

MAINE STATE LEGISLATURE

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Senate Legislative Record
One Hundred and Twenty-First Legislature
State of Maine

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**STATE OF MAINE
ONE HUNDRED AND TWENTY-FIRST LEGISLATURE
FIRST SPECIAL SESSION
JOURNAL OF THE SENATE**

In Senate Chamber
Friday
August 22, 2003

Senate called to order by President Beverly C. Daggett of
Kennebec County.

Prayer by Senator Christopher Hall of Lincoln County.

SENATOR HALL: Good morning. Please join with me in prayer
or in meditation, according to your traditions.

Almighty Creator, God of a thousand names, we ask that You
be present in our hearts and in our mouths as we deliberate the
concerns and welfare of the people of this state. Give to each
member of this Senate a strong and abiding sense of the great
responsibilities laid upon us. We pray that our decisions will
prove to be wise, and that they are taken with goodwill and a
clear conscience. As we conclude our work in this session, may
each of us return home, knowing that in serving here well we are
also serving You. May we go in peace and reconciliation and
friendship with those with whom we have debated and struggled
and compromised this day, as we do the work You require of us.
Amen.

Reading of the Journal of Thursday, August 21, 2003.

Off Record Remarks

REPORTS OF COMMITTEES

House

Divided Report

Ten members of the Committee on **TAXATION** on
"RESOLUTION, Proposing a Competing Measure under the
Constitution of Maine To Create Municipal Service Districts To
Reduce the Cost of Local Government, To Provide Property Tax
Relief and To Increase Economic Competitiveness"

H.P. 1209 L.D. 1629

Reported in Report "A" that the same **Ought to Pass as
Amended by Committee Amendment "C" (H-601).**

Signed:

Senator:
STANLEY of Penobscot

Representatives:
LEMOINE of Old Orchard Beach
PERRY of Bangor
SIMPSON of Auburn
LERMAN of Augusta
SUSLOVIC of Portland
CLOUGH of Scarborough
COURTNEY of Sanford
McCORMICK of West Gardiner
TARDY of Newport

One member of the same Committee on the same subject
reported in Report "B" that the same **Ought to Pass as
Amended by Committee Amendment "D" (H-602).**

Signed:

Senator:
STRIMLING of Cumberland

One member of the same Committee on the same subject
reported in Report "C" that the same **Ought to Pass as
Amended by Committee Amendment "E" (H-603).**

Signed:

Senator:
NASS of York

One member of the same Committee on the same subject
reported in Report "D" that the same **Ought Not to Pass.**

Signed:

Representative:
MCGOWAN of Pittsfield

Comes from the House with Report "A" **OUGHT TO PASS AS
AMENDED BY COMMITTEE AMENDMENT "C" (H-601) READ
and ACCEPTED** and the **RESOLUTION PASSED TO BE
ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT
"C" (H-601) AS AMENDED BY HOUSE AMENDMENTS "C" (H-
608) AND "F" (H-612) thereto.**

Reports **READ.**

On motion by Senator **NASS** of York, Report "C", **OUGHT TO
PASS AS AMENDED BY COMMITTEE AMENDMENT "E" (H-
603) ACCEPTED, in NON-CONCURRENCE.**

READ ONCE.

Committee Amendment "E" (H-603) **READ.**

Senate at Ease.

Senate called to order by the President.

THE PRESIDENT: The Chair recognizes the Senator from York, Senator Nass.

Senator **NASS:** Thank you, Madame President, men and women of the Senate. First, I'd like to thank the Senate President and the majority for allowing a minority of one on the Taxation Committee to make this brief presentation. After five or six months of agonizing over tax reform, I think it should be of no surprise to anybody that we have ended up with some philosophical differences that probably started there, although we did not realize it at that time. Basically, what you are going to hear from me today is a recitation and very brief form of a philosophical program for tax reform, fiscal relief, tax relief, or whatever you want to call it. It is all of those things. The reason I have been given this opportunity, and I want to thank you for allowing this, is because I think this is the only way we're going to get Maine out of the position of being the highest state in the country and the damage that it does to our economy, to our citizens, and to our ability to produce jobs and tax revenue in this state. That is what this is all about. Here it is. It is very brief. This is where we disagree with the Administration's proposal, the amended version of L.D. 1629, and where we continue to disagree with the results of tonight's activities.

