Comprehensive Evaluation
Of Maine's Economic Development Incentive Programs

Department of Economic & Community Development
Maine – January 2014

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT AND THE STEERING COMMITTEE

January 2014

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Introduction

The public sector can directly influence private sector investment and location decisions through the use of incentives, credits, and other programs aimed to enhance a community's business competitiveness. However, no incentive can completely change the nature of a community's strengths and weaknesses. Indeed, incentives often work best when augmenting a community's already known advantages and mitigating any shortcomings, to the extent possible.

To this end, the State of Maine has developed a suite of policy and investment tools aimed at attracting investment and at meeting the State's overall economic development goals. These tools are of varying levels of importance due to changing economic conditions and specific requirements of businesses. These needs and targets change over time, and the toolset must be evaluated and updated accordingly.

Many communities, however, disregard the costs and effectiveness of different economic development programs, ignoring the importance of a thorough evaluation. They may not even consider the possibility to adjust, modify or alter certain State programs or incentives.

The State of Maine is establishing a best practice example by requesting a comprehensive R&D Biennial Progress Report, as well as an Evaluation of Investments in Economic Development, due in 2014. If approved, subsequent evaluation reports will be due in 2016 and 2018. Also due in 2018 is a Comprehensive Evaluation of Investments in Research and Development report covering six years.

Methodology

The present report has been constructed to meet the Maine Legislature's requirement to examine the effectiveness of economic development programs on a biennial basis. This has been accomplished through performing the following analyses and actions:

- Reviews of the previous studies performed for the State of Maine on the use and effectiveness of its programs;
- Interviews with public sector entities and their partners responsible for the administration of the State's various economic development programs;
- Interviews with a sample of private sector companies who have received benefits and assistance from the State;
- Benchmarking the State of Maine's natural competitiveness against several of its peer states, both in terms of basic location fundamentals and of the incentive and credit tools available;
- Data collection through a rigorous survey collecting information of program usage, increased hiring, salary rates, capital investment, and return on investment to the State (recipient lists provided by program administrators where those lists were not considered confidential);
- Cost-benefit analysis of survey data by program (for all State programs where more than 15 responses were received for that program); and

- Examination of annual reports (for those programs that generate annual reports and provided those reports along to the consultant team).

Note that the survey indicated above has created a means for direct reporting on behalf of the private sector companies who have benefitted from use of the State's economic development programs. While the requirement to report is indicated in each of the State's current programs, a comprehensive means for reporting had not previously existed. While not within the scope of the current project, the data was not available through other means and was critical to the success of the cost-benefit analysis.

Findings

While the remainder of this report provides detailed findings for the entire suite of tools available to the state, the project team found broadly that:

- While identified in earlier reports, the need remains across all Maine incentive programs for:
  - Better outreach;
  - Centralized and coordinated information on incentive programs;
  - Centralized and coordinated reporting requirements and forms;
- A refined reporting process and set of metrics is required to assess the importance and outcomes of community development practices, even though the requirement for public sector reporting is included in each incentive and credit program
  - This has partially been addressed through the survey tool developed by the project team
- There is a perception among public sector and private sector interviewees that the State's suite of economic development incentive and credit programs should be streamlined, made more flexible, and work in conjunction with overall tax reform;
- The State's communities vary greatly in their economic opportunities and challenges and the incentive tools should be made available across a broader range of needs to meet this challenge.

The cost benefit analysis of the State's most significant programs contributed to the following insights:

- While the Pine Tree Development Zone (PTDZ) program received significant praise from public and private sector interviews, preliminary cost benefit analysis shows the program is very costly to the state of Maine;
- Cost Benefit Assessments present consistently high rates of return for the development loan program by MTI and FAME's loan insurance and economic recovery loan programs;
- Management teams of certified companies do not always realize that they are in fact receiving a form of incentive. Following to the survey results, many companies claimed that they do not receive any form of state aid, despite the fact that these companies were identified as a beneficiary. We suspect that companies have internalized their benefits over the years and perceive them as "a given".
- When different incentive types (i.e. tax credits, reimbursements or exemptions) are combined in one program, it requires strong communication and coordination skills between different agencies and departments to make sure that annual evaluations are harmonized.

- Lack of realism in ex-ante investment projections must result in a formal warning. If projections are off for the second time, there must be a legal provision to revoke the incentive certification. At the moment the investment projections for some incentive programs determine the eligibility of companies of actually receiving a disbursement or soft loan. However, in some cases these projections are not in line with the actual performance indicators.

Compulsory intake assessments or introductory workshops as part of the application process are recommendable. Not only do you establish a much better relationship with prospective companies, these workshops also streamline the overall application process and takes away uncertainties.

Recommendations

The analysis suggests a series of small and large improvements that may be made to Maine's Economic Development programs that would enhance both effectiveness and transparency. The most critical of these recommended changes are:

- **Develop Central Storage for Incentive Report Documentation:** To evaluate the incentive programs going forward, it is necessary for the evaluating party to obtain as many recipient lists and as many annual reports from as many incentive programs as possible. Legislative changes should be made to allow the analyst team designated by the State of Maine to have full access to program data as needed.
- **Incentive Contingency Clauses and Reporting:** Many states offer incentives contingent upon the company meeting a pre-defined goal and reporting annually so progress towards or achievement of the goal can be evaluated or recorded. Checks and balances should be worked into the Legislative Mandate behind each of the incentive programs to allow the programs to perform more successfully and to have the reporting to understand their own success.
- **Incentive Confidentiality:** Legislative changes should be made to provide for full access to and evaluation of program data as needed, whether this performed by a State agency or by a contracted third party under a confidentiality agreement. If this program data is made more directly available, the evaluation team can ask a much smaller subset of questions on the survey to companies and obtain more accurate and detailed information for analysis.
- **Central Website and/or Guiding Organization:** The state should construct a website which allows the user to refine by category and find the incentives for which the company is eligible. Once those programs are returned, the site should direct link to the incentive websites and provide full contact information for that group. In addition, an individual fluent with the incentive program should be available by phone to walk companies through this process or to do it for them should they request that level of service.

With regards to the design of the programs themselves, the State of Maine should:

- Align the State's programs to emphasize the comparative advantages of the state or compensate for the lack of these comparative advantages;
- Develop a clear, transparent, and coherent common framework within each incentive program to facilitate coordination and harmonization where possible;

- Design the investment incentives to conform to good practice principles of simplicity, clarity, certainty, and a minimum of subjective evaluation;
- Tailor the State's programs so that they are more directly aligned to operational requirements of companies and tap into the value chains of companies (this does not imply that these incentives are more complex in terms of their structure);
- Change the application and administration processes to be as simple and as concise as possible – avoid bureaucratic overload whilst maintaining sufficient rigor in the process (do not develop incentive frameworks that cannot be monitored);
- Provide a clear mechanism and expectation for transparency, reporting, evaluation and monitoring;
- Develop means for full costing and reporting of incentives annually, with an analysis of the cost of the fiscal incentive relative to the benefits arising from the investment (such as employment, sales, jobs etc.);
- Ensure reporting requirements monitor obligations of the company to receive incentives are included in the incentives law;
- Ensure clawbacks are clearly enshrined in incentives law with the protocols for receiving the clawbacks and sanctions if the company does not comply;
- Write reporting requirements in a clear, coherent and transparent, manner and link to the incentives being awarded and the conditionality criteria;
- Form an Incentive Working Group consisting of members of various government institutions and corporate representatives whose mission is to advise the state on incentive policy modifications and the concerns of corporate investors in the incentive application process

Follow On Actions

The current report does not represent the final word on the effectiveness of the State of Maine's efforts to promote a sound and sustainable economic development environment. Now that a robust survey and evaluation process has been put in place, it is possible to better examine how well the current suite of programs matches the needs of the State's targeted industry clusters over time. Moreover, it is now possible to perform a more in-depth benchmarking for the state through "reverse site selection" to identify specific changes that might improve the performance of the State's programs and of competitiveness overall.

These and other analyses and recommendations will be included in the next series of reports, due to be delivered in May, 2014.

We also recommend that the evaluation of R&D programs be explicitly combined with other economic development programs. The programs together support an innovative sustainable Maine economy. They are mutually reinforcing, and many companies and entities use programs from both toolboxes in a complimentary fashion. To review them separately creates the risk of lessening the effectiveness of the two sets of programs when used in combination.

Introduction

History of the Science and Technology Plan

The Maine Innovation Economy Advisory Board (MIEAB) was established in 2007 by Title 5, section 12004-I, subsection 6-G to coordinate the State's research and development activities and to foster collaboration among its higher education and nonprofit research institutions and members of the business community. MIEAB replaced the Maine Science and Technology Advisory Committee (MSTAC), which had been established by Executive Order in 2003 and generated the 2005 Science and Technology Plan. The original Science and Technology Plan was produced in 2001 by the Science and Technology Foundation.

Starting in 2010, the advisory board was tasked with developing a Science and Technology Plan beginning in 2010 and then every five years thereafter. MIEAB also was tasked with submitting yearly Science and Technology Plan updates. It should be noted that these reports have not been completed to this point.

Moving Forward – A New Plan for Evaluation of State Incentives

The Investment Consulting Associates team (Team) was retained by the Maine Department of Economic and Community Development (DECD) to generate a new series of action plan reports to examine the state's investments in both economic development and in research & development. One series of reports is focused specifically on Research and Development (R&D) in the State of Maine and the other more generally on Economic Development in the state. Biennial progress reports are due in 2014, 2016, and 2018 and will be based on the format of the 2010 Science and Technology with some modifications and additions. Major changes include:

- Moving definitions, abbreviations, and other general support sections to the appendices;
- Separating R&D analysis and recommendations into a separate report from Economic Development analysis and recommendations (required by the RFP); and
- Providing more significant, refined, and implementable action items.

The body of the current report contains summaries, findings and action items, while the appendices contain the full research behind the concepts presented. This revised format was approved by the steering committee and is intended to bring focus to:

- What is working and what does not work;
- What changes need to be made or what actions need to be performed;
- Who will perform future activities; and
- When these activities should be completed.

Vision

Incentives and special economic zones are among the most visible economic development tools available to attract new companies, expansions, or other forms of domestic and foreign direct

investment. These tools complement a state or community's innate characteristics to enhance the overall competitiveness of the business climate. A successful competitive business climate positively contributes to a state's domestic economic development goals through job creation, capital investment, knowledge and R&D creation, with spill-over effects on quality-of-life as a whole.

The benefits of investments are highlighted and frequently cited by business owners, policy makers and politicians, yet less is known about how the benefits of these investments compare either directly or indirectly to the costs of incentives awarded to attract the investment. Greater knowledge of the role and efficiency of incentives to attract investment is required to gain insight into policy effectiveness and the return on investment for taxpayer's money. This is even more urgently required when the situation is viewed against the background of increased public scrutiny of tax expenditures in general and corporate incentives in particular.

Governments are often pressured to offer incentives because their competitors do, leading to what some have called "bidding wars." The current debate about this escalating competition has been reflected at numerous International Economic Development Council (IEDC) conferences and last year in a three-stage cycle of articles in *The New York Times*.

Today there are three main perspectives on investment incentives: no impact, great impact, and a blended perspective. The academic view normally claims that incentives have little or no effect on investment decisions and their location. A more industry-based perspective, however, usually claims that site selection and investment decisions are all about incentives. Between those two extremes is a more mixed and balanced view that claims that incentives do matter, but within a larger context of factors like competitiveness of business environment, industry, business activities of investment, investment motives, availability of labor and resources, access to market, etc.

Ultimately, there is a fairly fixed set of reasons for governments to provide incentives to attract investment:

- To overcome a competitive weakness such as high costs or weak business climate (so-called site-equalization outlays);
- To promote investment in deprived areas by offering incentives;
- To attract particular industries by offering specific incentives;
- To correct for market failures in the provision of capital and risk-taking of companies; and
- To change the image of a location to convey a more pro-business and marketable message.

Incentive policies that aim to attract specific industries or diversify a region's economy tend to be more effective, as well as those that facilitate start-up investments. In contrast, incentives policies that focus on attracting investment in deprived areas are less effective since many firms do not want to be held responsible for economic development policies that aim to create jobs in regions that do not have a clear value proposition for specific industries.

In addition, incentives and other such programs tend to be more effective when companies have already more or less reached the final stages of a site selection process and have shortlisted cities or regions

that have a comparable business environment. In these cases incentives can play a crucial role in facilitating the final decision in favor of one location over another.

At a global level, many firms increasingly view incentives as less important in realizing their investment decisions, but focus much more on talent availability, expertise, capabilities and level of education of the regional labor force as well as the stability of government policies. However, for those investments driven by efficiency-seeking motives (e.g., cost reduction), incentives can play a larger role than investments that are driven by market potential or resource availability (i.e., natural, talent, etc.). In the latter two cases, customer potential and the availability of resources are the key driving factors of an investment.

To sum up, incentives and credits are part of the overall business environment and are often (and should be) regarded as the end game or 'cherry on top' or 'icing on the cake.' Incentives are, in most cases, not the key driver of an investment location decision by a company. Depending upon the industry and type of business activities, companies explore multiple location drivers or factors before they take a final decision on where to invest.

A Note on Transparency

As mentioned above, further public and corporate attention has been focused on tax credits, grants and other incentives. As a result, governments around the world over are trying to determine and then demonstrate the true effectiveness of these programs. They want to know what works, what does not, and how to measure the return on the investment. This information provides critical guidance at a time when governments are increasingly mindful of budgets and want to maximize results to their communities and their electorate.

At the same time, companies and the general public alike are seeking clarity into how incentives are awarded and the mutual responsibilities that such programs require from both the granting community and the receiving company. Such transparency allows frank discussion on business needs and how the public sector can help bring in attractive companies. It can also help to build an understanding of the expectations made of companies as they invest in a community.

The current study Team has worked with many governments to comprehensively evaluate the economic development incentive programs used to attract and retain companies. Each project has been a robust review of costs, benefits, program goals, and outcomes. Important as well are proper institutional alignment, clear eligibility criteria development and monitoring and evaluation mechanisms that are workable. Additionally, the Team has produced a transparency index that uses a global incentives deal database to rank US states on the level of disclosure and the availability of information on how awards are granted.

Lessons learned from both areas are included throughout this and follow-on reports. This will also result in suggested best practices for the State and for its communities on how construct and evaluate incentive programs that work effectively.

Analysis and Findings

Previous Studies' Findings

The Team reviewed a significant number of reports and documents previously prepared for the State in an effort to understand incentive history in the State of Maine. One concern echoed by multiple entities is that the present report should be different and suggest new strategies for enhancing economic development within the State of Maine. While this report does suggest new action items, many items were are also echoed in previous reports. In many case the suggestions from the previous reports have not been addressed in the interim and are still outstanding. Many are still relevant, and the team has included additional specific implementable action items to address these ongoing concerns as well.

The suggestion of merging the Science and Technology required Economic Development report with the Research and Development report is a recurring theme. The team fully supports this suggestion and recommends carrying this through for the 2016 reports. Progress in the R&D field can and should still be analyzed by a slightly different metric than general Economic Development programs. However, placing the R&D section in the same report will not change the analysis method.

Some of the most frequently discussed concerns from previous reports are:

- The need to merge the Economic Development evaluation with the ongoing R&D evaluation effort
- Address the difficulty of navigating Maine's incentive programs
    - Reduce confusion among current and potential business customers
- Improve current collaboration efforts between DECD and its partners
- Develop better company reporting mechanism
- Address reporting requirements - Survey response rate of 30% must be significantly improved
- Develop a business support portal that can be accessed online and via phone
- Improve marketing and outreach programs to promote existing programs and initiatives
- Work with assisted companies to better quantify program impacts
- Increase per capita income by increasing the skills of Maine workers
- Reassess the PTDZ program to include specific performance requirements and clawbacks
- Reassess the BETR program to speed up the reimbursement and processing and to include "grandfathering" for existing companies
- Explore methods to increase willingness of local angels to invest in high tech
- Increase Maine's total R&D/innovation through
    - Incentivizing the academic world
    - Continue offering incentives that support R&D/innovation company creation
    - Creating an attractive environment in Maine that will encourage existing R&D companies to move to Maine
    - Encouraging knowledge transfer from university settings to companies so products can be commercialized
    - Aligning K-20 education with R&D/innovation goals

- Considering creation of a statewide patent fund that invests in protecting innovative ideas developed within the State of Maine
- Benchmarking Maine against other smaller states (small in population) with more robust R&D programs and modify incentive programs based on the findings

Interviews

The Team has conducted 53 across 35 different companies and organizations that included various stakeholders, policy makers, and companies within the State of Maine. Interviews were conducted to record first-hand experience with Maine's incentive programs as well as to gain insight into what appears to work, and to collect perceptions on areas for improvement. The lists of interviewees separated into two categories: those in the public realm who administered the programs, and those in the private realm representing companies in the market. Most of the companies on the interview list were also incentive recipients. Please see Appendix E – Interviews for the complete write-up and list of those interviewed for this report.

Public Sector Interviews

The interviews with elected officials, administrators, and other public sector individuals helped the Team to understand the numerous incentive programs and the importance to the state and to industries. The Team also obtained incentive recipient lists and/or annual reports from these contacts. Public sector interviewees were asked to identify any difficulties they or the companies face and make any suggestions that could improve business within the State of Maine.

Some of the most significant and frequently discussed suggestions from the public sector include:

- Simplify the incentives offered so an incoming company can understand the eligible benefits;
- Eliminate unused programs;
- Renew incentive programs on a 10-year timeframe rather than renewing on a yearly or by administration basis (stability for company receiving incentive);
- More generally, overhaul the State's tax system;
- Provide earlier education for students about career paths where they will find immediate employment out of college;
- Measure company success on more than employment growth, perhaps adding wealth generation and capital investment;
- Make specific goals to bring more Maine residents past the $20 an hour employment barrier;
- Standardize terms so that policy makers and companies understand similarly in order to complications (i.e., growth means jobs to the public sector but means capital to the private sector);
- Develop workforce skills and provide better transferrable skills;
- Provide viable, Maine-based career options to young residents as they start their careers;
- Provide Portland with options to spur Economic Development and R&D;
- Use local college alumni lists to market Maine;
- Continue tax exemptions for Maine Manufacturing.

Full interview details can be found in Appendix E – Interviews Public Sector.

Private Sector Interviews

The interview list began with a short list of companies provided by the DECD offices. It increased as interviewees from both the private and public side suggested additional companies to interview. Most of these companies have previously taken advantage of Maine incentives, although several were large Maine companies that were specifically NOT interested in obtaining incentives through the State of Maine. Most company representatives happily made time for us in their schedules.

Most of companies interviewed for this process originally located in Maine because the founders have ties to the State. For some, they simply vacationed in Maine as children and wanted to live and work in the same location as they vacationed. For some, it was returning to be close to family members or to raise a family. Several small companies specifically cited one or more of Maine's incentive programs as being a reason they located in the State of Maine.

All of the small companies interviewed spoke highly of Maine incentive programs. Many noted that while the paperwork was very hard to follow for the first year, it proved much easier in subsequent years. The companies appreciated the personal help extended by program administrators to help them through the documentation so they were not disqualified. Specific programs championed were Maine Technology Institute (MTI) grant and loan programs, Pine Tree Development Zone (PTDZ) and Employment Tax Increment Financing (ETIF). Of specific note, many companies worked extensively with the University of Maine's R&D labs and found this collaboration invaluable. Two companies not included in the interview process felt that the Pine Tree Development Zone (PTDZ) program was costing them more in paperwork than they were gaining from it. These comments were gathered when the company representative refused to complete the DECD survey (administered by the team) because they "were not receiving any benefits" from the PTDZ program.

Several large companies interviewed stated that the company was located in Maine because of the beautiful surroundings, quality of life, ability to recruit to the state, and because they could create their own corporate atmosphere of healthy and happy employees. Some of the companies did not take incentives because of the extensive paperwork and because they felt their businesses were successful enough not to need the assistance.

Below are the most important responses and suggestions gathered from the interview process:

- Create a centralized organization to act as a liaison between the company requesting incentives and the incentive program administrators – a team that has knowledge of all the incentive programs and can help guide companies to obtain the highest benefit;
- Simplify the incentives offered so an incoming company can more easily understand eligibility and benefits;
- Simplify the reporting mechanism;
- Develop one standard application that works across all incentive programs;
- Assign coaches to companies to assist in securing the most out of incentives;

- Renew incentive programs on a 10-year timeframe rather than renewing annually or by administration basis (stability for company receiving incentive);
- Address infrastructure concerns:
    - Natural gas access is not reliable;
    - Roads to many parts of Maine are small and congested in the summer;
    - Fiber may be adequate but depends on previous company operations per property;
    - Railroad needs to become a viable option.

Additionally, Maine work ethic, quality of life, and natural surroundings were noted as significant advantage to any company looking start or to locate in Maine. These both impact business operations directly and also enhance the company's ability to recruit additional workforce from out of state.

Full interview details can be found in Appendix E – Interviews Private Sector.

Incentives Overview

Incentive and credit programs are traditionally designed to enhance existing location advantages, overcome potential liabilities, to draw investment to underdeveloped areas, market the location, or some combination of the above. In order to understand the match between requirements and solutions, the first necessary step is to better understand how well the State of Maine fares against its competition. This will assist the Team to ascertain if the economic development tools available to the State are effective.

Maine Incentive Programs Review

The Team reviewed 60 incentive programs offered through various branches of the State of Maine as part of this report. Please see Appendix G - Survey or the chart in the survey findings section below for a full list of programs reviewed.

Survey Findings

The Team invited just under 1,500 companies to take the survey, fulfilling the company's reporting requirement as outlined by the legislature. The Team worked closely with DECD and MTI during the survey design process. In the end, two surveys were released. One was released to MTI companies (MTI handled distribution of this survey) and a separate survey was released to the other program recipients through DECD. The primary difference between the two surveys involved questions regarding patents, commercialization, and other R&D specific questions that concerned MTI that was not critical for this report. Table 1 provides an overview of all reviewed incentive programs.

Please find the full DECD and MTI survey in Appendix G - Survey.

Table 1 Reviewed incentive programs by number of responses, status of documents available by program, response rate, and the method of program evaluation

Responses	Annual Reporting Text	Program	Evaluation Method
15 or more	Yes	Business Equipment Tax Reimbursement	IRR – Annual Report Review (where reports
15 or more	Yes	Employment Tax Increment Financing (ETIF)	

Responses	Annual Reporting Text	Program	Evaluation Method
15 or more	Yes	Pine Tree Development Zones	are provided) – Individual Survey Response Assessment - Additional Interviews if needed
15 or more	No	Sales Tax Exemptions (Manufacturing Machinery, Equipment and Tangible Personal Property)	
5 to 14	No	Agricultural Development Grant Program	Comprehensive Annual Report Review (where reports are provided) – Individual Survey Response Assessment
5 to 14	Yes	Community Development Block Grant (CDBG)	
5 to 14	Yes	Development Loans (MTI)	
5 to 14	Yes	Maine Farms for the Future Grants	
5 to 14	No	Maine Procurement Technical Assistance Center (PTAC)	
5 to 14	No	Sales Tax Exemptions (Fuel and Electricity for Manufacturing)	
5 to 14	Yes	Seed Grant Program (MTI)	
1 to 4	Yes	Agricultural Marketing Loan Fund	Comprehensive Annual Report Review and Aggregated Survey Assessment
1 to 4	No	Business Ombudsman	
1 to 4	Yes	Cluster Initiative Program (MTI)	
1 to 4	No	Commercial Facilities Development Program	
1 to 4	No	Commercial Loan Insurance Program	
1 to 4	Yes	Credit for Rehabilitation of Historic Properties	
1 to 4	No	Downtown Revitalization Grant Program	
1 to 4	No	Economic Development Program	
1 to 4	No	Economic Recovery Loan Program	
1 to 4	Yes	Jobs and Investment Tax Credit	
1 to 4	Yes	Maine International Trade Center	
1 to 4	Yes	Maine Manufacturing Extension Partnership (MEP)	
1 to 4	Inactive – None	Maine Micro-Enterprise Initiative Fund	
1 to 4	Yes	Maine Quality Centers	
1 to 4	Yes	Maine Seed Capital Investment Tax Credit	
1 to 4	Yes	Maine Technology Asset Fund (MTI)	
1 to 4	No	Maine Technology Centers	
1 to 4	No	Municipal Tax Increment Financing	
1 to 4	Inactive – None	North Star Alliance Cluster Award Matching Fund (MTI)	
1 to 4	Yes	Phase 0 and Phase II SBIR Application awards plus TAP support (MTI)	
1 to 4	No	Sales Tax Exemptions (Commercial Agriculture, Commercial Fishing, and Commercial Wood Harvesting Machinery and Equipment)	
1 to 4	Yes	Sales Tax Exemptions (Machinery and Equipment for Research)	
1 to 4	Yes	Small Business Development Centers (SBDC)	
1 to 4	No	Speculative Industrial Buildings Program	

Responses	Annual Reporting Text	Program	Evaluation Method
1 to 4	No	TechStart Program (MTI)	
0	No	Brunswick Naval Air Station Job Tax Increment Financing	High level annual review for those where annual reports can be obtained. No review possible where annual reports cannot be obtained. Those will simply be listed as incentive program critical faults.
0	No	Business Equipment Tax Exemption	
0	No	Certified Media Production Tax Credit	
0	No	Communities for Maine's Future	
0	Inactive – None	Community Enterprise Grant Program	
0	No	Equity Capital Fund (MTI)	
0	Yes	High-Technology Investment Tax Credit	
0	No	Linked Investment Program for Agriculture	
0	Yes	Linked Investment Program for Commercial Enterprises	
0	Yes	Loring Development Authority	
0	Yes	Maine Biomedical Research Fund (MTI)	
0	Yes	Maine Economic Development Venture Capital Revolving Investment Program (VCRIP)	
0	No	Maine Made - Maine Products Marketing Program	
0	Yes	Maine New Markets Capital Investment Program	
0	No	Maine Patent Program	
0	No	Maine Tourism Marketing Promotion Fund	
0	Yes	Marine Research Fund (MTI)	
0	No	Midcoast Regional Development Authority	
0	Yes	Potato Marketing Improvement Fund	
0	Yes	Regional Economic Development Revolving Loan Program	
0	Yes	Research Expense Tax Credit	
0	Yes	Sales Tax Exemptions (Products Used in Agricultural and Aquaculture Production, and Bait)	
0	Yes	Shipbuilding Facility Credit	
0	Yes	Super Credit for Substantially Increased Research and Development	

Annual Report Review Findings

The team reviewed the annual reports for four Maine incentive programs. Some annual reports were provided in a timely manner at the first request while others have remained more elusive. In some cases, there has been silence even after several attempts to contact the administering organization.

There is a column in the chart in the above section which indicates the status of the annual report gathering activity.

Where annual reports were available, the review process looked at the following indicators:

- Trends by year if the data is available:
  - Number of jobs created
  - Number of jobs retained
  - Value and/or cost of program
  - Average benefit received by company
- Note the following data by program:
  - Is the program traceable?
    - Is there a website you can find with a Google search?
    - Does it include annual reports in a location that you can readily find?
    - Does it include application process and forms online?
  - Note if the program has any specific sector targets
  - Note eligibility requirements
  - Note if the program claims any purge activities for non compliant companies
  - Note benefits and caps on benefits

The team reviewed the following programs using this process:

- The Loring Development Fund
- Target Technology Incubator (R&D specific)
- Maine Tourism Marketing Promotion Fund (MTMPF)
- Maine Manufacturing Extension Partnership (MEP)

Table 2 represents a summary of the annual report review. Please find a more detailed review of the programs in Appendix F – Annual Report Review.

Table 2 Summarized reviews of Target Technology Incubator, Loring Development Fund, MTMPF, and MEP

	Target Technology Incubator	Loring Development Fund	Maine Tourism Marketing Promotion Fund (MTMPF)	Maine Manufacturing Extension Partnership (MEP) 2012-2013
Number of Jobs Created 2012	5	1,082	--	89 direct 599 indirect new and retained
Number of Jobs Retained 2012	--	--	--	178 direct 599 indirect new and retained
Value of Program 2012	$1,000,000	$4,397,205 (Total Revenue)	--	See Appendix
Value Cost of Program 2012	--	$200,000 (Total Funding)	$893,200	See Appendix
Average Benefit Received by Company 2012	--	--	--	--
Is the Program Traceable?	Yes	Yes	Not easily	Yes
Is There a Website you Can Find With a Google Search?	Yes	Yes	Not easily	Yes
Does it Include Annual Reports in a Location That You Can Readily Find?	No	No	No	Yes

	Target Technology Incubator	Loring Development Fund	Maine Tourism Marketing Promotion Fund (MTMPF)	Maine Manufacturing Extension Partnership (MEP) 2012-2013
Does it Include Application Process and Forms Online?	No	No	Yes	No
What are the Target Sectors of the Program?	R&D/Innovation	None	Tourism Industry	Manufacturing
Are the Benefits of the Program Clearly Stated?	Yes	Yes	In Annual Report and legislative mandate only	Yes
Are the Eligibility Requirements Posted Online and Clear?	Yes	No	Yes	No
Does the Program Claim to Purge Non-Compliant Companies?	--	--	--	--
Are There any Caps on Benefits?	--	--	--	--

Cost Benefit Analysis

Many US States make use of a comprehensive set of fiscal and financial incentives to attract investment, and increasingly, legislation is forcing State Governments to conduct periodic cost benefit assessments (CBAs) in order to evaluate the effectiveness of their programs. Its effectiveness is, in essence, the outcome of a formula that incorporates the extent to which programs are being utilized, what economic development benefits are welcomed at which financial costs.

For smaller (lower funding level) incentive programs, the most common means for evaluating costs and benefits is to assess the additional number of jobs created or retained as well as the amount of attracted capital investments. The cost of the program equals the taxes foregone or the annual amount of public aid that was awarded in the form of a grant or subsidy. This static approach is appropriate when there is little additional documentation or data availability of the specific program aside from these parameters. In addition, from a resource perspective, a straightforward and static CBA approach is justified for less critical programs, especially when different programs must be evaluated simultaneously.

If the incentive program is more substantial and involves a larger group of certified companies, it is preferable to measure the direct and indirect costs and benefits by means of an Internal Rate of Return (IRR) simulation technique. An IRR simulation technique measures the interrelated economic and financial impacts of the aggregated group of firms benefitting from that program.

Consider for instance the Pine Tree Development Zone (PTDZ) program offering corporate income tax reductions, sales tax exemptions and Employment Tax Increment Financing (ETIF) Benefits. At an aggregated firm level group, the overall incentive program impacts the overall operating and fiscal costs, thus, subsequently the aggregated profitability. Additional profits are re-invested or partly paid in the form of dividends to Maine residents, which ultimately, spend more of their net disposable income on local products and services, creating more local demand (i.e. indirect or multiplier benefit). The additional personal income taxes and additional dividends taxes resulting from more jobs or higher

dividends, as well as the additional corporate income taxes and sales taxes though increased local sales are direct benefits for the State of Maine show how all these economic developments interrelate. This type of financial modeling incorporates the dynamic economic welfare effects over time (i.e. a 3 to 5 year period) and uses a more holistic approach towards the economic development indicators.

Similarly from a cost perspective, it is necessary to assess what would have happened to Maine's economy if the specific incentive program was not provided at all. Economists refer to these as "counterfactual arguments". In other words, what would have been the direct and indirect financial consequences when, for instance, the number of retained jobs had to be deducted from the total headcount as a result of abandoning this program? How would this loss in employment impact the total labor costs, total sales revenues, and profitability, resulting in lower personal income taxes, sales taxes and corporate income taxes? Does this loss in tax revenues compensate for not having to spend public means to finance this incentive program?

Four comprehensive and prioritized incentive programs, the Business Equipment Tax Reimbursement (BETR), the Pine Tree Development Zone (PTDZ), the Development Loans (DL) and the Commercial Loan (CL) program administered by the Finance Authority of Maine have been subject to a dynamic and comprehensive CBA in the form of an IRR analysis. The methodology and results are outlined in the next sections.

Results of the Cost Benefit Analysis

There are different techniques to evaluate the costs and benefits of incentive programs. In this study, the IRR approach (in some cases also referred to as the Economic Rate of Return or ERR) was chosen as it allows for a straightforward and consistent comparison of the positive (or negative) multiplier effects for Maine's economy over a longer period of time. More explicit to this case, this analysis shows the financial feasibility by calculating the amount of dollars the State of Maine can expect in the form of additional tax returns for each invested dollar that was spent on the program over a period of three years. The financial amounts in previous years have been discounted at a rate of 5% to present the current values.

The financial effects of not spending public funds have also been incorporated. Negative effects incur when companies are not able to retain their jobs as a result of not providing or abandoning the program. Pro rata, the aggregated total sales output, total taxable income, and total amount of spendable income will be lower. Our analysis calculates the direct financial tax returns in the situation in which companies enjoy an incentive benefit versus a situation in which the same incentive program was not offered.

Survey and Annual Report

Various sources have been used to assist in the development of the CBA analysis. The two most important primary sources are the annual reports of the respective programs and the survey that was released to the companies receiving state aid. In the survey, specific questions were addressed to identify the direct and indirect benefits that can be attributed to the specific programs. In addition, the survey helped to identify important company specific indicators such as, amongst others, total sales

revenues, cost to sales, salary costs, headcount, ownership structure. The averages per company were then multiplied with the actual number of companies certified for a specific program to get an understanding of the aggregated totals.

Secondary sources such as the Maine Revenue Services were consulted to validate important tax rates, such as the corporate income tax rates, personal income tax rates, sales and use taxes as well as payroll and dividends tax rates. At federal level, the Internal Revenue Service (IRS) provided the corporate and personal income tax rates. Labor cost statistics for different job functions in the State of Maine were sourced from the Bureau of Labor Statistics (BLS). Finally, business literature and trusted media sources from Bloomberg and others were consulted to verify commercial loan rates and other underlying financial ratios.

It should be noted that there are additional programs for which annual reports are or should available and included in this analysis. However, these reports were received late and therefore have not been effectively examined or included in this report.

Presentation of results

The direct benefits and costs (in the form of reduced tax revenues) for the State of Maine are differentiated into the following direct tax revenues (for the BETR program the property taxes were included):

- Corporate income tax;
- Personal income tax;
- Dividends tax;
- Sales tax; and
- Payroll tax.

A positive IRR implies a viable investment recommendation, however, strictly from a financial point of view. If the IRR is negative, certain incentive programs might still be of critically important to the economy of Maine, albeit from a socio-economic or community welfare perspective. Important indirect benefits in the form of additional capital investment, increased exports, higher demand for local goods and services have been calculated in the CBA analysis and can be found in Appendix H – Cost Modeling. This appendix also provides further details with regards to the specific methodologies, sources, assumptions and cash flow calculations. The next sections strictly concentrate on the direct financial revenues (or losses) and of the four programs.

Business Equipment Tax Reimbursement

The Business Equipment Tax Reimbursement Program (BETR) is designed to encourage new capital investment in Maine and provides for a reimbursement of property taxes paid on qualified tangible, personal, depreciable property held for business use, and first placed into service in Maine after April 1,

1995[1]. Reimbursement of 100% of taxes paid is limited to 12 years. After 12 years, the reimbursement percentage declines until reaching 50% in year 18. The 50% reimbursement rate remains in effect for the remaining life of the property.

The results of the IRR study are portrayed in Table 3:

Table 3 BETR benefits for the State of Maine, with and without incentives

Benefits for State of Maine	With Incentive	Without Incentive
Corporate income tax	$148,417,234	$122,995,581
Personal income tax	$307,916,956	$255,175,385
Dividends tax	$426,087,689	$348,800,204
Sales tax	$25,729,470	$22,429,093
Payroll tax	$209,578,855	$171,563,622
Property tax		$156,218,476
Tax Revenues	$1,117,730,204	$1,077,182,360
Cost of administrating the program	$532,708	
Direct Revenues after incentive costs	$1,117,197,496	$1,077,182,360
IRR Incentive Program: Direct Benefits	3.7%	

The IRR shows a positive percentage of 3.7%, which implies a return of 1.037 dollars on each dollar invested in the program. The cost of the program in the form of the property tax reimbursement of $156 million over a 3 year period (i.e. discounted at a rate of 5%) plus the cost of administering the program $0,532 million is sufficiently compensated by higher tax revenues. By filtering the survey results to companies exclusively making use of the BETR program, it was found that these companies on average created 1.54 addition jobs and retained 18.8 jobs. Taking into account that there are 399 companies certified as a BETR recipient, this results in 614 direct new jobs and 7413 retained jobs in 2012. Without providing this program, these jobs would otherwise have been lost, and less personal income taxes and payroll taxes in the form of the unemployment tax, would have been received by the MRS.

Additional jobs results in additional personal income tax revenues and a higher aggregated disposable income, which in turn, results in a higher local demand and increased sales taxes. Higher corporate income tax revenues can be explained by the fact that the reimbursement, ceterus paribus, improves the bottom line. The fact that 113 million in additional capital investment and 47 million in additional exports over the period 2010 – 2012 has been generated adds to the positive evaluation of this program.

[1] Public utilities, cable television companies, or providers of radio paging, mobile communications, satellite direct TV, or television distributions services are ineligible for BETR reimbursement. In addition, office furniture, lamps and lighting fixtures, buildings, and land are excluded.

Pine Tree Development Zone

The Pine Tree Development Zone (PTDZ) program offers eligible businesses in Maine the chance to greatly reduce, or in some cases, virtually eliminate state taxes for up to ten years. Eligible businesses include firms engaged in any of the following sectors: biotechnology; aquaculture and marine technology; composite materials technology; environmental technology; advanced technologies for forestry and agriculture; manufacturing, including precision manufacturing; information technology; and financial services.

Benefit highlights include:

- 100% Corporate Income Tax credit for 5 years; 50% credit for years 6-10
- Elimination of Property Sales & Use Tax for 10 years
- 80% Employment Tax Increment Finance (ETIF)

In the model, an assumption is made that all eligible companies maximize their benefits.

Corporate Income Tax Credit

The corporate income tax credit can be used to calculate the effective tax burden for eligible PTDZ companies by using the following formula: 5yrs*0%*8.35%)+(5yrs*50%*8.35%)/10yrs period

The effective corporate income tax rate during the 10 years is then equal to 2.09%

Property Sales & Use Tax

The sales and use tax exemption set forth in 36 M.R.S.A. § 1760(87) applies to sales of tangible personal property made on or after July 1, 2005, to a certified PTDZ business "for use directly and primarily in one or more qualified business activities." Tangible personal property that is taxable usually includes items like portable machinery and equipment, office furniture, tools, vehicles, and supplies held by businesses.

ETIF

Employment Tax Increment Financing assists in the financing of business investment projects that create at least 5 net new, high quality jobs in Maine. An ETIF-approved business may be reimbursed 80% in Pine Tree Zones of the state income tax withholdings from the net new payroll for up to ten years.

The results of the IRR study are portrayed in the Table 4:

Table 4 ETIF benefits for the State of Maine, with and without incentives

Benefits for State of Maine	With Incentive	Without Incentive
Corporate income tax for the State of Maine	$178,200,497	$537,724,597
Sales Tax revenues	$651,530,191	$704,356,925
Personal income taxes for the State of Maine	$237,054,316	$141,122,719
Residents dividends tax	$121,127,400	$107,700,632
Payroll taxes employer State of Maine	$23,469,368	$69,858,695
Direct Tax Revenues	$1,211,381,772	$1,560,763,568
Cost of administrating the program	$532,708	
Direct Revenues after incentive costs	$1,210,849,063	$1,560,763,568
IRR Incentive Program: Direct Benefits	-22.4%	

The three integrated benefits in the form of a reduced corporate income tax rate, sales and use tax exemption, as well as the reimbursement of payroll taxes clearly leave their marks in the direct financial revenue streams. In 2012, 285 certified companies created 5,010 new jobs and 4878 jobs were retained. These statistics explain the significant difference in the amount of personal income taxes. Lower effective corporate income tax rates results in higher profitability and higher dividends tax revenues.

Important consideration

The negative IRR implies that the PTDZ is an *expensive* program, however the model currently assumes that all companies would have established themselves in the State of Maine regardless whether they would be entitled to the benefits of PTDZ or not. Without the PTDZ, perhaps only 6 out of 10 companies would establish in Maine (i.e. a sensitivity of 60%).

Critically, the PTDZ includes “but for” language, stating that the PTDZ benefits are the final driving factor in selecting the location and that the company would not have chosen to locate in Maine ‘but for’ this funding. Hence, the sensitivity index could be set at 0%. Regardless, a range of values better demonstrates the value and impact of the program.

Table 5 shows the impact of the sensitivity index on the IRR.

Table 5 PTDZ sensitivity index and the IRR

Sensitivity index	IRR
0%	125.2%
25%	72.2%
50%	30.7%
75%	-0.2%
100%	-22.4%

Source: Author's own calculations

The exact sensitivity index remains arbitrary, however, as table XX shows, breakeven point is reached with a sensitivity index of 75%. More concrete, 25 out of 100 companies would not have established themselves without the PTDZ program, and this explains why the IRR becomes positive proportionate to a lower sensitivity index. The other end of the spectrum (i.e. 0%), illustrates the IRR of 125.2% and simulates a scenario in which none of the 285 PTDZ companies would have established in Maine without the PTDZ program.

Development Loans by Maine Technology Institute (MTI)

Development Loans of up to $500,000 are offered three times a year to fund later stage R&D activities leading to commercialization of new products such as prototype development, testing and manufacturing pilot projects. Loan repayment is triggered by commercialization of the technology. All projects must fall under one of Maine's seven technology sectors and require matching investments of 1:1. Loan repayment is triggered by commercialization of the technology. MTI is administering this soft-loan program and during the period 2010 – 2012 the institute approved 32 business projects and provided close to 9.3 Million in conditional loans.

The results of the IRR study are portrayed in Table 6:

Table 6 MTI benefits for the State of Maine, with and without incentives

Benefits for State of Maine	With Incentive	Without Incentive
Corporate income tax for the State of Maine	$3,633,222	$3,047,827
Sales Tax revenues	$3,396,252	$2,828,575
Personal income taxes for the State of Maine	$2,316,188	$1,454,919
Residents dividends tax	$556,902	$548,961
Payroll taxes employer State of Maine	$1,146,562	$720,215
Direct Tax Revenues	$11,049,126	$8,600,497
Cost of DL and grant program	$848,603	
Cost of administrating the program	$532,708	
Direct Revenues after incentive costs	$9,667,814	$8,600,497
IRR Incentive Program: Direct Benefits	12.4%	

Over a period of three years and with an IRR of 12.4%, the CBA model for the development loan program by MTI shows a solid financial outcome. Because the conditional soft loans need to be repaid within 7 years from commercialization, only the difference between the commercial interest rate (i.e. 6%) and the effective MTI interest rate (i.e. 3.1%) results in a direct loss of revenues. The cost of the associated Business Accelerated Grant, a non-repayable grant for successful MTI-funded companies to bring their new products or services to market has been added. Finally, the cost for administrating the program complements the overall costs.

The average size of MTI funded companies consists of 20 employees in 2012 and based on the MTI survey results, this number increased from 16.8 employees in 2011. Furthermore, the survey illustrates that these companies are growing relatively fast with on average an additional workforce of 5.35 employees per MTI funded company. In total, the 32 companies that successfully applied for the development loans employed 521 employees and realized a total of $13.3 million in annual sales. The average development loan per company is $281,000 in 2012, a little lower compared to 287,000 in 2011 and 296,000 in 2010. All other (indirect) financial benefits can be found in Appendix H – Cost Modeling.

FAME programs

The fourth and final incentive programs that are subject to this CBA assessment are the Commercial Loan Insurance Program and the Economic Recovery Loan Program, two of the most important programs administered by the Finance Authority of Maine (FAME).

Commercial Loan Insurance Program

Loan Insurance helps cover a bank's credit risk. For a business, it may mean the difference between obtaining a loan, going out of business, or never getting the opportunity to start a business. Loan insurance is available for almost any prudent business activity, and insures up to 90 percent of a loan to

a maximum FAME insurance exposure of $4 million. This maximum insurance amount is set at least annually in accordance with FAME's Direct Loan and Loan Insurance Credit Policy.

Economic Recovery Loan Program (ERLP)

This program provides subordinate (gap) financing to assist businesses in their efforts to remain viable and/or improve productivity. From time to time, FAME utilizes funds in this program to address specific business community needs. Eligible companies are Maine-based businesses that exhibit a reasonable ability to repay the loan and demonstrate that other sources of capital have been exhausted.

In FY13, FAME provided loan insurance on 311 occasions to banks for loans to 261 Maine businesses totaling $32,565,491. During this year, FAME made a total of $536,276 in payments on its loan insurance obligations for nine separate defaults and liquidations. This constituted 0.56% of FAME's total mortgage insurance obligations. The Economic Recovery Loan Program provided 31 loans to Maine businesses totaling $4,815,411 in 2013. In the results below, the benefits and costs of both programs have been integrated.

The results of the IRR study are portrayed in Table 7:

Table 7 FAME benefits for the State of Maine, with and without incentives

Benefits for State of Maine	With Incentive	Without Incentive
Corporate income tax for the State of Maine	$890,949,194	$746,282,493
Sales Tax revenues	$772,028,392	$646,799,722
Personal income taxes for the State of Maine	$182,098,249	$146,781,049
Residents dividends tax	$136,565,166	$134,617,737
Payroll taxes employer State of Maine	$90,142,438	$72,659,686
Direct Tax Revenues	$2,071,783,438	$1,747,140,687
FAME Revenues from loan insurance program	$1,463,525	
FAME Revenues from ERLP	$350,671	
Cost to cover for default	$485,249	
Cost of administrating the program	$532,708	
Direct Revenues after incentive costs	$2,072,579,677	$1,747,140,687
IRR Incentive Program: Direct Benefits	18.6%	

In line with the Development Loans Program of the MTI, also both FAME programs demonstrate a strong financial end result. The annual fees for the commercial loan insurances vary between 1% and 2% annually depending the terms and conditions. In addition to the annual fees, companies pay an application fee of 1% and a 1st year commitment fee of 1%. Based on an average loan amount of

$150,207 this results in an annual effective fee of 1.26% per year equivalent to an amount of $1,893[1]. Similarly, the effective fee rate for the ERLP, based on a 5 year payback term is 2.2% in addition to the commercial rate of 6%. This includes the additional start up fees in year 1.

