

# 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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## (Off Record Remarks)

On motion of Mrs. Goodwin of Bath,  
Recessed until the sound of the gong.

After Recess  
12:15 P.M.

The House was called to order by the Speaker.

The Chair laid before the House the following matter:

Bill "An Act to Revise the Laws Relating to Funding of Public Schools" (H. P. 2020) (L. D. 2196) (H. "C" H-880) (H. "O" H-920) as amended by S. "F" S-407, S. "G" S-408, S. "H" S-409, thereto) (S. "A" S-404) which was tabled earlier in the day and later today assigned, pending further consideration.

Mr. Rolde of York moved that the House recede and concur and requested a roll call.

The SPEAKER: For the Chair to order a roll call, it must have the expressed desire of one fifth of the members present and voting. Those in favor will vote yes; those opposed will vote no.

A vote of the House was taken, and more than one fifth of the members present having expressed a desire for a roll call, a roll call was ordered.

The SPEAKER: The Chair recognizes the gentleman from Bangor, Mr. Kelleher.

Mr. KELLEHER: Mr. Speaker, Ladies and Gentlemen of the House: First of all, I would like to commend the other body for sending this document over to us in the fashion that it has. However, I, like many members of this House, have some reservations, not on the adjustments or the change in the tax structure, but at the wisdom of this body to enact this bill here this morning considering the fact that there are other issues that we should be considering such as the University of Maine, the state employees, supplemental budget, which all demand and consider money to be acted through this legislature in being passed.

I spoke to a group of state employees Sunday afternoon, along with a number of my fellow members of both parties in Bangor, and I indicated to them and I also indicated to the sponsor from Bangor of what I consider a fine proposal as far as tax considerations is concerned, Mr. Ingegneri, the supporter of a revision of the income tax bill or the income tax laws as we now have today, but I indicated to those people that were there as state employees that I would not vote for an increase in the income tax or, for that matter, any other tax directed solely at them to support their problems, nor will I vote to support this issue this morning on the education funding problem that we have.

There are a number of fine bills that are now before the Appropriations Committee and I did not think that the other body would be capable enough to use the wisdom to change the tax laws of the state and they have done that so by the amendments we have before us this morning. But to reach the conclusion that this House and the possibility of what may happen over in the other body in passing two major tax measures here, because we will have to consider another one to take care of a variety of our own problems, is just a little bit too much for me to accept.

This is not my first term down here nor is it most of yours. I think the legislature should be commended, this body should be commended for having the ability to pass a revision of the income tax but to do it

without considering all the other problems that we have in this state, I don't think we are using the wisdom that we should be. For these reasons, I am not going to support this issue of a major tax transition only to cope with one problem.

The SPEAKER: The Chair recognizes the gentleman from Dover-Foxcroft, Mr. Smith.

Mr. SMITH: Mr. Speaker, Ladies and Gentlemen of the House: Just a few moments ago in the joint caucus, I addressed this same issue and I am going to do it again now on the record.

I disagree with the analysis of the gentleman from Bangor, Mr. Kelleher. It seems to me that if the members of this House are going to have an individualized kind of vote on each of the great policy issues relating to appropriations that are before us and before this legislature and yet to be dealt with, this is the only way that we can go. I don't believe that most of the members of this legislature want to have a huge package brought before them, some of the things which each individual member might support and others they might not support and be given an ultimatum that they must support all of them.

Now, if you want to perform your function as individual legislators and vote on each one of these measures as they come along, then I think this is the route that you must take. I feel, as Mr. Kelleher does, that there are many needs that are left unaddressed in this state at this time, but this legislature isn't over with yet and this afternoon I plan to publicly state my concern on some of those issues at a pay raise hearing for state employees over at the Armory.

We have a lot of tough decisions to make, but I don't think this is the time that we want to get hung up on a tactical argument such as Mr. Kelleher has presented here to you today. I think the leadership has chosen a proper vehicle, I think they have chosen a proper tactic and a proper method and I think you all ought to support it.

The SPEAKER: The Chair recognizes the gentlewoman from Old Orchard Beach, Mrs. Morin.

Mrs. MORIN: Mr. Speaker, Ladies and Gentlemen of the House: I just spoke to Senator Merrill about the \$215,000 that would be the cost of administrating this and he can't see why it should be that much either but he figures that perhaps the Appropriations Committee will take care of it later.

I would like to say that as this bill now stands, with that exception, I can go along with it with a second exception. On Page 15 of the bill, Section 3750, it states that no construction project shall be approved by the State Board of Education prior to July 1, 1977, except the State Board of Education may approve school construction projects which it deems to be of an emergency nature.

As far as Old Orchard is concerned, we do consider the project we began in 1974 an emergency. The parents are up in arms concerning two buildings in which their children are housed. One has been condemned in the past and repaired to keep it operational but there is just so much you can do in repairing an old building. Therefore, unless I can get assurances that the money being held up for construction purposes will be released, I still cannot vote for the bill.

