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Legislative Record
House of Representatives
One Hundred and Twentieth Legislature
State of Maine

Volume II

First Regular Session

May 18, 2001 – June 22, 2001

Second Regular Session

January 2, 2002 – March 6, 2002

Pages 890-1770

Divided Report

Majority Report of the Committee on **APPROPRIATIONS AND FINANCIAL AFFAIRS** reporting **Ought to Pass as Amended by Committee Amendment "A" (H-724)** on Bill "An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2002 and June 30, 2003" (EMERGENCY)

(H.P. 655) (L.D. 855)

Signed:

Senators:

GOLDTHWAIT of Hancock
CATHCART of Penobscot
MILLS of Somersset

Representatives:

BERRY of Livermore
MAILHOT of Lewiston
TESSIER of Fairfield
BRANNIGAN of Portland
ETNIER of Harpswell
JONES of Greenville

Minority Report of the same Committee reporting **Ought to Pass as Amended by Committee Amendment "B" (H-725)** on same Bill.

Signed:

Representatives:

NASS of Acton
WINSOR of Norway
BELANGER of Caribou
ROSEN of Bucksport

READ.

Representative BERRY of Livermore moved that the House **ACCEPT the Majority Ought to Pass as Amended Report.**

The SPEAKER: The Chair recognizes the Representative from Livermore, Representative Berry.

Representative BERRY: Mr. Speaker, Men and Women of the House. The budget document before you, Committee Amendment "A," and I would say even the Minority Report, represents a great deal of work by the Appropriations Committee and I want to recognize them all for their hard work and dedication to the people of Maine. When we first started on the Part II Budget, we tried to get started without knowing our starting point. We resolved our Part I Budget, finally, and we began our work in earnest. We found many areas where we found unanimous agreement. We prioritized the Chief Executive's Part II Budget. We included and reviewed some of the legislative priorities in that process, but we prioritized items from what we considered must dos, re-classes that were negotiated items or items such as the salary plan for state employees, portions of the Corrections Plan, the implementation that they need to continue to complete their work. We prioritized their must do items and consent decree items, which we feel are essential to meet the terms of the community consent decree. We had unanimous agreement to those priorities, in what we called the Section 1 priorities. Section 2 priorities, which were the second year education. It is 3 percent GPA and 2.5 percent for higher education. I understand the Minority Report does have a different total, a higher number, but there was unanimous agreement to a level.

We actually worked through the priority list in our Section 3, with other legislative requests, Part II requests, and it was really not new and expanded services as we may have seen in the past. Most everything has been an extension of prior

commitment or meeting the costs to meet those prior commitments, such as the incubators. It was enacted by the previous Legislature. A portion of it didn't get established in time and it had to be in the Part II Budget to establish that as what would be current services in the next budget cycle.

The entire committee worked to prioritize this Section 3. It reflects those priorities of both parties, as well as our Independent Senate Chair. I think it reflects a fair method of resolving the issues. We know that we have a great diversity in our leadership and makeup.

In our Section 3, which is included in the Majority Report, there are COLA adjustments for items. There are some limited expansions, such as Women, Work and Community and the Jobs for Maine Graduates. Jobs for Maine Graduates is one that lost federal money. We are able to say that we are going to restore that and allow you to establish a limited number of new sites. They had hoped to establish more sites. It has been a fantastic program and they have had broad support from all corners, I think. The Career Centers are an item in the budget. It is not a new program. They have lost some federal funding as well. We are restoring that federal loss. I think their request was \$1.5 million a year. We are at \$1 million a year.

There are economic development initiatives, such as the incubators and biomedical research and R & D at the University. We recognize that it is important to promote business in Maine and future opportunities to maintain our revenue and our jobs and that effort. There are a couple positions, another case of lost federal funds, the two EMS positions in the Bureau of Emergency Services under Public Safety. We felt it was important. They have done an amazing job to bring accountability and professionalism to the emergency services.

I believe that the majority budget reflects the committee recommendations of the jurisdictional committees, as best we could. I know all the members of this body worked tirelessly on your own committees and looked at your issues in great detail and made recommendations to us, if they required funding. I believe we did the best we could to reflect that.

