

MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD
OF THE
One Hundred And Seventeenth Legislature
OF THE
State Of Maine

VOLUME II

FIRST REGULAR SESSION

House of Representatives
May 24, 1995 to June 30, 1995

Majority Report of the Committee on Appropriations and Financial Affairs reporting "Ought to Pass" as amended by Committee Amendment "A" (H-386) on Bill "An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 1996 and June 30, 1997" (EMERGENCY) (H.P. 516) (L.D. 706) (Governor's Bill)

Signed:

Senator: BERUBE of Androscoggin
 Representatives: POULIOT of Lewiston
 JOSEPH of Waterville
 TOWNSEND of Portland
 MORRISON of Bangor
 KERR of Old Orchard Beach
 DiPIETRO of S Portland

Minority Report of the same Committee reporting "Ought to Pass" as amended by Committee Amendment "B" (H-387) on same Bill.

Signed:

Senators: BEGLEY of Lincoln
 HANLEY of Oxford
 Representatives: AIKMAN of Poland
 OTT of York
 DONNELLY of Presque Isle
 SIMONEAU of Thomaston

Was read.

Representative KERR of Old Orchard Beach moved that the House accept the Minority "Ought to Pass" as amended Report.

The SPEAKER: The Chair recognizes the Representative from Old Orchard Beach, Representative Kerr.

Representative KERR: Mr. Speaker, Men and Women of the House: We have worked long and hard in the Appropriations Committee room and we have come out with a divided report and it is something that I am not to excited about. When we did break off, it was an unfortunate time not only for the Appropriations Committee, but for the people of the State of Maine. During the Appropriations Committee hearings the Majority Report was out in public. The reason why I moved the Minority Report, I feel we should extend the Republican Party the courtesy to explain their budget. Thank you.

Representative MITCHELL of Vassalboro requested a roll call on the motion to accept the Minority "Ought to Pass" as amended Report.

The SPEAKER: A roll call has been requested. For the Chair to order a roll call it must have the expressed desire of more than one-fifth of members present and voting. All those in favor will vote yes; those opposed will vote no.

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

The SPEAKER: The Chair recognizes the Representative from Waldo, Representative Whitcomb.

Representative WHITCOMB: Thank you Mr. Speaker, Men and Women of the House: I am not one to speak as the final authority on the budget. However, I would appreciate the endorsement or at least the comments from the Representative from Old Orchard for presenting our budget for discussion. I think it is an important distinction for us to have an opportunity to vote on our budget today because I think there is some important components that many of

you want to support. Specifically we are proposing and it is the only budget proposal of the two that are on our desks to repeal the sick tax. I am not sure what the secret is about that, but that certainly has been a part of the Republican plan from the beginning.

Ours is the only budget that proposed to cut specific taxes and we are very pleased with that. We hope you find that is something that you can endorse as well. We are also very pleased to present a budget that works and at least addresses the entire budget package that we need in order to have a biennial budget for the state. Although the projection has been made that our budget was somehow under a cloak, the other report which we obviously are not discussing has some major deficiencies. It doesn't address many of the major problems. We are hoping at some point that there will be an explanation of the rest of the solution of the other budget. We think there is a good opportunity for people to join in our plan and it is a significant departure from different philosophies of government. Do you think that we should continue to certain taxes that we are proposing that we at least eliminate or phase out.

Whether you believe in that commitment or not, this is a chance to express that. We certainly have made one of our cornerstones the issue of the hospital tax. We think it should be repealed. Another proposal doesn't want that to happen or at least to happen contingent on the federal government or whatever. We are very pleased to have an opportunity to vote on our budget and we hope that the majority of the House will join us. Thank you.

The SPEAKER: The Chair recognizes the Representative from Thomaston, Representative Simoneau.

Representative SIMONEAU: Mr. Speaker, Ladies and Gentlemen of the House: I rise to support the Minority "Ought to Pass" Report. I have been a voice that has been talking about a single budget from the outset for a number of reasons. To me it seems to be a simple approach or as simple an approach as you can have to a very complex problem. Bring it all together and put all the cards on the table, all the controversial issues up front and debate them and weed out the ones you don't want and try to get together on what we can live with.

No single person in this House is going to be happy with the total budget in any event. We are down to compromise. When you compare the two documents. The one we are voting on and the one we are not talking about, I find it rather interesting. I think it makes the point I am trying to make to you. The Minority Report is a single budget document that works from projected revenues of \$3,497,000,000. The appropriations against those revenues are \$3,495,000,000. There are 2 million dollars left that is supposed to go to the Outdoor Heritage Fund. You look to the other report which does not include the part II. The Minority Report is part I and II combined. There is 2 million dollars combined.

Projected revenues are \$3,519,000,000 and that is 22 million dollars more than the Minority Report. What is the difference? The difference is essentially the snack tax and sales tax. Appropriations is \$3,488,000,000 leaving 31 million dollars. They are leaving 31 million dollars without any part II. No one has presented a part II on the

other side. I would like to see them present it tonight. We know that there are at least 45 million dollars that are going to be in that part II. They have 31 million dollars left. Where are they going to find the additional 14 million dollars? Think about that. Starting off with 22 million dollars more in revenues and 31 million left and need at least 14 million dollars to find what we suspect is going to be in the part II. I think it is called taxes.

Why have we been hanging onto this sick tax and why have we been hanging onto a definite date for the repeal of the tax? There are a lot of reasons. Yes, we repeal it there will be a loss probably of federal funds, assuming the federal funds continue. If you go with an idea that the sick tax can be repealed upon the action of the federal government, you are asking for chaos. If that happens and it is repealed the next day, we are going to be back here scratching around trying to find millions of dollars. If we have a definite date to repeal it. If we find out what the hospitals are asking for to help them get through it, we may have some troubles, but I doubt that we will have chaos.