I am told there is a bill coming up that

could take care of this, but these things are never certain.

The SPEAKER: The Chair recognizes the gentleman from South Portland, Mr. Hinds.

Mr. HINDS: Mr. Speaker, Ladies and Gentlemen of the House: Being interested in finances as I have been over the years and having worked for the state in the Finance Office, I journeyed down a few minutes ago to find out if we have some kind of verification about these revenue estimates of \$18 million under this income tax proposal. I am told by Mr. Garside that there is no firm estimate yet but the Taxation Department is working presently on an estimate to tell what this tax will bring in. They used some old figures that they had back several months ago but there are some differences here and there won't be a figure available until later on, so I can't vote for this until I find out if we are just pushing something through rapidly, as we did educational subsidy bill in the last session that has been so underfunded all the way through and this is going to be exactly the same thing, so until I find out, I prefer not to vote on this issue.

The SPEAKER: The Chair recognizes the gentleman from Kennebunk, Mr. McMahon.

Mr. McMAHON: Mr. Speaker, Ladies and Gentlemen of the House: In view of my comments the other day, I want today to speak only on this subject and on this bill.

I wish to say for the record that the bill in its present form is quite an improvement over the bill in its original form. Philosophically, I have no problem with the thrust of this amendment, although I still believe that per capita income in this state is quite low and that dimensionally the burden will be paid equally by the low income as well as by those in the higher bracket.

I wish to state the following reservations, however, for the record: (1) I question whether the proposed tax schedule will raise the needed revenue; (2) I question whether the local units won't end up spending more anyway, knowing that the major shift has been made to another tax; (3) I question whether it is wise to lose the visibility of our tax dollar, which will happen with the primary reliance on the income tax for funding education; (4) I question whether it is wise to lose the additional revenue out-of-state property tax owners who will not pay the income tax in many cases; (5) and finally, if I voted for this measure, I could not in good conscience vote against funding other needed programs.

The mood of my constituents, as they have told me, is to hold the line and for that reason, I must vote against this measure as well as other spending measures that will require a broadbased income tax or sales tax increase.

The SPEAKER: The Chair recognizes the gentleman from Waterville, Mr. Carey.

Mr. CAREY: Mr. Speaker, Ladies and Gentlemen of the House: One of the nice things about living close to Augusta is that I get home every night and that places me in a very advantageous position at a time when legislation changes from day to day. I can actually get back there and do a heck of a lot more work than you might normally be able to do down here away from your own figures back home.

I speak to you today from my prepared remarks, because the figures get

confusing enough and the only way I can keep them straight in my own mind is to trust them to paper.

Last night, I took out my 1974 income tax returns to find out, for instance, what my taxable income was. I dug out the tax bill on my house to make sure that I operated from the valuation of my property when we were discussing the property tax rates. I also dug out, as a municipal official, my copy of the 1975 school budget. I tried to project myself in the position of having my 1974 taxable income at this time, the 1975 school budget that we operated under last year as the 1976 budget and the valuation on my property as it is currently with my 1975 taxes, and I needed all of these figures to calculate my way through the Governor's proposal as Mrs. Lewis from Auburn presented, L.D. 1452, if we don't do anything at all and if we don't do anything at all, we are going to be having a tax increase, I think that is clear to every one of you here, the bill is before us now with Mrs. Najarian's amendment which had the surtax and then this bill that finally came back to us from the Senate.

Now, as you may be aware, I had voted against the engrossment of this particular bill, I had supported the Governor's bill. The computations that I made included this particular amendment and did not include, for instance, the Najarian amendment, which had the 10 months of cigarette tax which, by itself, would cost a pack-a-day smoker \$15.25 a year.

In 1974, I made \$12,000 and had a taxable income of \$4134.71 and my house is valued at \$15,000. That places me, I would assume, in a moderate income category with an average priced house and it may very well fit most of you here. Now, the Lewis bill turned out to be on the surface the most expensive to me, even at that low level of funding. While the uniform property tax rate on the surface increased over the 1975 level by only a mill and a quarter, the reduced level of leeway, the half year, the 90-10 matches actually created for us in the City of Waterville in our expenditures for vocational education and special education and transportation a 2.1 mill increase on the property tax and that would have cost me, with my \$15,000 house, \$31.35 on my property tax.

The next most expensive bill was the one with House Amendment "O" without Senate Amendment "F". That had the 13 mill tax rate and it looked good; it was a lowering of the tax rate by a quarter mill from the current rate, but the 90-10 matches actually ended up going beyond the quarter mill that we were saving, so that my property taxes would have increased by \$8.70. I said I discounted the \$15 for cigarettes, but the 26 percent surcharge increased my income tax at the state level by \$16.30, so that bill was costing me \$25.

