

VI. CONCLUSION

In the end, this report concludes that Maine can flourish—if it acts boldly at this critical juncture.

True: There is nothing inevitable about the realization of a new era of sustainable prosperity in Maine.

Clearly the state faces well-known and intractable challenges, including its cold winters, relative remoteness, and relatively small economy. Moreover, this report underscores the threats to Maine's emergence posed by its ill-focused spending, the vulnerability of its industrial clusters, and ill-managed suburban sprawl.

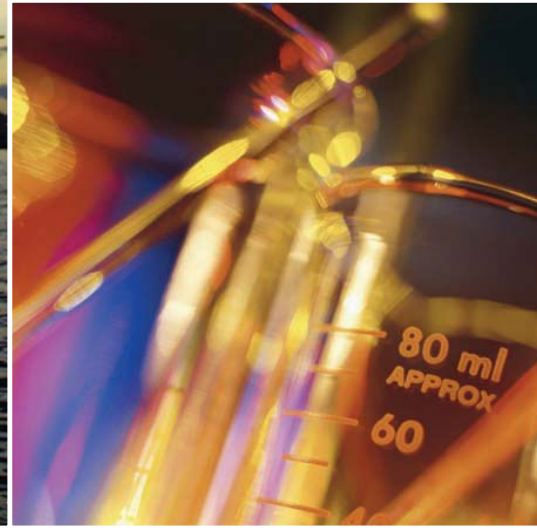
And yet, not even a review of the sizable state-level policy problems facing the state can obscure its tremendous physical and human potential.

As its world-famous brand declares, Maine has—in its vivid small towns and waterfronts, its lakes and fields and rocky coastline—exactly the sort of authenticity and quality of place that can set a place apart. Maine is unforgettable and distinctive, and that matters.

But even more encouraging are the other aspects of Maine's brand: its human dimensions. With Yankee ingenuity and the town meeting each part of its mystique, the most important among all of Maine's advantages in the coming years will be its knack for community-spirited problem solving. Maine will need to innovate if it is to invest adequately in constructing sustainable prosperity, slim government to make that possible, and devise a Maine style for effectively managing development. To do that, it will need to summon all of the state's genius for coming together to work out clever solutions to tough problems.

And that is why this report is ultimately optimistic about Maine's ability to take the actions it needs to take to usher in a more prosperous, sustainable, and ultimately more equitable future.

Maine's rooted, committed citizens—who love their state—have a talent for figuring things out. They've done it repeatedly in the past. We believe they will do it again, when it matters most. ■



Maine's rooted, committed citizens—who love their state—have a talent for figuring things out. They've done it in the past. We believe they will do it again.



ENDNOTES

I. INTRODUCTION (Pages 14–19)

1. Richard Barringer, “Maine Transformed: An Introduction.” In Richard Barringer, ed. *Changing Maine: 1960–2010* (Gardiner: Tilbury House, 2004).
2. In his essay, “Maine Transformed,” Richard Barringer traces the rise of the concept of “sustainability” beginning with the work of the economist Herman Daly, continuing through the 1987 report of the United Nations’ World Commission on the Environment and Development, and proceeding through resolutions of the G-7 and the International Chamber of Commerce.
3. The 63 regional hubs include Ashland, Auburn, Augusta, Bangor, Bar Harbor, Bath, Belfast, Bethel, Biddeford, Blue Hill, Boothbay Harbor, Brewer, Bridgton, Brunswick, Bucksport, Calais, Camden, Caribou, Damariscotta, Dexter, Dover-Foxcroft, Eastport, Ellsworth, Fairfield, Farmingdale, Farmington, Fort Kent, Freeport, Greenville, Guilford, Houlton, Jackman, Kittery, Lewiston, Limestone, Lincoln, Lubec, Machias, Madawaska, Milbridge, Millinocket, Newport, Norway, Orono, Oxford, Paris, Pittsfield, Portland, Presque Isle, Rangeley, Rockland, Rockport, Rumford, Saco, Sanford, Scarborough, Skowhegan, South Portland, Southwest Harbor, Thomaston, Van Buren, Waterville, Westbrook.
4. For a complete definition of “service centers,” see Task Force on Service Center Communities, “Reviving Service Centers” (Augusta: Maine State Planning Office, 1998). Available at www.maine.gov/spo/landuse/pubs/svccenters.php. For an overview of the importance of these places, see John Melrose, “Revitalizing Maine’s Service Centers.” *Maine Policy Review* 12 (3) (2003): 48-55. Available at www.umaine.edu/mcsc/MPR/Vol12No3/5melrose9C.pdf.

