

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

KENNEBEC JOURNAL

AUGUSTA, MAINE

CURTIS of Penobscot
Representatives:
SNOWE of Auburn
FARNHAM of Hampden
LEWIN of Augusta
CARPENTER of Houlton
STUBBS of Hallowell

Comes from the House, the Minority report Read and Accepted and the RESOLUTION Passed to be Engrossed as Amended by Committee Amendment "B", as Amended by House Amendment "A" Thereto (H-943).

Which reports were Read.

On motion by Mr. Curtis of Penobscot, tabled and Tomorrow Assigned, pending Acceptance of Either Committee Report.

Senate

Change of Reference

Mr. Hichens for the Committee on Health and Institutional Services on, Bill, "An Act Relating to Mental Health and Retardation Programs in the Department of Mental Health and Corrections." (S. P. 698) (L. D. 2222)

Reported that the same be referred to the Committee on Judiciary.

Which report was Read and Accepted, and the Bill referred to the Committee on Judiciary.

Sent down for concurrence.

Senate

Divided Report

The Majority of the Committee on Business Legislation on, Bill, "An Act to Exempt Small Financial Institutions from Certain Requirements." (S. P. 654) (L. D. 2069)

Reported that the same Ought to Pass as Amended by Committee Amendment "A" (S-422).

Signed:

Senators:

THOMAS of Kennebec
REEVES of Kennebec
JOHNSTON of Aroostook

Representatives:

TIERNEY of Durham
BOUDREAU of Portland
BYERS of Newcastle
DeVANE of Ellsworth
CLARK of Freeport
BOWIE of Gardiner
HIGGINS of Scarborough
RIDEOUT of Mapleton
PEAKES of Dexter

The Minority of the same Committee on the same subject matter reported that the same Ought Not to Pass.

Signed:

Representative:

PIERCE of Waterville

Which reports were Read.

Thereupon, the Majority Ought to Pass as Amended Report of the Committee was Accepted and the Bill Read Once. Committee Amendment "A" was Read and Adopted and the Bill, as Amended, Tomorrow Assigned for Second Reading.

Divided Report

The Majority of the Committee on Fisheries and Wildlife on, Bill, "An Act Relating to Methods of Posting of Land Against Hunting." (S. P. 674) (L. D. 2149)

Reported that the same Ought Not to Pass.

Signed:

Senator:

McNALLY of Hancock

Representatives:

CHURCHILL of Orland
WALKER of Island Falls
KAUFFMAN of Kittery
PETERSON of Caribou

MacEACHERN of Lincoln
DOW of West Gardiner
MARTIN of St. Agatha
MILLS of Eastport
TOZIER of Unity

The Minority of the same Committee on the same subject matter reported that the same Ought to Pass.

Signed:

Seantors:

GRAFFAM of Cumberland
PRAY of Penobscot

Representative:

USHER of Westbrook

Which reports were Read.

Thereupon, the Majority Ought Not to Pass Report of the Committee was Accepted.

Sent down for concurrence.

Second Readers

The Committee on Bills in the Second Reading reported the following:

House — As Amended

Bill, "An Act Relating to Notifying Municipalities of Recipients of Public Assistance." (H. P. 1894) (L. D. 2074)

Which was Read a Second time and Passed to be Engrossed, as Amended, in concurrence.

Bill, "An Act to Change the Statutory Qualifications and Salary Limit for Director of Personnel." (H. P. 1937) (L. D. 2125)

Which was Read a Second Time.

Mr. Curtis of Penobscot then presented Senate Amendment "A" and moved its Adoption.

Senate Amendment "A", Filing No. S-420, was Read.

The PRESIDENT: The Chair recognizes the Senator from Penobscot, Senator Curtis.

Mr. CURTIS: Mr. President, the reason for this amendment is to expand the area in which the Personnel Board may look for a new Personnel Director for the State of Maine. There have been a variety of changes on this bill since it came from the committee, and what I would like to explain is that the appointment of a Personnel Director, under the way the bill would now be amended with the adoption of this amendment, would require the approval of the Executive Council so long as the Executive Council continues in existence, that is, until next January, and it would also continue the position of the Director of Personnel in that schedule of salaries of unclassified personnel for the State of Maine where it now exists.

The PRESIDENT: is it now the pleasure of the Senate to adopt Senate Amendment "A" to L. D. 2125?

The motion prevailed.

Thereupon, the Bill, as Amended, was Passed to be Engrossed in non-concurrence.

Sent down for concurrence.

Enactors

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

An Act Prohibiting the Use of Seine or Gill Nets on A Certain Portion of the Union River. (H. P. 1945) (L. D. 2131)

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

Emergencies

An Act Creating the Winter Harbor Utilities District. (H. P. 1838) (L. D. 2003)

An Act to Clarify Certain Provisions of the Newport Water District Charter. (S. P. 667) (L. D. 2119)

These being emergency measures and having received the affirmative votes of 23 members of the Senate, were Passed to be Enacted and, having been signed by the President, were by the Secretary presented to the Governor for his approval.

On motion by Mr. Speers of Kennebec, Recessed until the sound of the bell.

After Recess

Called to order by the President.

Papers from the House

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

Communications

The following Communication:

State of Maine
Office of the Governor
Augusta, Maine 04333

March 3, 1976

To the Members of the 107th Maine Legislature:

I am today returning to the House of their origin without my approval L. D. 2196 (H. P. 2020) An Act to Revise the Laws Relating to Funding of Public Schools, and L. D. 2264 (H. P. 2112), An Act to Make Necessary Revisions in the Income Tax Law for School Funding Purposes.

This Legislature is to be commended for the education bill it has placed on my desk. While I embrace the statutory controls which were placed in this bill to avoid future deficits, I cannot support the funding level or funding method which places an additional tax burden on the people of Maine.

I made this decision, after careful study and research for the following additional basic reasons:

(1) The funding of this legislation would raise total taxes in Maine and make a major change in tax policy without public hearings. This legislation proposes an \$18.5 million increase in the State income tax without any assurance or guarantee that the taxes of individual property owners will be decreased. In many cases, individual could be hit with an income tax increase only to see their property taxes, remain the same or increase. We have had reports that some officials say property taxes will be lowered but historically this has not been the case.

(2) While there is a general consensus that there has been overspending in education, this legislation fails to come to grips with this problem and, in effect, rewards the overspending with an \$18.5 million increase in the income tax.

(3) This Legislature and this Governor have established a track record for fiscal responsibility in other areas of government and the time has come for us to do the same in education. Education spending has skyrocketed in large part because it has been funded on the basis of computer printout, not on the State dollars which have been available for education. This "porkbarrel seesaw" where everyone demands and receives more and more each year must be stopped. If we continue to have education funding by printout, we are going to continue to turn individual against individual, community against community and school district against school district.

(4) While there is a compelling need for

total tax reform in Maine this Special Session is not the time to bring it about and this piecemeal approach, we feel, will hinder instead of help meaningful tax reform efforts. We also feel that the uniform property tax should be abolished or drastically altered, but we feel this should be considered along with other tax policy changes in the January Regular Session. We renew our pledge to this Legislature to cooperate fully in a complete review of our existing tax structure after this Special Session is concluded and to address the issue of the total tax reform of Maine in the Regular Session.

I believe the confusion and conflicting data which have surfaced in the debate over this legislation proves to all of us that we simply do not have the facts necessary to evaluate the full impact of this tax increase on the people of Maine. This is another reason that tax reform legislation should be delayed until the January Regular Session which is only 10 months away.

We have done the best we could to come up with accurate data and in a separate communication we are sharing the information we have with members of this Legislature. While the data is not as complete and full as we would like, and as public hearings and further research might develop, we do believe it supports our contentions that:

(1) This proposed tax increase would increase the total burden of Maine people and that it could make the citizens of Maine the most overtaxed of the 50 states. I believe that would be a sad commentary for this Legislature and a historical footnote which I do not believe it deserves.

(2) It would have a negative impact on industrial development efforts.

(3) While the people of Maine would be required to pay the entire increase in the income tax, a large portion of the property tax in Maine is paid by out-of-state residents and corporations and other forms of business ownership.

When I recommended a funding level of \$260.6 million to this Special Session, I apparently failed to communicate that I would support a lesser amount if that was the will of the Legislature and if the Legislature desired a mill rate lower than that which it approved last May and which I signed into law in the form of L. D. 1452.

I want to continue to cooperate with this Legislature in finding a solution to this very grave problem. I, therefore, respectfully request this Legislature to sustain my veto. In turn, I would offer the following alternative:

The basic education bill approved by the Legislature, funded by a mill rate of 14. This mill rate would provide a funding level of 260.9. With the reduction of our remaining \$4.7 million deficit and the \$2.6 million conversion leeway, this would still leave \$253.6 million to be appropriated. This would represent an increase of some \$4 million in education spending over the present year level.

If the Legislature prefers, legislation proposing a mill rate from 13½ to 14½ fund education would be acceptable to me, providing it does not require a tax increase or a tax shift that directly or indirectly would result in a tax increase.