Interestingly enough, the present law, L. D. 1452, with this mill and a half increase, cost me less than the two I had previously mentioned. My increase on the property taxes would have been \$22.50, but there is, of course, the real fear, and as a municipal officer we have just suffered through that real fear in November and December of the immediate past year, there is that real fear that I would have to pay more in the long run for property taxes because of the prorations that come out of the Department of Education and the Administrative offices, the executive offices.

Now, that local deficit, obviously, would have had to have been made up by the

property tax, so in effect, the current law would have probably been much more costly than the Lewis bill or even the Najarian amendment with the surtax.

Then, I took this particular bill with Senate Amendment "F" to House Amendment "O" and did my work there, 13 mills on the property tax rate, the 90-10 matches, the reduced leeway. That still costs me \$8.70 on my property tax, but the graduated income tax was the thing that gave me the break. Remember, I originally had \$12,000 of income. Senator Merrill and I discussed this this morning and he says I am figuring it all wrong, that I could save another \$10 on my taxes but I use the short form. I have six children and those six children allow me to use the short form quite conveniently.

The increase in the income tax costs me \$2.70 so that the total costs of this bill in its present state cost me \$11.40. So in reviewing the entire matter, the Lewis bill would have cost me, as a \$15,000 homeowner with \$12,000 income, \$31.35; the Najarian amendment would have cost me \$25; the present law, L. D. 1452, would cost me \$22.50 and the bill as we currently have it now would cost me \$11.40.

The Lewis bill was all property; the Najarian amendment was one third property, two thirds income tax; L. D. 1452 was all property and this bill hits me with three quarter property and one quarter income tax. This bill puts us on the road to a tax reform which, obviously, must have the top priority during the 108th.

As a municipal official, I share the concern of Mr. McMahon of Kennebunk when he says that means that municipal officials now are off the hook so therefore they don't have to worry about keeping an eye on the tax structure and the expenditures at the local level. I would point out to him that the inflation rate, the deterioration of bond market because of the vast misuse of bonds by the much bigger cities throughout the country have put us all on our toes. Actually, none of us are getting lulled to sleep at the municipal level by this bill or any bill that passes or even L. D. 1452 that might not pass. We actually still try to get the dollar value for the dollar spent.

I am not happy with this bill because the state has mandated programs and yet they won't fund them to the tune of 100 percent, but if we fully fund the 90 percent that we are going to be receiving from the state, we are not going to be in so much trouble as we would be by banking on 100 percent funding by L. D. 1452 and getting prorated back to the level of 85 percent.

As municipalities, we are restricted in the tax base that we have, we are restricted to that single tax base, the property tax. The state has a much more diversified base and it should not continually infringe upon and erode the one source that we do have at the municipal level. To do so, stifles the local effort to provide the quality of services that we do try to provide at the local level. This bill recognizes that fact and that is why I can support its passage.

The SPEAKER: The Chair recognizes the gentlewoman from Portland, Mrs. Najarian.

Mrs. NAJARIAN: Mr. Speaker, Ladies and Gentlemen of the House: The bill before us today represents the culmination of months of work by a great many people. It merely goes to prove once again that if you work long enough and hard enough and there is a willingness to reach an agreement, legislators working together

can overcome obstacles, that earlier seemed insurmountable.

The original compromise amendment lifted us out of a stalemate and that compromise put one bill before this House that could attract a majority. The Senate Amendment will give this bill, I hope, the boost it needs for final enactment. I congratulate and thank all the House members who worked for that and thank the Senators who were willing to make that one last extra concession which made this bill far more palatable to many of us here.

This Legislature has continued in the direction set by the 106th when L. D. 1994 was originally enacted. One of its primary goals was to relieve the burden of education on the property tax. That was accomplished for 926 municipalities in this state. This Legislature has moved yet another step from the property tax for the funding of education and we will be doing that, not just through the income tax, but through an income tax structure made more progressive than it was, and I think that is a major accomplishment.

One thing I am fairly certain of, this bill is deficit proof at the state level. I only hope we haven't gone overboard in trying to accommodate educational funding with our tight financial situation. I would be most sorry to see our efforts to lower the property tax undone by tightening up too many areas at once. \$10 million less than the commissioner's certified costs \$90. For leeway instead of \$125, 10-90 for Vocational Ed, Special Ed and Transportation. All of these measures combined could force property tax increases at the local level, but I guess now all we can do is wait and see on that.

Once again, we have come a long way since the 19th of January. Everyone has given a little here and a little there and what we have is probably not the best bill nor the worst, but the main principles of L. D. 1994 are still intact, save one, and given the times we are living in, I think we have done pretty well.

The SPEAKER: The Chair recognizes the gentleman from Hampden, Mr. Farnham.

Mr. FARNHAM: Mr. Speaker, Ladies and Gentlemen of the House: Very briefly, first, I think I can help answer the question of the gentlewoman from Old Orchard Beach, Mrs. Morin, as to the cost of implementing this program. As many of you are aware, I have an income tax bill in. I did a great deal of work with the taxation people during the fall and the primary or the big cost to them is that they have to reprogram the computers.