II. EMERGING TRENDS IN MAINE (Pages 20–49)

1. U.S. Census Bureau American Community Survey, 2005.
2. Ibid.
3. Brookings analysis of data from the Population Division of the U.S. Census Bureau.
4. Ibid.

5. U.S. Census Bureau. “Domestic Net Migration in the United States: 2000 to 2004” (U.S. Department of Commerce, 2006).
6. Internal Revenue Service county-to-county migration data from 1995 to 2004 were used to calculate flows between counties, regions, and states.
7. The seven Boston metro counties include Essex, Middlesex, Norfolk, Suffolk, Plymouth, Rockingham (NH), and Strafford (NH).
8. Average household incomes are adjusted to 2004 dollars and are calculated by dividing aggregate income of the migrating households by the number of migrating households for the years 1999 to 2004.
9. In fact, the 2004 microdata, which contain estimates with relatively large variation due to the smaller samples size, suggest nearly 25,000 net migrants between the ages of 25 and 44 and over 13,000 under the age of 25 moved into Maine from 2001 to 2004. Over the same period, the data show a net gain of over 6,500 people age 45 and older.
10. Brookings analysis of housing price data provided by the Maine State Housing Authority.
11. Percent increase in price for Southern and Mid-Coast Maine coastal towns was calculated using weighted average median prices. Weights were determined by the number of housing units in each town.
12. Domestic Strategy Group, “Grow Faster Together. Or Grow Slowly Apart” (Washington: Aspen Institute, 2003).
13. Bureau of Economic Analysis, Regional Economic Information System.
14. Bureau of Labor Statistics Quarterly Census of Employment and Wages data.
15. Bureau of Economic Analysis, Regional Economic Information System.
16. Curtis S. Dubay, and Scott A. Hodge, “State Business Tax Climate Index” (Washington: The Tax Foundation, 2006).
17. Corporation for Enterprise Development, “Development Report Card for the States” (Washington: Corporation for Enterprise Development, 2006). Available at www.cfed.org/focus.m?parentid=34&siteid=1581&id=1581.
18. Bureau of Labor Statistics Quarterly Census of Employment and Wages data.
19. Bureau of Labor Statistics.
20. Milken Institute, “2005 Cost-of-Doing-Business Index.” Available at www.milkeninstitute.org/research/research.taf?cat=indexes&function=detail&ID=26&type=CDB.
21. KPMG, “Competitive Alternatives: KPMG’s Guide to International Business Costs” (2006). Available at www.competitivealternatives.com/.
22. Bureau of Labor Statistics.
23. Federal Reserve Bank of Boston, “In the Shadows of the National Recovery: An Overview of New England’s Economic Performance in 2005” (Boston: New England Public Policy Center, 2006). Available at www.bos.frb.org/economic/nee/overview/overview05.pdf.
24. U.S. Census Bureau American Community Survey.
25. Bureau of Economic Analysis Local Area Personal Income data.
26. Maine Department of Labor, “Trends and Implications for the Maine Workforce” (Augusta, 2005).
27. Edmund Cervone, “State of Working Maine, 2005” (Augusta: Maine Center for Economic Policy, 2005).
28. Bureau of Labor Statistics.
29. Brookings analysis of Bureau of Labor Statistics Quarterly Census of Employment and Wages data.
30. Ibid.
31. Laurie Lachance, “Maine’s Investment Imperative” (Augusta: Maine Development Foundation, 2002). Available at www.mdf.org/mdf/speeches/InvestImper5.pdf.
32. Brookings analysis of Bureau of Labor Statistics Quarterly Census of Employment and Wages data.
33. Ibid.
34. Brookings analysis of Bureau of Labor Statistics Quarterly Census of Employment and Wages data; Bureau of the Census, Local Employment Dynamics, 2004 (Washington: Bureau of the Census, 2006).
35. Brookings analysis of Bureau of Economic Analysis Gross State Product data.
36. Brookings analysis of Bureau of Labor Statistics Quarterly Census of Employment and Wages data.