Meanwhile, we are preparing appropriate legislation regarding mandated programs; provisions for greater local control such as line item budgeting; and further we will be prepared to offer other changes that would

require legislative action should this Legislature sustain my veto.

Very truly yours,
JAMES B. LONGLEY
Governor
(H. P. 2154)

Comes from the House. Read and Ordered Placed on File.

Which was Read and Ordered Placed on File in concurrence.

The accompanying Bill, "An Act to Revise the Laws Relating to Funding of Public Schools" (H. P. 2020) (L. D. 2196)

Comes from the House with the following endorsement:

In the House March 4, 1976, this Bill, having been returned by the Governor, together with his objections to the same, pursuant to the provisions of the Constitution of the State of Maine, after reconsideration, the House proceeded to vote on the question: "Shall this Bill become a law notwithstanding the objections of the Governor?"

99 voted in favor and 49 against, and accordingly, it was the vote of the House that the Bill become a law, notwithstanding the objections of the Governor, since two-thirds of the members of the House so voted.

(Signed) EDWIN H. PERT
Clerk of the House

The PRESIDENT: The question before the Senate is shall this bill become a law notwithstanding the objections of the Governor. According to the Constitution, the vote will be taken by the "Yeas" and "Nays." A vote of "Yes" will be in favor of the bill; a vote of "No" will be in favor of sustaining the veto of the Governor.

The Chair recognizes the Senator from Aroostook, Senator Gahagan.

Mr. GAHAGAN: Mr. President and Members of the Senate:

Two years of public policy debate on educational funding and taxation have finally brought to light some of the most basic issues involved. We started by considering educational funding and Educational Opportunity. This session we have finally agreed that this is in fact more of a major taxation measure than a bill to furnish some particular government service.

In our recent work with this question we are at last beginning to realize that what we have done most of all in Maine is to change the whole structure of our government in this process.

I urge you today to sustain Governor Longley's veto for three basic reasons:

First, Maine is in a state of financial crisis because state spending was committed on a false premise of economic prosperity.

Second, the Maine Legislature has failed to respond to this crisis with a comprehensive review of all state commitments on a priority basis; and

Third, the Maine Legislature has failed to reconsider its previous decision to implement bureaucratic administrative government, known as Metropolitan Regional Governance, in the State of Maine.

Let's look at the first reason, that Maine is in a state of financial crisis because state spending was committed on a false premise of economic prosperity. We now know that what we were really seeing was abundant paper money which had been pumped into the economy as a result of massive deficits. Our assumption from sixties until the mid-seventies had been that we could spend and keep on spending

as long as this fabulous apparent expansion in the economy continued.

We are learning the bitter lesson that this assumption was utterly false.

An article in last Monday's Bangor Daily News speaks of a new two dollar bill which will appear at income tax time. The Associated Press article states that "the one dollar bill is being victimized by inflation." The article also speaks of an experimental one dollar coin intermediate in size between a quarter and a fifty cent piece. How many of us remember President Lyndon Johnson's famous speech in 1964, in which he said we could afford to spend for both guns and butter? He also said at that time that he didn't want us picking the silver coins out of our change; because there was no percentage in it. How ironic it is that inflation was making us that uneasy more than ten years ago.

At the same time President Johnson was telling us not to hoard silver coins, the United States Government was dumping its stocks of silver bullion on the world market in an attempt to artificially depress the price of silver. This effort, of course, failed; and silver coins were pulled out of circulation almost immediately.

Not only had we ceased to back our paper money with silver, we had even ceased to back our silver coins with silver. Our coins are just copper pennies with a little electro-plate on the outside and ugly-looking edges which prevent some poor gullible person from buying them as silver coins.

If you want to buy some of those silver coins from a coin dealer today, the so-called "junk silver" coins without any numismatic value, you must give 310% of their face value to buy them. What does this tell you?

Now they are going to issue a small, copper, electro-plate one dollar coin bigger than a quarter but smaller than a half, abandoning any pretext that that so-called silver dollar has any intrinsic value. We all know what has happened to other national currencies once this sickening slide in value begins. We all regret this debasement of the national currency, but we must do more about it than just to increase taxes as a stop gap solution.

This is not a time of prosperity, but we are persisting in spending as though it was.

I think you will agree with me that Maine is in a state of financial crisis because state spending was committed on a false premise of economic prosperity.

My second reason for asking you to sustain the Governor's veto is that the Maine Legislature has failed to respond to this crisis with a comprehensive review of state commitments on a priority basis.

The discussion about this in the last few days has only further substantiated the point I raised last week about this with the joint order which was so narrowly defeated last Friday.

The Senate record contains my comments and the replies to them. It is still not too late for us to do this. As I said to a group of state employees last Sunday in Presque Isle, no one is going to get really fair treatment until we have conducted this comprehensive review. This, rather than educational funding, is the most important task facing this 107th Special Session. We all agree that it is, but we have yet to make our beginnings to accomplish it. The Governor's veto should be sustained today for this reason, because

we need the legislative review of financial commitments on a priority basis first.

The third reason, that the Maine Legislature has failed to reconsider its decision to implement bureaucratic administrative government in the State of Maine, is every bit as important as the other two reasons.

The Legislature is just beginning to realize that there is much more to the educational funding question than spending and taxes. We have actually been fighting over which level of government ought to control this program; in spite of the fact that if we can't control inflation, we certainly can not control the spending and taxation which this program presents.

Perhaps we should be asking ourselves, then, if any level of government at present really controls this situation.

Structurally, at least, the federal level has the most clout in fiscal policy and administrative government. President Nixon signed several crucial executive orders which still govern even though he has resigned. Two very interesting ones are 11647, signed in February 1972; and 11690, signed in December 1972. The first established the structure of federal administrative government, or Metropolitan Regional Governance. The second gives control of this federal administrative government to the appointed staff of the domestic council.

These two executive orders, and the several others which were preliminary to them, gave the executive branch of the federal government coordinated control over the spending of so-called federal dollars. They also gave the coordinated control of policy which goes with the spending of those dollars to the executive branch in Washington.

The popular reaction four years ago was that this was a fine idea, because Metropolitan Regional Governance sounded like a cost — and — policy control program. Some of us are now beginning to realize that this is in fact a policy-making program which is proceeding beyond the control of the Congress. If this sounds very much like our problem in Maine state government, it should. I will describe the relationship to state government in a moment, but first I want to explain to you how the federal bureaus have, in effect, become a law unto themselves.

Remember as I do this, that we are considering the control of spending and taxes as it relates to administrative government in Maine. Maine state government was being reorganized and modernized during this same period. It was done in a way which meshes with the federal administrative government more perfectly than virtually any other state.

The power of bureaucratic/administrative government in the federal executive branch has grown in response to intensive activity by the public administration lobby, which I discussed partially with you last week. The public administration lobby has existed for years; but it did not get itself really well organized until the 1930s', when the work of men like one of my former professors, Dr. Edward Dow, of the University of Maine, gave it more unified direction. A physical facility, the public administration clearing house, was constructed in 1937 on the University of Chicago Campus. This brought public administration together physically and philosophically in the sense that they became the major focus of public administration education in this country; and they became a unified lobby for their concept of administrative government, or metropolitan regional governance.

Their success at promoting this concept is amazing. The promotion of government by charter rather than by constitution led to their doing the major drafting of the United Nations Charter and the United Nations Educational, Scientific, and Cultural Organization Agreement. They have promoted so-called home rule charters for counties and towns leading to the creation of intermediate levels of taxing authority between the state level and the local level.

We are trying to deal with the most famous intermediate level of taxing authority in our state's history today, a particularly difficult one since it is a composite which is neither state nor local, but state-local.

These are impressive achievements, but their work with federal administrative government is the most impressive. William O. Douglas, in his autobiography "Go East Young Man," claims he told Franklin Roosevelt in the 1930's to never allow the federal bureaus to get the bit in their teeth and develop powers of their own beyond the control of the Congress. What a pity it is that his advice was ignored.

We now have government by bureaucracy. In 1946, the Administrative Procedures Act received passage. This gave the federal bureaus the power to make administrative regulations to fulfill a given mandate; to post these in the Federal Register under specified conditions; and after the specified conditions had been met, to administer these regulations of their own formation as law. You know this is true.

In plain terms, they had, in effect, lobbied a power to legislate for the federal bureaus. Administrative regulations control spending and policy, but they are not laws. They are, literally, non-laws.

One of the most effective strategies ever devised in politics is that of lobbying a program to passage which both solves a problem and creates a problem. This situation permits lobbying subsequent legislation to solve the problem created by the first legislation.

The Public Administration Clearing House has done this with stunning effectiveness, building on that Administrative Procedures Act by decrying the growing power of the federal bureaus. Strangely enough, however, every solution they propose gives greater power, employment, and authority to the public administrator.

In 1959, they convinced Senator Muskie it would be a good idea to do something about the intergovernmental relations problem by creating the Advisory Commission on Intergovernmental Relations. An inspection of the ACIR, M-17 pamphlet, published in 1963, reveals that the Public Administration Clearing House names 14 of 26 members, or a simple majority, to that commission.