In the bill I had, I made no basic change in the law, I closed up brackets and I increased percentages so they could do that, they felt, for \$126,000. Now, in programming the so-called Merrill amendment or the Merrill tax bill, they have got to program into that the low income provision that he has in his law, which compares with the federal law and that adds a further complication making an additional cost. But that is a one time cost, if we leave the law alone, they don't have to do that every year, they only have to do it when the law is changed.

The gentleman from South Portland, Mr. Hinds, raised a question as to the validity of the estimates and, of course, I am not in a position to say they are perfect, but I can say, from the work that I did with them, and I have a chart from them which shows how many people in each taxable bracket, like the \$1,000 bracket, how much earnings there were in that bracket, how

much in the \$2,000, \$3,000, etc., and the figures arrived at in the bill I had, I know, were very accurate and there isn't that much difference between the bill that we have before us and the bill that I had, so I have every reason to believe that they are very accurate. I would make this hedge, I think they may yield more than this bill says, slightly more.

I had to base most of my work on the 1974 figures because 1975 was not readily available, it may be now. If they could use 1975 figures, certainly they would be more accurate.

I would also say that I am not in disagreement with the gentleman from Bangor, Mr. Kelleher, in many respects. I would have preferred that we had a separate tax bill. This is why I worked on it myself all last fall. I thought we were going to need 30 to 35 million dollars. I would rather have seen a bill go that way and have allocated in it so much to cover our education problem, so much to cover the University of Maine, and my figure for the University of Maine was \$4 million, not the \$6.4 they were after. I had a figure for the state employees pay raise. In fact, the bill is being heard today and the tax bill I had, I thought, would cover all those subjects.

However, I am not going to vote against this bill and I think most of you know, probably on 90 percent of the vetoes last year I stood by Governor Longley and I will probably stand behind the rest of this session on almost anything else, but this is a problem that has got to be solved. I hate to do it in a piecemeal way but I do urge you to get this problem behind us and face the rest of them as they come up.

The SPEAKER: The Chair recognizes the gentleman from Bangor, Mr. Ingegneri.

Mr. INGEGNERI: Mr. Speaker, Ladies and Gentlemen of the House: As you all know, I have a tax bill which I hope will get a full and impartial hearing.

With regards to this amendment, this amendment follows almost completely the line which I have recommended in my tax bill. It stops at the maximum rate of 10 percent whereas my bill goes up through 11 and 12 percent and there is one minor change in one bracket, I have perhaps one or two more brackets and one five percent bracket on taxable income, is deleted.

Mr. Farnham stated that there was a greater cost to Senator Merrill's amendment because of the adoption of the federal more liberal allowances and this cost amounted to something like \$100,000. Well, the merits of this bill, this amendment, are that it attempts, very sincerely, to raise revenue at the same time as making the tax collection more equitable. I submit that \$100,000 of administrative costs is not a great amount if it results in a greater deal of equity. After all, the prime consideration always should be what is right and not being niggardly about a few dollars.

I am very grateful to my good friend, Ed Kelleher, from Bangor, I know how he feels, he feels that I made a sincere effort to address myself to many problems. I worked on a tax bill, and it is a tax bill which shifts the burden to quite an extent from those least able to pay to those who are better able to pay in a progressive fashion. However, I am optimistic that the ballgame shall not stop here because the extension of this Merrill amendment to something which would address itself to more problems is a very easy matter. We can go to 11 percent and 12 percent without

affecting the greatest majority of the taxpayers. The two highest brackets, although they are comprised of a relatively small number of taxpayers, do yield either under the old or the new, a great deal of revenue and we can, and I hope we shall, address the greater problem of a general revision and reform on a permanent basis but I have no problems with this amendment. As a matter of fact, I think Senator Merrill would be the first one to admit that I helped him on it because, over the past year, since last September, I had various versions of a tax bill which would fit whatever were the needs, if the revenue expectations were higher then it would not be necessary to go to a higher figure. The best part of a progressive income tax law is that it gives you a frame work for the future within which you can plan centively, you can easily contract your rates, you can easily contract your brackets without going through a great deal of trouble and I would like to see the day come when the Governor would have a little bit of a corner in his parameters of his rectangle with respect to revenue that would give him an opportunity to breathe a little bit more easily and a greater opportunity to go about cost saving in a calm manner, not to cut the cloth to fit the suit, you know to have enough cloth to more than fit the size of the suit, and I think this is a first step and I assure the people who have been very, very kind in their remarks about my bill, that I intend to present my bill in the most forceful, vigorous manner that I am capable of and I can do this because I have received many indications that there is a ground swell in this state for a genuine revision and a reform of the income tax laws and, so I urge you, whoever has any regards or slight high opinions of my opinions, I urge you to vote in favor of this amendment, I think an ice jam has been broken. It has been broken by reasonable people, getting together, giving up a little bit for a greater good and I had always hoped that when ever it came down to that position that I would be above my egocentric feelings and go along with the compromise that would be for the greater good and I hope that that is my position today.