According to FAME's annual program, both programs assisted 248 companies in realizing 810 new jobs and retaining 3,903 in FY12. When the program would not have existed, these 3,903 retained jobs would have been lost. In turn, the significantly lower headcount results in considerably lower sales revenues, and therefore also a lower aggregated corporate taxable income. In absolute terms, this effect offsets the negative effects of the additional finance and insurance costs. This explains why the corporate income tax revenues for the State of Maine are still higher with incentives even though companies need to pay a premium for the insurance and loans.

The high number of retained jobs - in combination with a much higher volume of local sales - are the main components behind the robust IRR result. This is further stimulated by the fact that FAME receives direct revenues for their financial services. Finally, the default rate (i.e. considered a direct cost) is low and amounts 0.56% on outstanding loans, resulting in a total cost of $485,249 between 2010 and 2012.

State Benchmark Assessment

Introduction

This section of the report provides the following five benchmark analyses based on various databases to which the ICA Team has access. The full analysis of the benchmark ranking may be found in Appendix I – State Benchmark Assessment.

Benchmark 1 – State Investment Trends: The State Investment Benchmark uses proprietary FDI and domestic investment data from FDI markets, a database by FDI intelligence of the *Financial Times*, that tracks greenfield investment projects (i.e., cross state and foreign) as well as expansion projects. It does not include mergers and acquisitions (M&A) or other equity-based or non-equity investments. Retail projects have also been excluded from this analysis. The benchmark explores the competitive position of the State of Maine in attracting FDI and domestic investment from various source markets and in different industries and business activities.

Benchmark 2 – Business Environment Competitiveness: This section highlights the competitive position of the State of Maine compared to other US states by benchmarking different components of the State's overall business environment. A set of public indicators and indices have been collected from various sources that allow for interstate comparisons across a range of dimensions of competitiveness. The location benchmark of the ICA team provides a different approach than more conventional location analyses. Rather than analyzing location parameters such as unemployment rates, number of issued patents or educational attainment, this location benchmark uses existing benchmarks based on a wide range of such parameters. Comparing and contrasting multiple location benchmarks and rankings enables performing a wider and more profound state-level analysis since such an analysis is based on a wide range of rankings that complement one another.

[1] This rate is calculated based on a 10 year payback term

Benchmark 3 – Incentive Award Productivity: This analysis shows trends in incentives across the United States, highlights recently awarded incentives to companies investing in different states and shows which incentive programs offered by state governments are most active. The analysis uses data from ICA's proprietary incentives deal database: ICAincentives.com.

Benchmark 4 – Transparency in Incentives: This analysis shows transparent statutory incentive programs and transparency in the public communications regarding the amount of public funds that have been allocated to different incentive programs are fundamental to a successful and sustainable incentive policy framework. In line with the incentive trend analysis, this section will also introduce a State Incentive Transparency Index developed by ICA. This Transparency Index is a composite measure that ranks the States according to their incentive transparency policies. Finally, this section concludes with detailed research that shows how other states have implemented successful evaluation and monitoring techniques to assess the effectiveness of incentive programs.

Benchmark 5 – Competitive States Programs: This benchmark focuses on specific incentive programs across competing states. ICA has selected three competitive states as its benchmark for analyzing incentive programs across these states, Connecticut, Massachusetts and New Hampshire.

Benchmark 1 – State Investment Trends

With 69 investment projects during 2007 – 2013, Maine's performance in attracting investments, capital and jobs is slightly below par when compared against its share of national GDP. Yet, Maine outperforms neighboring states such as Rhode Island and Vermont, and with more than 7,500 new jobs and $3.77 billion in capital, foreign and domestic investments contribute significantly to Maine's overall economic development goals.

Investment projects peaked in 2013

In the State of Maine, a total of 14 investment projects were recorded in 2013, equivalent to a share of 20.3% of the total number of projects (i.e. 69 investment projects between 2007 – 2013), the highest percentage ever. Last year only, a total of 836 jobs were created and $292.10 million capital was invested by these projects, representing 11% and 7.7% of total jobs and capital investment respectively.

Key investors account for one quarter of projects

The top 10% of investors have created a total of 17 projects, 25% of the total projects. These investors have created a combined total of 1,355 jobs, nearly one-fifth of the overall total. The combined capital investment from these companies reached $1.02 billion, or more than one-quarter of the total for all companies.

Business Services is top sector with one-sixth of projects

Out of a total of 22 sectors, Business Services accounted for 15.9% of projects. Project volume in this sector peaked in both 2011 and 2013 with three projects tracked in each of these periods. Total jobs creation and capital investment in this sector was 600 jobs and $52.40 million respectively.

Largest projects originate in Spain

With an average project size of $1.40 billion, projects originating in Spain are approximately 25.6 times larger than the average across all source countries. Ranked sixth in overall projects recorded with one project, Spain created a total of 3,000 jobs and $1.40 billion capital investment.

Top five destinations attract almost one-third of projects

Out of a total of 24 destination cities, the top five account for almost one-third of projects. Portland is the top destination city accounting for one-eighth of projects tracked. Total investment into Portland resulted in the creation of 222 jobs and $71.40 million capital investment, averaging 24 jobs and $7.90 million investment per project.

Benchmark 2 – Business Environment Competitiveness

Location Competitiveness Benchmarking: a corporate perspective

Companies making expansion and relocation decisions typically go through a process similar to the diagram on this page. This process begins with the company identifying their business opportunities, constraints and needs for the new facility, and then progresses through an evaluation of location options. This evaluation process continues to narrow the list of options until the company is prepared to negotiate with the last (and best-fit) handful of communities and sites remaining on the list.

Importantly, this process usually starts with a regional, national, or even international long list of location options. This then proceeds through a multiple-phase screening process that winnows out lower performing locations. State and local economic development agencies are typically contacted at the completion of these first screening rounds of collected data. This then gives them the opportunity to present specific sites and communities within the broader region.

Without prejudicing the analysis to any one use or industry, the Team has developed a review that allows comparison and contrast of multiple location benchmarks and rankings that enables performing a wider, more profound, state-level analysis. The result of taking into account various benchmarks is that rankings are confirmed and/or more nuanced. A state that underperforms in one benchmark could be counterbalanced by an over-performance in another ranking, whereas a state that scores well in both rankings sees its position confirmed. Longitudinal comparisons across the same rankings are more common; however comparisons at the same moment in time between multiple location rankings are rare.

A total of 19 benchmarks ranking US states have been used to produce a broad-based benchmark. These benchmarks include media location benchmarks (e.g., Forbes and CNBC), well known for their comprehensive analyses of state competitiveness, as well as less known, more topic-specific indices. In order to provide structure, the benchmarks of the following 19 sources have been clustered into seven groups:

- Competitiveness
- Business Climate
- Innovation

- Economic Freedom
- Entrepreneurship
- State Management
- Quality of Life

This methodology provides a comprehensive evaluation across industry types. Later reports will provide a factor-by-factor evaluation for industry- specific, cluster targets against peer states.

Generally, Maine performs poorly with an on-average ranking of 35.05. Only Hawaii, Mississippi, Arkansas and West Virginia perform worse. West Virginia performs worst with an on-average overall score of 42.37, higher numbers indicating lower rankings. Furthermore, Maine scores below the New England on-average ranking of 29. Geographically proximate states such as New Hampshire, Massachusetts and Connecticut perform considerably better than Maine, while Vermont and Rhode Island score similarly.

While the results vary based upon the specific measure of each study, Maine typically suffers from poor data availability and/or perceptions of business climate and overall competitiveness. These measures are fairly general indicators of economic performance of a given state as such rankings are usually made up of a large number of overarching components, typically including workforce, infrastructure, technology, quality of life, cost of doing business, education and tax legislation. The difference between such rankings relates to the emphasis on one of these components. Innovation is measured more diversely in national studies and, as a result, Maine does rank more favorably, but within the bottom half of all rankings. Rankings for entrepreneurship – defined as the degree to which state legislature enables and facilitates a small business environment and how a state's population adheres to such an entrepreneurial environment - are even more uneven, with one ranking placing the State 15th overall (exceeding Massachusetts, Rhode Island and New Hampshire).

State Management rankings evaluate Maine diversely as well. The Wall Street Journal admires the State's ability to govern smoothly. However, Maine's incentive and credit programs are judged to suffer from a lack of transparency, resulting in a low overall rank.

Finally, the State of Maine ranks consistently scores well for quality of life. This should result in increased ability to attract talent and entrepreneurs of all stripes to the State if other areas were to be addressed.

Benchmark 3 – Incentive Award Productivity

This incentive benchmark examines the productivity of the amount of awards tracked. Awarding large sums does not automatically generate proportionate benefits in terms of capital expenditures and created employment. States considered "big spenders" (e.g., Louisiana, Pennsylvania, New Jersey and Connecticut) initially appear to have attracted considerable amounts of investments and new jobs. States can be categorized accordingly:

- States that both attracted a significant amount of capital expenditures and created new employment but also spent considerable budgets on awarding incentives include Michigan,

Tennessee, Ohio, Kentucky, New York, Indiana and, to a lesser extent, Louisiana. In absolute terms, these states seem to have performed rather well.

- States that attracted a significant amount of capital expenditures though did not transmit its budget spent on incentives into employment creation includes California.
- States that created a high number of jobs but did not attract large proportions of capital expenditures whilst spending much public money on incentives include Pennsylvania and New Jersey.
- States that spent quantities on incentives that did not transfer into either significant capital expenditures or employment creation include Arizona, Connecticut, Colorado, Idaho and Nevada. These states have performed in a rather poor way.
- On the opposite, states that are not considered as the top-15 "big spenders" but did feature in the top-15 of attracting capital expenditures and employment creation include Texas, North Carolina and Florida.

However, a closer look on relative numbers reveals that some states rank high in terms of average value per awarded incentive and value of awarded incentive per created job and score low on the rate on investment per awarded incentive. On the contrary, sates that seem to generate disproportionately more benefits in terms of capital expenditure and new jobs are Tennessee, North Carolina and Indiana. These states do not feature in the top-15 of average value per awarded incentive and value of awarded incentive per created job nor do they feature in the bottom-15 of rate on investment per awarded incentive.

Benchmark 4 – Transparency in Incentives

These figures indicate that Maine could improve its transparency on its awarded incentives. By categorizing its awarded incentives according to the incentive programs, there would be a better link between number of programs and number of awarded incentives and increase Maine's rank. In addition, Maine should provide more award information on all its programs as currently only one program is featured in the ICAIncentives.com database. Parallel to informing the public on its programs, the benefits should be disclosed as well. This will not only enhance Maine's rank on transparency lists but also improve public accountability and trustworthiness towards its tax payers.

Benchmark 5 – Competitive States Programs

ICA has selected three competitive states as its benchmark for analyzing incentive programs across these states, Connecticut, Massachusetts and New Hampshire. During the research on other states' evaluations, ICA uncovered several states that have implemented wide-ranging incentive evaluations, including Pennsylvania, Oregon, California and Texas. It also consulted industry benchmark data including ICA's own Transparency Index and The Pew Center report, *Evidence Counts, Evaluating State Tax Incentives for Jobs and Growth*, published in April 2012.

The State of Iowa, which has a thorough evaluation and is transparent in its findings, has been selected as a fourth benchmark state. As with Maine, Iowa has an agricultural base and is competing against larger, more centrally-located states, in order to develop and attract businesses. Iowa has also sought to diversify its economic base.

Each state selected for review has one prominent incentive program that combines several types of programs for maximum benefit to the locating company. In Maine, the Pine Tree Development Zones are the primary focus. In the other states, they include:

- Massachusetts: Economic Development Incentive Program (EDIP);
- Connecticut: Enterprise Zone Program ;
- New Hampshire: Economic Revitalization Zone Tax Credits; and
- Iowa: High Quality Jobs Program (HQJ).

Table 8 to

Table 12 provide a summary of the benchmark analysis across different parameters of incentive programs:

Table 8 Summary of benchmark analysis on Maine's Pine Tree Development Zone Program

State	Maine
Programs (name)	Pine Tree Development Zone Program (PTDZ)
Benchmark variables	
Type of Program- description	Reduce or eliminate state taxes for up to 10 years through a variety of ways when creating new, quality jobs in certain business sectors or move existing jobs in those sectors to Maine.
Definitions	A new, quality job is defined as one that exceeds per capita salary in the locating county and includes access to group health insurance and retirement benefits.
Fiscal or non-fiscal	Fiscal incentives including tax credits on corporate income and insurance premiums, exemptions on sales and use tax, income tax reimbursements and reduced electricity rates. Rates and duration depend on the location.
Location bound	Yes. Maine is divided into two tiers: Businesses located in Tier 1 municipalities are eligible for 10 years of benefits (economically distressed areas); and Businesses located in Tier 2, which are eligible for only five years of benefits.
Policy objectives	To further strengthen target sectors and clusters at which Maine has strength and has proven it can compete against regional states and their programs in combination with job creation.
Target sectors	Biotechnology Aquaculture and Marine Technology Composite Materials Technology Environmental Technology Advanced Technologies for Forestry and Agriculture Manufacturing and Precision Manufacturing Information Technology Financial Services
Implementing institution	Department of Economic & Community Development (DECD).
Eligibility criteria	Companies active in one of the target sectors, creating at least one new, quality jobs including access to benefits and capital investment.
Funding sources/timing	Ranging from 5 to 10 years, depending on the location.
Application procedures	Certification by the DECD that without the PTDZ benefits, the company could not expand or start a new business in Maine. DECD will acknowledge the letter, after which the company can complete the application for certification.
Clawback provisions	Not explicitly mentioned.
Monitoring and Evaluation (M&E) schemes and procedures	Not explicitly mentioned.
Example companies/investments	Backyard Farms, Madison, for which the incentives played a key role in growing to over 220 employees in 6 years.

Source: Investment Consulting Associates – ICA Research and www.ICAincentives.com

Table 9 Summary of benchmark analysis on Massachusetts' Economic Development Incentive Program

Commonwealth	Massachusetts
Programs (name)	Economic Development Incentive Program (EDIP)
Benchmark variables	

Commonwealth	Massachusetts
Type of Program-description	A tax incentive program designed to foster job creation and stimulate business growth in Massachusetts.
Definitions	The program defines three categories of project applications: Certified Expansion Project (CEP) Enhanced Expansion Project (EEP) Manufacturing Retention Project (MRP)
Fiscal or non-fiscal	Fiscal incentives including a non-refundable investment tax credit of up to 10% (CEP & EEP) or refundable investment tax credit of up to 40% (MRP). The exact amount depends on the expected net economic activity generated by sales and jobs in combination with location.
Location bound	Yes. CEPs are only allowed in Economic Target Areas (ETA) and Economic Opportunity Areas (EOA) whereas MRPs are only permitted within Gateway Municipalities: municipalities with a population of at least 35,000 but with education attainment and income levels below state average.
Policy objectives	To create new full-time jobs, retain manufacturing jobs and generate new sales outside of Massachusetts.
Target sectors	No specific sectors mentioned apart from manufacturing activities.
Implementing institution	Economic Assistance Coordinating Council (EACC) and the Massachusetts Office of Business Development (MOBD).
Eligibility criteria	CEP: full-time job creation. EEP: at least 100 new jobs. MRP: create at least 25 new manufacturing jobs and/or retain at least 50 manufacturing jobs.
Funding sources/timing	Multiple years available.
Application procedures	Participation in an introductory meeting with the MOBD Regional Director; Introduce the project to the municipality and ultimately seek local approvals; Send a “Letter of Intent” to the municipality and the MOBD Regional Director; Complete and return the EDIP Preliminary Application by the published deadline; Complete and return the EDIP Supplementary; Application; If applicable, submit local approvals and agreements to the MOBD; and Attend a meeting of the EACC to present the project.
Clawback provisions	All three types of projects must agree to keep new or retained positions for at least five years and are allowed two years to achieve job benchmarks. Certification may be revoked and the EACC may take back any incentives awarded in the past or future if there is a material variance between what the plans in a business’s project proposal and the employment targets the business actually achieves (50% below employment projections).
M&E schemes and procedures	At the end of each year, certified projects are required to submit a report to the Economic Assistance Coordinating Council (EACC) and to the municipality in which the project is located.
Example companies/investments	Richline Group, Rhode Island Novelty and Simonds International

Source: Investment Consulting Associates – ICA Research and www.ICAincentives.com

Table 10 Summary of benchmark analysis on Connecticut's Enterprise Zone Program

State	Connecticut
Programs (name)	Enterprise Zone Program
Benchmark variables	
Type of Program-	Incentive benefits are provided for eligible business relocation/expansion projects

State	Connecticut
description	within defined Enterprise Zones.
Definitions	An Enterprise Zone is a designated area within Targeted Investment Communities. Zones are defined according to either a primary or secondary census which depend on poverty rate (25% and 15%, respectively), unemployment (two times and 1/5 times) and population receiving public assistance (25% and 15%). A community with such a zone is described as a Targeted Investment Community (TIC).
Fiscal or non-fiscal	Fiscal incentives including abatement of local real and personal property tax of 80% over five years and a credit of 25% or 50% on the state's corporation business tax for 10 years. In order to qualify for the 50% credit, at least 30% of the new employees must be residents of the Enterprise Zone or residents of the municipality in which the plant is located.
Location bound	Yes. There are currently 17 Enterprise Zones throughout the State.
Policy objectives	Not explicitly mentioned.
Target sectors	Manufacturers Warehouse distributors Designated service related businesses
Implementing institution	Department of Economic & Community Development (DECD).
Eligibility criteria	Eligible businesses are defined by their North American Industry Classification System (NAICS). In an Enterprise Zone, in addition to manufacturers and distribution warehousing (new construction/expansion only), certain service sector firms may also qualify. Benefits accrue to projects whose central activity revolves around capital improvements to land and/or building. A real estate transaction has to take place in order to qualify the facility that will be occupied by the eligible business.
Funding sources/timing	Abatement of local taxes over 5 years and tax credit for 10 years.
Application procedures	An Enterprise Zone business applicant must complete a preliminary application to determine if all eligibility criteria will be met. If the Enterprise Zone applicant demonstrates that all of the requirements will be met, a formal application is provided. All applicants must submit a completed application to the Department of Economic and Community Development prior to October 1 of the assessment year in which the project is completed.
Clawback provisions	Not explicitly mentioned.
M&E schemes and procedures	Monitoring consists of inspections of certified facilities and businesses by department officials as well as local and municipal program administrators. These inspections may be announced or unannounced and may include the municipal assessor.
Example companies/investments	Not available.

Source: Investment Consulting Associates – ICA Research and www.ICAincentives.com

Table 11 Summary of benchmark analysis on New Hampshire's Economic Revitalization Zone Tax Credits

State	New Hampshire
Programs (name)	Economic Revitalization Zone Tax Credits
Benchmark variables	
Type of Program-description	The program provides a short-term tax credit against the business profits and enterprise taxes.
Definitions	An Economic Revitalization Zone (ERZ) is defined either a Brownfield site or a site that meets one of the following criteria: There has been a population decrease over the past 20 years; At least 51% of the households in the area have incomes less than 80% of the median income for households in the state; and At least 20% of the households have a median income level below the poverty level. The zone contains unused or underutilized industrial parks, vacant land, or structures previously used for industrial, commercial or retail purposes.
Fiscal or non-fiscal	Fiscal incentives including tax credit against the business profits and enterprise taxes. The total amount of the credit adds up to $200,000 over five consecutive years. The credit is based on the percentage of the salary for each new job created and the lesser or a percent of the actual cost incurred for the project or a maximum credit for each new job created in the fiscal year.
Location bound	Yes. Based on either real estate or demographic characteristics, certain areas have been designated as an Economic Revitalization Zone.
Policy objectives	ERZs are established to stimulate economic redevelopment, expand the commercial and industrial base, create new jobs, reduce sprawl, and increase tax revenues within the state by encouraging economic revitalization in designated areas.
Target sectors	No specific sectors mentioned apart from commercial and industrial projects.
Implementing institution	NH Division of Economic Development.
Eligibility criteria	To qualify, a certain amount of capital investment must be made and the location must meet the ERZ criteria: Creates a new facility; Makes expenditures to add buildings, machinery or equipment to a facility that equals at least 50% of the market value; Makes expenditures to alter or repair a facility that equals at least 50% of the market value; and Makes expenditures to alter or repair a vacant facility equal to at least 20% of the market value of the facility.
Funding sources/timing	Maximum period of five years.
Application procedures	A two-step process consisting of: Application for the designation based upon specific criteria; and Application for the actual tax credit.
Clawback provisions	In case a company fails to complete a project, it forfeits the remaining tax credits that were part of the original agreement.
M&E schemes and procedures	Not explicitly mentioned.
Example companies/investments	Not available.

Source: Investment Consulting Associates – ICA Research and www.ICAincentives.com

Table 12 Summary of benchmark analysis on Iowa's High Quality Jobs Program

State	Iowa
Programs (name)	High Quality Jobs Program
Benchmark variables	
Type of Program-description	The High Quality Jobs program provides tax credits to qualifying businesses to off-set the cost incurred to location, expand or modernize an Iowan facility.
Definitions	High Quality Jobs are defined as: Newly created jobs that pay at least 100% of the qualifying wage threshold at the start of the project and 120% of the qualifying wage threshold by project completion and through the project maintenance period. Retained jobs must pay at least 120% of the qualifying wage threshold throughout the project completion and maintenance periods.
Fiscal or non-fiscal	Fiscal incentives including sales tax refund, third-party sales tax credit, value-added property tax exemption, investment tax credit, insurance premium tax credit and supplemental research activities tax credit. There is a maximum tax incentive award available to a business based on qualifying jobs, wages and investment.
Location bound	No. Iowa offers another incentive program (Enterprise Zones) which is location bound.
Policy objectives	To support businesses that make capital investments and create jobs in the State.
Target sectors	No specific sectors mentioned.
Implementing institution	Iowa Economic Development Authority (IEDA).
Eligibility criteria	An engaged local partner (i.e., local community); Not an intrastate re-location; Job creation and wage threshold (100% of the qualifying wage threshold at the start of the project against 120% by project completion); Sufficient benefits; Return on investment; Not a retail business; and A high-quality project.
Funding sources/timing	Ranging from five to seven years.
Application procedures	Completing a Business Assistance Project Questionnaire allows staff to identify the programs and resources most beneficial to a project. Upon completion of the Iowa Project Questionnaire information submission, applicants invited to apply for financial assistance shall complete the Application for Financial Assistance.
Clawback provisions	The incentives are contractually tied to the job requirements and the business must meet them in order to receive and retain the incentives.
M&E schemes and procedures	Incentive performance is reviewed by analyzing the cost to the State of providing the tax benefit, analyzing the benefits realized by the State from providing the tax incentive, and reaching a conclusion as to whether the benefits of the tax expenditure are worth the cost to the State or not.
Example companies/investments	Microsoft, HP, BoDeans, Plumrose, John Deere and Norfolk Iron and Metal.

Source: Investment Consulting Associates – ICA Research and www.ICAincentives.com

Recommendations and Implementation

Maine's economic development investment tools were developed over time, and were responses to a variety of business and public sector needs. The present analysis has begun the process of evaluating current effectiveness and a providing a path forward to more efficient and impactful programs. While this will be an ongoing process, the Team recommends a series of perspectives and actions for more immediate consideration.

The most urgent recommendations provided through the analysis are:

- **Develop Central Storage for Incentive Report Documentation:** To evaluate the incentive programs going forward, it is necessary for the evaluating party to obtain as many recipient lists and as many annual reports from as many incentive programs as possible. Legislative changes should be made to allow the analyst team designated by the State of Maine to have full access to program data as needed.
- **Incentive Contingency Clauses and Reporting:** Many states offer incentives contingent upon the company meeting a pre-defined goal and reporting annually so progress towards or achievement of the goal can be evaluated or recorded. Checks and balances should be worked into the Legislative Mandate behind each of the incentive programs to allow the programs to perform more successfully and to have the reporting to understand their own success.
- **Incentive Confidentiality:** Legislative changes should be made to provide for full access to and evaluation of program data as needed, whether this performed by a State agency or by a contracted third party under a confidentiality agreement. If this program data is made more directly available, the evaluation team can ask a much smaller subset of questions on the survey to companies and obtain more accurate and detailed information for analysis.
- **Central Website and/or Guiding Organization:** The state should construct a website which allows the user to refine by category and find the incentives for which the company is eligible. Once those programs are returned, the site should direct link to the incentive websites and provide full contact information for that group. In addition, an individual fluent with the incentive program should be available by phone to walk companies through this process or to do it for them should they request that level of service.

More general recommendations identified through interviews, analysis, and comparison to best practices are presented below in four separate categories:

- General recommendation incentives;
- Structure and targets of programs;
- Eligibility and benefits of programs; and
- Monitoring and evaluation of incentive programs.

The final section of this paragraph focuses on the next steps and implementation.

General Recommendations

General experience in and study of location selection projects suggests the following general observations on the effective role for incentives, credits, and similar programs:

- Incentives are, in most cases, not the prime driver of any company decision to locate and invest in a given location. Depending upon the industry and type of business activities, companies explore multiple location drivers and factors before taking a final decision on where to invest. Incentives are regarded as the icing on the cake, but the investment climate of a country or region is the cake itself.
- Offering incentives should not necessarily be a given or default position – if they are the key driver for a potential investor, the underlying business case for the investment is probably weak.
- It is important to have a coherent strategy on whether incentives will emphasize comparative advantages of states or compensate for the lack of these comparative advantages. Generally, most incentive and credit programs cannot successfully compensate for a competitive weakness, except for specific worker-training programs.
- Nominally the most effective incentive regime is a cost competitive business environment that meets the requirements of many investors, combined with a low and acceptable tax regime for investors.
- A general across-the-board reform of a state's Corporate Income Tax (CIT) can be a more beneficial approach to attraction than complex incentive programs that create additional administrative costs. New Hampshire makes this case. Given this view, the provision of an investment incentive framework for corporate investors, domestic and foreign, can be seen as less attractive as it is time limited. However, a general reduction of a country's or state's CIT is a long-term political process. It is, therefore, desirable that countries and states take a parallel approach in which they draft conducive and attractive incentive frameworks while at the same time working on improving their general business environments and lowering their overall tax rates.
- The use of incentives in attracting investment is most effective when precisely targeted. Incentive programs are best directly aligned with and subsidiary to other more substantive factors that influence investment decisions. These are primarily market/business factors (customer base, labor supply, raw materials, etc.) and investment infrastructure/environment (risk to investment assets, dispute resolution, etc.).
- As more and more countries and states seek to boost investment and target specific types of investment, the risk of harmful competition for investment increases – i.e., a race-to-the – regulatory-bottom or a race-to-the-top of incentives (with negative social and environmental consequences or escalating commitments of public funds).

Structure and Targets of Incentive Programs

Public and private sector interviews – coupled again with location selection experience – suggest other recommendations on the structure and targeting of incentive and inducement programs:

- While a "one-size-fits-all" approach is not recommended given the differences between industries, a common framework could be developed within which each incentive program be further developed that is clear, transparent and coherent for investors and that facilitates coordination and harmonization where possible.
- As with any program, the design of incentives should conform to best practice principles including simplicity, clarity, certainty and objectivity.
- Best practices suggest a move from broad-based and general incentives towards tailored regimes that reflect value chains of prioritized industries and business activities. Providing objective, non-automatic incentives schemes that can be monitored and evaluated over time tends to be successful.

Eligibility and Benefits of Programs

- Any investment incentive program succeeds best in achieving its goals when it is clear, simple and certain, and performance-based against pre-determined criteria.
- Likewise, application and administration processes should be as simple and concise as possible to avoid bureaucratic overload while maintaining sufficient rigor. It is important to develop incentive frameworks that can be effectively administered and monitored.

Monitoring and Evaluation of Incentive Programs

- Many incentive frameworks lack a clear statement of goals and outcomes, and therefore do not have clear evaluation and monitoring procedures. A better understanding is required of the costs and benefits of incentives. As shown in the present report, government should strive to measure the benefits derived from the investment vis-à-vis the costs of the incentive package. Apart from assessing and measuring the investment incentive regimes, providing the results and information also enhances transparency, credibility and public accountability.
- Awareness and clear information on investment incentives is crucial for program marketability, as is the capacity of the relevant monitoring/administrative/regulatory agencies.
- Holders of investment incentives should be held responsible to report within the standard fiscal reporting system, even where "tax holiday" incentives exist.
- Full costing and reporting of incentives should be undertaken annually, with an analysis of the cost of the fiscal incentive relative to the benefits arising from the investment (such as employment, sales, tax revenues, etc.).
- Full and thoughtful integration of new incentives to existing incentive regimes – especially where there are multi-levels of government – is crucial to avoid unintended consequences. There should be commitment a collaboration between the Department of Revenue and the incentive administering department (DECD) in order to coordinate both the provision of incentives and the Monitoring and Evaluation (M&E) process.
- Measure, report, account and apply high standards to incentives design and administration and develop clear M&E processes and cost benefit models.
- Ensure fixed program durations to allow for regular evaluation, assessing the program's relevance and benefits. This requires the authority and capacity of the DECD or administering agency to do this and should be implemented in its aftercare strategies.

- Clawbacks or other repercussions should be clearly spelled out in incentives legislation, along with the protocols for such sanctions if the company does not comply.
- Reporting requirements should be clear, coherent and transparent. These should be directly linked to the incentives being awarded and the program's conditional criteria.
- Institutional collaboration should be facilitated by an Incentive Working Group consisting of members of various government institutions as well as corporate representatives. The Working Group will advise legislators and staff on incentives, discusses specific incentive policies, and can act as ombudsman addressing concerns of corporate investors in incentive application processes. This Working Group can serve as a coordination, consultation and knowledge center for the State and the stakeholders.

The above recommendations provide a number of action items that can be implemented over time and provide a better incentive screening, data collection process as well as institutional collaboration between various government departments of the State of Maine.

Implementation and Good Practices

Many incentive implementing authorities underestimate the resources that are required for the efficient implementation of incentive programs and may lack the relevant data, knowledge and skills for success. The negotiation of incentives requires specific skills while the application process of incentives also requires knowledge of investor's preferences.

Incentives must be anchored in an economic development strategy that describes the measurable objectives to be achieved through the program.

The costs of incentives need to be very carefully weighted. In the case of bidding wars, incentive offers may escalate to levels that far exceed the benefits or the budget allotted.

State level authorities need to carefully consider:

- Are the incentives effective i.e., do the benefits exceed the costs?
- Are they efficient in terms of their administrative burdens?
- What are the opportunity costs of funding of incentive programs?
- What is the "deadweight loss" i.e., would the investment have taken place in the absence of the incentives?
- What are the ramifications of triggering competition with neighboring states (negative externalities)?

Several programs (see list in report) provided very little documentation, and indeed it appears that these programs have minimal use. The State of Maine should examine these with the specific purpose of determining whether these programs should be eliminated and the resources moved to enhance other State offerings.

Appendix A – Advisory and Stakeholder Member List

Table 13 Advisory Committee Members and affiliations

Advisory Committee	Affiliation
George Gervais	Maine Department of Economic & Community Development
Brian Whitney	Maine Department of Economic & Community Development
Peter DelGreco	Maine and Company
Bob Martin	MTI
Senator Emily Cain	Maine Legislature
Senator Andre Cushing	Maine Legislature
Jake Ward	University of Maine
LuAnn Ballesteros	Jackson Labs
Steve Levesque	Midcoast Regional Redevelopment Authority

Table 14 Stakeholder Representatives and affiliations

Stakeholder Representative	Affiliation
Cynthia Izon	Business Answers Programs
Miriam White	Center for Law and innovation, UMaine Law School
Darryl Sterling	Central Maine Growth Council
Jason Brown	Maine Department of Economic & Community Development
Deborah Johnson	Maine Department of Economic & Community Development
Ronald McKinnon	Maine Department of Economic & Community Development
Carolann Ouellette	Maine Department of Economic & Community Development
Laura Santini-Smith	Maine Department of Economic & Community Development
Karen Warhola	Maine Department of Economic & Community Development
Brian Whitney	Maine Department of Economic & Community Development
Janine Bisaillon-Cary	Maine Department of Economic & Community Development/MITC
Jackson Caldwell	Department of Agriculture
Beth Bordowitz	FAME
Jim McGowan	Maine Community College System
Michael Allen	Maine Revenue Service
Bob Corey	Maine Rural Development Program
Muriel Mosier	MEP
Bob Martin	MTI
Melody Weeks	PTAC
Mark Delisle	SBDC
Patricia Ballesteros	
Mike Aube	Eastern Maine Development Corporation
Jake Ward	University of Maine

Appendix B - Definitions

Table 15 List of definitions used in this report

Item	Definition
Angel Investors	Individuals who back emerging entrepreneurial ventures, sometimes as a bridge to venture capital. Funding levels typically range from $50,000 to $2 million. Usually successful, sophisticated business people but the term can apply to all individual investors in a company regardless of business experience.
Applied research	Original investigations undertaken in order to acquire new knowledge but are directed primarily towards a specific, practical aim or commercial objective.
Basic Research	Experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying phenomena and observable facts, without any particular application or use in view.
Commercialization	Sequence of actions necessary to achieve market entry and general market competitiveness of new innovative technologies, processes, and products.
Entrepreneurship	The art or science of innovation and risk-taking for profit in business; the quality of being an entrepreneur
EPSCoR	Experimental Program to Stimulate Competitive Research is a federal program to assist those states that have historically received lesser amounts of federal R&D spending and have demonstrated a commitment to develop their research bases and to improve the quality of science and engineering research conducted at their universities and colleges. Maine has been a member of EPSCoR since 1980
Industry Cluster	Groups of competing, collaborating and interdependent businesses working in a common industry and concentrated in a geographic region. Clusters draw on shared infrastructure and a pool of skilled workers and represent the specialization and comparative advantage of the region.
Innovation	A new way of doing something. It may refer to incremental and emergent or radical and revolutionary changes in thinking, products, processes, or organizations. A distinction is typically made between invention, an idea made manifest, and innovation, ideas applied successfully.
Invention	The creation of a new technology, item, or process, as opposed to its application in widespread use.
License	A legal agreement where an owner of a technology allows another organization to use or develop that technology in return for consideration.
NAICS	North American Industry Classification System
Open Innovation	A paradigm that assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as the firms look to advance their technology.
Targeted Technologies	Established in statute - 5 MRSA Chapter 407 - biotechnology, aquaculture and marine technology, composite materials technology, environmental technology, advanced technologies for forestry and agriculture, information technology and precision manufacturing technology.
Technology Transfer	The transfer of the commercialization rights for a technology from the originator to another organization, typically private. Also involves the legal protection of intellectual property.

Appendix C – List of Abbreviations

Table 16 Acronyms and definitions used in this report

Acronym	Definition
ADM	Aerospace, Defense and Marine
CBA	Cost-Benefit Analysis
CEO	Chief Executive Officer
DC	District of Columbia
EDO	Economic Development Organization
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HQ	Headquarters
ICA	Investment Consulting Associates
ICT	Information and Communication Technology
IPA	Investment Promotion Agency
IT	Information Technology
ITT	Information Technology and Telecom
MNE	Multinational Enterprise
NAFTA	North American Free Trade Association
NPV	Net Present Value
R&D	Research and Development
RDD	Research, Design and Development
US	United States
USD	United States Dollar
VAT	Value Added Tax

Table 17 Lead agency acronyms and full program names used in this report

Lead Agency Acronym	Full Program Name
DECD	Maine Department of Economic and Community Development
MTI	Maine Technology Institute
DOL	Department of Labor
FAME	Finance Authority of Maine
MRDA or RDA	Maine Rural Development Authority
MITC	Maine International Trade Center
MCED	Maine Center for Entrepreneurial Development
REDC	Regional Economic Development Corp
MPP	Maine Patent Program
MRS	Maine Revenue Services

Program Acronym	Full Program Name
CDBG	Community Development Block Grant program
LDA	Loring Development Authority program
MTC	Maine Technology Centers
SBIR	Small Business Innovation Research
STTR	Small Business Technology Transfer
SBA	Small Business Administration loan program
ETIF	Employment Tax Increment Financing
PTDZ	Pine Tree Development Zone
BETR	Business Equipment Tax Reimbursement
JITC	Jobs and Investment Tax Credit
VCRIP	Maine Economic Development Venture Capital Revolving Investment Program
MEP	Maine Manufacturing Extension Program
SBDC	Small Business Development Centers
MPTAC or PTAC	Maine Procurement Technical Assistance Center
AMLF	Agricultural Marketing Loan Fund
PMIF	Potato Marketing Improvement Fund

Appendix D – Programs Identified for Evaluation

Please see CD on back cover of this report for file "Maine Economic Development Programs for Evaluation.xls" for details by program. The following is a list of programs covered in our evaluation efforts.

- Department of Economic and Community Development
  - Economic Development
    - Certified Media Production Tax Credit
    - Economic Development Program
    - Maine Tourism Marketing Promotion Fund
    - Community Enterprise Grant Program
    - Maine International Trade Center
    - Downtown Revitalization Grant Program
    - Business Ombudsman
    - Communities for Maine's Future
    - Loring Development Authority
    - Maine Technology Centers
    - Brunswick Naval Air Station Job Tax Increment Financing
    - Maine Made - Maine Products Marketing Program
    - Municipal Tax Increment Financing
    - Maine Micro-Enterprise Initiative Fund - INACTIVE
  - R&D
    - Cluster Initiative Program (MTI)
    - Development Loans (MTI)
    - Seed Grant Program (MTI)
    - Equity Capital Fund (MTI)
    - TechStart Program (MTI)
    - Phase 0 and Phase II SBIR Application awards plus TAP support (MTI)
    - North Star Alliance Cluster Award Matching Fund (MTI) - INACTIVE
    - Maine Technology Asset Fund (MTI)
    - Marine Research Fund (MTI)
    - Maine Biomedical Research Fund (MTI)
- Department of Economic and Community Development/ Maine Revenue Services
  - Economic Development
    - ETIF
    - Pine Tree Development Zones
- Maine Revenue Service (MRS)
  - Economic Development
    - Business Equipment Tax Reimbursement
    - Sales Tax Exemptions (Manufacturing Machinery , Equipment and Tangible Personal Property)
    - Sales Tax Exemptions (Fuel and Electricity for Manufacturing)

        - Business Equipment Tax Exemption
        - Shipbuilding Facility Credit
        - Sales Tax Exemptions (Products Used in Agricultural and Aquaculture Production, and Bait)
        - Sales Tax Exemptions (Commercial Agriculture, Commercial Fishing, and Commercial Wood Harvesting Machinery and Equipment)
        - Jobs and Investment Tax Credit
        - Credit for Rehabilitation of Historic Properties
    - Research and Development
        - High-Technology Investment Tax Credit
        - Sales Tax Exemptions (Machinery and Equipment for Research)
        - Super Credit for Substantially Increased Research and Development
        - Research Expense Tax Credit
- Finance Authority of Maine (FAME)
    - Economic Development
        - Commercial Loan Insurance Program
        - Economic Recovery Loan Program
        - Maine Seed Capital Investment Tax Credit
        - Regional Economic Development Revolving Loan Program
        - Linked Investment Program for Commercial Enterprises
        - Maine New Markets Capital Investment Program
        - Linked Investment Program for Agriculture
    - Research and Development
        - Maine Economic Development Venture Capital Revolving Investment Program (VCRIP)
- Department of Economic and Community Development/ U.S. Department of Labor
    - Economic Development
        - Maine Manufacturing Extension Partnership (MEP)
- Small Business Administration/ Department of Economic And Community Development
    - Economic Development
        - Small Business Development Centers (SBDC)
- Rural Development Authority
    - Economic Development
        - Commercial Facilities Development Program
        - Speculative Industrial Buildings Program
- Maine Community College System
    - Economic Development
        - Maine Quality Centers
- Department of Defense
    - Economic Development
        - Maine Procurement Technical Assistance Center (PTAC)

- Center for Law and Innovation - University of Maine Law School
    - Research and Development
        - Maine Patent Program
- Department of Agriculture
    - Economic Development
        - Agricultural Marketing Loan Fund
        - Maine Farms for the Future Grants
        - Potato Marketing Improvement Fund
        - Agricultural Development Grant Program

Table 18 Overview of the programs of the State of Maine within the evaluation scope of this report

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
Cluster Initiative Program (MTI)	Research and Development	MTI's Cluster Initiative Program makes competitive awards up to $50,000 for feasibility and planning on a rolling basis and up to $500,000 semi-annually for collaborative initiatives that boost the strength and scale of Maine's high-potential technology intensive clusters.	Stimulate the growth of technology businesses and infrastructure in Maine	Appropriation from State General Fund	Grants	$2,171,706	$118,000 (estimated)	Collaborative projects led by non- or for-profit groups
Certified Media Production Tax Credit	Economic Development	A media production company engaged in a media production that is certified by the Department of Economic and Community Development is allowed a credit equal to the Maine income tax related to the income from the certified media production. The credit may not reduce the entity's tax liability below zero and unused credit amounts may not be carried over to prior or future years.	Encourage the creation of production related jobs in Maine, improve the general economy of the State, and attract visual media productions to the State	General Fund	Tax Reimbursement	$1,545,198	N/A	Production companies and companies serving an ancillary function to production companies
Development Loans (MTI)	Research and Development	Up to $500,000 per project to support research and development of new products and services that lead to market, including prototype development and testing, patent applications, small scale manufacturing and scale up for manufacturing with limited production. Awarded three times per year. Match required. All projects must fall under one of Maine's seven technology clusters.	Support development of new technology products and services for commercialization in seven targeted technology sectors	State General Fund	Awards that require payback to MTI when technology is commercially successful.	$1,521,036	$2,902,968 (estimated)	Maine Businesses
Economic Development Program	Economic Development	The Economic Development Program provides gap funding in the form of grants and loans for communities to assist businesses in the creation/retention of quality jobs for low and moderate-income persons.	Create quality jobs for low and moderate-income persons	Federal Funds - CDBG Money	Grants and Loans	$1,400,000	$2,700,000 (Estimated. Fed budget not known)	Communities receive funds and assist businesses
Seed Grant Program (MTI)	Research and Development	MTI Seed Grants of up to $25,000 are offered three times a year to support early-stage research and development activities for new products and services that lead to the market. Funded activities may include activities such as proof of concept work, prototype development, field trials, prototype testing, pilot studies, or technology transfer activities.	Support early product development, commercialization, and business planning	State General Fund	Grants	$938,953	$631,196	Maine Businesses

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
Maine Tourism Marketing Promotion Fund	Economic Development	To create and implement programs to stimulate and expand the travel industry within the tourism regions while strengthening the State's image by coordinating the promotional efforts of private industry and the Office of Tourism. To support development of special events that attracts visitors to Maine and provides impact on multiple regions.	Statutory-must be used for regional marketing promotion and regional special events promotion	Minimum of 10% of the Tourism Marketing Promotion Fund (sub-section 2 of section 13090-K)	Grant that requires specific level of matching funds	$893,200	$1,140,000	Eight official regional tourism marketing organizations and two special events groups each year
Community Enterprise Grant Program	Economic Development		Assist small and micro-businesses and revitalize downtown business districts	Federal Funds - CDBG Money	Grants	$750,000	$700,000	Communities and micro-enterprises
Maine International Trade Center	Economic Development	MITC offers global exposure to Maine's small and medium-sized businesses that want to succeed in international markets. MITC's staff helps businesses with a range of issues, provides technical trade assistance and trade education workshops, and organizes international trade show booths and trade missions to help SMEs develop export sales. MITC also runs the Invest in Maine and Study Maine international business attraction and student attraction programs.	Enhance the competitive advantage of state businesses desiring to compete in the international market and to attract new international businesses and international students to the state	State General Fund and private sector match	Technical Trade Assistance and International Business Attraction	$632,918	$608,292	Maine small and medium sized businesses engaged in international business
Downtown Revitalization Grant Program	Economic Development	The Downtown Revitalization Grant Program provides funds for communities to implement comprehensive, integrated and innovative solutions to identified problems facing their downtown districts. These downtown revitalization projects must be part of a strategy that targets downtown service and business districts and will lead to future public and private investment.	Encourage public and private investment in downtown services and business districts	Federal Funds - CDBG Money	Grants	$500,000	$400,000	Communities
Business Ombudsman	Economic Development	A program that provides quick access to information about local and state business assistance programs, Maine's regulatory requirements and a host of other business-related issues.	Assist new and existing businesses with start-up and expansion	State General Fund	Business Assistance	$456,212	$585,946	Businesses

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
Communities for Maine's Future	Economic Development	Establishes a dedicated, non-lapsing fund for the rehabilitation, revitalization and enhancement of downtowns, village centers, and main streets in the State.	Assist and encourage communities to revitalize and to promote community development and enhance projects	State General Funds	Grants	$448,289 (Expended)	Bonds suspended	Communities
Equity Capital Fund (MTI)	Research and Development	Investments in MTI-funded companies. Available with companies who have successfully commercialized their venture and who were previous recipients of MTI Development Loans or SBIR/STTR funding.	Help bridge the gap for companies seeking to raise equity capital needed to bring new products and services to market - intended to help ventures secure additional private equity capital	State General Fund	Co-investments with individual and/or institutional investors.	$264,973	$125,000 (estimated)	Maine businesses
Loring Development Authority	Economic Development	The Loring Development Authority provides businesses with assistance needed to address concerns and meet the due diligence and business research, development and operation requirements.	Support economic development at the former Loring Air Force Base	State General Fund	Business Assistance	$200,000	$200,000	Businesses Investing in former Loring Air Force Base Property
Maine Technology Centers	Research and Development	Each of Maine's seven targeted technology sectors has its own incubation center. The incubation centers provide critical early-stage technical, business, administrative and financial resources and training for participating firms.	Permit early-stage development of technology-based businesses while minimizing or eliminating debilitating overhead expense	State General Fund	Technical Assistance	$178,838	$178,838	Businesses in one of Maine's seven targeted industries
TechStart Program (MTI)	Research and Development	This is offered to individuals and companies across Maine looking to develop their new ideas and products. Grants are awarded up to twelve times each year, for up to $5,000 per project. Funds must not be readily available from another service provider. Grants may support specific activities such as business plan development, intellectual property filings, market analysis, or planning and preparation activities related to Federal SBIR/STTR Phase I grants or Federal Broad Agency Announcement for	Support early product development, commercialization, and business planning	Appropriation from State General Fund	Grants	$107,714	$171,000 (estimated)	Maine Businesses

