

MAINE STATE LEGISLATURE

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One Hundred and Eighteenth Legislature
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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, 1998 and June 30, 1999" (Emergency)

H.P. 832 L.D. 1137

Reported that the same **Ought to Pass as Amended by Committee Amendment "A" (H-15)**.

Signed:

Senators:

MICHAUD of Penobscot
CLEVELAND of Androscoggin

Representatives:

LEMAIRE of Lewiston
BERRY of Livermore
TOWNSEND of Portland
POULIN of Oakland
STEVENS of Orono
KERR of Old Orchard Beach

The Minority of the same Committee on the same subject reported that the same **Ought to Pass as Amended by Committee Amendment "B" (H-16)**.

Signed:

Senator:

BENNETT of Oxford

Representatives:

MARVIN of Cape Elizabeth
WINSOR of Norway
OTT of York
KNEELAND of Easton

Comes from the House with the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-15)** Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-15) AS AMENDED BY HOUSE AMENDMENTS "FF" (H-73); "HH" (H-75) AND "JJ" (H-82)** thereto.

Which Reports were **READ**.

Senator **MICHAUD** of Penobscot moved the Senate **ACCEPT** the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-15)** Report, in concurrence.

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

Senator **MICHAUD:** Thank you Mr. President, men and women of the Senate. First of all I'd like to thank Senator Cleveland and Senator Bennett for all the work that they've done over the last two and half months on the budget. The Committee had worked long hours, five days a week and I really appreciate that and without the cooperation of everyone from the Committee we would never have had the budget before us this evening. When we put together a budget; what we had done , we have asked all the Joint Standing Committees in the legislature to look at their portion of the budget and report back to the Appropriation Committee. They have done that, they have done a very good job. Unfortunately we were unable to accept some of their proposals but, by and large, we did accept a lot of the unanimous recommendations from those Committees. For those of you who have dealt with budgets before, you know it's a delicate process. There's a lot of give and take, there's a lot of compromises. There are items in the budget that I did not support. However, I was in the minority and they got in the budget. I will support this budget. The biggest difference, I think, where we disagree clearly is on the tax-cap issue. That's one of the major differences in this particular budget. However, I think we've got to move forward, the public wants the legislature to work cooperatively and from the comments I've been hearing, they're pleased that we are moving at the pace that we are moving so that they will know what they're getting, particularly in general purpose aid but also revenue sharing, tree growth money and lot of other moneys that were given back to municipalities in this budget. I think it's a good budget, it might not be a perfect, I think it's a good budget and I hope that you'll support the majority report. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Amero.

Senator **AMERO:** Thank you Mr. President, I request a Roll Call.

On motion by Senator **AMERO** of Cumberland, supported by a Division of at least one-fifth of the members present and voting, a Roll Call was ordered.

The Chair noted the absence of the Senator from Cumberland, Senator **ABROMSON**, and further excused the same Senator from today's Roll Call votes.

The Doorkeepers secured the Chamber.

The Secretary called the Roll with the following result:

ROLL CALL

YEAS: Senators: CAREY, CATHCART, CLEVELAND, DAGGETT, GOLDTHWAIT, JENKINS, KILKELLY, LAFOUNTAIN, LONGLEY, MICHAUD, MURRAY, NUTTING, O'GARA, PARADIS, PENDLETON, PINGREE, RAND, RUHLIN, TREAT, THE PRESIDENT - MARK W. LAWRENCE

NAYS: Senators: AMERO, BENNETT, BENOIT, BUTLAND, CASSIDY, FERGUSON, HARRIMAN, KIEFFER, LIBBY, MACKINNON, MILLS, MITCHELL, SMALL

EXCUSED: Senators: ABROMSON, HALL

20 Senators having voted in the affirmative and 13 Senators having voted in the negative, with 2 Senators being excused, the motion by Senator **MICHAUD** of Penobscot, to **ACCEPT** the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-15)** Report, in concurrence **PREVAILED**.

The Bill **READ ONCE**.

Committee Amendment "A" (H-15) **READ**.

House Amendment "FF" (H-73) to Committee Amendment "A" (H-15) **READ**.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Amero.

Senator **AMERO:** Thank you Mr. President. When the motion to adopt House Amendment "FF", I ask for a Roll Call.

THE PRESIDENT: The Senator from Cumberland, Senator Amero has requested a Roll Call. In order for the Chair to have a Roll Call it must have the expressed desire of one-fifth of the members present. All those in favor of a Roll Call will rise in their places and remain standing until counted. Obviously more than one fifth of the members present are in favor of a Roll Call, a Roll Call is ordered. The pending question before the Senate is the motion of the Senator from Penobscot, Senator Michaud, that the Senate Adopt House Amendment "FF" to Committee Amendment "A".