I think you should take a look very closely at the copy of the letter to Chief Executive from the Maine Hospital Association that was distributed to you yesterday. Look at the third paragraph and the second and third sentences. It sums up what many of us feel. What you have is the Hospital Allocation, lets face it, are the experts in this field, in the state, saying to us we know this gift is going to go away. Lets forget how it got here, but we know it is going to go away and we want time to plan for it going away.

I would like to read that to you. "Hospitals believe that the time has come to focus on the development of a plan to end the entire tax-and-match programs as soon as possible. With federal intentions to dismantle tax-and-match programs already evident, it only makes sense to plan ahead for this eventuality." That is what we are trying to do with our Minority Report is to plan ahead. God knows that is something we need to probably do a lot more of in state government. Here we have a chance to do some of that and help a vital industry in our state. Keep in mind that we are talking about more than health care here. We are talking about increased cost of health, if we don't repeal it. We are talking about the very real possibility of hospitals being closed or being severely curtailed and that is jobs. We are talking about jobs. We are talking about people losing their jobs and the ripple effect. We are talking about some serious problems. There is more writing on this than just the repeal of this tax.

The tax cuts that are in this budget are the ones that have been approved already by this body. The snack tax, which in my way of thinking is a misnomer. We are talking about an additional tax on food over and above the snack tax that already exists and we are going to go back to and a potential cut in the sales tax which we haven't gotten to. They are not overwhelming. They are doable. They can be absorbed in this budget and once again we can plan ahead. Either we send a message to the fourth branch of government that is not elected and say you have two years to plan because of potential cuts, this is the time to do it. We have an opportunity to do it with this budget.

GPA, we haven't come to a school funding formula yet. Here again, I don't think we are going to come to a school funding formula that all of us are going to like. I am willing to go with whatever we elect. I want to be sure that all of the money we dedicate to GPA goes to GPA. There is 37 million dollars in our Minority Report that is dedicated to GPA that will be distributed to the communities as assistance in the schools under whatever formula is used to do it. If we don't do this, we are going to find it reserved in a part II budget, not committed to. When we get down to the how it is going to be distributed, we start getting very territorial. Suddenly we start hearing arguments, wait a minute, why are we doing this with the formula, because it doesn't fit my needs. What do you say we use some of this for circuit breaker. What do you say we use some of this for some other purpose. If you go with our budget, it is in there and locked in and that is dedicated to GPA.

I don't intend to go down through everything that is in that budget. I think I have hit the high points. I urge you to seriously consider the single budget approach. It gives us an opportunity to say here is everything, all the dollars, we think is coming in and this is what we plan to spend. Lets take a look at things square in the eye and prioritize how we want to spend the taxpayers money. Something has got to give. We are not going to get down to giving and taking until we put this stuff all together into one document. I would urge you to accept the Minority "Ought to Pass" Report. Thank you Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Old Orchard Beach, Representative Kerr.

Representative KERR: Mr. Speaker, Men and Women of the House: I was hoping for this body, Democrats and Republicans, to have a little more insight of what is in the Minority Report. I will take that opportunity to try to explain what is in the Minority Report, since I just received it about an hour ago. One thing that is different, as you see on your desk, of the two reports is one has 287 pages and the other has 416 pages. As the good Representative from Thomaston said, the Minority Report combines both part I and part II. Part I is currently referred to as the current service budget. Part II is normally referred to as new and expanded programs and also incorporates the Governor's initiatives.

In the Minority Report the policy committees, frankly, were not taken into consideration. I think when the Appropriations Committee started this long process one thing that the members of that committee had learned from the past is that we felt that it was important to involve the committee of jurisdiction into the policy making of this state and to build a budget. As you all recall when we first started that process, the Appropriations Committee send out a charge that everybody would try to live within the funding of 1995 levels. Unfortunately that didn't happen. Many committees tried, but after reviewing and seeing the impact that some of those cuts in areas that couldn't afford to be cut. Committees continued to come back with Unanimous Committee Reports.

We, Democrats and Republicans, started building the budget. It was a long and tedious process. That is why you will find the first 280 pages of these two documents are very similar, because we were very

close. The difference, I think, is the way that we want to see state government and the way that we want to pay our bills. The Minority Report, as the good Representative from Thomaston and the good Representative from Waldo said, they do provide tax reductions, which is fine. That is the first half of the story. The second half is they don't tell you how they are going to pay for it. I don't think that is responsible. If, in fact, we are going to make tax reductions, we should also be able to identify where that 541 million dollars is going to come from.

In the Minority Report there is 18 million dollars to reduce taxes in the last quarter of 1997. They are reducing the snack tax. They are reducing the penny on the sales tax, from six percent to five percent. Also, repealing the hospital tax. There is a large cost to doing that. We can all go home and feel real good about reducing taxes. Whether or not the next legislature is going to have the revenues to overcome that 541 million dollars and just so I can relate what 541 million dollars is. If you look at general purpose aide to education and if you completely eliminate it in the second year of the biennium, you don't come up with 541 million dollars. You can say we have a state budget of 3.5 billion dollars or there about, what is 541 million dollars. When you start making these cuts you are going to cut services.

I think one thing the committee tried to do is pay its bills, get rid of the gimmicks, get rid of deferrals and try to get our fiscal house in order. Another thing that the Minority Report does is general purpose aide funding formula, it provides a funding formula that this legislature has yet to vote on. In the Majority Report we separated the budget because we agreed on 280 pages. Almost in complete agreement, other than the hospital or sick tax. Under the Minority Report areas of northern Maine, many of your districts, are going to suffer through the school funding formula because it is not a well thought out plan. The reason I say that is the committee of jurisdiction has been working diligently to try to resolve this issue, which is just as important as the sick tax. It is going to effect every single one of us.

Property tax relief for those communities because if the community has to raise the money locally to pay for the running of the schools, they are going to have to raise the property tax. Coming from southern Maine, as many people probably wish it was part of New Hampshire, but its not. We have one of the highest property taxes in the state. Another thing that the Minority Report does is they adopt L.D. 203 which deals with the Maine Waste Management Agency. That issue has not been resolved before this body. It also reduces the sales tax from six percent to five percent, which is also an L.D. that this body has not heard. As the good Representative from Thomaston said, it also repeals the sick tax. There is also an L.D. that comes before this body that we will take a vote on that will address the hospital tax.