The Appropriations Committee, mostly we were limited to a level of no more than \$57 million of new revenues. There were some places where we changed priorities. We identified existing sources of money where we felt that there were priorities that were more appropriate. Domestic violence, I know I will have a speaker on that, but I know that is a priority. We have had 144 co-signers on the bill. It has great support.

I have looked through these items so many times, I feel like I have repeated myself already. The Appropriations Committee, we worked to a level of \$47 million on the priority lists. That was where our cutoff was before we would get to the \$10 million set aside by leadership in the caucuses for an Appropriations Table. I have to admit when I first heard that, I said, that is never going to work. I was really surprised at how well it did work. It did work, I guess. There are some items in some of the other caucus reports that I would never have supported, but I know there are some in ours that would not have been supported by others. In fairness to all the caucuses, they do have the opportunity to represent their priorities. I know that it is an awkward moment here, I guess, when we talk about the House Republican Caucus and their priorities. It is my hope that my colleagues from the other party will see the benefits of a two-thirds budget and will include bills that they would see as priorities. I already looked at the list and I see some bills there that I would like to see happen. I know that they have been worked very hard. Some of them are existing programs and worked well and they deserve to be continued.

I really haven't spoke to the revenue side. The new revenues will be derived from the 7 percent meal tax on non-Class A

restaurants. From that 7 percent, there would be a percentage dedicated to tourism. They have never had that. They have had to come and fight for every marketing dollar that they have got, which comes back to the Maine economy in jobs. Thirty percent of that, we feel, taxes collected from the meals tax would be paid by out of staters. It would come back to the Maine economy to help support our government.

The other portion is the cigarette tax, 20 cents a pack. The cigarette tax, I know there are some, and I know I am not excited about enacting that, I said that when we did our Part I and voted for it then. Maine still has one of the highest rates of teen smokers and this has proven to be a deterrent. I think there are real needs in the state, some priorities, some health and safety issues that we need to address. It is a budget issue now and I understand that.

I know I didn't get as organized as I had hoped. We have been working right up until not long ago. I do want to commend the Appropriations Committee again for their hard work and cooperative effort, I believe. It has been quite an experience. I hope you will support the pending motion. Thank you.

The SPEAKER: The Chair recognizes the Representative from Acton, Representative Nass.

Representative **NASS**: Mr. Speaker, Men and Women of the House. It is true, your Appropriations Committee, I think, made an extremely honest effort to come to agreement on a Part II. I think it is appropriate now to remind us all that we essentially did come together on the emergency budget and the Part I. The huge majority of spending for the State of Maine was done by consensus or as near consensus as we can get here.

Now comes the Part II, it is theoretically new programs and new spending. By enlarge the budget that has been presented to you today does meet that bill. There are few deviations from it. Now we have a difference of opinion, but, again, I think it is worth saying that if you go down through the list of items that are funded, the vast majority of the items are the same in both budgets. As I think I said before, we agreed that funding the various parts of the consent decree, the AMHI consent decree, is important. We have a whole bunch of ins and outs where departments are moving money around that we did not disagree on or there was federal money involved, we didn't disagree. There is a whole bunch of other stuff that slips down through this thing where we agree. The list of things that we agree on is huge and where we disagree, it is pretty small, but also pretty significant.

We will disagree and urge that you vote against this with the tax increases. We think that a smaller budget can pass this Legislature that does not require taxes to be increased. We say there is another model out there to pick up revenue sources that have been discarded in this effort through the last four or five months. We think that a budget that appropriates around \$40 million and raises a little bit more than that is sufficient to get us through the remainder of this year and recognize that we will back here in January, again, with another supplemental or emergency budget to deal with.

There is a number of important things that we agree on, but may have put in different places in the budget. We have agreed, essentially, to spend money on health insurance for retired teachers. We have agreed to begin to spend on setting aside against an unfunded liability for health insurance for all the state employees. We have agreed that the prison in Thomaston needs to be demolished. We have agreed that the Magnet School needs some additional funding.