THE PRESIDENT: The Chair recognizes the Senator from Somerset, Senator Mills.

Senator **MILLS:** Thank you Mr. President. I would ask if anyone could explain the substance of Amendment "FF" from the House, I don't seem to have a copy immediately available to me and I'd like to know the import of the Amendment please, if anyone can answer?

THE PRESIDENT: The Senator from Somerset, Senator Mills poses a question through the Chair to anyone who may be able to answer. The Chair recognizes the Senator from Lincoln, Senator Kilkelly.

Senator **KILKELLY:** Thank you Mr. President. With apologies to Senator Mills I would ask you to repeat the question, I'm sorry.

THE PRESIDENT: The question posed by the Senator from Somerset, Senator Mills was an explanation of House Amendment "FF" to Committee Amendment "A".

Senator **KILKELLY:** Thank you Mr. President. The Amendment has been presented in the other Body to provide

money for supporting the Northeast Dairy Compact, which is extremely important to stability for dairy farmers in this State.

THE PRESIDENT: Is the Senate ready for the question? The question is Adoption of Amendment "FF" to Committee Amendment "A", a Roll Call having been ordered

The Doorkeepers secured the Chamber.

The Secretary called the Roll with the following result:

ROLL CALL

YEAS: Senators: BENNETT, CAREY, CASSIDY, CATHCART, CLEVELAND, DAGGETT, FERGUSON, GOLDTHWAIT, JENKINS, KILKELLY, LAFOUNTAIN, LIBBY, LONGLEY, MICHAUD, MILLS, MITCHELL, MURRAY, NUTTING, O'GARA, PARADIS, PENDLETON, PINGREE, RAND, RUHLIN, TREAT, THE PRESIDENT - MARK W. LAWRENCE

NAYS: Senators: AMERO, BENOIT, BUTLAND, HARRIMAN, KIEFFER, MACKINNON, SMALL

EXCUSED: Senators: ABROMSON, HALL

Senator Ferguson of Oxford requested and received leave of the Senate to change his vote from NAY to YEA.

Senator Libby of York requested and received leave of the Senate to change his vote from NAY to YEA.

Senator Mitchell of Penobscot requested and received leave of the Senate to change her vote from NAY to YEA.

Senator Bennett of Oxford requested and received leave of the Senate to change his vote from NAY to YEA.

Senator Cassidy of Washington requested and received leave of the Senate to change his vote from NAY to YEA.

26 Senators having voted in the affirmative and 7 Senators having voted in the negative, with 2 Senators being excused, House Amendment "FF" (H-73) to Committee Amendment "A" (H-15) **ADOPTED**, in concurrence.

House Amendment "HH" (H-75) to Committee Amendment "A" (H-15) **READ**.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Amero.

Senator **AMERO:** Thank you Mr. President, men and women of the Senate. House Amendment "HH" proposes to establish a new study of the whole issue of how we fund and distribute general purpose aid to education. We have had, over the course of the last decade, at least six study commissions on how to distribute funds for general purpose aid to education, certainly in the advocate of all of those studies, if somebody were willing, a case could be made for possible changes in the school funding formula. But, the most recent study, which was just completed in 1995, with so-called blue ribbon commission shared by Jack

Rosser, and probably better known as the Rosser Commission, spent several thousand dollars studying this item over a long period of time. Many people and many consultants were brought in, paid very well, that commission worked very hard, made several recommendations, many of which have not yet been considered by either Body. It seems foolhardy, to me, at this time to be investing seventy-five thousand dollars, in yet another study of how we distribute general purpose aid to education. Thank you Mr. President.

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

Senator **MICHAUD:** Thank you Mr. President, men and women of the Senate. I hope you do support "HH". When the Committee on Appropriations dealt with this issue the seventy-five thousand dollars was a tax to defining what essential programs were for Education that we originally voted that in; Later on through our work sessions, a few days later, it was suggested that maybe the Joint Standing Committee on Education ought to report out a bill to look at setting up a study. There was no additional money attached when we added that extra burden in the budget. So I hope that you would support "HH".

Off Record Remarks

THE PRESIDENT: The Chair recognizes the Senator from Sagadahoc, Senator Small.