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
		technology development. Projects must have defined outcomes and endpoints for the specifically funded scope of work not to exceed six months. Requires a 1:1 cash or approved in-kind match.						
Phase 0 and Phase II SBIR Application awards plus TAP support (MTI)	Research and Development	Up to $5,000 to support competitive federal Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) proposal submissions from Maine applicants. Match required. Proposals accepted and reviewed on a rolling basis.	Help prepare proposals for SBIR/STTR awards	State General Fund	Grants	$97,593	$127,500 (estimated)	Maine businesses
Brunswick Naval Air Station Job Tax Increment Financing	Economic Development	The Brunswick Naval Air Station Job Tax Increment Financing program reimburses Midcoast Regional Redevelopment Authority and Southern Maine Community College 50% of the personal income tax withholdings of net new jobs created at the former Brunswick Naval Air Station. The program is in effect from 2011 to either 2030 or when 5,000 jobs have been created within the base area, whichever comes first.	Provide a funding source for the Midcoast Regional Redevelopment Authority and the Brunswick campus of Southern Maine Community College	State Income Tax Withholdings	Tax Reimbursement	$80,612	N/A	Midcoast Regional Redevelopment Authority and the Brunswick campus of Southern Maine Community College
Maine Made - Maine Products Marketing Program	Economic Development	The Maine Products Marketing Program builds recognition for hundreds of Maine made products, their producers, and Maine's industries in general. MPMP also provides marketing assistance through the Business Ombudsman Program and works to expand market opportunities for Maine's producers.	Promote Maine products and Maine as an investment opportunity	State General Fund	Marketing Assistance	$25,000	$25,000	Qualified Maine producers
North Star Alliance Cluster Award Matching Fund (MTI) - INACTIVE	Research and Development	This Fund is available to eligible companies and non-profit organizations in Maine's boatbuilding, composite materials and related marine trade industries that win MTI seed grants, development awards and cluster enhancement awards. Resources can be used for a co-investment of up to 75% of an eligible MTI awardees' seed grant, development award, or cluster enhancement award. Program is closed.	Further the development and commercialization of new technologies in these industries (boatbuilding, composite materials, marine trade industries), thus boosting the competitiveness and growth of Maine companies in these sectors and creating	Federal WIRED Grant	Grants	$0	$0	Businesses in select industries on coastal Maine

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
			quality jobs for Maine people					
Maine Technology Asset Fund (MTI)	Research and Development	The Maine Technology Asset Fund was a competitive award program funded by Maine State bond proceeds. The awards must be used to fund capital and related expenditures supporting research, development and commercialization projects that will lead to significant economic benefits for Maine. The program is no longer accepting applications.	Fund capital and related expenditures to support research, development and commercialization projects that will lead to significant economic benefits to Maine	State Bond Funds	Awards. Some may require repayment.	N/A	N/A	Maine private and public universities, non-profit organizations and private organizations and in seven targeted state technology sectors
Municipal Tax Increment Financing	Economic Development	Tax Increment Financing is a flexible finance tool used by municipalities, towns, plantations, and the Unorganized Territory to leverage new property taxes generated by a specific project or projects within a defined geographic district. Any portion of the new taxes can be used to finance public or private projects for a defined period of time up to 30 years.	Provide new employment opportunities; improve and broaden the tax base; and improve the general economy of the State	Local Property Taxes	Project Financing	No State funding; strictly municipal	No State funding; strictly municipal	Municipalities are eligible entities and may negotiate/execute reimbursement agreements with companies or developers.
Marine Research Fund (MTI)	Research and Development	Awards from $25,000 up to $500,000 to conduct high-quality, scientifically rigorous marine research programs that will have positive economic impact on the state of Maine. Private Maine companies may collaborate with these institutions as partners in proposed projects. Fund is now closed as all funds have been awarded. MTI awarded approximately $6 million of state bond funds since 2002.	Support research and development in Maine	State Bond Funds	Grants	$0	$0	Non-profits, laboratories, and academic organizations conducting marine research; private businesses in partnership
Maine Biomedical Research Fund (MTI)	Research and Development	Grants available to eligible Maine institutions that conduct competitive, scientific biomedical research related to the biology, causes, diagnosis, treatment, control and prevention of physical and mental diseases or impairments afflicting humans. Program is closed.	Promote economic development and job growth and support non-profit laboratories in Maine that perform peer reviewed biomedical	State General and Bond Funds	Grants	$0	$0	Non-profits, laboratories, and academic organizations conducting marine research; private businesses in

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
			research					partnership
Maine Micro-Enterprise Initiative Fund - INACTIVE	Economic Development	The Maine Microenterprise Initiative Fund is established as a non-lapsing fund and consists of money appropriated to it by the Legislature from the General Fund and eligible investment earnings from fund assets to encourage micro-enterprise growth in Maine.	Provide grants to community-based organizations to aid them in providing technical assistance and training to microenterprises	State General Fund	Grants	$0	$0	Community based organizations providing technical and training assistance to small business
ETIF	Economic Development	For-profit, non-retail, non-utility businesses adding a minimum of five net new Maine jobs within a two-year period may be eligible for Maine's Employment Tax Increment Financing. Under the ETIF program, businesses are reimbursed from 30% to 80% of their new employees' Maine income tax withholdings for up to 10 years. To qualify, new employees must receive an annual income greater the county's per-capita personal income, and be provided access to group health insurance and an Employee Retirement Income Security Act (ERISA)-qualified retirement program.	Encourage the creation of net new quality jobs in Maine, improve and broaden the tax base and improve the general economy of the State	State Income Tax Withholdings	Tax Reimbursement	$9,581,303	N/A	Maine businesses
Pine Tree Development Zones	Economic Development	Works with and enhances existing programs for specific businesses meeting economic and geographic criteria. Benefits: Corporate Income Tax Credit of up to 100% for first 5 years and up to 50% for next 5 years; Insurance Premiums Tax Credits on the same schedule (financial services sector only); Personal Income Tax Reimbursement up to 80% for 10 years (ETIF); Sales and Use Tax Exemption up to 100% for 10 years on new personal property; Sales and Use Tax Reimbursement up to 100% for 10 years on new tangible property purchases to be permanently incorporated into existing real estate; and reduced Electricity Rates.	Provide new and improve existing employment opportunities; improve and broaden the tax base; and improve the general economy of the State	State General Fund	Tax Credits, Tax Reimbursements, and Rate Reductions	Tax offset	Tax offset	Maine manufacturers; financial services, biotechnology, aquaculture, composite engineering; marine, environmental, advanced forest and agricultural, information technology sectors
Business Equipment Tax	Economic Development	Qualified business equipment first subject to property tax assessment on or after April 1, 1996, the program reimburses local property taxes paid on qualified business	To encourage capital investment by businesses in Maine and remove	State General Fund	Tax Reimbursement	$55,220,851	$48,802,794	Maine Business

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
Reimbursement		property. To qualify, qualified business property must have been first placed in service in Maine after April 1, 1995.	disincentives to growth.					
Sales Tax Exemptions (Manufacturing Machinery, Equipment and Tangible Personal Property)	Economic Development	Sales of machinery and equipment used by the purchaser directly and primarily in the production of tangible personal property for later sale or lease and in the generation of radio and televisions broadcast signals by broadcast stations are eligible for a sales tax exemption. In addition items consumed or destroyed directly or primarily in production, and repair and replacement parts for qualified production equipment are exempt from sales tax.	Support manufacturing in Maine	State General Fund	Sales Tax Exemption	$21,663,990 (1760.31) $98,621,400 (1760.74)	$21,915,360 (1760.31) $99,836,640 (1760.74)	Maine Manufacturers
Sales Tax Exemptions (Fuel and Electricity for Manufacturing)	Economic Development	Manufacturers are exempt from paying 95% of the sales tax on fuel and/or electricity used in the manufacturing operation.	Support manufacturing facilities in Maine	State General Fund	Sales Tax Exemption	$24,456,915	$24,701,484	Maine manufacturers
Business Equipment Tax Exemption	Economic Development	Qualified business equipment first subject to property tax assessment on or after April 1, 2008 will be exempt from property taxes. The State is required to reimburse municipalities for property revenue loss according to the following schedule: 100% in 2008, 90% in 2009, 80% in 2010, 70% in 2011, 60% in 2012, and for 2013 and subsequent years, 50%. Alternative reimbursement may be chosen by municipalities with business property exceeding 5% of total taxable value.	Encourage capital investment by businesses in Maine and remove disincentives to growth	State General Fund	Tax Exemption	$19,128,057	$20,209,617	Maine Business
Shipbuilding Facility Credit	Economic Development	Tax credit for up to $3 million annually in state income taxes deducted and withheld from employees of shipbuilding facilities with at least 5,000 employees. Beginning July 1, 1999, available credit increases with number of employees up to $3.5 million and 7,000. Beginning July 1, 2003, decreasing credit is available down to $2.625 for 3,500 to 4,000 employees.	Encourage major investments in shipbuilding facilities in Maine and the preservation of substantial numbers of jobs, preserve numerous opportunities for jobs for Maine people, to make Maine more competitive in the shipbuilding	State General Fund	Income Tax Credit	$3,000,000	$3,000,000	Large-scale Maine shipbuilders with over 5,000 Employees

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
			industry and thus ensure the preservation and betterment of the economy of the State for the benefit of its people					
Sales Tax Exemptions (Products Used in Agricultural and Aquaculture Production, and Bait)	Economic Development	Sales tax exemption on sales of feed, hormones, pesticides, antibiotics and medicine for use in aquaculture production and sales of bait to commercial fishermen; sales of seed, fertilizers, defoliants and pesticides, including, but not limited to, rodenticides, insecticides, fungicides and weed killers, for use in commercial agricultural production; sales of breeding stock, semen, embryos, feed, hormones, antibiotics, medicine, pesticides and litter for use in animal agricultural production and sales of antiseptics and cleaning agents used in commercial animal agricultural production, including the raising and keeping of equines.	Provide funding to agricultural, aquaculture, and commercial fishing industries through a sales tax exemption.	State General Fund	Sales Tax Exemption	$2,745,500	$2,793,000	Qualifying Maine commercial agriculture and aquaculture businesses.
Sales Tax Exemptions (Commercial Agriculture, Commercial Fishing, and Commercial Wood Harvesting Machinery and Equipment)	Economic Development	Sales tax is refunded to any person, association of persons, firm or corporation that purchases electricity, or that purchases or leases depreciable machinery or equipment, for use in commercial agricultural production, commercial fishing, commercial wood harvesting or commercial aquaculture production.	Provide financial support to commercial agriculture, aquaculture, wood harvesting and fishing	State General Fund	Sales Tax Exemption	$2,737,886	$2,822,823	Commercial fishermen, farmers, aquaculturalists, and wood harvesters
Sales Tax Exemptions (Machinery and Equipment for Research)	Research and Design	Sales of machinery and equipment used by the purchaser directly and exclusively in research and development are eligible for a sales tax exemption including the application of technologies such as recombinant DNA techniques, biochemistry, molecular and cellular biology, immunology, genetics and genetic engineering, biological cell fusion techniques and new bioprocesses using living organisms or parts of organisms to produce or modify products, improve plants or animals, develop microorganisms for specific uses,	Support research and development in biotechnology applications	State General Fund	Sales Tax Exemption	$250,000 - $999,999	$250,000 - $999,999	R&D and Biotechnology Companies

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
		identify targets for small-molecule pharmaceutical development, transform biological systems and useful processes and products or to develop microorganisms for specific uses.						
Jobs and Investment Tax Credit	Economic Development	The Jobs and Investment Tax Credit (JITC) provides a credit of 10% of the investment of at least $5,000,000 in personal property that creates at least 100 new jobs within 2 years of the investment. Retail facilities are excluded from taking the credit. The JITC used in any one year is limited to the lesser of $500,000 or the tax liability of the taxpayer. Any unused credit may be carried forward for up to six years for a maximum credit claimed of $3,500,000.	Encourage industry to make substantial capital investments in Maine and an increase of at least 100 new jobs following the investment	State General Fund	Income Tax Relief	Not Available	Not Available	Maine Businesses investing at least $5 million in personal property and creating 100 new jobs over 2-year period
Super Credit for Substantially Increased Research and Development	Research and Development	The credit is available for taxpayers who qualify for the research expense tax credit and is based on qualified research payments exceeding 150% of the average for the three taxable years immediately proceeding June 12, 1987. The credit is limited to 50% of the tax otherwise due after all other credits. Further, the credit cannot reduce tax liability below the amount due the previous year after credits. The credit cannot be carried back, but can be carried forward for up to five years.	Provide incentive for businesses to substantially increase investment in research and development in Maine	State General Fund	Income Tax Credit	Not Available	Not Available	Qualified Maine businesses making research investments in Maine
High-Technology Investment Tax Credit	Research and Development	The credit is based on the adjusted basis of eligible equipment. Limitations: the credit is limited to high-tech equipment purchased (or leased) by businesses engaged primarily in high-tech activities. The credit cannot reduce tax to an amount below the previous year's tax after credits. The credit cannot be carried back, but can be carried forward for up to five years.	Provide an incentive for businesses to invest in equipment that is used in high-technology business activity	State General Fund	Income Tax Credit	Not Available	Not Available	Manufacturers of computer equipment, accessories, and components and providers of internet service and advanced telecommunications

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
Research Expense Tax Credit	Research and Development	The credit is based on a percentage of the federal credit for increasing research activities. The credit is equal to 5% of the excess qualified research expenses over the previous three-year average plus 7.5% of the basic research payments under IRC § 41(e)(1)(A). For corporate taxpayers, the credit is further limited to 100% of the first $25,000 in tax liability plus 75% of the tax liability in excess of $25,000. For taxpayers other than corporations, the credit is limited to the taxpayer's liability. The credit cannot be carried back, but can be carried forward for up to 15 years.	Encourage Maine businesses to invest in research and development in Maine	State General Fund	Income Tax Credit	Not Available	Not Available	Qualified Maine businesses making research investments in Maine
Credit for Rehabilitation of Historic Properties	Economic Development	This credit is available to taxpayers who qualify for the federal rehabilitation credit and those who would qualify for the credit if not for the "substantial rehabilitation" test. The credit is equal to 25% of qualified rehabilitation expenditures as defined by IRC Section 47. If an eligible rehabilitation project involves affordable housing, the developer may be eligible for a credit of 30% of qualified rehabilitation expenditures. The credit is limited to $5,000,000 per project and is refundable.	Enlist private funds for the rehabilitation of historic properties	State General Fund	Tax Credit	Not Available	Not Available	Taxpayers rehabilitating historic Maine properties
Commercial Loan Insurance Program	Economic Development	The Loan Insurance Program insures a portion of a loan made to a business by a financial institution. The two types of loan insurance include: pro-rata which covers a certain percentage of lender's loss after a default and liquidation, up to 100%; and leveraged which covers a certain percentage of lender's loss up to 25% of the loan amount at the time of default.	Help Maine businesses access commercial credit. The program insures a portion of a loan made by a financial institution to the borrower	No funding unless loss, then FAME's Loan Insurance Fund	Loan Insurance - dollars distributed	$4,339,945 (Payouts)	Not available	Maine businesses subject to some guidelines
Economic Recovery Loan Program	Economic Development	This program provides subordinate (gap) financing to assist businesses in their efforts to remain viable and/or improve productivity. From time to time, FAME utilizes funds in this program to address specific business community needs. Maine-based businesses that exhibit a reasonable ability to repay the loan and demonstrate that other sources of capital have been exhausted are eligible for loans up to $750,000. Loans up to $1,000,000 may be available if substantial public benefit is demonstrated and sufficient	Provide loans to businesses that do not have sufficient access to credit but demonstrate the ability to survive, preserve and create jobs, and repay the obligations	State Bonds	Loans	$3,587,990 (Disbursed)	Not available	Businesses attempting to remain viable and/or improve productivity

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
		funds available.						
Maine Seed Capital Investment Tax Credit	Economic Development	This program is designed to encourage equity and near equity investments in young business ventures, directly and through private venture capital funds. FAME may authorize State income tax credits to investors for up to 40%, or 60% in a high unemployment area, of the cash equity they provide to eligible Maine businesses. Investments may be used for fixed assets, research or working capital.	Encourage equity and near equity investments in young business ventures, directly and through private venture capital funds	State General Fund	Income Tax Credit	$2, 744,014 (Awarded)	Not available	Investors owning less than 50% of a business located in Maine with annual gross sales of not more than $3 million
Regional Economic Development Revolving Loan Program	Economic Development	This program is designed to make loans through Maine's regional economic development agencies for the purpose of creating or retaining jobs. FAME makes disbursements to regional economic development agencies and the agencies in turn make loans to eligible borrowers. Amount any corporation may receive is limited to $3.5 million. Loans may not exceed $250,000 to a borrower or $100,000 for quality child care projects. Eligible businesses have sales under $5,000,000 or employ 50 or fewer employees, conducting business in specific categories.	Provide financial assistance to businesses needing assistance in order to create or retain jobs.	State Bonds	Grants to regional agencies	$601,132 (Disbursed)	Not available	Businesses that have sales under $5,000,000 or employ 50 or fewer employees, conducting business in specific categories
Maine Economic Development Venture Capital Revolving Investment Program (VCRIP)	Research and Development	Designed to allow the State to invest as an equal partner with others in eligible private venture capital funds to support emerging and early-growth businesses in Maine. It is intended to utilize professional fund managers to increase the probability of successful investments in recipient companies. It is available only to established venture capital funds with a strategy for the creation and retention of jobs in Maine through: investments in Maine high-growth businesses; a marketing and technical assistance plan; appropriate monitoring of its investment; a technical assistance program to assist the businesses in which it invests; a process for complying with proposed measurement and goals.	Provide venture capital to businesses needing assistance to create or retain jobs	FAME Economic Revolving Loan	Venture Capital	$500,000 (Disbursed)	Not available	Established venture capital funds with a strategy for the creation and retention of jobs in Maine

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
Linked Investment Program for Commercial Enterprises	Economic Development	This program reduces a borrower's interest rate on a loan. Loans are approved and funded by lenders according to their own policies. The Maine State Treasurer makes a deposit at up to 2% below prevailing rate, provided similar discount is applied on the lender's loan to the business. Eligible entities are non-agriculture, for-profit Maine businesses with 20 or fewer employees and annual sales less than $2.5 million. Must be a manufacturer or have 70% of sales outside Maine and 50% owned by Maine residents. Loan proceeds are for real property, fixed assets, research or working capital and must retain one job for each $20,000 of deposited funds.	Reduce a borrower's interest rate on a loan.	Treasurer's Fund	Loan Interest Rate Reduction	$360,000 (Disbursed)	$180,000 (Disbursed)	Financial institutions receive money from the state to lower interest rates for non-agricultural, for-profit businesses located in Maine with 20 or fewer employees or annual sales of less than $2,500,000
Maine New Markets Capital Investment Program	Economic Development	The Maine New Markets Capital Investment Program provides refundable state tax credits of up to 39% to investors in qualified community development entities (CDEs) that reinvest in certain businesses in eligible low-income communities in Maine. The program is modeled after the federal New Markets Tax Credit Program, and is administered by the Finance Authority of Maine, in cooperation with Maine Revenue Services and the Maine Department of Economic and Community Development.	Attract business investment in low-income Maine communities	General Fund	Tax credits	Not available	Not available	Community Development Entities
Linked Investment Program for Agriculture	Economic Development	This program reduces a borrower's interest rate. Loans are approved and funded by lenders according to their own policies. The Maine State Treasurer will make a deposit in the form of a Certificate of Deposit (CD) with the originating lender at up to 2% less than prevailing rate, provided similar discount is applied to the interest rate on the lender's loan to the business. An eligible business' principal source of income must derive from producing crops or raising livestock. Must be applied to an agricultural operating loan (for the purchase of seed, feed, fertilizer, chemicals, veterinary services, labor, production-related energy and/or other production), not loans for capital projects.	Make low-interest loans available to agricultural enterprises involved in cultivating soil, producing crops and raising livestock or their by-products. Loans are targeted to geographic areas of need	Treasurer's Fund	Loan Interest Rate Reduction	$0 (Disbursed)	Not available	Maine Agricultural Businesses

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
Maine Manufacturing Extension Partnership (MEP)	Economic Development	The Maine MEP is a non-profit organization with a culture of innovation that leverages resources in the application of new ideas to clients, products and processes. The MEP is able to leverage a vast array of public and private resources and in makes these resources and services available to every manufacturing enterprise in the state. The Maine MEP is part of a nationwide network of technical, manufacturing, business specialists linked together by the US. Department of Commerce and the National Institute of Standards and Technology. The program is a resource for manufacturers to transform from a traditional to world-class organization. The program provides affordable, innovative solutions to problems facing today's manufacturing enterprises.	Guides manufacturers through enterprise-wide transformations, identifying product and process improvements, energy efficiencies, product innovations and new market opportunities that can improve the financial sustainability of Maine companies and promote the state's economic growth - This enables Maine manufacturers to expand their capacities and capabilities	State and Federal Funds; Fees for Service	Business services and workforce strategies tailored to small- to medium-size manufacturers	$1,464,151	$1,603,244 (projected)	Maine manufacturers having less than 500 employees
Small Business Development Centers (SBDC)	Economic Development	The Maine Small Business Development Centers' mission is to engage it and others in development activities that contribute to the improvement of the economic climate for and the success of entrepreneurs and small businesses in the State of Maine. The Maine SBDC's focus is to assist in the creation, growth and the maintenance of viable small businesses and the jobs these businesses provide.	Assist in the creation of and the growth of viable small businesses and the jobs these businesses provide	Private, State and Federal Funds	Business Assistance	$2,068,498	NA	Maine entrepreneurs and small businesses
Commercial Facilities Development Program	Economic Development	The Commercial Facilities Development Program provides financial resources to assist in the development of new commercial facilities and the acquisition and redevelopment of nonproductive commercial facilities for subsequent return to productive use through sale or lease. The MRDA can serve as lender, principal developer, partner or investor in the acquisition of property and redevelopment of existing commercial properties. Investments for the program are available up to $500,000. Municipalities or other local entities must provide 25% of the funding provided by the authority. The authority may waive this requirement given a lack of local resources.	Restore or create job opportunities by serving as principal, partner, lender or investor: in the acquisition and redevelopment of nonproductive commercial facilities for return to productive use through sale or lease; and in areas of economic need in the acquisition of	Bond	Loans	$441,946	$995,000 (as of 5-1-2013)	Private or public entities developing new facilities or purchasing non-productive facilities

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
		Undeveloped land or personal property may be financed only as part of the overall development or redevelopment project.	property and development of commercial facilities for sale or lease into private productive use					
Speculative Industrial Buildings Program	Economic Development	The Speculative Buildings Program provides communities and their local development corporations with financial assistance in the form of loans for the construction and associated costs of speculative commercial and industrial buildings. Loans are available up to $500,000.	Create new employment opportunities; retain or improve existing employment; or improve the competitiveness of the occupant business	Bonds	Loans	$0	$0	Communities and Local Development Corporations
Maine Quality Centers	Economic Development	Maine's Community College System offers free training and education to qualified new and expanding businesses. Under this program, businesses – or consortia of small businesses – creating a minimum of eight new full-time jobs in Maine are eligible for customized recruitment and guaranteed fast-track training designed to employer specifications. An incumbent training offering is expected to be available in FY14.	Encourage and facilitate the creation of new jobs in the State by offering customized education and training programs at community colleges free to businesses seeking to create new jobs in the State	State General Fund	Workforce Training	$872,677	$850,576	Small businesses apply and employees receive the training
Maine Procurement Technical Assistance Center (PTAC)	Economic Development	The Maine PTAC is part of a nationwide network of Procurement Technical Assistance Centers that helps Maine small businesses obtain government contracts with the Department of Defense, other federal agencies, state and local governments and federal prime contractors.	Provide specialized and professional assistance to individuals and businesses wanting to learn about or actively seeking contracting and subcontracting opportunities, and/or performing contracts and subcontracts with Department of Defense, other Federal Agencies, or State and Local governments	State General Fund and Federal Funds	Technical Assistance	$732,126	$550,566	Maine businesses with a product or service the government can buy

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
Maine Patent Program	Research and Design	Helping Maine inventors and small businesses understand how to identify and protect their intellectual property. A resource for information and education on the patent process and other means of intellectual property protection. Inform what needs to be done to obtain and maintain legal rights in ideas, if possible, and to provide assistance with the patent process to those who qualify. Maine Patent Fund is established as a revolving, non-lapsing fund.	Support the commercialization and manufacturing of innovations in the State by providing education and assistance with the patent process of the United States Patent and Trademark Office to companies, inventors and entrepreneurs in the State	State Funds	Technical Assistance	$0	$0	Maine inventors and small businesses
Agricultural Marketing Loan Fund	Economic Development	This loan program offers a loan for either 75% or 90% of the total cost of a capital improvement project for the business. At a 5% interest rate, it can help agricultural enterprises making improvements save money. This program provides assistance to the design, construction or improvement of commodity and storage buildings and packing and marketing facilities; the purchase, construction or renovation of buildings, equipment, docks, wharves, piers or vessels used in connection with a commercial agricultural enterprise; the purchase of land in connection with development of new cranberry acreage; the purchase of land for irrigation reservoirs or to provide direct access to water for irrigation; the purchase of land necessary for the start-up of a new agricultural enterprise; the expansion of an existing agricultural enterprise to comply with land use regulations; the development of a business plan; improvements to pastureland, including seeding and actions to promote rotational grazing; or as security for, payment due on any term loans insured by the Finance Authority of Maine to an eligible dairy farmer.	Provide assistance to agricultural enterprises in Maine	Bonds	Loans	$242,589	Not Available	Parties engaged in agricultural enterprises

PROGRAM	Type of Program	Description	Purpose	Funding Source	Type of Assistance	TOTAL FUNDING 2012	TOTAL FUNDING 2013	Target Recipients
Maine Farms for the Future Grants	Economic Development	This program provides grants of technical assistance to farmers developing business plans, and funds to help implement those plans. Eligibility is limited to farmers who own at least 5 acres of land in active agricultural production and have produced agricultural products commercially in the state for at least two years prior to application.	Provide selected farms with assistance in developing a detailed business plan that involves changes in the farm's operation to increase the vitality of the farm and investment money to help implement the plan	State General Fund, bonds, federal funds	Business Assistance and Grants	$205,885	N/A	Farmer-landowners
Potato Marketing Improvement Fund	Economic Development	Funded through the Maine Department of Agriculture, Conservation and Forestry, this program provides low-interest financing to potato growers and packers to improve the quality and marketing of Maine potatoes. Funds may be used for new construction or improvements to storage and/or centralized packing facilities as well as for the acquisition of packing, sizing, washing and drying equipment. Funds may be used to fund programs and activities that improve the economic viability of the potato industry. Such improvements include irrigation equipment and water source development projects. The program also pays the administrative costs of processing loan applications and servicing and administering the fund and loans and grants made therein, to the extent that the costs exceed the fee for administrative costs. Loans are limited to 45%-55% of total project costs.	Provide assistance to potato farmers farming-related expenses, expansion, equipment, and industry related activities	Bonds	Loans	$156,000 (Disbursed)	Not available	Any person or business engaged in growing, processing or marketing potatoes in Maine
Agricultural Development Grant Program	Economic Development	The Agricultural Development Grants assists farmers in assessing market potential of new ideas, increasing market promotion of existing businesses, or improving the adoption of new technology on the farm. At least 25% of the total project cost must be funded by the applicant and at least 10% must be from nonpublic sources.	Accelerate new market development, adoption of advantageous technologies and promotion of state agricultural products by state producers	Agricultural Marketing Loan Fund Interest	Grants	$0	Not Available	Anyone supporting agricultural products

Appendix E – Interviews

Public Sector Interviewees

The Team interviewed 22 individuals from 13 organizations to compile the interview notes from the public sector. These individuals and organizations will likely be revisited during future years of analysis as well as new individuals.

Table 19 Public sector interviewees and organizations

Individual	Organization
Cynthia Izon	Business Answers Programs
Darryl Sterling	Central Maine Growth Council
Jason Brown	Maine Department of Economic & Community Development
Deborah Johnson	Maine Department of Economic & Community Development
Ronald McKinnon	Maine Department of Economic & Community Development
Carolann Ouellette	Maine Department of Economic & Community Development
Laura Santini-Smith	Maine Department of Economic & Community Development
Karen Warhola	Maine Department of Economic & Community Development
Brian Whitney	Maine Department of Economic & Community Development
George Gervais	Maine Department of Economic & Community Development
Janine Bisaillon-Cary	Maine International Trade Center
Beth Bordowitz	Finance Authority of Maine (FAME)
Jim McGowan	Maine Community College System
Michael Allen	Maine Revenue Service
Bob Corey	Maine Rural Development Program
Muriel Mosher	MEP
Larry Robinson	MEP
Bob Martin	Maine Technology Institute (MTI)
Scott Burnett	Maine Technology Institute (MTI)
Melody Weeks	Maine Procurement Technical Assistance Center (PTAC)
Mark Delisle	Small Business Development Centers (SBDC)
Mike Aube	Eastern Maine Development Corporation

Private Sector Interviewees

The Team interviewed 31 individuals from 22 companies to compile the interview notes from the private sector. These individuals and companies will likely be revisited during future years of analysis as well as additional individuals.

Table 20 Private sector interviewees and companies

Individual	Company
Jon McDevitt	Athenahealth
David Tassoni	Athenahealth
Mark McAuliffe	Apothecary by Design
Peter Moore	Corporate Finance Associates
Don Cynewski	Ducktrap River of Maine
Bryan Kirkey	Ecoshel, Inc.
Carl Spang	Falcon Performance Footwear
Charles Morrison	Androscoggin County Chamber of Commerce
Christopher Hall	Greater Portland Regional Chamber
Peter Thompson	Kennebec Valley Chamber
Steven Wallace	Southern Midcoast Maine Chamber
Kimberly Lindlof	MidMaine Chamber of Commerce
LuAnn Ballesteros	The Jackson Laboratory
Jean Maginnis	Maine Center for Creativity
Michael Bourque	Maine Employers' Mutual Insurance Company (MEMIC)
Dick Arnold	Old Town Fuel & Fiber
Billee Morrison	Old Town Fuel & Fiber
Ben Ward	Old Town Fuel & Fiber
Cheryle Levesque	Old Town Fuel & Fiber
Steve Schley	Pingree Associates Inc
Jim Therriault	Sprague Energy
James Nelligan	Sprague Energy
Ciaran Lynch	TexTech
Dean Smith	Orono Spectral Solutions
Luke Doucette	Orono Spectral Solutions
Mike Aube	Eastern Main e Development Corporation
Ian Kopp	Kenway Corporation
Kenneth Priest	Kenway Corporation
Jake Ward	University of Maine
Hemant Pendse	University of Maine
Mark McAuliffe	

Appendix F – Annual Report Review

The team reviewed the annual reports for four Maine incentive programs. Some annual reports were provided in a timely manner at the first request while others have remained more elusive. In some cases, the reports were never provided even after multiple requests or provided within two weeks of the due date of this report.

Target Technology Incubator

The University of Maine at Orono (UMaine) was awarded a contract to manage a Maine Technology Center for the period of July 1, 2011, through June 30, 2012. This Center, the Target Technology Incubator (Target Incubator) has been a long-term collaborative effort between the Bangor Target Area Development Corporation (Target Development) and the University. The Target Technology Incubator provides scalable, innovation based companies with access to the resources they need to grow and attain long-term success within an environment that fosters businesses development, commercialization and successful management practices. The Target Technology Incubator is located in a building owned by Target Development in the Target Technology Center in Orono, Maine. The facility provides a superior environment for business development and commercialization activities.

Target clients have performed reasonably well during this period. The companies in the incubator employ twenty-seven people including one UMaine student employee. In aggregate, Target Incubator Companies attained in the current year:

- 5 new jobs
- $1.0M new capital

On the website, annual reports, performance metrics are available nor any as well as eligibility criteria. Although, a section highlights the focus of the program and at which type of companies it is aimed. A general performance statement is provided on the website: “87% of all firms that have graduated from their incubators are still in business”. There is no online application process but a clear “contact us” section. Most of the existing tenants at the Incubator Center are listed on the website. There is no online application form. The benefits and cost to incubators are clearly registered online.

Loring Development Fund

The Loring Commerce Center, located on the former Loring Air Force Base, is constituted of a 3,700-acre business-commercial and industrial park, including a 1,600-acre aviation complex. The Loring Development Authority (LDA) daily operations include business attraction and real estate development as well as its responsibilities as general manager of the Loring Commerce Center. A great variety of sectors are represented at Loring, ranging from industrial manufactures, education, health care and recreations to commercial services and back-offices.

The purpose of the Annual LDA Reports are to summarize LDA’s accomplishments for a given fiscal year, which supports its primary goal of employment creation and facility absorption on the estate. The LDA is funded by the State of Maine and received an appropriation of $200,000 from 2010 to 2012. This funding is exploited for two purposes, the first being able to match funding for grants whilst the second

purpose relates to marketing the center. Apart from tenants' revenues as funding source, the LDA is allowed to receive 50% of the Maine State Income Tax withheld from incremental jobs created through the Tax Increment Financing Fund. This program is utilized to fund municipal type services at the Loring Commerce Center such as public services and infrastructure costs. Additional funding sources include credits provided by private credit institutions and grants and loans issued by the USDA/Rural Development, Maine Department of Environmental Protection, Small Business Administration and the Economic Development Administration.

Economic achievements include:

Table 21 LDA economic achievements, 2010-2012

	2010 (September for Job/Company data)	2011 (June for Job/Company data)	2012 (June for Job/Company data)
Number of jobs	1,363	1,224	1,082
Number of Companies	24	25	25
Total Funding	$282,890	$282,890	$200,000
Total Revenue	$3,335,678	$3,599,956	$4,397,205

- Number of jobs: 1,363 (September 2010), 1,224 (June 2011) and 1,082 (June 2012).
- Number of companies: 24 (September 2010), 25 (June 2011) and 25 (June 2012).
- Total funding: $282.890 (2010), $282.890 (2011) and $200.000 (2012).
- Total revenue: $3,335,678 (2010), $3,599,956 (2011) and $4,397,205 (2012).

The program is traceable online through the website of the Loring Commerce Center. Furthermore, legislature concerning the LDA is online at the State of Maine's website. Neither website features annual reports or clear straightforward (online) application procedures. The Loring Commerce Center website does contain information on board meetings and areas and real estate currently for sale or lease. The purpose of the commerce center, to attract and exploit economic activity in order to generate employment, is specifically mentioned. In line with this purpose, are the benefits and services that LDA offers to business: to identify the precise building or real estate assets, develop attractive business terms and facilitate interaction with and regulatory approvals needed from state and federal economic development authorities. However, specifically targeted sectors and eligibility criteria are not mentioned and remain unclear.

Maine Tourism Marketing Promotion Fund

The team able to obtain a recent incentive award list, but not an annual report for Maine Tourism Marketing Promotion Fund (MTMPF). The primary goal of MTMPF is to strengthen Maine's tourism image by creating and implementing programs to stimulate and expand the travel industry. This is executed through coordination the promotional efforts of private industry and the Office of Tourism. Specific emphasis is placed on creating special tourism-related events. The Maine Tourism Marketing Partnership Program (MTMPP) distributes the regional funds according to a funding formula, which states that a minimum of 10% of the funds received by the MTMPF must be used for regional marketing

promotion and regional special events promotion. In turn, the source of the fund is an amount equal to 5% of the 7% tax imposed on tangible personal property and taxable services.

The Office of Tourism plays a key role in distributing the regional funds since it interacts with the tourism industry on the development of rules and procedures necessary and appropriate to the proper operation of the MTMPF. In addition, the Office of Tourism is responsible for designing application and evaluation procedures. The assistance takes form of a grant that requires specific level of matching funds and which must be approved by the Director of the Office prior to disbursement. MTMPP funded projects require a 50% match. For every two dollars of MTMPP monies, there must be a regional match of one dollar.

Funding includes:

Table 22 MTMPP/MTMPF funding and reserved funding, 2010-2016

Year	Funding	Reserved Funding
2010	$282,890	
2011	$282.890	
2012	$893,200	
2013	$1,140,000	
2014		$920,000 (8 recipients)
2015		$50,000 (1 recipient)
2016		$60,000 (1 recipient)

- Total funding: $282,890 (2010), $282.890 (2011), $893,200 (2012) and $1,140,000 (2013)
- Total reserved funding: $920,000 (FY 2014, 8 recipients), $50,000 (FY 2015, 1 recipient) and $60,000 (FY 2016, 1 recipients)

Guidelines specific to the MTMPF as part of the MTMPP are available online, the most recent one being for FY 2014. A timeline is included, stating that MTMPP Regional Grant applications are due on April 12th, reviewed between April 15th and 19th and eventually awarded on May 27th. The objective of the MTMPP Regional Grant is to distribute funds to the non-profit incorporated travel promotional organizations which represent each of the eight designated tourism regions, whose primary purpose is to promote tourism, and two special event organizations. Eligible organizations should possess offices equipped with scheduled staff that have a significant number of individuals on their board who have invested in the travel and tourism industry. Furthermore, organizations are required to produce and execute a marketing plan and budget, conduct market research and prepare annual financial statements. Eligible projects include:

- Paid Advertising: Print, Broadcast, Online, Mobile ;
- Public & Media Relations: Familiarization Tours, Media Events ;
- Website Development: Design, Upgrades, Mobilization;
- Social Media;
- Asset Development: Photography, Video;

- Fulfillment: Brochures, Guides, Maps & Distribution, Digital Applications; and
- Travel Trade and Consumer Shows: Registration, Operation, Exhibit Redesign & Upgrade.

Eligible projects are assessed during a Technical Review on three elements: plan design, regional impact and financial review. Based upon feedback gained during the Technical Review any final plan modifications will be negotiated. The finalized plans will then be presented to the Director of the Office of Tourism and Division of Purchases for their closing review and approval. Finally, organizations have to comply with reporting requirements as an online interim narrative report including a financial summary to date is be required to communicate on the progress of each of the projects of the MTMPP award whilst a final report will be due no later than 90 days after the end of the current fiscal year.

The MTMPF does have a website but it is not easily located through a web search. The legislative directives for the program are much easier to find than the actual website. Once found, the website is very simple and plain. It posts instructions, guidelines, and applications. It should be noted that the 2013 and 2014 applications are not posted on this website. There is a clear way to register but it is unclear what one is registering for. The single HTML page website is missing the "contact us" link.

Maine MEP

In order to support small- and medium-size manufacturers with identifying and applying advanced manufacturing and management technologies, Maine has implied the Maine Manufacturing Extension Partnership (MEP) program. Started in 1989, the first MEP Center opened in Maine in April of 1995. Since then more than 300 Maine companies have been served by Maine MEP. The primary purpose of Maine MEP is to match client companies with other local and national sources of expertise to address specific problems by means of a network of resources. The Maine MEP operates within a national framework of MEP centers and is linked through the U.S. Department of Commerce and the National Institute of Standards and Technology (NIST).

Maine MEP assists in transforming small- and medium-sized enterprises from traditional to more advanced manufactures through experienced project managers who will identify opportunities for improvement in terms of efficiency, competitiveness and prosperity. Maine MEP provides solutions to the technological and organizational issues encountered by today's manufacturing enterprises by facilitating interaction between industry, government and academia. Such solutions are specifically aimed at improving four elements:

- Enterprise Management, including quality management systems, IT and energy audits;
- Supply Chain Management, including supplier improvements and supplier databases;
- Performance Based Training, including organizational and leadership development; and
- Innovation Services, including strategic assessment, growth ideas and R&D tax credits.

Between July 2012 and May 2013, 52 companies surveyed reported their achievements as direct result of Maine MEP. However, as increased sales by Maine MEP client firms require that they increase their purchases of intermediate goods and services from companies located in Maine and elsewhere to support their increased output, the benefits of the MEP program indirectly spill over to other Maine-

based firms. Additional demand from newly created jobs and supplying companies further enhances the indirect effects of Maine MEP. The table below produces an overview of both the direct and indirect economic achievements over the past year and past period.

Table 23 Maine MEP direct and indirect economic achievements, July 2012-May 2013

July 2012-May 2013	Direct	Indirect
Number of jobs	98	559 (incl. new and retained jobs)
Number of retained jobs	178	559 (incl. new and retained jobs)
Sales and economic output	$23.7 million	$102.7 million
Generated investment	$6.2 million	NA
Cost savings	$4.2 million	NA
Gross State Product contribution	NA	$39.3 million
Additional state/local revenues	NA	$3.3 million

Table 24 Maine MEP direct and indirect economic achievements, 2007-2012

2007-2012	Direct	Indirect
Number of jobs	607	6,134 (incl. new and retained jobs)
Number of retained jobs	1,894	6,134 (incl. new and retained jobs)
Sales and economic output	$458.9 million	$1.02 billion
Generated investment	$59.6 million	NA
Cost savings	$42.6 million	NA
Gross State Product contribution	NA	$402.0 million
Additional state/local revenues	NA	$34.5 million

Maine MEP has its own dedicated website, which features its in-depth information on the four elements MEP delivers assistance. The (outdated) 2012 Annual Report is traceable on the website as well as information on the upcoming events and on the board of directors. Precise eligibility criteria are not mentioned nor are specifically targeted sectors. Moreover, it is not straightforward how “small- and medium-sized manufactures” are defined. From the Annual Report, it becomes clear that the food sector, paper industry, primary metal sector and machinery industry are the industries in which most MEP beneficiaries are positioned. Finally, the Annual Report features the MEP vision, mission, overview of Maine’s manufacturing sector, programs & services and accountability.

Appendix G – Survey

Provided below are the preliminary results included in the interim report provided to the Steering Committee on December 23, 2013. The survey results for the summary tables below were collected on December 18, 2013, for inclusion in the interim report.

The tables below include data from the DECD survey tool, MTI survey tool, and results submitted outside the survey up through December 18, 2013. In discussions with MTI and the DECD offices, the Team decided to officially close the survey on December 18th to begin analysis for the final report. The DECD survey was open for XX weeks and companies who did not complete the survey received at least three separate contact requests urging them to complete the survey within that time frame. However, the analyst team made the decision to leave the survey open past December 18th to allow as many responses as possible. While these responses are not included in the tables below or the Cost Benefit Model, they will allow for more data to be trended over time and included in the next set of biennial reports due in 2016.

Table 25 Summarized overview of DECD and MIT survey results

Survey version	Total sample size	Complete Reponses	Partial Responses	Total Responses	Response Rate
DECD Survey	935 Email[1] 320 Mail[2]	311	72	383	31% Overall[4] 35% Email 25% Mail
MTI Survey	99 Email[3]	31	19	50	51%%

[1] Note the emailed data above in some cases may represent multiple contact requests to more than one individual in the same company. The estimated number of companies contacted without the repeat contact attempts is 900.

[2] These direct mail requests represent companies that participate in the BETR program, receive more than $10,000 in benefits, and had not otherwise been included in the email invitations through the DECD or MTI recipient lists

[3] The MTI invitation list included 29 companies that were also included on DECD invitation lists. These individuals were NOT sent a duplicate invitation to the DECD survey, as the surveys are similar in nature (with the MTI survey including a few additional MTI specific questions). We estimate that the overall DECD response rate is 32% and the email response rate is 37%, assuming half the shared companies responded.

[4] Approximate percent return via email and mail estimated based on current answers through email invitations as contrasted to those through weblink.

Table 26 shows the distribution of program usage according to the survey results on December 18, 2013. Programs with no responses are not included in the chart below.

Table 26 Survey results per program

Program Name	Type of Program	Count	Total Average $ Amount
Agricultural Development Grant Program	EcDev	8	85,000
Agricultural Marketing Loan Fund	EcDev	4	272,500
Business Equipment Tax Reimbursement	EcDev	70	14,742,500
Business Ombudsman	EcDev	1	375,000
Cluster Initiative Program	R&D	1	35,000
Commercial Facilities Development Program	EcDev	1	5,000
Commercial Loan Insurance Program	EcDev	2	1,787,500
Community Development Block Grant (CDBG)	EcDev	8	3,750,000
Credit for Rehabilitation of Historic Properties	EcDev	2	392,500
Development Loans	R&D	5	1,850,000
Downtown Revitalization Grant Program	EcDev	2	80,000
Economic Development Program	EcDev	2	750,000
Economic Recovery Loan Program	EcDev	1	
Employment Tax Increment Financing (ETIF)	EcDev	18	2,885,000
Jobs and Investment Tax Credit	EcDev	1	
Maine Farms for the Future Grants	EcDev	5	70,000
Maine International Trade Center	EcDev	1	
Maine Manufacturing Extension Partnership	EcDev	4	20,000
Maine Micro-Enterprise Initiative Fund	EcDev	1	
Maine Procurement Technical Assistance Center	EcDev	6	100,000
Maine New Markets Capital Investment Program	EcDev	1	
Maine Quality Centers	EcDev	1	
Maine Seed Capital Investment Tax Credit	EcDev	3	942,500
Maine Technology Asset Fund	R&D	1	1,750,000
Maine Technology Centers	R&D	3	387,500
Municipal Tax Increment Financing	EcDev	5	3,675,000
North Star Alliance Cluster Award Matching Fund	R&D	1	Inactive
Phase 0 and Phase II SBIR Application awards plus TAP support	R&D	2	380,000
Pine Tree Development Zones	EcDev	46	8,852,000
Sales Tax Exemptions (Commercial Agriculture, Commercial Fishing, and Commercial Wood Harvesting Machinery and Equipment)	EcDev	3	15,000
Sales Tax Exemptions (Fuel and Electricity for Manufacturing)	EcDev	5	940,000
Sales Tax Exemptions (Machinery and Equipment for Research)	R&D	2	180,000
Sales Tax Exemptions (Manufacturing Machinery, Equipment and Tangible Personal Property)	EcDev	15	1,417,500
Seed Grant Program	R&D	10	560,000
Small Business Development Centers	EcDev	4	190,000
Speculative Industrial Buildings Program	EcDev	1	375,000
TechStart Program	R&D	3	27,500

While still providing usable data, the rate of response to the survey request was lower than expected. Efforts from the Analyst Team, DECD offices, and MTI to encourage companies to respond to the survey raised the response level somewhat, but reporting was still much less than universal.