First, we think really need a 2/3 vote, or super majority vote, in both chambers of the legislature in order to increase taxes in a broader sense. We think the growth in state revenue should be less or no greater than the growth in the state paychecks of Maine's people. We think we should reduce our reliance on the income tax and use, what I call, the natural growth in state revenues, which has become the focus of a great deal of attention in the last couple of days. This is currently projected to be \$100 million a year. We should do something with that. We ought not to fritter it away. We should use that to provide income tax relief to Maine citizens, to reduce the state cost shifting to cities, towns, and counties in the State of Maine. We can do that through the real estate transfer tax. This is something that really galls the people who work in county government. They do the work, and we take the money. That is what it is all about. We need to change that. We have offered that proposal today.

Finally, Madame President, we agree with the Administration on the essential programs and services piece, which is essentially the heart of the proposal. We think that is important. It will provide a better base for discussion of education funding in the state in the future.

Madame President, thank you.

On motion by Senator **TREAT** of Kennebec, supported by a Division of at least one-fifth of the members present and voting, a Roll Call was ordered.

THE PRESIDENT: The pending question before the Senate is to Adoption of Committee Amendment "E" (S-603). A Roll Call has been ordered. Is the Senate ready for the question?

The Doorkeepers secured the Chamber.

The Secretary opened the vote.

ROLL CALL (#196)

YEAS: Senators: BENNETT, BLAIS, CARPENTER, DAVIS, GILMAN, KNEELAND, MAYO, MITCHELL, NASS, SAVAGE, SHOREY, TURNER, WESTON, WOODCOCK, YOUNGBLOOD

NAYS: Senators: BRENNAN, BROMLEY, BRYANT, CATHCART, DAMON, EDMONDS, GAGNON, HALL, HATCH, MARTIN, PENDLETON, ROTUNDO, STANLEY, STRIMLING, TREAT, THE PRESIDENT - BEVERLY C. DAGGETT

ABSENT: Senators: DOUGLASS, LAFOUNTAIN, LEMONT, SAWYER

15 Senators having voted in the affirmative and 16 Senators having voted in the negative, with 4 Senators being absent, **ADOPTION** of Committee Amendment "E" (H-603), **FAILED**.

On motion by Senator **TREAT** of Kennebec, the Senate **RECONSIDERED** whereby it **ACCEPTED** Report "C", **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "E" (H-603)**, in **NON-CONCURRENCE**.

Senate at Ease.

Senate called to order by the President.

On motion by Senator **STANLEY** of Penobscot, Report "**A**", **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "C" (H-601)** **ACCEPTED**, in concurrence.

Committee Amendment "C" (H-601) **READ**.

House Amendment "C" (H-608) to Committee Amendment "C" (H-601) **READ**.

On motion by Senator **STANLEY** of Penobscot, House Amendment "C" (H-608) to Committee Amendment "C" (H-601) **INDEFINITELY POSTPONED**, in **NON-CONCURRENCE**.

House Amendment "F" (H-612) to Committee Amendment "C" (H-601) **READ**.

On motion by Senator **STANLEY** of Penobscot, House Amendment "F" (H-612) to Committee Amendment "C" (H-601) **INDEFINITELY POSTPONED**, in **NON-CONCURRENCE**.

On motion by Senator **GAGNON** of Kennebec, Senate Amendment "H" (S-351) to Committee Amendment "C" (H-601) **READ**.

THE PRESIDENT: The Chair recognizes the Senator from Kennebec, Senator Gagnon.

Senator **GAGNON:** Thank you, Madame President, men and women of the Senate. I'm very pleased to be talking about this issue as I have served a number of years in the Taxation

Committee, both as a House Chair and later as a Senate Chair. I feel this is probably one of the most significant pieces of tax relief that we could possibly have in the State of Maine at this time, under these pressured circumstances. With the economy, and what is going on in the world, we are now at point where we can provide significant tax relief to Maine's citizens, and provide an alternative on the ballot for citizens to consider. I want to applaud the good chairman for his leadership in this, and both members of the Senate for their tremendous work. I know how long and grueling it can be down in that room. Even though there are new facilities down there, you tend to get sick of it after a while, because you are there for so long. I really want to applaud you guys. You did a tremendous job and I appreciate it, as I am sure the people of the state are going to appreciate it.

This amendment simply addresses the local control issues raised by many of our colleagues at the local level. There was considerable concern having to do with the so-called caps at the municipal level when the proposal was initially presented. The feeling, particularly at the municipal level, was that the municipalities were somehow not as conservative, or as thorough in their investigation of budgets, as we know they are. Those of us who have served at the local level know how difficult it is to deal with local budgets, particularly as there are federal mandates and other significant costs that are out of control for municipal officials. What we want to make sure of, as we move forward, and this is something I'm very excited about, is that we have them as partners in trying to encourage passage of this referendum. This will remove the cap. It will remove any type of penalties associated with the cap. Quite simply, that is what this amendment does. I would encourage everyone to vote for it. I think we will be hearing more about this question, as a whole, and specifically what it will do through property tax relief for the people of the State of Maine. Thank you, Madame President.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Strimling.