37. Ibid.
38. Ibid.
39. Bureau of Economic Analysis.
40. Ibid.
41. U.S. Census Bureau.
42. Bureau of Labor Statistics.
43. Bureau of Economic Analysis.
44. Michael E. Porter, "The Competitive Advantage of Nations," *Harvard Business Review* 90: 73–91; and Charles Colgan and others, "Assessing Maine's Technology Clusters" (Augusta: Maine Science and Technology Foundation, 2002).
45. Joseph Cortright, "Making Sense of Clusters: Regional Competitiveness and Economic Development" (Washington: Brookings Institution, 2006).
46. Cluster employment numbers are calculated from Bureau of Labor Statistics Quarterly Census of Employment and Wages data based on Maine technology clusters identified in Colgan and others, "Assessing Maine's Technology Clusters."
47. Maine Software and Information Technology Industry Association, "Maine Technology Cluster Overview" (Portland, 2005).
48. Maine Department of Labor, "Trends and Implications for the Maine Workforce."
49. Corporation for Enterprise Development, "Development Report Card of the States."
50. Maine Department of Labor, "Trends and Implications for the Maine Workforce."
51. Robert Atkinson, "The State New Economy Index" (Washington: Progressive Policy Institute, 2002). These data are compiled from Cognetics data published in 2000; Raymond J. Keating, "2004 Small Business Survival Index," (Washington: Small Business and Entrepreneurship Council 2005).
52. Laurie Lachance, "Just Imagine a State Where . . ." Presentation to the Maine Development Foundation's 27th Annual Meeting, September 27, 2005.
53. Metropolitan area rankings are based on the year-2000 populations of all county-based U.S. metropolitan areas, defined in 2003 by the Office of Management and Budget.
54. Charles Colgan, "Maine's Changing Economy." In Richard Barringer, ed., *Changing Maine, 1960–2010* (Gardiner: Tilbury House, 2004).
55. Brookings analysis of public utility hook-up data developed by the Maine State Planning Office, Maine Office of Geographic Information Systems, Central Maine Power Company, and Bangor Hydro-Electric Company.
56. All data on recent development in this paragraph comes from a Brookings analysis of residential growth maps created by Robert Faunce and the Sheepscot Valley Conservation Association GIS Support Center.
57. Based on the May 6th, 2004 general zoning map for the Town of Woolwich, viewable online at: www.woolwichme.com/Woolwich%20maps/maps/General%20Zoning%20Maps.pdf.
58. Rural land loss numbers come from a Brookings analysis of GIS housing density data compiled by David Theobald of Colorado State University. Rural land encompasses all areas that contain less than one housing unit per 40 acres. Therefore, land that is stated as having been "converted" from rural to non-rural use by the year 2000 includes all land that was rural in 1980 or 1990 but that exceeded the rural housing density threshold in the year 2000. The rural threshold of one unit per 40 acres is a commonly used benchmark that represents the maximum housing density allowable for wildlife and rural economic functions.
59. According to the 2000 Census, the total area of Rhode Island is 1,545 square miles, though the total land area is only 1,045 square miles.
60. Only 2 percent of the land in the Maine's unorganized territory is deemed "developable."
61. Alan Crowell, "Growing Pains in Unorganized Territory." *Kennebec Journal*, July 9, 2006.
6. Maine Department of Labor, "Maine Job Vacancy Survey: An Assessment of Potential Training Needs" (Augusta, 2006).
7. Lachance, "Just Imagine a State Where . . ."
8. Planning Decisions, Inc. "An Economic Development Strategy for York County: What Are the Best Prospects for Future Growth?" (Springvale: Southern Maine Regional Planning Commission, 2006).
9. U.S. Census Bureau.
10. U.S. Census Bureau American Community Survey, 2005.
11. Maine Department of Labor, "Trends and Implications for the Maine Workforce."
12. Ibid.
13. Ibid.
14. Ibid.
15. Bureau of Economic Analysis.
16. Bureau of Labor Statistics.
17. Lisa Pohlmann and Christopher St. John, "Life After Lay-Off in Central Maine" (Augusta: Maine Center for Economic Policy, 1999); Maine Department of Labor, "Trends and Implications for the Maine Workforce."
18. Governor's Office of Redevelopment Reemployment and Business Support, "The North Star Alliance: A Partnership to Transform the Workforce and Economy of Coastal Maine" (Augusta, 2006).
19. Maine Department of Labor, "The Relationship Between Education and Unemployment and Earnings" (Augusta, 2004).
20. Brookings analysis of Bureau of Labor Statistics Quarterly Census of Employment and Wages data.
21. Ibid.
22. Ibid.
23. Ibid.
24. Ibid. Tourism numbers include only direct employment in the amusement, gambling, recreation, and accommodation industries.
25. Bureau of Labor Statistics.
26. See Colgan and others, "Assessing Maine's Technology Clusters."
27. National Science Foundation, "Science and Engineering Profile: Maine" (Washington, 2006).