In future, the low response rate could be addressed through changes to the legislative law requiring companies to report annually through the DECD reporting tool or face some form of penalty or sanction. Currently the legislative description of requirements for incentive programs does not directly outline negative consequences for failure to report. This suggested change would provide DECD and the Team the data needed to conduct further analysis with greater accuracy. Such legislative changes will also provide a means to address confidentiality issues currently encountered in reviewing the incentive and investment programs with program administrators and the Maine Revenue Service. Please see section XX for a full discussion on suggested changes to investment and incentive program requirements to address these concerns.

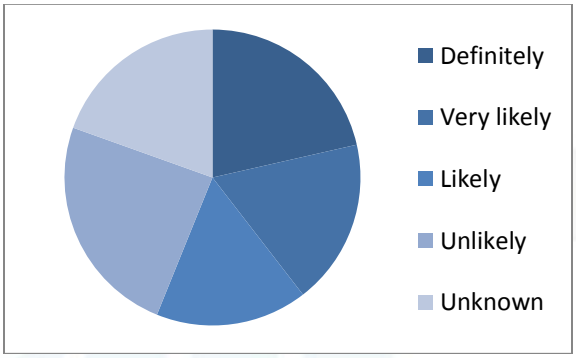
Survey Data

The survey results presented below were extracted from Survey tool on January 24, 2014. These results represent the combined data from both the DECD Survey and the independent MTI Survey. While this data provides an overview of general data trends, a small number of results submitted to the team outside of these survey tools have been omitted. Please note that the raw export summary will contain some inaccurate responses due to confusion, frustration, or concerns of confidentiality on the part of the individuals completing the survey.

Are you planning to invest in expanding your facilities or operations in the State of Maine in the next 12 months?

Table 27 Survey results on "Are you planning to invest in expanding your facilities or operations in the State of Maine in the next 12 months?"

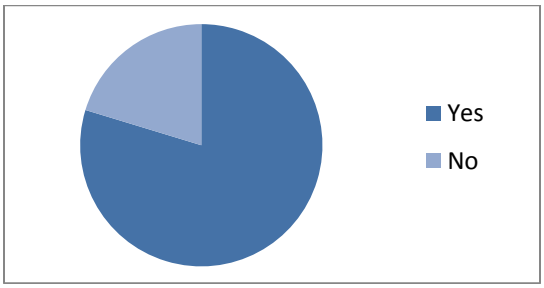
Answer Options	Response Percent	Response Count
Definitely	21.5%	34
Very likely	18.1%	29
Likely	16.6%	33
Unlikely	24.4%	48
Unknown	19.6%	37
	Answered Question	**181**
	Skipped Question	**295**



Are you planning to make new investments in your facilities or operations in the following three (3) years?

Table 28 Survey results on "Are you planning to make new investments in your facilities or operations in the following three (3) years?"

Answer Options	Response Percent	Response Count
Yes	79.7%	142
No	20.3%	39
Answered Question		**181**
Skipped Question		**295**



Please provide the average annual growth rate in terms of staff for the past three (3) years as well as an estimate of the forecasted annual growth rate for the next three (3) years?

Table 29 Survey results on "Please provide the average annual growth rate in terms of staff for the past three (3) years as well as an estimate of the forecasted annual growth rate for the next three (3) years?", 2010-2013

Answer Options	0%	1 - 5%	5 - 10%	10 - 15%	15 - 20%	20% - 25%	25% - 50%	50% - 100%	>100%	Response Count
Growth in total number of Maine employees	14	79	24	9	10	4	13	11	17	181

Table 30 Survey results on "Please provide the average annual growth rate in terms of staff for the past three (3) years as well as an estimate of the forecasted annual growth rate for the next three (3) years?", 2013-2016

Answer Options	0%	1 - 5%	5 - 10%	10 - 15%	15 - 20%	20% - 25%	25% - 50%	50% - 100%	>100%	Response Count
Growth in total number of Maine employees	5	78	30	22	13	7	15	4	7	181

Table 31 Survey details "Please provide the average annual growth rate in terms of staff for the past three (3) years as well as an estimate of the forecasted annual growth rate for the next three (3) years?"

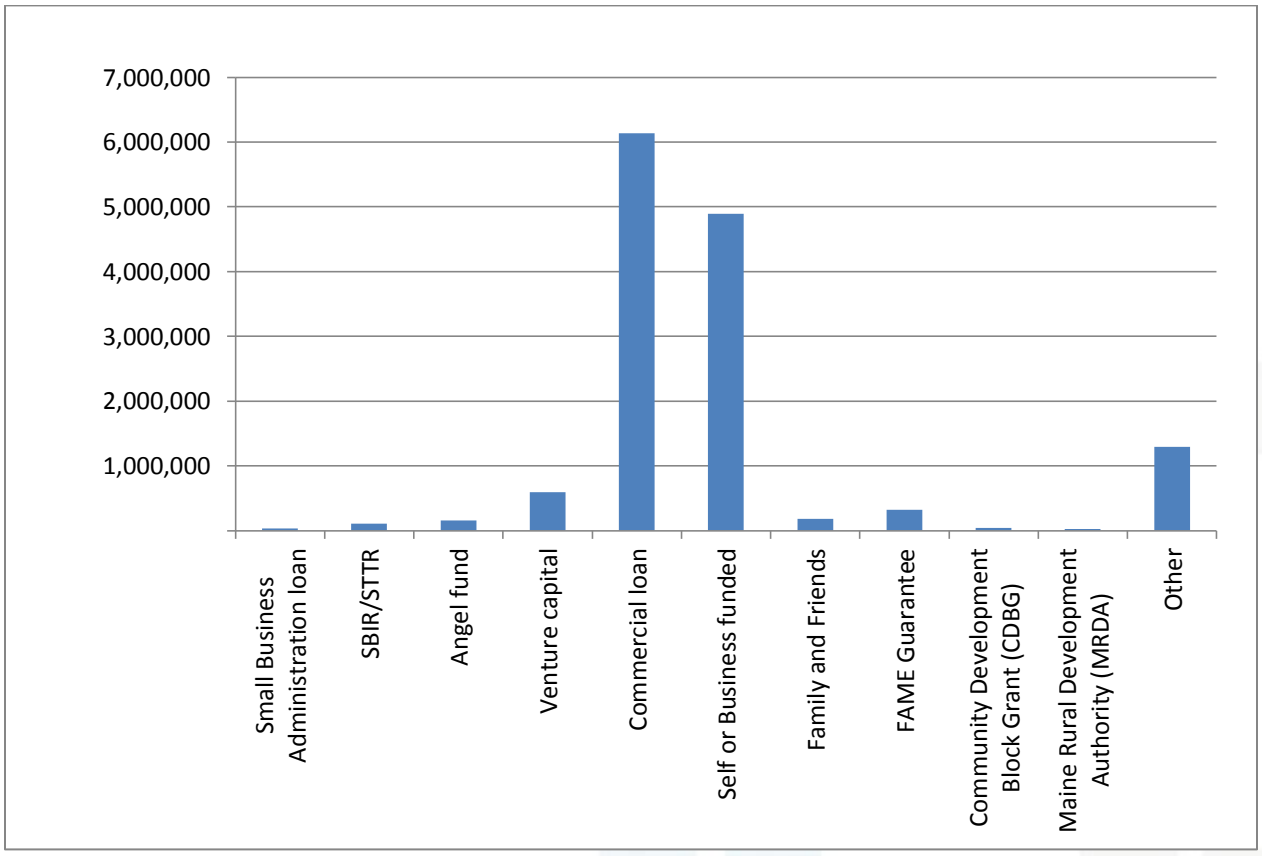
	Question Totals
Answered Question	181
Skipped Question	295

What sources of funding has your company utilized to date? (Enter amount in USD - can be zero)

Table 32 Survey results on "What sources of funding has your company utilized to date?"

Answer Options	Response Average	Response Total	Response Count
Small Business Administration loan	30,602	2,940,000	158
SBIR/STTR	105,961	6,165,687	154
Angel fund	157,039	7,537,891	152
Venture capital	596,294	30,186,001	156
Commercial loan	6,135,353	808,871,384	182
Self or Business funded	4,896,454	575,565,736	171
Family and Friends	183,117	13,287,000	159
FAME Guarantee	318,685	34,250,802	161
Community Development Block Grant (CDBG)	44,040	3,475,100	156
Maine Rural Development Authority (MRDA)	23,495	2,006,250	156
Other	1,291,898.17	62,011,112	48
		Answered Question	**207**
		Skipped Question	**269**

Figure 1 Survey results on "What sources of funding has your company utilized to date?"



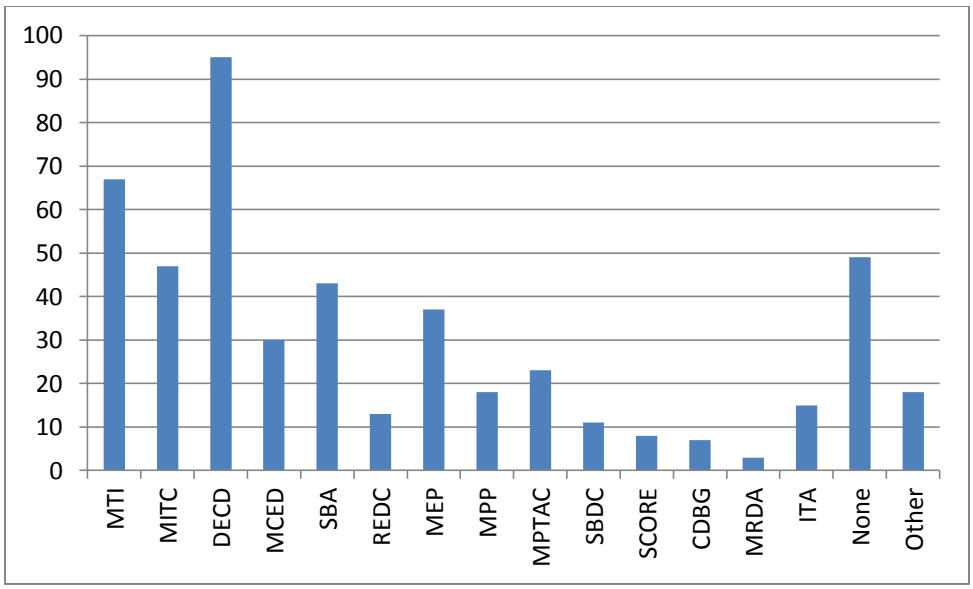
Which of the following Maine Agencies or Organizations Have you Engaged With? (Select all that Apply)

Table 33 Survey results on "Which of the following Maine agencies or organizations have you engaged with?"

Answer Options	Engaged	Response Count
MTI: Maine Technology Institute	67	67
MITC: Maine International Trade Center	47	47
DECD: Department of Economic & Community Development	95	95
MCED: Maine Center for Entrepreneurial Development	30	30
SBA: Small Business Administration	43	43
REDC: Regional Economic Development Corp	13	13
MEP: Maine Manufacturing Extension Program	37	37
MPP: Maine Patent Program	18	18
MPTAC: Maine Procurement Technical Assistance Center	23	23
SBDC: Maine Small Business Development Center*	11	11
SCORE*	8	8
CDBG: Community Development Block Grant*	7	7
MRDA: Maine Rural Development Authority*	3	3
Industry Trade Association*	15	15
None of the Above	49	49
Other (please specify)		18
Answered Question		**207**
Skipped Question		**269**

* Results from MTI survey only

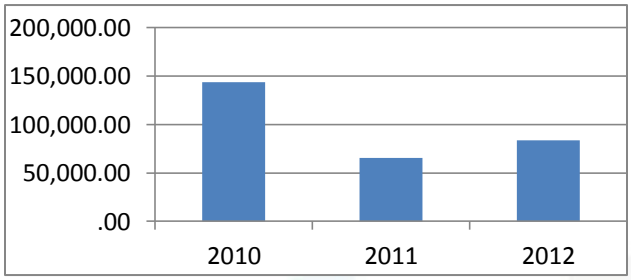
Figure 2 Survey results on "Which of the following Maine agencies or organizations have you engaged with?"



What is the total amount of money or financial benefit your company received from all Maine incentive programs for each of the last three (3) years?

Table 34 Survey results on "What is the total amount of money or financial benefit your company received from all Maine incentive programs for each of the last three (3) years?"

Answer Options	Response Average	Response Total	Response Count
2010	$143,456	$13,411,674	147
2011	$65,676	$11,292,203	148
2012	$83,804	$12,855,074	150
	Answered Question		**151**
	Skipped Question		**325**



What were the direct results of these incentives? Additional jobs

Table 35 Survey results on "What were the direct results of these incentives? Additional jobs"

Answer Options	0	1 - 10	11 - 25	26 - 50	51 - 100	101 - 250	251 - 500	Response Count
2010	93	39	7	1	0	1	0	141
2011	85	42	5	2	0	1	0	135
2012	74	53	6	3	0	1	0	137

What were the direct results of these Incentives? Total number of retained jobs

Table 36 Survey results on "What were the direct results of these Incentives? Total number of retained jobs"

Answer Options	0	1 - 10	11 – 25	26 - 50	51 – 100	101 - 250	251 – 500	Response Count
2010	73	42	10	5	2	4	3	139
2011	66	45	10	5	1	4	3	134
2012	69	46	9	5	2	5	3	139

What were the direct results of these incentives? Additional payroll taxes

Table 37 Survey results on "What were the direct results of these incentives? Additional payroll taxes"

Answer Options	< 50.000	50.000 – 100.000	100.000 – 250.000	250.000 - 500.000	0.5 - 1 million	1 - 2 million	2 - 5 million	5 - 10 million	10 - 25 million	25 - 50 million	Response Count
2010	123	8	2	2	0	1	0	0	0	0	136
2011	109	11	6	2	0	0	0	0	0	0	128
2012	111	13	6	3	0	0	0	0	0	0	133

What were the direct results of these incentives? Additional capital investments

Table 38 Survey results on "What were the direct results of these incentives? Additional capital investments"

Answer Options	< 50.000	50.000 - 100.000	100.000 - 250.000	250.000 - 500.000	0.5 - 1 million	1 - 2 million	2 - 5 million	5 - 10 million	10 - 25 million	25 - 50 million	Response Count
2010	97	10	7	11	5	3	1	4	1	0	139
2011	88	8	8	10	8	2	3	1	1	0	129
2012	82	11	11	10	6	8	5	2	0	0	135

What were the direct results of these incentives? Additional exports

Table 39 Survey results on "What were the direct results of these incentives? Additional exports"

Answer Options	< 50.000	50.000 - 100.000	100.000 - 250.000	250.000 - 500.000	0.5 - 1 million	1 - 2 million	2 - 5 million	5 - 10 million	10 - 25 million	25 - 50 million	Response Count
2010	128	3	3	0	1	2	0	0	1	0	138
2011	109	5	4	2	0	1	2	0	2	1	126
2012	114	2	7	3	1	1	2	0	1	0	131

Word version of DECD Survey distributed through Survey Monkey

Please find a word version of the DECD survey document on the CD on the back cover of this report.

Every two years, the Maine Department of Economic and Community Development (DECD) is required to conduct a comprehensive evaluation of state investments in economic development. This evaluation includes a survey of recipients of economic development funding to help assess whether our programs are effective in stimulating economic development and sustaining the growth of innovative companies in Maine. As a past or current recipient of state economic incentive funds, providing this information is part of your responsibility under Maine law (MRSA Title 5, §13056-B). Consequently, we need your help in completing this survey.

As part of the survey, you are going to be asked to supply your primary and secondary North American Industry Classification System (NAICS) codes. To prepare you for this question, please see the attached list of NAICS codes or visit www.naics.com/search.htm to identify the codes that best fit your business.

All information is confidential, according to the contractual terms of your incentive program agreement with DECD. To complete the survey, please have at hand your Profit & Loss (P&L) statement and Balance Sheet for the last three (3) years; as well as payroll data; and staff information. We will also seek information about your future strategy and plans. This survey is best completed by your CEO or CFO. If you have any questions, please do not hesitate to contact DECD's Director of Business Development and Innovation, Brian Whitney, at Brian.Whitney@maine.gov or (207) 624-9804.

Thank you for taking the time to complete this survey. We recognize that it may be time consuming and, perhaps, inconvenient, but please know that the information you provide will help us to develop and maintain economic incentive programs that are useful and effective for Maine's job creators.

Best Regards,
George

George C. Gervais
Commissioner
Maine Department of Economic and Community Development

Identification

1. Contact details

Name:

Position:

Company:

2. We received your company's contact information through one or more of the State of Maine incentive administrators. Does your company currently receive incentives?

- No, I have not received incentives through any local, state, or federal organization from 2010 or later
- No, I have not received incentives and am only registered on the PTAC mailing list
- No, I have not received incentives, I only received fee for service work through MEP
- Yes, I have received incentives from 2010 or later

3. Was your business founded in the State of Maine?

- Yes
- No

4. When did you first establish operations in Maine?

2012

5. Please select the current number of business locations your company has in Maine?

	1	2	3	4	5	>5
Number of business locations						

6. Do you anticipate the need to open facilities, other than sales offices, outside the State of Maine?

- Yes
- Maybe
- No

Industry & Markets

7. From the classifications below, please select the closest industry sector that matches your business.

8. Please identify the top three (3) markets for your product(s) or service(s).

Market 1

Market 2

Market 3

9. Please indicate the size of each market identified in question 7.

Market size 1.

Market size 2.

Market size 3.

10. Please provide the six-digit North American Industry Classification System (NAICS) code for your company. For information about NAICS codes please visit www.naics.com/search.htm or refer to the attachment in the email you received about this survey.

Primary NAICS code

Secondary NAICS code (if applicable)

Board & Shareholders

11. Does your company have shareholders from outside the State of Maine?

- Yes
- No

12. Please provide a breakdown of the shareholder structure of your company by entering a percentage for each type of shareholder in the space below. (For example, "25%" is entered as "25". The total for all three types of shareholders should add up to 100%.)

Shareholders within Maine

US Shareholders outside of Maine

Non US Shareholders

Revenue & Market

13. What is the total annual sales revenue your company generated for the three (3) most recent fiscal years? (For example, "$250,000" is entered as "250000". (all amounts in USD))

2010

2011

2012	

14. What is your forecasted revenue growth as a percentage for the next three (3) years? (For example, "10%" is entered as "10".)

2013	
2014	
2015	

15. What percentage of your annual revenue is based on sales:

In the State of Maine	
In the US (not including Maine)	
International sales	

16. What is the total estimated market for your company?

Estimated market size	

Patents

17. How many patents has your company applied for and how many have been issued in the past three (3) years?

	Applied	Issued
2009 - 2012		

18. Do you anticipate filing for new patents in the next three (3) years?

- Yes
- Maybe
- No

Economic Development Programs

19. Are you aware of the economic development programs offered by the following agencies or organizations?

- i. Maine Department of Economic and Community Development (Community Development Block Grant program)
- ii. Seed Capital or other tax credit
- iii. Other tax credits including Pinetree and DTTR
- iv. Finance Authority of Maine (FAME) Loan Guarantees
- v. Maine Department of Economic and Community Development(DECD) /Department of Labor (DOL)
- vi. Small Business Administration (SBA)
- vii. Rural Development Authority
- viii. Maine Community College System
- ix. Department of Defense
- x. Maine Patent Program
- xi. Department of Agriculture
- xii. Maine Technology Institute
- xiv Other

Other (please specify)

20. What sources of funding has your company utilized to date? (Enter amount in USD - can be zero)

Small Business Administration loan

SBIR/STTR	
Angel fund	
Venture capital	
Commercial loan	
Self or Business funded	
Family and Friends	
FAME Guarantee	
Community Development Block Grant (CDBG)	
Maine Rural Development Authority (MRDA)	

21. Which of the following Maine agencies or organizations have you engaged with? (select all that apply)

	Engaged
MTI: Maine Technology Institute	
MITC: Maine International Trade Center	
DECD: Department of Economic & Community Development	
MCED: Maine Center for Entrepreneurial Development	
SBA: Small Business Administration	
REDC: Regional Economic Development Corp	
MEP: Maine Manufacturing Extension Program	
MPP: Maine Patent Program	
MPTAC: Maine Procurement Technical Assistance Center	
None of the Above	

Other (please specify)

Programs

22. What additional funding programs or services should Maine consider offering? (Identify up to three.)

1.
2.
3.

Other Maine Incentive Programs

23. Please identify the type and nature of the assistance, grant, loan or tax support which your company applied for?

	Name of Incentive Program	Amount in USD	Number of Years
Incentive Program 1			
Incentive Program 2			
Incentive Program 3			
Incentive Program 4			
Incentive Program 5			

24. What is the total amount of money or financial benefit your company received from all Maine incentive programs for each of the last three (3) years?

2010	
2011	
2012	

25. What were the direct results of these incentives?

	Additional jobs	Total number of retained jobs*	Additional Payroll Taxes (in USD)	Additional Capital Investments (in USD)	Additional Exports (in USD)
2010					
2011					
2012					

* Retained jobs mean those existing jobs that otherwise would have been lost without direct benefit of the incentive program.

New Investments

26. Are you planning to invest in expanding your facilities or operations in the State of Maine in the next 12 months?

- Definitely
- Very likely
- Likely
- Unlikely
- Unknown

27. Are you planning to make new investments in your facilities or operations in the following three (3) years?

- Yes
- No

Investments & Incentives

28. Please select the appropriate business activity for each type of new investment your company plans to make in the next three years. (Select all that apply.)

	Manufacturing	R&D Center	Laboratory	Training Center	Shared Service Center	Headquarters	Repair Center	Customer Service Center	Call Center
Existing facility	☐	☐	☐	☐	☐	☐	☐	☐	☐
New facility	☐	☐	☐	☐	☐	☐	☐	☐	☐

29. On a scale between 1 - 10 (1 representing "not at all important" and 10 representing "critically important") please rate the importance of Maine's existing funding or incentive assistance programs for your company's growth plans.

	1	2	3	4	5	6	7	8	9	10
Select importance	○	○	○	○	○	○	○	○	○	○

Performance

30. Based on your experience working with Maine Incentive Programs on a scale of 1 to 10, (1 being "very poor" and 10 being "exceptional") how would you rate the following:

	1	2	3	4	5	6	7	8	9	10
Efficiency of process	○	○	○	○	○	○	○	○	○	○

Knowledge of staff										
Reporting requirements										
Supporting services										
Responsiveness										

31. On a scale of 1 to 12 (1 being “very low” and 12 being “very high”) please rate the likelihood you will recommend Maine Incentives to other companies.

	1	2	3	4	5	6	7	8	9	10
Rate likelihood										

Please provide a basis for your response in the field below.

Employment & Staffing

32. Please provide the average annual growth rate in terms of staff for the past three (3) years as well as an estimate of the forecasted annual growth rate for the next three (3) years?

	2010 - 2013	2013 - 2016
Growth in total number of employees		

33. Please provide a breakdown of your staff by job function. (Enter # of employees for each category.)

Manufacturing/operations	
Technical (engineers, researchers, scientists, etc.)	
Finance	
Marketing and sales	
Administrative/executive	
Other	

34. Please provide a breakdown of the total number of full time and part-time employees (i.e. 12 - 32 hours per week) in 2012?

Total Full time Employees	
Total Part time Employees	

35. What was your company's total annual labor cost* for each of the last three (3) years?

2010	
2011	
2012	

* - Total labor cost include salaries, wages, taxes paid by employer, FICA (OASDI & Medicare), benefit costs including healthcare, paid time-off, tuition reimbursement, and all other direct costs paid by the employer.

36. Please provide the average annual salary for each job function listed below. (For example, "$65,000" should be entered as "65000".)

Manufacturing/operations	
Technical (engineers, researchers, scientists, etc.)	

Finance	
Marketing and sales	
Administrative/executive	
Other	

37. On a scale between 1 and 10 (1 being "very difficult" and 10 being "very easy"), please rate how difficult it was for you to hire qualified staff per job function to grow your business?

	1	2	3	4	5	6	7	8	9	10
Manufacturing/operations	○	◉	○	○	○	○	○	○	○	○
Technical (engineers, researchers, scientists, etc.)	○	○	○	○	○	○	○	○	○	○
Finance	○	○	○	○	○	○	○	○	○	○
Marketing and sales	○	○	○	○	○	○	○	○	○	○
Administrative/executive	○	○	○	○	○	○	○	○	○	○
Other	○	○	○	○	○	○	○	○	○	○

38. How many total additional full time employees by job function do you anticipate hiring in the next three (3) years?

Manufacturing/operations	
Technical (engineers, researchers, scientists, etc.)	
Finance	
Marketing and sales	
Administrative/executive	
Other	

Expenses & Assets

39. What are your total company expenses as a percentage of sales for the last three (3) years including total, R&D, Marketing and Manufacturing expenses? (For example, if your total expenses as a percentage of sales for 2010 was 80%, enter 80 in the box under Total Expenses for the year 2010. Note: the percentages entered for R&D, Marketing and Manufacturing will not necessarily add up to the Total Expenses percentage entered.)

	Total Expenses	R&D Expenses	Marketing Expenses	Manufacturing Expenses
2010				
2011				
2012				

40. What is the total amount of fixed assets currently carried on your balance sheet?

Capital Needs

41. Please identify the critical needs for the future success of your company.

42. On a scale between 1 - 10 (1 being "no success" and 10 being a "significant success") how do you rate your accomplishments in terms of the following elements:

	1	2	3	4	5	6	7	8	9	10
Developing products										
Bringing products to market										
Growing sales revenue										
Manufacturing										
Providing										

service										
Building partnerships										
Developing supplier relationships										
Building staff										
Raising capital										
Expanding markets										

43. What barriers prevent you from further growth? Please select the top three in order.

	Business concern
Business concern 1	
Business concern 2	
Business concern 3	

Other (please specify)

Profitability

44. Is your company profitable?

- Yes
- No

Profitability

45. If your company is not yet profitable, please estimate the time to reach profitability (in years).

Marketing

46. Does your company have a written marketing plan that covers the key aspects of product development, branding, promotion, service and sales support?

- Yes
- In development
- No

47. Please identify the stage your company is in at this time. (Select the one that is closest.)

- Very early stage (idea and/or concept evaluation)
- Early stage (R&D and/or alpha/beta testing)
- Mid stage (product development and release)
- Growth stage (established product line with sales growth and diversification)
- Mature stage (multiple product lines, consistently growing sales and markets)

Contact & Comments

48. In case of questions regarding this survey whom can we contact?

Name	
Phone number	
Email address	

49. Is there anything else you would like to share with us with regards to this survey?

Thank you

Thank you very much for completing this survey. Please note that you cannot go back and modify your answers after you submit your responses at the end of the survey.

George C. Gervais
Commissioner
Maine Department of Economic and Community Development

Word version of MTI Survey distributed through Survey Monkey

Each year, The Maine Technology Institute is required to survey its clients in order to provide summary information on a number of key metrics to the Legislature. We also gather data to ensure our programs are effective in stimulating and sustaining the growth of technology-based ventures in Maine. Providing this information is part of your obligation under the terms of your grant or loan agreement with MTI. Consequently, we need your help in completing this survey.

You are going to be asked to supply your primary and secondary NAICS codes. To prepare you for this question, please see the attached list of NAICS codes or visit www.naics.com/search.htm to identify the codes that best fit your business.

All information is confidential, according to the terms of your grant or loan agreement with MTI. To complete the survey please have at hand your P&L and Balance Sheet for the last three (3) years; payroll data; and information on your IP filings. We will also ask you questions about your future strategy and plans. This survey is best completed by your CEO or CFO. If you have any questions, please do not hesitate to contact Scott Burnett, Director of Marketing & Analytics, at (207) 588-1010 (sburnett@mainetechnology.org) or me at (207) 588-1011 (bmartin@mainetechnology.org). You may also be contacted by Battelle Memorial Institute who is conducting research into our cluster and sector strategies.

Thank you for taking the time to complete this survey. We recognize that it may be inconvenient, but please know that the information you provide will help us become more effective for you and others who are engaged in creating new enterprises in Maine.

Best Regards,

Bob

Robert A. Martin
President
The Maine Technology Institute

Identification

1. Contact details

Name:

Position:

Company:

2. Was your business founded in the State of Maine?

- Yes
- No

3. When did you first establish operations in Maine?

2012

4. Please select the current number of business locations your company has in Maine?

	1	2	3	4	5	>5
Number of business locations						

5. Do you anticipate the need to open facilities, other than sales offices, outside the State of Maine?

- Yes
- Maybe
- No

Industry & Markets

6. From the classifications below, please select the closest industry sector that matches your business.

7. Please identify the top three (3) markets for your product(s) or service(s).

Market 1

Market 2

Market 3

8. Please indicate the size of each market identified in question 7. (For example, "$1,200,000,000" is entered as "1200000000". The survey will accept a maximum value of $9,999,999,999. If you need to enter a number of $10 billion or higher, please do the following: enter a "1" in the market size field in question 8 and insert the correct number in the text response for the last question of the survey.)

Market size 1.

Market size 2.

Market size 3.

9. Please provide the six-digit North American Industry Classification System (NAICS) code for your company. For information about NAICS codes please visit www.naics.com/search.htm or refer to the attachment in the email you received about this survey.

Primary NAICS code

Secondary NAICS code (if applicable)

Revenue & Market

10. What is the total annual sales revenue your company generated for the three (3) most recent fiscal years? (For example, "$250,000" is entered as "250000". If your company has generated no sales revenue for the years listed, enter "0" in the response field for that year. (all amounts in USD))

2010

2011

2012

11. What is your forecasted revenue growth as a percentage for the next three (3) years? (For example, “10%” is entered as “10”.)

2013

2014

2015

12. What percentage of your annual revenue is based on sales: (For example, for 80% enter "80". The total for all three must equal 100%.)

In the State of Maine

In the US (not including Maine)

International sales

13. What is your best estimate of the current total market size for your company?

Estimated market size

Expenses & Assets

14. What were your company's total expenses for the last three (3) years? (For example, if your

company's total expenses in 2010 were $250,000, enter "250000" in the response field for 2010. If your company was not in business in any of these years, enter "0" in the response field for that year. (in US dollars))

2010	
2011	
2012	

15. What were your company's expenses as a percentage of total expenses (as entered in response to question 46) for Marketing & Sales, R&D and Manufacturing for the last three (3) years? (Note: the percentages entered for Marketing & Sales, R&D and Manufacturing may not equal 100% of the total Expenses entered in response to question 46. The total of your responses for all three categories for any given year should not be greater than 100%. If you had no expenses for any of the 3 categories for any of the years, select 0% from the drop down list for that year.)

	Marketing & Sales	R&D	Manufacturing
2010			
2011			
2012			

16. What is the total amount of fixed assets currently carried on your balance sheet?

17. What is the total percentage of fixed asset growth over the last three (3) years?

○ ○ 10% ○ 20% ○ 30% ○ 40% ○ 50% ○ 60% ○ 70% ○ 80% ○ 90% ○

Profitability

18. Is your company profitable?

○ Yes

○ No

Profitability

19. If your company is not yet profitable, please estimate the time to reach profitability (in years).

Product Status

20. Please identify the total number of products your company has developed, has commercialized, and currently has in development?

	Select Appropriate Number
Total number of products developed	
Total number of products commercialized	
Total number of products in development	

21. Please identify the total number of products your company has developed, has commercialized, or currently has in development based on funding from MTI? (Enter "0" in the response field if no products were developed or commercialized based on MTI funding, and if you have no products in development at this time supported by MTI funding.)

	Select Appropriate Number
Total number of products developed	
Total number of products commercialized	
Total number of products in development	

Product or Service Change

22. Has the focus of your product or service development changed significantly since you received MTI funding?

- Yes
- No

23. If your product or service has changed, please explain why and how.

Employment and Staffing

24. Please provide the average annual growth rate of your staff for the past three (3) years, and your forecasted annual growth rate for staff for the next three (3) years?

	2010 - 2013	2013 - 2016
Growth in total number of employees		

25. Please provide a breakdown of your staff by job function. (Enter # of employees for each category. Enter "0" if you have no employees in that category.)

Manufacturing/operations	
Technical (engineers, researchers, scientists, etc.)	
Finance	
Marketing and sales	
Administrative/executive	
Service/support	
Other	

26. Please provide a breakdown of the total number of full time and part-time employees (i.e. 12 - 32 hours per week) in 2012? (Enter "0" if you have no employees in that category.)

Total Full time Employees	
Total Part time Employees	

27. What was your company's total annual labor cost* for each of the last three (3) years?

2010	
2011	
2012	

* - Total labor costs include salaries, wages, taxes paid by employer, FICA (OASDI & Medicare), benefit costs including healthcare, paid time-off, tuition reimbursement, and all other direct costs paid by the employer.

28. Please provide the average annual salary for each job functional area listed below. (For example, "$65,000" should be entered as "65000".)

Manufacturing/operations	
Technical (engineers, researchers, scientists, etc.)	

Finance	
Marketing and sales	
Administrative/executive	
Service/support	
Other	

29. On average, how many years of experience do your key managers have?

30. On a scale between 1 and 10 (1 being "very difficult" and 10 being "very easy"), please rate how difficult it was for you to hire qualified staff per job function to grow your business?

	1	2	3	4	5	6	7	8	9	10	NA
Manufacturing/operations	○	○	○	○	○	○	○	○	○	○	○
Technical (engineers, researchers, scientists, etc.)	○	○	○	○	○	○	○	○	○	○	○
Finance	○	○	○	○	○	○	○	○	○	○	○
Marketing and sales	○	○	○	○	○	○	○	○	○	○	○
Administrative/ executive	○	○	○	○	○	○	○	○	○	○	○
Other	○	○	○	○	○	○	○	○	○	○	○

If you have specific comments about your ability to identify and hire qualified people, please include them here.

31. How many total additional full time employees by job function do you anticipate hiring in the next three (3) years?

Manufacturing/operations	
Technical (engineers, researchers, scientists, etc.)	
Finance	
Marketing and sales	
Administrative/executive	
Service/support	
Other	

Patents

32. Does your company actively file for protection of Intellectual Property?

○ Yes

○ No

33. How many patents has your company applied for and how many have been issued in the past three

(3) years?

	Applied	Issued
2009 - 2012		

34. Do you anticipate filing for new patents in the next three (3) years?

- Yes
- Maybe
- No

Economic Development Programs

35. Are you aware of the economic development programs offered by the following agencies or organizations?

- i. Maine Department of Economic and Community Development (Community Development Block Grant program)
- ii. Seed Capital or other tax credit
- iii. Other tax credits including Pinetree and DTTR
- iv. Finance Authority of Maine (FAME) Loan Guarantees
- v. Maine Department of Economic and Community Development(DECD) /Department of Labor (DOL)
- vi. Small Business Administration (SBA)
- vii. Rural Development Authority
- viii. Maine Community College System
- ix. Department of Defense
- x. Maine Patent Program
- xi. Department of Agriculture
- xii. Other

Other (please specify)

36. Besides MTI, what other sources and amounts of funding has your company obtained to date? (For example, the number $250,000 will be entered as "250000". Amounts in USD. Because a response is required for all response categories a "0" should be entered for all sources of funding not utilized.)

Small Business Administration loan	
SBIR/STTR	
Angel fund	

Venture capital	
Commercial loan	
Self or Business funded	
Family and Friends	
FAME Guarantee	
Community Development Block Grant (CDBG)	
Maine Rural Development Authority (MRDA)	
Other	

37. Which of the following Maine agencies or organizations have you engaged with? (select all that apply)

	Engaged
MITC: Maine International Trade Center	
DECD: Department of Economic & Community Development	
MCED: Maine Center for Entrepreneurial Development	
SBA: Small Business Administration	
SBDC: Maine Small Business Development Center	
REDC: Regional Economic Development Corp	
MEP: Maine Manufacturing Extension Program	
MPP: Maine Patent Program	
SCORE	
MPTAC: Maine Procurement Technical Assistance Center	
CDBG: Community Development Block Grant	
MRDA: Maine Rural Development Authority	
Industry Trade Association	
None of those listed	

Other (please specify)

MTI Programs

38. What additional funding programs should MTI consider? (Identify up to three.)

1.
2.
3.

39. What additional services other than funding should MTI provide? (Identify up to three.)

1.
2.
3.

40. Have you applied for incentive programs from agencies or organizations other than MTI?

- Yes
- No

When selecting 'No' you will directly proceed to the questions regarding the economic benefits of MTI's funding support for the State of Maine's economy.

Other Maine Incentive Programs

41. Please identify the type and nature of the assistance, grant, loan or tax support which your company applied for?

	Name of Incentive Program	Amount in USD	Number of Years
Incentive Program 1			
Incentive Program 2			
Incentive Program 3			
Incentive Program 4			
Incentive Program 5			

42. What is the total amount of money or financial benefit your company received from all Maine incentive programs for each of the last three (3) years? (If you received no money or financial benefits for any of the years identified, enter a "0" for those years.)

2010
2011
2012

43. What were the direct results of these incentives?

	Additional jobs	Total number of retained jobs*	Additional Payroll Taxes (in USD)	Additional Capital Investments (in USD)	Additional Exports (in USD)
2010					
2011					
2012					

New Investments

44. Are you planning to invest in expanding your facilities or operations in the State of Maine in the next 12 months?

- Definitely
- Very likely
- Likely
- Unlikely
- Unknown

45. Are you planning to make new investments in your facilities or operations in the following three (3) years?

- Yes
- No

Investments & Incentives

46. Please select the appropriate business activity for each type of new investment your company plans to make in the next three years. (Select all that apply.)

	Manufacturing	R&D Center	Laboratory	Training Center	Shared Service Center	Headquarters	Repair Center	Customer Service Center	Call Center
Existing facility	☐	☐	☐	☐	☐	☐	☐	☐	☐
New facility	☐	☐	☐	☐	☐	☐	☐	☐	☐

47. On a scale between 1 - 10 (1 representing "not at all important" and 10 representing "critically important") please rate the importance of Maine's existing funding or incentive assistance programs for your company's growth plans.

1 2 3 4 5 6 7 8 9 10

Rate importance	○	○	○	○	○	○	○	○	○	○

Marketing

48. Does your company have a written marketing plan that covers the key aspects of product development, positioning, pricing, promotion, branding, distribution, sales and service support?

- ○ Yes
- ○ In development
- ○ No

49. Please identify the stage your company is in at this time. (Select the one that is closest.)

- ○ Very early stage (idea and/or concept evaluation)
- ○ Early stage (R&D and/or alpha/beta testing)
- ○ Mid stage (product development and release)
- ○ Growth stage (established product line with sales growth and diversification)
- ○ Mature stage (multiple product lines, consistently growing sales and markets)

Comment about stage:

Capital Needs

50. Have you been able to raise the capital needed to grow your business?

- ○ Yes
- ○ No

51. On a scale of 1 to 10 (1 being “not at all satisfied” and 10 being “totally satisfied”) please rate your degree of satisfaction with the amount and the terms of capital your company has raised to date.

	1	2	3	4	5	6	7	8	9	10	N/A
Amount of Capital	○	○	○	○	○	○	○	○	○	○	○
Terms of Capital	○	○	○	○	○	○	○	○	○	○	○

Please identify the primary reason(s) for your rating.

52. How much additional capital do you anticipate your company will need over the next three (3) years? (For example, $2,000,000 is entered as "2000000". (in US dollars))

53. On a scale between 1 - 10 (1 being "not confident" and 10 being "very confident") how would you rate your ability to raise the funds identified in the previous question on acceptable terms?

1	2	3	4	5	6	7	8	9	10

Level of confidence										

Please provide the basis for your response.

54. Please identify the critical needs for the future success of your company.

55. On a scale between 1 - 10 (1 being "no success" and 10 being a "significant success") how do you rate your accomplishments in terms of the following elements:

	1	2	3	4	5	6	7	8	9	10
Developing products										
Bringing products to market										
Growing sales revenue										
Manufacturing										
Providing service										
Building partnerships										
Developing supplier relationships										
Building staff										
Raising capital										
Expanding markets										

56. What are the most critical challenges to your continued growth? Please select the top three in order.

	Business concern
Business concern 1	
Business concern 2	
Business concern 3	

Please identify other challenges if not listed in the responses.

Board of Directors

57. Do you have a Board of Directors?

- Yes
- No

Board & Shareholders

58. How many members are on your Board of Directors and how many are outside directors? Please note, outside directors are NOT officers or employees of the company.

Number of Board Members	
Number of outside Directors	

59. Does your company have shareholders from outside the State of Maine?

- Yes
- No

Shareholders

60. Please provide a breakdown of the shareholder structure of your company by entering a percentage for each type of shareholder in the space below. (For example, "25%" is entered as "25". The total for all three types of shareholders must add up to 100%.)

Shareholders within Maine	
US Shareholders outside of Maine	
Non US Shareholders	

MTI Performance

61. Based on your experience working with MTI on a scale of 1 to 10, (1 being "very poor" and 10 being "exceptional") how would you rate MTI on the following:

	1	2	3	4	5	6	7	8	9	10	N/A
Efficiency of process	○	○		○	○	○	○	○	○	○	○
Knowledge of staff	○	○	○	○	○	○	○	○	○	○	○
Reporting requirements	○	○	○	○	○	○	○	○	○	○	○
Supporting services	○	○	○	○	○	○	○	○	○	○	○
Responsiveness	○	○	○	○	○	○	○	○	○	○	○

62. On a scale of 1 to 12 (1 being "very low" and 12 being "very high") please rate the likelihood you will recommend MTI to other companies.

	1	2	3	4	5	6	7	8	9	10	11	12
Rate likelihood	○	○	○	○	○	○	○	○	○	○	○	

Please provide a basis for your response in the field below.

Contact & Comments

63. In case of questions regarding this survey whom should we contact?

Name	
Phone number	
Email address	

64. Is there anything else you would like to share with us with regards to this survey?

Thank You

Thank you very much for completing this survey. Please note that you cannot go back and modify your answers after you submit your responses at the end of the survey.

Bob Martin
President
The Maine Technology Institute (MTI)

Appendix H – Cost Modeling

The first step in identifying and prioritizing all existing programs is to classify them into categories. There are hundreds of categories that can be used, but at an aggregated level, these were considered the most appropriate ones and customized for Maine:

1. General Business and Job Growth Programs;
2. Capital and R&D Programs;
3. Community Programs; and
4. Agriculture and Specific Programs.

Secondly, within each of the four classifications, the corresponding incentive programs can be clustered by type of incentive. The following types of incentives were selected to further classify the incentive programs:

1. Technical Assistance;
2. Workforce Training;
3. Business Assistance;
4. Equity;
5. Loans;
6. Grants;
7. Taxes; and
8. Promotion.

Thirdly, incentive programs serve different purposes. There are programs specifically designed to assist small and medium sized companies in their start-up phase, where other programs assist more mature companies with identifying exporting opportunities overseas. Thus, the next component links the incentive programs to different stages of corporate development. The following stages are used:

1. Idea – Research;
2. Startup;
3. Early;
4. Expansion; and
5. Retention.

Finally for each incentive program, and based on available data, we included the (most recent) annual funding budget and the name of the department or agency which is administering the specific program. The results are four different matrixes, one for every category.