An inspection of ACIR publications over the last fifteen years reveals model legislation which has been successfully lobbied by Clearing House members such as National League of Cities/U.S. Conference of Mayors, Council of State Government, National Governors' Conference, and National Association of Counties.

In every case, it is the public administrator, be he finance officer, assessor, city manager, code officer, or what-have-you, whose power, salary, and job tenure are increased.

We have made the mistake of participating in an argument between the

bureaucrat and his own lobby over which level of government will administer Metropolitan Regional Governance. A moment's reflection should show you that every time you decentralize the administration of a federal mandate in land use, environmental protection, law enforcement, education, or what-have-you; the number of bureaucrats hired and tenured at the state and local level increases dramatically.

Richard Nixon's executive orders decentralized the federal executive to ten federal regions, of which New England is Region 1 with its regional capital in Boston at the John F. Kennedy Federal Building. This helps to explain the Wall Street Journal's account of 930,000 jobs which dropped out of manufacturing and related industries during the early months of the recession, while 508,000 government bureaucratic jobs appeared at the federal, state and local level.

Maine's governmental reorganization is closely related to the federal reorganization I have just described. Governor Curtis made some very interesting statements in his letter of transmittal for the State of Maine governmental reorganization project, calling the project a "home-made", "do-it-yourself" effort... "with no outside help or assistance."

That is true, in the sense that the legislature worked on the program and voted for it, but in another more important sense, it is not true because there was outside assistance in three basic forms: federal planning grants, volumes of recommendations from members of the Public Administration Clearing House, and intensive lobbying inside the state by Public Administration Clearing House member organization lobbyists.

The federal planning grant might as well be called the federal controlling grant, since the grant stipulates what the product must include.

Everyone in this chamber knows that we passed the Education Funding Law and The Uniform Property Tax because we were afraid that our federal education subsidy would be withheld if we did not.

This is not planning. It is out-right control. Wherever the word "planning" appears in a federal program title, we may as well read "controlling" because that is what the program really does.

Secondary sources like "A Study of Property Tax Administration in the State of Maine," we all received one of these in the mail — from the Bureau of Public Administration, at the University of Maine, or Downeast Politics: the government of the State of Maine, from the University of Maine, Political Science Faculty, should not confuse us. These sources only refer right back to the primary sources, inside government and out, which I have described to you today.

If you were to study these publications you would agree with me that by refusing to consider outright repeal of the education funding law and its fiscal engine, the uniform property tax, the Maine Legislature has failed to reconsider its previous decision to implement administrative government in the State of Maine, which is in this blue book.

I know that I have presented facts and concepts which are not uncommon, but what may be uncommon is the way in which I have put them together. My perspective has been enhanced through my experience as a participant in a ten-day seminar for 50 state legislators from 25 states sponsored by the Eagleton

Institute of Politics. The Eagleton experience exposed me to all of the Metropolitan Regional Governance concepts at one time where other legislators may have read or seen only bits and pieces of this material and missed the rest. If you read the material I have mentioned, you will see for yourself what has been and still is going on in Maine State Government. Again, the uniform property tax and this bill are only part of a much larger picture.

This is the same controversy that existed between Alexander Hamilton and Thomas Jefferson at the founding of our country. Alexander Hamilton was an elitist financier who favored a central government-by-elitist, a lifetime president and senate, appointment of the state governors by the president, and a national bank.

If you examine the structure of Metropolitan Regional Governance closely, you will readily see that the executive branch has become that government by elitist Hamilton wanted. In Allen Peases' *Downeast Politics*, on page 152, there is the following statement: "The New England Governors are also members of the New England Regional Commission, which is a federal agency headed by two co-chairman, one appointed by the President of the United States and one elected (according to the principle of rotation) by the governors; themselves from among their own membership."

It is no accident that the ACIR calls Metropolitan Regional Governance "New Federalism" or "Fiscal Federalism," because it springs from the thinking of the elitist financier, Alexander Hamilton, our first Federalist.

Jefferson, on the other hand, was not a Federalist. He was the first great Republican, and he warned us in the early 1800's neither to become indebted to institutions of high finance, nor to permit these institutions to control interest rates and the currency. Jefferson could see even in those early days that central banking could eventually own us if we did these things. We have ignored his perfectly prophetic vision, and today the central banks do own us, 3000 billion dollars in debt.

What is Fiscal Federalism, or New Federalism, or Metropolitan Regional Governance, whichever term you choose, if it is not a taxing and bonding authority for an endless array of special purposes?

Once we create the structure, like the uniform property tax, and commit the debts to build and buy; that debt stares us straight in the face and we dance to the bondholders' tune to raise the money to pay that debt. We are not talking about alternative taxes today, we are talking about additional taxes, and these are only the beginning.

How ironic it is that we are using the uniform property tax to relieve pressure on the local property tax. It is a state tax, but the signatures on town school construction bonds are town signatures. If the state fails or retrenches, the town pays.

The local property tax, which is set by the towns, may be relieved by education subsidy; yet the common experience throughout Maine is that the town government portion of the local property tax threatens to consume every dollar of that so-called relief and require an increased local property tax.

This hue and cry for equity of taxation has been raised by the public administration's lobby which will probably benefit greatly from the effectively expanded taxing authority at

the local level. Like the salesmen who won the company contest, they get to keep their jobs at the local level.

We need facts to make this decision today which we do not have. The study of the uniform property tax was not done last summer. The evidence is very strong that equity of assessment does not exist in fact. The Maine Times article of last December 12, entitled "Chrystal Carr Fought Hard For Her Tax Reduction" is an interesting vignette because it involves a responsible town, well-trained bureaucrats, and a citizen's simple plea for help. I urge you to read it.

Don't buy the argument, "support the income tax, because it is more equitable." It is not. The system using income tax and a state uniform property tax imposes the impact of inflation on replacement cost rather than a true increase in value, and more importantly, it gives a state tax lien even if there is no income on sales to tax.

No wonder the bankers support it.

I have urged you today to sustain Governor Longley's veto for three basic reasons:

First, Maine is in a state of financial crisis because state spending was committed on a false premise of economic prosperity.

Second, The Maine Legislature has failed to respond to this crisis with a review of all state commitments on a priority basis; and

Third, The Maine Legislature has failed to reconsider its previous decision to implement bureaucratic administrative government, known as Metropolitan Regional Governance, in the State of Maine.

Even though we have acted with sincere good intentions in trying to solve this problem, we have missed these three crucial points completely with this bill.

I will support Governor Longley's veto for this reason. If we do sustain this veto, we will have the opportunity to do what we should have done in the first place: That is, to rethink our premise on the state of the economy; to review all state commitments on a priority basis; And to reconsider our decision to implement what is the most expensive form of government ever devised by the mind of man, because it seeks taxes to support itself during the greatest inflation in history.

The people of Maine have become alienated. Today in the Senate we must take a stand against government by bureaucracy, even if all other Maine people do not. It is our responsibility to help Maine people see what is wrong and provide the leadership to right these wrongs. We should do no less than that. We may find to our pleasant surprise that we can do this and much, much more, not with dollars, but with renewed cooperation and faith. It is not too late to begin.

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

Mr. CONLEY: Mr. President and Members of the Senate: I stand here this morning, or this noon, to ask the Senate to vote to override the Governor's veto. In having read his veto message, the most honest feeling that I can express is that I feel the Governor is totally and pathetically confused, and I have nothing but compassion for him.

It seems strange to me that the good Senator from Aroostook, Senator Gahagan, can address this Senate chamber on a note of fiscal responsibility one day, and yet on another day ask this Senate to go on record as being in support of passing legislation that would pledge the state's credit to the amount of 1.8 million

dollars for a sugar beet refinery in his county. And then on another day he practiced the same fiscal responsibility of supporting a veterans organization group in Aroostook County. It seems to me that is sheer parochialism.

There has been a terrific lobby effort that has been made in the last two weeks both by proponents of this legislation and opponents that have been generated from the office of the chief executive, and I think, all being equal, that is fine. The Governor took to the news media over the weekend and he asked the people of this state to contact their legislators to let them know exactly how they felt about the pending legislation. And I can tell you I called my ten representatives and I let them know how I felt, and I received other calls from people living within my district. And I can tell you honestly, if you were to break them down into percentages, people on a ratio of nine to one told me to vote to override the Governor's veto.

I would like to go back several weeks before the legislature even convened in Augusta. The Governor expressed his wishes to us at that time that his No. 1 priority before this special session of the legislature would be to bring about a revision within the educational financing of this state. And I can recall only too vividly at that meeting the Governor sort of indicated that all we had to do was introduce a bill, run it through both houses, put it on his desk, and he would sign it and make it law. I assured him that once the bill was printed I was sure that there would be many people in this state, particularly school superintendents and other municipal officers, who would be concerned to see exactly what the impact would be upon their property taxes.