Senator **STRIMLING:** Thank you, Madame President. If I may pose a question. My understanding is that this amendment also removes the referendum issue from expanding education funding at the locality. I was just wondering if I could get clarification on that.

THE PRESIDENT: The Senator from Cumberland, Senator Strimling poses a question through the Chair to anyone who may wish to answer. The Chair recognizes the Senator from Kennebec, Senator Gagnon.

Senator **GAGNON:** Thank you, Madame President. Quite simply, in answer to the question, the answer is yes.

THE PRESIDENT: The Chair recognizes the Senator from Kennebec, Senator Blais.

Senator **BLAIS:** Thank you very much, Madame President. As one of those people who is very much involved in trying to bring attention to the problems with the municipal cap, or the cap on municipalities as part of this legislation, I will be happy to support this amendment. However, there is other language in this amendment that does give me some concern. The original language had indicated that, as part of this, we would not be raising Maine sales and personal income taxes. The changed

language, as I understand it, now says that we will make an attempt to avoid the need for a major increase in state taxes. I would just like to say that I'm very concerned about any kind of increase in state taxes in order to support this amendment and its competing measure. Thank you very much.

THE PRESIDENT: The Chair recognizes the Senator from Oxford, Senator Bennett.

Senator **BENNETT:** Thank you, Madame President and fellow members of the Senate. I just wanted to rise and add my voice to those in support of this amendment. I want to congratulate, in particular, the architects of this amendment, who have worked long and hard, and the leadership in this and the other body for working out an agreement on this important measure. We have all heard the crying need for property tax relief, and in doing it in such a way that ensures that we will not be replacing property tax monies with income and sales tax monies. I think that has been the challenge of the legislature for many, many years. I want to say thank you to the Maine Municipal Association for putting forward a proposal which has demanded action, which has forced us to deal with an issue that has been very difficult for us to deal with for many years, and has brought the issue to a head in a fashion that has forced us to really look deep within ourselves, find our differences, and find a means of overcoming them. I look at this proposal as a triumph for this legislature, for this session, for public work, and public deliberation in Maine. I believe this builds upon the foundation that the Maine Municipal Association and their petition started and does so in a constructive way, in the spirit of that citizen initiative, and strengthens it as a way of providing real property tax relief. As the good Senator from Kennebec, Senator Gagnon, suggested, this will mean that we don't have to deal with the issues, the very difficult issues, of finding lost revenue that hits the state budget, calamitously, in a few months. I want to encourage all of you to pause for a moment, and after a very long, difficult, and in some ways painful number of hours here today and yesterday, and realize that out of this something, I think, very good has emerged. I want to congratulate leadership and the architects of this amendment for their constructive work. Thank you.

On motion by Senator **GAGNON** of Kennebec, Senate Amendment "H" (S-351) to Committee Amendment "C" (H-601) **ADOPTED.**

On motion by Senator **STANLEY** of Penobscot, Senate Amendment "G" (S-350) to Committee Amendment "C" (H-601) **READ.**

THE PRESIDENT: The Chair recognizes the Senator from Penobscot, Senator Stanley.

Senator **STANLEY:** Thank you, Madame President, ladies and gentlemen of the Senate. I stand before you today on something that started way back in January. People said it would probably never get done. Well, we've moved this far, and things can get better down the road. Basically, what this amendment does is goes back to the original homestead exemption. It is extended back to \$7,000 for the first valuation on all residential property in the state. It also extends the circuit breaker program. By extending the circuit breaker program, it also has a different income threshold that will ratchet itself up to help people later on

down the road. This is an additional benefit for about 28,000 people in the State of Maine. What I think is good is that it is coming out with no tax increases. As was mentioned previously by another speaker, we are one of the highest taxed states in the country. This will help us through that. We might still be one of the highest, but we did not move to put that gap higher. That is important to the people of Maine because, in these tough economic times, this is one of the things a lot of people look at when they move to a state. With that, I'll sit down. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Strimling.

Senator **STRIMLING:** Thank you, Madame President. I stand in strong support of the amendment before us this afternoon. Of any of the issues that we had before the Taxation Committee this year, there was great and unanimous support that this was a very effective way to provide property tax relief to the people of this state. It's a program that we've had in place for decades and it works. In the first proposal that came out of the committee, there was also circuit breaker expansions. I'm very glad to see that this is going to be coming forward. This will allow us, as we go and talk to people, to tell them about the two proposals on the ballot and ask them to make a choice. To say that this question, without question, provides property tax relief. It guarantees property tax relief. It guarantees \$35 million worth of property tax relief to the people of Maine. We all have stories in our districts of people who are being forced out of their homes because their property taxes are too high, and they don't match their incomes. This program rights that wrong. It makes sure that we take care of the people of Maine.