The next issue that is already decided in the Minority Report is the welfare reform and that issue hasn't been resolved in the committee of jurisdiction. It also funds the Magnet School, a new and expanded program. It funds the circuit breaker to the tune of almost 6.5 million dollars. It flat funds the University of Maine at the 95 levels. It funds the legislature at 95 levels. Also, Maine

Maritime and the law library are flat funded. Traditionally this body has passed out two budgets, part I and part II. The reason why we have done that is because of timing. We want to make sure that state government continues to run. You may hear an argument, well if you pass out the part I budget, there is nothing left to fight for in part II. Unfortunately that argument is not valid.

In the past in 1981, the part I budget was passed out May 13. In 1983, the part I budget was enacted March 31. In 1985, the part I budget was enacted May 16. In 1987, the part I budget was enacted May 15. In 1989, the part I budget was enacted on April 25. In the committee as the Minority Report says, they do fund the hospitals an additional 22 million dollars. They do this without knowing where these dollars or how they are going to be appropriated to these hospitals that may be in financial straights. I say that, not because of the tax-and-match issue. No hospital, I believe, will be closed because of the sick tax. In order to fund some new programs and in order to apply or put more money towards the hospitals, the 22 million dollars and in order to fund the circuit breaker, they had to come up with ways to generate some resources.

You all know we have balanced our budgets on the backs of state employees for quite a while. We were faced a month and a half ago with a supplemental budget that the administration brought forth. It tried to take care of the payroll push by revenues being reprojected. We knew, the members on the Appropriations Committee, that revenues weren't going to be reprojected. We wanted to make sure that state employees, when they did a weeks work, they got paid for it. We took those dollars out of the rainy day fund. State employees started feeling good about themselves and they had every right to. Previous legislatures and Governors have made promises and commitments that they couldn't keep to state employees. The Minority Report for those who wish can turn to page 388. You will see that the Minority Report suspends the merit pay increase in 96 and 97. If you turn to page 397, the Minority Report takes 5 million dollars from accounts receivable. You say, "well, why are they doing that?" We have tried to pay our bills.

This administration, the Appropriations Committee and this legislature has voted on two supplementals. It did away with gimmicks and deferrals and this is in direct conflict with what we tried to do. In case you don't know what the welfare language is, I would ask you to turn and look on page 397. On page 398 of the budget document, that is where you find where the sick tax is repealed. On page 399, is where the snack tax is repealed. I guess the straw that breaks the camel's back is on page 404, section WW. It institutes a 20 percent state employee share for health insurance coverage effective 7/1/95. Members of this body, I don't think this is fair to the legislature. I don't think this is fair to state employees and for the people of the State of Maine.

I feel a little awkward standing before you explaining the Minority Report, I was hoping someone else would do that. I am going to urge you to vote against the pending motion. So that we can go on and accept the Majority Report, because that is one that I feel very proud of. I feel that the people of the State of Maine and this legislature can live with it. Thank you.

The SPEAKER: The Chair recognizes the Representative from Mexico, Representative Luther.

Representative LUTHER: Mr. Speaker, Men and Women of the House: I don't like what you are doing to state workers. It is ridiculous and you know it to try to take a penny of the sales tax. The reason we put it there in the first place is there was no way we could support the schools. I will be happy to take it off when there is a way to support the schools. I would just like to suggest, I know it will come as a shock to both parties, but maybe we can look at the tax exemptions, deferrals and incentives and take some of them back. Thank you.

The SPEAKER: The Chair recognizes the Representative from Presque Isle, Representative Donnelly.

Representative DONNELLY: Mr. Speaker, Men and Women of the House: Let me quickly address some of the points that have been made. I don't think things have been intentionally misrepresented here. I think in haste some things have been missed that have been changed from other proposals that may have been.

The history lesson we first received on part I and II is true. Traditionally the House did, as Representative Kerr listed, pass two different separate sections, the current services budget and new spending. What was left out of the history lesson was that there was a lot of money to be spent in part II. There was a representative of the Governor's Office, who used to be on the Appropriations Committee, who said they could remember one year when part II has over 100 million dollars. Friends and colleagues, that is part of how we got in the problem we are in. There was wanton spending every time there was an extra nickel in the till. During the 80s, when our state budget grew expansively, we raided the rainy day fund. To go back to the way things were done when we had money, doesn't mean it was right.

We did something else this year for the first time other than propose a single budget. We asked for zero based budgets from the departments. First time ever and we have been applauded for it because it is the first time we have asked the departments to prioritize their spending. It makes perfect sense to me. In a meeting of another group, the smaller group of this body that is bipartisan, a discussion came up on why part I and part II. A couple of business people stood up, legislators who are also business people, as said, "In my business, we do have an operating or capital budget, but it isn't passed out separately from my advertising budget or new spending. It is done in one document. If I increase my advertising, I have to find cuts elsewhere in my budget to fund it." This makes more sense. That is why we are presenting part I and part II, plus it is simply irresponsible to put off all the tough decisions until later.

In this budget, we do address difficult decisions. I think you will hear about them for quite a while tonight. I don't dispute that there are difficult decisions and hard choices. Some of which the committee made together and some of which we parted company on, such as the sick tax. Let me move onto policy committees that were not addressed. There is nothing in this budget that was not addressed by a policy committee. Unfortunately we had a split in the budget, so the policy committees that were not unanimous had a split in their reports

I am sorry to say that that is a fact of what happened here.

We went into tax reductions and how are we going to pay for them. I think you merely have to read the Minority Report. We made cuts in this budget to fund the tax cuts. It is kind of a crazy concept that you cut taxes and you have to fund it. We are putting more money in our constituents pockets or we are taking less out, I guess you should say and that money will be in the economy. To simply say that money will be squirreled away under someone's mattress and not generate any more money in the economy is to have a very simple understanding of economics.

