

MAINE STATE LEGISLATURE

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Senate Legislative Sentiments

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HOUSE REPORTS - from the Committee on **APPROPRIATIONS AND FINANCIAL AFFAIRS** on Bill "An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government and Changes to 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. 1397 L.D. 1950

Majority - **Ought to Pass as Amended by Committee Amendment "A" (H-1098)** (8 Members)

Minority - **Ought to Pass as Amended by Committee Amendment "B" (H-1099)** (5 Members)

Tabled - March 30, 1998, by Senator **PINGREE** of Knox.

Pending - **ACCEPTANCE OF EITHER REPORT**

(In House, March 30, 1998, the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-1098)** Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-1098) AS AMENDED BY HOUSE AMENDMENTS "E" (H-1109) AND "G" (H-1111)** thereto.)

(In Senate, March 30, 1998, Reports **READ**.)

Senator **CLEVELAND** of Androscoggin moved the Senate **ACCEPT** the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-1098)** Report, in concurrence.

THE PRESIDENT: The Chair recognizes the Senator from Oxford, Senator Bennett.

Senator **BENNETT:** Thank you Mr. President and fellow Members of the Senate. Good morning to you. I won't speak long on this because probably most of our minds are made up on the question of Acceptance of the Majority Report. But I will encourage you today to please consider voting against the Majority Report. The reason that we should vote against this Report is that we can and should do better. There's no question in my mind that this Body, this Senate, Members on both sides of the aisle could work very well together in fashioning a bipartisan Budget. Unfortunately, we don't have that before us today. I stand here and I am having a sense of déjà vu about last year when I was probably using the same exact words. It's a terrible precedent that we are setting on this, the most important Bill that comes before any Legislature, how we spend the precious tax dollars and fee dollars that come into us, what priorities we put. I believe that a bipartisan Budget is possible, unfortunately this proposal doesn't get us here. We have a Minority Report to this Budget which could be considered if the Majority Report fails. So by voting against the Majority Report you open the possibility to consider the merits of the Minority Report.

The Republican Budget Plan was fashioned around six basic principles. Those six basic principles can be described by the acronym **ASPIRE**. The "A" is for "Avoid Borrowing". The current plan before us does not take into account the three Bond Issues that are still on our Table in the Senate for consideration. In my view, bonding for \$2 million, \$3 million or even \$9 million in a

time when you have a \$282 million surplus doesn't make sense to Maine taxpayers. So by voting down this pending Report and voting for the Minority Report, we could put in the \$2 million for Maine Public Broadcasting Network so that they can meet the Federal Mandated Digital Television Conversion. We can put in the \$3 million for Land for Maine's Future for Public Lands. We can put in \$9 million, or another figure for Environmental Remediation which is another Bond, which is sitting on our Table. The \$9 million which leverages down to about \$5 million in Federal resources for drinking water and for water pollution improvement capital projects. So we can avoid borrowing. We also avoid borrowing, and here's a point of agreement between the Majority and Minority Reports. Both Reports suggest paying up front for capital improvements to our juvenile correctional system, \$30+ million for both South Portland and Charleston. Both Reports suggest putting \$10 million toward the construction of a new Criminal Justice Academy at Oak Grove-Coburn, a property which has been held by the State for many years, and is crumbling in Vassalboro, and deserves some attention and deserves this project. Both Reports add a significant amount of money \$19 million or \$28 million, depending on the Report, to the Rainy Day Fund which insures that the State can avoid issuing tax anticipation notes and avoid borrowing. So avoid borrowing is one of the hallmarks of the Minority Report that we will not get a chance to discuss unless we vote down the Majority Report.

Another is for "S" in my acronym **ASPIRE**, "Shrink Government Payroll." The Majority Report increases, and I didn't even understand the figure and I probably don't have it in front of me, but I thought it was 154 positions. As it turns out, it's much more than that in the Majority Report. New positions in STATE Government and I would question, unless we are dealing with a surplus, whether any of those positions, at least a net gain of 150+ or 180, or whatever the figure is, would actually be occurring. Our Report, which is not before you today but would have an opportunity if you would vote down the Majority Report, would actually eliminate the increase in positions, the net new positions if you exclude the Loring Rebuild Authority which is just a pass for Federal dollars would be less than zero.

The "P" in the **ASPIRE** acronym stands for "Promotes Education." And here is something again that Republicans and Democrats have agreed upon, 6% increase over the current year for General Purpose Aid to Education. A \$39.2 million commitment to undo the gimmick or the General Purpose Aid push. There's been a lot of pushes around here. Both Reports have \$20 million for a School Facility Authority. Both Reports provide funds for educators at the Maine Youth Center, long overdo.

