

MAINE STATE LEGISLATURE

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(H.P. 778) (L.D. 1043) Bill "An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2012 and June 30, 2013" (EMERGENCY) Committee on **APPROPRIATIONS AND FINANCIAL AFFAIRS** reporting **Ought to Pass as Amended by Committee Amendment "A" (H-620)**

On motion of Representative FLOOD of Winthrop, was **REMOVED** from the First Day Consent Calendar.

The Unanimous Committee Report was **READ**.

The **SPEAKER**: The Chair recognizes the Representative from Winthrop, Representative Flood.

Representative FLOOD: Thank you very much, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I thought I would take a few moments today to talk about the bill before you, LD 1043, to maybe save some time for tomorrow. It is the proposed biennial budget for years 2012 and 2013. Before discussing some of the major initiatives in the document, I did want to thank Grant Pennoyer, Maureen Dawson and all the OFPR staff, all the Appropriations committee members, all the members of this House and the other body, and the many Commissioners and staff, Controller Brann and his staff, and the Director of the Maine Public Employees Retirement System Sandy Matheson - all who assisted us over the last three months to conduct our hearings, our work sessions, and our deliberations. I also want to thank the Executive, Governor LePage, for putting forth some necessary and bold proposals for our consideration and also to the House and Senate staffs for their hard work too.

The Appropriations Committee brings before you today our third budget document this year that has passed unanimously. This would not be possible were it not for the trusting working relationships that have evolved within our committee. Each committee member and staff member plays a role in maintaining and enhancing that strong working relationship. We function this way because frankly it's a lot easier to get your work done when you trust one another, and it's what Maine people expect of us. They want us to work together to solve problems. Hopefully we have accomplished that for you within this document.

This particular unanimous committee document required considerable consensus-building around many sensitive proposed policy actions; a few more, frankly, than we could realistically accomplish with our self-imposed May 31st completion date. We apologize for not getting this to you sooner.

I want to thank the Appropriations Team for their patience and their expertise during the many days of discussions about Pension Reform, Tax Reform, Social Services changes, and a long list of additional policy proposals. You made a difficult mission not only tolerable, but enjoyable, and most importantly – successful. Really it's the results that matter – and you delivered. Your weekends and evenings were taken from your families. I know however that they will appreciate the historic changes that you have helped to implement. Special thanks to the Representative from Lewiston, Representative Rotundo, for her expertise, her wisdom, her thoughtful leadership, and her strong character. It is an honor to work with you.

LD 1043 provided strong reforms in our pension system that will help drive down the Unfunded Actuarial Liability by \$1.7 billion and reduce biennial costs to the general fund by \$270 million, reducing biennial pension costs for all funds by \$338 million. And although these are important and absolutely essential outcomes, equally important is that the committee was able to do this without increasing the employees' or teachers'

share to their pension, nor did we have to reduce any retiree's actual monthly pension checks. Largely we accomplished this by significantly reducing or freezing the cost of living adjustments for several years while limiting those adjustments to the first \$20,000 of a retiree's benefit in future years. But none of this actually reduces benefits to any retiree...and we should be proud of that accomplishment. This is a change, no doubt, but an innovative and necessary change to allow affordability of this plan over the long run. I recognized and the committee recognizes that by limiting the upside potential for retirees, some are disappointed, but after three months of deliberations and counseling, and an additional six months of familiarizing ourselves with the system, and striving to be fair not only to the retirees but to the 1.2 million people in Maine who fund the largest share of this pension system, we believe we have structured a better, more solid plan, one that we can afford, and one that will continue to provide strong benefits to our retirees. I believe that other places in our country have had to take much more drastic measures. We made large steps forward and have been empathetic to our people and our retirees. That was our duty. As part of this budget, we are also proposing to initiate a process to improve or modify our pension in the long run. All retirement system changes were supported unanimously by the committee.

Our tax reform proposals will help initiate economic development by creating about \$50 million of incentives and credits for businesses willing to invest in Maine in the biennium. Our proposal also makes significant and understandable changes in our personal income tax brackets and conformance with federal tax rules that will lead to significant tax reductions for Maine people. With these changes, we hope to stimulate the economy and encourage our investors, and encourage people to stay in Maine and in fact to move to Maine. Again, all tax reforms were supported unanimously by the committee.

Social Service reforms will help clarify limitations on certain benefits and align our programs more-so with programs elsewhere in the nation. We have left key MaineCare safety net programs in place, our non-categorical program in particular will remain largely as it was. And we continue to favorably fund the Fund for Healthy Maine. The committee recognized the value of these programs and we appreciate our colleagues' strength in guiding our efforts here. All Social Services reforms were accepted unanimously by the committee with the exception of one that was a 12-1 vote regarding some parameters in the General Assistance program.