III. EMERGING IMPLICATIONS OF MAINE'S TRENDS (Pages 50–67)

1. Maine Department of Labor, "Trends and Implications for the Maine Workforce."
2. U.S. Census Bureau American Community Survey, 2005. The margin of error reported by the Census for Maine's BA attainment rate was +/- 0.7, meaning the actual rate could be anywhere between 24.9 and 26.3 percent. In any case, this is a significant improvement over the 2000 figure of 22.9 percent.
3. Personal communication from Helen Pelletier, Maine Community College System, July 25, 2006.
4. David Silvernail and Brianne Woodard, "Maine's College Graduates: Where They Go and Why (Revisited)" (Portland: University of Southern Maine, 2006).
5. Towers Perrin, "The 2003 Towers Perrin Talent Report" (New York, 2003).

28. This passage draws on a review of the 1999 to 2006 editions of Corporation for Enterprise Development's "Development Report Card of the States."
29. Maine Department of Labor, "Trends and Implications for the Maine Workforce."
30. National Venture Capital Association, "National Venture Capital Association Yearbook" (Arlington, VA, 2004).
31. Ewing Marion Kauffman Foundation, "Promoting and Supporting an Entrepreneurship-Based Economy in Maine" (Kansas City, 2002).
32. Maine Software and Information Technology Institute, "IT Overview for the Maine Science and Technology Advisory Council" (Portland, 2006).
33. Calculations based on Maine Revenue service data for taxable retail sales by economic area. Dollars were adjusted to year-2005 values.
34. Maine State Planning Office, "The Cost of Sprawl" (Augusta, 1997).
35. In 1974, the Real Estate Research Corporation showed infrastructure and operating costs that were 54 to 89 percent higher in low-density communities than in more dense, planned communities. A meta-analysis performed in 1989 by James Frank documented an 80 percent difference in infrastructure costs between close-in development and development ten miles from central facilities. Another 1989 study by Duncan and others examined eight actual developments in Florida and found that capital costs (including roads, schools, utilities, etc.) were 53 percent higher under unplanned development (\$15,941 versus \$10,401). In 2000, Burchell and others calculated the savings that could be had by local governments across the country if more compact forms of development replaced the status quo. They found national savings from 2000 to 2025 of 11.8 percent for road building and 6.6 percent for water and sewer costs. As for annual service delivery and operations costs, the authors showed annual fiscal savings of 2.8 percent, or \$4 billion. In Maine, it was found that the state could realize annual service provision net savings of \$143 million by reigning in sprawl. Bollinger, Berger, and Thompson, in their 2001 study of counties in Kentucky, found that for each type of county—from those with large central cities to those that were mostly rural—the costs of new services per 1,000 new residents were considerably higher for those counties that had more dispersed development. And in 2002, Speir and Stevenson demonstrated higher costs of service provision for low-density, large-lot development as opposed to more dense, smaller-lot development.
36. These five rural districts were Maranacook CSD-Readfield, Monmouth, Palermo, Vassalboro, and Windsor.
37. New England Environmental Finance Center, "Analysis of Per Capita Expenditures of Suburbanizing Communities in Maine" (Portland, 2005). Quickly suburbanizing towns are characterized in the report as being towns that were located within 30-minutes driving distance to a service center or metropolitan area, had between 1,200 and 8,000 people, and had population growth of at least 70-percent from 1970 to 2000. A sample of 10 such towns were included in the study: Buxton, China, Durham, Gray, Hermon, New Gloucester, Raymond, Sidney, South Berwick, and Waterboro. Of the ten, seven towns have U-shaped or stepped cost curves with 2004 per-capita expenditures that exceed 1970 real per-capita expenditures.