The SPEAKER: The Chair recognizes the gentleman from Nobleboro, Mr. Palmer.

Mr. PALMER: Mr. Speaker, Ladies and Gentlemen of the House: I want to say, at the very outset, that I intend to vote for this compromise, but before I do it, I feel that I must express a few frustrations, which I am sure that many members on both sides of this aisle feel at this very moment in time.

I cannot, in good conscience, vote for it until I say these things and perhaps relieve myself of some very great problems that I have internally right now, some gut feelings, which really, really bother me, so I am saying, that I am going to vote for it and when I finish this speech, I will end on a more positive note.

Let me say this to you, first of all, I have some concerns, as does the gentleman from Kennebunkport. I want to recite those concerns to you because I think these are the things we are going to have to keep in mind as we debate this issue and other issues we are going to have before us in this session. First of all, several weeks have been spent on the Education Funding Act. Great amounts of hours have been spent by an education finance group which has done a tremendous job, and out of all

this, there was hammered out a compromise, which compromise was acceptable to a great number of people, even those who opposed it, realized that it was better than what we have at the present time and so they were willing to give it their support, that was a compromise. This compromise represents the compromise on a compromise on a compromise. I am compromised so much this morning that I don't know what to do or which way to turn. However, I must say to you, that the net results of passage of this act will, I am sure in my own feelings, be an improvement in the education funding in the State of Maine.

Let me express some of my concerns — I went home last Friday, firmly convinced that we had a tax package before us, which included, for example, a five cent tax on a package of cigarettes. I spent the entire weekend telling people, leaders in the community, exactly what we were doing and yesterday morning, at eleven o'clock, I learned of a totally new package, and three hours later was passed to be engrossed, and this morning it is here before us. I call it hasty and I really believe it is hasty and it is one of the concerns that I have as I vote this morning. I am not afraid of the five cent tax on cigarettes. As a matter of fact, I think it would be a darn good thing for us all and I am hooked, the higher it gets, I think perhaps, sooner or later, I may get smart enough to drop off the filthy habit so the tax on cigarettes didn't worry me half as much as transferring five more million dollars onto the income tax, which eventually, is going to hit the middle income group in Maine and I don't care what schedule tells you differently — the middle income group now, as always, bears the burden on taxation. It sort of reminds me of the story of the man who went to his boss and he said, Boss, will you please give me a cut in pay and he said, Jones, I can't do that to you, I gave you a cut six months ago but Jones said, I need this one, just give me one more cut and I will be happy. Why do you want it this time, Jones? He said, because if I could just get one more cut, I will be able to live in that new apartment building on top of the hill where they have the tennis courts and the heated pool. My child will probably be able to go to college on a grant, on a scholarship and my children will probably get their teeth fixed for nothing. I am paying all of these on my own now but if I could just reduce myself slightly, I can get some benefits out of all the programs of government today, so I am concerned, this morning, that regardless of what all printouts may say, that we are still placing it right there on the guy who tries very hard to build himself a new home to keep it nice, to keep it clean, to educate his children, to do all the things that need to be done and every time we get a chance, we sock it to him, that bothers me slightly.

I am also concerned that in this package, the non-resident taxpayer, is really getting a break. I think true tax reform, as was enunciated in the Governor's Commission on Tax Policies should have some concern for say a credit on income tax, property tax on your income tax. I think the hasty consideration of these things such as we are doing right now may be detrimental to true tax reform in the future.

My final concern, I guess, is that the other compromise which we agreed upon had a self-destructing tax, this one does not have. I believe that perhaps we should be made to address this situation again in

the 108th Legislature to make sure that we are headed in the direction of true tax reform. I don't believe it comes in overnight stands, such as we are having right here today. I am also concerned, I was a little bit concerned, but now I am more so, after Mr. Ingegneri's speech, that this is just the opening and that we may very well see the 11 and the 12 go on before we leave this session. I want to say right now, if it does, it goes on over my dead body because I don't believe that is responsible and I think we are opening the door to a lot of new problems right now. We have problems, other problems, and people have to find resolutions to them and I will stay here as long as I have to to help resolve those problems but I am concerned that we may find a too simple solution.

Having said all of this, which really makes me feel better now, that I am sure a lot of people in this House feel the same way I do on many of the issues that I have spoken to, I am going to say to you that I am going to vote for the compromise bill even if I have to hold my nose, rather slightly. I am voting for it because I believe it is the only solution we have right now to our education funding problem. To leave the bill or to kill the bill and to go along with the open endedness of 1452 would be totally irresponsible, it would be rejecting the best advice that we have from many many people who have spent hours and weeks on this problem because many times in life, you have to make compromises, you have to give a little and take a little but there are so many good things in the compromise bill, as far as the education bill is concerned, that I must, this morning, go along with it. I feel that if we, as a legislature, leave here without having done something about it, we will be subject to an even greater criticism, that we can't come here for five or six weeks and resolve a problem so I know that I speak for many when I say that I am very much concerned, I have grave misgivings about many things we are doing but I feel that, at this moment in time, we must pass this bill and get the education funding behind us and go on to the other problems which certainly are going to weigh very heavily on us too.