Senator **SMALL:** Thank you Mr. President, men and women of the Senate. I believe that the good Senator from Cumberland was speaking to the original provision in the budget bill, that did have seventy-five thousand for a study. As the Chair of the Appropriations Committee said this amendment would just fund the essential program study which I think is essential. However, there is still a provision in that amendment that will be setting up another study which I do have a great deal of concern about, but I will be offering an amendment, further on in the process that will offer the option of eliminating that study and putting that decision back in the Committee where I believe it should be. But, I think it is important that we do change the bill from the original which was to have a seventy-five thousand dollar on the school funding formula and essential services which was bad policy and had no purpose being in the budget. I think it's important that we do fund the essential program study and then I will be offering an amendment that will eliminate yet another study on the funding formula that will just come out and surgically remove that part and not take the essential programs portion out so, I would support this amendment with the proviso that there'd be another amendment offered that will take out the new study, same old, same old. Thank you very much.

THE PRESIDENT: The Chair recognizes the Senator from Somerset, Senator Mills.

Senator **MILLS:** Thank you Mr. President, men and women of the Senate. I have a question for anyone who might care to answer it, if they can. Would I be correct in assuming then that the seventy-five thousand dollars that is the line item in this amendment is to be spent only on the study of what constitutes

the essential educational services and that there is no allocation of money within this amendment or within the Committee amendment to fund still another study of the school funding formula?

THE PRESIDENT: The Senator from Somerset, Senator Mills poses a question through the Chair. The Chair recognizes the Senator from Sagadahoc, Senator Small.

Senator **SMALL:** Thank you Mr. President. There is a provision in here that the Committee must report out a bill which very likely could have a price tag on it, should we be forced to do that but as I said, there will be an upcoming amendment that will address that.

THE PRESIDENT: The Chair recognizes the Senator from Aroostook, Senator Kieffer.

Senator **KIEFFER:** Thank you Mr. President. I've read this about three times and I guess I still am not clear as to what this exactly is for. Under section X-1 it makes mention of a fact that "the plan must include establishment of a system to measure and insure that schools are held accountable for student learning results" and yet, and it seems to be quite limited to that and yet over in the summary it makes mention of an implementation plan for essential programs and essential services and provides a general fund of Appropriation to the Board to support that work. Now, the two of those to me, don't seem to be consistent but perhaps they are. Could I pose a question through the Chair Mr. President to someone to clarify that for me please.

THE PRESIDENT: The Senator from Aroostook, Senator Kieffer poses a question through the Chair to anyone who may wish to answer. The Chair recognizes the Senator from Penobscot, Senator Cathcart.

Senator **CATHCART:** Mr. President, I would be glad to attempt to answer the question from the good Senator from Aroostook. The essential services study that is in this amendment is what was unanimously agreed to by the Joint Standing Committee Education and was referred to that way in the same language and I believe in our recommendations to the Appropriations Committee. This as I understand it, I was not in the 117th but as I understand it, this was already in the budget from the 117th but it was not funded and the State Board of Education was charged with doing this study which I believe they have slightly hummed away already. This is not a new study, it's been in the works for some time. Thank you Mr. President, I hope that answered the question.

THE PRESIDENT: Is the Senate ready for the question? The question before the Senate is the Adoption of House Amendment "HH" to Committee Amendment "A". The Chair will order a Division. The Chair recognizes the Senator from Cumberland, Senator Butland.

Senator **BUTLAND:** I request a Roll Call please.

On motion by Senator **BUTLAND** of Cumberland, supported by a Division of at least one-fifth of the members present and voting, a Roll Call was ordered.

The Doorkeepers secured the Chamber.

The Secretary called the Roll with the following result:

ROLL CALL

YEAS: Senators: BENNETT, CAREY, CATHCART, CLEVELAND, DAGGETT, JENKINS, KILKELLY, LAFOUNTAIN, LONGLEY, MACKINNON, MICHAUD, MILLS, MITCHELL, MURRAY, NUTTING, O'GARA, PARADIS, PENDLETON, PINGREE, RAND, RUHLIN, SMALL, TREAT, THE PRESIDENT - MARK W. LAWRENCE

NAYS: Senators: AMERO, BENOIT, BUTLAND, CASSIDY, FERGUSON, GOLDTHWAIT, HARRIMAN, KIEFFER, LIBBY

EXCUSED: Senators: ABROMSON, HALL

24 Senators having voted in the affirmative and 9 Senators having voted in the negative, with 2 Senators being excused, House Amendment "HH" (H-75) to Committee Amendment "A" (H-15) **ADOPTED**, in concurrence.

House Amendment "JJ" (H-73) to Committee Amendment "A" (H-15) **READ**.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Amero.