I would also like to take just a moment to greatly appreciate the chair of the committee. He has the patience of Job. In the seven months that I have been experiencing and going through tax reform in my first session here, I cannot imagine how anyone could last as strongly as he lasted and persevered through all of the hard times. With that, I would like to just say thank you very much for showing us the way and being a mentor in that process.

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Rotundo.

Senator **ROTUNDO:** Thank you, Madame President, men and women of the Senate. I rise to encourage you to vote in favor of this amendment. This amendment includes the reinstatement in full of the homestead exemption program that was reduced in the budget that was passed in the spring. As someone who is very concerned about providing property tax relief to my community and in communities throughout the state, I have been very concerned about the reduction in the homestead exemption. I appreciate the willingness of the good Senator from Penobscot, Senator Stanley, as well as the rest of the Democratic caucus, and their willingness to help me to reinstate in full this program. I hope you will join me in voting for this amendment. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Washington, Senator Shorey.

Senator **SHOREY:** Thank you, Madame President, men and women of the Senate. To me, it is still not okay that we're the most taxed state in the nation. I think we could have gone farther here. There are some things that are troubling to me in this

amendment. I congratulate the good chair for bringing it forward, and it is a good start. I think we could have done a lot more. I think we're excluding a lot of people. Look at the clip that you have here. You have a situation in 2005 with a household making \$60,001 that will not be included. There are a lot of people in everybody's districts that would be considered middle class at \$60,000 with a two-earner family. I think we're really leaving a lot of people out. I think we're targeting this to some people, but are leaving a great deal of people out. That troubles me. It also troubles me that we think it's okay to be the highest taxed state in the nation. It's not okay with me. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Kennebec, Senator Treat.

Senator **TREAT:** Thank you, Madame President, men and women of the Senate. I encourage your support for this amendment that, in my mind, really makes the proposed referendum question before us a very significant and important measure. It will be one that I think can go out to the public, and we can feel very good about. It puts real money into the pockets of real people in this state. It does so in a pretty expeditious manner, and in a fiscally responsible manner.

This is not everything to everybody. There are many people that wanted all kinds of things such as major property tax, sales tax, and income tax reform. They wanted things speeded up a little faster. They wanted a little more money here, a little more money there. It is a significant start to changing the dynamic in our state, which has put tremendous pressure, particularly on the property tax. Twenty-eight thousand additional Maine households will now be eligible for the circuit breaker tax relief program, if this is adopted by the people of the State of Maine. Twenty-eight thousand people and their households are a very significant number of people. In fact, the number of dollars going into this program is being doubled by this proposal. Not only that, the benefit that is available to these 28,000 people, and everybody else who's currently in the program, will be doubled. Ultimately, that will be available when this is fully phased in. The program is phased in, not over a four or five-year period as some had proposed, in a three-year period, with the most significant amount of money frontloaded into the first year so that we can fix the homestead exemption, and add that back into our property tax relief program. We are having a significant \$15 million of property tax relief in the first year of implementation. It is very significant, with an additional \$10 million in the two subsequent years. It is very significant relief, yet done in a way that is fiscally responsible. Not all at once, but over time. Yet short enough so people will notice it, and be able to take advantage of it. I think it is a very wise proposal, and it is a proposal that reflects a lot of peoples' involvement and the involvement of the legislature. I think we really should take some credit here in the Senate, as well as the House, for merging our ideas, putting them together, and coming up with something that has bi-partisan support in this amendment. It is very significant. It's important. I urge your support.

THE PRESIDENT: The Chair recognizes the Senator from Oxford, Senator Bennett.

Senator **BENNETT:** Thank you, Madame President and fellow members of the Senate. While I share some of the frustrations expressed by my good friend and colleague, the Senator from

