), but I will spare this committee. In the face of overwhelming evidence, it has truly been a challenge to understand what is most important to this committee and legislature. While there may be ideological concerns with the concept of incentive programs, there is clearly no rational debate on this program's effectiveness.

In the face of all these anecdotal and empirical factors, why does this program create such consternation in this room and the media? OPEGA recently did a report where they openly state:

- They did not collect much program data.
- They did not speak to most of the stakeholders marketing the program.
- They did not speak to businesses that have used the program.
- They did not speak to people that have benefited from being hired by companies that use the program.
- They found no examples of misuse or abuse.

OPEGA is very clear that they are not evaluating the performance of the program, yet the news reports are misinterpreting OPEGA's report. Basing such an important policy decision on a report that doesn't collect any data is dangerous and makes the public uncomfortable. The authors of the report essentially say this.

I encourage every member of this committee to review once again the testimony from this fall following OPEGA's presentation to the Government Oversight Committee. I have copies of all the submitted testimony and will be happy to formally submit them if necessary. I encourage everyone to read the data while also visiting Pine Tree Zone certified companies in your districts. See the impacts this program has had on the lives of your constituents. Examine the jobs and lives people have built for themselves due to this program's existence. See the reinvestment that has happened throughout the state. Take a tour of Grand Rounds in Lewiston, or Molnlycke in Brunswick, or athenahealth in Belfast, or C&L Aviation in Bangor.



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One last point: At Maine & Company we are not economists. We are not public policy wonks. We are practitioners in the world of business growth. We live on the road, speaking with consultants and decision makers of business investment. What we do better than anyone is listen to our clients and build relationships. Through our two decades of experience and via our exemplary board of directors, we have learned what works and what doesn't. If we choose to repeal this program without a new replacement for 2019 (and the dawn of a new administration), we will seriously handicap our ability to attract new investment to Maine and help our existing companies expand.

At Maine & Company, we truly get excited when policy makers and other stakeholders want to discuss job creation. I have the best job in the world: I get to share with decision makers how their companies can be successful in this great state of ours by hiring and investing in our amazing people. I give my word to this committee and to the entire legislature that I will work with you to make this program better, to go through the OPEGA report line-by-line with you, and to share with you programs in Maine and throughout the country that are working to attract new job growth. We are all on the same page with respect to our goals: we want to bring new jobs and investment to Maine, we want a growing economy that works for our families, and we want to be fiscally prudent in achieving these goals.

Thank you for your time and I would be happy to answer any questions.