

MAINE STATE LEGISLATURE

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Legislative Record

OF THE

One Hundred and Seventh Legislature

(First Special Session)

OF THE

STATE OF MAINE

1976

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important action in this area at this session.

The PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Merrill.

Mr. MERRILL: Mr. President and Members of the Senate: I have no real quarrel with the description of this bill that has been provided by the Senator from Kennebec, Senator Thomas, and the Senator from Knox, Senator Collins. I think that basically what they have said in talking about the bill is true. I think they have focused on the real direction of this bill and I think that, even though they have both concluded that for their part they are going to wait, I think that nonetheless they have presented the favorable points of this bill quite well.

As to the fact that the federal government is likely to change their estate law next year, I think that that probably will hang over our heads as a possibility whenever we get around to enacting this change. And a compelling point with me really in voting for this this year is that it does provide, as the Senator from Knox, Senator Collins, pointed out, some real relief for the spouses, for the widows, in most cases in many, many instances in Maine. Many people who are presently paying taxes upon death in the State of Maine who are widows wouldn't have to pay anything if this bill passed, and the relief that this bill would give them this year, I think, is worthy of passing it now, not to suggest that like everything else the legislature does, it won't be something that we will have to look at from time to time in the future.

Mr. President, I would request a roll call.

The PRESIDENT: A roll call has been requested. The Chair recognizes the Senator from Cumberland, Senator Jackson.

Mr. JACKSON: Mr. President and Members of the Senate: I rise to support the move by the good Senator from Penobscot, Senator Trotzky, for indefinite postponement of this piece of legislation. I share the same concerns that the good Senators from Knox and Kennebec have spoken on.

I do believe that the provision of the life insurance is the problem that I have with the bill. There are many, many people who do not have the monies tied up in real estate but they have monies in life insurance. Life insurance, currently the premiums are paid after tax dollars are taken from their monies. The state collects a premium tax on the life insurances and the federal government includes it in the inheritance tax. I think this is something that demands more research. In talking with the state tax assessor's office, they didn't actually compute any of the returns but based it on the federal returns. They feel it is going to be a washout. The 3,500 people which are currently paying the estate and inheritance tax in the state would be reduced to 750. 750 people would be picking up the burden. This is of great concern to me because I feel that we possibly would be removing from our tax base in this state people who are currently paying and will continue to pay in the climate that exists today.

As the good Senator from Knox stated, I think this motion should be supported to indefinitely postpone to give this further study. I do have to agree with the good Senator from Cumberland that it does increase the exemption considerably, but I do think in all fairness and kindness to the

people in this state that we should lay this to rest today and give the 108th the flexibility to really perform on tax reform.

The PRESIDENT: The Chair recognizes the Senator from Washington, Senator Wyman.

Mr. WYMAN: Mr. President and Members of the Senate: I like to think that the State of Maine is different, and I think we are capable of writing our own laws without having them written in Washington. I don't like any of our laws tied to what is done in congress, and I think that is reason enough alone. If we want to write a law similar, fine, but I don't think we need to have them write our laws for us in Washington and then tie our taxes to those laws.

The PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Merrill.

Mr. MERRILL: Mr. President and Members of the Senate: I would like to think that Maine is different, but different in ways other than the fact that we charge the widows more than the federal government does, widows that don't have enough money to be able to pay. That is what this bill is all about. And the fact of the matter is that this idea has been given quite a bit of consideration. The Governor's Tax Policy Committee considered it and recommended it, and the Governor's Tax Policy Committee was made up of individuals, many of whom I am sure will have considerable estates when they pass on unless some great ill fortune interrupts their professional lives, and these people did it on the basis of the equity that they thought this would bring about in the way we tax estates and because these people, who are accountants and tax lawyers, see the inequities in the present system every day.

The PRESIDENT: Is the Senate ready for the question? A roll call has been requested. In order for the Chair to order a roll call, it must be the expressed desire of one-fifth of those Senators present and voting. Will all those Senators in favor of a roll call please rise in their places until counted.

Obviously more than one-fifth having arisen, a roll call is ordered. The pending question before the Senate is the motion by the Senator from Penobscot, Senator Trotzky, that L. D. 2142 and all its accompanying papers be indefinitely postponed. A "Yes" vote will be in favor of indefinite postponement; a "Nay" vote will be opposed.

The Secretary will call the roll.

