

MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD

OF THE

*One Hundred and Second
Legislature*

OF THE

STATE OF MAINE

1965

DAILY KENNEBEC JOURNAL
AUGUSTA, MAINE

An Act to Authorize the Adoption of a System of Marking the Waters of the State (H. P. 952) (L. D. 1288)

An Act relating to School Construction Aid in Administrative Units (H. P. 1052) (L. D. 1427)

An Act relating to Definition of Cord under Weights and Measures Law (H. P. 1053) (L. D. 1429)

An Act to Provide Funds for Expansion of Vending Stand Program for the Blind (H. P. 1054) (L. D. 1430)

Finally Passed

Resolve Providing for a Maine Key Number Digest Committee (S. P. 161) (L. D. 491)

Resolve Appropriating Money for Support of the Civil Air Patrol Program (H. P. 119) (L. D. 143)

Resolve Authorizing Preparation and Sale of Index to Private and Special Laws (H. P. 189) (L. D. 244)

Were reported by the Committee on Engrossed Bills as truly and strictly engrossed, Bills passed to be enacted, Resolves finally passed, all signed by the Speaker and sent to the Senate.

Mr. Bragdon of Perham was granted unanimous consent to address the House.

Mr. BRAGDON: Mr. Speaker, Ladies and Gentlemen of the House: I would like to call your attention to the notices that were on our desks this morning, especially the second notice which says that Wednesday, April 14, the Reference of Bills Committee will not entertain any more bills or resolves for submission unless it is of a dire and unusual emergency. As I understand it, that means that at the conclusion of next week it is going to be almost impossible to get a bill in. I want to call your attention also to the action of the House this morning regarding special road resolve bills. I find myself in a somewhat embarrassing and peculiar position and I wonder if many members of the House in view of the action of the House this morning may not find themselves in the same situation.

Only last week I was approached by some of my con-

stituents from one of the towns in my district with a very worthy special road resolve. I, assuming that we would follow procedures of past sessions, informed them that I felt the special road resolve had gone the way of the dodo bird and that they had better look to other means, the usual means, namely the prescribed methods by the Highway Commission and prescribed by past procedure to get their road built. This road was very similar to the situation which the House approved this morning. Now, this is my point, and I am calling attention to all members of the House, to take a careful look because they may find themselves in the same position. I am going to have to go back and tell my people that I will present their road resolve. I just make these remarks to the members of the House so they may govern themselves accordingly.

Orders of the Day

The Chair laid before the House the first tabled and today assigned matter:

DIVIDED REPORT — Majority (8) — "Ought not to pass" — Minority (2) — "Ought to pass"— Committee on Towns and Counties on Bill, "An Act relating to Expenses and Travel of County Commissioners of Aroostook County." (H. P. 900) (L. D. 1210)

Tabled — March 26, by Mr. Martin of Eagle Lake.

Pending — Motion of Mr. Crommett of Millinocket to accept Majority "Ought not to pass" Report.

On motion of Mr. Bishop of Presque Isle, retabled pending motion of Mr. Crommett of Millinocket to accept Majority "Ought not to pass" Report, and specially assigned for Wednesday, April 14.

The Chair laid before the House the second tabled and today assigned matter:

Resolve, Proposing an Amendment to the Constitution to Eliminate the Office of Treasurer of State. (H. P. 256) (L. D. 326)

Tabled—March 26, by Mr. Levesque of Madawaska.

Pending—Final Passage.

The SPEAKER: The chair recognizes the gentleman from Caribou, Mr. Doyle.

Mr. DOYLE: Mr. Speaker and Ladies and Gentlemen of the House: Over the years the powers of the State Treasurer have been taken away so that today all we have left is a cashier. Our Constitution says we should have a Treasurer. All this bill does is to clear the way for another bill to establish a treasurer with the power of dual controls.