The education funding formula is one of the worst statements made here tonight. What is in the Republican budget is current law. It is not a new proposal. It is not some sinister scheme by people on one end of the body or another to mess up one part of the state or another. It simply is current law. As a matter of fact, it is always in the budget and it is always changed in another document. Representative Kerr gave us a history lesson, but failed to mention that. Changes are made outside the budget and we are waiting for the Education Committee to present us with a formula that most of us can go along with.

It was said that no hospital in this state was going to close, even though an organization which regulates the hospitals listed four of the hospitals at risk for closing. In an outside, not purely independent, because they were hired by the hospitals, but a very respected firm did a report and they listed between 10 and 12 hospitals being at risk for closing. No matter which report you take, there are hospitals at risk. How the 22 million extra dollars in the Republican budget puts into the hospitals helps is, it lowers the tax on hospitals. It lowers the tax on the sick people, because it is generated on gross patient revenue, so it lowers the tax on sick people who use those hospitals.

In addition to that language that obviously escaped the quick perusal that we all had of the two budgets. I can honestly say that there are things in the Majority Report that I probably have not read yet and could not answer in any comprehensive fashion. There are two sections in our proposal that require the Department of Human Services to ask for two separate waivers, which are allowed for under federal law. Number one, you can apply for a waiver, like the State of Massachusetts is doing now and is likely to get to effect the 10 percent of the hospitals in the state that are most heavily effected. Guess what, that is four in our state. At least the four that are listed in the document. The other waiver we are requesting DHS to apply for because that is the appropriated agency to do so, is under the rural hospital heading, which there are more than four hospitals in the state that are effected.

I am not going to try to make this parochial or apply imprudent pressure on people who are in hospitals that would be effected by either of those waivers because it is not right. We ought to be making decisions on if this is good policy for the state, not just my little corner of the world. Bills not being dealt with in this budget. We heard that the Republicans take 5 million dollars away from an accounts receivable problem, that is not true. It is simply not true. There are 8 million dollars, as

the Governor had in his budget, amount in the accounts receivable. I don't think anybody and I hope none of the accountants stand up, because they will tell you that that 8 million dollars is certainly not good fiscal review.

We ought to be funding 31 million dollars this year, but it is a start at addressing a problem that was unaddressed. I think the report before you and another report address it in a similar fashion are supportive of the members of the Executive Branches attempt at addressing a problem that is larger than most people had realized at first. We intend to follow through in the next biennium and continue that. The other thing that is not mentioned in the report that is before us is that we do not deplete the rainy day fund. There are between 4 and 5 million dollars left in the rainy day fund for the passage of a constitutionally protected rainy day fund. The next time we have an 80s, I sure hope we do, I hope we have the growth that we did then again. Hopefully the tax cuts will help spur that.

Moving like it did in every other state that cut taxes during the recession as opposed to every state who raised taxes in the recession that went the other direction. I don't know. We leave money in that constitutionally protected rainy day fund, which has not passed this body yet. It would at least be in the rainy day fund we have now or would be in a constitutionally protected rainy day fund, if and when, this body passes that. Is this budget perfect, this is only my third term and I wasn't here for the boom days of the 80s, but I can sure tell you that this budget is a long way from being perfect and it is a long way from being terrible. I have never seen a perfect budget. There are always things in the budget that you can't stand. There are always things in the budget you like. There are big, tough decisions passed in this.

We got a letter from the court master today addressing the Pineland and AMHI consent decrees that gave lukewarm support for the Governor's proposal that is in the Republican budget. It is in the budget before you today. I urge you to support this budget. Thank you.

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

Representative MARTIN: Mr. Speaker, Member of the House: I have heard both the Representative from Thomaston and the Representative from Presque Isle specifically talk about education and how this has been taken care of in the Minority Report. Let me just advise you that perhaps you should look at page 275. Let me just talk for a moment for those of you who haven't been around and don't understand the legislative process at the end of the session. What has been taking place in this particular document is to put the distribution formula into the budget. The distribution formula is now in this budget. What that means is at whatever point, if this budget were ever to pass, it would take two-thirds vote of both houses in order to change it. What our committee has been trying to do is work out a compromise so that it would get two-thirds on enactment.

I can guarantee you there are many communities in this state who have no desire or should have no desire, if they are looking at it from a pure monetary figure, in ever giving that two-thirds vote. The dedication may be to GPA, but the distribution formula is now laid out. Let me be more specific. If that were to happen, Caribou, for

example, would go from 5.7 million dollars to 5.3 million dollars. Durham would go from 1.56 million dollars to 1.5 million dollars. Lets go to the S.A.D.s, which are the most hurt under that system. Presque Isle would go from 7.7 million dollars to 7.3 million dollars. Guilford would go from 3.6 million dollars to 3.3 million dollars. Fort Fairfield would go from 2.75 million dollars to 2.56 million dollars. Van Buren would go from 2.5 million dollars to 2.3 million dollars. Belfast would go from 5.9 million dollars to 5.6 million dollars and that goes through the entire process. In effect, I can go on if you want me to.

If you want your own districts, I have the distributions here. What this does, in the case of the S.A.D.s, is to simply take Searsport, for example, take \$300,000 away from them. Lincoln take \$300,000 away. Skowhegan take 1 million dollars away. Millbridge takes \$100,000. One of the goals that we have been working toward was to prevent that from happening. This puts into law the distribution for the next two years. It basically takes, if you want to be honest about it, most poor valuation districts or rural districts and sells them down the road. For example, in Dover-Foxcroft, the other day, they have now laid off on 90 day notices, all teachers in music, art, vocational ed and some other programs. Simply to keep the basic high school program in tact.

