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Hearings focus on regulating, taxing business

Proposed 'Bill of Rights' at issue

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BANGOR — The common thread of two public hearings this week on the state's business climate was that the tax and regulatory environments have to be fixed.

But how that gets accomplished is being left up for discussion, as long as talk is held to a minimum, and results are achieved instead, according to business owners who attended the events.

On Tuesday, House Majority Leader John Richardson, D-Brunswick, met with legislators and small-business owners in Bangor to solicit their comments on a proposed Small Business Owners Bill of Rights. Among the Democrat's 23-point draft-action plan are suggestions to contain costs, reduce paperwork and streamline the regulatory process, to mobilize state resources on behalf of small businesses, and to create an environment that fosters small-business growth.

The suggestions are good ones, according to Ed McLaughlin, president of the Maine Economic Research Institute, which held a forum on the state's business environment on Wednesday in Bangor.

"It's good stuff," he said. "It's motherhood and apple pie."

But McLaughlin said he believes the Democrats — and he calls himself one — are to blame for creating through their legislative votes a business climate that keeps prosperity down while many other states are performing much better, including neighbor New Hampshire.

Among the Maine Economic Research Institute's annual activities is the grading of all legislators on whether they are pro-business and economic development. In the latest review, MERI, which McLaughlin said is nonpartisan, graded the Republican House representatives and senators as supportive of businesses through their legislative votes. All but five Democratic House representatives were classified as nonsupportive. Richardson was listed as nonsupportive.

"If they're going to do better going forward, I'm all for it,"

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McLaughlin said of the Democrat's proposed action plan. "But we're going to track it."

At both business sessions this week, similar topics were brought up as being dismal and needing improvement. More than one-fourth of Maine's 18- to 34-year-olds are leaving the state for economic opportunities elsewhere. The median personal income rate isn't growing as fast as other states while personal and business tax rates here are among the highest in the nation and rising.

"There's no spin you could put on this to make us feel happy," said John Mahon, a business and strategies professor at the University of Maine in Orono who spoke at the MERI session. "It's just depressing."

The same issues have been going on for a long time. Mahon said that during Joshua Chamberlain's inaugural address in 1867, the governor cited business attraction and out-migration as his top priorities.

"It just shows you how long these battles last," said Raymond Keating, chief economist at the Small Business Survival Committee, a conservative business advocacy group in Washington, D.C., who attended MERI's session.

Peter Vigue, chief executive officer of Cianbro Corp. of Pittsfield and MERI board chairman, said legislators and businesses should put their primary focus on what is ahead for promoting and repairing Maine's economy instead of focusing on the past, which cannot be changed. He said the issues should be presented as challenges and not as problems, and quality of life can peacefully coincide with business development and growth.

"The economy we talk about is the most sacred thing we possess," Vigue said.

Among the repairs suggested Tuesday, Richardson said the state has too many business, tax and environmental regulations in place that are cumbersome impediments to growth. Too often, he said, they hurt businesses because it costs too much time and money to comply.

"Spending four hours doing something else is not spending four hours in business," Richardson said.

McLaughlin said business owners are partly to blame for the regulatory mess they are in because they haven't fought as hard as they could for their rights at the Legislature.

"The business community has been one of the worst offenders," he said. "If you're not involved you have absolutely no credibility to complain."

But small-business owners say they need time to do that, and right now their time is being taken up by trudging through state regulations. Keating said they need to make time and become proactive.

"I don't think small-business owners understand the power that they have to make a difference," he said.

Both events this week could be viewed as a precursor to the Nov. 2 election. The Democrats were promoting their ideas for reducing business regulations and touting what they accomplished last legislative session, such as Dirigo Health and the Pine Tree Zones. All the while MERI was distributing its "2004 Maine Voter Guide to Legislator Economic Voting Performance" and encouraging businesses to pass it out to employees.

But both Richardson and McLaughlin said repairing Maine's economy should be about people and not politics.

"It's not about politics, it's about the darn economy," McLaughlin said.

Richardson, at his forum, expressed the same sentiments.

"This is not a Democratic or a Republican initiative," Richardson said of the small-business action plan. "This is a Maine people initiative."