38. According to federal standards, a cost burden is considered "unaffordable" if thirty percent of income or more is spent on housing. "Maine Rental Housing Facts" and "Maine Homeownership Facts," MSHA Communications and Planning Unit, 2004.
39. Maine Development Foundation, "Measures of Growth in Focus 2006: Performance Measures and Benchmarks to Achieve a Vibrant and Sustainable Economy for Maine" (Augusta: Maine Economic Growth Council, 2006). Available at mdf.org/megc/measures/megc2006.pdf
40. Maine State Housing Authority, "The State of Maine's Housing 2002."
41. U.S. Census Bureau.
42. Low-income families are defined as those households earning below 50 percent of area median income. See Maine Department of Economic and Community Development and Maine State Housing Authority, "Maine Consolidated Plan: Five Year Plan 2005-2009" (2004).
43. Brookings analysis using U.S. Census data on housing units classified as "for seasonal, recreational, or occasional use."
44. Based on data from the Survey of Consumer Finances and the National Realtors Association, Maine Revenue Services estimates that 30.7 percent of Maine second-home value is owned by Maine residents, meaning that non-residents own 69.3 percent of it. E-mail to author, March 3, 2006, from Michael J. Allen, Director of Econometric Research, Maine Revenue Services.
45. A housing price-to-household income ratio of 3.5 is used here as an upper-bound threshold of affordability. Some organizations, such as Fannie Mae, have used a price-to-income ratio of 2.5 while Goldman Sachs recently suggested 3.5 may be more appropriate due to lower interest rates. The use of 3.5 allows for a "best-case scenario" analysis of housing affordability for typical Maine households.
46. Data on vehicle miles traveled are from the Federal Highway Administration's annual highway statistics, available at www.fhwa.dot.gov/policy/ohim/hs04/index.htm for 2004 and www.fhwa.dot.gov/ohim/1996/index.html for 2006.
47. To calculate household costs, this analysis used the Census 2004 ACS estimate of Maine's average household size of 2.39, multiplied by the vehicle miles traveled per-capita for each year. The American Automobile Association used a rate of 15.1 cents per mile for total operating costs for the average automobile, including gas (9.5 cents per mile), maintenance (4.9 cents per mile), and tires (.7 cents per mile). Because the U.S. Department of Energy documented an average retail price per gallon of gas in 1996 in the New England region of \$1.52 in 2005 dollars, the per-mile cost of gas in the AAA formula was adjusted to 6 cents for the 1996 calculation.
48. Simon Anholt, "Branding Places and Nations." In Rita Clifton and John Simmons, eds., *Brands and Branding* (New York: Bloomberg Press, 2003).
49. Longwoods International, "Focus on Tourism Fall 2004 Newsletter" (2004).
50. David A. McGranahan, "Natural Amenities Drive Rural Population Change" (United States Department of Agriculture, 1999).
51. Richard Florida, *The Rise of the Creative Class* (New York: Basic Books, 2002); Terry Nichols Clark and others, "Amenities Drive Urban Growth," *Journal of Urban Affairs* 24:5.
52. Maine Forest Service, "The 2005 Biennial Report on the State of the Forest and Progress Report on Forest Sustainability Standards" (Maine Department of Conservation, 2005).
53. Susan M. Stein and others, "Forests on the Edge: Housing Development on America's Private Forests" (USDA Forest Service, 2005).
54. John M. Hagan, Lloyd C. Irland, and Andrew A. Whitman, "Changing Timberland Ownership in the Northern Forest and Implications for Biodiversity" (Manomet, MA: Manomet Center for Conservation Sciences, 2005).
55. Maine Development Foundation, "Maine's Natural Resource-based Industries: Indicators of Health" (Augusta, 2004).
56. American Farmland Trust, "Farming on the Edge" (Washington, 2003).
57. Ibid.
58. Brookings analysis of USDA Economic Research Service data. Values shown are in 2004 dollars.
59. Charles S. Colgan, "The Contribution of Working Waterfronts to the Maine Economy" (Rockland, ME: Island Institute, 2004).