ROLL CALL

YEAS: Senators Berry, R.; Carboneau, Clifford, Collins, Cummings, Curtis, Cyr, Danton, Gahagan, Graffam, Greeley, Hichens, Huber, Jackson, Johnston, Katz, Marcotte, McNally, Roberts, Speers, Thomas, Trotzky, Wyman.

NAYS: Senators Berry, E.; Cianchette, Conley, Corson, Graham, Merrill, O'Leary, Pray, Reeves.

A roll call was had, 23 Senators having voted in the affirmative, and nine Senators having voted in the negative, the motion prevailed.

The PRESIDENT: The Chair recognizes the Senator from Washington, Senator Wyman.

Mr. WYMAN: Mr. President, having voted on the prevailing side, I now move reconsideration.

The PRESIDENT: The Senator from Washington, Senator Wyman, now moves that the Senate reconsider its action

whereby this bill was indefinitely postponed. Will all those Senators in favor of reconsideration please say "Yes"; those opposed will say "No".

A viva voce vote being taken, the motion did not prevail.

Sent down for concurrence.

The President laid before the Senate the second tabled and Specially Assigned matter:

Resolution, Proposing an Amendment to the Constitution to Increase the Bonding Limit on Maine Veterans' Mortgage Loans from \$2,000,000 to \$4,000,000 and to Decrease the Bonding Limit of the Maine School Building Authority from \$25,000,000 to \$10,000,000. (H. P. 2171) (L. D. 2295)

Tabled — March 12, 1976 by Senator Katz of Kennebec.

Pending — Passage to be Engrossed.

(In the House — Passed to be Engrossed)

Mr. Katz of Kennebec presented Senate Amendment "A" and moved its Adoption.

Senate Amendment "A", Filing No. S-438, was Read.

The PRESIDENT: The Chair recognizes the Senator from Kennebec, Senator Katz.

Mr. KATZ: Mr. President, this constitutional amendment originally was intended to reduce the bonding limitation of the Maine School Building Authority from 25 million to 10 million dollars. The Maine School Building Authority presently does not issue any more bonds because of the passage of the school funding act several years ago. But the constitutional amendment also increases the state's jeopardy by increasing the bonding limit on Maine veterans mortgage loans from 2 to 4 million dollars at a time when we are terribly concerned about the effect of our bonded indebtedness on our credit rating. The Senate amendment in front of you removes all mention of the veterans from the bill, and it leaves the bill in the posture that the bonding authority of the Maine School Building Authority is reduced.

The PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Huber.

Mr. HUBER: Mr. President and Members of the Senate: The Maine Veterans Small Business Loan Authority started operation in June 1974, and since that time has guaranteed 109 loans representing approximately \$1,142,000. They anticipate they will reach their limit of bonded indebtedness of 2 million dollars near the end of 1976.

This program makes small loans to small businesses operated by veterans up to an amount of \$15,000. To date, losses incurred by this program total \$3,500, an extraordinary success ratio in this program. When this bill passed, expenses were expected to cost approximately \$50,000 per year and loan losses were expected to be about \$50,000 per year. Again, I compare this to the actual loan loss of \$3,500. The initial funding was \$200,000, and in over a year and a half of operation there still remains \$177,000 due to the fact that the Authority charges banks a 1 per cent per year fee for guaranteeing loans and also collects interest income on the unused funds.

As I stated earlier, the projection is that the limits of this program will be reached toward the end of 1976, and I feel that this is a program worthy of continuation. It is estimated that approximately 100 businesses operating at the present time generate approximately 21 million dollars,

in sales annually. Assuming that these sales are taxable, this has generated \$125,000 a year in sales tax. In short, this appears to be one program that works, not only for the individuals served but also to the benefit of the people of Maine. I hope we won't be pennywise and pound foolish on this, and I move indefinitely postponement of the amendment.

The PRESIDENT: The Chair recognizes the Senator from Kennebec, Senator Katz.

Mr. KATZ: Mr. President, I subscribe to all the remarks of the Senator from Cumberland, Senator Huber, about the fact that this is a well run program, it is being administered well, it has been successful. The purpose of my amendment purely and simply is to bring before the Senate the single question as to whether or not the Senate for any purposes wishes to increase the state's bonded indebtedness exposure at this time.

The PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Berry.

Mr. BERRY: Mr. President, I think the good Senator from Kennebec, Senator Katz, is answering his own question because there is a decrease of 15 million dollars on the Maine School Building Authority, and I think that is a major step forward to cutting the bonded indebtedness, which I think is a tremendous point. And I think Senator Huber has given a very good explanation why this project, which I think some of us thought at the time should be watched very carefully, has succeeded beyond all our expectations. So I would support the motion to indefinitely postpone Senate Amendment "A".