General Business and Job Growth Program Analysis

Figure 3 General Business Program

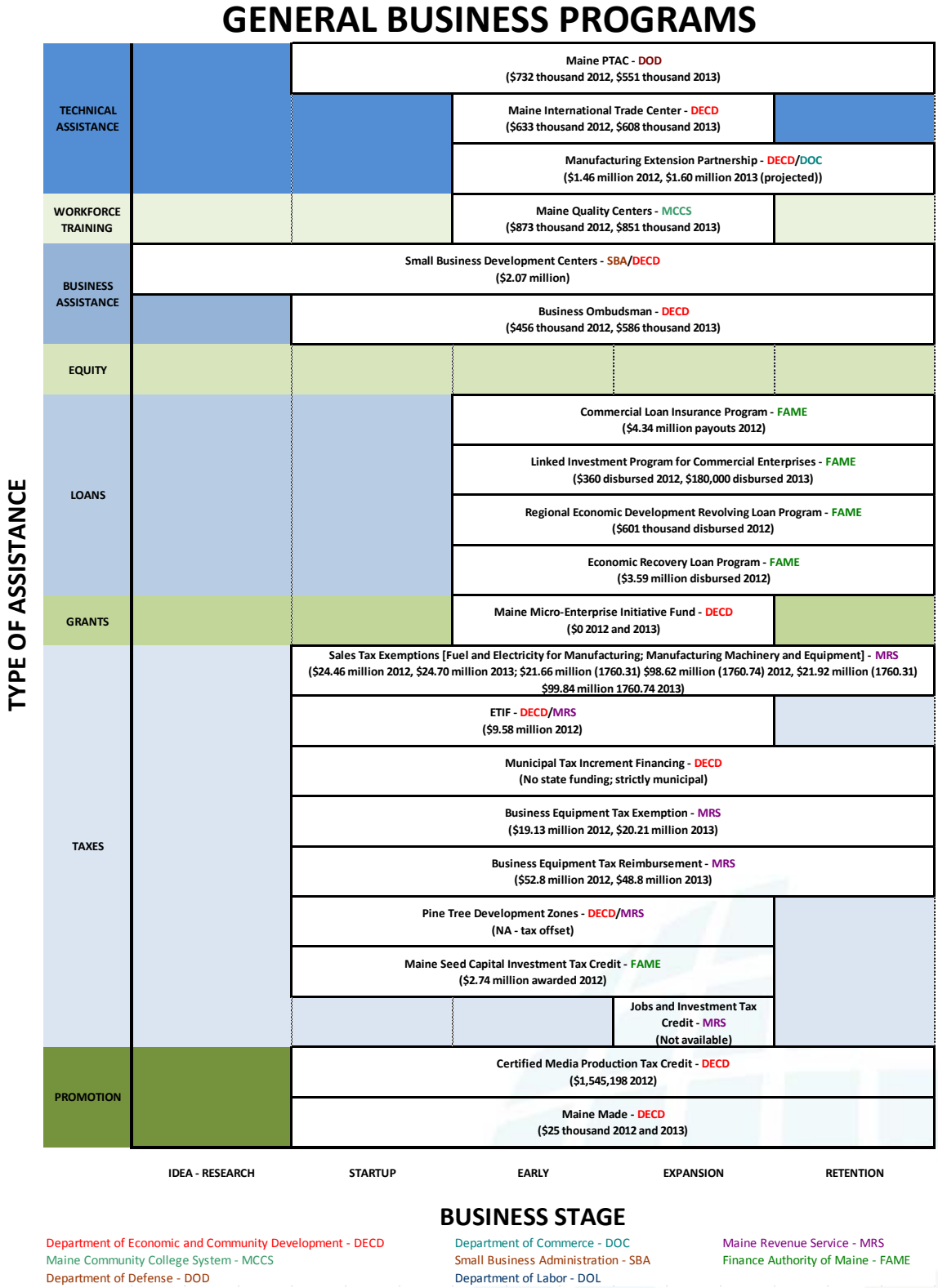


Figure 4 Capital and R&D Programs

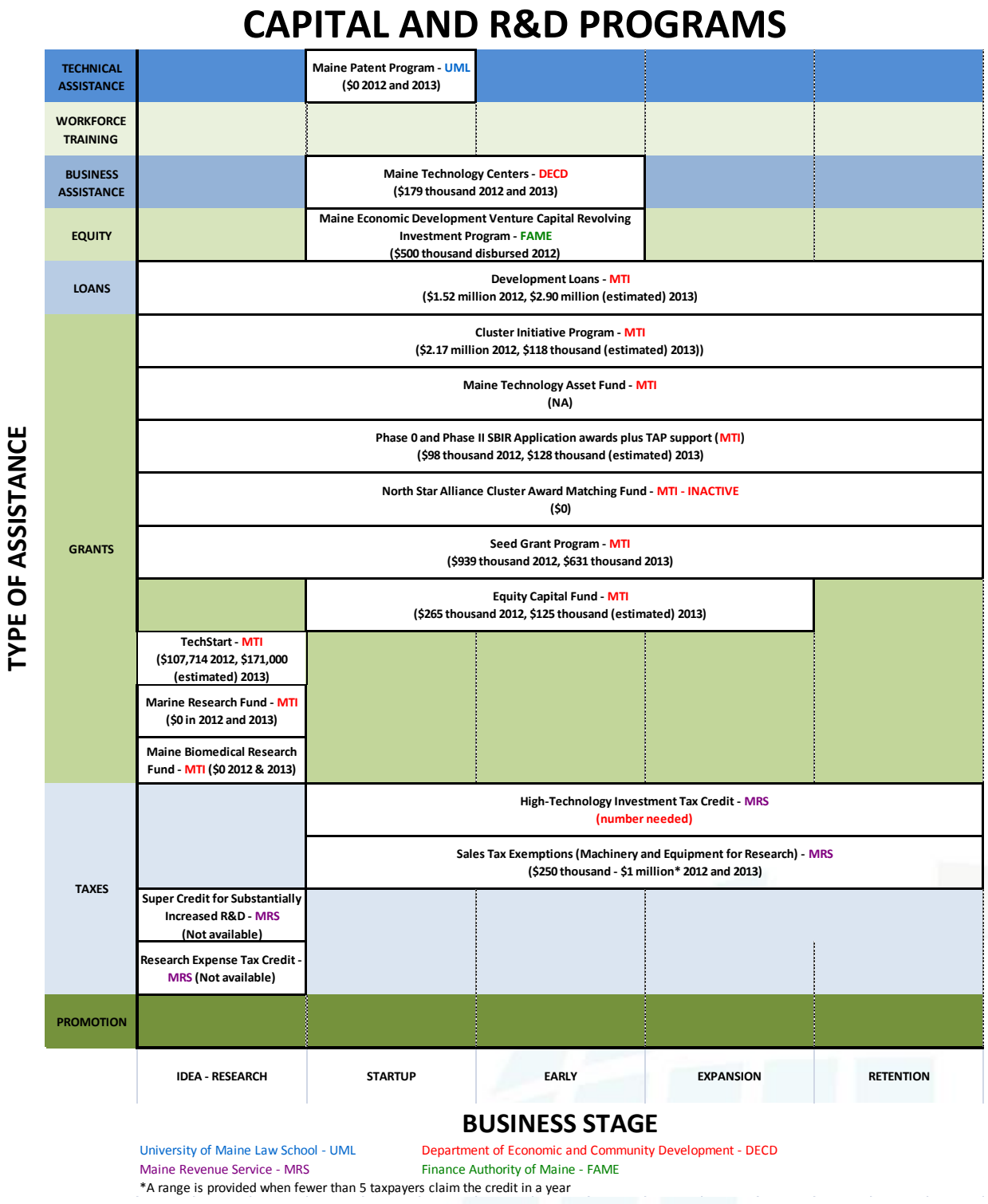


Figure 5 Community Based

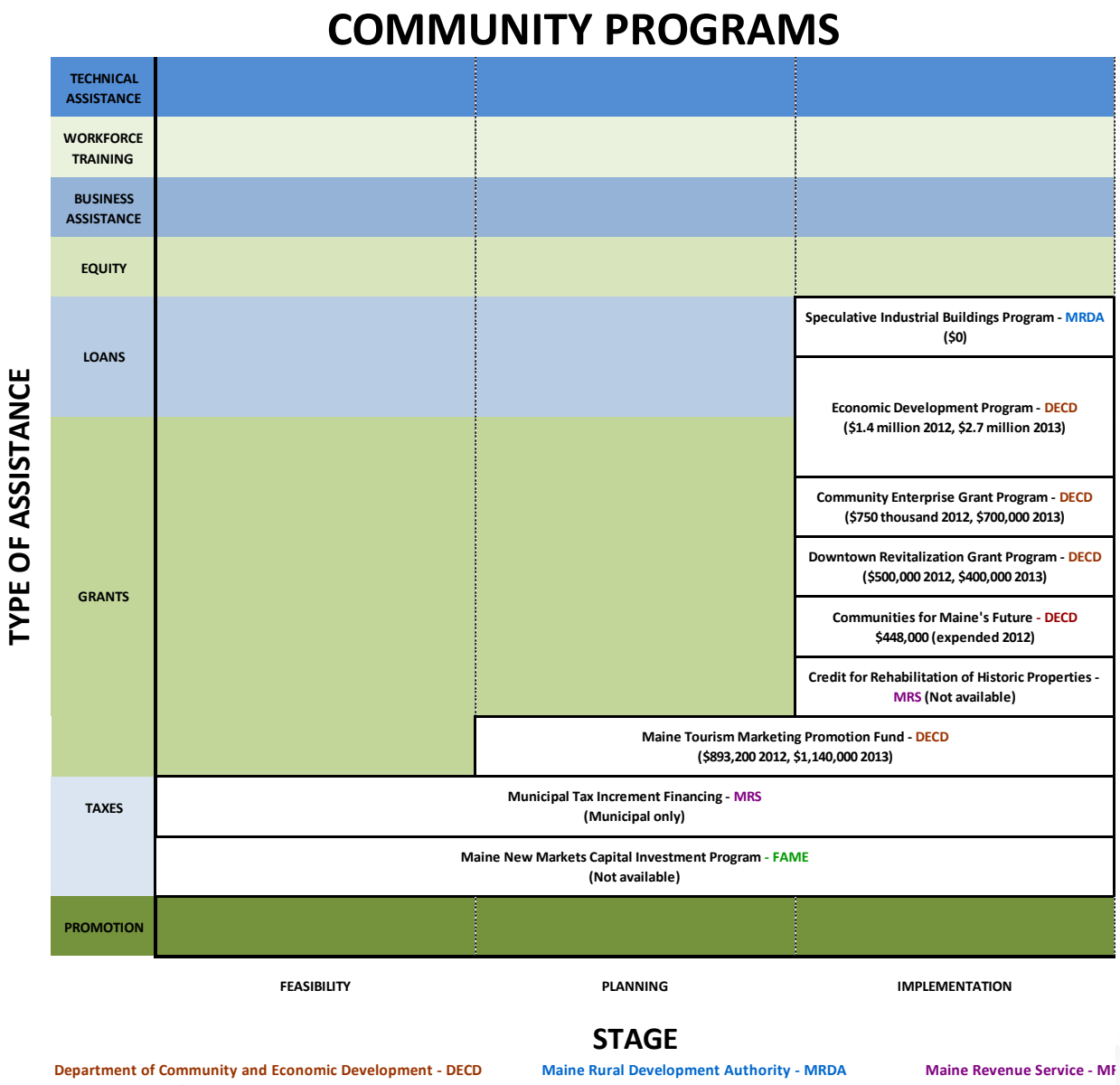
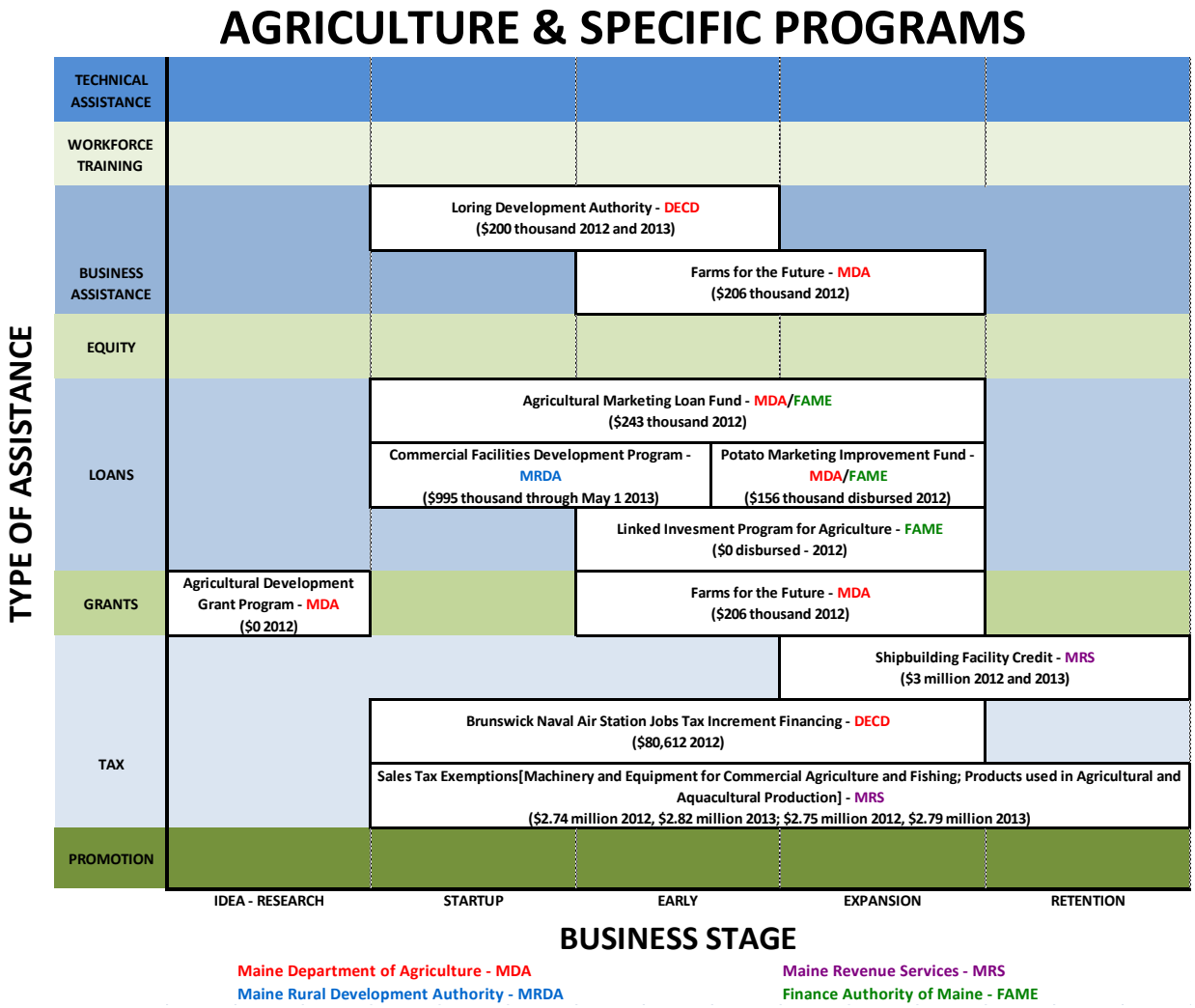


Figure 6 Agriculture and Specific Programs



Methodology

Based on the classification as described above, and in close collaboration with DECD and the Steering Committee we decided to conduct full scale CBA assessments for four comprehensive programs being the BETR program, the PTDZ program, the Development Loans and the programs offered by FAME, the Commercial Loan Insurance Program and the Economic Recovery Loan Program.

From a methodological point of view, the CBA model aggregates the average individual firm characteristics in terms of, amongst others, headcount, salary costs, sales revenues, cost to sales, job creation and retained jobs, and ownership structure. This aggregated level simulates the total number of certified companies that is actually making use of the program. For all four CBA assessments this forms the first point of departure for further analysis.

In an ideal world all required statistics are available, however, evaluating rather complex incentive programs per definition requires a mixture of primary data gathering, desk research and the use of

assumptions where data is missing or non-existing. For these models, available annual program reports were carefully analyzed and complemented with the detailed results from the survey.

Since the model looks at financial flows from 2010 – 2012, benefits and costs incurred in the past. It is therefore important to discount the cash flows to the current value. The CBA uses general cash flow analysis practices to discount cash flows to current values, and below is the formula used:

$$CURRENT\ VALUE = \sum_{t=0}^{T} \frac{X_t}{(1+r)^{-t}}$$

(X_t) represents the specific amounts one specific year (t). This value is 'discounted', by dividing it by the 'discount rate' (r = 5%) for each year (t). This rate (1+r) is the yield (or return on investment) that normally should have been made on the investment, and – t is the number of years in the past.

The model calculated two scenarios:

1. The incentive is provided; and
2. The incentive is not provided;

For both scenarios the direct tax revenues for the following taxes are calculated:

- Corporate income tax;
- Personal income tax;
- Dividends tax;
- Sales tax; and
- Payroll tax.

If the second scenario leads to lower tax revenues (i.e. as a result of less employment) than this can be considered a cost in the form of revenues foregone. If the revenues foregone are larger than the cost of providing and monitoring the incentive program than the model shows a positive rate of return.

It might also be possible that a specific aspect of an incentive program results in a lower tax revenue in one field but compensated by higher tax revenues in other fields. For instance a corporate income tax reduction (as a form of incentive) results in lower corporate income tax revenues, but this loss is compensated by companies being able to hire more personnel, resulting in higher personal income taxes and higher sales tax revenues. If this is the case, the model also shows a positive rate of return.

There will be a negative IRR if the tax revenue stream in the first scenario, as a result of the benefits provided to companies, is lower compared to the revenue stream in the second scenario.

Important indicators

1. Corporate Taxes

The corporate income tax revenue is based on the corporate tax liability. The tax liability is calculated as the aggregated taxable income after (tax) incentives and depreciation. There are progressive tax rates depending on the taxable amount. Below is an overview of the State Corporate Income Tax:

Table 40 State Level tax rates

Taxable Income ($) Minimum	Taxable Income ($) Maximum	Fixed amount	State of Maine rate	Of the amount over
	$25,000.00	$0.00	3.50%	$0.00
$25,000.00	$75,000.00	$875.00	7.93%	$25,000.00
$75,000.00	$250,000.00	$4,840.00	8.33%	$75,000.00
$250,000.00		$19,417.50	8.93%	$250,000.00

As an example: A company with a taxable income of $500,000 pays a State Tax amount of $41,742.50 equivalent to an effective tax rate of 8.35%. The formula is as follows:

- Fixed amount of $19,417.50 plus 8.93% x $500,000 – $250,000

Similarly the effective corporate income tax rates have been averaged on the following assumption:

- Tax liability of USD$500.000 at Federal Level – resulting in tax amount of USD$170.000, thus 34%

These two effective rates are used to calculate the corporate income tax revenues. In the current model we assume similar CIT rates in both scenarios (with and without incentive program) however, the model is build in such a way that it allows for easy adjustments should this be necessary to represent a reduced CIT rate under a specific incentive program, which is for instance the case in the PTDZ program.

2. Salary Costs:

To simulate the workforce of an average company, we have included 12 different job profiles representing 4 job functions (based on the Bureau of Labor Statistics – BLS). The job functions are:

1. Top Management;
2. Managerial Support – including HR, Accountants and Auditors;
3. Technical Support – including software and IT, operations research analysts, engineers; and
4. Direct Workers – Including warehouse and production workers.

The average salary level for each job function is calculated based on the weighted annual salary costs for each underlying job profile:

Table 41 Salary levels per job functions

Job Function		Salary Level
Top Management	2%	$146,400.00
General and Operations Managers(111021)	3%	$87,670.00
Human Resources Managers(113121)	2%	$81,980.00
Accountants and Auditors(132011)	3%	$60,860.00
Managerial Support	8%	$76,193.75
Software Developers, Systems Software(151133)	5%	$84,190.00
Operations Research Analysts(152031)	2%	$67,230.00
Medical Scientists Except Epidemiologists(191042)	3%	$108,000.00
Industrial Engineers(172112)	5%	$75,410.00
Technical Support	15%	$83,764.00
Transportation Storage and Distribution Managers(113071)	5%	$71,080.00
Logisticians(131081)	5%	$62,940.00
First-Line Supervisors of Production and Operating Workers(511011)	10%	$53,550.00
Assemblers and Fabricators All Other(512099)	55%	$24,540.00
Direct workers	75%	$34,070.67

Source: Bureau Labour Statistics 2013

These statistics result in an average annual salary cost per person employed of $47,141.10. This is an important amount to calculate the average personal income tax rates at State and Federal Level.

3. Personal Income Tax:

There are different tax rates for married persons filling in joint returns compared to single taxpayers. This has an impact on the total amount of personal income tax revenues received by the Maine Revenue Department as well as the Federal tax authorities.

According to the New York Times (2013), the split between married versus single taxpayers is now 48% against 52%, a breakdown we have used in this model too. The annual salary cost per person employed (i.e. $47,141.10) is then subject to the different personal income tax systems both at State and Federal Level.

Table 42 Personal Income Tax rates at State and Federal Level

State of Maine Level		Federal Level	
Average salary cost per person employed	$47,141.10	Average salary cost per person employed	$47,141.10
Average income tax revenue Single	$3,320.36	Average income tax revenue Single	$7,714.03
Average income tax revenue Married	$2,632.61	Average income tax revenue Married	$6,178.67
Average income tax revenue at	$2,990.24	Average income tax revenue	$6,977.05
Effective income tax rate	6.34%	Effective income tax rate	14.80%

The different brackets are based on sources directly from the Maine Revenue Services, the IRS – US TaxCenter and Bankrate.com. The reason why the Federal taxes are included is to calculate the net disposable income. A portion of this disposable income is allocated to purchase local goods and services from Maine suppliers, which in turn leads to additional sales tax revenues.

Table 43 Total Personal Income Tax Burden

Average salary cost per person employed	$47,141.10
Effective income tax rate (State level)	6.34%
Effective income tax rate (Federal level)	14.80%
Total Personal Income Tax Burden	21.41%

4. Dividends Taxation:

The Maine Revenue Service describes that in the State of Maine dividends is considered the same as any other type of individual income and therefore taxed according the personal income tax scheme as presented above (i.e. effectively 6.34%).

At Federal level the American Taxpayer Relief Act of 2012 (H.R. 8) was passed by the United States Congress and signed into law by President Barack Obama in the first days of 2013. This legislation extended the 0 and 15 percent capital gains and dividends tax rates for taxpayers whose income does not exceed the thresholds set for the highest income tax rate (39.6 percent). Those who exceed those thresholds ($400,000 for single filers; $425,000 for heads of households; $450,000 for joint filers) became subject to a 20 percent rate for capital gains and dividends. In this model we use the effective dividends tax rate of 15%

5. Sales Tax:

Only end customers pay 5.0% Sales Tax[2] on top of the cost of the final product and, contrary to the VAT system, not the active companies operational in the supply chain. Below an example of this system:

[2] The sales tax rate has been increased in October 2013 to 5.5%

With a 5.0% sales tax (the previous rate of sales tax was 5%, but per October 2013 a sales tax of 5.5% is applicable – an increase of 10%):

- The manufacturer spends $1.00 for the raw materials, certifying it is not a final consumer.
- The manufacturer charges the retailer $1.20, checking that the retailer is not a consumer, leaving the same gross margin of $0.20.
- The retailer charges the consumer $1.50 + ($1.50 x 5.0%) = $1.575 and pays the government $0.075, leaving the gross margin of $0.30.

So the consumer has paid 5% ($0.075) extra, compared to the no taxation scheme, and the government has collected this amount in taxation. The retailers have not paid any tax directly (it is the final customer who has paid the tax in full), but the retailer has to do the paperwork in order to correctly pass on to the government the sales tax it has collected. Suppliers and manufacturers only have the administrative burden of supplying correct certifications, and checking that their customers (retailers) aren't the final consumers.

6. Payroll Taxes for employers: unemployment tax and CSSF

The 2012 New employer rate is 3.08% plus 0.06% Competitive Skills Scholarship Fund rate. The combined payroll taxes paid by employers is 3.14%.

7. Administration costs:

In this section we calculate the annual personnel cost of employees responsible for administering and monitoring the incentive program. We assume a total of 7 employees ranging from senior managers to support staff. The overhead costs are estimated at a rate of 20% of the total annual salary cost of all staff.

Table 44 Total Administration costs

	Annual wages	Number	Total
Senior managers	$75,000.00	1	$75,000.00
Middle managers	$30,000.00	1	$30,000.00
Assistants	$10,000.00	2	$20,000.00
Support staff	$4,000.00	3	$12,000.00
	Total	7	$137,000.00
		Annual salary costs administrative staff	$137,000.00
		Overhead rate (% of total wage bill)	20%
		Overhead costs (% of total wage bill)	$27,400.00
		Total estimated Support Staff Costs (2013)	$164,400.00

Table 45 Other important indicators

Discount rate	5%
Wage inflation rate	2.1%
Earnings retained (the rest in Dividend)	50%
Total expenditure by firms on local products	25%
Total expenditure by residents on local products	40%

Findings

The next four CBA models represent:

1. BETR Program;
2. PTDZ Program;
3. MTI's Development Loans Program; and
4. FAME's Commercial Loan Insurance and Economic Recovery Loan Program.

Figure 7 CBA Assessment BETR Program

Year of operation		-3	-2	-1	
Category\Year		2010	2011	2012	TOTAL - Value in 2013 US$
General Information					
Number of active firms in the program (Average over 1 year)		399	399	399	
Number of persons employed		43428	43428	43428	
Total annual salary cost		$ 1,962,162,290	$ 2,004,251,573	$ 2,047,243,691	$ 6,630,741,356
Total Annual Sales Revenues		$ 3,011,057,747	$ 3,948,121,314	$ 4,122,644,136	$ 12,167,255,816
Total Cost of Sales (including manufacturing, R&D and marketing, etc.)	85.39%	$ 2,571,108,754	$ 3,371,256,922	$ 3,520,280,021	$ 10,389,484,549
Tax liability amount		$ 439,948,993	$ 576,864,392	$ 602,364,115	$ 1,777,771,266
Incentive type					
Business Equipment Tax Reimbursement (actual results)		$ 47,194,132	$ 47,194,132	$ 47,194,132	$ 156,218,476
With Incentive status					
Corporate income tax Maine State Level*:	8.35%	$ 36,729,142	$ 48,159,524	$ 50,288,368	$ 148,417,234
Corporate income tax US Federal Level*:	34.00%	$ 149,582,658	$ 196,133,893	$ 204,803,799	$ 604,442,231
Net profit under incentive program		$ 300,831,326	$ 379,765,107	$ 394,466,080	$ 1,181,130,278
Retained earnings	50%	$ 150,415,663	$ 189,882,553	$ 197,233,040	$ 590,565,139
Dividends payable to Maine residents	65%	$ 103,311,811	$ 130,419,333	$ 135,467,956	$ 405,625,003
Dividends payable to non-residents	31%	$ 47,103,852	$ 59,463,221	$ 61,765,084	$ 184,940,136
Benefits					
Additional job creation					
New Jobs Created		527	527	614	$ 1,836
Gross Income Effects		$ 24,828,275	$ 24,828,275	$ 28,966,320	$ 86,529,640
Additional payroll taxes	3.14%	$ 779,608	$ 779,608	$ 909,542	$ 2,717,031
Federal level personal income tax	14.80%	$ 3,674,674	$ 3,674,674	$ 4,287,119	$ 12,806,698
State level personal income tax	6.34%	$ 1,574,899	$ 1,574,899	$ 1,837,382	$ 5,488,719
Net income after personal income taxes for Maine residents		$ 19,578,702	$ 19,578,702	$ 22,841,819	$ 68,234,223
					$ -
Personal income from employment and dividend					$ -
Employment benefit					$ -
Gross income effects for Maine residents		$ 1,962,162,290	$ 2,004,251,573	$ 2,047,243,691	$ 6,630,741,356
Personal income tax for State of Maine	6.34%	$ 124,463,223	$ 127,133,016	$ 129,860,078	$ 420,598,970
Federal level personal income tax	14.80%	$ 290,407,070	$ 296,636,435	$ 302,999,423	$ 981,373,548
Net income after personal income tax for Maine residents		$ 1,547,291,998	$ 1,580,482,122	$ 1,614,384,190	$ 5,228,768,838
Net income after dividends tax for Maine residents		$ 74,196,221	$ 93,664,234	$ 97,290,042	$ 291,310,763
Total net income benefits Maine residents		$ 1,641,066,920	$ 1,693,725,058	$ 1,734,516,051	$ 5,588,313,825
					$ -
Total Annual Sales in the State of Maine	50.61%	$ 1,524,017,825	$ 1,998,303,507	$ 2,086,636,550	$ 6,158,339,128
Sales Tax Maine (paid by final consumers)	5.00%	$ 76,200,891	$ 99,915,175	$ 104,331,827	$ 307,916,956
Total sales tax benefits for Maine		$ 76,200,891	$ 99,915,175	$ 104,331,827	$ 307,916,956
					$ -
Average additional capital expenditures		22,743,000	40,698,000	40,698,000	$ 113,930,310
Average additional exports		12,369,000	15,561,000	15,561,000	$ 47,813,716
Total Capital and Exports benefits for Maine		$ 35,112,000	$ 56,259,000	$ 56,259,000	$ 161,744,027
					$ -
Indirect goods and services purchased in the State of Maine					$ -
Local Purchases by corporates from local Maine suppliers	25.0%	$ 642,777,188	$ 842,814,231	$ 880,070,005	$ 2,597,371,137
Local Purchases by local residents from local Maine suppliers	40.0%	$ 656,426,768	$ 677,490,023	$ 693,806,421	$ 2,235,325,530
Benefit of use of local suppliers		$ 1,299,203,957	$ 1,520,304,254	$ 1,573,876,426	$ 4,832,696,667
					$ -
Tax income revenues for State of Maine					$ -
Corporate income tax for the State of Maine	8.35%	$ 36,729,142	$ 48,159,524	$ 50,288,368	$ 148,417,234
Sales Tax revenues	5.00%	$ 76,200,891	$ 99,915,175	$ 104,331,827	$ 307,916,956
Personal income taxes for the State of Maine		$ 126,038,121	$ 128,707,915	$ 131,697,460	$ 426,087,689
Residents dividends tax	6.34%	$ 6,553,240	$ 8,272,716	$ 8,592,958	$ 25,729,470
Payroll taxes employer State of Maine	3.14%	$ 62,391,504	$ 63,713,107	$ 65,192,994	$ 210,922,309
Property tax		$ -	$ -	$ -	$ -
Direct tax benefits for Maine		$ 307,912,898	$ 348,768,437	$ 360,103,608	$ 1,119,073,658
					$ -
Tax benefits at Federal Level					$ -
Corporate income tax at federal level	34.00%	$ 149,582,658	$ 196,133,893	$ 204,803,799	$ 604,442,231
Personal income tax at federal level	14.80%	$ 294,081,744	$ 300,311,109	$ 307,286,542	$ 994,180,246
Dividends tax at federal level	15.00%	$ 22,562,349	$ 28,482,383	$ 29,584,956	$ 88,584,771
Total other benefits		$ 466,226,751	$ 524,927,385	$ 541,675,298	$ 1,687,207,247
					$ -
Total Dirct Benefits		$ 307,912,898	$ 348,768,437	$ 360,103,608	$ 1,119,073,658
Total Inrect Benefits		$ 3,441,609,628	$ 3,795,215,697	$ 3,906,326,775	$ 12,269,961,766
Costs					
Costs incentive program		$ 47,194,132	$ 47,194,132	$ 47,194,132	$ 156,218,476
Number of persons employed - minus retained jobs		35927	36015	36015	
Total annual salary cost		$ 1,627,209,422	$ 1,662,113,812	$ 1,697,766,917	$ 5,498,834,048
Total Annual Sales Revenues		$ 2,490,965,954	$ 3,274,153,332	$ 3,418,884,062	$ 10,083,186,777
Total Cost of Sales (including manufacturing, R&D and marketing, etc.)	85.39%	$ 2,127,008,151	$ 2,795,763,151	$ 2,919,347,113	$ 8,609,921,153
Tax liability amount		$ 363,957,803	$ 478,390,181	$ 499,536,949	$ 1,473,265,624
No Incentive status					
Corporate income tax MaineState Level*:	8.35%	$ 36,729,142	$ 48,159,524	$ 50,288,368	$ 148,417,234
Corporate income tax US Federal Level*:	34.00%	$ 149,582,658	$ 196,133,893	$ 204,803,799	$ 604,442,231
Net profit - no incentive		$ 253,637,194	$ 332,570,975	$ 347,271,948	$ 1,024,911,802
Retained earnings	50%	$ 126,818,597	$ 166,285,487	$ 173,635,974	$ 512,455,901
Dividends payable to Maine residents	65%	$ 87,504,832	$ 114,736,986	$ 119,808,822	$ 353,594,572
Dividends payable to non-residents	31%	$ 39,313,765	$ 51,548,501	$ 53,827,152	$ 158,861,329
Opportunity cost Net income (salary and dividends)		$ 1,370,664,808	$ 1,425,421,334	$ 1,458,607,951	$ 4,689,781,217
Total Annual Sales in the State of Maine	50.61%	$ 1,260,778,382	$ 1,657,181,116	$ 1,730,435,179	$ 5,103,507,693
Sales Tax Maine	5.00%	$ 63,038,919	$ 82,859,056	$ 86,521,759	$ 255,175,385
Opportunity cost total sales tax benefits for Maine		$ 63,038,919	$ 82,859,056	$ 86,521,759	$ 255,175,385
Indirect goods and services purchased in the State of Maine					
Local Purchases by corporates from local Maine suppliers	25.0%	$ 531,752,038	$ 698,940,788	$ 729,836,778	$ 2,152,480,288
Local Purchases by local residents from local Maine suppliers	40.0%	$ 548,265,923	$ 570,168,533	$ 583,443,180	$ 1,875,912,487
Benefit of use of local suppliers		$ 1,080,017,961	$ 1,269,109,321	$ 1,313,279,959	$ 4,028,392,775
Tax income revenues for State of Maine					
Corporate income tax for the State of Maine	8.35%	$ 30,385,017	$ 39,938,404	$ 41,703,842	$ 122,995,581
Sales Tax revenues	34.00%	$ 63,038,919	$ 82,859,056	$ 86,521,759	$ 255,175,385
Personal income taxes for the State of Maine		$ 103,216,604	$ 105,430,648	$ 107,692,184	$ 348,800,204
Residents dividends tax	6.34%	$ 5,550,577	$ 7,277,958	$ 7,599,673	$ 22,429,093
Payroll taxes employer State of Maine	3.14%	$ 51,094,376	$ 52,190,374	$ 53,309,881	$ 172,663,389
Property tax		$ 47,194,132	$ 47,194,132	$ 47,194,132	$ 156,218,476
Direct tax benefits for Maine		$ 300,479,626	$ 334,890,572	$ 344,021,471	$ 1,078,282,127
Admimistrative costs					
Total wage costsadministrative support staff		$ 131,422	$ 134,182	$ 137,000	$ 443,924
Overhead costs (% of total wage bill)	20%	$ 26,284	$ 26,836	$ 27,400	$ 88,785
Total administrative costs		$ 157,707	$ 161,019	$ 164,400	$ 532,708
Opportunity costs of taxes at Federal Level					
Corporate income tax at federal level	34.00%	$ 123,745,653	$ 162,652,662	$ 169,842,563	$ 500,910,312
Personal income tax at federal level	14.80%	$ 240,832,842	$ 245,998,817	$ 251,275,605	$ 813,847,199
Dividends tax at federal level	15.00%	$ 19,022,790	$ 24,942,823	$ 26,045,396	$ 76,868,385
Total opportunity cost federal taxes		$ 383,601,284	$ 433,594,302	$ 447,163,563	$ 1,391,625,896
Total direct costs		$ 347,831,464	$ 382,245,722	$ 391,380,003	$ 1,235,033,311
Total indirect costs		$ 2,834,284,053	$ 3,128,124,956	$ 3,219,051,473	$ 10,109,799,888

Figure 8 CBA Assessment PTZD Program

Category\Year		2010	2011	2012	TOTAL - Value in 2013 US$
General Information					
Number of active firms in the program (Average over 1 year)		285	285	285	
Number of persons employed		19450	19450	19450	
Total annual salary cost		$ 878,774,120	$ 897,624,229	$ 916,878,681	$ 2,969,644,219
Total Annual Sales Revenues		$ 9,716,998,096	$ 9,348,481,102	$ 9,086,113,122	$ 31,095,759,114
Total Cost of Sales (including manufacturing, R&D and marketing, etc.)	72.55%	$ 7,049,443,105	$ 6,782,093,090	$ 6,591,751,575	$ 22,559,208,360
Tax liability amount		$ 2,667,554,991	$ 2,566,388,012	$ 2,494,361,548	$ 8,536,550,755
With Incentive status					
Corporate income tax Maine State Level*:	5.35%	$ 55,685,210	$ 53,573,350	$ 52,069,797	$ 178,200,497
Corporate income tax US Federal Level*:	34.00%	$ 906,968,697	$ 872,571,924	$ 848,082,926	$ 2,902,427,257
Net profit under incentive program		$ 1,704,901,084	$ 1,640,242,738	$ 1,594,208,824	$ 5,455,923,001
Retained earnings	50%	$ 852,450,542	$ 820,121,369	$ 797,104,412	$ 2,727,961,501
Dividends payable to Maine residents	70%	$ 596,715,379	$ 574,084,958	$ 557,973,088	$ 1,909,573,050
Dividends payable to non-residents	30%	$ 255,735,163	$ 246,036,411	$ 239,131,324	$ 818,388,450
Benefits					
Additional job creation					
New Jobs Created		4833	4922	5010	$ 16,281
Gross Income Effects		$ 227,832,936	$ 232,004,924	$ 236,176,911	$ 767,516,288
Additional payroll taxes paid by employers at reduced rate	0.30%	$ 1,430,791	$ 1,456,991	$ 1,483,191	$ 4,820,002
Federal level personal income tax paid by employees	14.80%	$ 33,720,093	$ 34,337,562	$ 34,955,032	$ 113,595,169
State level personal income tax paid by employees	6.34%	$ 14,451,823	$ 14,716,459	$ 14,981,095	$ 48,684,837
Net income after personal income taxes for Maine residents		$ 179,661,020	$ 182,950,902	$ 186,240,785	$ 605,236,282
					$ -
Personal income from employment and dividend					$ -
Employment benefit					$ -
Gross income effects for Maine residents		$ 878,774,120	$ 897,624,229	$ 916,878,681	$ 2,969,644,219
Personal income tax for State of Maine	6.34%	$ 55,742,106	$ 56,937,800	$ 58,159,142	$ 188,369,480
Federal level personal income tax	14.80%	$ 130,061,728	$ 132,851,611	$ 135,701,340	$ 439,518,016
Net income after personal income tax for Maine residents		$ 692,970,286	$ 707,834,817	$ 723,018,200	$ 2,341,756,723
Net income after dividends tax for Maine residents		$ 430,997,148	$ 414,651,588	$ 403,014,264	$ 1,379,251,426
Total net income benefits Maine residents		$ 1,303,628,454	$ 1,305,437,308	$ 1,312,273,248	$ 4,326,244,432
					$ -
Total Annual Sales in the State of Maine	38.10%	$ 3,701,713,560	$ 3,561,326,134	$ 3,461,376,428	$ 11,846,003,472
Sales Tax Maine (sales side - paid by consumers)	5.50%	$ 203,594,246	$ 195,872,937	$ 190,375,704	$ 651,530,191
Total sales tax benefits for Maine		$ 203,594,246	$ 195,872,937	$ 190,375,704	$ 651,530,191
					$ -
Average additional capital expenditures		237,645,602	327,893,320	418,141,038	$ 1,075,654,965
Average additional exports		272,250,000	290,025,000	307,800,000	$ 958,105,969
Total Capital and Exports benefits for Maine		$ 509,895,602	$ 617,918,320	$ 725,941,038	$ 2,033,760,934
					$ -
Indirect goods and services purchased in the State of Maine					$ -
Local Purchases by corporates from local Maine suppliers	25.0%	$ 1,762,360,776	$ 1,695,523,273	$ 1,647,937,894	$ 5,639,802,090
Sales tax revenues (buy side paid by companies)	0.0%	$ -	$ -	$ -	
Local Purchases by local residents from local Maine suppliers	40.0%	$ 521,451,382	$ 522,174,923	$ 524,909,299	$ 1,730,497,773
Benefit of use of local suppliers		$ 2,283,812,158	$ 2,217,698,196	$ 2,172,847,193	$ 7,370,299,863
					$ -
Tax income revenues for State of Maine					$ -
Corporate income tax for the State of Maine	2.09%	$ 55,685,210	$ 53,573,350	$ 52,069,797	$ 178,200,497
Sales Tax revenues	7.00%	$ 203,594,246	$ 195,872,937	$ 190,375,704	$ 651,530,191
Personal income taxes for the State of Maine	2.74%	$ 70,193,929	$ 71,654,259	$ 73,140,237	$ 237,054,316
Residents dividends tax	6.34%	$ 37,850,651	$ 36,415,165	$ 35,393,162	$ 121,127,400
Payroll taxes employer State of Maine	0.63%	$ 6,949,492	$ 7,094,071	$ 7,241,189	$ 23,469,368
Direct tax benefits for Maine		$ 374,273,528	$ 364,609,782	$ 358,220,089	$ 1,211,381,772
					$ -
Tax benefits at Federal Level					$ -
Corporate income tax at federal level	34.00%	$ 906,968,697	$ 872,571,924	$ 848,082,926	$ 2,902,427,257
Personal income tax at federal level	14.80%	$ 163,781,821	$ 167,189,174	$ 170,656,371	$ 553,113,184
Dividends tax at federal level	15.00%	$ 127,867,581	$ 123,018,205	$ 119,565,662	$ 409,194,225
Total other benefits		$ 1,198,618,099	$ 1,162,779,303	$ 1,138,304,959	$ 3,864,734,666
					$ -
Total Dirct Benefits		$ 374,273,528	$ 364,609,782	$ 358,220,089	$ 1,211,381,772
Total Inrect Benefits		$ 5,295,954,313	$ 5,303,833,126	$ 5,349,366,439	$ 17,595,039,894
Costs					
Costs incentive program		#VERW!	#VERW!	#VERW!	#VERW!
Number of persons employed - minus retained jobs		14768	14670	14571	
Total annual salary cost		$ 658,360,331	$ 672,482,463	$ 686,907,521	$ 2,224,799,192
Total Annual Sales Revenues		$ 7,378,095,364	$ 7,050,989,933	$ 6,807,137,704	$ 23,462,278,637
Total Cost of Sales (including manufacturing, R&D and marketing, etc.)	72.55%	$ 5,352,626,704	$ 5,115,319,760	$ 4,938,410,966	$ 17,021,306,037
Tax liability amount		$ 2,025,468,660	$ 1,935,670,173	$ 1,868,726,738	$ 6,440,972,599
No incentive status					
Corporate income tax MaineState Level*:	8.35%	$ 222,700,828	$ 214,254,903	$ 208,241,774	$ 712,673,940
Corporate income tax US Federal Level*:	34.00%	$ 906,968,697	$ 872,571,924	$ 848,082,926	$ 2,902,427,257
Net profit - no incentive		$ 1,537,885,466	$ 1,479,561,185	$ 1,438,036,848	$ 4,921,449,558
Retained earnings	50%	$ 768,942,733	$ 739,780,592	$ 719,018,424	$ 2,460,724,779
Dividends payable to Maine residents	69%	$ 530,570,486	$ 510,448,609	$ 496,122,712	$ 1,697,900,098
Dividends payable to non-residents	31%	$ 238,372,247	$ 229,331,984	$ 222,895,711	$ 762,824,682
Opportunity cost Net income (salary and dividends)		$ 1,049,730,230	$ 1,040,744,568	$ 1,037,793,764	$ 3,452,298,295
Total Annual Sales in the State of Maine	38.10%	$ 2,810,702,996	$ 2,686,091,403	$ 2,593,195,316	$ 8,938,010,909
Sales Tax Maine (sales side - paid by consumers)	5.50%	$ 154,588,665	$ 147,735,027	$ 142,625,742	$ 491,590,600
Opportunity cost total sales tax benefits for Maine		$ 154,588,665	$ 147,735,027	$ 142,625,742	$ 491,590,600
Indirect goods and services purchased in the State of Maine					
Local Purchases by corporates from local Maine suppliers	25.0%	$ 1,338,156,676	$ 1,278,829,940	$ 1,234,602,741	$ 4,255,326,509
Sales tax revenues (buy side paid by companies)	5.0%	$ 66,907,834	$ 63,941,497	$ 61,730,137	
Local Purchases by local residents from local Maine suppliers	40.0%	$ 419,892,092	$ 416,297,827	$ 415,117,506	$ 1,380,919,318
Benefit of use of local suppliers		$ 1,824,956,602	$ 1,759,069,264	$ 1,711,450,384	$ 5,849,012,153
Tax income revenues for State of Maine					
Corporate income tax for the State of Maine	8.35%	$ 169,096,251	$ 161,599,424	$ 156,010,652	$ 537,724,597
Sales Tax revenues	34.00%	$ 221,496,499	$ 211,676,524	$ 204,355,879	$ 704,356,925
Personal income taxes for the State of Maine	6.34%	$ 41,760,893	$ 42,656,683	$ 43,571,688	$ 141,122,719
Residents dividends tax	6.34%	$ 33,654,970	$ 32,378,606	$ 31,469,890	$ 107,700,632
Payroll taxes employer State of Maine	3.14%	$ 20,672,514	$ 21,115,949	$ 21,568,896	$ 69,858,695
Direct tax benefits for Maine		$ 486,681,126	$ 469,427,186	$ 456,977,006	$ 1,560,763,568
Admimistrative costs					
Total wage costsadministrative support staff		$ 131,422	$ 134,182	$ 137,000	$ 443,924
Overhead costs (% of total wage bill)	20%	$ 26,284	$ 26,836	$ 27,400	$ 88,785
Total administrative costs		$ 157,707	$ 161,019	$ 164,400	$ 532,708
Opportunity costs of taxes at Federal Level					
Corporate income tax at federal level	34.00%	$ 688,659,344	$ 658,127,859	$ 635,367,091	$ 2,189,930,684
Personal income tax at federal level	14.80%	$ 97,439,695	$ 99,529,821	$ 101,664,782	$ 329,278,275
Dividends tax at federal level	15.00%	$ 115,341,410	$ 110,967,089	$ 107,852,764	$ 369,108,717
Total opportunity cost federal taxes		$ 901,440,449	$ 868,624,769	$ 844,884,636	$ 2,888,317,676
Total direct costs		$ 486,838,833	$ 469,588,205	$ 457,141,406	$ 1,561,296,276
Total indirect costs		$ 3,776,127,281	$ 3,668,438,601	$ 3,594,128,784	$ 12,189,628,124