The "I" in the **ASPIRE** acronym stands for "Investments in Public Infrastructure" and here again is an area where there is agreement. I already mentioned the \$20 million lending pool for public school renovations. I mentioned the Juvenile Corrections Facility. I mentioned the Criminal Justice Academy. The Reports, although the numbers are not exact, our Report is \$10 million and the Majority Report is \$12 million, provide highway improvements from the General Fund to help improve our crumbling transportation infrastructure in this State which desperately needs help. We also, as I mentioned, would pay up front for environmental improvements by funding the Environmental Remediation Bond, or at least \$9 million of it in that Report which would in turn leverage \$25 million in Federal dollars, which would mean \$34 million investment in drinking water and water pollution capital improvements. I already

mentioned the \$2 million for capital costs for Digital Television Conversion for Maine Public Broadcasting.

The "R" in the ASPIRE acronym stands for "Reduced Taxes." Here is an area of some disagreement. The Majority Report before you today offers a possibility of about \$76 million in tax cuts but it offers nothing concrete. This Report, coming out of the Committee, does not offer anything in the way of tax cuts. That decision is left for another day. It's left for either an Amendment on the floor, on this extremely important central issue in our debate, or for funding on the Table through the Bill perhaps which is on the Table to do this. Well, the alternative to this pending question are real tax cuts, real reductions. Our tax plan would reduce taxes by \$8 million more than that even suggested by the Majority Budget. Our proposal eliminates the Snack Tax. Our proposal also includes almost a 10% reduction in income taxes for Maine people. It does this in three ways. It raises the personal income tax exemption to \$2,750 to match the Federal exemption, which we all agree upon, needs to be done. Second, it increases the low income tax credit removing the tax obligation entirely for more low income Maine residents. And I think most significantly, it would provide a middle class tax cut by raising the threshold. The current threshold in law from 32 or \$33,000 for joint filers to \$40,000, or there about, where the filer gets moved from the 7% bracket to the 8½% bracket. By raising that bar, taxing that marginal income at only 7% instead of 8½%, we truly make our tax system progressive. I've said before that our income tax system is so progressive, currently, that it's almost flat because you hit the 8½% bracket so quickly. This proposal would extend that 7% bracket and provide real tax relief on income for Maine citizens. And I think it's also important to note that both Reports increase General Purpose Aid to Education, local education, by 6% over the current year. By doing that, that amounts to real property tax relief where it's needed most and that is in the rising cost and the rising burden that the financial costs of our schools are putting on our taxpayers.

Finally the "E" in the ASPIRE acronym stands for "Eliminates Gimmicks." The two most significant gimmicks are the General Purpose Aid push, which I mentioned earlier, \$39.2 million, eliminating that and also eliminating the "Shutdown Day" back pay for those two days owed to STATE employees. The good news about the alternative to what is before you today is that there is a lot more money that we leave on the Table. We don't prescribe, as the Majority Report does, which of the many items on your Calendar Table. Look at page 25 in today's Calendar. There are scores of Bills, L.D.'s which have worked their way through this process, which have shown support in the Committee of jurisdiction and have come before the both the House and the Senate and have wound up on the Appropriations Table. Our Report leaves \$7.7 million on the Appropriations Table so that those items may compete. The Majority Report, the alternative Report, which is what is before us today leaves very little money on the Table which means that unless it's in the Budget now, unless it is cherry picked by whoever does that and stuck in this Budget in the Majority Report, the chances are that a good idea won't have the chance to compete on the Appropriations Table as it should for funding. For these and other reasons and because I do believe that we can, we must do better. That we should not turn our back to the tradition of bipartisan consensus building on this most important Bill to come out of any Legislative Session, the Budget that I encourage you to vote against the pending motion so that we can go back and see if we can work out something which Republicans and

Democrats together can be proud and support. I request the yeas and nays.

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

Off Record Remarks

THE PRESIDENT: The Chair would remind Members that we are debating Report "A" of the Appropriations Report. It's appropriate to talk about what should be in there but it's inappropriate to discuss the details of another Amendment. The Chair recognizes the Senator from York, Senator Libby.

Senator **LIBBY:** Thank you Mr. President and men and women of the Senate. Good morning. I'd like to talk to you briefly about two issues in the Majority Budget which distressed me a little bit. And I think that it is always appropriate to talk about some programs with a little bit of criticism but at least with an eye on what we are doing and why we are appropriating the money in the Agencies or the Departments that we are appropriating the money to. The first problem that I have with this Budget is in the Child Development Services area. I want you to know how important that issue is to me. Because Mr. President, I served on the Child Development Services Commission this past year and I have been involved for the last three years in trying to work hard along with some other folks on trying to improve the Child Development Services System. For anyone who has served on the Education Committee or anyone who has been around the Child Development Services System, you know that it's been a difficult one and there has been some improvement over the past few years, but it has been a difficult one to balance.