The SPEAKER: The Chair recognizes the gentleman from Portland, Mr. LaPointe.

Mr. LaPOINTE: Mr. Speaker, Ladies and Gentlemen of the House: Once it was said to me that the problem is not the decision one makes but rather the decision making process one goes through. At this time, I have decided to support the compromise as amended by Senate Amendment "F", "G", "H" and "A" and I urge all of you to support it as well. Last week, we heard about compromise, described in glowing terms when we had House Amendment "O" before us. It was hilled as a panacea and solution to the neverending, educational funding problem. I rejected that compromise. I accept this one.

The initial purpose in our coming to this special session on January 19th was to deal with the education funding act. This bill, as amended, resolved the legislatures funding dilemma. This session has been characterized with words of frustration, allegations, decisions stifled by the lingering shadows of Governor Longley and implied threats of political retaliation. This is truly and most unfortunate and does not aid in good decision making or in good decisions. This compromise will not be and is certainly not in my own mind

another chapter in "Profiles of Courage" but rather it represents an attempt to solve a serious dilemma.

Someone said to me yesterday, that this bill is a breakthrough and will create a freight train effect. However, I think the opposite is quite the case, the train is only about to leave the depot so, therefore today, the word must go forth to all the people in this state that the problems of Maine are not simply educational funding but they also exist in other program areas which are terribly complex and difficult, particularly in these troubled, economic times.

I hope, today, that we can get through this immediate dilemma and log jam and turn our shoulders to these other concerns, be they the funding of our underfunded institutions, our human service programs, our income maintenance programs of the University of Maine and, finally, to do so, without any real or perceived threat from any quarter.

The SPEAKER: The Chair recognizes the gentleman from East Millinociet, Mr. Birt.

Mr. BIRT: Mr. Speaker, Ladies and Gentlemen of the House: I think quite a bit has been covered in the thoughts that I have in my mind, particularly the expressions have been made by the gentleman from Kennebunkport, Mr. McMahan. I think there is one other question that I have that is bothering me a great deal — I wonder if anybody has done any calculating or figuring as to just what the percentage spread of what is being paid from the state level and what is being paid from the local level now on the cost of education funding?

It appears to me that we presently, in moving down to the 13 mills, we have moved down to and moved into an area where about 55 percent of the cost of education is coming from the state level and probably 45 from the local level. That figure may be off a little bit but I think probably it is relatively close. I think some of the best thinkers on funding of education that I know in the country feel very strongly about moving too far off the 50 percent level. I have mentioned at least once here that Dr. Coniff and his whole study of educational funding indicated that we should not cross over that 50 percent line. I think this is the other actual area that we should give serious thought to today before we pass this bill.

The SPEAKER: The Chair recognizes the gentleman from Skowhegan, Mr. Dam.

Mr. DAM: Mr. Speaker, Ladies and Gentlemen of the House: I would like to state my position on the bill. I would not support this. I did have a little wavering at first but standing up back and listening to some of the speakers, I finally made up my mind that I will not go along with this bill, because I think you have all heard what the door is going to be open, there will be increases after increases coming in income tax and we are going to sock right back to the middle class people.

It may be true that many people have worked long and hard on the education bill and there have been a lot of compromises made but I would like to say this that there had been, as far as I am concerned, no threats made from the second floor of retaliation against anyone. I think the Governor has stated his position and he stated it quite clearly and if you take this as a threat of retaliation, then that is your interpretation but I think something that is happening now is happening in the State of Maine that has not happened for many

years. We have a businessman sitting down on the second floor. We have a very successful businessman sitting on the second floor —

The SPEAKER: The Chair hates to disrupt the gentleman, but would he restrict his remarks to the pending motion, which is to recede and concur.

Mr. DAM: What has been advocated in one of the previous offers does not necessitate an income tax increase. It puts education on a business-like basis and it says to the people of the State of Maine that there will be no income tax increase. The State of Maine will not head down the path of destruction like the other states are headed and go into bankruptcy. Passing an increase in the income tax today is only one area which I consider being very fiscally irresponsible when it comes to being legislators.

I think the previous program that was offered in the level of funding would take care of the problems in this state and money could be found to pick up that area of the deficit that was not taken care of. I placed complete faith and trust in the Lewis bill, and I think that was the only bill that we had that the vast majority of the people of the State of Maine wanted, and they don't want this increase and they don't want this door opened that we are opening today.

The SPEAKER: The Chair recognizes the gentleman from Livermore Falls, Mr. Lynch.