If you come from northern, eastern, western or central Maine, I can guarantee you that this sells your district, if you have a river, down the river. If you don't, it is down the road. What we need to do is work out a compromise, this does not do it. I know that perhaps some of you may say, "well the Representative from Eagle Lake is fairly parochial and is dealing with northern Maine". I'm not only interested in northern Maine. I am interested in equality of education throughout this state. I urge you to reject the Minority Report. If you want your own districts as to what would happen, I have the print out, because the print out was done at the very beginning based on the 269 that school districts get. It is in the budget on page 275. The operating millage is 4.9 mills. The program millage is 1 mill. The debt services is .49 mills. That is what gives you the print out that I just gave you. The difference that I gave you was what districts got last year and what they would get assuming that things remain the way they are printed here. If there are any questions, I would be more than happy to respond to those questions which deal with school subsidy.

The SPEAKER: The Chair recognizes the Representative from Waterville, Representative Jacques.

Representative JACQUES: Mr. Speaker, Men and Women of the House: The State of Maine has a new Governor who has pledged to chart a new course for the state. He has pledged to remove the gimmicks. He has pledged to remove the furlough days, the pushes, the pulls and restore this state to the once financial soundness that it was. That person cannot not do that in one year. There is not a man or a woman alive that could accomplish that in one year. We know that. The bills seem to still be popping out of the drawer, unpaid bills.

There is no question he inherited a financial disaster from the past administration. Everyone in this House has pledged that we will take a new direction. We will deal honestly with the people of

the State of Maine and pay our bills. Replacing a bunch of small gimmicks and schemes with another large one, the King Kong of gimmicks and schemes, flies in the face of the pledge that everybody made when we started down this new course. We have a Governor that is probably as popular as any Governor in our time on the second floor serving the people of the State of Maine. It is time that we bring the budget process to the light of day. We open it up for all people to see. No more behind closed doors. No more negotiations and cutting deals by a small group or a select few in this body and in the other body. Lets open this process up to the light of day.

Let people know that we are indeed serious about all the campaign promises and the pledges we made when we ran for reelection last November. To do that we have to open this process up. This Governor has given us the opportunity that we should not fail to seize. Not to do that, is a failure for us to do what we said we were going to do. Our people deserve much better than that. Tonight is the opportunity to start down that road. It is in our hands. We must not fail our people again. The choice is up to you. Thank you.

The SPEAKER: The Chair recognizes the Representative from Gray, Representative Dunn.

Representative DUNN: Mr. Speaker, Ladies and Gentlemen of the House: It has been said that we are trying to eliminate the gimmicks. The biggest gimmick of all is the hospital tax-and-match program. It has also been said tonight that there is little danger of hospitals closing. I would like to dispute that fact. We have under the proposal we have in the Minority Report the spacing of the hospital charge for the next two years based upon the net service revenue of the hospitals.

In the Majority Report and the Executive Report there is a change, but under that proposal acute care hospitals are going to be charged approximately 54 million over the next two years. This was never supposed to have been a tax on hospitals. This is the first time that hospitals are being taxed. You can call it a tax or an increase in tax whatever you want to, but the bottom line is that hospitals across this state are going to be charged additional amounts that they have not been charged to at this point.

The good Representative from Eagle Lake read off several losses that some communities might suffer. I would urge you to take a look at the report which I distributed recently and on the second page you will find a summary of hospitals that are going to be losing under the Majority Report versus the Minority Report. Many of those are very, very significant. Some of them are 2.5 million, one 5 million and several a million and more. There are some very serious problems, not only for the increase in costs to people who are sick, who cannot afford to pay those. Insurance costs are going to increase. There will be services that will be greatly restricted in some rural areas and in my belief there will be some hospitals that will be closed. There are at least 12 hospitals that are in jeopardy. The most that I have heard of that anyone can under the Majority Report can deal with is perhaps four of those 12 hospitals.

I think we have a very serious problem and we have a credibility problem with the people of the State of Maine if we do not fix this hospital tax. It was a tax that in the very beginning was not supposed to be. There was a promise to the hospitals when it was enacted in 1991 that they would be kept whole. In

the Majority Report that is not being honored. There is at least 54 million that is still being left with the hospitals. Thank you.

The SPEAKER: The Chair recognizes the Representative from Waldo, Representative Whitcomb.

Representative WHITCOMB: Mr. Speaker, Men and Women of the House: The discussion tonight reminds me of an advertisement or a public service announcement that we occasionally hear for those who have an opportunity to see television. It is June 7 and where is your solution. We have been the first to admit all the speakers in support of the report in front of us that this is far from a perfect document. The alternative, which we are not discussing, has at least a 14 million dollar hole, if you take it as a whole. We don't know what the other parts are. That to me goes back to the budgets that went through previous legislatures that were patches on top of patches. It reminds me of the old inner tube that we used to use when we went swimming as children. Eventually the patches don't work anymore and the thing goes flat.

We have had, courtesy of the Speaker's Office, a summary under the title, State Government Pays its Bills, in summarizing the report we are not talking about. The reason why I am very comfortable bringing that up tonight is because on both bills that item is exactly the same except both pieces of legislation pay the same bills and except the report that we are talking about, the Minority Report, contributes 22 million dollars more to paying the bills than that other report. We are offering you an opportunity to pay off more of those past debts, gimmicks and mistakes that other budgets pushed upon the people of the State of Maine. I know that has been a big concern of several of the speakers here tonight. We are suggesting here to you that the vote you can cast tonight will do away with more of the old bills. It is very simply that we pay all the same accounts receivable, except the report in front of you puts 22 million dollars more toward tax-and-match.

We have heard the discussion about school funding. All this report does is go back to current law with all of its problems. Where is the other solution? The Education Committee didn't even meet today. It is June 7, folks, what are we doing about the problem? I certainly hope they get back together and come up with a solution. I am willing to put in my efforts. Several of my towns were mentioned by a previous speaker in the discussion to find a solution. It is June 7 and this is the only one we are talking about. Some people have challenged the various components of this proposal in front of us. As an example, the solution for the waste management issue that is included in this budget is the one I debated against a few hours ago. It is the report accepted by the majority of this body and the other body. I assume the other report will have the same thing in it or maybe they accepted my position. I don't know. This report makes a start. It commits the money to GPA. The other is in a fund out there, somewhere.