60. Ibid.
61. Hugh Coxe, Theresa Oleksiw, and Judy Colby-George, "Cundy's Harbor Working Waterfront Study: Village Profile and Policy Options" (2004).
62. Ibid.
63. Coastal Enterprises, Inc., "Tracking Commercial Fishing Access: A Survey of Harbormasters in 25 Maine Coastal Communities" (Wiscasset, 2004).
64. David Vail and others, "Tourism and Maine's Future: Toward Environmental, Economic, and Community Sustainability" (Augusta: Maine Center for Economic Policy, 1998).
65. Longwoods International, "Travel and Tourism in Maine: The 2004 Visitor Study Management Report" (Maine Office of Tourism, 2005).
66. David Vail, "Sustaining Nature-Based Tourism in 'Vacationland'" (Brunswick: Bowdoin College, 2003). It should be noted that the yearly revenue number for tourism does not subtract government expenditures on things like roads, parking, water supply, and other expenses that derive in part from tourism.
67. Longwoods International, "Travel and Tourism in Maine."
- activities on a clear, "cluster"-based understanding of the economy.
2. See, for example, Maine Department of Economic and Community Development, "Governor Baldacci Announces an Economic Development Strategy for Maine" (Augusta, 2004). Available at www.econdevmaine.com/announcements/details.asp?PressID=4
3. Laurie Lachance, "Thirty Years of Economic Development in Maine: The Good, the Bad, and the Ugly" (Washington: Brookings Institution, 2006).
4. Spreadsheet received by authors from Janet Yancey-Wrona, Maine Department of Economic and Community Development, June 13, 2006. Data were compiled by ACCRA—the Council for Community and Economic Research.
5. Richard Barringer and others, "Land for Maine's Future: Increasing the Return on a Sound Public Investment" (Augusta: New England Environmental Finance Center and Margaret Chase Smith Center for Public Policy, 2004).
6. Maine State Planning Office, "Sustaining Maine's Green Infrastructure: A White Paper Prepared for the Governor's Steering Committee on Maine's Natural Resource-based Industry" (Augusta, 2006).
7. G. Michael Alder and others, "Observations and Recommendations of the AAAS Review Panel on a Proposal to Create a Maine Technology Institute." Unpublished manuscript. March 23, 1999.
8. Typical of recent ratings of the state's tax burden was the Tax Foundation's 2006 analysis of total state-local burden, which ranked the state first among the states for its state-local tax load as a percentage of per capita income. See www.taxfoundation.org/taxdata/show/336.htm I note that the methodologies of this rating have been widely criticized. In other ratings, Maine ranked fourth (behind the District of Columbia, New York, and Wyoming) in terms of state and local tax collections as a percentage of personal income (13.4 percent) in the 2005 listing of the Federation of Tax Administrators; and fourth also in a recent memo from the Federal Reserve Bank of Boston. It should be noted, of course, that estimates of tax burden vary by methodology and source. For example, data from Maine's Office of Fiscal and Program Review frequently show that Census estimates of total state and local property tax collections run somewhat higher than actual collections, although the variation is not huge. Another factor to bear in mind is that significant portions of Maine's tax load are actually paid by out-of-state property owners, consumers, and business owners. Finally, while Maine ranks high on measures of taxation, it ranks somewhat lower on measures of total "own source revenue," which reflects its very low imposition of various fees and charges. For a good discussion of all of this issues, see Christopher St. John, "Making Sense of Maine's Tax Burdens" (Augusta: Maine Center for Economic Policy, 2004).
9. The rural comparison states, selected by their low U.S. Census-defined "urban areas," encompass the nine most rural U.S. states (not including Maine) and were adopted to provide a set of geographically similar comparison states, since urbanization can have large impacts on the cost and efficiency of service provision. The nine comparison states are: Vermont, Mississippi, Wyoming, South Dakota, Montana, West Virginia, Arkansas, North Dakota, and Iowa.
10. Full-time equivalent government employment per capita was slightly higher than the national average, and ranked ninth, though payroll relative to income ranked a middle-of-the-pack 26th.
11. See Robert Tannenwald and Nicholas Turner, "Interstate Fiscal Disparity in State Fiscal Year 1999" (Boston: Federal Reserve Bank of Boston, 2006). Available at www.bos.frb.org/economic.pdp/index.htm In this assessment Maine ranked 48th in 1999 for its low fiscal "need."
12. National Center for Education Statistics, Common Core of Data, 2003–2004.
13. Select Panel on Revisioning Education in Maine, "The Learning State: Maine Schooling in the 21st Century." Draft report. (Augusta: Maine Board of Education, 2005).
14. National Center for Education Statistics, Common Core of Data, 2003–2004.
15. Moore's analyses, prepared for this report, conclude that by seeking economies of scale in K-12 school system administration Maine could save:
- \$10 million by reducing Maine's per pupil "general administration cost of \$213, "as defined by the NCES, to the national average of \$163. NCES defined "general administration" as district administration, not including special education and transportation
 - \$22 million by reducing Maine's "system administration" line by a comparable percentage (31 percent)
 - \$25 million by reducing "system administration" to the \$195 per pupil cost of the Scarborough School Department, which is nearly identical in size to the average district nationally
 - \$36 million by moving school unions and municipal units toward the per pupil administrative costs of consolidated districts in the state.