There are many other policy areas that we were asked to decide upon during our negotiations. Without going into great detail, here's what we did on several of them – in all cases - unanimously: We modified and approved a proposal to change the communications processes for state government. We modified and approved a proposal to conduct a \$25 million government streamlining initiative. We modified and approved Community College expansion in the Skowhegan/Fairfield area. We modified and approved a proposal to help innovations at Good Will-Hinckley School. We modified a proposal to significantly reduce funding to Maine Public Broadcasting Network – restoring all funding in year 12 and most of the proposed reduction in year 13. We reviewed and accepted suggestions to Revenue Sharing. We modified and approved changes to the State Planning Office. We modified and approved changes to public notice requirements. We modified and approved transfer of funds to the Highway Fund. We funded the ability of the Maine State Museum to be open on Sundays. We discussed and did not accept changes to critical language in Child Development Services. We reviewed and accepted the elimination of shut down days and accepted freezes on merit pay

for all government employees including the Judicial and Legislative branches, and the special and confidential employees. We reviewed and extended hospital ambulatory patient classifications through July 2012. We modified and accepted a study and cost reduction at Dorothea Dix Center. We received a significant reduction in costs from the Legislative Council for which we are very grateful. We established a funding mechanism beginning in 2014 for infrastructure improvements to our sewage treatment plants, drinking water facilities, and our highway paving programs. We developed a working group to study and make recommendations about our retirement system. All of the above were supported unanimously.

Significant changes were proposed in this budget by the Executive, and as you've now heard some were modified by the Appropriations Committee with the hope of receiving your approval and the approval also of the Executive. And that is a tight tightrope to walk. We hope we were successful. We respect and upheld the Executive's wishes to maintain support for education and programs for the developmentally disabled and those suffering from mental illnesses as priorities.

Some of the policy changes in this budget were long overdue – particularly as they related to our pension system – and are very, very important for our long term structural stability. There is always a certain degree of sadness mixed in with the accomplishments of a budget document. Not everything goes as planned, not everything gets accomplished, and I apologize for any oversights along the way, but we hope that you see the need for the policy changes that we have brought to you along with the associated funding changes. We hope that we have met your expectations and the expectations of the Executive Branch. Thank you for your leadership Mr. Speaker, and thank you to all our caucus leaders for their support as our work came to an end. Thank you Ladies and Gentlemen of the House. It is an honor to serve you.

Subsequently, the Unanimous Committee Report was **ACCEPTED**.

The Bill was **READ ONCE**. **Committee Amendment "A" (H-620)** was **READ** by the Clerk.

On motion of Representative CURTIS of Madison, **TABLED** pending **ADOPTION of Committee Amendment "A" (H-620)** and later today assigned.

SENATE PAPERS

Non-Concurrent Matter

Bill "An Act To Strengthen Maine's Election Laws by Requiring Photograph Identification for the Purpose of Voting" (H.P. 176) (L.D. 199)

Majority (7) **OUGHT TO PASS AS AMENDED** Report of the Committee on **VETERANS AND LEGAL AFFAIRS READ and ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-385)** in the House on June 6, 2011.

Came from the Senate with the Minority (6) **OUGHT NOT TO PASS** Report of the Committee on **VETERANS AND LEGAL AFFAIRS READ and ACCEPTED** in **NON-CONCURRENCE**.

The House voted to **RECEDE**.

On motion of Representative BEAULIEU of Auburn, the Bill and all accompanying papers were **COMMITTED** to the Committee on **VETERANS AND LEGAL AFFAIRS** in **NON-CONCURRENCE** and sent for concurrence.

Non-Concurrent Matter

Resolve, Directing the Maine Center for Disease Control and Prevention To Conduct a Review of Wood Smoke Laws (EMERGENCY)

(H.P. 430) (L.D. 547)

(C. "A" H-407)

FAILED of FINAL PASSAGE in the House on June 9, 2011.

Came from the Senate **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-407) AND SENATE AMENDMENT "A" (S-296)** in **NON-CONCURRENCE**.

The House voted to **RECEDE AND CONCUR**.

REPORTS OF COMMITTEE

Divided Reports

Majority Report of the Committee on **CRIMINAL JUSTICE AND PUBLIC SAFETY** reporting **Ought Not to Pass** on Bill "An Act To Protect Young Children from Sex Offenses"

(S.P. 357) (L.D. 1182)

Signed:

Senator:

GERZOFISKY of Cumberland

Representatives:

PLUMMER of Windham

CLARKE of Bath

HANLEY of Gardiner

HASKELL of Portland

LAJOIE of Lewiston

LONG of Sherman

MORISSETTE of Winslow

SANDERSON of Chelsea

Minority Report of the same Committee reporting **Ought to Pass as Amended by Committee Amendment "A" (S-295)** on same Bill.

Signed:

Senators:

MASON of Androscoggin

WHITTEMORE of Somerset

Representatives:

BLODGETT of Augusta

BURNS of Whiting

Came from the Senate with the Minority **OUGHT TO PASS AS AMENDED** Report **READ and ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (S-295)**.

READ.

On motion of Representative PLUMMER of Windham, the Majority **Ought Not to Pass** Report was **ACCEPTED** in **NON-CONCURRENCE** and sent for concurrence.

Majority Report of the Committee on **TAXATION** reporting **Ought Not to Pass** on Bill "An Act To Help Deter Youth Smoking and To Help Smokers Quit" (EMERGENCY)

(H.P. 419) (L.D. 536)

Signed:

Senators:

TRAHAN of Lincoln

HASTINGS of Oxford

Representatives:

KNIGHT of Livermore Falls