In the early 1930s under former Governor William Tudor Gardiner, a complete professional survey of Maine State Government was made by the Public Administration Service. Chapter Three of the survey recommended setting up a Department of Finance under a commissioner named by the Governor. In this Department would be four bureaus, Accounts and Control, Purchases, Taxation and Treasury — each under a bureau head who would be a professional state employee.

In 1953 the Citizens Committee on State Government reported to the 96th Legislature to the effect that the Department of Finance should be expanded to the Department of Finance and Administration and that this new department should include in it a Bureau of the Treasury.

The Public Administration Service again made a complete survey of state government. On page 60 of this report the committee noted that "The routine functions of the Treasurer pertain essentially to that of a cashier and such being the case the office of the Treasurer might well be made ultimately a component of the Department of Finance and Administration."

Certainly this bill is no reflection on the ability of the present or of any previous treasurer; however, these surveys and study groups have carefully reviewed the situation and come to the conclusion that the duties of this office can be and should be transferred to a central department in charge of several aspects of state finances. This bill would carry out the necessary constitutional change

and would of course have to be followed by another bill spelling out the specific details of the change-over.

I hope that this bill receives passage.

The SPEAKER: The Chair recognizes the gentleman from Eagle Lake, Mr. Martin.

Mr. MARTIN: Mr. Speaker, Ladies and Gentlemen of the House: While we are on the subject of the abolishment of the State Treasurer, perhaps it would be wise to review some of the things that have occurred and can occur in this office. To a degree this may be overlooked. However, as a student of government, it is indeed appalling to me to find studies which have cost the people of the State of Maine a large sum of money not even being implemented and going unused. This is what is so disturbing. Of course, I can go on and refer to such studies as the P.A.S. and the Mount and Carter study of December 1958. May I point out a few examples to the members of the House?

In the Mount and Carter special report of December 1958, a number of these were pointed out quite clearly. This report was completed by Certified Public Accountants from New York as requested by the Governor and Council. On Page 12 of this report from which I quote verbatim, it says:

"We do not understand why the State Treasurer should retain physical possession of several millions of dollars in securities when a bank with adequate facilities acting as custodian and trust agent for the state could handle these investments with greater security and efficiency."

They recommend, and I quote, "A bank with adequate facilities should act as custodian and trust agent for all securities owned by the state."

Past Treasurers have made a big production over the volume of securities held. The present Treasurer, I understand, prefers to get this function into the hands of professionals at little cost and probably no cost to the State of Maine. Since I understand that unused

space is available locally and the prestige that goes with being the safekeeper for the State of Maine is apparently of value to that bank, I might ask — Why have we waited until the present Treasurer has come into office to implement this or even thinking of implementing it?

I further quote from the same report:

“Checks to disburse funds are prepared by the Controller’s office, passed through the check-signing machine, and then delivered to the Treasurer. No representative of the State Treasurer is present during this operation as has been previously recommended.”

In other words, the State Treasurer has no control over his signature and I further quote the recommendation it gives. “The check signing machine should be operated jointly by representatives of the Bureau of Accounts and Control and the State Treasurer. The Treasurer’s representative should take possession of the checks after the machine signature.”

It is my understanding that after the early 1940’s, after trouble with a certain controller, the Legislature purchased for the Treasury Department such a check signing machine which was never used in the Treasury Department, but it was loaned to the Controller’s office and was never replaced. Therefore, the 100,000 checks per month that pass through this office are not even seen by the Treasurer. In this respect, the Treasurer does not have control over his own signature. Good government results only when dual control is established. If you do not have this dual control, there is no real reason nor authority for the State Treasurer.

The PAS survey report of 1956 asserted that a substantial amount of income was being lost each year through failure to invest funds on hand in excess of immediate cash requirements. Subsequent to the release of the PAS report very little action was taken to invest most of the surplus cash. The Mount and Carter report of 1958 recommended that:

“All cash funds of the State of Maine should be consolidated into one central cash pool. Surplus cash in the central cash pool should be invested to produce additional income for the state.”