Mr. LYNCH: Mr. Speaker and Members of the House: Before us today, we have two items to be considered. We have been talking essentially about the funding of education, but I think of equally prime importance is the committee's revision bill which tightens up the existing law. That has to be done; that cannot be left to the 108th to go through the same difficulties we are going through today.

The gentleman from Skowhegan said he would like to go with the Lewis-Governor's proposal. At a \$260 million funding level, it requires \$11½ million in additional property taxes. It does not fund leeway, private school transportation, geographical isolation or unusual enrollments of over \$11 million, so you are talking about an increase in state uniform property tax of \$11¼ million, plus another \$13 million to be placed on the towns' property taxes to support their funding of education. Granted, they will have a local option to fund it or not. They either continue their school programs and fund it or they cut their school programs.

The choice is going to be relatively simple. We have 151 members in the House and I don't believe there is one of us who cannot find a reason to object to this bill, and we cannot satisfy 151 members with any bill. This is a reasonable compromise. It is the best that we could do, and the alternative of doing nothing is worse for the people of the State of Maine.

The SPEAKER: The Chair recognizes the gentleman from Portland, Mr. Mulhern.

Mr. MULKERN: Mr. Speaker, Ladies and Gentlemen of the House: I want to say at the outset that I intend to support this compromise today. The reason that I stand is because this is an issue that I have given a great deal of thought to. I was one of the members of the Portland delegation who, in the last session of the legislature, in the 106th, voted against the original education funding law. Perhaps in view of the circumstances, that vote may, to some people, look a little bit ridiculous, because

the City of Portland did very well as far as the revenue from the original L. D. 1994 was concerned. But I want to share with you the reason that I voted against that bill, and it goes along the lines with some of the remarks made by the gentleman from Kennebunk, Mr. McMahon.

I am very concerned, and one of the reasons I wanted to be on the Taxation Committee would be inequities of the uniform property tax, of property taxation in general. I felt that the original education funding law did not really deal with this issue, what in effect was going to happen was that local communities were just going to go hog wild in spending and once more the property owner was going to be left in left field.

Why did I change my mind? Why have I done this? Why did I support L. D. 1452 and why am I supporting this compromise? I think we are living right now in a little bit different world than we did perhaps two or three years ago in the 106th Legislature. Some lessons have been learned all over the country. We have seen what happened to New York City, for instance, and I think that relates very much to the problems we are having. I think what is going to happen, most governments at the local level are going to be more responsible. I don't feel now that you are going to have a situation where communities are going to go hog wild, because I think the people of Maine have made the message very clear to us. They want to see us cut back on taxes and they want more equity in their taxes.

They want their taxes based on the ability to pay and I, as a member of the Taxation Committee, as long as I am serving this legislature, I will continue to support legislation which will bring more equity in taxes of all types.

I believe that this bill, the compromise before us today, is not perfect. There are a lot of things I would like to see. I would like to see the hundred percent funding for special education, but I am willing to compromise that. I felt that House Amendment "O" was not a good measure because it called for a 26 percent surtax and a 5 percent increase in the cigarette tax, which, to me, was just an avoidance of the issue. However, I feel that this particular amendment is a definite large step in the right direction and I urge you to support this amendment today.

The SPEAKER: The Chair recognizes the gentleman from Farmington, Mr. Morton.

Mr. MORTON: Mr. Speaker, Ladies and Gentlemen of the House: I have listened with great interest to this debate today and there are just two or three points I would like to make in connection with some of the remarks that have been made.

In connection with local units, I want to assure you that the local units are looking at their future funding, looking at it very closely and looking hard for ways in the next year to make some changes which will reduce the cost of education in the local areas. This is going to be very difficult, but they are addressing themselves to it and I know this from personal knowledge in my own area.

The best we can do here is to give them some tools to work with, and this bill is an excellent tool.

We do lose revenue to out-of-state owners with property with this shift, and that is an issue which is a real big policy issue that this legislature or the next one has got to address itself to. Probably it

should be carefully considered at the regular session, as the Governor has indicated. It is a policy decision, and whether or not we land at 50-50, 45-55 or 40-60, wherever we land, this is something which the legislature is going to have to make its decision on, and they probably will have to make and we probably will have to remake it. As times change, circumstances change, and that is about the only thing we can bank on, is that one thing that is constant is change.

As I vote for this, and I certainly am going to, I do not feel that it compels me to vote for any other particular program. Each one, whether it is wages, the University of Maine, all of them will stand on their own feet. Priorities will have to be decided, but as the gentleman from Nobleboro said, this measure here and now is the top priority. This is the one we must address ourselves to at the present time.

It is a good tool, because it does give some scope to the local units, and further on in further tax reform, we can address it at another session, someone can, some of us won't be here, of course.

But I want you to remember one thing, that this comes within eight-tenths of one percent of the Governor's figure for the funding of education. That is pretty close, ladies and gentlemen, that is shooting for a target and coming pretty close to the bullseye. In no way can I characterize this, or I don't think the people of Maine can characterize it as wild spending. This is a good compromise measure. I urge you to support it.