In this Budget, it's my understanding, and I've taken a look at the Budget and I've talked to somebody on Appropriations and asked them for clarification, but in this Budget, it's my understanding that there is a \$2.8 million appropriation in 1997-98 and a \$1.2 million appropriation in 1998-99 that basically goes toward Child Development Services. I'm sure that you are aware, in your Districts, of the need for young children, children with special needs to get the kind of developmental therapy that they need to progress to a point where they can enter school in a position where they are ready to learn. I think that the Child Development Services, the whole idea behind the program is a very good one in that it allows for these kids to be in that position. But the question that you need to balance as a Senate, as a Body, is how much money should we put into this program to hire positions and create sites? How much money should we put into it when we are supposed to be balancing the public provision of these services with the private provision of these services?

In other words, what I am saying to you is that the system that we have now is put together by both public providers and private providers. The majority of the providers that are out there, for instance, the providers who work with kids with hearing disability or speech. The majority of those providers are private, but we have a trend in this State that I think it's important to note. We are moving toward hiring more and more public employees to provide those services and particularly, I want to note that in

Cumberland County that is happening. Now is this a good thing? Well, it is to a certain extent because if services can't be provided by private therapists, if they are not available then it's the State's responsibility to make sure that we make available those services. From that standpoint, I just want to say that we ought to be doing just that. But at what point do we cross the line and say we're going to start undercutting private providers by hiring more and more local folks to provide these services? Taxpayer dollars undercutting private providers of these services for kids. Taxpayer dollars undercutting their very livelihoods. This is exactly now what is happening in the field and this Budget promotes it. I can't let us go a step further without saying, that's exactly what's happening. You need to know that because this system will continue to eat up more and more and more dollars if we are going to go from a private service to a public one. Because for every employee that we hire for the Child Development System, we have to give them a computer. We have to give them transportation. We have to give them a budget for an office. We have to pay their retirement and on and on it goes. We know in many other fields in STATE Government that if we privatize these services, in fact we should not even be talking about privatizing these services because it's already handled by the privates. But if we keep in the private domain a lot of those costs equalize and we end up recouping some dollars and we end up saving some money by keeping those services in the private field.

Now let me take that a step further. It used to be in my area, York and Cumberland Counties that private providers for these services got \$75, \$100, \$125 per hour. Then what the State did was just a few years ago, they went down to just the Medicaid rate of \$47.50. That is what we are going to give you for these Medicaid kids for example. That's what we are going to give private providers. And you know what? The providers accepted it. They accepted it. So here we are asking private providers to do twice as much work in half the time for half the pay. That's bad enough but they accepted it and that's just part of the market. But to put money in this Budget that allows the State to expand services, beyond belief in my opinion, and undercut the private providers is something that we have not spent enough time talking about. There's been hardly a public policy debate on this floor about this issue. Why don't you go home and talk to your private providers. Give them a call and ask them what they think about this, this huge allocation that we are talking about, \$4 million to set up these sites, to hire these providers, to undercut the private market. Ask them how they feel about this. Ask them if there is going to be accountability in the system. So far there has been very little. Don't just ask the Department because that is just what we are doing. You know we have the Department come in front of the Committee and tell us about all of the woes. They tell us they need \$4 million, or whatever it is and we just hand it to them without any accountability.

Ladies and gentlemen it's a complicated system but we need to understand it. So that's one of my main problems with this particular Budget, something I haven't even heard discussed around the halls or in the Chambers, or down of the second floor. I'm sure that there will be people that may stand up and may say well, we couldn't provide these services to the kids. Guess what? We've reduced the waiting lines during the last three years by something like 80%, so don't tell me that we are not providing the services. The waiting lines are down. I think that we are not looking at this problem. I think that it is a serious problem. I know the Education Committee has been looking at this and don't get me wrong because I appreciate all of the work that the

Education Committee has done on this and we have made some progress because I just told you that the lines have been shortened. Kids are actually getting some services in about half of the time. They don't wait for over a year to get services which was exactly what was going on just three years ago. Again, I want to just emphasize this. If they are not waiting for a year to get services, if now they are getting services in a much shortened window then why are we hiring all of these people.

Go home and look in your Sunday paper and see if there is a position advertised. There's one every week. There's more than one. There was one in last Sunday's paper. I know somebody who went and interviewed for one the other day, a \$23,000 to \$28,000 a year job. And on top of that the people who go out and do the screening, we are not hiring qualified people to do the screening. We're sending people out to folks homes and they don't really understand enough about the children's needs and they are going over a Report and figuring out what the kids need. It takes somebody who knows how to do a referral to do that. We are just throwing money at the problem, ladies and gentlemen. Throwing money at the problem. And it's not the Appropriations Committee's fault, by the way, because we are talking about a very complex system. It's this natural advocacy that we have in our Department of Education that says go for it. Hire people and spend money and let's make sure that we undercut the private providers. I guess I've talked about that one enough.