This report offers a solution, far from perfect, to a number of the problems facing this legislature. Lets see the other alternatives soon, if there are any. This is an opportunity to eliminate taxes and start down the road to reforming our spending habits. An opportunity to put at least our hospitals on some sound footing. They can plan for the next two years. It is a budget far from perfect, but it

is a whole budget. Even if another report is offered, there isn't another whole budget on our desks.

The SPEAKER: The Chair recognizes the Representative from Berwick, Representative Murphy.

Representative MURPHY: Mr. Speaker, Ladies and Gentlemen of the House: Everybody keeps talking about reducing taxes and how ridiculous it is. I firmly believe that if we can reduce our taxes, our economy will grow. If we don't reduce our taxes, our economy is not going to grow and therefore, we would be better off by doing it.

In 1993, Maine's personal income growth as 48th in the nation. We still have the highest unemployment rate. On November 8, 1993, U.S. News and World Report ranked Maine 47th in economic health, since the recovery began in 1991. In both 1992 and 1993 more people left Maine than moved in. In 1992, 6,000 people left the state. I am sure it is because their jobs were gone. In 1993, another 3,000 left the state. I am sure because their jobs were gone also. Well there are 9,000 people who are not paying taxes in this state to help us. They voted with their feet. Maine was not the way life should be, they had to leave.

There was a study done by the Congressional Joint Economic Committee. That report included that states, of which Maine is one, that enacted the largest tax increases in the midst of the budget problems in 1990 and 1991, now finds themselves in the poorest economic conditions. The top 10 tax avoidance states created a total of 653,000 jobs between 1990 and 1993. The top 10 tax increasing states, of which we were one, brought 3,000 jobs. The author of the report concluded that Maine would be better off financially and fiscally today, if they had not raised taxes, but instead done some cutting. I grant you tonight that I believe that if we do some cutting and lower our taxes, the economy of this state will get started.

I firmly believe the only way the economy of Maine is ever going to get started is to lower the taxes on the people. Put more money back into the common persons pocket and he or she will spend it. They will spend it for necessities. We still will have a sales tax of five percent and I say that we will probably have an increase. I firmly believe that. I urge you to support the Minority Report on the budget. Thank you.

The SPEAKER: The Chair recognizes the Representative from Hampden, Representative Plowman.

Representative PLOWMAN: Mr. Speaker, Men and Women of the House: My committee spent a lot of time this year working on legislation regarding the domestic violence problems in the State of Maine. I would like you to know that this budget also contains 1 million dollars, \$500,000 per year, toward Maine's domestic violence shelters.

The SPEAKER: A roll call has been ordered. The pending question before the House is acceptance of the Minority "Ought to Pass" Report. All those in favor will vote yes; those opposed will vote no.

More than one-fifth of the members present expressed a desire for a roll call which was ordered.

ROLL CALL NO. 141

YEA - Aikman, Ault, Bailey, Barth, Bigl, Birney, Buck, Cameron, Campbell, Carleton, Chick, Clukey, Cross, Damren, Donnelly, Dunn, Farnum, Gieringer, Gooley, Greenlaw, Guerrette, Hartnett, Heino, Jones, S.; Joyce, Joyner, Kneeland, Labrecque, Lane, Layton,

Libby JD; Libby JL; Lindahl, Look, Lovett, Lumbra, Marshall, Marvin, Mayo, McAlevey, McElroy, Murphy, Nass, Nickerson, Ott, Peavey, Pendleton, Perkins, Pinkham, Plowman, Poirier, Reed, G.; Reed, W.; Rice, Robichaud, Savage, Simoneau, Spear, Stedman, Stone, Taylor, True, Tufts, Underwood, Waterhouse, Whitcomb, Winglass, Winsor.

NAY - Adams, Ahearne, Benedikt, Berry, Brennan, Bunker, Chartrand, Chase, Chizmar, Clark, Cloutier, Daggett, Davidson, Desmond, DiPietro, Dore, Driscoll, Etnier, Fisher, Fitzpatrick, Gamache, Gates, Gerry, Gould, Green, Hatch, Heeschen, Hichborn, Jacques, Johnson, Jones, K.; Joseph, Keane, Kerr, Kilkelly, Kontos, LaFountain, Lemaire, Lemke, Luther, Madore, Martin, Meres, Mitchell EH; Mitchell JE; Morrison, Nadeau, O'Gara, O'Neal, Paul, Poulin, Pouliot, Povich, Richardson, Ricker, Rosebush, Rowe, Samson, Saxl, J.; Saxl, M.; Shiah, Sirois, Stevens, Strout, Thompson, Townsend, Treat, Tripp, Tuttle, Tyler, Vigue, Volenik, Watson, Wheeler, Winn, The Speaker.

ABSENT - Bouffard, Dexter, Joy, Lemont, Rotondi, Truman, Yackobitz.

Yes, 68; No, 76; Absent, 7; Excused, 0.

68 having voted in the affirmative and 76 voted in the negative, with 7 being absent, the Minority "Ought to Pass" was not accepted.

Representative WHITCOMB of Waldo requested a roll call on the motion to accept the Majority "Ought to Pass" Report.

The SPEAKER: A roll call has been requested. For the Chair to order a roll call it must have the expressed desire of more than one-fifth of members present and voting. All those in favor will vote yes; those opposed will vote no.

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

The SPEAKER: The Chair recognizes the Representative from Presque Isle, Representative Donnelly.

Representative DONNELLY: Mr. Speaker, Men and Women of the House: As it was not proper to discuss the Majority Report while we were discussing the Minority Report, I tried to reframe from it. As we go through the Majority Report, there are two very simple points that I would like to make to you.

