

MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD

OF THE

One Hundred And Seventeenth Legislature

OF THE

State Of Maine

VOLUME IV

FIRST REGULAR SESSION

Senate

May 2, 1995 to June 16, 1995

Out of order and under suspension of the Rules, the Senate considered the following:

COMMITTEE REPORTS

House

Divided Report

The Majority of the Committee on **APPROPRIATIONS AND FINANCIAL AFFAIRS** 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

Reported that the same **Ought to Pass as Amended by Committee Amendment "A" (H-386)**.

Signed:

Senator:

BERUBE of Androscoggin

Representatives:

- KERR of Old Orchard Beach
- POULIOT of Lewiston
- JOSEPH of Waterville
- TOWNSEND of Portland
- MORRISON of Bangor
- DIPIETRO of South Portland

The Minority of the same Committee on the same subject reported that the same **Ought to Pass as Amended by Committee Amendment "B" (H-387)**.

Signed:

Senators:

- HANLEY of Oxford
- BEGLEY of Lincoln

Representatives:

- AIKMAN of Poland
- OTT of York
- DONNELLY of Presque Isle
- SIMONEAU of Thomaston

Comes from the House with the Majority **OUGHT TO PASS AS AMENDED** Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-386) AS AMENDED BY HOUSE AMENDMENT "A" (H-402)**, thereto.

Which Reports were **READ**.

Senator **HANLEY** of Oxford moved that the Senate **ACCEPT** the Minority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "B" (H-387)** Report in **NON-CONCURRENCE**.

THE PRESIDENT PRO TEM: The Chair recognizes the Senator from Androscoggin, Senator Berube.

Senator **BERUBE:** Thank you Madam President, Ladies and Gentlemen of this Chamber. I had hoped that my distinguished Senate Chair would have been more explicit in the reasons why he feels we should accept the minority report. However, I would like to tell you why I will personally be voting against it, and urge that all of you do so as well. The first 280 pages of both of these documents are essentially the same, so with a little more effort, perhaps we could have come to a unanimous and amicable agreement, but such was not the case. I had hoped that we could agree on a package that was perhaps a little more sensitive, if you will, to the needs of the many people who rely on us for assistance, and to do so within revenue estimates. There are two major divisive issues, as I see it. First, the hospital tax question, and the other was the tax reductions.

In this report that you are asked to support, the repeal comes about in the next biennium but the actual funding would have to be found, \$300 million if you will, in 1998 and 1999. Add to that the matching federal dollars of approximately \$550 million and you have a very costly package that we are leaving to a future legislature. Bear in mind that you can repeal something today to a time certain, but there is no assurance that a future legislature will do so. Case in point, the sales tax repeal that should have come about a year or two ago, and the snack tax, that never came about. I think that those of us who are in opposition to this minority report felt that we should give the Governor's proposal a chance, giving \$19.5 million to the hospitals for this first year of the biennium, plus matching Medicaid dollars of another \$30 million or \$40 million, and repeal date, time certain, if and when the federal dollars dry up as far as the Medicaid matching funds are being allocated. Forty states have this program, and forty states, as of this moment, have not repealed their hospital tax. I would remind you that the dollars that this draws down goes for the medical services for the most vulnerable people who send us here to speak on their behalf, the elderly, the children, and those who have no means of being treated medically. The big question unanswered is where will the future legislature find \$300 million to offset this largesse that we are giving them today, in three or four years from now.

The other divided issue, which I think divided us, was the tax reduction. The sales tax reduction of 1%, the snack tax removal. In my view, and I think other members of the Committee, in fact some members of the minority report, are in agreement that before we cut taxes, and jeopardize our revenues coming in, we must, at the same time, think of cutting expenses first and then take a second breath and at that point in time, of course, we can assess whether or not we are in a good position to indeed cut taxes. There is only one true tax reduction that the people of this state want, and it is the most onerous, that is the property tax. This budget addresses it partially with \$6.4 million. The real need is \$20.8 million. You might have a chance, if you defeat this motion, to vote for a \$20.8 million

needed tax reduction. You must ask, again, where will the money come from. This tax reduction is being paid by assessing the state employees of our state 20% of their insurance premium costs, plus removing merit pay increases. Certainly, I don't believe that any employee of any company or any government should be denied the incentive to better themselves and to be more productive, and why should they not do so if they are going to have a merit pay increase. Removing that, I think, is not the right way to do it.