We will present a version that basically provides some up front money for biomedical research and research and development in general. Perhaps more important in all these, we will show a way to essentially provide or set aside some money

for tax conformity. It is a big issue that is coming up next year. We feel that if we don't begin to provide for that now, we won't be prepared to fund it next year. The federal tax system is changing dramatically. We in Maine, the Legislature, will have a choice to go along or to continue to extract additional money from our citizens. We would choose to conform. We want to prepare for that.

We also in our budget set aside a small amount of money, pretty much as recommended by the Chief Executive, for domestic violence and sexual assault. What we understood to be the highest priorities, were those people that were concerned about this, particularly the domestic violence and sexual assault forensic examiners board and the sexual assault and forensic examiners program. There are other proposals out there that would fund much higher amounts. We would suggest that we will join with the majority when we get to enactment and support those also.

Ladies and gentlemen, by enlarge, there is much more similarity here than there is difference. The differences are important. I would urge that you would reject the report in front of you and that we go on and have a broader discussion about what some of the other options are. Thank you Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Bridgton, Representative Waterhouse.

Representative **WATERHOUSE**: Mr. Speaker, May I pose a question through the Chair?

The SPEAKER: The Representative may pose his question.

Representative **WATERHOUSE**: Mr. Speaker, Men and Women of the House. To anybody who could answer, in this majority budget, this item before us now, how much new debt service is incurred with this budget and what is the total number of new positions?

The SPEAKER: The Representative from Bridgton, Representative Waterhouse has posed a question through the Chair to anyone who may care to respond. The Chair recognizes the Representative from Acton, Representative Nass.

Representative **NASS**: Mr. Speaker, Ladies and Gentlemen of the House. We were struggling for the past few moments to come up with a number of positions added and we still don't have that number. We hope that shortly we will and be able to present that. In the scurry of activity and finishing up this Part II, there are still some details that we haven't put together yet.

The SPEAKER: The Chair recognizes the Representative from Bridgton, Representative Waterhouse.

Representative **WATERHOUSE**: Mr. Speaker, Ladies and Gentlemen of the House. There are many reasons why I can't support this budget and two of them are the ones I just mentioned and I didn't get any answer for it at this stage and this is the stage we are voting on in the budget. I find this budget an amazing position coming out of a Part I Budget where there was no, or very little, money left.

I counted up the new initiatives in this budget before me and there are 317 new initiatives. A lot of them having to do with new spending. There are new taxes. I call it taxes on Happy Meals and the cigarette tax. For those of you who have been here since the 117th, you have heard me talk about a report that was put out by Lori LaChance, the State Economist, called *Dollars and Sense*. She made the point that during the '80s the Legislature's spending was out of control because we had all kinds of money pouring in and then in the early '90s we had a problem and to answer that problem we raised taxes.

Those of you who have a short memory, remember during the middle '90s in the 118th and 119th, we had surplus monies. In fact in the 119th, I think we had over \$300 million and we spent all of that. Here we go again. We are increasing taxes, as far as I am concerned, on those least able to afford it. Cigarette

taxes, a lot of people with low income smoke. We know we think we are doing them some good by telling them how to live their lives, so we are going to raise their taxes so they will stop smoking. If we have as a goal, a tobacco free Maine, yet we insist on funding programs with the very revenue we are trying to kill, it reminds me of somebody crawling out on a limb of a tree and proceeding to saw that limb off. It makes no rational sense to me, other than the fact that we just want to haul in some more money and do some more spending. I urge you to vote against this pending motion.

The SPEAKER: The Chair recognizes the Representative from Gardiner, Representative Colwell.

Representative COLWELL: Mr. Speaker, Men and Women of the House. I rise today to proudly support this budget. I am able to say that by saying I am proudly supporting it, I have no doubt that I am serving the best interest of my constituents. I will leave here in a week and tell everyone that I continued to support programs that matter to Maine families. I have always felt that we, as lawmakers, have a real opportunity to provide real solutions to real problems and that is what this budget does.