Today we find ourselves, the date being March 4th, some several weeks after being called into session. We have honestly worked and worked, not only with legislative leadership and the Education Committee, but with the chief executive. Time and time again we have tried to work out a compromise bill that would be acceptable to the Governor. That compromise measure that finally the legislature did arrive at is the bill that is currently before us in each branch of the legislature in support of the particular measure, with a continuing threat ten days prior to its enactment that a bill would be vetoed if it proposed any tax shift or tax increase, that it would be rejected by the chief executive and put back before us.

Today we are at the hour of decision. We have to look back to January 19th at the present time and ask ourselves if we really did the job and we are satisfied with the job that was done.

I would like to make a couple of specific remarks in rebuttal to the veto message: one being that the Taxation Committee held public hearings on recommendations of the Governor's Tax Policy Committee. These hearings, and those held by the Education Committee, showed an overwhelming desire of Maine people to see property taxes reduced. In contrast; Maine people have spoken by a referendum vote held five years ago that they considered the income tax a fair tax, and this tax was sustained by a three-to-one statewide vote.

Secondly, the legislature is not rewarding overspending. We have cut education spending by 10 million dollars from the cost level certified as necessary by the Commissioner of Education. And let's make it perfectly clear that the deficit problem was created by the failure of the Department of Education to anticipate the willingness of many towns, more than

expected, to participate in local leeway spending options. These municipal decisions were made at the local level by town meetings and by democratically elected municipal bodies.

Thirdly, education spending decisions have involved computer printout information, precisely because of a desire not to turn community against community, but to be as fair as possible. A majority of Maine citizens and communities support the basic equal education which is funded through the uniform property tax mechanism. The availability of computer print-out information has, however, led to an awareness of the problems which this mechanism has created within the coastal communities and to a desire to grant these communities some relief.

Fourthly, our citizens should not be asked to forego property tax relief with the promise that this question will be taken up at the next legislature. We are sent up here by our citizens to act, not to postpone and promise. We must do so. And as the Chinese proverb states, the journey of 10,000 miles must begin with a single step. There is, of course, no promise that legislation again before us will reduce property taxes in every community, in part because of the Governor's insistence that road maintenance and general assistance funds from the state to the towns be reduced. Town budgets are increasing, and it is without question, however, that property taxes will further increase if we continue to postpone action.

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

Mr. SPEERS: Mr. President and Members of the Senate: My remarks will be brief because this issue has been discussed at considerable length for the last month. The chief executive of this state has requested the legislature to meet to deal with an education funding crisis. It was widely recognized that a crisis did exist because there were specific deficits with regard to the bill under which we have been working and which at this moment is still in existence.

The legislature for the last month has been working very diligently to try and find an alternative to that package. And in all the discussions of the method by which the legislature has chosen to fund education for the next fiscal year, it seems to me that there has been overlooked some of the other aspects of this particular bill.

The legislature has, through this piece of legislation, removed the educational formula under which we were faced with specific deficits, and has interjected a legislative determination as to the amount of money each particular year that will be spent on education. It seems to me that that is a highly desirable element of educational financing.

The legislature has interjected a degree of local decision making, as far as the categorical programs are concerned, by agreeing to revert to a 90-10 matching formula for those particular programs. And because of the desire on the part of many to interject some local decision making into the costs of education, it seems to me that that is a highly desirable element to place in the education funding mechanism of this state.

Now, the issue became very clear as to the manner in which this bill should be funded, and it has remained very clear from the very beginning. It has been the determination of the legislature to make sure that the tax shift that has occurred is

a genuine tax shift from property taxes to the income tax. The comments that have been made with regard to an increase in taxes, it seems to me, have been rather unfair, because I think it should be very clear to the people of the State of Maine that the proposal of the chief executive of this state was an increase in taxes, an increase in the statewide uniform property tax, which would be an increase in the property tax for every municipality in this state mandated by the State of Maine, mandated under state law, an increase in that property tax from 13½ to 14½ mills, representing approximately 11 million dollars. The legislature has chosen to fund that matter through the income tax rather than the property tax, and the issue has simply boiled down to that very clearly.

There was an additional problem, that being the necessity of this legislature to address the deficits in educational funding for the current fiscal year. It was the request of the Governor that these deficits be deferred and that the payments would be made in the next fiscal year. And it was the very strong feeling on the part of the legislature that, because this deficit occurred in the current fiscal year, that responsible government is a government that will pay for its bills at the time that the bills are due, and that these deficits should be paid in the current fiscal year. Consequently, it was the determination of the legislature to pay that additional approximately 5 million dollars also out of raising the revenues in order to meet those obligations. Originally, of course, it was thought that that should be raised through a piecemeal tax on cigarettes. Through the open and complete discussion of the members of this legislature, it was determined that that should also be raised through the income tax. And that, of course, is the position in which we find ourselves at the present time.

I think this issue has been clouded with charges of raising additional taxes. I think the basic issue is whether or not we should raise the additional money, as the Governor recommended, through an increased uniform statewide property tax, or, as the legislature has recommended, through the income tax. I certainly urge this body to continue to support what it has already determined should be the course of action and to vote to override the gubernatorial veto.

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

Mr. KATZ: Mr. President and Ladies and Gentlemen of the Senate: As a matter of fact, neither answer being proposed today is a very happy answer. Sustaining the Governor's veto, to a very real extent, is not only an unhappy answer but it is a non-answer because our course of action will then be even more greatly clouded.

Let me share one misgiving which I have had over these sessions as I have wrestled with bills which have been brought in to me by others to put into legislative shape. I guess when somebody gets a little older in life he becomes increasingly concerned about the older people of the state, and I have had for the last four or five years a gnawing awareness that every darn dollar that goes into education reduces the state's ability to take care of the elderly people of this state. And I guess that that is one reason why I have been increasingly supportive of the concept of reducing property taxes in the state. It seems to me that there is something basically wrong, morally wrong, about asking a generation of senior

citizens to pay heavily for the education of a generation twice removed from them.

One of the problems with letting the uniform property tax go up to 14½ or 14¾ mills is that there just is absolutely no place for older people, for retired people, for indigent people to hide. There is absolutely no place. I suspect that when it comes to personal income tax that somebody with a substantial amount of income, with a good accountant, has options as to how he reports his income and how he pays his taxes, whether it is deferred or whether it is on line, but there are no options for the older people who have to pay property taxes in this state.

I don't think that the Governor is utterly confused about this issue. I think the Governor understands the issue pretty clearly. He has arrived at an answer that is different from mine, and I respect his sincerity even as I am confident that he respects my sincerity. If only there were simple answers to this complex problem, if only any one of you could identify anywhere in the United States some state that has the simple, clear, clean answer which is applicable to Maine. The fact is that there are no simple solutions, and all over the United States debates like this are going on.

Well, now it has come down to today's vote, and I would like to share with you, as I sympathize with you and your vote here today, a parable which has come across my desk which I think is very applicable to the debate here today as each of us honestly, according to the dictates of our conscience, seeks to determine his vote on this crucial question. It is a parable of a new rabbi in a small community and, although he had little experience, presumably he had great wisdom, and no sooner had he arrived in town than the resident agnostic appeared on his doorstep with his hands behind his back, ready to show up and embarrass the new young man. "Rabbi", he said, "in my hand I have a small bird. My question to you is: is it alive or is it dead?" The rabbi considered the question silently, and he was convinced that the bird was alive, but if he said the bird was alive, the agnostic would bring out his hand, having twisted the little bird's neck, and would bring out the bird dead. On the other hand, if he said I think the bird is dead, the bird would be produced living. And for a moment he looked calmly into the eyes of the agnostic and then he said, "My friend, the answer lies in your hands."

The PRESIDENT: The Chair recognizes the Senator from Oxford, Senator O'Leary.

Mr. O'LEARY: Mr. President and Members of the Senate: I have often taken this floor to be critical of our various agencies within State Government. Today will not be much different. When I feel strongly about something, I believe I must say it. When I feel strongly that it is the way my constituents feel about something, then I feel that it is my duty as their Senator to make sure that their wishes and thoughts are expressed here. Not to do so would be to betray a trust placed upon me.

But today I want not only to be critical of a state agency, meaning the Department of Education, I want also to be critical of the various superintendents of schools, especially those superintendents of school administrative districts, perhaps better known as S.A.D.'s, (as in sad, and a lot of our citizens believe it is sad). I want also to be critical of our school boards. I also want to be critical of townspeople as well.

I must say at the outset that the Governor has been saying it loud and

clear, that runaway costs of education, and let me repeat that, runaway costs of education, are foremost in the minds of the citizens of this state. They have had enough, and so have I.

When the Governor of this state says he wants to see a dollars worth for every dollar spent on education, he has touched home plate with my constituents and he has me greeting him with a pat on the back.

But when the Governor of this state promised to veto the education funding bill, thereby increasing the property tax, with my constituents he struck out. But he has only to come to bat, as far as I am concerned, because he is going to push ever harder for more responsible action in the future on the part of the educational community.