If you approve this minority report you will leave in the till \$2.3 million. That is not enough, in my view, to leave in the cash drawer. We are, in a sense, spending the cupboard dry if you will. I think you will have an opportunity to perhaps view another report that would address leaving a little bit more in the cash drawer. I probably have spoken too long, but in my view the role of government is to assist those who struggle to survive, whoever that may be, whatever organization that may be, and that includes business. I think that is our role. This bill does not address that at all. It lacks necessary funding for education of our students, and a lot of other issues that are not addressed. So, I would ask that you vote against the motion and perhaps then we can discuss something that would be more palatable to all of us. Thank you.

THE PRESIDENT PRO TEM: The Chair recognizes the Senator from York, Senator Lawrence.

Senator **LAWRENCE:** Thank you Madam President, Men and Women of the Senate. I think today there is an issue here of what we are going to do for the future of Maine's citizens. My concern with the motion we have before us is many-fold. Specifically I will point out a few things. What this motion does is level-fund the university system. In other words they are not going to get the increases that were originally recommended by the Governor, and that's going to mean for the average citizen of the State of Maine who sends their child to the university system, increased costs. What this does is reduces the amount recommended by the Governor to the technical college system. So, the average worker who goes to the technical college system to improve themselves, it is going to cost them more. While this bill makes an attempt at property tax cuts, it does not add property tax cuts for one single new individual in the State of Maine. Not one new single individual will receive a property tax cut because of this budget. The question before us today is whether or not we do what the people of Maine have asked of us. Let's get the state's fiscal house in order, address the gimmicks in the budget, provide the kinds of property tax cuts they want, and put the state back on a good fiscal track. What this budget would do, what this minority report would do, is not only create a problem in this budget, but in the next budget you would have a tremendous problem that would jeopardize money going back to local school districts for education. It would jeopardize the university system. It would jeopardize the technical college system. For all those reasons, I urge you to defeat the minority report. Thank you.

THE PRESIDENT PRO TEM: The Chair recognizes the Senator from Kennebec, Senator Carey.

Senator **CAREY:** Thank you Madam President, Members of the Senate. As I look at the very back end of the minority report, which is Committee Amendment "B", if you would look, on page 415 at parts RR, TT, UU, we are talking about repealing the 6% hospital assessment tax, effective in June 1997. So, that doesn't hurt us, but in the next biennium it would be \$306 million that we would have to try to make up. Under part TT we are repealing the snack tax. That's \$12.3 million that we would have to find in the next biennium, because it's really not hurting us too much this biennium. In part UU we use the general sales tax and reduce it to 5%. That will create a revenue loss to us of \$105 million, and this does not count the roughly \$7.5 million to \$8 million that will be lost to the local government fund. So, we are putting ourselves in a position of having to find, in the very next session of the legislature, the 118th, some \$500 and some odd million to try and fill some holes. I ran because I was a little sick of gimmick financing, and I have got to tell you, this is gimmick financing at its best.

THE PRESIDENT PRO TEM: The Chair recognizes the Senator from Penobscot, Senator Michaud.

Senator **MICHAUD:** Thank you Madam President. I would request a roll call, and while I'm on my feet, this is the worst I have seen as far as gimmicks. The minority report is full of gimmicks. I am very disappointed that it came out that way. Also, what concerns me the greatest, is the minority report sets the distribution formula for school funding. That's what the minority report does. It sets it at the current level that we currently have. What that means for some towns, quickly looking at the printout, Alexander will lose \$80,000, Calais will lose \$40,000, Caribou will lose around \$300,000, Eastport will lose \$77,000, and the list goes on and on. Woodland will lose \$54,000, Presque Isle will lose over \$375,000, Farmington will lose \$279,000, Jackman will lose \$114,000, Mexico will lose \$247,000, Skowhegan will lose almost \$1 million. I can go on and on and on Ladies and Gentlemen of the Senate. I'm very disappointed that this came out of Committee on partisan lines, because we all know that nothing will pass if it comes out on partisan lines. However, I am in hopes that the members of this body will vote what is right, and not what the party line tells us, because that is not always right, whether you are a Republican or a Democrat. I think I realize the problem that we have with the hospital tax. I believe that the Governor has made a commitment to address that, and I think it will be addressed, however, if you vote for the minority report, what you are voting is to accept the school funding formula as it is in current law. If you think partisan politics is worth jeopardizing the education of the young people of this state, then I would encourage you to vote for the minority report, because that is what that report does.