I would like to point out that this is what the present State Treasurer is doing and I am sure you are quite aware of the money that he has saved for the State of Maine as a result.

The survey also recommended that some of the deposit accounts be dropped. It is interesting to note that on January 7, 1965, the new Treasurer found 114 accounts with funds totaling over 12 million dollars. It is my understanding that this has now dropped to approximately 3 million in 43 accounts. In other words, it has dropped from 114 to 43. A number of these checking accounts have been consolidated by the present Treasurer among the banks of Maine and has dropped patronage accounts which had had no activity for years. In other words, the money was gathering dust, but no interest.

There are no laws providing for the State Treasurer to invest the funds. This is one of the weaknesses that we have in the present law. There is a great need for a new look in the planning, financing and management of the government of the State of Maine. The recipients of these actions will be the people we represent. If this is to be done then it has to be done through way of governmental improvement. I would like to point out one thing in particular which does not result in good government for anyone concerned. You cannot really expect a State Auditor to be too critical of a State Treasurer when that Auditor happens to be Treasurer for the political party while at the same time it appears that the State Treasurer was a fund raiser for the same political party. In my opinion it would tend to put both these individuals in a rather embarrassing situation. Of course, if good government proves to be good politics and this is legitimate then I encourage it, but poli-

tics should be played only to this degree. The purpose of this bill is not necessarily to dispose of the functions of state treasurer. The main intent of this bill is to remove it as a constitutional provision. This is necessary before any action is taken further in this office. Whatever is done after that time depends upon the duties which we wish to be performed by that department and whatever it is, whether it be appointive or whether it be replaced into or consolidated into another department is something that will come later. But if you are to strengthen this department, then it must be removed from the present position. It would, of course, insure a greater improvement of government for the entire State of Maine. In my opinion, every attempt should be made to make and insure better government in the state.

The SPEAKER: The Chair recognizes the gentleman from Bethel, Mrs. Lincoln.

Mrs. LINCOLN: Mr. Speaker, Ladies and Gentlemen of the House: I feel that we should retain the office of Treasurer of the State. To abolish it would be making a change just for the sake of a change. No progress would be made. You would simply be doing away with the name and not the position.

The SPEAKER: The Chair recognizes the gentleman from Augusta, Mr. Lund.

Mr. LUND: Mr. Speaker, I rise in opposition to the passage of this amendment to the State Constitution which would do away with the Office of State Treasurer. In doing so, I would like to call the attention of the members of the House to the remarks of the gentleman from York, Mr. Erwin, on the floor of this House the other day, when he called attention to the need for a constitutional convention to attempt to do a comprehensive revision of our Constitution if that is needed. If a revision is needed in this regard, it seems to me we should not do a cut and patch job, but a comprehensive job which should be carried out.

The SPEAKER: The Chair recognizes the gentleman from Biddeford, Mr. Truman.

Mr. TRUMAN: Mr. Speaker and Members of the House: I have in my hand a copy of a Commission Report of the Advisory Commission of intergovernmental relations of which our own Senator Edmund S. Muskie is a member. The report is entitled: Investment of Idle Cash Balances by State and Local Governments. The report is dated January, 1961. I would like to refer to a page in this report: "Historical Developments Regarding the Custody and Investment of Government Funds. A drastic change has occurred over the past quarter century in public attitudes and private ethics with respect to the custody and handling of government funds. The late Leonard D. White made the following observation in 1955: It is impossible to estimate the amount of private gain that has been pocketed by custodians of public money during the nineteenth and early part of the twentieth century. The sum would certainly be great. . . This aspect of treasury management has now passed into the more staid. . . period of accurate accounting and public control."

During the month of March past, according to our present Treasurer's monthly exhibit which is today posted in the office of the Secretary of State, the average amount on demand deposit at no interest, was \$3,300,000 during the month of March.