Those in the educational community had better take a good hard look at themselves because their credibility rating is at its lowest ever in the minds of our citizens.

The Department of Education should be taken to task for the mess that they have created through what they claim to be equality of education. They have forgotten entirely quality. I am convinced that in order to get that which may have been equal to a high school education 15 years ago, a student would now have to have a college degree. In that short time, the cost of education in my community is more than five times higher. There is nothing, of which I am aware, that has increased so tremendously.

The superintendents of school administrative districts have had an almost dictatorial control over their budgets. State government, county government, city or town government, have to operate with a line budget, but not our school systems on any level of education. They can manipulate in any manner they choose to cut, where it hurts, to get everything they want. And believe me, most, but not all, will do it. Line budgets are the only way out if the superintendents don't start acting more responsibly.

It may be proper at this time to suggest that an order may be introduced through the Committee on Education or some other committee to report out a bill that would give all education a line budget, all education on the state level.

School boards should take more responsibility in assuring the people they represent that they are getting a dollars worth for every dollar spent. They should look at every request for money, the same as our Committee on Appropriations does, and make a determination of their own, not just on the basis of what the superintendent says he needs.

The citizens of this state owe it to themselves to attend their town school budget meetings to make their wishes known. It is only through their efforts on the local level that increasing school costs, programs, quality of education, and the ultimate goal of responsibility is going to be achieved.

Mr. President, before this special session started, my mind was made up; that I would not vote for another education finance bill was a certainty. But with the circumstances as of today, I can see no other way. Having voted last year for L.D. 1452, believing it was the right answer, and finding that we have created another deficit in school financing, and knowing that if we do not override the Governor's veto that we will in fact be increasing the property tax of most of my constituents by 30 to 45 percent, I have no choice.

Reluctantly, I have to cast my vote to override the Governor's veto. This may be political suicide, but I honestly believe that it is the only responsible action I can take and I will assume the responsibility for my vote.

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

Mr. WYMAN: During the last few years you have seen the costs of state and federal government explode in many ways. One way is the ever increasing amount of money the government is taking from the citizens which is spent in a manner that is non-productive; that is, money, much of which is used to provide new jobs for more people to live off the taxpayer. Many of these jobs do not produce anything for the people of Maine other than legal expenses and harassment. The cornerstone of our society is the efficient production of food and other tangible goods, which provide jobs and profits and in turn more jobs. Every dollar of capital which is extracted from the people by taxation, whether it be real estate taxes, income taxes, or sales taxes, is a dollar which is not available for investment in our economy to produce productive jobs rather than paying for some paper pushing bureaucrat.

In 1966-67 the state budget was 193 million dollars and the state had a population of approximately 1,000,000 people. But in the fiscal year 1975-76, a short period of ten years, the state budget has grown to more than 700 million dollars, an increase of more than 350 percent, while the population remains near the same figure of one million people. The state budget is growing faster than the ability of our citizens to pay for it. It must be stopped. If it is not, our state and country will go the way of England, complete economic stagnation with run-away inflation, and a loss of our high standards of living where workers will have less real wages to take home because of the high rate of taxation and the high cost of goods. This is the road that Massachusetts and New York City have been following.

The present school funding law has placed us in a terrible situation. This bill makes some improvements, like 90-10 sharing in certain programs and a fixed ceiling on overall costs. Undoubtedly this would reduce the property taxes for the large landowners, but the large landowners should realize that controlling the cost of government, in the long run, is best not only for them but also for all of our citizens. At this time we have the opportunity to control the increased costs.

It is my belief that state spending must stop here. This bill calls for spending 262 million dollars on education. Just think, this represents more than the entire budget for the State of Maine ten years ago. It is my understanding that this is a ten million dollar decrease from what the department wanted, but it is two million dollars more than our Governor requested, and about 12 or 13 million dollars more than last year. If we go back only four years, we find the cost of education has increased 59 million dollars. It is not intended to pick on education, because education is necessary and must be funded at a reasonable level for necessary programs.

However, we are funding too many unnecessary educational programs along with the worthwhile programs. My objection is not an apparent shift from the property tax to the income tax, but the net increase of tax dollars being taken from our citizens.

To have a strong vigorous state here in Maine, we must control state spending. If this bill funded education at a reasonable level, then I could and would support it. I feel the line must be drawn on state spending, no matter how painful to those receiving our tax dollars. And speaking for myself, I am voting to support Governor Longley's approach to control the cost of government. Thank you.

The PRESIDENT: The Chair recognizes the Senator from Aroostook, Senator Cyr.

Mr. CYR: Mr. President and Members of the Senate: Before I cast my vote today, I would like to explain my reasons for the way I am going to vote. After listening to many debates, my conclusions are that the process that we are using to fund education is wrong. It is inflationary, it is political, and it is strictly irresponsible.

L. D. 1994 was sold to us — and I voted for it — as a property tax relief. I applauded that concept at the time and was hopeful that it would do just that. Instead, it turned out to be a bonanza for teachers, superintendents, and the State Department of Education. In fact, it has been said to me that the Sinclair Act built schools, L. D. 1994 raised teachers' salaries, and it is now time to try to educate the kids. Not that I begrudge the teachers their financial gains. If we look back in history, I can tell you that they have been abused and they have been underpaid. In fact, I started my career as a teacher, and after four years of it I thought that I had had enough.

However, with the economy limping along, it is time that we asked the education community to set priorities and not to go overboard in their demands. We are all in this financial crunch together, and any low priority programs should be put on the back burners until the economy can recover sufficiently to absorb any more increases. The lesson that everyone should be getting out of all these discussions is that our financial resources, both on the state and the local level, are not unlimited.

The time has come when we should decide how much of our treasury we want to commit to education and how it should be financed. At such a time I would be in favor of shifting some of the burden from the property tax to the income tax, but as a relief measure, and not as a supplement. What we are being offered today is not a relief measure. It is a supplement. And they camouflage it under the term that they want to shift from the property tax to the income tax. Let's face it, the people back home are expecting a great big property tax relief out of this compromise bill. All the property tax relief that you are going to get out of this bill is a quarter of a mill. Now, a quarter of a mill in my town means \$20,000, but \$15,000 of it would be paid by industry. It leaves about \$2,500 on the homesteads. That is all the property tax relief that my town will get. Limestone will get \$3,000. Fort Kent will get \$5,000, but the \$5,000 would probably be shrunk to about \$2,000 on the property tax.

By the approach that we are using now, we are giving business and industry a free ride. I have said that before and I will say it again, we are giving business, commerce and industry a free ride. We are giving the corporate taxpayers a free ride, those that can absorb it the best, those that can put it onto the cost of their product. We are giving these people a free ride and we are putting it on the shoulders of the working class. And we are putting it on the shoulders of the working class under the assumption that the income tax has a

broader base. Well, look at the facts, my friends. There are 382,000 filers of personal income tax in the State of Maine. Only about 50,000 filers will be paying this 18 million dollars. Where is the broadening?

The fact that industry and commerce are getting a free ride out of this is my biggest objection, Mr. President, this and the fact that we are chartering a new course without the benefit of a public hearing and without taking into consideration what is ahead. How are we going to deal with the 15 million dollars that the communities will be losing the relief of the inventory tax next year as a result of the repeal that we passed three years ago. Will the state honor its commitment? If so, where are we going to get the money. At the time we were told that it would come out of the personal income tax. If we add on another 18 million dollars to the personal income tax, how far can we go? If not, and the communities lose this revenue, it means to my community a 2 mill increase in the property tax. So we are giving them a quarter of a mill this year, and we are going to slap on 2 mills next year. Does that make sense to you? In Fort Kent, it would be a 3½ mill increase if they have to absorb the loss of revenue through the inventory tax.

What are the leadership plans for a raise for the state employees? If we pass this as is, this is going to shut the door to any increase for the state employees. Are we going to increase again onto this 18 million dollars for the state employees? Now, my sympathies are for the state employees in this case. I think the teachers in the past four years have had enough. They have had enough of an increase, and it is time we ask them to consider the other segments of government. Now, I don't know how the alliance is going to rate me on this one, because I am in favor of stabilizing salaries on the local level, and yet I am in favor of a raise for state employees because I think they are the ones that deserve it the most, and the teachers have had their increase. How about the University of Maine?

Before we go into a 50-50 program, or we part from this partnership of 50-50 that we have right now, I think we want to consider very seriously the ramifications of it. If you and I go into a partnership, and you put in 60 percent of the stock and I put in 40 percent, who do you think is going to run the show? This is exactly what we have. If we part from a 50-50 partnership, we are laying ourselves wide open for state control on the local level, which I don't think anyone wants.

Now, I will agree with you that the property tax is causing hardship to many segments of our people back home, but I don't think that this is the route to go. The route to go would be a circuit breaker tax or a homestead act tax. Otherwise, if you cut down on the property tax much below the 50 percent as their contribution to the local school expenses, you are again giving a free ride to commerce and industry, those that have the expensive properties, and I don't think that is the way it should go.