We all talk about education and how important it is. By voting yes, you will be voting to destroy a lot of the schools within this State. I do not believe that partisan politics is worth it. I do understand the concern with the hospital tax, and I am committing and willing to work with that. I think the Governor has also made a commitment, but we

cannot let the education system of this state go down the tubes because of partisan politics. I realize that a lot of these schools cannot afford a cut that's in this budget. I realize that this budget, both the minority and the majority, will not go anywhere until the Appropriations Committee comes out with a better report than what they came out with. I served on that Committee for four years, and we tried our best to come out with reports that would sail through the House and the Senate. This report will not pass. If the local school superintendents find out what the minority report does to their school systems, I think they will be equally as upset with this body if it accepts the minority report. Therefore, Madam President, I hope the members of this body would reject the report and I do request a Roll Call. Thank you.

On motion by Senator **MICHAUD** of Penobscot, supported by a Division of one-fifth of the members present and voting, a Roll Call was ordered.

THE PRESIDENT PRO TEM: The Chair recognizes the Senator from Somerset, Senator Cianchette.

Senator **CIANCHETTE:** Thank you Madam President. I want to admit a couple of things. I don't know all the numbers in these budgets, and I heard the Senator from Penobscot, Senator Michaud, say that Skowhegan, under this bill, the Skowhegan school district would lose \$1 million. I would like to have someone verify that to me if they could. I don't today represent Skowhegan, but I once did, and it's my understanding that Skowhegan has one of the lowest per pupil costs in the State of Maine, that's my understanding. They used to at least, I think it is still very low. This budget cuts Skowhegan school district \$1 million? Would someone please verify that for me? Thank you.

THE PRESIDENT PRO TEM: The Chair recognizes the Senator from Oxford, Senator Hanley.

Senator **HANLEY:** Thank you Madam President, Men and Women of the Senate. To answer the good Senator from Somerset, let's be quite clear. In my caucus we had said people know the issues, let's not try and get the rhetoric flowing so fast. Let's not let our emotions get away from us. Let's not have misinformation rule the day. In fact, my good seatmate, the Senator from Piscataquis, said let's hold off. The House did their part, we have all had an opportunity to review them side by side and take a look at the budgets. But I, having waited through five different speakers, I guess I did feel a need to rise and answer the question. The budget before you will utilize the last school funding formula that was in place in 1991. As far as Skowhegan goes, the formula that was in place in 1991 will be utilized but one of the very important factors that hasn't been shared is that the minority report doesn't put the \$37.8 million that we have set aside for our kids off in hopes that we may get a funding formula some day. No, we pump it into the system now. We force this legislature to say, okay, vote in a funding formula which will be appropriate. This bill before you will pump in \$37.8 million more into the school funding formula, more than was there in 1991. I guess I would like to have someone stand up, maybe some member of the Education Committee, and read through some of the printouts that have been tallied,

because there will be some winners and some losers in the education funding formula. If there weren't, it would be my understanding that this would have already been done, and would have been integrated into the budget. The minority report made a commitment to the people of the State of Maine that education is the number one priority, that we don't want to put \$37.8 million out there that may not ever get implemented by a funding formula. There has to be something in place. We took the reasonable, the rational, approach and said okay, if a previous legislature had a funding formula that the schools lived with, that had gone through the process, that had had public hearing and public testimony, that the school have lived with in 1991, and we add \$37.8 million more, that's a fair start. We are hopeful, and the way the budget reads, for those who would like to review that language, it would be applied to the funding formula. Now, if this Legislature were to adopt a new funding formula, we wouldn't have to wait for part two or something else. As soon as that funding formula was put into place, that \$37.8 million that the minority report thought it was appropriate to infuse into our school funding formula immediately, through the general purpose aid to education immediately, that was the most prudent way to go.

Now, if someone can stand up here on the floor of the Senate this evening, from the Education Committee or just someone else who has a printout, and can show the various iterations that they have looked at, that doesn't show any winners or losers, I would be most grateful. To the Senator from Somerset, if you have that information we would be most willing, in fact if the Education Committee was to come out now with a unanimous report on the funding formula, that could be adopted on an amendment on this budget on second reader. The important component that has to be kept in mind is that the minority report pumps that money into the system immediately. There is no waiting around. So, when people try and use scare tactics, using Skowhegan, or Calais, or Mexico, I don't think that's fair. I think that's misinformation. I think that's trying to distort the true facts. The true facts are that we have, in our report, \$37.8 million more to be funded by the last funding formula accepted by the legislature. It may not have been the best funding formula in 1991, but it's a continuing process, it's a fluid process here.