Problem number 2, and this is as I said, two problems. I have a real problem with the Maine Turnpike Authority's Budget here on the enforcement part. We are talking about four new State Police positions. In the State and Local Government Committee, people argue as to whether or not we ought to be having a hearing on who should be our next State Police Chief and they probably have a pretty good point but this year we did. And when the new State Police Chief came in front of us, he said, we have to have four new State Police positions on the Maine Turnpike. And we said, why? And he said, because TransPass isn't working. People are going through not paying. So here they are, they show up in our Budget, four new positions. Sure enough. \$392,000 of enforcement. Four new positions. Ladies and gentlemen, I'm going to get some arguments on this one but I'm going to tell you right now that the TransPass system that we have in this State is a failure and I'm going to tell you why. Because when we implemented this program and spent all this money on a high-tech solution to our traffic problem, which hadn't done anything, we decide that we were going to stick it to the people who don't buy TransPass. We were going to stick it to you. We are going to let the people that get into the TransPass Program, we're going to let them have the same toll rates but if you don't get a Trans pass, you are going to pay more. So now I come up the turnpike every single day ladies and gentlemen and so do you. I get on in Westbrook and pay \$4 a day to get to Augusta. Four dollars a day to Augusta and back, \$20 a week. That's more than I spend on gas, ladies and gentlemen of the Senate. So we put in this TransPass system and we have to have four new State Police officers to talk about how we are going to stop these people from going through the TransPass aisle without paying and we jack up the cost to the average "Joe Mainer". That's exactly what's happened. We ought to be ashamed of ourselves in this Body on this particular problem. I know that I'm going to get some arguments from people on the Transportation Committee for example, but I'm telling you right now that it was a toll hike. It was an unauthorized toll hike and all this Budget does is give it a pat on the back and say it's okay. I

have refused to buy a TransPass and I'll tell you why. I'm not going to endorse a program that I don't believe in. And I'm not going to buy four new State Troopers to take care of the problem. Twenty dollars a week to come to Augusta. Guess which road I take? It's not the Maine Turnpike. But there are some folks out there who can't avoid it. They have to get on. They have to go through the New Gloucester toll. They have to go through the York toll. They have to pay 50 cents to go from Biddeford to Saco. We are doing nothing about this problem. I'm from Southern Maine. My constituents use the turnpike. We pay. And we need some help from the folks in Northern Maine, who don't have to pay, to understand this problem. And it is a problem. So I told an official from the Maine Turnpike Authority the other day that I will not be buying your TransPass. I don't believe in it and I don't appreciate the toll hike that was an unauthorized charge to me. Now, I do get my tolls reimbursed by the STATE when I am in Session so apparently I'm passing this cost onto the taxpayer.

So those are the two parts of the Budget that I really object to, Mr. President, and I think that I've got some good, strong objections. There will be some arguments about them but they are two public policy issues that we never talked about in this Chamber. When was the last time that we talked about the Turnpike Authority and when was the last time that we talked about Child Development Services. Only in Committee and there are too many advocates down in the Committee. You know the best piece of advice, some of my friends have heard this before, but the best piece of advice I ever got in the Legislature was from a fellow Representative over in the House, who's now running for Congress, and he said to me, "Don't just get on a Committee and be an advocate. If everyone becomes an advocate, all we are going to do is ignore the problems and throw money at the situation." I think there is a lot of truth to that. We ought to be spending dollars wisely up here not perpetuating the problem. Thank you very much.

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

Senator **PENDLETON:** Thank you Mr. President and men and women of the Senate. I'll just be brief. I'd like to refer to the good Senator, Senator Libby from York, as far as CDS is concerned and there are just two facts just to set the record straight. There are 2,000 providers for the CDS Program. Ninety Eight percent or 1,960 are private providers. As far as Medicaid, the requirement for Medicaid reimbursement to be at the Medicaid level, the buck has to stop here, men and women of the Senate. This Medicaid idea was passed by this Legislature as a cost effective method. So as far as debate over the Medicaid issue, it was this Legislature. So the buck has to stop here. Thanks.

THE PRESIDENT: The pending question before the Senate is the motion by the Senator from Androscoggin, Senator Cleveland, to Accept the Majority Ought to Pass as Amended by Committee Amendment "A" Report, in concurrence.

The Doorkeepers secured the Chamber.

The Secretary called the Roll with the following result:

ROLL CALL

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

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

ABSENT: Senator: JENKINS

19 Senators having voted in the affirmative and 15 Senators having voted in the negative, with 1 Senator being absent, the motion by Senator **CLEVELAND** of Androscoggin to **ACCEPT** the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-1098)** Report, in concurrence, **PREVAILED.**

READ ONCE.

Committee Amendment "A" (H-1098) **READ.**

House Amendment "E" (H-1109) to Committee Amendment "A" (H-1098) **READ** and **ADOPTED**, in concurrence.

House Amendment "G" (H-1111) to Committee Amendment "A" (H-1098) **READ.**

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

Senator **MILLS:** Thank you Mr. President. I ask for a Division and wish to speak briefly.

THE PRESIDENT: The Senator has the floor.