Now, it has been said — in fact, I just got a letter here this morning, a report from an educational institution, in which they make this statement: "There is a direct relationship between quality in education and dollar support." I don't believe that. And this is what the people back home have been fed all these years. They equate the number of dollars that we put in with the quality of education that we are putting out.

Well, I would like to read you just a paragraph from an educator, Dr. Kenneth Clark of the University of New York. Upon his retirement, after 35 years, he was asked, "what changes have you seen in your teaching career of 35 years?" And this is what he answered, and I quote: "The budget for public education in this century has escalated 100-fold, and yet the product is decreasing in quality. Our public schools are turning out millions of functional illiterates each year, people who are unable to read and understand what they read, unable to speak clearly or to write. The teachers' unions are among the most powerful ones now, but nowhere in their union goals do you see anything to do with quality control or the use of the union as an instrument for maintaining even minimum standards of performance." If you think that this is an exaggeration, I have a pile of letters here from my constituents, school teachers, all school teachers, and I would like to have you read some of them and see the misspelling in some of the words that they use, words that I don't dare mention over this microphone.

I think it is time for us to ask the education community to inaugurate or initiate a quality control program in their institutions. And I think it is time for the taxpayers to ask the education people whether or not they are getting their dollars worth out of it.

Now, I suppose this morning I could take the easy route and I could say, well, here is a pile of mail that I received from my constituents all in favor of it, but this is only one segment of the people back home. I could very well justify my vote in saying, look, O.K., this is what I received and, therefore, I am going by that. But after giving a lot of thinking to this problem, and I think I have expressed my reservations before and even tried to bring into caucuses possibly some alternatives to this, however, those of you who were at the caucuses know what happens, either you are not listened to, you are cut short, or else you are not recognized. I am saying that we haven't had a good alternative to study, and I think it is time to ask the education community back home to tighten their belt like the rest of the government has to do. If today, for instance, I am living a style of life outside of my revenue, and all of a sudden I find myself in a financial crunch, what do I do? Either I pay my bills by cash or, if I haven't got it, I try to get credit for them, or else I look at the alternative of rolling back my lifestyle to conform with my income. And this is all we are asking of the education community back home.

As I mentioned before, all the property relief that you are going to have back home is a quarter of a mill. Now, we have cut back in this compromise bill the leeway from 2½ to 2 mills. I would say let's put this half a mill that we save with the 13¼, and let's raise 13¾s from the property tax, and then we don't need to go into the income tax whatsoever. Everyone here, or at least everyone back home, whenever you talk to them and you say how much did you raise for education last year, they will tell you 13¼ mills. That isn't so, my friends. Look at the records. You raised 13¼ for the fundamental, but you raised 2½ for the leeway, and 77 percent of the communities in the State of Maine took advantage of the leeway. 2½ onto 13¼ makes 15¾. The leeway last year cost my community \$194,000. And where did the leeway go in most cases? To raise salaries.

I say let's set the uniform property tax at

13¾, and thereby we are not increasing whatsoever the property tax. And whatever that raises, I would tell the education community O.K., this is what you are going to have. This probably would mean a 1 or 2 percent rollback on the local budgets. And you can't tell me that on a 262 million dollar proposition there is not 1 or 2 percent of fat somewhere that can be cut without hurting the main program. This is all we are asking. And by the message of the Governor, this is what the Governor of the state wants, and I think we ought to give it to him.

We passed L.D. 1994 on the philosophy of equal education, and we said it is the responsibility of the State of Maine — the State of Maine, I repeat, to equalize education throughout its land. And yet we turn around and we charge it to the wealthy and the more affluent communities. The State of Maine is not accepting its responsibilities in this case. I say let's have the communities raise 50 percent of the need for education, and for those that cannot, let's have the State of Maine pay for it, and not the affluent communities. Most of us are under the impression, for instance, that we are getting 50 percent back from the state for our education costs. Not so. My towns are only getting about 40 percent. Many towns are getting 20 or 10 percent, and some towns have to pay in. I think that this is unfair.

Now, Mr. President, I will divulge which way I am going to vote. I am going to vote to sustain the Governor's veto because I think he is right on this one.

The PRESIDENT: The Chair recognizes the Senator from Aroostook, Senator Gahagan.

Mr. GAHAGAN: Thank you, Mr. President. Members of the Senate: In response to the preliminary remarks of the gentleman from Cumberland, Senator Conley, I am disappointed that the good Senator would treat my remarks so lightly. Since this body has not acted to undertake a priority program review and evaluation, a procedure which I have supported, I am sure the good Senator can understand I am accepting the majority decision to carry on our deliberations in this manner, and am continuing to promote and support bills which represent the views of my constituency to the best of my ability. If we had a comprehensive review of state programs, I would be more than willing to reconsider my support for the sugar beet refinery and the Caribou veterans office on a priority basis with all other state programs.

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

Mr. MERRILL: Mr. President and Members of the Senate: The debate has continued for quite a period of time and I think the votes are probably pretty well determined. I would like to say a few words though, and maybe with the particular perspective of someone who had something to do with the financing formula that we find in this present bill.

Early in the 1960s John Kennedy, speaking about Robert Frost, said that "Society owes a great deal to those who gather power and use it, and also to those who criticize the use of power." In the context of the early 1960s that was meant as a statement justifying who criticized. At that time criticism wasn't as prevalent as it is today, and it was considered much more noble to be in a position of political responsibility and be one of those who exercised power. I mention the quote today though for just the opposite purpose, to

suggest that society does owe something to those people who gather power and use it. Everyone in this body is in that position; that is how we all got here. That is what the process that we went through represents. We went out among our fellows and asked them to give up some of their power to us. We were lucky enough to convince them, at least for that one period of time, and so we are here, the gatherers of power.

At times that is a good position to be in. In the olden days, or just a few years ago, when there were appropriations tables with 10 million dollars to be divided up, I am sure that it was a light experience, in some ways at least, to be one of those people who had succeeded in gathering this power and having it to use. Obviously this is not the case today.

One of the problems that everybody who would gather power and use it faces is that there can always be two legitimate criticisms made of what they are doing. One is that they are not perfect, what they are doing is not perfect. And that will always be the case, I am afraid, as long as we depend on mortals. The other is that the act that they are taking isn't complete, that it is only a step or two steps or three steps, but there are a hundred other steps that need to be taken. These are, in a way, legitimate criticisms, and we hear them in regards to this bill: it doesn't do everything for the state employees, there are still examples of waste on the local level, this isn't complete tax reform. There are also, I believe, some illegitimate criticisms of this bill. I think those have been discussed enough so I won't go into them, but I list in this category criticism that we are relieving out-of-staters of some great burden and the criticism that we are giving business a free ride. I think, in the context of what we have done with the property tax in the last five years, that just isn't the case.

Looking back on these last five weeks of educational spending, I think the biggest reality about this whole problem is summed up in one observation. The Governor had great support in this legislature, as far as his ideas about educational funding were concerned, until he presented his own bill. On the day he did that his support started to wane. I don't say that to criticize the Governor; I say it to describe the problem, and it is the problem that we stand here facing today.

The most interesting thing that the Governor said, as far as I was concerned, when he spoke to us at the beginning of this legislature, in asking us to give him his head, he said "I will take full responsibility." Unfortunately, gentlemen, in this particular instance the constitution prevents it, and we are prevented from that luxury by the fact that we have run for this constitutional office and succeeded in getting it. The constitution puts with us part of that responsibility.

I don't think that there is anybody here that doesn't know full well that whoever succeeds in having his will in this matter is going to be the one that will be most criticized. If we fail, and sustain the veto today, the Governor will have succeeded in having his way and he will be the one that is criticized, and he will be the political loser, I suppose. If we succeed in having our will, we will be the ones who have succeeded in doing what we wanted to do, and we will be criticized, because there is no popular solution out of the problem that we find ourselves in, a problem that is compounded by massive unemployment.

and by an economy that is showing the spending power of our people going down every year.

So what we do today, and what I think that we are going to do, certainly won't be initiated, I don't believe, by any mistaken notion that by having our will we are going to make ourselves more popular. But I think it will come about because of a realization that the difference between those who gather power and use it and those who carry on the very important function of criticizing those who do that is that ultimately we have to choose between the alternatives that are available. Some people can stand back and simply carp at what we do, other people can dream up solutions that would be good in some hypothetical world, but we stand here today to choose between 1452, prorated by the Governor, and the bill that is before us. Those are the two honest alternatives. If anybody thinks that he is going to make himself a hero by selecting either of them, I am afraid he is mistaken. And if anybody believes that this legislature is going to back away from the decision just because it is unpopular, I hope that they are mistaken.

The PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Carboneau.

Mr. CARBONNEAU: Mr. President and Members of the Senate: I would like to attack one little thing here that has not been mentioned in debate, and that is commerce and industry.

Our Governor at the present time has approximately six or eight good industries that are thinking very seriously of moving into the state, therefore creating jobs and reducing unemployment, as the good Senator Merrill just referred to a little while ago.