One, it does not significantly address the hospital sick tax. The 1991 increased and promised to go back down sales tax. The 1991 increased snack tax and promised to go down. This does not significantly do anything to help those hospitals which are most at risk to close. The second point is, we have heard a lot of discussion about a part II budget. In the part II, the Majority Report spends about 7 million dollars less than the unified Republican budget.

It is about 10 million dollars short when you start to look at part II for the items that the Governor has in part II, never mind anything anyone else might have in mind. The Majority Report does not have enough money for the issues we talked about. The Majority Report puts all the tough decisions off until later. Those are the two simple points I wanted to make. Representative Simoneau always tells me to use the kiss principle. Men and women of the House, thank you. Here is my kiss.

The SPEAKER: The Chair recognizes the Representative from Old Orchard Beach, Representative Kerr.

Representative KERR: Mr. Speaker, Men and Women of the House: The Majority Report, what it does do is it doesn't use a credit card for future impact on tax reductions. The Majority Report is going to allow this legislature to determine what the school funding formula will be. You are correct Representative Donnelly, it is a part I budget. It is that way for a reason. That is all we discussed in the Appropriations Committee room. We are still waiting for the committees to get back on welfare reform. As Representative Donnelly said earlier, the consent decree, the court master gives the Governor's proposal a warm response. It is going to take more time and more energy to resolve those issues. One thing that the Majority Report does is it gets our financial house in order and it also lets the people of this state know that state government is going to continue to move forward. It gets away from gridlock and confrontation. It funds the University. It funds the technical college at appropriate levels. I would urge this House to accept the Majority Report. Thank you.

The SPEAKER: The Chair recognizes the Representative from Poland, Representative Aikman.

Representative AIKMAN: Mr. Speaker, Ladies and Gentlemen of the House: The Majority Report, yes, is a part I budget report. When I do my household budget, I like to look at a complete year. I find it very difficult to budget for a half a year when I know that my expenses are different throughout the year. I also feel very strongly that in the Majority Report it doesn't deal with the sick tax. It doesn't set a date to repeal the sick tax. I would like to read from a letter that is dated May 24 from a former Representative.

"Dear Fellow Democrats, The tax-and-match situation has become a partisan issue, but it should not be. As a Democrat, whose devotion to improving health care for Maine people is well-known, I am deeply concerned that in the in-fighting will deal a massive blow, not only to the quality of health care, but for our citizens, but to our party as well. The tax also will increase the cost shifting problem, driving up costs of health care and insurance for our friends and relatives and neighbors. I ask you not to be fooled by the arguments being made by some that we don't need to worry about this, because the insurance company will cover the difference. This tax will fall on real people in our communities. It will fall particularly hard on the back of patients who use the hospital service." Let me repeat those last two sentences. This tax will fall on real people in our communities. It will fall particularly hard on the backs of patients who use the hospital service.

Another part from the letter says, "I am on the Board of a non-profit community hospital in York. Almost all of the Maine hospitals are non-profit community organizations run by local citizens. They are in my town and they are also a leading employer. The equivalent of a major factory in the number of people they employ and the amount of money they put into the economy. The closure of any hospital in Maine must be greeted with the same alarm as the closure of any major factory. It is not fair to make one segment of our population, the sick, to bear the

burden for a problem that was not of their making and they should be solved by all of us."

I would just like to finish by saying that I can remember back in 1991 it was the hospitals who didn't come willingly to the tables. We asked, begged and pleaded if they could help generate revenues for the state. The hospitals said thanks, but no thanks. We really don't feel comfortable doing this. Again, they were asked, can you help us? Can you help us generate revenues that are badly needed for this state? Guess what ladies and gentlemen, they did. We promised that we would repeal this tax. I feel very strongly about the fact that come July 1, 1997, that this tax should be repealed.

Down in the committee we heard from the Department of Human Services. We heard from the Maine Hospital Association and there is a lot of confusion from the department as too, well what would this tie down? Are the feds going to repeal this? When are the match monies going to stop? I guess I feel we should have something certain. The one thing that we should have certain, so everybody can plan on is if we set a date certain, so that as we continue we will know how to plan. Ladies and gentlemen, in the Majority Report this does not happen. I ask you to vote against the Majority Report.

The SPEAKER: The Chair recognizes the Representative from York, Representative Ott.

Representative OTT: Mr. Speaker, Men and Women of the House: We have now, before us, the Majority Report, which consists of part I. We have been told that this is all we need in order to move forward with this budget process. I take exception with Representative Kerr's characterization of his political perspective of how this part I budget has previously been passed. Yes it is true that back in 1981, 1983, 1985, 1987 and 1989, we did pass a part I. As Representative Donnelly has suggested, we passed that when we had a pile of money. We got that out of the way and then we had a cash cow to look at and say how are we going to spend this for the programs we want to enhance and new programs. Today we can't do that. We are not looking at a pot full of money. We are looking at limited financial resources.

It seems inconceivable to me that we would consider passing a budget without looking at the whole process in its entirety. If this body is truly interested in looking at spending of state government, I mean looking at spending without the utilization of gimmicks, if we are seriously interested and made a commitment that we are ready and prepared to come up here and make the tough decisions that might be required in the light of limited revenues, then I think it is impossible that we can act on this budget as it stands now. We have to look at a lot more than just a part I budget. I ask you to defeat the pending motion to pass this Majority Report. Thank you.

The SPEAKER: The Chair recognizes the Representative from Auburn, Representative Dore.

Representative DORE: Mr. Speaker, Ladies and Gentlemen of the House: I just want to talk to you briefly about acceptance of the Majority "Ought to Pass" Report.

A couple of things you need to think about. The Majority "Ought to Pass" Report does not have, there was a reference to keeping things simple, tax cuts that will keep things extremely complicated in the out years for our local community. We talked easily

about cutting the sales tax, income tax and repealing the snack tax. You are easily just rolling out of everyone's mouth is about 500 to 600 million dollars. If you were just saying lets replace that money with sales tax and you were going to talk about it in terms of a two year budget cycle, you would be talking about a three cent sales tax increase. This budget reasonably pays for what we do and does not anticipate a tax cut before we know how we are going to make that happen. We have to pay the bills. We have to get back on point and if we go around cutting taxes without knowing how we are going to deal with it, we are going to load that back onto the property taxes.