Senator **AMERO:** Thank you Mr. President, ladies and gentlemen of the Senate. I'd like to have one of my colleagues please explain what the contents are of this amendment?

THE PRESIDENT: The Senator from Cumberland, Senator Amero poses a question through the Chair to anyone who may wish to answer. The Chair recognizes the Senator from Androscoggin, Senator Cleveland.

Senator **CLEVELAND:** Thank you Mr. President, men and women of the Senate. This amendment provides for tax relief for the citizens of the State of Maine, specifically for relief on income taxes. It does so in the following ways; It establishes a tax relief fund. That fund is capitalized, the money is provided for it in the following ways; Ten million dollars is provided by reductions in various accounts and departments from essentially surpluses of funds that are anticipated not to be needed. Those funds are enumerated within the amendment, they come from a variety of areas. Five million of that ten million is allocated for each of the two years of the fiscal year. Additionally the fund is further capitalized by funds that would come from surpluses after the fiscal year of 98' and the fiscal year of 99'. It requires that at a minimum the first ten million dollars of surplus would go into that fund after the end of each of those fiscal years, or if there is more than ten million dollars of surplus, then seventy-five percent of the total amount of surplus would go into those funds. But, I guarantee that if there is ten million dollars, at least ten million would go into the fund. Additionally what it does is cap the income tax projection lines for FY 98' at the projected rate by the administration and once they're projected they can't be changed, and then for FY 99' it does the same. Any additional income in the income tax line above those projections would go into this fund to fund income tax relief. The relief would come by

providing an increase in the individual exemptions in the current twenty-one hundred dollars up to the federal exemption, which is about twenty-five hundred dollars, and it would increase that at a rate of fifty dollar increments, so, every time there was enough money to increase that by fifty dollars, it would go up by another fifty dollars and it's also indexed as a federal exemption is so as inflation occurs that exemption continues to increase. It would provide tax relief directly and immediately in the first fiscal year by reducing the amount of taxes that needed to be paid by all income groups by increasing the amount of the personal exemption each family could take so it provides immediate and ongoing tax relief for the people of Maine.

THE PRESIDENT: Is the Senate ready for the question? The Chair recognizes the Senator from Somerset, Senator Mills.

Senator **MILLS:** Thank you Mr. President, men and women of the Senate. It appears to me from reading the amendment, that the funding of the increase in the personal exemption; Because it comes only from either temporary funds or surplus funds, left over at the end of a fiscal year, but when you increase the personal exemption and thus reduce the tax to be realized from the income tax it would just appear to me that you're creating from year to year a built-in structural gap for a revenue shortage that is actually part of the structure of this proposal. And it is because there is no actual decrease in spending but only a plucking of stray funds from surpluses that are completely contingent. When you translate those occasional and stray surpluses into a permanent increase in the personal exemptions, and thus a permanent decrease in income taxes that you are building in a structural gap into the budget process that must be grappled with, even by this legislature, or the next. And for that reason I have very grave reservations about the mechanism that has been carpeted together in this amendment.

THE PRESIDENT: Is the Senate ready for the question? The Chair recognizes the Senator from Aroostook, Senator Kieffer.

Senator **KIEFFER:** Thank you Mr. President. Mr. President and members of the Senate. The first year portion of this seems to be funded for the most part by the appropriation of seven million dollars from the federal financial participation of providers specific gross receipts tax on nursing facilities. Has the State received confirmation from the federal government that that will not have to be repaid, or, exactly what is the current status on that. The last time I was made aware of this there was still some question as to whether that amount would have to be returned to the federal government. Is this an absolute amount now, free and clear of any repayment to the federal government.

THE PRESIDENT: The Senator from Aroostook, Senator Kieffer poses a question through the Chair to anyone who may be able to answer it. The Chair recognizes the Senator from Androscoggin, Senator Cleveland.

Senator **CLEVELAND:** Thank you Mr. President, men and women of the Senate. We have been advised by the administration that they feel very confident that those sums of money, about five million dollars, have been set aside for that possible payment. They feel very confident that that won't be required to be paid and that those funds will in actuality be excess. We have gone forward on the assurance of the

administration that they feel confident that those funds will be available and not have to be repaid.

THE PRESIDENT: The Chair recognizes the Senator from Aroostook, Senator Kieffer

Senator **KIEFFER:** Thank you Mr. President. Has the administration received anything in writing or, what generates their confidence that this will not have to be repaid?

THE PRESIDENT: The Senator from Aroostook, Senator Kieffer poses a question through the Chair to anyone who may wish to answer. The Chair recognizes the Senator from Penobscot, Senator Michaud.