Senator **MILLS:** Thank you Mr. President. My comprehension of House Amendment "G" is that it essentially enacts a tax package that would include two chapters. One chapter is one that I approve of. It is a move toward matching the Federal personal exemption so that individual Maine citizens will receive a relatively uniform measure of tax relief at the base level of our table structure. And I think that both political Parties and probably 95% of the Members of these two Chambers have endorsed that proposal as has the second floor.

The second chapter of this Bill would create a whole new program to be administered by our 491 or 494 Maine communities and would impose enough of a burden on those communities, as I understand it. We are undertaking to reimburse them some \$700,000 or \$800,000, which is said to be the cost of hiring the extra people at the Town level to administer this cumbersome, new and in my view, unnecessary program. There have been discussions and there has been considerable talk about other ways in which property tax relief could be afforded to Maine citizens. This Chamber is well aware of what those options are and how this amount of money, or even considerably less than this \$47 million might be spent in a way that would leverage the relief to Maine citizens in some very remarkable ways. Either through Circuit Breaker or through

some form of leveraged revenue sharing directly to towns. There are so much more intelligent ways to spend a limited sum of precious tax dollars than to simply give it away to all Maine homeowners without regard to whether they A, need the relief or B, whether they even want it. This is the Bill that gives a tax rebate to Stephen King and his wife. I have the deepest respect for him and his family but why we are spending State dollars to spread the money around in that fashion is beyond me. I urge you to vote against Adoption of this ill-considered House Amendment "G". Thank you.

Senator **MILLS** of Somerset requested a Division.

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

Senator **RUHLIN:** Thank you Mr. President and ladies and gentlemen of the Senate. I must respond immediately to what the good Senator from Somerset said, "ill-considered"? I would point out to you with great respect that this is the same Tax Reduction Program that 31 Members of the Senate voted in favor of last week. What happened over the weekend? This didn't change. It's still a Homestead Exemption that gives immediate, direct tax reduction to the citizens and the homeowners of this State. It's still the same Tax Program that gives relief to the renters in this State. It's still the same Tax Program that grants an additional amount of money for personal income tax exemption. It's the same Tax Reduction Program that almost everybody in this room voted for last week. What happened over the weekend? This Tax Reduction Program had been proposed to give direct help to the people of the State of Maine has now been included in this Budget, appropriately so, for the people, as we spend the money, can also get their tax reduction. This is a tax reduction so that they don't have to take the money out of their pockets in the first place. That's the type of tax reduction that is true tax relief. This is not a rebate on the homestead portion. It's an exemption. The rebate means that you reach in your pocket, pull out your money and then you pay it. Then somebody sends you a check back. An exemption means that you don't pay it in the first place. That's what this is. It's an exemption, you don't pay for it in the first place. That's the best type of tax relief I know of. The people have said that they want this. This is a Budget for the people of the State of Maine. This is the appropriate place for that Tax Relief Program. It's here and this is your opportunity, all of you, to affirm what you did last week and vote for true tax relief for the citizens of the State of Maine so that we can see that the record will always show exactly how we voted this morning on this tax relief for the people of Maine. Mr. President, I ask for a Roll Call.

The President requested the Sergeant-at-Arms escort the Senator from Penobscot, Senator **MURRAY** to the rostrum where he assumed the duties as President Pro Tem.

The President retired from the Senate Chamber.

The Senate called to order by the President Pro Tem.

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

THE PRESIDENT PRO TEM: The pending question before the Senate is Adoption of House Amendment "G". The Chair recognizes the Senator from Cumberland, Senator Amero.

Senator **AMERO:** Thank you Mr. President and men and women of the Senate. The good Senator from Penobscot, Senator Ruhlin, posed a question to the Members of this Senate. He asked what happened over the weekend and I'd like to respond to that question and tell you what did happen over the weekend. Because I think we came up with a better plan, a better idea over the weekend because several people got together and put their heads together and came up with a better way of providing tax relief, a way that really helps all people in the State of Maine receive some tax relief. The plan before us right now targets the wealthy people of this State more than it does the middle and low income people. We think that there is a better way. If this Amendment is defeated, we will propose that better way that people from both Chambers have agreed makes a lot more sense in providing tax relief for the people of this State. It does it in a much more targeted and focused way and really meets the needs of the people in this State who are expecting tax relief. What we are providing them, if this Amendment passes, is not the relief that they are expecting to receive. The Homestead Exemption as proposed is not going to help the person who doesn't own a home but it is going to help the person who owns a \$500,000 home. We just don't think that's the best use of tax relief money. So that's what happened over this weekend. A better plan was proposed and a better plan is going to be offered. I would ask that you consider waiting for that better plan to come forward and vote in opposition to the pending motion. Thank you.