Now, I put myself in the place of a man that might decide to move into this state with a factory to employ a couple hundred people or so, and I ask myself what is the State of Maine doing on taxes. Right now they have a crisis, an education crisis, and right away they jump to the income tax. Now, next year they will have another crisis, or maybe more this year, for that matter, because we have some pending right now about finances, so what are they going to attack next? The property tax, a corporate tax, or back to more income taxes?

Now, these people that are trying to come into this state or are thinking about coming into this state earn some pretty fair salaries, especially the department managers and so forth. They are going to have to pay the bill. I would like you to think about this for a minute, just put yourself in their shoes.

I would like to offer another comment in regards to local control. During the past season, last fall and last summer, the County Government Committee conducted hearings throughout the state in all sixteen counties, and the message we all got from these people attending these meetings is that local control is what they want. And if we go to the income tax with this bill, like we are proposing to do, we are taking local control away, which brings up another point. With local control they can control spending, but as long as we here at the state level give them money to spend, they are going to find a way of spending it. As was mentioned in the other body this morning, there are people who have surpluses in their school budgeting. There are some that never had enough and never will.

Now, by giving them local control, we are not controlling the property tax, we are not telling them to hike the property tax. We are merely telling them to do your own thing. Cut your budget, cut departments if you have to, as long as you have got the main basic education rights, which are reading, writing and arithmetic. We seem to have forgotten the three Rs, nobody has them anymore.

I know I have a college kid of my own that is going to school now, in the second year of college, and she can't even balance a checkbook. And she is not stupid by any means; she takes after her mother.

I would also like to call your attention to one particular thing that happened to me a few weeks ago. In the local area where I come from they have adult education four or five nights a week. And for this adult education program, when the registration starts, they must register at least ten students per class in order to have a teacher. Well, let me tell you that this is a big farce. There is money being spent there that should not be, and some programs being offered there that should not be offered.

For instance, we have this: one particular type of education that is offered there is draperies. Now, this drapery department for years has found it very difficult to get ten students to register. And when they register, they must pay a dollar. Well, the lady that teaches that subject finds it difficult to get the ten students, so she goes around to other teachers to get them to register in her course if they don't happen to be on the same night, and that is a fact. Now, after the department allows the expenditure for that particular teaching or education, then the registration drops to four and five and three. That is about all the people that attend those courses. Yet, as long as she has the registration terminated and she got the ten dollars from the people, the program goes on. I say it is time for the local people to look into these things and cut them out, and that is what we are talking about here.

I would like also to bring out another point. Just this morning I checked with my local authority on taxation. In my town fifty percent of the property taxes paid to the city comes from businesses and fifty percent from residents. Now, if this bill goes through, you are giving fifty percent of the people down there, not exactly the people down there but the industrials particularly, a free ride. And I have heard from many of those, they want to pay their share. They are not trying to shy away from it.

Another message that I think we should listen to or take cognizance of is the recent election in Massachusetts for the delegates. As you know, we have several candidates on the Democratic ticket for the presidency, and overwhelmingly Mr. Jackson won. But how did he win? By preaching fiscal responsibility, new jobs, and holding the line. And don't forget one thing: Massachusetts is known to be one of the most liberal states in the union. Now, the people in Massachusetts are giving you the message that they want fiscal responsibility, and that is what the Governor is asking. He is asking for ten more months. If you think for one moment, and think very hard, about what he has accomplished in the last fourteen months, he has asked all the state departments to cut down seven or eight percent. Everybody is coming in and doing a good job of it. They should be complimented.

Well, why not do the same thing to education. They can cut some of the fat too and tighten their belts. Who are they, primadonnas?

I guess the rest has been covered by others, and I want to concur with Senator Cyr on what he said. I will vote with you, Ed.

The PRESIDENT: The Chair recognizes the Senator from Penobscot, Senator Pray.

Mr. PRAY: Mr. President and Members of the Senate: Many of you know the district that I have. I have 29 communities, two of which have a stable economic base, and the remaining communities do not. It is also an area of upper middle income, middle income, and low income people, and I took all these variables into consideration in my deliberations as to how I would finally cast my vote today.

I took into careful consideration fiscal responsibility and irresponsibility. I have kind of come down to the idea today that responsibility and irresponsibility are but a parting of ideas as to which side of the issue you stand on. I tried to get an input from many of my constituency, and I would just like to relate to you my last weekend home.

The first night I went over into Piscataquis County and met with a number of people. This was not of great concern to them. They are concerned about the issue, but they feel as if the people down here are responsible and will act accordingly.

The next night I went to a ball game, and Millinocket is famous for its basketball. There were perhaps some 300 fans there, and only two spoke to me on the income tax issue.

The next day I read in the Portland paper where 80 some people had called the Governor. I received six phone calls, fairly evenly split.

The next morning, Monday, being down here, I called a local radio program, a program where you can call in, and I gave my number here in the Senate chamber. I urged the individual on the program to encourage individuals to call me and express their feelings. I received one phone call.

My mail in the last couple of weeks has been running about fourteen to two a day, fourteen on blackflies and two on the income tax.

But I think what has happened is that we have had a particular paper in my area, which I think has been biased — and I will stand here and say that quite loud and clear — so many of the people back home have had that one side of the story. I am happy to see in today's paper that they have given both sides of it very fairly, and I would like to commend them for doing that.

I would like to respond to the previous speaker's comments on taxation and industry, because I do have that area which has a solid economic base, and I also have an area that has a very poor economic base. I have areas in that second section of my district which have unemployment that has been running around 20 percent for almost a year and a half now, going on two years, and these individuals need relief. I see that relief in this shifting of the tax burden to the income tax. Now, it is true that this affects my local area, Millinocket, the area which I am a resident of, more than it does the rest of the district that I represent. But I only have one industry, a very large industry, in that district. The Governor talks about industry sitting down here

across the Maine border waiting to come in. Now, I can clearly see them coming in a lot faster if it is an income tax burden that they have to face rather than a property tax burden. I think we have to weigh that carefully.

The previous speaker spoke of new industry coming in and people with high incomes. As I look around at my unemployed, and I try to decide what type of income they will receive out of these new jobs and new industries coming in, I still do not see them in that 20, 30, 40 or 50 thousand dollar bracket. I truly believe that those individuals will come from out-of-state. They are already established with the industries that are thinking of coming in, if they are, and I know of none specifically.

I have worked hard on a number of occasions to try to bring industry into Piscataquis County, into that area which has been hit over the last few years by the loss of major industries in that area and that are still leaving.

I think with all considerations weighed, with the political realities, that the people back home, with the political reality of what they have been faced with, bombarded with through the news media; namely, one media, that once these people understand the alternatives in that small area, then they will clearly see that the decision the legislature made in overriding this veto was but the correct choice.

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

Mr. JACKSON: Mr. President and Members of the Senate: I think it is quite clearly established as to the side that I am going to take, and I am going to explain some of the reasons why I am going to cast my vote in the manner in which I cast it this afternoon.

Number one, I don't really think we have been fair with our constituency throughout the state. We have repeatedly said that we are going to reduce the mill rate on the property tax. Two, we are going to shift the burden from the property tax to the income tax, which was brought out earlier as being a broad-based tax which was more fair and equitable, and it might be if it wasn't directed only to 25 percent of the working people in the state. Third, we have reduced services with L. D. 2196. We reduced mandated programs by 10 percent. Then we reduced the mill rate on the state's share of leeway to municipalities that could possibly qualify for it from \$125 to \$90.

You know, gentlemen, I live in a rural area and I represent rural communities. We depend on transportation, and we have to provide for vocational education, special education. I know what this means in money to one district of mine which I represent, which happens to be the largest school district in my senatorial district. It means approximately \$110,000. Now, gentlemen, with 2196 we took off the ceiling on education, what a town could appropriate for education. Here we are on March 4th, and the school budgets must be approved by April 1st. There is so much confusion out there in these municipalities that I wouldn't be at all surprised to see the property tax increased by at least 3 mills. How? Why? We reduced services, 10 percent on the mandated programs, and \$35 on leeway.

Gentlemen, I think that if we are going to put this type of legislation onto the residents of this state that we should also give them the tools to operate with at the local level, and that has been discussed

today. I suggested last week to a group, when I was looking for a vehicle where we could put a line item budget into a bill which would be directed at the school budgets — we have been unable to find any piece of legislation that we could attach that to up until the present time, and we might find one we can thereafter — but I think that if we are going to say to these people that your property tax is going to be reduced by a quarter of a mill, or whatever, 1-3/4, 1-1/2, and down to a quarter, that we should truly give them the tools to make sure the property tax is reduced, because I only think that we are fooling ourselves and we are also fooling our constituents when we tell them this. It could very well happen, it could very well be, that the property tax will rise substantially.

Therefore, I am going to vote to sustain the Governor's veto, and I would urge that the members in this body do so. Then let's prepare a piece of legislation which could be accepted by both bodies and the Governor, and by the representatives of the constituents that we represent, and give them the tools to work with.