Washington, Senator Shorey, about the regrettable plight of our tax burden in Maine, I have to say that I strongly support this amendment. I believe this is the heart of the bi-partisan agreement that actually strengthens the proposal that the Maine Municipal Association put before us. Focusing on a program that works and could work better, the circuit breaker program, and strengthening and improving that as well as restoring the homestead program. I found it regrettable when we tinkered with that program as part of the budget passed earlier this year and reduced the effectiveness of it by changing it in a fundamental way to something of a welfare program, in my view, instead of a general property tax relief program, which it should be. In my view, this is the heart of the bi-partisan agreement that we are celebrating here tonight. By supporting it and by sending this out as a proposal to the citizens of Maine, I don't look at this as a competing measure to the Maine Municipal Association's initiated measure. I look at this, instead of as competing measure, as a completing measure. It completes the work that they began, which was initiated by the tremendous amount of frustration that they hear every day, on the front lines, in our town halls, dealing with property tax payers and their real concerns. We have taken their work, and we have built upon it to make a completing measure. I urge your support of this amendment as the heart of the bi-partisan agreement. I think it is something we can be proud to take to the voters of Maine in November as a down payment on future work in tax reform and in providing real tax relief for Maine voters and Maine citizens going forward. Thank you, Madame President.

THE PRESIDENT: The Chair recognizes the Senator from Kennebec, Senator Gagnon.

Senator **GAGNON:** Thank you, Madame President, men and women of the Senate. I just can't resist rising on this issue again, since I did spend so much time down there and spent quite a bit of time on the homestead exemption. I was pleased to see the chairman and others wanting to restore what had occurred because of the budget situation earlier this year, and making sure we turned the homestead back to what it originally was.

Again, I want to thank the committee. I think what is important to remember here is that people of the State of Maine finally, after years of discussing tax reform, which is the primary reason I got involved with wanting to run for the legislature, together with the high taxes in the State of Maine, the people finally forced it upon us in such a way that we had to come to an agreement, even though it was very difficult. It is amazing how we are now able to circle around this winning measure. I just want to be sure that people understand that this is significant property tax relief, and it is responsible. It also provides significant improvements for our schools, which we know translates into property tax relief as well. For the first time, we're going to be able to have a program that is fiscally responsible. It will provide 55% of funding necessary to run our local schools, which in itself will provide property tax relief, the reinstatement of the homestead act, and the dramatic expansion of the circuit breaker program, which laser targets property tax relief to those individuals who are in the most desperate need for that relief. We need to congratulate ourselves, but before we get too carried away with congratulating ourselves, we must remember that this is not a law that will be passed tonight, and signed into law by the Governor. This is a law that we are going to send out to the people, rather than to the Chief Executive, and allow them to

either veto or pass into law. I think we owe it to ourselves to make sure to get out there and present that message to the people in the State of Maine and make sure they understand it. We were very careful in trying to craft a question that has truth in advertising on what this amendment is going to do, and make sure that the people understand the distinction between the two questions and what it means to them. I'm hoping, as a so-called tax geek, or tax wonk, or whatever you want to call it, that the people of the State of Maine will speak very loudly, very clearly, and with a very large percentage in passing what will be Option B, we don't know what the number is going to be yet. I'm hoping that people will be smart. If we can begin the campaign already, and pass this by an overwhelming number, we can come back here and continue the work for both property tax relief and tax reform in the future. This is a night to celebrate, but I will be very pleased to celebrate after November, when the people of the State of Maine provide real property tax relief to themselves and give us a strong message to continue in that effort. Thank you very much, Madame President.

On motion by Senator **STANLEY** of Penobscot, Senate Amendment "G" (S-350) to Committee Amendment "C" (H-601) **ADOPTED.**

Committee Amendment "C" (H-601) as Amended by Senate Amendments "H" (S-351) and "G" (S-350) thereto, **ADOPTED**, in **NON-CONCURRENCE.**

Under suspension of the Rules, **READ A SECOND TIME.**

On motion by Senator **MARTIN** of Aroostook, supported by a Division of at least one-fifth of the members present and voting, a Roll Call was ordered.

The Doorkeepers secured the Chamber.

The Secretary opened the vote.

ROLL CALL (#197)

YEAS: Senators: BENNETT, BLAIS, BRENNAN, BROMLEY, BRYANT, CARPENTER, CATHCART, DAMON, DAVIS, EDMONDS, GAGNON, GILMAN, HALL, HATCH, KNEELAND, MARTIN, MAYO, MITCHELL, NASS, PENDLETON, ROTUNDO, SAVAGE, SHOREY, STANLEY, STRIMLING, TREAT, TURNER, WESTON, WOODCOCK, YOUNGBLOOD, THE PRESIDENT - BEVERLY C. DAGGETT

NAYS: Senators: None

ABSENT: Senators: DOUGLASS, LAFOUNTAIN, LEMONT, SAWYER

31 Senators having voted in the affirmative and no Senator having voted in the negative, with 4 Senators being absent, **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "C" (H-601) AS AMENDED BY SENATE AMENDMENTS "H" (S-351) AND "G" (S-350) thereto, in NON-CONCURRENCE.**