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

Senator **CAREY:** Thank you Mr. President. I find it a little difficult to understand how it helps a wealthy person with a home of \$500,000, if he gets a \$7,000 rake-off on his evaluation while we may have people who have a \$12,000 home who may also get that very same \$7,000. Percentage-wise there's a problem with thinking that the rich are going to get richer.

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

Senator **MILLS:** Thank you Mr. President and men and women of the Senate. The answer to that question is this. The way in which this \$47 million will be distributed will be roughly on the basis of \$120 per household across the state, \$120 given to every homeowner without even looking at, or examining the circumstances of that homeowner or determining whether that homeowner is entitled to that, by way of equity, whether it's appropriate to be giving precious State tax dollars which are collected from some of the most needy people in this State. We have a sales tax on clothing that is paid by the poor and rich alike. We have a sales tax on cars that is paid for by poor and rich alike. We have a tax on income that is somewhat progressive but it does tax the poor or the middle class as well. And we are going to continue taking money from all of those folks in order to give roughly \$120 a piece back to the very wealthiest

people in this State as well as some people who are not so wealthy. But the very poor do not own homes. So in reality, we are taking money through regressive taxation measures, the sales tax is my prime example. We are taking money from poor people and middle class people who spend their money on the sales tax and we are redistributing it to middle class and high income people. Now if that's sound tax policy, I give up.

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

Senator **CAREY:** Thank you Mr. President. I'd like to point out to the Senator from Somerset, Senator Mills, who has maybe been here two or three terms, for some of us a little longer, but I would like to say to him that for years the State has neglected to pay its share of education. Way back in the 60's, we set a goal of 55% immediately that would be paid for by the State. I was here when we did that. Then in the 70's, that was increased up to 60% and currently the State pays an average of about 42% to 44% of education. Who has been making up the difference? That very same homeowner who we are trying to help.

THE PRESIDENT PRO TEM: The Chair recognizes the Senator from Franklin, Senator Benoit.

Senator **BENOIT:** Thank you Mr. President. May it please the Senate. A couple of weeks ago I walked into Fizzi's Donut Shop in Rangeley into a hornets nest. The place was packed. They had been reading about this Homestead Exemption. There had been a lot of publicity about it. You know Maine people are pretty keen. They understand what this program is and what it isn't. They understand that it covers folks who own property. It doesn't give tax relief to those who rent. Neither does it give tax relief to those who own rental property. Nor does it give tax relief to those with small businesses. So I walked into a hornets nest. The gist of the hornets nest is this and it's just one of the particulars that they were complaining about. They said, you know, if we pay less real estate tax under this Homestead Exemption and if we itemize our income tax, and most of those folks in Fizzi's Donut Shop that morning fit that category, itemizing their income tax. They are going to be paying more because they have less to deduct, less to itemize and paying less tax under this exemption. They are going to be paying more income tax to the State and in particular to the Federal Government and that's what really got them going. The tax relief that we are going to be giving Maine people is going to end up in Washington. And they are working on a pretty good surplus already down there. And my constituents just do not understand why it is necessary under this Homestead Exemption to be sending more money to Washington. Thank you Mr. President.

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

Senator **RULHIN:** Thank you Mr. President. You know I'm not going to talk this thing to death because we've already discussed it. We've got a lot of work to do. We have a lot of heavy lifting in this Chamber today, when it comes to Legislation, to do. We ought to be about the people's business but we also should remember the facts and the information that we have. I would remind the good Senator from the Rangeley area, and I apologize for I've forgotten the name of the County right now but from that area, that in one fell swoop in this proposal we are

increasing the eligibility for tax relief to 20% of the renters of the State of Maine. Please keep that in mind. This is for renters as well as homeowners. It is less money the people have to pay. That's tax relief pure and simple. Right in the dictionary. Look it up. Tax relief means pay less. Thank you Mr. President.

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

Senator **HARRIMAN:** Thank you Mr. President. Good morning ladies and gentlemen of the Senate. I think it's interesting that we're all here to debate what's the best form of tax relief. That's a great problem to have. The first time since I've had the honor of being here that that's even been a viable discussion. And in that context I would just like to suggest that what's really important is that we leave here showing the people of Maine that we understand that leaving more money in the family checkbook is in their best interest, our economy's best interest and certainly in the long range benefit of the great State of Maine. And I think what's worth pausing for a moment to ask ourselves one last time, is this fair, is this simple and is this direct? I ask you, if we could just lower some rates we wouldn't need to hire three more people to work in the Bureau of Revenue Services at a starting cost of \$150,000 to implement a program that many people at the municipal government level fear justifiably, as someone who served at the municipal level at one point, that if the State Budget runs into trouble again, as it did just a few years ago and the Bureau of Revenue Services through the Legislation that is before us determines that they need to change the Homestead Exemption amount, that is going to fall directly back onto the taxpayer, more specifically, onto the Town Councils and Town Selectpeople who run our communities. Is it fair that unless you have your home ownership in a proper title as it relates to State Law, you don't get the tax relief?