During the month of March of the year in which the above statement was made, the average daily balance on demand deposit at no interest was \$14,255,000. If Mr. Elwell had been Treasurer during that year, and had he maintained the current year's March balance and invested the difference at three percent, he would have earned for the state approximately \$25,000 for that one month of March. This confirms the Public Administration Service estimates in their report of \$300,000 annually. During the past month of March, while this program of reinvestment was being instituted, the new Treasurer was able to reduce the average checkbook balance by approxi-

mately \$4,000,000 over March of last year and had \$5,000,000 in new investments during the last two weeks of the month, earning four percent for the state.

Decisions not to invest idle funds may be taken for a variety of reasons — financial, administrative and political. The county treasurer in explaining which banks received deposits of county funds stated: "You're in politics, basically; we've been trying to keep them all appealed along those lines—it's a matter of the wheel that squeaks hardest."

It has been argued in the past that banks would not go along without these large balances, without a service charge. There has been a fair and adequate balance left with every bank on each of the 43 checking accounts in place of the original 114, and there has not been one cent in service charge fall upon the State of Maine, up to and including our April 1st bank statements that have been recently reconciled. It may be a long time before a treasurer will be willing to support the recommendation of the Public Administration experts to the extent that it will eliminate his own position in the interest of insuring better state government in future years and preventing a repetition of loss of interest that runs into millions of dollars during the last ten years.

The SPEAKER: The Chair recognizes the gentleman from Milbridge, Mr. Kennedy.

Mr. KENNEDY: Mr. Speaker, Ladies and Gentlemen of the House: Listening to the comments here this morning by the Majority Party, I personally am more convinced than ever that we should retain the position and the authority of a Treasurer of State. I think the value of this office has been proven by the statements here.

I was interested in the comments of the gentleman from Eagle Lake, Mr. Martin, when he finally conceded in his remarks that even though the title and office might be abolished, that we would need officers of this capacity in state government. I agree with the gentlewoman from Bethel, Mrs.

Lincoln, that this is a change just for the sake of change, because in the remarks, I understand that this is what will evolve from the abolition of the title of Treasurer of State, because we will need financial advisors; we will need the position if not the name, and due to the good offices of the incumbent in saving the state this tremendous amount of money, I would hope that we would vote against the final passage of this resolve, and when the vote is taken, I move that it be taken by the yeas and nays.

The SPEAKER: This being a Constitutional Amendment, under the Constitution it requires for its final passage a two-thirds vote of the membership of the House, and the gentleman from Milbridge, Mr. Kennedy, has requested that the vote be taken by the yeas and nays.

In order for the Chair to order a roll call, it must have an expressed desire of one-fifth of the members present. All those in favor of the vote being taken by the yeas and nays will kindly rise and remain standing until the monitors have made and returned the count.

More than one-fifth of the members present arose.

The SPEAKER: Obviously, more than one-fifth having arisen, the yeas and nays are in order. The question before the House is on the final passage of Resolve Proposing an Amendment to the Constitution to Eliminate the Office of Treasurer of State, H. P. 256, L. D. 326. If you are in favor of the final passage of this Constitutional Amendment, you will say yes; if you are opposed to it, you will say no. The Clerk will call the roll.

ROLL CALL

YEA—Anderson, Orono; Baldic, Beane, Bedard, Benson, Mechanic Falls; Bernard, Binnette, Bishop, Boissonneau, Bourgoin, Bradstreet, Brennan, Bussiere, Carroll, Carswell, Champagne, Childs, Cote, Cottrell, Crommett, Curran, Danton, Doyle, Drigotas, Drouin, Dudley, Dumont, Edwards, Eustis, Faucher, Fecteau, Fortier, Fraser, Mexico; Fraser, Rumford; Gauvin, Graham, Harvey, Bangor; Harvey,

Windham; Harvey, Woolwich; Haugen, Healy, Hunter, Durham; Jordan, Keyte, Kilroy, Knight, Loberge, Lebel, Lent, Levesque, Libhart, Lowery, Martin, McKinnon, Mills, Mitchell, Nadeau, Palmer, Pitts, Poulin, Roy, Ruby, Sawyer, Searles, Starbird, Stoutamyer, Truman, Wheeler, Whittier, Wuori.