There is a minimum amount of money that goes to keeping this state running. We are not going to close our prisons. We are not going to close hospitals that care for our disabled children. What are we going to close, if we are not closing the state mental hospitals and facilities for disabled children. We are not going to do nothing in AFDC for people who have found themselves in a hard place. There is only one place left to go and that is to education, roads and revenue sharing for our towns. I would urge you to vote with the Majority "Ought to Pass" Report so that we can proceed with paying our bills and not harming our towns. We had a very big vote the other day for property tax relief. This is the only way we are going to get around not adding to the property tax burden. Thank you.

The SPEAKER: The Chair recognizes the Representative from Berwick, Representative Murphy.

Representative MURPHY: Mr. Speaker, Ladies and Gentlemen of the House: The hospital tax has been brought up several times. I have a letter here from Health Source of Maine which says, "This tax on hospitals will cost 269 million dollars over the next four years. Also this tax will cost each business in the State of Maine to provide health care for their employees, \$65 a year per employee and \$155 a year for employees with family coverage." I thought we made a vow we weren't going to raise taxes. This is an increase in taxes to the hospitals. It is a large increase in taxes to the smaller hospitals, but this is an increase in tax to every employer in the State of Maine. We had better stop and think what we are doing here to our businesses out there because they are leaving now and they may be leaving faster. I would hope you would vote against the Majority Report.

The SPEAKER: The Chair recognizes the Representative from Waldo, Representative Whitcomb.

Representative WHITCOMB: Mr. Speaker, Men and Women of the House: I thought the Representative from Auburn defined our differences very, very precisely. She pleaded impassioned for taxes as I believe she has for the 10 years that she has been a member of this body. I appreciate that is a difference in philosophy. I would urge you to follow the advice of the good citizens of the Ellsworth area based on the survey that landed on my desk and perhaps a desk of a few of the rest of you, who in response to the question from the good Representative from that area said, "In 64 percent they did not want to see the Governor's budget passed without changes," which is essentially the Majority Report. I don't know how they knew, but they didn't like it either. However, the more important information was in question 22 is 72 percent who asked us to pass a tax cut. The report before you has none. Thank you.

The SPEAKER: The Chair recognizes the Representative from South Portland, Representative DiPietro.

Representative DiPIETRO: Mr. Speaker, Ladies and Gentlemen of the House: Mr. Speaker, I won't be long. I just want to tell the people of the House that this budget is only going to do one thing. It is going to let the people of the State of Maine and the State of Maine employees know that we are going to pass this budget here this evening so that they will have a job and then we will get back to work on part II. Thank you very much.

The SPEAKER: The Chair recognizes the Representative from Presque Isle, Representative Donnelly.

Representative DONNELLY: Mr. Speaker, Men and Women of the House: I wish that point had been brought up because we could have passed the Minority Report and done the same thing. Thank you.

The SPEAKER: A roll call has been ordered. The pending question before the House is acceptance of the Majority "Ought to Pass" Report. All those in favor will vote yes; those opposed will vote no.

ROLL CALL NO. 142

YEA - Adams, Ahearne, Benedikt, Berry, Brennan, Bunker, Chartrand, Chase, Chizmar, Clark, Cloutier, Daggett, Davidson, Desmond, DiPietro, Dore, Driscoll, Etnier, Fisher, Fitzpatrick, Gamache, Gates, Gerry, Gould, Green, Greenlaw, Hatch, Heeschen, Hitchborn, Jacques, Johnson, Jones, K.; Joseph, Keane, Kerr, Kilkelly, Kontos, LaFountain, Lemaire, Lemke, Luther, Martin, Meres, Mitchell EH; Mitchell JE; Morrison, Nadeau, O'Gara, O'Neal, Paul, Poulin, Pouliot, Povich, Richardson, Ricker, Rosebush, Rowe, Samson, Saxl, J.; Saxl, M.; Shiah, Sirois, Stevens, Thompson, Townsend, Treat, Tripp, Tuttle, Tyler, Vigue, Volenik, Watson, Wheeler, Winn, The Speaker.

NAY - Aikman, Ault, Bailey, Barth, Bigl, Birney, Buck, Cameron, Campbell, Carleton, Chick, Clukey, Cross, Damren, Donnelly, Dunn, Farnum, Gieringer, Gooley, Guerrette, Hartnett, Heino, Jones, S.; Joyce, Joyner, Kneeland, Labrecque, Lane, Layton, Libby JD; Libby JL; Lindahl, Look, Lovett, Lumbra, Madore, Marshall, Marvin, Mayo, McAlevey, McElroy, Murphy, Nass, Nickerson, Ott, Peavey, Pendleton, Perkins, Pinkham, Plowman, Poirier, Reed, G.; Reed, W.; Rice, Robichaud, Savage, Simoneau, Spear, Stedman, Stone, Strout, Taylor, True, Tufts, Underwood, Waterhouse, Whitcomb, Winglass, Winsor.

ABSENT - Bouffard, Dexter, Joy, Lemont, Rotondi, Truman, Yackobitz.

Yes, 75; No, 69; Absent, 7; Excused, 0.

75 having voted in the affirmative and 69 voted in the negative, with 7 being absent, the Majority "Ought to Pass" Report was accepted.

The Bill was read once. Committee Amendment "A" (H-386) was read by the Clerk.

Representative KERR of Old Orchard Beach presented House Amendment "A" (H-402) to Committee Amendment "A" (H-386) which was read by the Clerk.

On motion of Representative JACQUES of Waterville, tabled pending adoption of House Amendment "A" (H-402) to Committee Amendment "A" (H-386) and specially assigned for Thursday, June 8, 1995.

At this point, the Speaker appointed Representative MITCHELL of Vassalboro to serve as Speaker Pro Tem on Thursday, June 8, 1995.