Let me give you just one example. As you know more and more of our citizens, proportionately speaking, are nearing their retirement age and are choosing to live in an environment where there is a continuation of care. Perhaps they move into an apartment and within the same facility they can move into assisted living and then private duty nurse and then perhaps, ultimately, full nursing home care 24 hours a day. These facilities are being constructed as we speak. One is in my District called Thorton Oaks in Brunswick. There's another one proposed in Scarborough and perhaps others near where you live. Well, as it turns out they own their apartment in a cooperative. Therefore, under the pending Legislation, they won't qualify for a Homestead Exemption. That's not fair.

It seems to me that it's also worth pausing for a moment to remember that in the last Session, the First Session of the Regular 118th, it was deemed prudent and wise to set up a Tax Relief Fund so that we were not putting out tax relief that was not able to be accounted for. So we set up a Tax Relief Fund and those of us who feel that that commitment should be honored felt that with well over a \$100 million in there that there was a lot to talk about in terms of tax relief. And being prudent, we recognized that the verifiable ongoing amount of money that could be counted into that fund year after year after year was about \$84 million. Yet, in the Amendment before us, it says that the State Controller is authorized to transfer \$29 million from the Tax Relief Fund. That's not fair. That's not the promise that we made. So it's not a matter of wasting time, it's a matter of principal. Because if we don't stand up now for what we believe in and what we told our constituents we were going to do, we're

going to fall for anything, for the next great idea or the next challenge that comes across. To go invade the Tax Relief Fund to do something other than what we promised, or later to recognize that the measure before us is not fair, is not simple, is not direct and it will be back again trying to tinker with it. We do have, Mr. President, some common sense solutions that reduce rates, that are simple to implement and are fair to all. I hope that will have a chance to present that you will support them. Thank you Mr. President.

Off Record Remarks

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

Senator **BENNETT:** Thank you Mr. President. A point of parliamentary inquiry.

THE PRESIDENT PRO TEM: The Senator may state his inquiry.

Senator **BENNETT:** Thank you. Is it correct, Mr. President, if we now Adopt House Amendment "G" that any further Amendments to the Budget that pertain to the tax relief moneys will be Improperly Before the Body?

THE PRESIDENT PRO TEM: In response to the Senator's inquiry. At this time we have no clear indication of the Amendments that have been drafted but not yet offered, whether they would conflict with the pending House Amendment or not. And the issue would have to be taken up as those Amendments are presented as to whether or not they are Properly Before the Body. The Chair recognizes the Senator from Oxford, Senator Bennett.

Senator **BENNETT:** Thank you Mr. President. Thank you for the helpful, parliamentary advice. A further point of parliamentary inquiry. Under what conditions might such Amendments be in conflict? Is it simply the numbering of the paragraphs or the lettering of the paragraphs, or sections within the Bill or parts thereto, or is it the substance of the Amendments? Thank you.

THE PRESIDENT PRO TEM: In response to the further inquiry. The best answer that I can give you at this point is that there has been no indication from Engrossing or from the Revisor's office that the Amendments that have been drafted thus far are in conflict either House Amendment "E" or "G" which the Body is currently considering. Whether or not that occurs, some kind of a conflict, if an Amendment is put on may be raised at Engrossing and that may have to be taken up, if there is in fact a conflict. But at this time there has been no indication that a conflict exists. The Chair requests the purpose for which the Senator rises?

Senator **MILLS:** To follow up, to elucidate the current question asked by Senator Bennett.

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

Senator **MILLS:** Thank you Mr. President. It's a very technical and I hope a nit picky point but all of the Amendments I think are labeled triple E-1 in the first section and in fact that is true of both the House Amendments that have come to us this morning. The one that we have Adopted, House Amendment "E", is labeled triple E-1 and the one that we have under consideration, House Amendment "G", is also labeled with triple E-1. I assume that it is the purpose of Engrossing to sort out the paragraphing of the Bill, and as long as the substance is not in conflict, that we would be free to proceed with our current drafts. I have to assume that to be true but I'm asking really if that is.

THE PRESIDENT PRO TEM: Apparently we are all proceeding under the same assumption. The Chair recognizes the Senator from Oxford, Senator Ferguson.

Senator **FERGUSON:** Thank you Mr. President and ladies and gentlemen of the Senate. The good Senator from Penobscot, Senator Ruhlman, mentioned when he spoke this morning, when we had previously voted for this Amendment, Amendment "G". That may be true but one little point that did change is that the digits changed. The Homestead Exemption was originally \$7,500, and in this particular Amendment it's \$7,000. I just wanted to point that out to the Members of the Body that technically it may be the same thing. The Amendment may be worded the same as what we voted on previously but it is a reduced amount and it's about 6½% lower than it was last Friday when we voted on it. Thank you Mr. President.