16. Information in this sidebar comes from Cumberland County Strategic Planning Process Education Sub-committee, "SWOT Analysis" (2006).
17. Budget data here and in the next paragraph come from the Maine Bureau of the Budget.
18. See, for example, the Institute for a Strong Maine Economy, "No Place Left to Hide: Confronting Maine's Economic Future" (Portland, 2002).
19. See, for example, Christopher St. John, "Making Sense of Maine's Tax Burdens" and Robert Tannenwald, "Research Counters Claims that Taxes Drive Business Location" (Augusta: Maine Center for Economic Policy, 2006).
20. State-local government finance data come from the U.S. Census Bureau. For 2002 data see Table 6 in Philip Trostel, "Maine's State and Local Government Payroll and Expenditures" (Washington: Brookings Institution, 2006).
21. Again, estimates of tax burden vary by methodology and source. See St. John, "Making Sense of Maine's Tax Burdens." Nevertheless, in the final analysis, Maine's local tax system is highly unbalanced and state and local taxes in Maine are high by any standard.
22. See Timothy Bartik, "Can State and Local Policies Affect Economic Development?" (Kalamazoo: W.E. Upjohn Institute, 1991); Michael Wasylenko, "Taxation and Economic Development: The State of the Economic Literature," delivered at "The Effect of State and Local Public Policies on Economic Development," conference held at the Federal Reserve Bank of Boston, November 1996, cited in Robert Tannenwald, "What Matters to Business: From Someone Who's Never Met a Payroll." PowerPoint presentation delivered at the Maine Center for Economic Policy annual meeting, January 13, 2006; and Robert Tannenwald, "Research Counters Claims that Taxes Drive Business Location."
23. On this point, the academic empirical evidence is mixed, but suggestive. Bakija and Slemrod (2004) examine federal tax filing propensities at the state level and find that taxes affect reporting decisions. They attribute this to either tax planning or migration, or both. For their part, Saltz (1998), Cebula, Toma, and Saadamand (2002), and Feldstein and Vrobel (1998) find that state taxes do affect migration. Conway and Houtenville (2004), however, find only weak evidence of tax-induced migration among the elderly motivated by differing estate tax rules.
24. These data reflect Brookings' analysis of Maine Revenue Service's 2004 Municipal Valuation Return Statistical Summary, provided by the Maine Municipal Association.
25. See Bartik, "Can State and Local Policies Affect Economic Development?" and Wasylenko, "Taxation and Economic Development."
26. See Matthew N. Murray, "A Brief Commentary on the Property Tax in Maine" (Washington: Brookings Institution, 2006). Murray's report—which contains municipality- and region-specific tax-rate tables—describes Maine property tax rate differentials in detail and assesses their probable contribution to suburban sprawl.
27. See Matthew N. Murray, "Tax Policy and Economic Development in Maine: A Survey of the Issues" (Augusta: Margaret Chase Smith Center for Public Policy, 2002).
28. See Donald Bruce, William Fox, and M.H. Tuttle, "Tax Base Elasticities: A Multi-State Analysis of Long-Run and Short-Run Dynamics," *Southern Economic Review* (forthcoming).
29. See Murray, "A Profile of the Maine State and Local Tax System."
30. See Matthew N. Murray, "Exporting State and Local Taxes: An Application to the State of Maine" (Washington: Brookings Institution, 2006).
31. Personal communication with Michael Allen, Maine Revenue Services, March 3, 2006.
32. Maine State Planning Office, "Report on the Development of a Maine Building Rehabilitation Code" (Augusta, 2002).
33. Ibid.
34. Pre-existing structures are exempt from the IBC and IRC, unless the building is sold or extensively renovated. That means that old buildings then have to comply with the IBC and IRC, which can be quite costly.
35. Chris Leinberger. "Turning Around Downtown: Twelve Steps to Revitalization" (Washington: Brookings Institution, 2005).
36. Lori Allen, "Barriers to Service Center Redevelopment in Maine." Unpublished working paper. (Washington: Brookings Institution, 2006).
37. Leinberger, "Turning Around Downtown."
38. Donald C. Shoup, *The High Cost of Free Parking* (Washington: American Planning Association, 2005).
39. Ibid, p. 154.
40. Grow Smart Rhode Island, "Rhode Island Historic Preservation Investment Tax Credit." (Providence, 2005).
41. For general discussion as well as empirical assessment of the association of political fragmentation with sprawl see John I. Carruthers, "Growth at the Fringe: The Influence of Political fragmentation in United States Metropolitan Areas." *Papers in Regional Science* 82: 475–499, and John I. Carruthers and Gudmunder Ulfarson, "Fragmentation and Sprawl: Evidence from Interregional Analysis." *Growth and Change* 33: 312–340.
42. Advisory Commission on Intergovernmental Relations, "Measuring Local Discretionary Authority" (Washington, 1981).
43. See Evan Richert, "Regionalism, New England Style," *Choices* 9 (4) (Maine Center for Economic Policy) and Frank O'Hara, "County Reform is the Best Regionalism Strategy," *Choices* 10 (5) (Maine Center for Economic Policy).
44. Maine State Planning Office, "An Evaluation of the Growth Management Act and Its Implementation." (Augusta, 2006).
45. Ibid.
46. Ibid.
47. O'Hara, "County Reform is the Best Regionalism Strategy."