Senator **MICHAUD:** Thank you Mr. President. To my knowledge, we haven't seen anything in writing whether or not that they would have to repay that or not.

THE PRESIDENT: Is the Senate ready for the question? The Chair recognizes the Senator from Oxford, Senator Bennett.

Senator **BENNETT:** Thank you Mr. President, fellow members of the Senate. I didn't rise earlier and discuss the adoption of the committee amendment when it was before us because frankly, I'm a little disappointed with the whole process here. As you all know, I voted in committee against the committee amendment that is currently before us and I did that after having worked long, hard amount of time with Senator Cleveland, Senator Michaud and the House members of the committee. I was disappointed frankly in the results of that because we were working cooperatively together for a long period of time, working very positively together. I think we made history when we passed out a supplemental budget in record time early this session with a unanimous vote. Where we are now is unfortunate and it's nothing I guess that this Senator can do about it but I was part of the negotiations after the committee process was abbreviated in trying to find some mechanism of tax relief. Frankly, I wasn't pleased with the results of those negotiations. However, there is the amendment before us now and it has, I think has been pointed out already during the debate, substantial numbers of problems with it. The funding mechanisms, in my view, are flawed. It doesn't provide enough meaningful tax relief but I do look at it as step in the right direction and frankly, I look at it as part of, possibly because I'm a hopeful optimistic person, I look at this as the first real evidence that I've seen by the other side in this debate that there's a pressing need for tax relief. And, I look at this as down payment, a gesture if you will, in a process of negotiation that for me, began much earlier in this session toward that end and for that reason I accept this gesture in good faith, I don't think this process is ended yet. I think it may appear to some and the media that this budget may be wrapped up in a matter of hours but frankly, I look at this as a gesture of good faith and yes maybe there is an understanding coming to the legislature in the other Body and this one that we need some tax relief. And maybe we can now, if we adopt this amendment, get down to talking about what kind of more meaningful relief we can provide through better mechanisms. So, I'm going to be supporting this amendment and I encourage you to do the same and I do this with a thank you and with the hope and optimism that more is yet to come and that we can return in good faith through this Body and through the other processes available in the legislature to

provide something more meaningful and without the problems that this has it may create for future legislatures in the next couple of days. So, I thank you very much and I urge your support.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Butland.

Senator **BUTLAND:** Thank you Mr. President. To pose a question through the Chair.

THE PRESIDENT: The Senator my pose his question.

Senator **BUTLAND:** Thank you. To any of my colleagues who may know the answer; A year ago this legislature thought it was going to be faced with a surplus, significantly more than fifty million dollars and unfortunately, what happened was the chief executive of the State of Maine established a reserve fund, which took, I think I'm correct, approximately twenty-two million dollars from that surplus thereby reducing the surplus to somewhere around thirty-five or six million dollars. That surplus was then distributed appropriately and the remainder was spent on some programs. What I would ask to any member who might be able to answer is: are there anymore tax lines out there that need to be reserved? If there are, do we know the amount that it is going to take to reserve those? And, in reference to amendment "JJ", are there any provisions in the amendment which prevent reserve funds from being created to diminish the size of the surplus? Thank you.

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

Senator **MICHAUD:** Thank you Mr. President, men and women of the Senate. I believe there still is some in the sales tax line which have not come in complete compliance with the acceptable accounting practices. I'm not sure the figure, but I believe it's up as high as thirty, forty million dollars. I have no idea but there is a big chunk still out there on the sales tax area and Mr. President, when the vote is taken I request a Roll Call.

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

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Butland.

Senator **BUTLAND:** Thank you Mr. President, ladies and gentlemen of the Senate. I asked three questions and got an answer to one. The one that I am most interested in was the final question which says; are there any provisions in this amendment which prevent the siphoning off of funds to go to income tax relief to create other reserve funds, for whatever reason? There are a lot of things that we've done in the State of Maine since I arrived here in nineteen eighty-eight, nineteen eighty-nine that probably don't square with generally accepted accounting practices and I'm concerned that we will never see any surplus because there will always be that need to bring us further and further into compliance, so I restate the question to any of my colleagues who might be able to answer.

THE PRESIDENT: The Senator from Cumberland, Senator Butland poses a question through the Chair to anyone who may be able to answer. The Chair recognizes the Senator from Penobscot, Senator Michaud.