NAY — Anderson, Ellsworth; Avery, Baker, Orrington; Baker, Winthrop; Benson, Southwest Hbr.; Berman, Berry, Birt, Bragdon, Brewer, Buck, Burwell, Carter, Cookson, Cressey, Crosby, Cushing, Dunn, Erwin, Evans, Farrington, Gifford, Hammond, Hanson, Gardiner; Hanson, Lebanon; Hariman, Hawes, Hawkes, Haynes, Huber, Hunter, Clinton; Jewell, Katz, Kennedy, Kittredge, Lang, Lewis, Lincoln, Littlefield, Lund, Meisner, Millay, Mosher, Payson, Peaslee, Pendergast, Pike, Prince, Rackliff, Richardson, Cumberland; Richardson, Stonington; Roberts, Ross, Bath; Ross, Brownville; Sahagian, Scott, Storm, Susi, Waltz, Watts, White, Guilford; Wight, Presque Isle; Wood, Young.

ABSENT—Blouin, Conley, D'Alfonso, Davis, Dickinson, Dostie, Gaudreau, Gilbert, Gillan, Glazier, Hoy, Jalbert, Lane, Lycette, Norton, Sullivan, Ward.

Yes, 70; No, 64; Absent, 17.

The SPEAKER: The Chair will announce the vote. Seventy having voted in the affirmative, sixty-four in the negative, seventeen being absent, seventy not being two-thirds of the members present and voting, this Constitutional Amendment fails to receive passage.

Sent up for concurrence.

The Chair laid before the House the third tabled and today assigned matter:

HOUSE REPORT—“Ought not to pass”—Committee on Retirements and Pensions on Resolve, to Provide Retirement Credit for Seth A. Whitcomb of Readfield (H. P. 430) (L. D. 559)

Tabled—March 26, by Mr. Richardson of Cumberland.

Pending—Acceptance.

Thereupon, the “Ought not to pass” Committee Report was ac-

cepted and sent up for concurrence.

The Chair laid before the House the fourth tabled and today assigned matter:

DIVIDED REPORT — Majority (7) — “Ought not to pass” — Minority (3) — “Ought to pass”—Committee on Liquor Control on Bill, “An Act Permitting Entrances from Class A Restaurants to Owner’s Living Quarters.” (H. P. 978) (L. D. 1316)

Tabled — March 26, by Mr. Danton of Old Orchard Beach.

Pending — Acceptance of Either Report.

The SPEAKER: The Chair recognizes the gentleman from Augusta, Mr. Lund.

Mr. LUND: Mr. Speaker and Ladies and Gentlemen of the House: A majority of the Committee on Liquor Control felt this bill presented some serious hazards. Subsequent, however, to it being reported out, I have discussed the bill with its sponsor, the gentleman from Old Orchard Beach, Mr. Danton, and he has some amendments which I believe would overcome the objections of the majority of the Committee, and I therefore move that this bill be recommitted to the Committee on Liquor Control.

The SPEAKER: The question now before the House is on the motion of the gentleman from Augusta, Mr. Lund, that this Bill and its accompanying papers be recommitted to the Committee on Liquor Control. Is this the pleasure of the House?

The motion prevailed. Sent up for concurrence.

The Chair laid before the House the fifth tabled and today assigned matter:

HOUSE REPORT — “Ought not to pass” — Committee on Highways on Bill, “An Act to Amend the Powers and Duties of the State Highway Commission.” (H. P. 807) (L. D. 1099)

Tabled — March 26, by Mr. Mills of Eastport.

Pending — Acceptance.