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

Senator **KIEFFER:** Thank you Mr. President and ladies and gentlemen of the Senate. It's quite amazing to me to hear the differences of what constitutes tax relief to different individuals. Here we have a situation where we have overcharged and over collected over \$300 million of taxpayers money. Money we have no right to. We're giving \$75 million of that back and calling it tax relief. That, to me, is a joke. In January I heard a story related to how this money came about by the death of Aunt Minnie. Well the story went that Aunt Minnie died and this was the way the money came to be left to the State. I don't think Aunt Minnie died at all. I think that Aunt Minnie is alive and well. I think the problem is that she has been mugged. I believe that the State of Maine has mugged her and taken the contents of her purse and then handed the purse back to her and said, here Aunt Minnie, go home and fill that up because next year we are going to do it again. Now we are going into this knowing full well that we are over collecting taxes. Why don't we do it on the front end and reduce the rates so we are not over collecting the taxes in the first place. If you go and ask a bank for change for a \$50 bill and they give you \$20 back, is that really what you went into the bank for? This isn't even our money and yet we are taking \$225 million of taxpayer money and spending it. Thank you Mr. President.

THE PRESIDENT PRO TEM: The pending question before the Senate is Adoption of House Amendment "G". A Roll Call has been requested.

The Doorkeepers secured the Chamber.

The Secretary called the Roll with the following result:

ROLL CALL

Senate called to order by the President.

YEAS: Senators: BENNETT, CAREY, CASSIDY, CATHCART, CLEVELAND, DAGGETT, GOLDTHWAIT, KILKELLY, LAFOUNTAIN, LAWRENCE, LIBBY, LONGLEY, MACKINNON, MICHAUD, NUTTING, O'GARA, PARADIS, PENDLETON, PINGREE, RAND, RUHLIN, TREAT, THE PRESIDENT PRO TEM - ROBERT E. MURRAY

NAYS: Senators: ABROMSON, AMERO, BENOIT, BUTLAND, FERGUSON, HALL, HARRIMAN, KIEFFER, MILLS, MITCHELL, SMALL

ABSENT: Senator: JENKINS

23 Senators having voted in the affirmative and 11 Senators having voted in the negative, with 1 Senator being absent, House Amendment "G" (H-1111) to Committee Amendment "A" (H-1098) **ADOPTED**, in concurrence.

On motion by Senator **PINGREE** of Knox, **TABLED** until Later in Today's Session, pending **ADOPTION OF COMMITTEE AMENDMENT "A" (H-1098) AS AMENDED BY HOUSE AMENDMENTS "E" (H-1109) AND "G" (H-1111)** thereto, in concurrence.

Senator **PINGREE** of Knox was granted unanimous consent to address the Senate off the Record.

Off Record Remarks

Senator **AMERO** of Cumberland was granted unanimous consent to address the Senate off the Record.

Off Record Remarks

Senator **GOLDTHWAIT** of Hancock was granted unanimous consent to address the Senate off the Record.

Off Record Remarks

On motion by Senator **PINGREE** of Knox, **RECESSED** until the sound of the bell.

After Recess

ORDERS OF THE DAY

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

Bill "An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government and Changes to 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. 1397 L.D. 1950

Tabled - March 31, 1998, by Senator **PINGREE** of Knox.

Pending - **ADOPTION OF COMMITTEE AMENDMENT "A" (H-1098) AS AMENDED BY HOUSE AMENDMENTS "E" (H-1109) AND "G" (H-1111)** thereto, in concurrence

(In House, March 30, 1998, the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-1098)** Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-1098) AS AMENDED BY HOUSE AMENDMENTS "E" (H-1109) AND "G" (H-1111)** thereto.)

(In Senate, March 31, 1998, the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-1098)** Report **ACCEPTED**, in concurrence. **COMMITTEE AMENDMENT "A" (H-1098) READ. HOUSE AMENDMENTS "E" (H-1109) AND "G" (H-1111) to COMMITTEE AMENDMENT "A" (H-1098) READ** and **ADOPTED**, in concurrence.)

On motion by Senator **MILLS** of Somerset, Senate Amendment "U" (S-671) to Committee Amendment "A" (H-1098) **READ**.

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

Senator **MILLS:** Thank you Mr. President and men and women of the Senate. The substance of Senate Amendment "U" has to do with certain specifics under the Business and Equipment Tax Rebate Program. You may recall that, I believe it was last year, that a policy decision was made not to include within the BETR Program our public utilities. And indeed we passed an Amendment to the BETR Program that retroactively excluded utility property and infrastructure from treatment under the BETR Program. And it was an important articulation of State policy that utilities should not be within the program. However, with the arrival of utility deregulation in the electrical industry and the arrival of natural gas coming in at us from both the east and west, the proposed laying of pipelines across our State, the proposal to build gas fired power generated systems in various locations, it raised a technical issue but a very important issue as to whether all of this infrastructure would have to be treated as BETR property requiring the State of Maine to reimburse the municipalities where these properties are located for 100% of the