Senator **MICHAUD:** Thank you Mr. President, men and women of the Senate. There's nothing in this language that would prevent any future legislature from doing that. As you know, legislatures cannot bind incoming legislatures and there's nothing in this here that we could do or, even if we did have it here, that would prevent any future legislature from repealing or changing it.

THE PRESIDENT: The Chair recognizes the Senator from Penobscot, Senator Ruhlin.

Senator **RUHLIN:** Thank you Mr. President, ladies and gentlemen of the Senate. I also would like to respond to the good Senator from Cumberland. And, I had a staff member, the analyst from the committee was in here just before you asked the question, was discussing this matter in depth. Keeping in mind that it's statutory in nature and what Senator Michaud has just said is correct. Any legislature may change any statute at any time, so it's statutory in nature. However, that question was asked to the analyst; As it is presently written those funds are protected, those funds go in there, there is no mechanism to allow for withdrawal of those funds. And in fact what we discussed is that sometime down the road, and I'm sure it will be four or five years, a future legislature is going to have to look at that fund with a possibility of establishing new goals for it because what this particular amendment does, and I have a little problem with it, but not enough to put me in opposition to the amendment, but just through a technical sense, there is a problem; That is you put funds in, it only allows you to spend those funds out to increase the deduction so it becomes similar to the federal government. Once you reach that goal however, it does not allow you to go beyond that goal, but it allows the fund to continue to grow so at some point I think the problem is just the opposite as you may have seen, that what in fact is going to be either to establish new goals or modify the fund, but that is down the road for future legislature and that would also require new statutory language. The most direct answer I can give you at this point is that it is statutory in nature and always subject to change.

THE PRESIDENT: The Chair would remind members during debate to refer their comments to the presiding officer and to refer to other members of the Body by their County and their title. The Chair recognizes the Senator from Somerset, Senator Mills.

Senator **MILLS:** Mr. President, men and women of the Senate. I wanted to echo something that Senator Bennett from Oxford touched upon and I want to thank the Senator from Penobscot, Senator Ruhlin for elucidating the mechanism by which this proposal would work, if put into effect. I simply want to share one thing that I hope we all recognize when we're looking at the forest here and not just the trees. And I think the very interesting thing about our discussions over the last several days is that we have all agreed, in principle at least, that it is the income tax primarily, that deserves the focus of our attention when seeking out meaningful measures for tax relief. And I for one, am very interested in looking at the exemption level as a mechanism for achieving income tax relief. I rather think that our

tax cap mechanism that is current law is the superior method of effectuating it. It should be allowed because it is law. It should be allowed to continue, but failing that, the close examination of exemption levels, a highly appropriate thing to be discussing. And my reservation about amendment for the House amendment that's under discussion is I don't like the funding mechanism I don't like the appearance of a promise that has no fulfillment, has no substance, it's an unfunded gesture this really, tantamount to a resolution, this Body rather than a law, as far as I can tell. But I think that it does highlight the fact that many of us are a lot closer than we thought and that the focus on the income tax, which; The unique thing about giving income tax relief is that you know that the tax relief is going to go to a Maine resident. The sales tax, at various stages, some people say a third of it is paid by people who visit us in the summer and go snowmobiling here in the winter, Canadian visitors; Perhaps as much as a third of it is paid for by out of staters. The property tax; I've heard various figures, but I suggest to you that a very significant fraction of our property taxes are paid by people who live out of state. I know in my own town, or in the town that I live next to, Skowhegan, some sixty-five percent of all the property taxes in town are paid by shareholders who live in South Africa, for which we're very grateful for their annual donations. So, looking at and focusing the energy of our two Chambers and our two parties on the income tax as the mode which people out there are demanding relief for, I think is the appropriate target for us to be shooting at and I would hope that we could develop a mechanism for affording that relief that would be far superior to the one that we have in front of us. Thank you.

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

Senator **MICHAUD:** Thank you Mr. President, men and women of the Senate. I want to make clear, this is not fake money, it's ten million dollars hard cash, and that's where the ten million dollars worth of cuts are coming from. The second item; I wouldn't want the good Senator to think that I believe the income is a top priority. I think property tax is a top priority. I wouldn't want him to think just because I'm supporting this amendment that that is high priority because it is not. Property tax is my high priority, however, in order to get a budget through, as I mentioned earlier, there are some things we have to vote on that we do not like. I'd much rather see more property tax, however, in the spirit of compromise, I will vote for this amendment because I think it's a good amendment, might not be the greatest, but I think it's a good amendment and I will be supporting it and hopefully the good Senator from Somerset will also vote in favor of the amendment.

THE PRESIDENT: The Chair recognizes the Senator from Somerset, Senator Mills.