The SPEAKER: The Chair recognizes the gentleman from York, Mr. Rolde.

Mr. ROLDE: Mr. Speaker, Ladies and Gentlemen of the House: One point that was raised was the question of the revenue estimates, whether the tax on this amendment would raise the amount of money that it purports to do.

I did receive a call a few minutes ago from Bill Garside and he has been in touch with a gentleman by the name of Bob Meskers, who is an assistant to Ray Halperin in the Bureau of Taxation, and while they do not have an exact certified figure, Mr. Meskers has said that he feels the department will go along with these revenue estimates and that they are in the ball park. So I did want to put that piece of information before you.

I would like to say, we have been here just about five weeks. We have been criticized; we have actually been the target of two legislative report cards, which I personally feel have been somewhat insulting to this legislative body, that we have not done anything from the time that we have been here to solve the education problem.

My real fear is that we will do absolutely nothing and then that type of criticism will be absolutely justified, that we have been here day after day at a cost of thousands of dollars per day and that we were not able to resolve the most important problem facing this or probably any other legislature.

Everyone has his own idea and his own objection concerning this particular bill. I have my objection, as does my counterpart in the other corner. I am willing to overcome mine, as he is willing to overcome his. I am particularly willing to do something positive that will enhance our image, the image of this entire legislature, that will make people believe that the democratic process can produce

results, that we can resolve complex and difficult problems.

I hope you will all look beyond your own immediate objections and fears and rally around the one positive measure that seems to have any chance of passage.

The SPEAKER: A roll call has been ordered. The pending question is on the motion of the gentleman from York, Mr. Rolde, that the House recede and concur. All in favor of that motion will vote yes; those opposed will vote no.

#### ROLL CALL

YEA — Albert, Ault, Bachrach, Bagley, Bennett, Blodgett, Boudreau, Bowie, Bustin, Byers, Carey, Carpenter, Chonko, Clark, Connolly, Cooney, Cox, Curran, P.; Curran, R.; Davies, Doak, Dow, Drigotas, Farley, Farnham, Fenlason, Flanagan, Fraser, Garsoe, Goodwin, H.; Goodwin, K.; Gould, Gray, Greenlaw, Hall, Henderson, Hennessey, Hinds, Hobbins, Hughes, Hutchings, Immonen, Ingegneri, Jensen, Joyce, Kany, Kelley, Kennedy, Laffin, LaPointe, Laverty, LeBlanc, Lewin, Lunt, Lynch, MacEachern, Mahany, Martin, A.; Martin, R.; Maxwell, McBreairty, McKernan, Mills, Miskavage, Mitchell, Morton, Mulkern, Nadeau, Najarian, Norris, Palmer, Peakes, Pearson, Pelosi, Perkins, S.; Peterson, P.; Peterson, T.; Post, Powell, Quinn, Rideout, Rolde, Rollins, Saunders, Smith, Snow, Snowe, Spencer, Sprowl, Stubbs, Susi, Talbot, Teague, Tierney, Usher, Wagner, Walker, Wilfong, Winship, The Speaker.

NAY — Berry, G. W.; Berry, P. P.; Berube, Birt, Burns, Call, Carter, Churchill, Conners, Cote, Dam, DeVane, Dudley, Durgin, Dyer, Faucher, Finemore, Hewes, Higgins, Hunter, Jackson, Jacques, Jalbert, Kauffman, Kelleher, Leonard, Lewis, Littlefield, Lovell, Mackel, MacLeod, McMahon, Morin, Perkins, T.; Pierce, Raymond, Shute, Silverman, Strout, Tarr, Torrey, Tozier, Truman, Twitchell, Tyndale, Webber.

ABSENT — Carroll, Curtis, Gauthier, Lizotte, Theriault.

Yes, 100; No, 46; Absent, 5.

The SPEAKER: One hundred having voted in the affirmative and forty-six in the negative, with five being absent, the motion does prevail.

By unanimous consent, ordered sent forthwith to engrossing.

The following papers appearing on Supplement No. 2 were taken up out of order by unanimous consent:

An Act to Revise the Laws Relating to Funding of Public Schools (H. P. 2020) (L. D. 2196) (H. "C" H-880) (H. "O" H-920 as amended by S. "F" S-407, S. "G" S-408, S. "H" S-409, thereto) (S. "A" S-404)

Was reported by the Committee on Engrossed Bills as truly and strictly engrossed.

The SPEAKER: The Chair recognizes the gentleman from Stonington, Mr. Greenlaw.

Mr. GREENLAW: Mr. Speaker, Men and Women of the House: It is perhaps presumptuous on the part of any one of us to stand on the floor of this House this afternoon, particularly after debate that has lasted an hour, in an attempt to deliver some remarks designed to convince members of this body to vote one way or the other on this very important issue before us. Nevertheless, that is exactly what I would hope to do in a few short and concise sentences.

I, together with other members of this