It keeps our commitment to increasing general purpose aid to education by including the 3 percent increase to our local school districts next year that troubled so many in the Part I Budget. We made a promise and we kept it. It is here in this Part II Budget, the 3 percent that worried so many of you. We made a promise and we kept it.

We also made a promise that we were going to increase the amount of investment in our higher education by 2.5 percent or an additional \$5.5 million. We made a promise and we kept it. It is right here. It is vital to give our next generation every opportunity to stay in Maine and we need to invest in both local schools and higher education to do that. We need to do that so that we can compete in the new economy, where the new jobs are being grown. We are making that dream a reality. Giving our higher education and post secondary institutions the tools to attract and retain students will absolutely have a great return for all Maine residents as our economy grows.

In this budget we heard the calls made by our teachers and we increased the teacher health insurance state payment from 30 percent to 35 percent. We made a promise and we kept it. The Representative from Acton said, and I agree, that many of the items in both budgets are the same. It is true that the minority budget does have the Governor's position for sexual assault examiner. The majority budget doubles the investment in putting an end to domestic violence and sexual assault in this state. It doubles it. It brings us up to \$4.5 million a biennium. We heard the cries of the domestic violence and sexual assault community here in this Legislature this year. That is why so many of you supported that legislation and I am very grateful. None of that means anything if we don't step to the plate and vote for this majority budget. You can't end the number one crime problem in the State of Maine with hollow promises. We need to make a promise like we did in January when that bill came out and we need to keep it now. We need to make sure that those women and children know that this Legislature is sending help. This budget does it. It provides the funding to make that happen. We have to say to those women and children, statewide, that help is on the way. We have continued to invest in Maine's future by funding research and development programs such as, research and development at USM and another major investment in biomedical research that will bring close to \$100 million in new investment in this state and up to 250 new jobs. Those are good jobs. Those are high tech jobs. Those are the jobs that are growing in this country and we need to make them grow in Maine. We made a promise to do that and we are keeping it in this budget.

Those of us on this side of the aisle are very committed to protecting the Fund for a Healthy Maine, which we established to ensure that fewer young people take up smoking and to improve the general health of all Mainers. I guess there are many similarities, but if you look at the bottom line, sometime I am a bottom line guy, and if you go down to the bottom of the goldenrod sheet that is on everyone's desk, you will see a bottom line that says estimates of structural gap. That is insider jargon and it is baseball, what it really means is, what are we going to leave the next Legislature in red ink? The majority budget has \$45 million less red ink than the Minority Report, that is \$45 million. That is a lot of money. I guess to go further, I would just point out that that structural gap, one of the huge differences between the Majority Report and the Minority Report is that we did step up to the plate and we did put some new revenues in to pay for the second year of GPA, the increase of 3 percent. We did put in revenues to pay for the increased funding for domestic violence and the increased investment in our higher education. We had ongoing reliable revenues to do that. My biggest concern about the alternative that is being offered is the use of one-time money to fund ongoing programs like GPA, domestic violence, teacher health care. We are just setting ourselves up for a bigger problem later on. We need to be responsible now. We need to govern now. We made tough choices in Part I. We cut programs by \$125 million. We need to meet the needs of the citizens of Maine here and now. This budget does that.

I think we have made those tough choices and we are moving our state in the right direction with our commitment to education and all those other issues that I have mentioned. I stand here to say that I am proud that we kept our promise and we have delivered on our commitments and that is why I would urge all of my colleagues to stand with me today and cast a vote for a budget that stands and delivers on the promise that we made. Thank you.

Representative BRUNO of Raymond **REQUESTED** a roll call on the motion to **ACCEPT** the Majority **Ought to Pass as Amended** Report.

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

The SPEAKER: The Chair recognizes the Representative from Raymond, Representative Bruno.

Representative BRUNO: Mr. Speaker, Men and Women of the House. I would like to start off by thanking the Speaker and the Majority Leader for bargaining this budget in good faith and I sincerely mean that. We have ideological differences on this budget. We have sat down and talked and talked and when we found that we couldn't agree, we left amicably. That is a true sign of respect for you, Mr. Speaker. I thank you.