Senator **MILLS:** Mr. President, men and women of the Senate. Just a brief response to my neighbor from Piscataquis County, I would only suggest, or Penobscot, wherever it is, it's one of those big ones off to the east, almost as big as mine. I think that property tax is a pocket problem; We have certain communities in this State that are horribly, horribly burdened with property taxes and we have other communities in this State that have low rates of eight, nine, ten and they are some of the wealthiest communities on the eastern seaboard, and to suggest

that they have a dire need for property tax relief is misguided. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Harriman.

Senator **HARRIMAN:** Thank you Mr. President, good evening ladies and gentlemen of the Senate. Mr. President if I might, I'd like to pose a question through you.

THE PRESIDENT: The Senator from Cumberland, Senator Harriman may pose his question.

Senator **HARRIMAN:** Thank you Mr. President. I'm curious to know, I've had just a few moments to read through this amendment at least one time now and I see that part of the funding vehicle that's being proposed here is a two hundred and fifty thousand dollar deappropriation from savings in the workers compensation rate for State employees. I'm wondering Mr. President if someone could share with me where those savings are coming from and why they're being proposed here when I understand there's a significant unfunded liability for workers compensations claims for State employees?

THE PRESIDENT: The Senator from Cumberland, Senator Harriman poses a question through the Chair to anyone who may wish to answer. The Chair recognizes the Senator from Androscoggin, Senator Cleveland.

Senator **CLEVELAND:** Thank you Mr. President. You need to refer to your screen when I push the buttons so that you can use your new technology. Thank you men and women of the Senate. That savings in the workers compensation account comes from a better experiential record, safety record is even better, in the anticipation of the payment of claims have been less, so this is actually a reduction in the rate, a reflection of savings as a result because of reduction in the rate because of better experience in the State workers compensation fund. So, it's actually good news for us.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Harriman.

Senator **HARRIMAN:** Thank you once again Mr. President. May I pose a question?

THE PRESIDENT: The Senator may proceed.

Senator **HARRIMAN:** Thank you Mr. President. I notice in section xx-4 that there's a transfer of funds of nine hundred thousand dollars from the Bureau of Banking Securities Division in the Department of Professional and Financial Regulation. I understand that's a dedicated account and this amendment would seek to undedicate it; I am curious to know what that fund is being used for at presently and what hole, if any, we may be creating in the Bureau of Banking. Thank you Mr. President.

THE PRESIDENT: The Senator from Cumberland, Senator Harriman poses a question through the Chair to anyone who may wish to answer. The Chair recognizes the Senator from Androscoggin, Senator Cleveland.

Senator **CLEVELAND:** Thank you Mr. President. The funds in that line actually come out again because the State's been very fortunate and benefited, as others have, from the improvement in the investment and equities and stocks and other investments and that number comes from more interest earned and more revenue from those investments in the markets so we were going to use that money for tax reduction.

THE PRESIDENT: Is the Senate ready for the question? The question before the Senate is Adoption of House Amendment "JJ" (H-82) to Committee Amendment "A" (H-15). A Roll Call has been ordered.

The Doorkeepers secured the Chamber.

The Secretary called the Roll with the following result:

ROLL CALL

YEAS: Senators: AMERO, BENNETT, BENOIT, CAREY, CASSIDY, CATHCART, CLEVELAND, DAGGETT, JENKINS, KIEFFER, KILKELLY, LAFOUNTAIN, LONGLEY, MACKINNON, MICHAUD, MILLS, MURRAY, NUTTING, O'GARA, PARADIS, PENDLETON, PINGREE, RAND, RUHLIN, TREAT, THE PRESIDENT - W. LAWRENCE

NAYS: Senators: BUTLAND, FERGUSON, GOLDTHWAIT, HARRIMAN, LIBBY, MITCHELL

ABSENT: Senator: SMALL

EXCUSED: Senators: ABROMSON, HALL

26 Senators having voted in the affirmative and 6 Senators having voted in the negative, with 1 Senator being absent and 2 Senators being excused, House Amendment "JJ" (H-82) to Committee Amendment "A" (H-15) **ADOPTED**, in concurrence.

THE PRESIDENT: The Chair recognizes the Senator from Aroostook, Senator Kieffer.

Senator **KIEFFER:** Thank you Mr. President. The time is eight fifty-two and according to the Senate Rule 514 I'd ask for a Division vote on extending beyond nine o'clock.

THE PRESIDENT: The Chair understands that the Senator from Aroostook, Senator Kieffer moves we extend past nine o'clock and requests a Division on his motion. The Chair recognizes the Senator from Aroostook, Senator Kieffer.