Figure 9 CBA Assessment Development Loans Program

Category\Year		2010	2011	2012	TOTAL - Value in 2013 US$
General Information					
Number of active projects in the program (Average over 1 year)		17	9	6	
Number of persons employed		249	152	121	
Total annual salary cost		$ 11,752,801	$ 7,143,011	$ 5,697,388	$ 27,462,763
Total Annual Sales Revenues		$ 75,606,919	$ 40,027,192	$ 26,684,795	$ 159,673,474
Total Cost of Sales (including manufacturing, R&D and marketing, etc.)	72.55%	$ 54,850,960	$ 29,038,743	$ 19,359,162	$ 115,839,178
Total Loan Amount		$ 5,046,064	$ 2,583,799	$ 1,687,768	$ 10,462,245
Financing costs	3.08%	$ 155,621	$ 79,684	$ 52,051	$ 322,656
Tax liability amount		$ 20,600,338	$ 10,908,765	$ 7,273,582	$ 43,511,640
With Incentive status					
Corporate income tax Maine State Level*:	8.35%	$ 1,720,128	$ 910,882	$ 607,344	$ 3,633,222
Corporate income tax US Federal Level*:	34.00%	$ 7,004,115	$ 3,708,980	$ 2,473,018	$ 14,793,958
	3.08%				
Net profit under incentive program		$ 11,876,095	$ 6,288,903	$ 4,193,220	$ 25,084,461
Retained earnings	50%	$ 5,938,048	$ 3,144,451	$ 2,096,610	$ 12,542,230
Dividends payable to Maine residents	70%	$ 4,156,633	$ 2,201,116	$ 1,467,627	$ 8,779,561
Dividends payable to non-residents	30%	$ 1,781,414	$ 943,335	$ 628,983	$ 3,762,669
Benefits					
Additional job creation					
New Jobs Created		91	48	32	$ 192
Gross Income Effects		$ 4,286,178	$ 2,269,153	$ 1,512,769	$ 9,051,936
Additional payroll taxes paid by employers at reduced rate	3.14%	$ 134,586	$ 71,251	$ 47,501	$ 284,231
Federal level personal income tax paid by employees	14.80%	$ 634,370	$ 335,843	$ 223,895	$ 1,339,719
State level personal income tax paid by employees	6.34%	$ 271,879	$ 143,936	$ 95,957	$ 574,179
Net income after personal income taxes for Maine residents		$ 3,379,929	$ 1,789,374	$ 1,192,916	$ 7,138,037
					$ -
Personal income from employment and dividend					$ -
Employment benefit					$ -
Gross income effects for Maine residents		$ 11,752,801	$ 7,143,011	$ 5,697,388	$ 27,462,763
Personal income tax for State of Maine	6.34%	$ 745,500	$ 453,093	$ 361,395	$ 1,742,009
Federal level personal income tax	14.80%	$ 1,739,457	$ 1,057,191	$ 843,234	$ 4,064,588
Net income after personal income tax for Maine residents		$ 9,267,844	$ 5,632,727	$ 4,492,759	$ 21,656,167
Net income after dividends tax for Maine residents		$ 3,002,264	$ 1,589,828	$ 1,060,041	$ 6,341,325
Total net income benefits Maine residents		$ 15,650,037	$ 9,011,929	$ 6,745,717	$ 35,135,529
					$ -
Total Annual Sales in the State of Maine	22.18%	$ 16,773,104	$ 8,879,879	$ 5,919,919	$ 35,422,946
Sales Tax Maine (sales side - paid by consumers)	5.50%	$ 922,521	$ 488,393	$ 325,596	$ 1,948,262
Total sales tax benefits for Maine		$ 922,521	$ 488,393	$ 325,596	$ 1,948,262
					$ -
Average additional capital expenditures		5,046,064	2,583,799	1,687,768	$ 10,462,245
Total Capital and Exports benefits for Maine		$ 5,046,064	$ 2,583,799	$ 1,687,768	$ 10,462,245
					$ -
Indirect goods and services purchased in the State of Maine					$ -
Local Purchases by corporates from local Maine suppliers	25.0%	$ 13,712,740	$ 7,259,686	$ 4,839,791	$ 28,959,794
Sales tax revenues (buy side paid by companies)	5.0%	$ 685,637	$ 362,984	$ 241,990	$ 1,447,990
Local Purchases by local residents from local Maine suppliers	40.0%	$ 6,260,015	$ 3,604,772	$ 2,698,287	$ 14,054,211
Benefit of use of local suppliers		$ 19,972,755	$ 10,864,457	$ 7,538,077	$ 43,014,006
					$ -
Tax income revenues for State of Maine					$ -
Corporate income tax for the State of Maine	8.35%	$ 1,720,128	$ 910,882	$ 607,344	$ 3,633,222
Sales Tax revenues	5.50%	$ 1,608,158	$ 851,378	$ 567,585	$ 3,396,252
Personal income taxes for the State of Maine		$ 1,017,379	$ 597,029	$ 457,352	$ 2,316,188
Residents dividends tax	6.34%	$ 263,662	$ 139,620	$ 93,094	$ 556,902
Payroll taxes employer State of Maine	3.14%	$ 503,624	$ 295,542	$ 226,399	$ 1,146,562
Direct tax benefits for Maine		$ 5,112,951	$ 2,794,451	$ 1,951,774	$ 11,049,126
					$ -
Tax benefits at Federal Level					$ -
Corporate income tax at federal level	34.00%	$ 7,004,115	$ 3,708,980	$ 2,473,018	$ 14,793,958
Personal income tax at federal level	14.80%	$ 2,373,827	$ 1,393,034	$ 1,067,129	$ 5,404,307
Dividends tax at federal level	15.00%	$ 890,707	$ 471,668	$ 314,491	$ 1,881,335
Total other benefits		$ 10,268,649	$ 5,573,682	$ 3,854,638	$ 22,079,599
					$ -
Total Dirct Benefits		$ 5,112,951	$ 2,794,451	$ 1,951,774	$ 11,049,126
Total Inrect Benefits		$ 50,937,505	$ 28,033,867	$ 19,826,200	$ 110,691,378
Costs					
Cost of soft loan program		$ 147,143.23	$ 75,343.58	$ 49,215.31	$ 305,079
Cost of non-repayable grant		$ 262,148.18	$ 134,231.00	$ 87,681.27	$ 543,524
Costs incentive program		$ 409,291	$ 209,575	$ 136,897	$ 848,603
Number of persons employed - minus retained jobs		204	127	105	
Total annual salary cost		$ 9,609,712	$ 6,008,435	$ 4,941,003	$ 22,936,796
Total Annual Sales Revenues		$ 61,820,217	$ 33,669,382	$ 23,142,125	$ 132,984,353
Total Cost of Sales (including manufacturing, R&D and marketing, etc.)	72.55%	$ 44,849,047	$ 24,426,308	$ 16,789,043	$ 96,476,877
Tax liability amount		$ 16,971,170	$ 9,243,073	$ 6,353,083	$ 36,507,476
No Incentive status					
Corporate income tax MaineState Level*:	8.35%	$ 1,719,819	$ 910,718	$ 607,235	$ 3,632,569
Corporate income tax US Federal Level*:	34.00%	$ 7,004,115	$ 3,708,980	$ 2,473,018	$ 14,793,958
Net profit - no incentive		$ 11,876,404	$ 6,289,066	$ 4,193,329	$ 25,085,113
Retained earnings	50%	$ 5,938,202	$ 3,144,533	$ 2,096,665	$ 12,542,557
Dividends payable to Maine residents	69%	$ 4,097,359	$ 2,169,728	$ 1,446,699	$ 8,654,364
Dividends payable to non-residents	31%	$ 1,840,843	$ 974,805	$ 649,966	$ 3,888,193
Opportunity cost Net income (salary and dividends)		$ 11,675,239	$ 6,907,768	$ 5,343,000	$ 26,741,512
Total Annual Sales in the State of Maine	22.18%	$ 13,714,577	$ 7,469,423	$ 5,133,992	$ 29,502,067
Sales Tax Maine (sales side - paid by consumers)	5.50%	$ 754,302	$ 410,818	$ 282,370	$ 1,622,614
Opportunity cost total sales tax benefits for Maine		$ 754,302	$ 410,818	$ 282,370	$ 1,622,614
Indirect goods and services purchased in the State of Maine					
Local Purchases by corporates from local Maine suppliers	25.0%	$ 11,212,262	$ 6,106,577	$ 4,197,261	$ 24,119,219
Sales tax revenues (buy side paid by companies)	5.0%	$ 560,613	$ 305,329	$ 209,863	
Local Purchases by local residents from local Maine suppliers	40.0%	$ 4,670,096	$ 2,763,107	$ 2,137,200	$ 10,696,605
Benefit of use of local suppliers		$ 16,442,970	$ 9,175,013	$ 6,544,324	$ 36,021,785
Tax income revenues for State of Maine					
Corporate income tax for the State of Maine	8.35%	$ 1,416,838	$ 771,658	$ 530,387	$ 3,047,827
Sales Tax revenues	34.00%	$ 1,314,915	$ 716,147	$ 492,233	$ 2,828,575
Personal income taxes for the State of Maine	6.34%	$ 609,560	$ 381,125	$ 313,416	$ 1,454,919
Residents dividends tax	6.34%	$ 259,902	$ 137,629	$ 91,766	$ 548,961
Payroll taxes employer State of Maine	3.14%	$ 301,745	$ 188,665	$ 155,148	$ 720,215
Direct tax benefits for Maine		$ 3,902,960	$ 2,195,224	$ 1,582,950	$ 8,600,497
Admimistrative costs					
Total wage costsadministrative support staff		$ 131,422	$ 134,182	$ 137,000	$ 443,924
Overhead costs (% of total wage bill)	20%	$ 26,284	$ 26,836	$ 27,400	$ 88,785
Total administrative costs		$ 157,707	$ 161,019	$ 164,400	$ 532,708
Opportunity costs of taxes at Federal Level					
Corporate income tax at federal level	34.00%	$ 5,770,198	$ 3,142,645	$ 2,160,048	$ 12,412,542
Personal income tax at federal level	14.80%	$ 1,422,272	$ 889,270	$ 731,286	$ 3,394,728
Dividends tax at federal level	15.00%	$ 890,730	$ 471,680	$ 314,500	$ 1,881,384
Total opportunity cost federal taxes		$ 8,083,200	$ 4,503,595	$ 3,205,834	$ 17,688,654
Total direct costs		$ 4,469,958	$ 2,565,818	$ 1,884,246	$ 9,981,808
Total indirect costs		$ 36,201,410	$ 20,586,376	$ 15,093,157	$ 80,451,951

Figure 10 CBA Assessment Commercial Loan Insurance and Economic Recovery Loan Program

Category\Year		2010	2011	2012	TOTAL - Value in 2013 US$
General Information					
Number of active projects in the program (Average over 1 year)		224	230	248	
Number of persons employed		16972	17427	18791	
Total annual salary cost		$ 800,086,370	$ 821,517,255	$ 885,809,910	$ 2,762,023,164
Total Annual Sales Revenues		$ 10,619,431,668	$ 10,903,880,730	$ 11,757,227,918	$ 36,659,937,403
Total Cost of Sales (including manufacturing, R&D and marketing, etc.)	70.80%	$ 7,525,053,486	$ 7,726,617,419	$ 8,331,309,217	$ 25,977,660,425
Total Finance costs based on outstanding leveraged debt	6.00%	$ 2,512,220	$ 2,955,846	$ 4,043,360	$ 10,412,557
Total Commercial Loan Insurance Amount		$ 19,184,354	$ 22,974,505	$ 37,251,420	$ 86,651,671
Total Cost for the Loan Insurance per company per year x total # of companies	$ 1,889	$ 423,945	$ 435,301	$ 469,368	$ 1,463,525
Total ERLP amount		$ 4,815,411	$ 4,815,411	$ 4,815,411	$ 15,939,612
Total Cost for the Economic Recovery Loan Program	$ 3,417	$ 105,939	$ 105,939	$ 105,939	$ 350,671
Tax liability amount		$ 3,091,336,077	$ 3,173,766,225	$ 3,421,300,033	$ 10,670,050,224
With Incentive status					
Corporate income tax Maine State Level*:	8.35%	$ 258,126,562	$ 265,009,480	$ 285,678,553	$ 890,949,194
Corporate income tax US Federal Level*:	34.00%	$ 1,051,054,266	$ 1,079,080,517	$ 1,163,242,011	$ 3,627,817,076
	6.00%				
Net profit under incentive program		$ 1,782,155,248	$ 1,829,676,229	$ 1,972,379,469	$ 6,151,283,954
Retained earnings	50%	$ 891,077,624	$ 914,838,114	$ 986,189,735	$ 3,075,641,977
Dividends payable to Maine residents	70%	$ 623,754,337	$ 640,386,680	$ 690,332,814	$ 2,152,949,384
Dividends payable to non-residents	30%	$ 267,323,287	$ 274,451,434	$ 295,856,920	$ 922,692,593
Benefits					
Additional job creation					
New Jobs Created		682	605	810	$ 2,307
Gross Income Effects		$ 32,150,230	$ 28,520,366	$ 38,184,291	$ 108,755,119
Additional payroll taxes paid by employers at reduced rate	3.14%	$ 1,009,517	$ 895,539	$ 1,198,987	$ 3,414,911
Federal level personal income tax paid by employees	14.80%	$ 4,758,350	$ 4,221,117	$ 5,651,412	$ 16,096,148
State level personal income tax paid by employees	6.34%	$ 2,039,343	$ 1,809,094	$ 2,422,093	$ 6,898,518
Net income after personal income taxes for Maine residents		$ 25,352,538	$ 22,490,155	$ 30,110,786	$ 85,760,452
					$ -
Personal income from employment and dividend					$ -
Employment benefit					$ -
Gross income effects for Maine residents		$ 800,086,370	$ 821,517,255	$ 885,809,910	$ 2,762,023,164
Personal income tax for State of Maine	6.34%	$ 50,750,811	$ 52,110,208	$ 56,188,398	$ 175,199,730
Federal level personal income tax	14.80%	$ 118,415,658	$ 121,587,506	$ 131,103,050	$ 408,789,354
Net income after personal income tax for Maine residents		$ 630,919,901	$ 647,819,541	$ 698,518,462	$ 2,178,034,080
Net income after dividends tax for Maine residents		$ 450,526,917	$ 462,540,169	$ 498,615,394	$ 1,555,037,922
Total net income benefits Maine residents		$ 1,106,799,356	$ 1,132,849,865	$ 1,227,244,641	$ 3,818,832,454
					$ -
Total Annual Sales in the State of Maine	22.18%	$ 2,355,880,071	$ 2,418,984,002	$ 2,608,295,793	$ 8,132,866,113
Sales Tax Maine (sales side - paid by consumers)	5.50%	$ 129,573,404	$ 133,044,120	$ 143,456,269	$ 447,307,636
Total sales tax benefits for Maine		$ 129,573,404	$ 133,044,120	$ 143,456,269	$ 447,307,636
					$ -
Indirect goods and services purchased in the State of Maine					$ -
Local Purchases by corporates from local Maine suppliers	25.0%	$ 1,881,263,372	$ 1,931,654,355	$ 2,082,827,304	$ 6,494,415,106
Sales tax revenues (buy side paid by companies)	5.0%	$ 94,063,169	$ 96,582,718	$ 104,141,365	$ 324,720,755
Local Purchases by local residents from local Maine suppliers	40.0%	$ 442,719,742	$ 453,139,946	$ 490,897,857	$ 1,527,532,982
Benefit of use of local suppliers		$ 2,323,983,114	$ 2,384,794,301	$ 2,573,725,161	$ 8,021,948,088
					$ -
Tax income revenues for State of Maine					$ -
Corporate income tax for the State of Maine	8.35%	$ 258,126,562	$ 265,009,480	$ 285,678,553	$ 890,949,194
Sales Tax revenues	5.50%	$ 223,636,573	$ 229,626,838	$ 247,597,634	$ 772,028,392
Personal income taxes for the State of Maine		$ 52,790,154	$ 53,919,302	$ 58,610,491	$ 182,098,249
Residents dividends tax	6.34%	$ 39,565,777	$ 40,620,794	$ 43,788,960	$ 136,565,166
Payroll taxes employer State of Maine	3.14%	$ 26,132,229	$ 26,691,181	$ 29,013,418	$ 90,142,438
Direct tax benefits for Maine		$ 600,251,295	$ 615,867,595	$ 664,689,056	$ 2,071,783,438
					$ -
Tax benefits at Federal Level					$ -
Corporate income tax at federal level	34.00%	$ 1,051,054,266	$ 1,079,080,517	$ 1,163,242,011	$ 3,627,817,076
Personal income tax at federal level	14.80%	$ 123,174,008	$ 125,808,622	$ 136,754,462	$ 424,885,502
Dividends tax at federal level	15.00%	$ 133,661,644	$ 137,225,717	$ 147,928,460	$ 461,346,297
Total other benefits		$ 1,307,889,917	$ 1,342,114,856	$ 1,447,924,934	$ 4,514,048,875
					$ -
Total Dirct Benefits		$ 600,251,295	$ 615,867,595	$ 664,689,056	$ 2,071,783,438
Total Inrect Benefits		$ 4,738,672,387	$ 4,859,759,022	$ 5,248,894,736	$ 16,354,829,417
Costs					
Default rate and associates costs of the insurance	0.56%	$ 107,432.38	$ 128,657.23	$ 208,607.95	$ 485,249
Costs incentive program		$ 107,432	$ 128,657	$ 208,608	$ 485,249
Number of persons employed - minus retained jobs		15070	14521	14888	
Total annual salary cost		$ 710,423,998	$ 684,525,219	$ 701,818,197	$ 2,314,002,741
Total Annual Sales Revenues (Pro Rata number of employees)		$ 9,429,355,858	$ 9,085,605,072	$ 9,315,132,290	$ 30,713,426,572
Total Cost of Sales (including manufacturing, R&D and marketing, etc.)	70.80%	$ 6,681,751,849	$ 6,438,166,021	$ 6,600,811,692	$ 21,763,893,299
Financing costs	6.00%	$ 2,512,220	$ 2,955,846	$ 4,043,360	
Tax liability amount		$ 2,745,091,789	$ 2,644,483,205	$ 2,710,277,238	$ 8,939,120,716
No Incentive status					
Corporate income tax MaineState Level*:	8.35%	$ 258,080,192	$ 264,961,873	$ 285,627,233	$ 890,789,143
Corporate income tax US Federal Level*:	34.00%	$ 1,051,054,266	$ 1,079,080,517	$ 1,163,242,011	$ 3,627,817,076
Net profit - no incentive		$ 1,782,201,618	$ 1,829,723,835	$ 1,972,430,789	$ 6,151,444,005
Retained earnings	50%	$ 891,100,809	$ 914,861,918	$ 986,215,394	$ 3,075,722,002
Dividends payable to Maine residents	69%	$ 614,859,558	$ 631,254,723	$ 680,488,622	$ 2,122,248,182
Dividends payable to non-residents	31%	$ 276,241,251	$ 283,607,194	$ 305,726,772	$ 953,473,821
Opportunity cost Net income (salary and dividends)		$ 1,175,074,874	$ 1,171,047,175	$ 1,233,917,707	$ 3,946,989,154
Total Annual Sales in the State of Maine	22.18%	$ 2,091,866,330	$ 2,015,606,541	$ 2,066,526,271	$ 6,813,655,556
Sales Tax Maine (sales side - paid by consumers)	5.50%	$ 115,052,648	$ 110,858,360	$ 113,658,945	$ 374,751,056
Opportunity cost total sales tax benefits for Maine		$ 115,052,648	$ 110,858,360	$ 113,658,945	$ 374,751,056
Indirect goods and services purchased in the State of Maine					
Local Purchases by corporates from local Maine suppliers	25.0%	$ 1,670,437,962	$ 1,609,541,505	$ 1,650,202,923	$ 5,440,973,325
Sales tax revenues (buy side paid by companies)	5.0%	$ 83,521,898	$ 80,477,075	$ 82,510,146	
Local Purchases by local residents from local Maine suppliers	40.0%	$ 470,029,950	$ 468,418,870	$ 493,567,083	$ 1,578,795,661
Benefit of use of local suppliers		$ 2,223,989,810	$ 2,158,437,450	$ 2,226,280,152	$ 7,291,817,652
Tax income revenues for State of Maine					
Corporate income tax for the State of Maine	8.35%	$ 229,173,988	$ 220,774,680	$ 226,267,495	$ 746,282,493
Sales Tax revenues	34.00%	$ 198,574,546	$ 191,335,435	$ 196,169,091	$ 646,799,722
Personal income taxes for the State of Maine	6.34%	$ 45,063,378	$ 43,420,575	$ 44,517,497	$ 146,781,049
Residents dividends tax	6.34%	$ 39,001,566	$ 40,041,539	$ 43,164,527	$ 134,617,737
Payroll taxes employer State of Maine	3.14%	$ 22,307,314	$ 21,494,092	$ 22,037,091	$ 72,659,686
Direct tax benefits for Maine		$ 534,120,791	$ 517,066,321	$ 532,155,702	$ 1,747,140,687
Admimistrative costs					
Total wage costsadministrative support staff		$ 131,422	$ 134,182	$ 137,000	$ 443,924
Overhead costs (% of total wage bill)	20%	$ 26,284	$ 26,836	$ 27,400	$ 88,785
Total administrative costs		$ 157,707	$ 161,019	$ 164,400	$ 532,708
Opportunity costs of taxes at Federal Level					
Corporate income tax at federal level	34.00%	$ 933,331,208	$ 899,124,290	$ 921,494,261	$ 3,039,301,044
Personal income tax at federal level	14.80%	$ 105,145,305	$ 101,312,192	$ 103,871,615	$ 342,480,721
Dividends tax at federal level	15.00%	$ 133,665,121	$ 137,229,288	$ 147,932,309	$ 461,358,300
Total opportunity cost federal taxes		$ 1,172,141,634	$ 1,137,665,770	$ 1,173,298,185	$ 3,843,140,065
Total direct costs		$ 534,385,931	$ 517,355,997	$ 532,528,710	$ 1,748,158,644
Total indirect costs		$ 4,571,206,319	$ 4,467,150,395	$ 4,633,496,043	$ 15,081,946,871

Appendix I – State Benchmark Assessment

Economic development is the product of new and expansion investments as well as entrepreneurship and innovative product developments, and as such, reflects the attractiveness of doing business. This section highlights the competitive position of the State of Maine compared to other US states by benchmarking different elements of its business climate. First, an overview of the Nationwide and State level investment trends will illustrate Maine's relative position in the fiercely competitive market for private investments. Included in this trend assessment are foreign investments, cross-state domestic investment projects and corporate expansion projects. These investment projects are monitored at firm level, and this allows access to the direct economic development benefits in terms of total job creation and volume of capital investments. In addition, this State level investment benchmark illustrates the source markets for investments in Maine, and identifies the most prominent sectors and business functions.

Depending upon investment laws and regulations, the private sector is free to locate wherever it thinks it can optimize its business processes or reduce operating costs. Given this perspective, a location decision is, in many respects, a referendum on a location's competitiveness. When a company decides to build a factory with good jobs in Ohio or Illinois rather than in Florida or Texas, it is effectively voting on the question of which state can best enable its success in the marketplace. Those votes matter: each location decision translates into jobs, investments, tax revenues, and economic development. A location benchmark assessment is one of the exercises companies use to systematically evaluate, compare and rank the competitiveness of states. By prioritizing objective and reliable location factors companies rate and score different aspects of the business climate such as economic indicators, fiscal components, labor cost and availability, facility costs and incentive potential.

Ranking business climates is also a very popular topic by different media sources. Today, there are countless benchmark rankings, at national and state level, with some using independent and objective criteria and scoring models while others are more biased and used for marketing purposes. A section will be dedicated to draw conclusions by *ranking* the rankings by focusing only on the most relevant and trustworthy location benchmark studies.

Governments, whether acting at the supra-national, national, regional, and even local level have long used incentives, credits, and other forms of assistance to shape the conduct and behavior of investors. Incentives, as an example of a government intervention, can be crucial for advancing public objectives and correcting market failures caused by information asymmetries, externalities, economies of scale and other circumstances. In contrast, many economists and policy makers question the use of incentives and refer to market distortions, a race to the bottom among States, and corporate welfare by means of taxpayers' money. These ongoing debates became even more complex in light of the austerity policies as a result of government deficits and severe budget cuts. The incentive trend analysis shows how these factors impacted the type and nature of incentive programs offered by governments by using the ICAincentives.com database.

Transparent statutory incentive programs and transparency in the public communications regarding the amount of public funds that have been allocated to different incentive programs are one of the

fundamentals of a successful and sustainable incentive policy framework. In line with the incentive trend analysis, this section will also introduce a State Incentive Transparency Index. This Transparency Index is a composite measure that ranks the States according to their incentive transparency policies.

Finally, this section concludes with a detailed research part that shows how other states have implemented successful evaluation and monitoring techniques to assess the effectiveness of incentive programs

This section of the report provides the following five benchmark analyses based on various databases to which the ICA Team has access.

Benchmark 1 – State Investment Trends: The State Investment Benchmark uses proprietary FDI and domestic investment data from FDI markets, a database by FDI intelligence of the Financial Times, that tracks greenfield investment projects (i.e., cross state and foreign) as well as expansion projects. It does not include mergers and acquisitions (M&A) or other equity-based or non-equity investments. Retail projects have also been excluded from this analysis. The benchmark explores the competitive position of the State of Maine in attracting FDI and domestic investment from various source markets and in different industries and business activities.

Benchmark 2 – Business Environment Competitiveness: This section highlights the competitive position of the State of Maine compared to other US states by benchmarking different components of the State's overall business environment. A set of public indicators and indices have been collected from various sources that allow for interstate comparisons across a range of dimensions of competitiveness. The location benchmark of the ICA team provides a different approach than more conventional location analyses. Rather than analyzing location parameters such as unemployment rates, number of issued patents or educational attainment, this location benchmark uses existing benchmarks based on a wide range of such parameters. Comparing and contrasting multiple location benchmarks and rankings enables performing a wider and more profound state-level analysis since such an analysis is based on a wide range of rankings that complement one another.

Benchmark 3 – Incentive Award Productivity: This analysis shows trends in incentives across the United States, highlights recently awarded incentives to companies investing in different states and shows which incentive programs offered by state governments are most active. The analysis uses data from ICA's proprietary incentives deal database: ICAincentives.com.

Benchmark 4 – Transparency in Incentives: This analysis shows transparent statutory incentive programs and transparency in the public communications regarding the amount of public funds that have been allocated to different incentive programs are fundamental to a successful and sustainable incentive policy framework. In line with the incentive trend analysis, this section will also introduce a State Incentive Transparency Index developed by ICA. This Transparency Index is a composite measure that ranks the States according to their incentive transparency policies. Finally, this section concludes with detailed research that shows how other states have implemented successful evaluation and monitoring techniques to assess the effectiveness of incentive programs.

Benchmark 5 – Competitive States Programs: This benchmark focuses on specific incentive programs across competing states. ICA has selected three competitive states as its benchmark for analyzing incentive programs across these states, Connecticut, Massachusetts and New Hampshire.

Benchmark 1: State Investment Trends

The State Investment Benchmark embarks on the proprietary FDI Markets database that tracks greenfield investment projects (i.e., cross-state and foreign) as well as expansion projects. It does not include mergers and acquisitions (M&A) or other equity-based or non-equity investments, and also retail projects have been excluded from this analysis.

Table 46 shows the statistics with regards to the total number of investment projects and the total and average volumes of capital expenditures (CAPEX) and Job creation. The reason why the total number of companies is lower than the total number of investment projects is explained by the fact that large companies invest in multiple investment projects. Included in Table 46 are the top three US states and the states that show similar investment achievements as Maine.

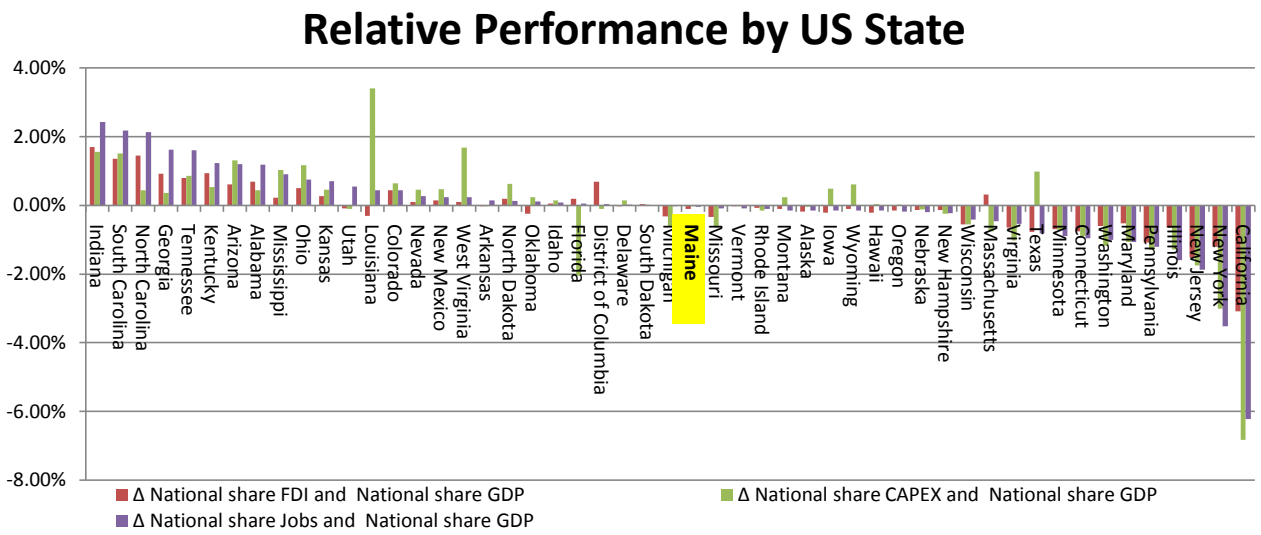
Table 46 State Investment Trends

Destination State	Projects	CAPEX	Average CAPEX	Jobs Created	Average Jobs	Companies
California	2,667	71,618.70	26.9	163,736	61	2,158
Texas	2,121	109,016.90	51.4	186,153	87	1,642
New York	1,685	51,462.80	30.5	95,643	56	1,518
Massachusetts	759	20,248.60	26.7	49,083	64	673
Connecticut	222	7,900.30	35.6	15,087	67	176
Iowa	207	16,422.00	79.3	19,808	95	153
New Hampshire	72	1,911.10	26.5	4,397	61	63
Rhode Island	69	2,011.90	29.2	5,350	77	57
Maine	69	3,769.60	54.6	7,597	110	56
Montana	42	5,525.70	131.6	2,653	63	38
Wyoming	39	9,628.00	246.9	2,366	60	34
Total	26,012	1,101,404.10	42.3	2,299,484	88	14,418

Source: fDi Intelligence from The Financial Times Ltd

In absolute terms, the economically more important states such as California, Texas and New York enjoy significantly higher investment, capital and job creation figures than smaller States such as Maine, Montana and Wyoming. To correct for economic size it would be possible to evaluate the State's investment performance if these are analyzed in relation to the share of the State's GDP to National GDP.

Figure 11 Relative Performance Measured by Investment, Capital and Jobs by US State (2007 – 2013)



Source: authors own calculations; fDi Intelligence from The Financial Times Ltd

Figure 11 illustrates the difference of the States national share in investment projects, CAPEX and jobs compared to its share in national GDP. A positive difference implies a disproportionally high share in any of the three categories (i.e. No. of investment projects, CAPEX or Jobs). A negative outcome means that the state's share of GDP to national economy is larger than its share in any of the three categories. It shows that many of the states in Southeast US are represented as top-performing states. With the Southeast region of the U.S. being home to many global fortune 500 companies with multinational companies like Mercedes, BMW, Lockheed Martin, Embraer, Boeing and their respective supply bases, the region is competitively positioned to support global manufacturing and especially the engineering and aerospace industry. California and New York's share of its state GDP is much larger than its share of investment, capital and jobs, which can be partly explained by the fact that these mature economies have a strong existing base and also contribute significantly to GDP through international exports.

More regionally, New England's overall regional performance in terms of attracting investment, capital and jobs is on par or slightly below its relative importance to the US economy. In the case of Maine, and illustrated in

Table 47, its percentage share of national GDP is 0.37%, while its national share in terms of investment projects, capital attraction and job creation is slightly below.

Table 47 Performance of New England States

State	GDP ($ Millions)	Population (Millions)	GDP/ Capita ($)	FDI Projects	CAPEX ($ Millions)	Jobs Created	% of National GDP	% of National Investment Projects	% of National CAPEX	% of National Jobs
Maine	53,200	1.3	40,923	69	3,769.60	7,597	0.37%	0.27%	0.34%	0.33%
Vermont	26,400	0.6	44,000	38	1,660.70	2,143	0.18%	0.15%	0.15%	0.09%
Rhode Island	49,500	1.1	45,000	69	2,011.90	5,350	0.34%	0.27%	0.18%	0.23%
New Hampshire	61,600	1.3	47,385	72	1,911.10	4,397	0.42%	0.28%	0.17%	0.19%
Massachusetts	377,700	6.5	58,108	759	20,248.60	49,083	2.60%	2.92%	1.84%	2.13%
Connecticut	233,400	3.6	64,833	222	7,900.30	15,087	1.61%	0.85%	0.72%	0.66%
United States	16,202,700	316.8	51,144	26,012	1,101,404	2,299,484	100%	100%	100%	100%

Source: authors own calculations; fDi Intelligence from The Financial Times Ltd

Table 47 shows that relative to its GDP, Maine outperforms the neighboring states of Rhode Island and New Hampshire when it comes to capital investment and job creation achievements. Moreover, since the percentages for capital and jobs are higher than the percentage of national investment project, this implies that the established investment projects are relatively capital and labor intensive. Headline figures in Table 48 show that between January 2007 and October 2013 a total of 69 investment projects were recorded in the State of Maine. These projects represent a total capital investment of $3.77 billion, which is an average investment of $54.60 million per investment project. During the period, a total of 7,597 jobs were created.

Table 48 Headline Figures for the United States and Maine (2007 – 2013)

Headline Figures	United States	Maine
No. of Projects	26,012	69
Share of Global Projects	18.08%	0.05%
Total Job Creation	2,299,484	7,597
Average Project Size (Jobs)	88	110
Total Capital Investment (CAPEX)	$1,101.40 b	$3.77 b
Average Project Size (CAPEX)	$42.30 m	54.60 m

Source: fDi Intelligence from The Financial Times Ltd

Promising is the fact that

Table 49 shows that the largest number of investment projects (i.e., 14 projects) was announced last year. The total number for 2013 is likely to rise even further because of the fact that investment projects materialized after October 2013 are not yet incorporated in the annual statistics. Average project size peaked in 2010 for both capital investment and jobs created, and despite the positive trend in terms of project numbers, there is a tendency towards leaner and less capital intensive investment projects.

Table 49 Headline Investment Trends by Year

Year	Number of Projects	% Growth per Annum	Jobs Created		Capital Investment	
			Total	Average	Total (Million)	Average (Million)
2013*	14	133.3	836	59	292.10	20.90
2012	6	n/a	115	19	115.00	19.20
2011	13	85.7	904	69	447.20	34.40
2010	7	n/a	3,321	474	1,768.70	252.70
2009	13	116.7	1,059	81	666.60	51.30
2008	6	n/a	579	96	113.80	19.00
2007	10	n/a	783	78	366.20	36.60
Total	69	n/a	7,597	110	3,769.60	54.60

Source: fDi Intelligence from The Financial Times Ltd
*2007 until October 2013

Below in Table 50 an overview of the top 10 companies with significant investments in Maine during the period 2007 – Q3 2013. Project records show that Verizon Communications invested in four local branches in Maine and created 368 jobs. Other key investors are First Wind Holdings and Toronto-Dominion Bank from Canada.

Table 50 Top 10 Companies: Jobs Created and Capital Investment

Company Name	No of Projects	Jobs Created		Capital Investment	
		Total	Average per Project	Total ($ Million)	Average ($ Million)
Verizon Communications	4	368	92	342.80	85.70
First Wind Holdings, Inc.	4	91	22	549.00	137.30
Toronto-Dominion Bank (TD)	3	578	192	68.80	22.90
Mortgage Network	2	80	40	19.40	9.70
Molnlycke Health Care	2	130	65	32.00	16.00
S.C. Johnson & Son	2	108	54	12.10	6.00
athenahealth	2	187	93	13.80	6.90
Barclays Bank	2	250	125	16.00	8.00
Deep Down	2	35	17	7.00	3.50
Iberdrola	1	3000	3000	1,400	1,400

Source: fDi Intelligence from The Financial Times Ltd

There are five foreign companies and five cross state domestic firms in the top 10 list. In total 48 out of Maine's total of 69 investment projects (i.e., 69%) are from US domestic firms.

Table 51 shows that most foreign investment projects originate from Canada and the UK, followed by Germany and Sweden. Spain is strongly present, because Iberdrola's headquarters is located in Bilbao.

Table 51 Investment Trends by Source Country

Source Country	No of Projects	No of Companies	Jobs Created		Capital Investment	
			Total	Average	Total ($ Million)	Average ($ Million)
United States	48	39	2,979	62	1,654.20	34.50
Canada	7	5	734	104	489.60	69.90
UK	4	3	274	68	21.80	5.50
Germany	3	3	372	124	89.10	29.70
Sweden	2	1	130	65	32.00	16.00
Spain	1	1	3,000	3,000	1,400.00	1,400.00
Australia	1	1	23	23	16.40	16.40
Switzerland	1	1	40	40	60.00	60.00
France	1	1	15	15	4.30	4.30
Norway	1	1	30	30	2.20	2.20
Total	69	56	7,597	110	3,769.60	54.60

Source: fDi Intelligence from The Financial Times Ltd

Table 52 shows the cities in Maine that attracted two or more investment projects. Out of a total of 24 destination cities, the top five account for almost one-third of projects. Portland is the top destination city accounting for one-eighth of projects tracked. Project volume in this destination city peaked during 2011, with three projects tracked. Auburn has received the highest number of total jobs, while Pittsfield has the largest project size with 200 jobs per project on average. Bangor has the highest total investment and Oakfield the highest average at USD 156.30 million per project.

Table 52 Investment Trends by Destination City

Destination Maine City	Projects		Companies		Jobs Created	Capital Investment ($ Million)
	No	%	No	%		
Portland	9	13.04	9	16.07	222	71.40
Auburn	5	7.25	5	8.93	765	76.60
Biddeford	3	4.35	3	5.36	65	9.20
Bangor	3	4.35	3	5.36	209	198.00
Lewiston	2	2.90	2	3.57	350	6.20
Wilton	2	2.90	1	1.79	250	16.00
Saco	2	2.90	2	3.57	31	9.10
Scarborough	2	2.90	2	3.57	128	14.20
Fort Kent	2	2.90	2	3.57	346	5.10
Old Town	**2**	**2.90**	**1**	**1.79**	**108**	**12.10**

Source: fDi Intelligence from The Financial Times Ltd

The top three sectors as shown in Table 53, includes business and financial services as well as communications, and accounts for 28 investment projects or 41% of all investment projects in Maine. There are a number of reasons why these sectors hold such dominant positions. First of all, technological developments and IT infrastructure allows plug and play at virtually each and every (office) location that offers sufficient connectivity. Secondly, setting up foreign offices does not significantly impact corporate supply chains as, for instance, a change in the manufacturing or distribution network would.

Table 53 Investment Trends by Sector (2007 – 2013)

Sector	No of Projects	Jobs Created		Capital Investment	
		Total	Average	Total ($ Million)	Average ($ Million)
Business Services	11	600	54	52.40	4.80
Communications	9	757	84	447.20	49.70
Financial Services	8	948	118	117.10	14.60
Software & IT Services	7	759	108	32.30	4.60
Alternative/Renewable Energy	7	199	28	1,185.70	169.40
Healthcare	3	59	19	13.20	4.40
Industrial Machinery, Equipment & Tools	3	56	18	11.60	3.90
Medical Devices	3	133	44	32.30	10.80
Aerospace	3	172	57	17.60	5.90
Wood Products	2	138	69	41.80	20.90
Other Sectors	13	3,776	290	1,818.40	139.90
Total	69	7,597	110	3,769.60	54.60

Source: fDi Intelligence from The Financial Times Ltd

Alternative/Renewable Energy has both the highest total and highest average investment at $1.19 billion overall and $169.40 million per project. Other promising sectors in Maine are Software and IT Services, Healthcare, Industrial Machinery, Medical Devices and Aerospace.

Finally, one particular observation is the strong presence of the labor intensive Customer Contact Centre investments.

One particular observation is the strong presence of the labor intensive Customer Contact Centre investments.

Table 54 shows that Logistics, Distribution & Transportation has generated the highest number of total jobs and greatest investment with a total of 3,153 jobs and USD 1.57 billion investment. This business activity also has the largest project size on average in terms of both investment and jobs creation, but the significant Iberdrola investment project is biasing these figures. Manufacturing projects remain the largest type of business activity, when it comes to new investment projects. One particular observation is the strong presence of the labor intensive Customer Contact Centre investments.

Table 54 Investment Trends by Business Activity

Business Activity	No of Projects	Jobs Created		Capital Investment	
		Total	Average	Total ($ Million)	Average ($ Million)
Manufacturing	17	823	48	318.30	18.70
Business Services	15	364	24	123.80	8.30
Customer Contact Centre	10	2,002	200	75.50	7.50
ICT & Internet Infrastructure	6	467	77	432.50	72.10
Sales, Marketing & Support	6	227	37	182.90	30.50
Electricity	5	141	28	1,009.40	201.90
Headquarters	2	6	3	0.50	0.30
Logistics, Distribution & Transportation	2	3,153	1,576	1,574.00	787.00
Maintenance & Servicing	2	162	81	14.20	7.10
Recycling	1	23	23	16.40	16.40
Other Business Activities	3	229	76	22.10	7.40
Total	69	7,597	110	3,769.60	54.60

Source: fDi Intelligence from The Financial Times Ltd

Summarizing Conclusions

Maine's performance in attracting investments, capital and jobs is slightly below par when compared against its share of national GDP. Yet, Maine outperforms neighboring states such as Rhode Island and Vermont, and with more than 7,500 new jobs and $3.77 billion in capital, foreign and domestic investments contribute significantly to Maine's overall economic development goals.

Investment projects peaked in 2013

Some 14 projects, or 20.3% of projects, were recorded in 2013. This was the year in which the highest numbers of projects were recorded and may in fact represent an increasing trend. During this period a total of 836 jobs were created and $292.10 million capital was invested by these projects, or 11% and 7.7% of total jobs and capital investment respectively.

Key investors account for one quarter of projects.

The top 10% of investors have created a total of 17 projects, 25% of the total projects. These investors have created a combined total of 1,355 jobs, which equates to almost one-fifth of the overall total. The combined capital investment from these companies reached $1.02 billion, or more than one-quarter of the total for all companies.

Business Services is top sector with one-sixth of projects.

Out of a total of 22 sectors, Business Services accounted for 15.9% of projects. Project volume in this sector peaked in both 2011 and 2013 with three projects tracked in each of these periods. Total jobs creation and capital investment in this sector was 600 jobs and $52.40 million respectively.

Largest projects originate in Spain

With an average project size of $1.40 billion, projects originating in Spain are approximately 25.6 times larger than the average across all source countries. Ranked sixth in overall projects recorded with 1 in total, Spain created a total of 3,000 jobs and $1.40 billion capital investment.

Top five destinations attract almost one-third of projects.

Out of a total of 24 destination cities, the top five account for almost one-third of projects. Portland is the top destination city accounting for one-eighth of projects tracked. Total investment into Portland resulted in the creation of 222 jobs and $71.40 million capital investment, or an average of 24 jobs and $7.90 million investment per project.

Benchmark 2: Business Environment Competitiveness

The location benchmark ICA has provided has a different approach than more conventional location analyses. Rather than analyzing location parameters such as unemployment rates, number of issued patents or educational attainment, this location benchmark uses existing benchmarks based on a wide range of such parameters. Comparing and contrasting multiple location benchmarks and rankings enables performing a wider and more profound state-level analysis since such an analysis is based on a wide range of rankings that complement one another. The result of taking into account various benchmarks is that rankings are confirmed and/or more nuanced. A state that underperforms in one benchmark could be counterbalanced by an over-performance in another ranking whereas a state that scores well in both rankings sees its position confirmed. Longitudinal comparisons across the same rankings are more common however comparisons at the same moment in time between multiple location rankings are rare.

To produce a broad-based benchmark, a total of 19 benchmarks that individually rank US states have been taken into account. These benchmarks include common location benchmarks (e.g., Forbes and CNBC), well known for their comprehensive analyses of state competitiveness, as well as less known, more specified indices. In order to safeguard some order, the benchmarks of the following 19 sources have been clustered into seven groups:

- **Competitiveness**
  - CNBC
  - US Chamber of Commerce
  - American Legislative Exchange Council
  - Beacon Hill Institute
- **Business Climate**
  - Forbes
  - Chief Executive
  - Tax Foundation
- **Innovation**
  - Fast Company
  - Bloomberg
  - Information Technology & Innovation Foundation

  - Milken Institute
- **Economic Freedom**
  - Mercatus
  - Fraser Institute
- **Entrepreneurship**
  - Small Business & Entrepreneurship Council
  - Kauffman Institute
- **State Management**
  - 24/7 Wall St.
  - Investment Consulting Associates
- **Quality of Life**
  - Bloomberg
  - US Human Development Project

A more detailed explanation of the sources, definitions and benchmark methodology applied per dimensions of competitiveness is provided below.