V. AN ACTION PLAN FOR SUSTAINABLE PROSPERITY (Pages 96–127)

1. This figure excludes Grant Anticipation Revenue Vehicle (GARVEE) debt.
2. These figures exclude Grant Anticipation Revenue Vehicle (GARVEE) debt.
3. Portland Press Herald, "Amid Competing Needs, Green Infrastructure Sags." June 24, 2006.
4. Maine State Planning Office, "Sustaining Maine's Green Infrastructure."
5. David Vail, "Maine's Rim Counties Could Lure Many More Visitors, Especially 'Experiential Tourists.'" Brunswick Times-Record, August 25, 2006.
6. See Murray, "Exporting State and Local Taxes" for a discussion of rationales for "exporting" tax burden onto non-residents. Maine's lodging tax of 7 percent falls slightly below the regional average of 8.12 percent.
7. Maine Office of Innovation, "A Science and Technology Action Plan for Maine" (Augusta: Maine Department of Economic and Community Development, 2005).
8. Maine Development Foundation, "Measures of Growth in Focus 2006."
9. Charles Colgan and Bruce Andrews, "Evaluation of Maine Technology Institute Programs (For Awards Ending June 30, 2002–June 30, 2004)" (Augusta: Maine Technology Institute, 2004).

10. Maine State Planning Office, "30 and 1000: How to Build a Knowledge-Based Economy in Maine and Raise Incomes to the National Average by 2010" (Augusta, 2001). This report challenged the state to ensure that it spends \$1,000 per worker on R&D by 2010.
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27. See Vail and others, "Tourism and Maine's Future" and Maine State Planning Office, "Sustaining Maine's Green Infrastructure."
28. See Murray, "Exporting State and Local Taxes."
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ABOUT THE BROOKINGS INSTITUTION METROPOLITAN POLICY PROGRAM

The Metropolitan Policy Program at the Brookings Institution was launched in 1996 to provide decisionmakers cutting-edge research and policy analysis on the shifting realities of cities and metropolitan areas.

The program reflects our belief that the United States is undergoing a profound period of change—change that affects its demographic make-up, its development patterns, and its market dynamics. These changes are reshaping both the roles of cities, suburbs, and metropolitan areas and the challenges they confront. For that reason, a new generation of public policies must be developed that answers to these new circumstances.

Our mission has therefore been clear from the outset: We are redefining the challenges facing metropolitan American and promoting innovative solutions to help communities grow in more inclusive, competitive, and sustainable ways.

For more information on the Brookings Metropolitan Policy Program, please visit our website at www.brookings.edu/metro.

Other regional and statewide reports available from the Metropolitan Policy Program include:

Mind the Gap: Reducing Disparities to Improve Regional Competitiveness in the Twin Cities
October 2005

Growing the Middle Class: Connecting All Miami-Dade County Residents to Economic Opportunity
June 2004

Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania
December 2003

Growth in the Heartland: Challenges and Opportunities for Missouri
December 2002

Beyond Merger: A Competitive Vision for the Regional City of Louisville
July 2002

Sprawl Hits the Wall: Confronting the Realities of Metropolitan Los Angeles
March 2001

FOR MORE INFORMATION:

Please visit www.brookings.edu/metro/maine to access the electronic version of this report as well as profiles of the state's six major regions.

Also available are additional working papers prepared in support of this project. These address Maine's economy, its school construction spending, state and local government expenditure levels, and taxes.



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