Before I sit down, I hope not to have to rise again to correct misinformation, but if necessary I will. Just as far as some people have said that it is full of gimmicks and they are sick of gimmick financing, and \$250 million of largesse, men and women of the Senate, the minority report is the only one that tries to diffuse crisis management. The Governor of this state has admitted that if the federal government eliminates this program, he will repeal the tax and match immediately. Why don't we be honest with the people of the State of Maine. He has admitted that if it is eliminated he is going to repeal it. There's going to be a \$250 million problem, why don't we prepare for that eventuality. I see my good friend from Cumberland, Senator Esty, who has an answer, hopefully, to the funding formula that we can interject into the debate right now. Thank you.

On motion by Senator **BUTLAND** of Cumberland, Tabled until Later in Today's Session, pending the motion by Senator **HANLEY** of Oxford that the Senate **ACCEPT** the Minority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "B"** (H-387) Report in **NON-CONCURRENCE**.

(In House, June 7, 1995, the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A"** (H-386) **AS AMENDED BY HOUSE AMENDMENT "A"** (H-402), thereto.)

(In Senate, earlier in the day, Reports **READ**.)

THE PRESIDENT PRO TEM: The Chair recognizes the Senator from Somerset, Senator Cianchette.

Senator **CIANCHETTE:** Thank you Madam President. I just had to stand up. I think I'm surprised to hear the suggestion from the Senator from Oxford, Senator Hanley, that suggests that I'm the guy who starts the rhetoric. I think that's a little strange. I asked a simple question. If I vote for this amendment that is before us now, would I be voting for a \$1 million cut in the Skowhegan school funding formula? I understood that that was an unfair question. If that's an unfair question, I don't know what a fair question is. Thank you.

THE PRESIDENT PRO TEM: The Chair recognizes the Senator from Oxford, Senator Hanley.

Senator **HANLEY:** Thank you Madam President. My apologies to the Senator from Somerset. No, it was not an unfair question. I just think it's appropriate that it be looked at in the whole context of school funding. As far as the answer, I don't think there is an answer to your question as far as will Skowhegan be hit for \$1 million because it depends on what school funding formula is in place. It was my understanding that this legislature, and the Education Committee, had made a commitment, along with the Governor, to pass out a new school funding formula, one that would be fair. If that happens prior to July 1, then I'm not sure whether or not Skowhegan may lose a million or gain a million.

THE PRESIDENT PRO TEM: The Chair recognizes the Senator from Cumberland, Senator Esty.

Senator **ESTY:** Thank you Madam President, Men and Women of the Maine Senate. I would just like to make a couple of quick points regarding some of the discussion that we have heard so far. First of all, let me make it clear to all of you that the distribution of the money has not been finalized. So, within both budgets that are proposed, there is no final distribution method. The distribution will be addressed before this session of the legislature adjourns. Secondly, what I think is most important to recognize in both of these budgets is that both parties recognize the priority that education should have within the State of Maine and within the State of Maine's budget. Both the majority and the minority report have fully funded education at the Governor's recommended levels. I think, frankly, we should all be applauded that all this is recognized as our top priority. This will be addressed in the negotiations that continue in the next few days, hopefully not in the next few weeks, but in the next few days so that it can be resolved regarding the distribution issue. Frankly, I don't think that it is, at this point in time, a point that we need to spend much of our discussion on. Thank you.

THE PRESIDENT PRO TEM: The Chair recognizes the Senator from Penobscot, Senator Michaud.

Out of order and under suspension of the Rules, the Senate considered the following:

ORDER

Joint Order

On motion by Senator **KIEFFER** of Aroostook, the following Joint Order:

ORDERED, the House concurring, that when the House and Senate adjourn, they do so until Monday, June 12, 1995, at 9:00 o'clock in the morning.
S.P. 586

Which was **READ** and **PASSED**.

Under suspension of the Rules, ordered sent down forthwith for concurrence.

The Chair laid before the Senate the following Tabled and Later Today Assigned matter:

HOUSE REPORTS - from the Committee on **APPROPRIATIONS AND FINANCIAL AFFAIRS** 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, 1997" (Emergency)

H.P. 516 L.D. 706

Majority - Ought to Pass as Amended by Committee Amendment "A" (H-386). (7 members)

Minority - Ought to Pass as Amended by Committee Amendment "B" (H-387). (6 members)

Tabled - earlier in the day by Senator **BUTLAND** of Cumberland.

Pending - the motion by Senator **HANLEY** of Oxford that the Senate **ACCEPT** the Minority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "B"** (H-387) Report in **NON-CONCURRENCE**. (Roll Call ordered.)