Table 55 Competitiveness rankings

Title of Ranking/Index	America's Top States for Business 2013
Year of Ranking Used	2013
Topic	Competitiveness
Methodology	All states were scored based on 51 measures of competitiveness. States received points based on their rankings in each metric. These metrics were separated into ten broad categories, which were weighted according to the frequency of these categories as cited in state economic development marketing materials. This thus represents how states rank themselves.
Sources	Business groups including the National Association of Manufacturers and the Council on Competitiveness and states.
Definitions & Indicators	*Cost of doing business* (450 points) *Economy* (375 points) *Infrastructure & transportation* (350 points) *Workforce* (300 points) *Quality of life* (300 points) *Technology & innovation* (300 points) *Business friendliness* (200 points) *Education* (150 points) *Cost of living* (50 points) *Access to capital* (25 points)
Top-3 States	South Dakota, Texas, North Dakota
Institute Name	CNBC http://www.cnbc.com/
Website	http://www.cnbc.com/id/100824779

Table 56 Enterprising States Study Rankings

Title of Ranking/Index	Enterprising States Study
Year of Ranking Used	2013
Topic	Competitiveness
Methodology	A total of 33 measures, expressed on a scale of 1 to 100 to allow for comparison, represent states' overall economic performance and performance in five policy areas. The overall economic performance is measured by job growth and growth of economic output, economic productivity, income growth and family income adjusted for affordability.
Sources	Data for each measure was collected for each state from sources including the US Bureau of Labor Statistics, US Bureau of Economic Analysis and US Census American Community Survey.
Definitions & Indicators	*Exports and international trade* *Entrepreneurship and innovation* *Business climate* *Talent pipeline* *Infrastructure*
Top-3 States	North Dakota, Texas, Utah
Institute Name	US Chamber of Commerce https://www.uschamber.com/
Website	http://www.freeenterprise.com/enterprisingstates/

Table 57 ALEC-Laffer State Economic Competitiveness Index

Title of Ranking/Index	ALEC-Laffer State Economic Competitiveness Index
Year of Ranking Used	2013
Topic	Competitiveness
Methodology	The index is compromised of two separate economic rankings. The first, backward-looking ranking measures economic performance based on the three most effective measures (growth in state GSP, absolute domestic migration and growth in non-farm payroll employment). The second, outlook ranking is based on a state's current standing in 15 equally weighted policy areas.
Sources	Laffer Associates, US Census Bureau, tax analysts and administrators, US Department of Labor, US Chamber of Commerce
Definitions & Indicators	*Highest Marginal Personal Income Tax Rate* *Highest Marginal Corporate Income Tax Rate* *Personal Income Tax Progressivity* *Property Tax Burden* *Sales Tax Burden* *Tax Burden from All Remaining Taxes* *Estate/Inheritance Tax* (Yes or No) *Recently Legislated Tax Policy Changes (Over the past two years)* *Debt Service as a Share of Tax Revenue* *Public Employees per 1,000 Residents* *Quality of State Legal System* *Workers' Compensation Costs* *State Minimum Wage* *Right-to-Work State* (Yes or No) *Tax or Expenditure Limits*

Top-3 States	Utah, North Dakota, South Dakota
Institute Name	American Legislative Exchange Council http://www.alec.org/
Website	http://www.alec.org/publications/rich-states-poor-states/

Table 58 Annual State Competitiveness Report

Title of Ranking/Index	Annual State Competitiveness Report
Year of Ranking Used	2012
Topic	Competitiveness
Methodology	The study is based on the "micro-foundations of prosperity", which are measured by indicators categorized into eight groups. Within each sub-index, each variable carries equal weight. Then each sub-index is given the same weight when constructing the overall index.
Sources	Unstated
Definitions & Indicators	A state is considered to be competitive if it has in place the policies and conditions that ensure and sustain a high level of per capita income and its continued growth. This is measured by eight categories of indicators: *Government and fiscal policy* *Security* *Infrastructure* *Human resources* *Technology* *Business incubators* *Openness* *Environment policy*
Top-3 States	Massachusetts, North Dakota, Minnesota
Institute Name	Beacon Hill Institute http://www.beaconhill.org/
Website	http://www.beaconhill.org/Compete12/Compete12.pdf

Table 59 Business Climate Index

Title of Ranking/Index	The Best States For Business And Careers
Year of Ranking Used	2013
Topic	Business climate
Methodology	A total of six vital categories for business are measured by this index, which are factored in 35 points of data.
Sources	Moody's, US Census Bureau, US Chamber of Commerce, PWC, SBA and Bureau of Economic Analysis.
Definitions & Indicators	*Business Costs* *Labor Supply* *Regulatory Environment* *Economic Climate* *Growth Prospects* *Quality of Life*

Top-3 States	Virginia, North Dakota, Utah
Institute Name	Forbes http://www.forbes.com/
Website	http://www.forbes.com/best-states-for-business/list/

Table 60 Best & Worst States for Business Rankings

Title of Ranking/Index	Best & Worst States For Business
Year of Ranking Used	2013
Topic	Business climate
Methodology	An annual survey of CEOs' opinions about the best and worst states in which to do business is the foundation of this index. Business leaders were asked to grade states with which they are familiar on a variety of competitive metrics that CEOs themselves regard as critical.
Sources	Survey among 736 CEOs.
Definitions & Indicators	*Taxation and regulation* *Quality of workforce* *Living environment*
Top-3 States	Texas, Florida, North Carolina
Institute Name	Chief Executive http://chiefexecutive.net/
Website	http://chiefexecutive.net/best-worst-states-for-business-2013

Table 61 State Business Tax Climate Index

Title of Ranking/Index	State Business Tax Climate Index
Year of Ranking Used	2013
Topic	Business climate
Methodology	The State and Business Tax Climate Index deals with ranking the competitiveness of fifty very different state tax systems on over 100 different variables (ranked 0 to 10) in five important areas of taxation, each of which is weighted based on the variability of the fifty states' scores from the mean, and then adding the results up to a final, overall ranking. This approach rewards states on particularly strong aspects of their tax systems while also measuring the general competitiveness of their overall tax systems. The result is a score that can be compared to other states' scores.
Sources	Own proprietary
Definitions & Indicators	*Corporate Tax* (32.5%) *Individual Income Tax* (21.5%) *Sales Tax* (20.2%) *Unemployment Insurance Tax* (11.5%) *Property Tax* (14.4%)
Top-3 States	Wyoming, South Dakota, Nevada
Institute Name	Tax Foundation http://taxfoundation.org/
Website	http://taxfoundation.org/article/2014-state-business-tax-climate-index

Table 62 State Innovation Index

Title of Ranking/Index	The United States of Innovation: Ranking the states for innovation
Year of Ranking Used	2012
Topic	Innovation
Methodology	Firstly, the launch rate of all private-sector businesses was evaluated, after which the number of people who started new businesses and how that percentage changed over time were taken into account. Then, to see the health of young firms in particular, the percentage of jobs contributed by those less than three years old and how that percentage changed over the past five years were assessed. Finally, the health and growth rate of start-ups was included to analyze the self-described start-up community per state.
Sources	US Bureau of Labor, US Census, Kauffman and Startup America.
Definitions & Indicators	*Entrepreneurial Activity* *Entrepreneurial Activity Growth* *Start-ups per Million Residents* *Start-ups per Million Residents Growth* *Revenue per Start-up* *Total Employment in Firms less than Three Years Old* *Fundable Entrepreneurs & Investors*
Top-3 States	Florida, Texas, Maryland
Institute Name	Fast Company http://www.fastcompany.com/
Website	http://www2.itif.org/2012-state-new-economy-index.pdf

Table 63 State New Economy Index

Title of Ranking/Index	State New Economy Index
Year of Ranking Used	2013
Topic	Innovation
Methodology	The purpose of the State New Economy Index is to measure the economic structure of states. Unlike some other reports which assess state economic performance or state economic policies, this report focuses more narrowly on a simple question: to what degree does the structure of state economies match the ideal structure of the New Economy? Therefore, the Index uses a number of 26 variables to measure each state economy's degree of global integration. Raw scores for each indicator are standardized. Weights for each indicator are determined according to their relative importance. The overall score is calculated by first summing the maximum score of each section to determine a "maximum potential overall score." The overall score for each state is then the sum of the state's score on each section, which is then expressed as a percentage of the maximum potential overall score.
Sources	Bureau of Labor Statistics, Census Bureau, Bureau of Economic Analysis
Definitions & Indicators	Overall, the report uses 26 indicators, divided into five categories that best capture what is new about the New Economy: *Knowledge jobs* (5.00)

	Globalization (2.00) *Economic dynamism* (3.50) *The digital economy* (3.00) *Innovation capacity* (5.00)
Top-3 States	Massachusetts, Delaware, Washington
Institute Name	The Information Technology & Innovation Foundation http://www.itif.org/
Website	http://www2.itif.org/2012-state-new-economy-index.pdf

Table 64 Most Innovative State in the US Ranking

Title of Ranking/Index	Most Innovative in US
Year of Ranking Used	2013
Topic	Innovation
Methodology	Six factors were considered. States were ranked on a scale of zero to 100 in each, and received an overall score that was an average of the six. Because productivity consisted of two sub-factors, each was weighted 50%.
Sources	Bloomberg, Bureau of Labor Statistics, Census Bureau, Bureau of Economic Analysis, National Science Foundation and US Patent and Trademark Office.
Definitions & Indicators	*Number of professionals in science, technology, engineering and mathematics as a percentage of the state's population* *Science and technology degree holders as a percentage of the state's population;* *Utility patents (patents for inventions) granted by the state of origin as a percentage of the U.S. total* *R&D intensity: State government research and development expenditure as a percentage of the U.S. total* *Productivity: (1) Gross state product per employed person and (2) three-year change in productivity* *Public technology companies as a percentage of all public firms domiciled in the state*
Top-3 States	Washington, California, Massachusetts
Institute Name	Bloomberg http://www.bloomberg.com/
Website	http://www.bloomberg.com/visual-data/best-and-worst/most-innovative-in-u-dot-s-states

Table 65 State Technology and Science Index

Title of Ranking/Index	State Technology and Science Index
Year of Ranking Used	2012 (issued April 2013)
Topic	Innovation
Methodology	The index is composed of five equally weighted composites that establish common ground for comparison and analysis. A total of 79 indicators make up these five components. Each one is computed and measured against the relevant indicator: population, gross state product (GSP), number of establishments, number of businesses, etc. Then the 50 states are ranked

	accordingly.
Sources	Sources include governmental agencies, foundations, and private sources.
Definitions & Indicators	The five composites include: *Research and development inputs*: a state's R&D capacity is examined to see if it has the facilities that attract funding and create innovations that could be commercialized and contribute to economic growth; *Risk capital and entrepreneurial infrastructure*: This determines the success rate of converting research into commercially viable products and services; *Human capital investment*: How much is invested in developing the workforce—the most important intangible asset of a regional or state economy; *Technology and science workforce*: This composite measures the relative presence of high-end technical talent; *Technology concentration and dynamism*: Technology outcomes to assess how effective policymakers and other stakeholders have been at parlaying regional assets into regional prosperity are evaluated.
Top-3 States	Massachusetts, Maryland, California
Institute Name	Milken Institute http://www.milkeninstitute.org/
Website	http://www.milkeninstitute.org/pdf/STSI2013.pdf

Economic Freedom

Title of Ranking/Index	Freedom in the 50 States
Year of Ranking Used	2013
Topic	Economic Freedom
Methodology	This ranking presents a completely revised and updated ranking of the 50 states based on how their policies stimulate freedom in the fiscal, regulatory and personal realms. The overall freedom ranking is determined by combining scores of the three realms.
Sources	Sources for data are the Census Bureau, the Bureau of Economic Analysis and the National Conference of State Legislatures.
Definitions & Indicators	The three realms include: *Fiscal Policy* (35.3%) including Tax Burden (28.6%), Government Employment (2.8%), Government Spending (1.9%), Government Debt (1.2%), and Fiscal Decentralization (0.9%); Regulatory Policy (32.0%) including Freedom from Tort Abuse (11.5%), *Property Right Protection* (7.6%), Health Insurance Freedom (5.4%), Labor Market Freedom (3.8%), Occupational Licensing Freedom (1.7%), Miscellaneous Regulatory Freedom (1.3%), and Cable and Telecom Freedom (0.8%); *Personal Freedom* (32.6%) including Victimless Crime Freedom (9.8%), Gun Control Freedom (6.6%), Tobacco Freedom (4.1%), Alcohol Freedom (2.8%), Marriage Freedom (2.1%), Marijuana and Salvia Freedom (2.1%), Gambling Freedom (2.0%), Education Policy (1.9%), Civil Liberties (0.6%), Travel Freedom (0.5%), Asset Forfeiture Freedom (0.1%), and Campaign Finance Freedom (0.02%). *Economic freedom* is calculated as the sum of the fiscal and regulatory policy indices.
Top-3 States	North Dakota, South Dakota, Tennessee
Institute Name	Mercatus Center – George Mason University

	http://mercatus.org/
Website	http://freedominthe50states.org/download/print-edition.pdf

Table 66 Economic Freedom of North America Index

Title of Ranking/Index	Economic Freedom of North America
Year of Ranking Used	2013
Topic	Economic Freedom
Methodology	The index published in Economic Freedom of North America rates economic freedom on a 10-point scale at two levels, the sub-national and the all-government. At the all-government level, the index captures the impact of restrictions on economic freedom by all levels of government (federal, state/provincial, and municipal/local). At the sub-national level, it captures the impact of restrictions by state or provincial and local governments. Using a simple mathematical formula to reduce subjective judgments, a scale from zero to 10 was constructed to represent the underlying distribution of the 10 components of the index.
Sources	US Census Bureau, US Department of Commerce, Bureau of Economic Analysis and Tax Foundation.
Definitions & Indicators	The index employs 10 components for both the United States and Canada in three areas: • *Size of Government* including General Consumption Expenditures by Government as a Percentage of GDP, Transfers and Subsidies as a Percentage of GDP and Social Security Payments as a Percentage of GDP; • *Takings and Discriminatory Taxation* including Total Tax Revenue as a Percentage of GDP, Top Marginal Income Tax Rate 6 and the Income Threshold at Which It Applies, Indirect Tax Revenue as a Percentage of GDP and Sales Taxes Collected as a Percentage of GDP ; • *Labor Market Freedom* including Minimum Wage Legislation, Government Employment as a Percentage of Total State/Provincial Employment and Union Density.
Top-3 States	Delaware, Texas, Nevada
Institute Name	Fraser Institute www.fraserinstitute.org
Website	http://www.freetheworld.com/2013/efna/EFNA2013-FINAL_revised.pdf

Table 67 Small Business Policy Index

Title of Ranking/Index	Small Business Policy Index
Year of Ranking Used	2013
Topic	Entrepreneurship
Methodology	This index ties together 47 major government-imposed or government-related costs impacting small businesses and entrepreneurs across a broad spectrum of industries and types of businesses which are simply added together into one index number.
Sources	CCH Incorporated, Federation of Tax Administrators, US Bureau of the Census,

	US Department of Commerce, US Bureau of Labor Statistics, U.S. Bureau of Labor Statistics and various scientific sources.
Definitions & Indicators	The 47 indicators are spread over four categories: • *Tax* (22 indicators) • *Regulatory Costs and Health Care Regulations* (14 indicators) • *Government Spending* (5 indicators) • *Various Important Government Undertakings* (6 indicators)
Top-3 States	South Dakota, Nevada, Texas
Institute Name	SBE Council http://www.sbecouncil.org/
Website	http://www.sbecouncil.org/wp-content/uploads/2013/12/SBPI2013FINAL.pdf

Table 68 Kauffman Index of Entrepreneurial Activity

Title of Ranking/Index	Kauffman Index of Entrepreneurial Activity
Year of Ranking Used	2013
Topic	Entrepreneurship
Methodology	The Kauffman Index of Entrepreneurial Activity measures the rate of business creation at the individual owner level. Presenting the percentage of the adult, non-business owner population that starts a business each month, the Kauffman Index captures all new business owners. To create the Kauffman Index, all individuals between ages 20 and 64 who do not own a business as their main job are identified in the initial survey month. By matching CPS files for the subsequent month to create a two-month survey pair, it is then determined if these individuals own a business as their main job with 15 or more usual hours worked per week in the following survey month. These monthly entrepreneurial activity rates then are averaged to calculate an average monthly estimate for each year.
Sources	The Kauffman Index is calculated from matched data from the Current Population Survey (CPS), a monthly survey conducted by the US Bureau of the Census and the Bureau of Labor Statistics.
Definitions & Indicators	See "methodology"
Top-3 States	Arizona, California, Texas
Institute Name	Kauffman Foundation http://www.kauffman.org/
Website	http://www.kauffman.org/~/media/kauffman_org/research%20reports%20and%20covers/2013/04/kiea_2013_report.pdf

Table 69 State Management Survey

Title of Ranking/Index	The Best and Worst Run States in America: A Survey of All Fifty
Year of Ranking Used	2010
Topic	State Management
Methodology	24/7 Wall St. claims it has completed one of the most comprehensive studies of state financial management ever performed by the mainstream media. It is based on evaluation principles used in the award-winning Best Run States In

	America ratings published by the Financial World Magazine during the 1990s. These studies were used by state governments to evaluate the efficiency of their own operations. Surveys with complete data sets for each state were identified. The survey includes hundreds of data sets ranging from debt rating agency reports to violent crime rates, unemployment trends and median income. Using this data, a formula ranked each state giving weight to metrics that are most important to prudent governance. Of those, 10 most important considered rankings of financial and overall government management were selected. After the sources were reviewed and the final metrics had been compiled, each state was based on its performance in all the categories. In addition to traditional fiscal information, including GDP per capita, debt per capita, and credit rating, the analysis also showed the impact of state policies on its residents.
Sources	Data from a number of sources, including Standard & Poor's, the Bureau of Labor and Statistics, the National Conference of State Legislators, the Bureau of Economic Analysis, the National Association of State Budget Officers and the American Community Survey were considered.
Definitions & Indicators	?
Top-3 States	Wyoming, North Dakota, Iowa
Institute Name	24/7 Wall St. http://247wallst.com/
Website	http://247wallst.com/investing/2010/10/04/the-best-and-worst-run-states-in-america-a-survey-of-all-fifty/

Table 70 Incentives Transparency Index

Title of Ranking/Index	Incentives Transparency Index
Year of Ranking Used	2013
Topic	State Management
Methodology	The prime goal of ICA's Incentive Transparency Index is to assess the information provided by US state authorities on their incentive programs. This should eventually permit for an unbiased, analytical view of incentive transparency across the US. All states were ranked according to three elements with a total score divided by three. The results are clustered into three groups; green, amber and red with states that possess high and frequent transparency, medium transparency and little or no transparency on incentives, respectively.
Sources	Data derived from http://icaincentives.com/
Definitions & Indicators	*Number of awarded incentives* *Total amount of generated capital expenditures* *Total number of created jobs*
Top-3 States	Florida, Indiana, Michigan
Institute Name	Investment Consulting Associates http://www.ic-associates.com/
Website	N/A

Table 71 Quality of Life Index

Title of Ranking/Index	Most miserable states
Year of Ranking Used	2013
Topic	Quality of Life
Methodology	US states were ranked according to their levels of "misery-inducing" factors. A total of 13 variables from the United Health Foundation's America's Health Rankings were isolated to determine each state's "Misery Score". For each variable, the state with the maximum misery value received 100 points, while the state with the minimum value received zero points. All other states received points in proportion to where their values fell between the two extremes. Each state's 13 scores were then averaged for a final "Misery Score". A higher score indicates greater misery.
Sources	America's Health Rankings--United Health Foundation, US Bureau of Labor Statistics and US Bureau of Economic Analysis.
Definitions & Indicators	*Air Pollution Level* *Child Poverty Rate* *High School Graduation Rate* *Infant Mortality per 1,000 Births* *Population Lacking Health Insurance* *Occupational Fatalities per 100,000 Workers* *Poor Mental Health in Previous 30 Days* *Poor Physical Health in Previous 30 Days* *Premature Deaths: Years Lost* *Violent Crime Offenses per 100,000 People per Year* *Personal Income per Capita* *Income Inequality, Gini Ratio* *Un- and Under-Employment Rate*
Top-3 States	Louisiana, Mississippi, Arkansas
Institute Name	Bloomberg http://www.bloomberg.com/
Website	http://www.bloomberg.com/visual-data/best-and-worst/most-miserable-states

Table 72 Human Development Index

Title of Ranking/Index	Measure of America
Year of Ranking Used	2013
Topic	Quality of Life
Methodology	The state of the nation is often expressed through Gross National Product, daily stock market results, consumer spending levels, and national debt figures. But these numbers provide only a partial view of how people are faring. The Human Development Index was developed as an alternative to simple money metrics. It is an easy-to-understand numerical measure made up of, what most people believe, are the very basic ingredients of human well-being: health, education, and income. The Measure of America presents a modified American Human Development Index. The American HD Index measures the same three basic dimensions as the standard HD Index, but it uses different indicators to better reflect the U.S. context and to maximize use of available data.
Sources	All data used in the index come from official US government sources—the

	American Community Survey of the US Census Bureau and the Centers for Disease Control and Prevention.
Definitions & Indicators	*Human development* is defined as the process of enlarging people's freedoms and opportunities and improving their well-being. Most people would agree that a long and healthy life, access to knowledge, and a decent material standard of living are the basic building blocks of well-being and opportunity. They are also the building blocks of the American Human Development Index. • *Health index*: a long and healthy life, measured as life expectancy (33.3%); • *Education index*: Access to knowledge, measured as school enrolment and educational attainment (33.3%); • *Income index*: A decent standard of living, measured by all earnings of full- and part-time workers (33.3%).
Top-3 States	Connecticut, Massachusetts, New Jersey
Institute Name	American Human Development Project http://www.measureofamerica.org/human-development/
Website	http://www.measureofamerica.org/maps/

An overall evaluation of "ranking the rankings" has been performed by aggregating the numbers as indicated by individual rankings per state. This score is then divided. Table 1 shows the scores with based on the equally weighted average of all 19 rankings per state. Utah possesses the highest average score of 10.16 (higher numbers indicating lower rankings), followed by Texas, Colorado and Virginia, which all scored between 10.95 and 12.79. These four states combined form the clear leaders in terms of average ranking as South Dakota, which ranks fifth, follows on a distance with a score of 17.00.

Maine ranks relatively poorly at 46th out of all 50 states, with an average score of 35.05. Only Hawaii, Mississippi, Arkansas and West Virginia perform worse. West Virginia performs worst with an on-average overall score of 42.37. Furthermore, Maine scores below the overall New England on-average ranking of 29. Geographically proximate states such as New Hampshire, Massachusetts and Connecticut perform considerably better than Maine while Vermont and Rhode Island score very similarly.

Table 73 Overall State Ranking Based on 19 Rankings

State	Overall Rank	Overall Score
Utah	1	10.16
Texas	2	
Colorado	3	11.89
Kentucky	44	34.11
New Mexico	45	34.58
Maine	46	35.05
Hawaii	47	36.74
Mississippi	48	37.47
New England	29	27.28
Connecticut	24	24.68

State	Overall Rank	Overall Score
Massachusetts	12	19.47
New Hampshire	9	18.42
Rhode Island	43	33.95
Vermont	40	32.16

Source: Indices' calculations

Table 74 reveals that Texas and North Dakota are consistently ranked in the top three of most competitiveness states. Surprisingly, ALEC ranks Nevada as third most competitive state whereas Nevada only features on a 29th place on the BHI index of competitiveness. The exactly opposite is true for Massachusetts. This shows the fluctuation in methodologies, criteria and indicators applied by various ranking institutes.

The rankings for Maine seem to be more consistent among the competitiveness rankings of CNBC, the US Chamber of Commerce and the American Legislative Exchange Council as the state is ranked in the lower section (38th, 45th and 41st, respectively). The Beacon Hill Institute has ranked Maine significantly higher at a 30th place. Hawaii (overall rank 47) scores similar to Maine on the ALEC ranking.

Maine is surrounded by one or more of its New England neighboring states in the first three competitiveness state rankings: Vermont in the CNBC and in the USCC ranking, Rhode Island in the USCC ranking and Connecticut in the ALEC ranking. Comparing the states of New England shows that the performances of Maine, Vermont and Connecticut with regards competitiveness are quite balanced while Massachusetts is the most successful, followed by New Hampshire. On the whole, Rhode Island performs slightly worse in terms of competitiveness than Maine and Connecticut.

Table 74 Competitiveness state rankings for CNBC, US Chamber of Commerce, the American Legislative Exchange Council and the Beacon Hill Institute

CNBC State	Rank	USCC State	Rank	ALEC State	Rank	BHI State	Rank
South Dakota	1	Utah	1	Delaware	1	Massachusetts	1
Texas	2	Texas	2	Texas	2	North Dakota	2
North Dakota	3	North Dakota	3	Nevada	3	Minnesota	3
Kentucky	36	Missouri	43	New Jersey	39	Michigan	28
Illinois	37	Rhode Island	44	Hawaii	40	Nevada	29
Maine	38	**Maine**	45	**Maine**	41	**Maine**	30
Vermont	39	Vermont	46	Montana	42	Arizona	31
Pennsylvania	39	Alaska	47	Connecticut	43	Missouri	32

CNBC State	Rank	USCC State	Rank	ALEC State	Rank	BHI State	Rank
New England		**New England**		**New England**		**New England**	
Connecticut	45	Connecticut	32	Connecticut	43	Connecticut	33
Massachusetts	16	Massachusetts	12	Massachusetts	29	Massachusetts	1
New Hampshire	27	New Hampshire	23	New Hampshire	27	New Hampshire	12
Rhode Island	49	Rhode Island	44	Rhode Island	45	Rhode Island	23
Vermont	39	Vermont	46	Vermont	50	Vermont	19

Source: Indices' calculations

Below in Table 75 is an overview of the two rankings that measure (economic) freedom. Maine ranks in the bottom 15 states for both rankings, with a 39th place on the Mercatus rankings and a 46th place on the Fraser Institute index. New Hampshire, and to a lesser extent Massachusetts, performs well on both indicators, whereas Rhode Island and Vermont perform worse than Maine with regards to the Mercatus index and similar to Maine in terms of rank on the Fraser Institute ranking. The opposite is true for Connecticut: the state performs similar to Maine on the Mercatus index but scores significantly better on the Fraser Institute ranking. Mississippi, on both rankings, and Kentucky, on the Fraser Institute index, are states that perform similar to Maine in terms of the overall ranking.

Table 75 Economic Freedom Rankings for Mercatus and the Fraser Institute

Mercatus State	Rank	Fraser Institute State	Rank
North Dakota	1	Delaware	1
South Dakota	2	Texas	2
Tennessee	3	Nevada	3
Louisiana	37	Kentucky	44
Wisconsin	38	Montana	45
Maine	39	**Maine**	46
Connecticut	40	Vermont	47
Mississippi	41	Mississippi	48
New England		**New England**	
Connecticut	40	Connecticut	16
Massachusetts	30	Massachusetts	24
New Hampshire	4	New Hampshire	14
Rhode Island	43	Rhode Island	41
Vermont	46	Vermont	47

Source: Indices' calculations

Table 76 shows Maine's entrepreneurship ranking as highly uneven. The state ranks high on the Kauffman index, which measures the entrepreneurial activity under a given state's population. Only Vermont and Connecticut perform better on this ranking. However, the entrepreneurship as measured by the index, compiled by the Small Business & Entrepreneurship Council, shows a different picture. Here, only Vermont scores worse than Maine (the exact opposite of the Kauffman's ranking) whilst Massachusetts, Connecticut and Rhode Island score slightly better than Maine. Consistency seems to the case for Texas, which is located in the top three of both rankings. Hawaii, which performs similar to Maine with respect to the overall ranking, is ranked 46th on the Small Business & Entrepreneurship Council's ranking and therefore scores similar to Maine. Iowa performs just ahead of Maine in the SBEC ranking.

Table 76 Entrepreneur Ship State Rankings for Small Business & Entrepreneurship Council and Kauffman

SBEC State	Rank	Kauffman State	Rank
South Dakota	1	Arizona	1
Nevada	2	Texas	2
Texas	3	California	2
Oregon	42	Connecticut	13
Iowa	43	Georgia	14
Maine	44	**Maine**	15
Minnesota	45	Arkansas	15
Hawaii	46	Louisiana	15
New England		**New England**	
Connecticut	41	Connecticut	13
Massachusetts	38	Massachusetts	32
New Hampshire	19	New Hampshire	27
Rhode Island	40	Rhode Island	41
Vermont	48	Vermont	7

Source: Indices' calculations

Table 77 reflects perceptions and data on how state authorities govern and administer their states. The 24/7 Wall St. ranking is focused at how effective and smooth governments run their states while the ICA ranking (introduced in this chapter as well) puts emphasis on whether state governments deal in a transparent manner with regards their incentives. These distinguished angles result in different rankings. The top three rankings are different as well as the states with which Maine has to compete.

Vermont and New Hampshire perform better regarding efficient state management as they both possess a place in the top 10: 4th and 8th, respectively. Maine just outperforms Massachusetts and Connecticut (rank 17th against 19th and 20th, respectively), while Rhode Island significantly lags behind. The ICA Transparency Index shows a completely different pattern as Maine ranks 44th, only before Rhode Island (47th). Massachusetts, Connecticut, Vermont and New Hampshire outperform Maine, though New Hampshire outperforms the state in two rankings. The State of Iowa performs very well with a third place ranking in the Wall St Index.

Table 77 State Management Rankings for 24/7 Wall St. and Investment Consulting Associates

24/7 Wall St. State	Rank	ICA State	Rank
Wyoming	1	Florida	1
North Dakota	2	Indiana	2
Iowa	3	Michigan	3
Washington	15	New Hampshire	42
Kansas	16	Nebraska	43
Maine	17	**Maine**	44
Wisconsin	18	Montana	45
Massachusetts	19	Wyoming	46
New England		**New England**	
Connecticut	20	Connecticut	21
Massachusetts	19	Massachusetts	17
New Hampshire	8	New Hampshire	42
Rhode Island	34	Rhode Island	47
Vermont	4	Vermont	38

Source: Indices' calculations

Finally, the rankings concerning the quality of life, shown in Table 78, show a relatively positive image for Maine. The Bloomberg ranking indicates a 17th rank for Maine, whereas the American Human Development Project index features Maine on a 25th place. This is the one and single cluster on which Maine performs relatively well on both rankings. It should be noted, however, that all states in New England all outperform Maine, except for Rhode Island on Bloomberg's index. Consequently, the quality of life is not unique to Maine but is rather an asset of the whole New England region.

Table 78 Quality of Life State Rankings for Bloomberg and American Human Development Project

Bloomberg State	Rank	AHDP State	Rank
Minnesota	1	Connecticut	1
North Dakota	2	Massachusetts	2
New Hampshire	3	New Jersey	3

Bloomberg State	Rank	AHDP State	Rank
Virginia	15	Utah	23
Colorado	16	Kansas	24
Maine	17	**Maine**	25
Maryland	18	North Dakota	26
Washington	19	Arizona	27
New England		**New England**	
Connecticut	13	Connecticut	1
Massachusetts	5	Massachusetts	2
New Hampshire	3	New Hampshire	6
Rhode Island	24	Rhode Island	14
Vermont	4	Vermont	15

Source: Indices' calculations

Table 79 summarizes the individual benchmarks and shows that benchmarking the state of Maine among other states among various business environment parameters shows that Maine indeed ranks highest among benchmarks that measure the quality of life. State management and business climate are clusters in which Maine has a relatively unequal performance. This is primarily due to the fact that the two rankings of each cluster are on different topics. Maine scores moderately on innovation while general competitiveness and economic freedom are areas to which Maine needs to draw special attention as these rankings require significant improvements.

Table 79 Overview of Maine's Rankings and Corresponding Clusters

State	Rank	Cluster
Bloomberg	17	Quality of Life
24/7 Wall St.	17	State Management
AHDP	25	Quality of Life
TF	29	Business Climate
Fast Company	29	Innovation
BHI	30	Competitiveness

State	Rank	Cluster
ITIF	31	Innovation
Bloomberg	33	Innovation
Chief Executive	35	Business Climate
CNBC	38	Competitiveness
MI	39	Innovation
Mercatus	39	Economic Freedom
ALEC	41	Competitiveness
ICA	44	State Management
USCC	45	Competitiveness
Fraser Institute	46	Economic Freedom
Forbes	50	Business Climate

Source: various and author's calculations

Benchmark 3: Incentive Award Productivity

The *ICAIncentives.com* database traced a total number of 7,371 incentives that have been granted by US authorities to corporate investors. The data used are single sourced, and have a methodology that gathers data consistently and therefore represents findings across states rather than analysis per individual state on actual activity. These incentives have been issued over a period ranging from January 2010 up to December 2013 (updated as of January 8th 2014). Longitudinal evaluations are slightly inappropriate as the time framework is too short and the database has improved over the years, thereby reflecting trends that cannot be linked to the cause of time but rather to the expanding database. However, a preliminary overview of stylized facts is presented in **Table 10** and provides a refined impression of US incentive practices based on a considerable number of awarded incentives. Altogether, the more than 7,000 awarded incentives represent a value of $50.6 billion and functions as indicator of the budget US authorities spent on proclaiming incentives. This implies an average value of $6.86 million per granted incentive.

The potential benefits of incentives are measured through two proxies:

- **Generated capital expenditures** (i.e., value of attracted investments); and
- **Number of newly created jobs** (i.e., direct created employment).

US-granted incentives attracted over $217 billion worth of investments thereby directly creating nearly 910,000 new jobs. In relative terms, this implies that one awarded incentive has generated $40.9 million of capital expenditures accompanied by 123 newly created jobs. It should be noted, however, that this figure is based on 5,309 awarded incentives, for which *ICAIncentives.com* database captured

capital expenditures. Though this leaves out 2,062 issued incentives, the remainder is a significant percentage of the total database.

Comparing the costs and benefits of awarded incentives is commonly executed through two indicators:

- **Average return on investment per awarded incentive**: the total value of generated capital expenditures divided by the total value of awarded incentives. This proxy demonstrates the value of attracted investments per publically spent dollar.
- **Average value of awarded incentive per newly created job**: the total value of awarded incentives divided by the total number of created jobs. This indicator demonstrates the price "paid" by authorities per created job.

It appears that for all 7,371 awarded incentives, every single dollar invested by US governments on incentives accrued $5.44 in return. On average, spending $55,610 on incentives resulted in the creation of one new direct job.

The previously observed indicators summarized in the table below function as the backbone of this incentive benchmark. First, trends of incentives with respect to the type, industry and activity in the US are assessed. The benchmark continues with assessing incentives on a state-level, first by evaluating the frequency, costs (i.e., the budget US governments spent on incentives), benefits (i.e., generated capital expenditures and number of newly created jobs) and then comparing the costs and benefits.

Table 80 Stylized Facts of US Awarded Incentives 2010-2013

Headline Figures	Volume
Total Number of Awarded Incentives	7,371
Costs: Incentive Amount	
Total Value of Awarded Incentives	$50.6 Billion
Average Value per Awarded Incentive	$6.86 Million
Benefits I: Capital Expenditures	
Total Value of Generated Capital Expenditures	$217.37 Billion
Average Value of Generated Capital Expenditures per Awarded Incentive	$40.9 Million
Benefits II: Newly Created Jobs	
Total Number of Created Jobs	909,724
Average Number of Created Jobs per Awarded Incentive	123 Jobs
Leveraging Costs and Benefits	
Average Return on Investment per Awarded Incentive	$5.44 per Invested $1
Average Value of Awarded Incentive per Newly Created Job	$55,610

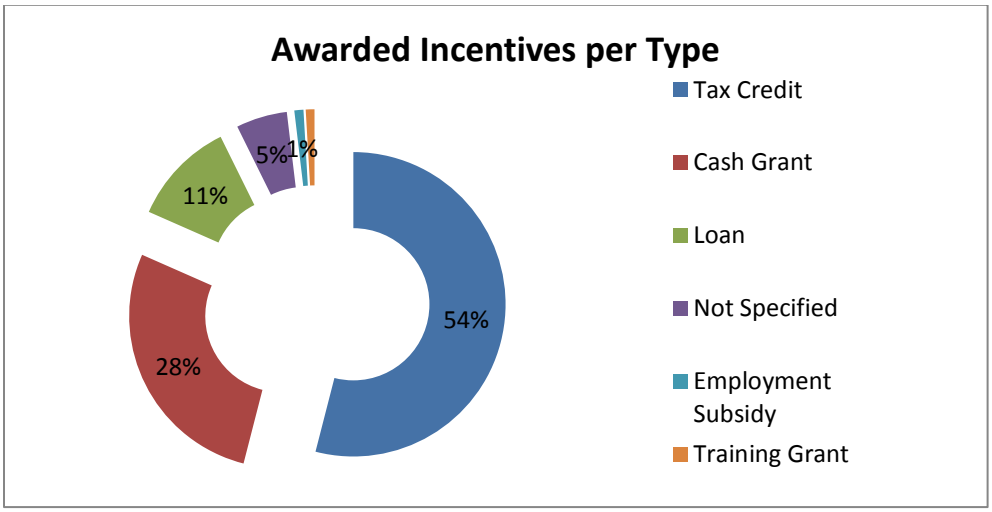
Source: ICAIncentives.com 2013

Type of Incentive

In terms of type of incentive, tax credits are the type of incentive most commonly offered by US governments. Over half of all awarded incentives on record were granted as tax credits. Cash grant

incentives also represent a considerable share with nearly one out of three incentives including a cash grant. Least frequently granted types of incentives include employment subsidies and training grants.

Figure 12 Awarded Incentives per type of incentive

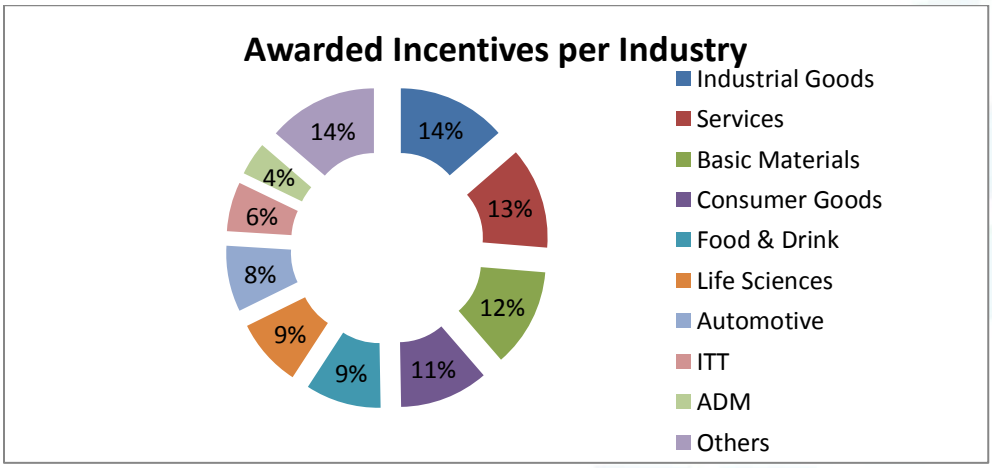


Source: ICAIncentives.com 2013

Industry Sectors

Incentives have been awarded to investors in a wide range of industries. No industry represents an overwhelming majority of the awarded incentives, though a few industries have been targeted with significant levels of awarded incentives: industrial goods (14%), services (13%), basic materials (12%) and consumer goods (11%) all represent shares larger than ten percent while food & drink, life sciences and automotive represent a second cluster (8-9%). Renewable energy, non-renewable energy, electronics, leisure & tourism and creative industries form industries in which investors have relatively been less frequently awarded incentives.

Figure 13 Awarded Incentives per Industry

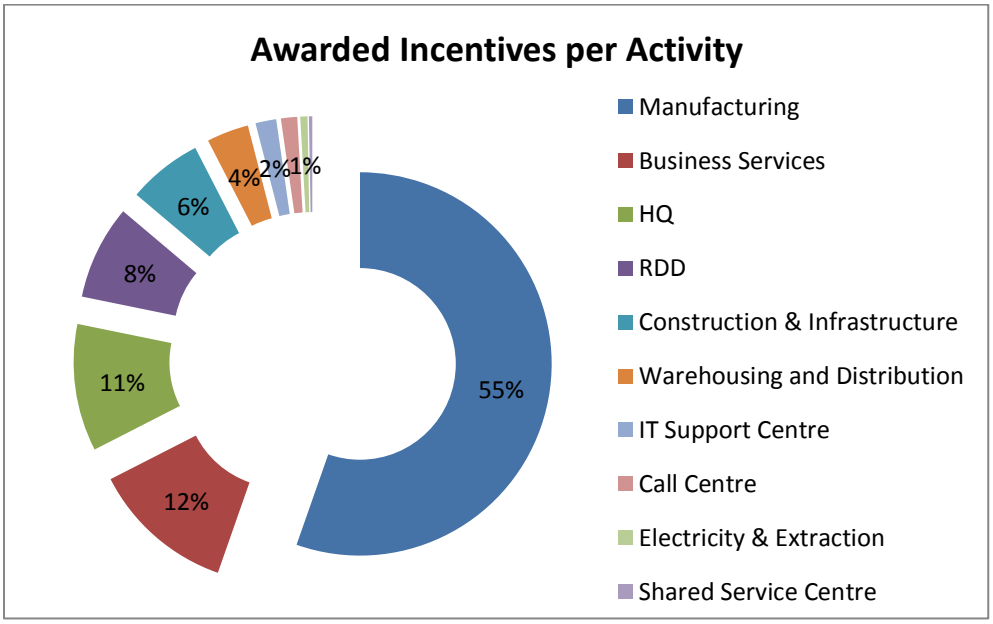


Source: ICAIncentives.com 2013

Activity Types

Contrasting with the Industry Type discussion above, one specific business activity dominates the distribution of awarded incentives. Over half of all incentives have been granted to firms investing in manufacturing activities, which includes the processing and production of any goods. Relatively large shares of incentives have furthermore been awarded to investments in projects opening offices or operations that will develop sales and commercialization activities (i.e., business services) and investments in headquarters (11%). Investors in shared services centers, electricity & extraction, call centers, IT support centers and warehousing & distribution have relatively less frequently been attracted with incentives.

Figure 14 Awarded Incentives per Activity

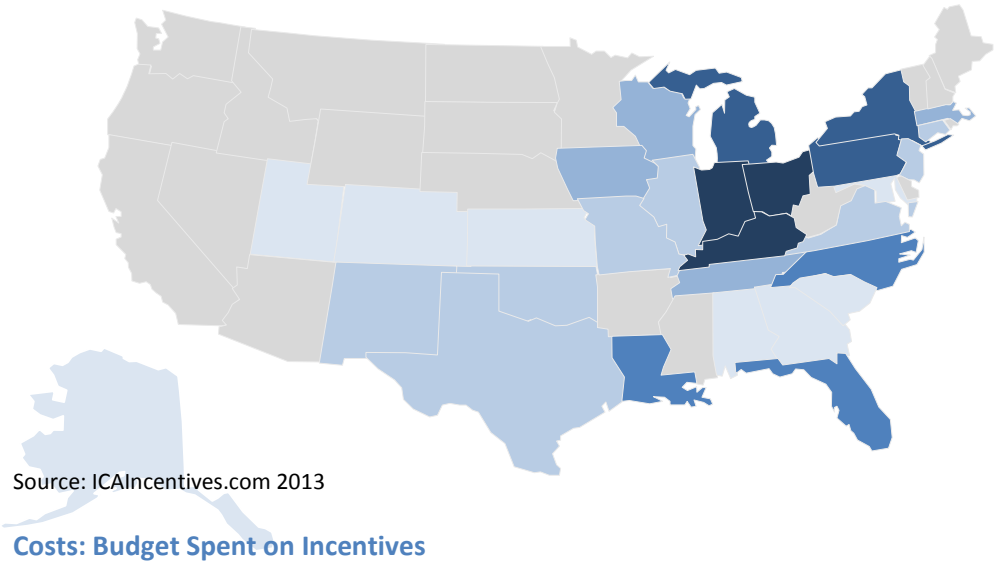


Source: ICAIncentives.com 2013

Frequency

States east of the Mississippi River represent the vast majority of awarded incentives. Ohio and Kentucky granted more than 500 incentives with 599 and 560, respectively. Indiana (547), New York (493) and Michigan (492) granted considerable quantities of incentives as have Pennsylvania (407), North Carolina (356), Florida (337) and Louisiana (316). Exceptions of eastern states that have not granted substantial numbers of incentives include Maine (only 11) along with New Hampshire, Rhode Island, Delaware, Vermont and West Virginia. Apart from Arkansas, states that have granted few incentives can all be found in the west and Midwest and include Idaho, Wyoming, North Dakota, Montana, Washington, Nebraska, Arizona, Nevada, California, Oregon and South Dakota.

Map 1 Absolute Number of Awarded Incentives per US State, 2010-2013



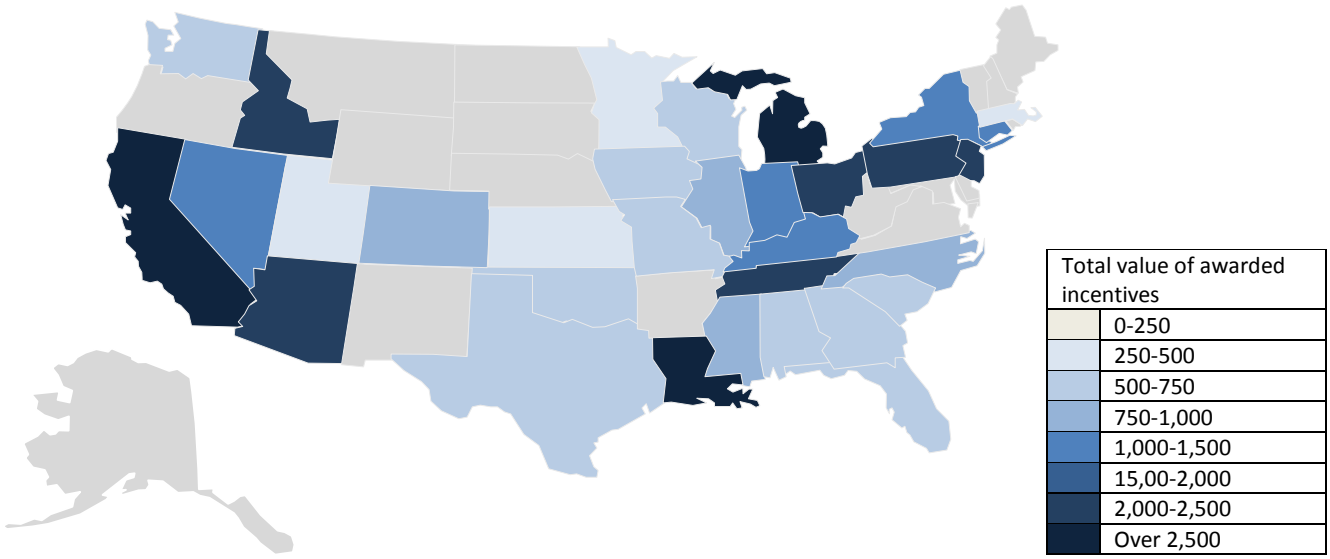
Source: ICAIncentives.com 2013

Costs: Budget Spent on Incentives

States that have awarded a large number of incentives did not necessarily expend considerable sums in doing so. The inverse is also true, with some states offering small numbers of very large packages. In fact, California, which awarded only 37 deals, spent $9.3 billion on incentives, followed by Michigan ($4.8 billion) and Louisiana ($3.8 billion). Other states that did not grant large numbers of incentives but spent disproportionately more money on awarding incentives are Arizona ($2.82 billion), Idaho ($2.0 billion) and Nevada ($1.24 billion). The high value of incentives can be traced back to the attracted type of industry as California, Arizona, Idaho and Nevada granted large loans to companies that undertook investments in the renewable energy industry. Other states that spent large budgets on incentives are Pennsylvania, Tennessee, Ohio and New Jersey, worth more than $2 billion, while Kentucky, Connecticut, New York and Indiana spent more than $1 billion on incentives.

On the other edge of the spectrum are states that spent less than $50 million on incentives and include Wyoming ($14.5 million), North Dakota ($15.4 million), New Mexico ($21.5 million), Montana ($23.1 million), Alaska ($44 million), Nebraska and Vermont (both $46 million) and South Dakota ($48.5 million). These states also granted small numbers of incentives. Maine spent $144.0 million on its 11 incentives, thereby allocating a budget similar to states such as Delaware, Hawaii, New Hampshire and Virginia.