Senator **KIEFFER:** I'm sorry I didn't make my motion more clear. My motion is to not extend beyond nine o'clock and I ask for a Division.

THE PRESIDENT: The Chair would answer than no motion is needed because no motion has been presented to extend past nine o'clock. The Chair recognizes the Senator from Cumberland, Senator Butland.

Senator **BUTLAND:** Mr. President I would move that this bill be **TABLED** until Later in Today's Session.

Senator Butland of Cumberland moved to **TABLE** until Later in Today's Session, pending **ADOPTION** of Committee Amendment "A" (H-15) as Amended by House Amendments "FF" (H-73); "HH" (H-75) and "JJ" (H-82) thereto, in concurrence.

The Chair ordered a Division. 13 Senators having voted in the affirmative and 20 Senators having voted in the negative, the motion by Senator **BUTLAND** of Cumberland, to **TABLE**, **FAILED**.

THE PRESIDENT: The Chair recognizes the Senator from Knox, Senator Pingree.

Senator **PINGREE:** Thank you Mr. President. Mr. President, pursuant to Senate Rule 514, I move that the Senate be allowed to transact business past nine p.m.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Amero.

Senator **AMERO:** Thank you Mr. President. I request a Division.

THE PRESIDENT: The Senator from Cumberland, Senator Amero requests a Division. The Chair recognizes the Senator from Cumberland, Senator Butland.

Senator **BUTLAND:** I would inquire if we can entertain this motion prior to resolving the motion that is presently before the Body.

THE PRESIDENT: The Chair would answer in the affirmative. There is a motion before the Body, that is Adoption of Committee Amendment "A", this motion to extend is allowable because it would be dilatory not to allow this motion at this point. The pending question before the Senate is shall the Senate be able to transact business after nine p.m.?

At the request of Senator **AMERO** of Cumberland a Division was had. 20 Senators having voted in the affirmative and 13 Senators having voted in the negative, the motion by Senator **PINGREE** of Knox, to transact business after nine p.m., **FAILED**.

THE PRESIDENT: The pending question before the Senate is Adoption of Committee Amendment "A" (H-15) as Amended by House Amendment "FF" (H-73) and House Amendment "HH" (H-75) and House Amendment "JJ" (H-82) thereto, in concurrence. The Chair recognizes the Senator from Somerset, Senator Mills.

Senator **MILLS:** Mr. President, I present Senate Amendment "R" (S-50) to Committee Amendment "A" (H-15) and move its Adoption.

THE PRESIDENT: The Senator from Somerset, Senator Mills presents Senate Amendment "R" with a filing number of (S-50) to Committee Amendment "A" (H-15) and move its Adoption.

On motion by Senator **MILLS** of Somerset Senate Amendment "R" (S-50) to Committee Amendment "A" (H-15) **READ**.

THE PRESIDENT: The Chair recognizes the Senator from Somerset, Senator Mills.

Senator **MILLS:** Thank you Mr. President, men and women of the Senate. The issue that I seek to raise through proposing Senate Amendment "R" to this Body is one that is fundamental to the tax appropriation policies of this State. In a nutshell, the amendment would seek, the amendment as drafted, would curtail further enrollments in the business, equipment, tax rebate program effective April 1, 1997 and thereafter; This results in merely a five million dollar savings not in the upcoming fiscal year, but in the next fiscal year, the second fiscal year of the biennium and the amendment allocates that same money to a cause that's near and dear to my heart and I think to practically everyone in this Chamber and that it General Purpose Aid to Education. It would enable us to raise the percentage of increase on GPA in the second year of the biennium from a three percent figure with a three million dollar cushion to approximately a four percent figure and the amendment, if passed in its entirety both segments of the amendment would leave us with a balanced budget and it would have, in my view, the very significant an ameliorative effect on Maine government, Maine education and indeed the Maine economy. My concern over the so-called better program which is for those of you familiar with it, is an acronym spelled BETR, is that it is a program so open to abuse by the commercial interests that are exploiting it.

THE PRESIDENT: The Chair recognizes the Senator from Oxford, Senator Bennett and asks for what purpose the Senator rises?

Senator **BENNETT:** Point of order, Mr. President.

THE PRESIDENT: The Senator may state his point of order.

Senator **BENNETT:** Mr. President, I believe it is now nine o'clock.

On motion by Senator **BENNETT** of Oxford, **ADJOURNED**, until Friday, March 21, 1997 at 8:00 in the morning.