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

Mr. BERRY: Mr. President and Members of the Senate: I purposely remained very quiet this morning and have not entered into the debate because I think things have been debated quite thoroughly for an extensive period of time. But I can't let the fact go by that the emphasis has been put on that the local communities will receive a tax increase from this legislation. And I would like to point out, and I would like everyone to hear it because I think it is important, that the Maine Legislature in the Special Session of the 107th, if this veto is overridden, has given the local communities and those local officials the tools to work with to receive a property tax decrease.

I use one of my own communities, the city that I am from, as an example. Monday morning, before coming to the legislature, myself, the city manager, the finance administrator, the city auditor, the superintendent of schools, and other city officials, of which I am one, met and took the legislation that we have before us today and ran it concerning the City of Auburn. And the end result did not show a one-quarter mill decrease. In fact, we have publicly stated that the citizens of that city will receive an eight tenths of a mill decrease in their property tax this year. I base that on that fact also that by charter our budget was adopted February 1, so we are looking forward to opening that budget up again to give those people the tax decrease that they deserve.

The PRESIDENT: The Chair recognizes the Senator from Penobscot, Senator Curtis.

Mr. CURTIS: Mr. President and Members of the Senate: I would like to speak briefly in favor of the piece of legislation which we have enacted and which is before us. It seems to me that it provides the fairest direction for imposing tax policy for the State of Maine. Earlier during this debate the Senator from Aroostook, Senator Cyr, made some comments about municipalities and their tax policies since 1994 was enacted. I would just like to point out that in the municipalities which I represent each municipality has been assisted in either reducing their taxes or restraining increases. Specifically, since 1994 was enacted in 1973, the municipality of Orono

has been enabled to reduce its actual tax bills by twenty percent. Part of that, of course, is due to state and federal revenue sharing, and part to good fiscal restraint on the part of municipal officials. But the largest part and the most important part was the enactment of 1994. It seems to me important that we continue in this general direction of moving away from reliance upon the property tax toward a fairer tax.

The second point I would like to make is that this is the month for town meetings, and if we do not override the veto on this measure it will be some time before we are able to place before the municipalities a bill or piece of legislation upon which they will be able to determine their budgets and their tax policies for the year.

The PRESIDENT: The Chair recognizes the Senator from Penobscot, Senator Troitzky.

Mr. TROITZKY: Mr. President and Members of the Senate: I have been receiving quite a lot of mail in the last week, and most of that mail has stated that many of my constituents feel I should support the Governor of the State of Maine on his veto. However, I was elected here, I believe, to represent my constituents, but to represent them with the best judgment that I have.

Now, there was a statement issued by Governor Longley in a legislative address to the Special Session on January 21, 1976 and I would just like to read this and put it on record.

"Because of my deep personal conviction that the people of Maine cannot shoulder any additional tax burden, I will not advocate or support any legislation that will increase our present percentage of taxation". And he goes on and states, "If this legislature should choose to establish new priorities and shift tax burden which would benefit the people, then I would certainly listen and be receptive to such effort, so long as it does not place an additional burden on the backs of the people of Maine."

Now, I have looked at both the Governor's bill and the compromise bill in the legislature. The Governor's bill would cost the people of the City of Bangor an additional \$382,000 in property taxes. During my campaign I went house to house, I met many of the people in the City of Bangor, and there are many people on fixed incomes, social security, pensions and so on, and people who cannot afford increased property taxes. Now, we talked about cost savings, we talked about fiscal responsibility, but I think there is one thing that is also important: we should remember that an investment in the education of our children is an investment in the future of the State of Maine.

The PRESIDENT: The Chair recognizes the Senator from Hancock, Senator McNally.

Mr. McNALLY: Mr. President and Members of the Senate: Since I am one of the very few Senators coming out of a coastal community, and since this bill has had no hearing whatever, the people down my way feel that I was about the only one they could contact and express their feelings to me. They knew that the representative from Bar Harbor and myself were in a unique position at the time 1994 was passed in that both of the large towns that had the votes were going to receive something back when 1994 was passed. So we had to decide how we were going to vote, and I voted against the bill. But I also voted against the income tax, even though I was told it was committing

political suicide, and I even expressed myself that it was a good way to die.

I live in what used to be years ago, back in the 20's, considered the largest city in the United States in area. That was before Los Angeles and other cities ate up the other small communities around themselves and became larger. We weren't larger in population but we were larger in area. So they discovered down where I lived that when they consider the 90-10 deal, for transportation particularly, and when they consider vocational training in the 90-10 area, which they have built a place so it can be used, and consider the 90-10 for the special mandated programs, that it is not going to give them too much money, like the bill would lead you to believe you were going to have when you saved that quarter of a mill from 13¼ down to 13.

I will be mercifully short. I have stated two or three simple little things. The only thing that would do my community and all the towns around me any good would be to do away with the uniform property tax, which is not uniform nor never will be until it is changed, and I am going to vote to sustain the Governor.

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

Mr. WYMAN: Mr. President and Members of the Senate: Jobs, that is what this is all about. Look at New Hampshire, they have no income tax, they have no sales tax, and they have one of the lowest unemployment rates in the nation. The workers over there have jobs. Industry goes there. It doesn't come across New Hampshire to Maine. The proponents for this measure try to focus our minds on two evils: higher real estate taxes or a much higher income tax. They tell us to take our choice of which we consider the lesser of the two evils. They don't tell us that our appropriations have increased over 350 percent in ten years, that we are going the way of Massachusetts and New York City. And they don't tell us that there are choices other than these two evils, but there is another and better choice; namely, cutting our costs and living within our income.

The PRESIDENT: Is the Senate ready for the question? The pending question before the Senate is shall this bill become a law notwithstanding the objections of the Governor? The vote, according to the Constitution, will be taken by the "Yeas" and "Nays".

The pending question before the Senate is shall this bill become a law notwithstanding the objections of the Governor? A vote of "Yes" will be in favor of the bill; a vote of "No" will be in favor of sustaining the veto of the Governor.

The Secretary will call the roll.

ROLL CALL

YEAS: Senators Berry, E.; Cianchette, Collins, Conley, Corson, Cummings, Curtis, Danton, Graffam, Graham, Greeley, Huber, Katz, Marcotte, Merrill, O'Leary, Pray, Reeves, Speers, Thomas, Troitzky, Sewall.

NAYS: Senators Berry, R.; Carbonneau, Clifford, Cyr, Gahagan, Hichens, Jackson, Johnston, McNally, Wyman.

ABSENT: Senator Roberts.

A roll call was had. 22 Senators having voted in the affirmative, and ten Senators having voted in the negative, with one Senator being absent, and 22 being two-thirds of the membership present, it was the vote of the Senate that the Bill become a law notwithstanding the

objections of the Governor, and was by the Secretary presented to the Secretary of State.

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

Mr. SPEERS: Mr. President, I move the Senate reconsider the last vote and urge the Senate to vote against the motion.

The PRESIDENT: The Senator from Kennebec, Senator Speers, now moves that the Senate reconsider its action whereby this bill became a law notwithstanding the objections of the Governor. Will all those Senators in favor of reconsideration please say "Yes"; those opposed "No".

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

The accompanying Bill, "An Act to Make Necessary Revisions in the Income Tax Law for School Funding Purposes" (H. P. 2112) (L. D. 2264)

Comes from the House, with the following endorsement:

In the House March 4, 1976, this Bill, having been returned by the Governor, together with his objections to the same, pursuant to the provisions of the Constitution of the State of Maine, after reconsideration, the House proceeded to vote on the question: 'Shall this Bill become a law notwithstanding the objections of the Governor?'

107 voted in favor and 39 against, and accordingly, it was the vote of the House that the Bill become a law, notwithstanding the objections of the Governor, since two-thirds of the members of the House so voted.

Signed:

EDWIN H. PERT
Clerk of the House

The PRESIDENT: The pending question before the Senate is shall this bill become a law notwithstanding the objections of the Governor. According to the Constitution, the vote will be taken by the "Yeas" and "Nays". A vote of "Yes" will be in favor of the bill; a vote of "No" will be in favor of sustaining the veto of the Governor. Is the Senate ready for the question?

The Secretary will call the roll.

ROLL CALL

YEAS: Senators Berry, E.; Berry, R.; Cianchette, Clifford, Collins, Conley, Corson, Cummings, Curtis, Cyr, Danton, Graffam, Graham, Greeley, Hichens, Huber, Jackson, Johnston, Katz, Marcotte, McNally, Merrill, O'Leary, Pray, Reeves, Speers, Thomas, Troitzky, Sewall.

NAYS: Senators Carbonneau, Gahagan, Wyman.

ABSENT: Senator Roberts.

A roll call was had. 29 Senators having voted in the affirmative, and three Senators having voted in the negative, with one Senator being absent, and 29 being more than two-thirds of the membership present, it was the vote of the Senate that the Bill become a law notwithstanding the objections of the Governor, and was by the Secretary presented to the Secretary of State.

On motion by Mrs. Cummings of Penobscot,

Adjourned until 12 o'clock tomorrow noon.