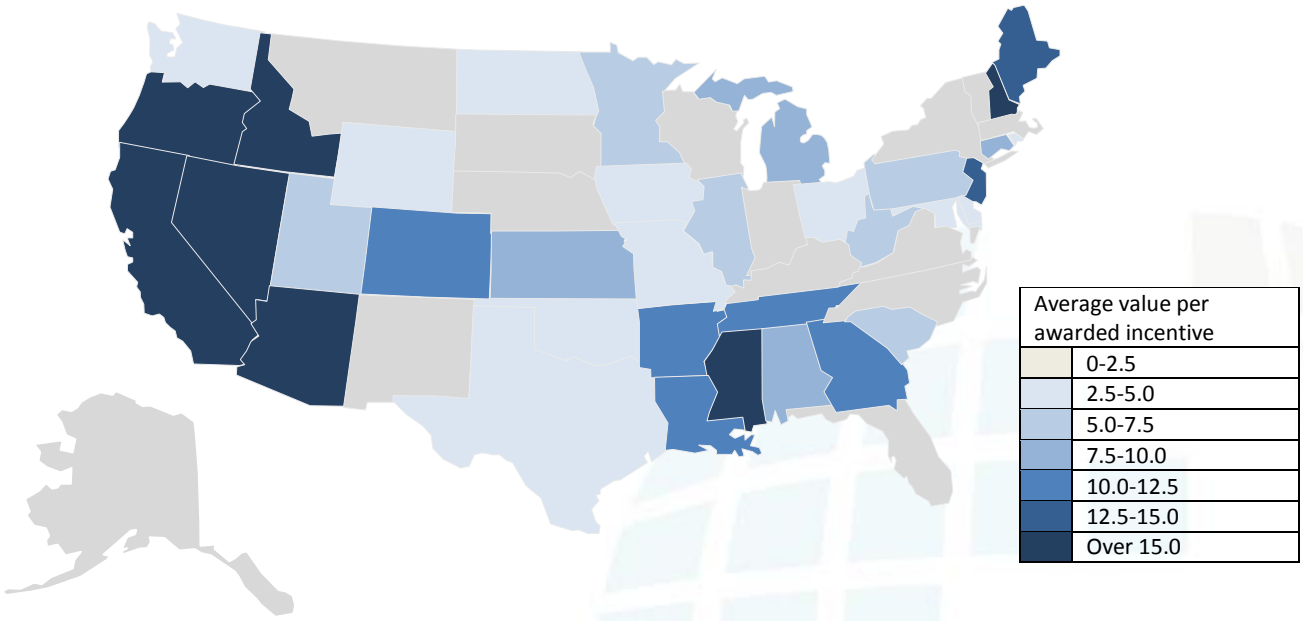
Map 2 Total Value of Awarded incentives per US state, 2010-2013 (in USD million)



Source: Author's own calculations; ICAincentives.com 2013

The average value per awarded incentive reflects the previous observations. Some states spent considerable budgets on small amounts of incentives (e.g., California) whilst others spent relatively small budgets on great numbers of incentives (e.g., Indiana). Due to its rather small amount of awarded incentives and relatively large budget, Maine is noted for its relatively high average value per awarded incentive ($13.1 million), comparable to New Hampshire, New Jersey, Arkansas and Louisiana.

Map 3 Average Value per Awarded Incentive per US State, 2010-2013 ($ Million)



Source: Author's own Calculations; ICAincentives.com 2013

Benefits: Total Attracted Capital Expenditures and Job Creation

As indicated previously, the direct benefits of investment incentives primarily consist of capital investment and employment creation. Careful interpretation is necessary, however, as statistics might be undermined by a small number of incentive deals. States that attracted the highest value of capital expenditures are Louisiana ($38.9 billion), Texas ($12.1 billion), Michigan ($11.1 billion) and California ($11.0 billion). Louisiana alone attracted ten projects worth more than $1 billion (mainly in basic materials, industrial goods and non-renewable energy), California five (renewable energy), Texas four (all in basic materials) and Michigan two (both automotive). Louisiana thus attracted the highest amount of investment but spent the most on incentives. Indiana, Tennessee and North Carolina seem to perform quite well as they feature prominently in both the rankings of generated capital expenditures as well as newly created jobs. On the other hand, Connecticut, New Jersey and Alabama all spent significant budgets on incentives but have not been able to materialize incentives into proportional rates of capital expenditures and employment creation.

For Maine, in particular, the state features in the lower sections of both rankings with its incentives attracting $307 million and simultaneously creating 901 jobs. It should be noted though that *ICAIncentives.com* has registered 11 incentives for the State of Maine.

Table 81 State Ranking of Total Value of Generated Capital Expenditures ($ Million), 2010-2013

Top-15 States		Bottom-15 States	
1. Louisiana	$38,875	1. North Dakota	$17.0
2. Texas	$12,061	2. Montana	$20.7
3. Michigan	$11,169	3. New Mexico	$34.5
4. California	$10,999	4. Alaska	$113.1
5. Indiana	$9,541	5. Rhode Island	$115.7
6. North Carolina	$9,166	6. Vermont	$148.1
7. Ohio	$8,592	7. Wyoming	$163.0
8. Kentucky	$8,375	8. Nebraska	$246.8
9. Tennessee	$8,201	9. New Hampshire	$278.8
10. Iowa	$8,108	10. Washington	$285.0
11. New York	$7,735	**11. Maine**	$307.4
12. South Carolina	$7,626	12. Oklahoma	$330.8
13. Mississippi	$5,172	13. South Dakota	$424.3
14. Virginia	$4,742	14. Delaware	$612.4
15. Pennsylvania	$4,506	15. West Virginia	$618.2

Source: Author's own Calculations; ICAincentives.com 2013

Table 82 State Ranking of Total Number of Newly Created Jobs, 2010-2013

Top-15 States		Bottom-15 States	
1. Michigan	76,328	1. New Hampshire	165
2. Ohio	66,762	2. Hawaii	200
3. Indiana	60,860	3. Wyoming	235
4. North Carolina	60,016	4. North Dakota	646

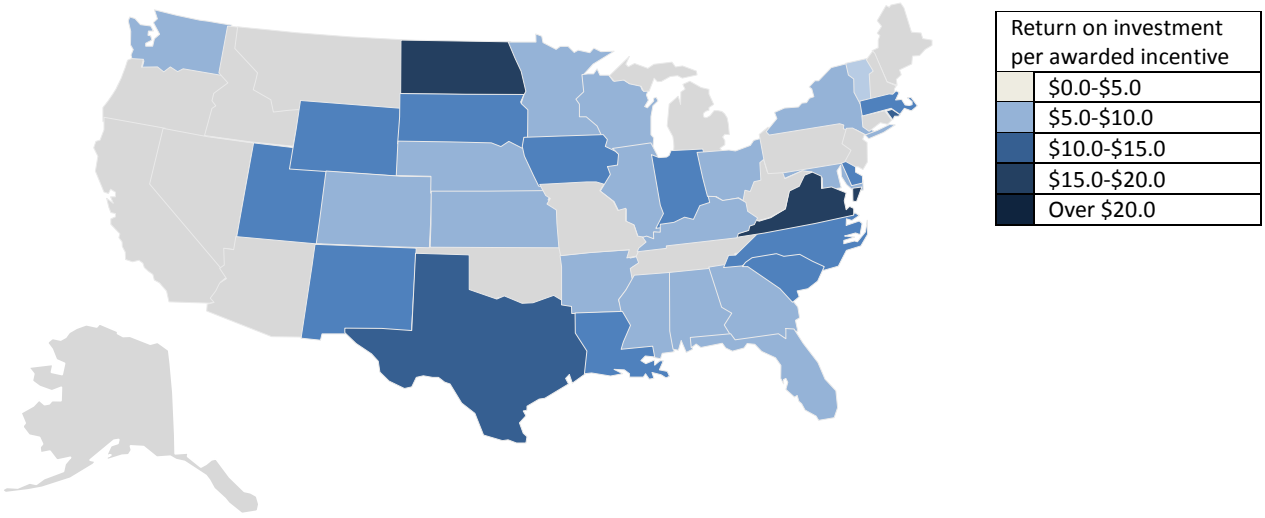
Top-15 States		Bottom-15 States	
5. Florida	45,534	5. Alaska	740
6. Tennessee	42,050	6. Montana	743
7. Kentucky	41,293	**7. Maine**	901
8. Pennsylvania	41,119	8. Nebraska	1,105
9. Texas	40,525	9. Idaho	1,525
10. New York	39,625	10. Washington	1,654
11. Louisiana	30,562	11. Vermont	1,831
12. Wisconsin	26,650	12. Rhode Island	2,077
13. Utah	25,230	13. South Dakota	2,913
14. Missouri	23,197	14. Arkansas	3,155
15. New Jersey	22,566	15. West Virginia	3,290

Source: Author's own Calculations; ICAincentives.com 2013

Comparing the Costs and Benefits

Generally, western states such as California ($1.60), Idaho ($1.70), Nevada ($2.90), Oregon ($3.30) and Arizona ($3.80) have relatively low returns on investment. On the other hand, a handful of eastern states have similar low rates: New Hampshire ($2.00), Maine ($2.10), Pennsylvania ($2.30), New Jersey ($3.00), Connecticut and West Virginia (both $3.60). A great number of south (eastern) and central states have average rates of return of between $5.0 and $10.0. States that mostly stand out are Virginia ($32.7), North Dakota ($20.1), Rhode Island ($19.7) and Texas ($17.8). Texas is particularly noteworthy in that the State spent a considerable amount of money (over $600 million) on 141 awarded incentive projects. Virginia, which awarded 148 incentive projects, spent around $100 million on its incentives but attracted nine investments with individual values of between $120 and $500 million. Other states that have relatively high returns on their investments include North Carolina ($13.3), Iowa ($13.2), South Carolina ($12.5), Delaware, ($11.6), Utah ($11.5), Louisiana ($11.4), New Mexico ($11.3), Wyoming ($11.2), Indiana ($11.1) and Massachusetts ($10.7). Noteworthy states in this range are Indiana (spent $9.5 billion on 472 incentives), North Carolina (spent $9.2 billion on 339 incentives), Iowa (spent $8.1 billion on 192 incentives) and Massachusetts (spent $3.8 billion on 87 incentives).

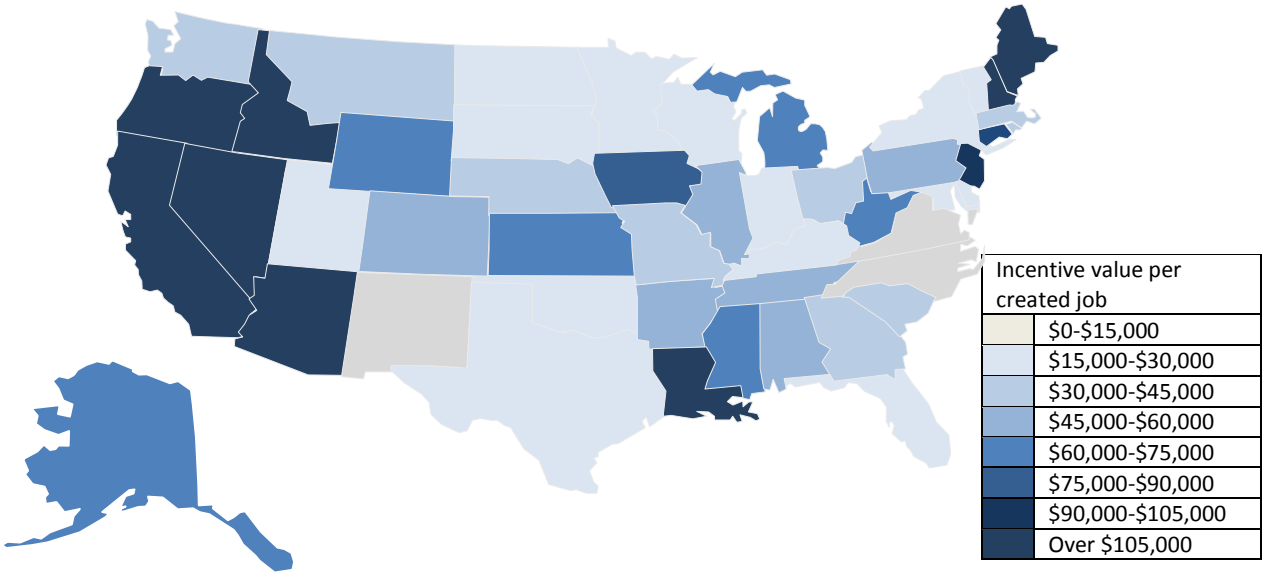
Map 4 Return on Investment per Awarded Incentive per US State, 2010-2013 (in USD)



Source: Author's own Calculations; ICAincentives.com 2013

When the total value of awarded incentives is divided by the total number of newly created jobs, this "rate per created job" provides information on what governments "paid" for one new job. This indicator functions similarly to the return on investment and demonstrates employment benefits rather than capital investment benefits. A few states have extremely high rates per created job: Idaho ($1,324,000), California ($1,102,000), New Hampshire ($846,000), Hawaii ($585,000), Nevada ($315,500), Arizona ($268,900), Oregon ($189,000) and Maine ($159,000) all awarded incentives worth more than $150,000 per created job. Once again, it should be stressed that the small number of awarded incentives and type of industry contribute to the relative high numbers. Connecticut and Louisiana are states that awarded on average more than $100,000 per job, but had awarded considerable numbers of incentives. New Mexico ($6,675), Virginia ($7,866), North Carolina ($13,643), Florida ($15,511), Utah ($16,000), Texas ($16,621), Indiana ($16,770) and Delaware ($17,033) are states at the other side of the spectrum with relatively low awarded incentive values per created job but a considerable amount of granted incentives.

Map 5 Incentive Value per Created Job per US State, 2010-2013 (in USD)



Source: Author's own Calculations; ICAincentives.com 2013

Conclusions

The incentives benchmark stresses the fact that spending large sums of money does not automatically generate proportionate benefits in terms of capital expenditures and created employment. States considered "big spenders" (e.g., Louisiana, Pennsylvania, New Jersey and Connecticut) initially seem to have attracted considerable amounts of investments and new jobs. States can be categorized accordingly:

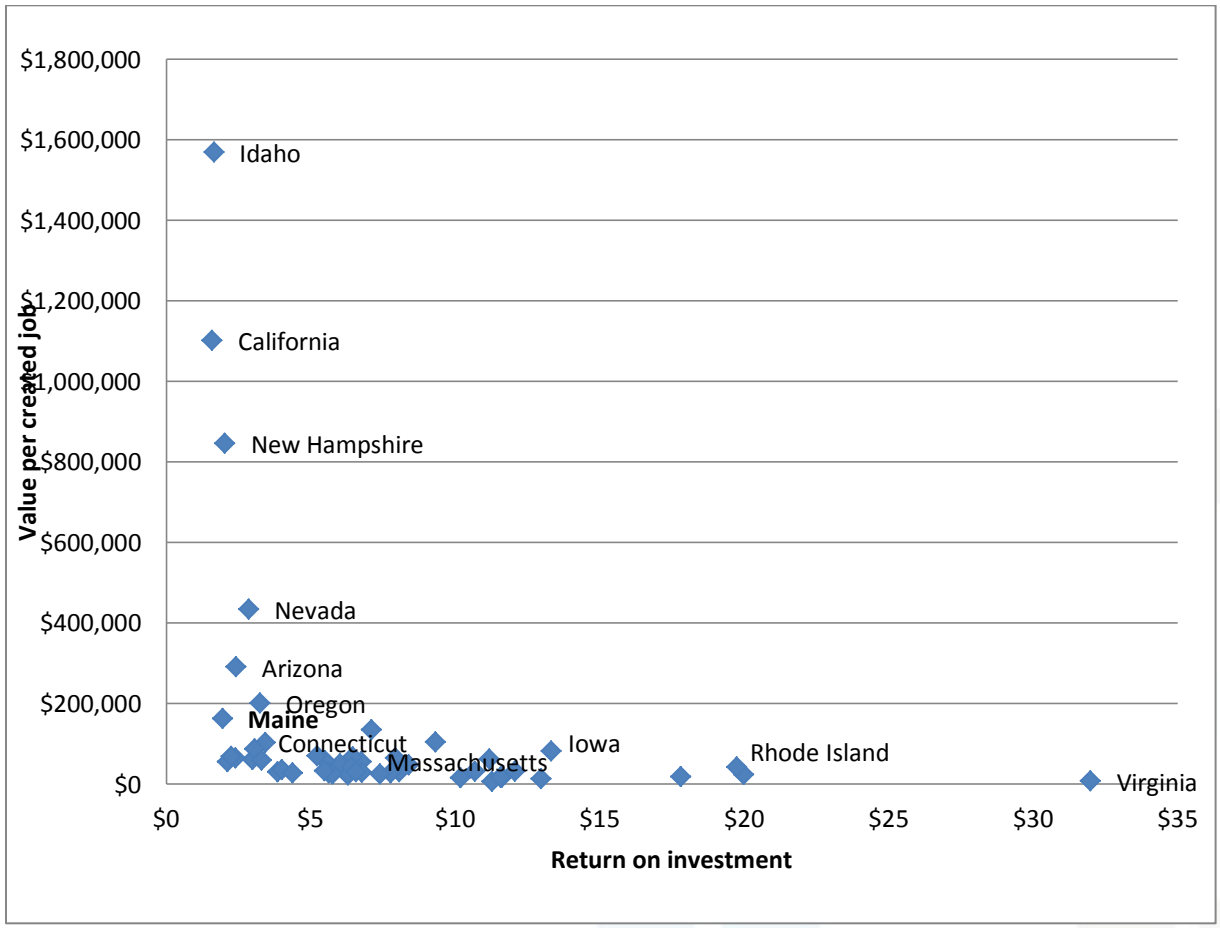
- States that both attracted a significant amount of capital expenditures and created new employment, but also spent considerable budgets on awarding incentives include Michigan, Tennessee, Ohio, Kentucky, New York, Indiana and, to a lesser extent, Louisiana. In absolute terms, these states seem to have performed rather well.
- States that attracted a significant amount of capital expenditures, but did not convert the budget spent on incentives into employment creation includes mainly California.
- States that created a high number of jobs, but did not attract large proportions of capital expenditures while spending considerable public money on incentives include Pennsylvania and New Jersey.
- States that spent considerable amounts on incentives, but not transfer this into either capital expenditures or employment creation include Arizona, Connecticut, Colorado, Idaho and Nevada. These states have performed poorly.
- On the opposite, states that are not ranked as the top-15 "big spenders," but did feature in the top-15 of attracting capital expenditures and employment creation include Texas, North Carolina and Florida.

A closer look on relative numbers reveals that some states rank high in terms of average value per awarded incentive and value of awarded incentive per created job, but score low on the rate on

investment per awarded incentive. On the contrary, states that seem to generate disproportionately more benefits in terms of capital expenditure and new jobs are Tennessee, North Carolina and Indiana. These states do not feature in the top-15 of average value per awarded incentive and value of awarded incentive per created job nor do they feature in the bottom-15 of rate on investment per awarded incentive. A state like Iowa is not in this comparison group as it has a relatively high value of awarded incentive per created job (over $80,000). It does however have a relatively high return on investment ($13.8 per invested US$) with an average dollar value per deal of $3.7 million, which is lower in contrast to other states.

Plotting these rates against each other provides an overview of which states performed well and which did not. The average return on investment per awarded incentive is expressed on the horizontal axis while the average value of awarded incentive per newly created job is noted on the vertical axis. Ideally, from a state perspective, states should be located in the bottom-right corner with high return rates on their investment in incentives is combined with low values per newly-created job. Idaho, California, New Hampshire, Nevada, Arizona and Oregon seem to be exceptional outliers as they have been confronted with extreme such values per newly created job. Virginia, on the other hand, is a positive outlier in that it is located on the exact spot that is ideal from a state perspective. The majority of states range from a $2 to $13 return of investment with a maximum of $100,000 per newly created job.

Figure 15 Integral Incentive Cost-Benefit Analysis



The direct implications for the State of Maine are mixed. In the period of time in which data has been collected (since 2010), *ICAIncentives.com* has registered 11 incentives awarded by Maine, on which the government of state spent $144.0 million. This implies a relatively high average value per awarded incentive: $13.1 million against an average of $6.86 million US wide. It thus appears that Maine spent an above-average budget on a limited amount of incentives. However, the benefits appear to have been limited as well as the state features in the bottom-15 in terms of both generated capital expenditures ($307.4 million) and number of newly created jobs (901 new jobs).

These figures are confirmed by relatively low indicators when comparing the costs and benefits. The average return on investment per awarded incentive is low at a $2.10 return per publically invested dollar in incentives. The average value of awarded incentive per newly created job is high with Maine spending $159,000 per newly created job. Indeed, Maine is featured in the top-left corner of the integral incentive cost-benefit analysis, though with a relatively high value per created job (7th among all US states).

Comparing Maine with other neighboring states reveals that only New Hampshire performs worse, mainly due to its high value per created job (more than $800,000 per created job). Connecticut seems to perform similar to Maine though its value per created job is only two-thirds that of Maine's ($107,000 against $163,000, respectively) and its return on investment is slightly higher (a return of $3.4 per invested dollar against $2.0, respectively). The other New England states of Massachusetts and Rhode Island outperform Maine, as well does the benchmark state of Iowa. Rhode Island yielded the highest return on its investments with $19.7 per invested dollar whilst Massachusetts scored best in terms of lowest value per created job: only $31,110.

Benchmark 4: Transparency in Incentives

As became evident in the incentives benchmark, the number of incentives varies greatly among US states. Information provided by state governments and officials on such incentive programs differ to a similar extent. The quality of provided information (e.g., depth) is another factor which further complicates comparing incentives across the US. For instance, governments might or might not provide information on the beneficiary, budget spent on the incentive program and benefits generated by the programs. As a result, the distribution of incentive transparency differs among US states.

In order to rank states according their incentive transparency, ICA developed the Incentive Transparency Index. Primary objective is to evaluate the information provided by US state governments on their incentive programs to eventually offer an unbiased, analytical view of incentive transparency across the US. The Incentive Transparency Index can function as tool to policymakers in that it assists them in assessing the costs and benefits of incentive programs combined with improving the provision of information on these incentive programs. The benefits of such an index are twofold as it informs potential investors about the incentive potential for their sector and business activity in a specific US state. Fuller transparency and information disclosure among all US states could also potentially reduce or halt the incentive-orientated "race-to-the-bottom," since states become more conscious of one another's incentive programs, targets and objectives. This implies more incentive-based coordination rather than individual state incentive practices.

Methodology

The Transparency Index is, similarly to the incentives benchmark, based on *ICAIncentives.com*, from which state-level data has been extracted regarding four elements:

- Number of incentive programs;
- Number of awarded incentives;
- Total amount of generated capital expenditures; and
- Total number of created jobs.

Every single state has been ranked for each of the four elements to acquire better comprehension of where each state is located on the transparency scale. For example, in case a state registered many programs but did not release much information on the incentive recipients or awarded amounts, it will most likely not result in many awarded incentives registered in the database. This will consequently lead to an overall weaker ranking. The same is evident for the amount of generated capital expenditures and the number of created jobs, which will further validate a state's overall ranking.

As the *ICAIncnetives.com* database also registers awarded incentives that have not been classified according to a specific incentive program, a second Incentive Transparency Ranking has been established. This index is based on three elements derived from *ICAIncnetives.com*:

- Number of awarded incentives;
- Total amount of generated capital expenditures; and
- Total number of created jobs.

Results: awarded incentives including incentive programs

- All states were ranked according the four elements with a total score divided by four. The results are clustered into three groups; green, amber and red, respectively:
    - The first cluster consists of states which show very high and frequent transparency of awarded incentives and incentive programs;
    - The second cluster indicates states that possess medium transparency rates with average frequency and information provision; and
    - The third cluster is composed of states which entail very little or no transparency of incentive information.

Two exceptions should be noted in the amber group: Maryland and Indiana. These states have scores that would initially result in a position within the amber cluster though recent efforts of these states (though not yet included in the *ICAIncentives.com* database) have considerably increased the transparency on their incentive programs.

Maine scores quite poorly in terms of the transparency score: 43. Further investigation reveals that Maine ranks a 40th place regarding the number of incentive programs (only one has been registered by the ICAIncentives.com database), together with New Hampshire, New Mexico, Rhode Island, West Virginia and Wyoming. In turn, this single registered program consisted of only one awarded incentive

that has been picked up by the database, resulting in a 44th rank in terms of absolute numbers of awarded incentives as registered by ICAIncentives.com among Rhode Island, North Dakota and Wyoming. This single registered awarded incentive created 70 jobs (44th rank, between North Dakota and Rhode Island) though no information is provided on the amount of capital expenditures (40th rank, again with states such as New Hampshire, New Mexico, Rhode Island, West Virginia and Wyoming).

Table 83 State Transparency Score Including Incentive Programs

State Transparency Index					
Kentucky	4.25	Colorado	20.5	California	33.75
Pennsylvania	6	Oklahoma	21.25	Nebraska	36.5
Florida	6	Mississippi	21.25	Vermont	36.5
New York	6.25	Alabama	24.75	Georgia	40
Ohio	6.25	Oregon	24.75	New Hampshire	42.5
Michigan	7	Maryland*	27.25	West Virginia	42.75
Louisiana	7.25	Minnesota	27.25	**Maine**	**43**
North Carolina	8	Delaware	27.25	North Dakota	43.75
Virginia	9	Washington	28.25	Nevada	44.5
Missouri	11.25	South Dakota	29.5	Hawaii	45.25
Illinois	13.5	Utah	30	Idaho	46
Wisconsin	13.75	Alaska	30.75	Rhode Island	46.75
New Jersey	14.25	Indiana*	31.25	Kansas	47.25
Texas	14.5	South Carolina	31.25	Wyoming	48.25
Massachusetts	15.25	Arkansas	31.25		
Connecticut	16	Montana	32.25		
Tennessee	16.25	Arizona	32.75		
Iowa	16.5	New Mexico	33.5		

*Indicates the state is awarded higher status due to recent efforts to improve incentive transparency since official ranking has been established

Table 84 State Transparency Index Including Incentive Programs

Transparency Index Including Incentive Programs		
Green: Ranks 1st – 16th	Amber: Ranks 17th – 33rd	Red: Ranks 34th – 50th
Connecticut	Alabama	California
Florida	Alaska	Georgia
Illinois	Arkansas	Hawaii
Iowa	Arizona	Idaho
Indiana*	Colorado	Kansas
Kentucky	Delaware	**Maine**
Louisiana	Minnesota	New Hampshire
Maryland*	Mississippi	Nebraska
Massachusetts	Montana	Nevada
Michigan	New Mexico	North Dakota
Missouri	Oklahoma	Rhode Island
New Jersey	Oregon	Vermont
New York	South Dakota	Washington
North Carolina	South Carolina	West Virginia
Ohio	Utah	Wyoming
Pennsylvania	Washington	
Texas		
Tennessee		
Virginia		
Wisconsin		

Results: awarded incentives excluding incentive programs

A number of awarded incentives deals registered *in ICAIncetives.com* do not feature in any specific program. Leaving out the element "total number of programs" could provide a different picture as opposed to including the specific programs. This part reveals more on the transparency of awarded incentives rather than the incentive programs.

Again, Maine seems to have performed poorly with an overall score of 42. A 45th place is taken by Maine regards the number of awarded incentives. A total of five awarded incentives have been administered by *ICAIncetives.com* (as opposed to the 11 mentioned in the Incentives Benchmark).[3] Information is available for both generated capital expenditures as well as created employment though Maine ranks low: 39th in terms of capital expenditures (worth $105 million) and 42nd with 785 created jobs. Alaska, Oregon, South Dakota and Vermont are states that perform similar to Maine.

Table 6: State Transparency Score Excluding Incentive Programs

Florida	5.3	Wisconsin	17	Mississippi	33.66
Indiana	5.3	Georgia	17.3	Maryland	34.66
Michigan	5.6	Massachusetts	17.33	New Mexico	34.66
New York	6	Missouri	18.33	Washington	35
Kentucky	6	South Carolina	18.66	Arizona	35.66
Pennsylvania	6.3	New Jersey	20.66	Vermont	36.66
Ohio	7	Connecticut	20.66	South Dakota	37.33
North Carolina	8.66	Illinois	21.66	Alaska	37.33
Louisiana	9	Alabama	23.66	Oregon	38
Texas	9.3	California	23.66	New Hampshire	40.3
Tennessee	11	Utah	24	Nebraska	41.66
Colorado	13.66	Minnesota	24.66	**Maine**	**42**
Virginia	14.6	Oklahoma	25.66	Montana	42.33
Iowa	14.66	Nevada	30.66	Wyoming	43
		Kansas	31	Rhode Island	46.33
		Arkansas	31	North Dakota	46.66
		Delaware	31.33	Hawaii	48.33
		West Virginia	32.66	Idaho	49.33

Table 7: State Transparency Index Excluding Incentive Programs

Green: Ranks 1st – 16th	Amber: Ranks 17th – 33rd	Red: Ranks 34th – 50th
Colorado	Arkansas	Alaska
Florida	Alabama	Arizona
Indiana	California	Hawaii
Iowa	Connecticut	Idaho
Kentucky	Delaware	**Maine**
Louisiana	Georgia	Montana
Michigan	Illinois	Nebraska
New York	Kansas	New Hampshire
North Carolina	Massachusetts	New Mexico
Ohio	Maryland*	North Dakota
Pennsylvania	Minnesota	Oregon

[3] The Incentives Benchmark is based upon the most recent data whereas the Transparency Index is based upon data until April 2013.

Table 7: State Transparency Index Excluding Incentive Programs		
Green: Ranks 1st – 16th	Amber: Ranks 17th – 33rd	Red: Ranks 34th – 50th
Tennessee	Mississippi	Rhode Island
Texas	Missouri	South Dakota
Virginia	Nevada	Wyoming
	New Jersey	Vermont
	Oklahoma	
	South Carolina	
	Utah	
	West Virginia	
	Wisconsin	

Conclusions

These figures strongly suggest that there is an opportunity for Maine to improve its transparency regarding its awarded incentives. First, the State should consider categorizing its awarded incentives according to the incentive programs. This would increase Maine's rank considerably as it would create a direct link between number of programs and number of awarded incentives.

In addition, Maine should consider providing more information on all programs. Currently only two programs are featured in the ICAIncentives.com database, which are Rural Economic Development Loan and Grant and the FAME's Economic Recovery Loan Program. Maine has a number of programs that include awarded incentives. Parallel to putting more public attention on its programs, the benefits should be disclosed as well. This not only enhances Maine's rank on the transparency lists but also improves public accountability and trustworthiness towards its tax payers.

ICA has selected three competitive states as its benchmark for analyzing incentive programs across these states, Connecticut, Massachusetts and New Hampshire. During the research on other states' evaluations, ICA uncovered several states that have implemented wide-ranging incentive evaluations, including Pennsylvania, Oregon, California and Texas. It also consulted industry benchmark data including ICA's own Transparency Index and The Pew Center report, Evidence Counts, Evaluating State Tax Incentives for Jobs and Growth, published in April 2012.

The State of Iowa, which has a thorough evaluation and is transparent in its findings, has been selected as a fourth benchmark state. As with Maine, Iowa has an agricultural base and is competing against larger, more centrally-located states, in order to develop and attract businesses. Iowa has also sought to diversify its economic base.

Each state selected for review has one prominent incentive program that combines several types of programs for maximum benefit to the locating company. In Maine, the Pine Tree Development Zones are the primary focus. In the other states, they include:

Massachusetts: Economic Development Incentive Program (EDIP)

Connecticut: Enterprise Zone Program

New Hampshire: Economic Revitalization Zone Tax Credits

Iowa: High Quality Jobs Program (HQJ)

Benchmark 5: Competitive States Programs

Maine's Pine Tree Economic Development Zone Program

The State of Maine established its current Pine Tree Development Zone ("PTDZ") program in 2003. The program seeks to reduce or eliminate state taxes for up to 10 years through a variety of ways:

- Corporate tax credits;
- Sales and use tax exemptions for both personal and real property;
- Withholding tax reimbursements of 80%; and
- Reduced electricity rates.

Financial sector companies may also be eligible for certain insurance tax credits. Credit, exemption and reimbursement apply only to new payroll and property.

Maine has focused the PTDZ program to apply to specific industry sectors, which include:

- Biotechnology
- Aquaculture and Marine Technology
- Composite Materials Technology
- Environmental Technology
- Advanced Technologies for Forestry and Agriculture
- Manufacturing and Precision Manufacturing
- Information Technology
- Financial Services

These are based upon target sectors and clusters at which Maine has strength and has proven it can compete against regional states and their programs.

Requirements include:

- Creation of at least one "quality job" defined as salary and benefits (income derived from employment – "IDE")that exceeds the per capita salary in the locating county, Income Table and Definitions);
- Employees must have access to benefits including health insurance, retirement, education and dependent care;
- Capital investment.

The states divided into two tiers that determine the length of benefits available. Depending upon location and industry sector, businesses located in Tier 2 municipalities (Tier 2 Municipalities 2013) are eligible for five years of benefits, while those in other municipalities are eligible for 10 years.

A business can qualify for the program only if "it demonstrates" it could not expand or start a new business without the incentives. PTDZ benefits do not apply to jobs moved from one area to another within the state.

Other Maine Incentive Programs

Employment Tax Increment Financing

Employment Tax Increment Financing provides new or growing Maine businesses a refund of30% to 80% of state withholding taxes for up to 10 years depending on industry and location. Five or more new employees must be hired within a two-year period. Employees must be offered a group health plan and retirement benefit and the annual income paid to each new employee must be higher than the average for the county in which the business is located.

Business Equipment Tax Relief programs

Business Equipment Tax Relief programs offer up to 100% tax exemption from personal property taxes on eligible business equipment. The programs offer an exemption eliminating property tax, which largely replaces a reimbursement (for purchases between April 1, 1995, and March 31, 2007).

Finance Authority of Maine FAME

Finance Authority of Maine FAME, an independent state agency, offers more than 20 financing programs, including loans, equity capital, investor tax credits and bond financing.

Maine Venture Fund

The Maine Venture Fund provides initial funding, typically between $100,000 and $300,000, in capital to small businesses that demonstrate a potential for high growth and public benefit. Funds must be matched. Investments from the fund may be structured in a range of securities, such as preferred stock or convertible debt.

Technology Tax Credits

Technology Tax Credits focuses on technical advancement within existing and operating companies involved in manufacturing and certain research activities. Tax credits and exemptions offered include electricity costs, equipment purchases and other expenses involved in R&D.

Competitive State Programs

The State of Maine borders and/or is in close proximity to the States of Connecticut and New Hampshire and the Commonwealth of Massachusetts. These are considered main competitors for attracting companies and jobs, since expanding companies often take a regional approach to their location searches. To this mix, the consultant Team has added the State of Iowa, which has been selected due to its leadership and success in evaluating incentive programs. Iowa also has an agricultural industry and must compete against larger, more centrally-located state neighbors. It has been seeking to diversify its economy and attract and develop innovation.

These competitors have similar programs to those of Maine's, but with distinctive features.

Massachusetts

Massachusetts is well-known as a developer of innovation with the Massachusetts Institute of Technology (MIT) and its university system including Harvard, the University of Massachusetts and Boston College. It is home to 12 *Fortune 500* companies including Biogen, Boston Scientific, Staples, State Street and TJX.

The Commonwealth's main incentive program is its Economic Development Incentive Program (EDIP). It is designed to create jobs and stimulate business growth. Its key points are:

- Create new full-time jobs,
- Location within Economic Target Areas and within Economic Opportunity Area,
- Retain at least 50 full-time manufacturing jobs or create at least 25 new full-time manufacturing jobs within Gateway Municipalities,
- Generate new sales outside of Massachusetts.

Municipality must approve local incentives which can include Tax Increment Financing or a Special Tax Assessment. Certification by the Economic Assistance Coordinating Council ("EACC") follows municipal approval.

Investment Tax Credit (ITC) is up to 10%, depending upon new economic activity outside the commonwealth. The percentage of benefit can also depend upon the increased employment opportunities of residents, and increased income and employment levels.

Enhanced Expansion Projects creating at least 100 new full-time, permanent jobs, can be eligible for up to 10% of capital investment after two years after having received the EDIP-ITC

For manufacturing retention projects, the credit is up to 40% and is refundable based on sales outside the Commonwealth or otherwise increase employment opportunities of residents of the gateway municipality and Massachusetts at large.

Leased property and multiple facilities can now count toward the credit. Expansions are given two years to achieve their job increased goal and must keep new or retained positions for at least five years. Certification by the EACC can be revoked and incentive awards may be clawed back if there is a material deviation from the business proposal (50% below expectations).

In December, 2013, the EACC approved 14 projects, which expected to create 1,217new jobs and retain 1,694 existing jobs with over $133 million in private investment. Since 2009, the program is credited with approving 175 project and creating 12,666 jobs, retaining 38,901 existing jobs and leveraging $4.6 billion in private investment.

Other Massachusetts Incentive Programs

Job Creation Incentive Program–Applies to qualifying biotechnology and medical device manufacturing companies eligible to receive incentive payments for creating 10 or more new jobs during a single calendar year. The incentive payment is equal to 50% of the eligible jobs' salary multiplied by the applicable Massachusetts income tax rate of the newly-hired persons.

Investment Tax Credit–3% credit is available for qualifying businesses against Massachusetts corporate excise tax and used for the purchase and lease of qualified tangible property used in the business operations. The credit is available to manufacturers, certain R&D corporations and companies engaged in agriculture or commercial fishing.

100% Personal Property Tax Exemption–Classified manufacturers are exempt from paying local personal property tax on tangible, depreciable assets. The exemption is from local property taxes.

Connecticut

Connecticut is a leader in development in the Northeast of the US. Home 16 Fortune 500 corporations including General Electric and United Technologies, the State is known as a manufacturing base and for renewable energy technology that has leveraged the technologies and skill sets developed. The State also boasts a number of top universities including the Ivy League Yale and the University of Connecticut.

Enterprise Zones

Connecticut was the first state to establish Enterprise Zones, and there are now 17 designated zones. These are within Targeted Investment Communities ("TIC") and the benefits include:

- Abatement of local real and personal property tax of 80% over five years;
- Credit of 25% on the state's corporation business tax attributed to business expansion or renovation project for 10 years. The corporate tax credit increases to 50% if a minimum of 30% of new full-time positions are filled by Zone residents or residents of the municipality and are Workforce Investment Act eligible.

Designation is flexible and tailored to the community. Other areas within the TIC municipality can be zoned with the approval of the Commissioner as having the Enterprise Zone-level benefits or greater:

Entertainment District: facilities for producing live or recorded multimedia products anywhere within a TIC municipality. Benefits include up to 100% property tax abatement for up to seven years.

Qualified Manufacturing Plant: facilities of at least 500,000 square feet location within or outside of a TIC. Benefits include up to 100% property tax abatement for up to seven years.

Railroad Depot Zone: manufacturing or warehousing facilities originally dependent upon railroad access. Benefits include up to 100% property tax abatement for up to seven years.

The Urban Jobs Program provides Enterprise Zone benefits, but to a lesser extent outside the Enterprise Zone itself but within a TIC. The same qualifying criteria generally apply. The state's designations include:

Contiguous Municipality Zone: one or more census tracts contiguous to an Enterprise Zone but located in another municipality. Benefits are the same as those in the adjacent Enterprise Zone. The municipality designating the contiguous zone is not considered at TIC and no other programs of a TIC apply.

Defense Plant Zone: for former defense manufacturing plants vacant as of July 1, 1998, with Commissioner determination of severe impact from prime defense contract cutback. Enterprise Zone-level benefits apply, but with a length of two years, which can be renewed for another two years with public hearings. The municipality designating the contiguous zone is not considered at TIC and no other programs of a TIC apply.

Manufacturing Plant Zone: for municipalities of less than 20,000 contiguous to a TIC can, with Commissioner approval, be designated. Must have facilities of at least 180,000 square feet formerly used in the printing or allied industries, with 100 acres of vacant, industrial or commercial zoned land and is bounded by a railroad track and a stream. Enterprise Zone-level benefits apply, but with a length of two years, which can be renewed for another two years with public hearings. The municipality designating the contiguous zone is not considered at TIC and no other programs of a TIC apply.

Bradley Airport Development Zone: tax credits for manufacturers or assemblers, perform related manufacturing research and development, of service, overhaul or rebuild industrial machinery. Warehousing and freight businesses can qualify if shipping by air. Service companies may qualify as well if the business is related to an airport.

Bioscience Enterprise Corridor Zone: Enterprise Zone-level benefits are available for businesses of 300 or fewer employees and engaged in bioscience, biotechnology, pharmaceutical or photonics research, development or production in the state.

Other Connecticut Incentive Programs

Urban and Industrial Site Reinvestment Tax Credit–Corporate tax credit of up to 100% for an investment in real property up to $100 million in an urban area or an industrial project that adds significant economic activity, increase employment in a new facility and generate significant additional tax revenues for the State. The minimum investment is $5 million in distressed communities and $50 million in all other communities. Program expenditures capped are at $500 million. Tax benefit is dispersed over a 10-year period, starting in Year Four. Carry-over is for five-years.

Fixed Capital Tax Credit–A 5% tax credit against amount paid or incurred for new, fixed capital investment in tangible personal property. A 5% tax credit for investments in human capital (employee training, childcare, facilities and subsidies and donation to higher education for advancement of technology) also is applicable. Carry forward is five years.

Machinery and Equipment Tax Credit–A 10% tax credit for increased investment in machinery and equipment is available for companies with 250 or fewer full-time permanent employees. Five percent tax credit is allowed for increased investment for corporations employing between 251 and 800 full-time employees. There is no carry-forward or carry-back allowed.

Financial Services Tax Credit–Financial institutions constructing new facilities and adding new employees can receive a credit of as much as 50% of the tax for up to 10 years; may be extended for an additional 5 years; based on size of the facility and level of employment.

Angel Investor Tax Credit –A tax credit for angel investors with a cash investment of $25,000 or more in a qualified Connecticut business. The credit shall be equal to 25% of the investor's cash investment. Total tax credits allowed shall not exceed $250,000 for any angel investor. Qualified businesses must apply to Connecticut Innovations and be approved to be eligible for a tax credit. The program is due to expire in 2014 unless renewed by state legislature. Available to accredited investors only.

New Hampshire

The State of New Hampshire is one of the smallest states and least populous in the union. It is home to Dartmouth College and the University of New Hampshire. No *Fortune 500* companies are headquartered in the State.

The state does, however, notes its low-tax climate which, in addition to a low 8.5% corporate income tax, includes

- No broad base personal income tax
- No sales tax
- No use tax
- No inventory tax
- No capital gains tax
- No estate tax
- No internet tax
- No professional service tax

The state's tax incentive offerings are, therefore, proportional.

Economic Revitalization Zone Tax Credits

Economic Revitalization Zone Tax Credits (ERZ Tax Credit) is a short-term, tax credit against the business profits and enterprise taxes. To qualify, capital investment must be made and the location must meet at least one of the following specific demographic criteria, including:

- Population decrease over the past 20 years;
- 51% or more of households have incomes less than 80% of the median of the state; or
- At least 20% of household median income below the poverty level.

To qualify, the location would likely reduce vacancy or tax delinquency:

- In an unused or underutilized industrial park;
- Located on vacant land;
- Have structures previously used for industrial, commercial, or retail purposes; or
- On a Brownfield site.

In order for the company to qualify, it must meet at least one of the following criteria:

- Create a new facility;

- Add buildings or machinery and equipment to the facility equal to at least 50% of the market value;
- Alter or repair a facility equal to at least 50% of the market value; or
- Alter or repair a vacant facility equal to at least 20% of the market value.

The credit is based on the percentage of the salary for each new job created and the lesser or a percent of the actual cost incurred for the project or a maximum credit for each new job created in the fiscal year.

Over five consecutive years, the total amount of the credit is $200,000. The state has designated $825,000 for tax credits.

Other New Hampshire Incentive Programs

Coos County Job Creation Tax Credit: for businesses hiring new employees in Coos County and paying wages equal to or above 200 percent the calendar year minimum wage. The tax credit is $1,000 for any new, full-time, year-round jobs applied to the Business Enterprise Tax. The unused portion of the credit can be applied to the Business Profits Tax.

Iowa

The State of Iowa is a Midwestern State with a larger geographic size to Maine and nearly three times the population. It too must compete against larger states surrounding it. Known as an agricultural state, it has diversified its economy significantly into advanced manufacturing, financial services, information technology, biotechnology, and green energy production. The University of Iowa and Iowa State University are its major educational institutions. Iowa has two *Fortune 500* companies headquartered in the State, Principal Financial and Casey's General Stores.

High Quality Jobs Program

Iowa's High Quality Jobs Program is the state's premier financial assistance program offsetting the cost to locate, expand or modernize an Iowa facility. The package includes tax credits, exemptions and/or refunds to non-retail or non-service companies that meet wage requirements, known as Laborshed Wages[4].

In addition to meeting wage requirements for the area, business eligibility includes:

- Created jobs must pay at least 100% of the qualifying wage threshold at the start of the project and 120% of the qualifying wage threshold by project completion and through the project maintenance period.
- Retained jobs must pay at least 120% of the qualifying wage threshold throughout the project completion and maintenance periods.
- The business must provide a sufficient benefits package to all full time employees that includes at least one of the following:

[4] Laborshed Wages are based on an area's actual commuting patterns and exclude retail and healthcare wages, among others, and result in a more reflective starting wage for assistance eligibility.

- Business pays 80% of medical and dental premiums for single coverage plans, or
- Business pays 50% of medical and dental premiums for family coverage plans, or
- Business pays for some level of medical and dental coverage and provides the monetary equivalent value through other employee benefits

In economically distressed areas, jobs must pay 100% of the Laborshed Wage initially, and reach 120% within three years. .

The program's tax incentives include:

- The State's refundable research activities credit may be increased while the business is participating in the program.
- A local property tax exemption of up to 100% of the value added to the property to a period not to exceed 20 years may be available.
- An investment tax credit equal to a percentage of the qualifying investment, amortized over five years.
- A refund of state sales, service or use taxes paid to contractors or subcontractors during construction.
- For distribution center projects, a refund of sales and use taxes paid on racks, shelving, and conveyor equipment.

Actual incentive amounts will be based on the business's level of need, the quality of the jobs, the percentage of created or retained jobs defined as high-quality and the economic impact of the project. Businesses must apply prior to the beginning of the project. Additionally, the High Quality Jobs program can be used in combination with other State programs with the exception of the Enterprise Zone Program.

Other Iowa State Incentives

Enterprise Zones: Designed to stimulate development in economically distressed areas, the state offers a mix of state and local tax incentives in order to revitalize designated and make competitive with elsewhere in the State. Key requirements include

- Invest $500,000 within a three-year period including cost of land, improvements to buildings, equipment and machinery purchase and/or computer hardware.
- Create and maintain at least 10 full-time jobs within the three-year period and maintain them for an additional two years.
- Provide medical benefits to full-time employees of where business pays 80% of the standard medical/dental plan and 50% of family coverage.
- Wages that meet 90% of Laborshed Wage threshold.

Businesses must be approved prior to the beginning of the project and cannot be retail or limited by coverage charge or membership.

Venture Capital Credit: This "Angel Investor" tax credit of 20% is available for equity investments made into qualifying businesses approved by the Iowa Economic Development Authority with a $2 million cap from 2011. The credit cannot be claimed until three years following the investment.