The PRESIDENT: Is it now the pleasure of the Senate to indefinitely postpone Senate Amendment "A"?

The motion prevailed.

The PRESIDENT: The Chair recognizes the Senator from Kennebec, Senator Katz.

Mr. KATZ: Mr. President, may I request a division on the motion to indefinitely postpone?

The PRESIDENT: The Chair would advise the Senator that it would be necessary for the Senate to reconsider its action, since the action has already been taken. Do you request such action?

The Senator from Kennebec, Senator Katz, now moves that the Senate reconsider its action whereby Senate Amendment "A" to L. D. 2295 was indefinitely postponed. Will all those in favor of reconsideration say "Yes"; those opposed will say "No".

A viva voce vote being taken, the motion did not prevail.

Thereupon, the Bill was Passed to be Engrossed in concurrence.

The President laid before the Senate the third tabled and Specially Assigned matter:

Resolution, Proposing an Amendment to the Constitution to Allow Judges whose Terms of Office Expire or who Reach Mandatory Retirement Age to Continue to Hold Office for up to 6 Months until their Successors are Appointed. (H. P. 2037) (L. D. 2209)

Tabled — March 15, 1976 by Senator Merrill of Cumberland.

Pending — Final Passage.

(In the House — Finally Passed)

This being a Constitutional Amendment and having received the affirmative votes of 31 members of the Senate, with one voting in the negative, the Resolution was Finally Passed and, having been signed by

the President, was by the Secretary presented to the Secretary of State.

The President laid before the Senate the fourth tabled and Specially Assigned matter:

Bill, "An Act to Amend the Uninsured Motorist Law." (H. P. 2178) (L. D. 2298) (Emergency)

Tabled — March 15, 1976 by Senator Conley of Cumberland.

Pending — Passage to be Engrossed.

(In the House — Passed to be Engrossed)

Which was Passed to be Engrossed in concurrence.

Papers from the House

Out of order and under suspension of the rules, the Senate voted to take up the following:

Joint Resolution State of Maine

In The Year Of Our Lord One Thousand Nine Hundred And Seventy-Six

Joint Resolution in Tribute to The Town of Millinocket In Observance of Its Seventy-Fifth Anniversary

WHEREAS, on March 16, 1901, a town was cut from the Maine wilderness within the shadow of Mt. Katahdin and incorporated as the 467th town; and

WHEREAS, located near the source of raw material and abundant water power, Millinocket, or the "Magic City of the Wilderness," as it is known, grew rapidly as the mills of the Great Northern Paper Company became giants in the paper industry; and

WHEREAS, the citizens of this proud northern community are enthusiastically celebrating this, their seventy-fifth anniversary of incorporation of the Town of Millinocket; and

WHEREAS, all the citizens of the town and its neighbors have arranged appropriate anniversary activities commencing on March 16th of this, the Bicentennial Year of the American Revolution; and

WHEREAS, the citizens of the State of Maine firmly join hands with the inhabitants of Millinocket for the purposes of the celebration to commemorate not only a rich past but a bright and challenging future; now, therefore, be it

RESOLVED: That we, the Members of the Senate and House of Representatives of the One Hundred and Seventh Legislature of the State of Maine now assembled in Special Session, do hereby take this opportunity to extend congratulations and best wishes to the citizens of Millinocket as they observe their seventy-fifth year of incorporation; and be it further

RESOLVED: as a token of our future support and encouragement, that the Secretary of State be directed to transmit forthwith to the people of Millinocket through the town officers an engrossed copy of this resolution duly authenticated by the Secretary of State and bearing the Great Seal of the State of Maine to commemorate this memorable occasion. (H. P. 2203)

Comes from the House, Read and Adopted.

Which was Read and Adopted in concurrence.

Papers from the House

Out of order and under suspension of the

rules, the Senate voted to take up the following:

Enactor

The Committee on Engrossed Bills report as truly and strictly engrossed the following:

An Act to Permit a Manufacturer of Alcoholic Beverages to be a Stockholder in a Corporation which is a Licensee. (H. P. 1892) (L. D. 2072)

Which was Passed to be Enacted and, having been signed by the President, was by the Secretary presented to the Governor for his approval.

(Off Record Remarks)

On motion by Mrs. Cummings of Penobscot,

Adjourned until 10 o'clock tomorrow morning.