Our ideological differences separate us to the point where we have to break off on this budget. We have an economy that is in a downfall right now. The Representative from Lincoln, Representative Carr, passed out something that we all should read before we vote on this budget about all the jobs that Maine is losing. When the Maine economy is in a downfall, that is probably the worst time that we can raise taxes on Maine people. No matter what tax it is, it is the wrong time when we are growing negatively. A lot of people are saying, how can you have supported the same taxes in the Part I Budget and not support it now? We have a different view right now. We now know that there is going to be a \$20 million surplus, more than likely, that wasn't there back in March. I have a gut feeling that tells me that \$20 million may actually grow to a little more than \$30 million. If I go home and tell my people that I voted for taxes and then we have \$20 million or \$30 or whatever that number surplus is, how do I explain that? I can't do it in good faith.

We have a list that goes on forever. You know what we always forget about? It is the need of the Maine taxpayer. The Maine taxpayer is tired, beaten up, exhausted, can't pay anymore, whether it is property tax, cigarette tax, meals tax or you name it. All we have done is raise taxes continuously over the last 10 years up here. We rolled some back, absolutely. It is like giving it back in one pot and taking it from another. It is no different.

I heard about the domestic violence piece in the majority budget, but since the Minority Report is not on your desk yet, you will see that it is also funded in the Minority Report. There are a lot of points made by the Majority Leader from Gardiner, but we also do the same thing in the report that you will see later on. As a matter of fact, we increased GPA to 4 percent and put a cushion in and we still do it without raising taxes.

We talked about the structural gap. If the Minority Report was to raise your taxes, our structural gap would be lower. Last year we left here and we were okay with a \$220 million structural gap and we all knew it when we left. All of a sudden this year it is a big deal. Frankly, I have lost faith in some numbers up here. I haven't lost faith in the people of Maine. The people of Maine are tired. I have supported tax increases in the past when I thought they were absolutely necessary. If I have to support a tax increase because I thought it was absolutely necessary this time, I would. I don't feel that way anymore. I think we can leave here without having to raise taxes and do everything we absolutely have to do to keep Maine functioning and to even expand programs to a certain extent. We can do it without raising taxes. We can come back here in January and take a different look and maybe the Maine economy may turn around and maybe it won't. There will be nothing that prevents us in January from raising taxes if we have to raise taxes.

Ladies and gentlemen, I will be voting against the Majority Report. I urge you to. I hope you will get a chance to look at another amendment later on. Thank you Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Harpswell, Representative Etnier.

Representative **ETNIER**: Mr. Speaker, Men and Women of the House. I rise in support of the Majority Report, which I am proud to be on. Before I go any further, I specifically want to thank the members of the House Republicans that are on the committee, the Representative from Norway, Representative Winsor; the Representative from Caribou, Representative Belanger; the Representative from Acton, Representative Nass and the Representative from Bucksport, Representative Rosen. They have been tremendous assets to this institution. They have been tremendous assets to the committee. It has been a pleasure serving with them and working with them. No matter what happens between now and the end of session, that will remain the truth and I will feel the same.

There were a couple of things that I wanted to mention that have come up. One, the Representative from Raymond, Representative Bruno, mentions the Minority Report, Committee Amendment "B." It is on my desk. It has been here for a while. I urge you to look through it. Unless I am missing something, it does not fund the domestic violence piece or any portion, frankly, of LD 524, the Majority Leader's bill. It does fund an advisory board related to sexual assault forensic examiner, but it certainly does not fund any portion of LD 524. It certainly does not fund the \$4.2 million worth of that bill that the Majority Report does. I urge Representative Bruno to send me the information on that, because I believe he might be in error on that.

Another correction I would like to make relative to something my good friend from Bridgton mentioned. He referred to 300 some odd new initiatives that are found within the Majority

Report. Folks, I haven't taken the time out of my life to count what is called new initiatives in budgets, but there are certainly hundreds of them in both reports. Anything that shows up as a new initiative includes such things as transfers of positions, de-allocation of money, reductions in spending, reclassifications of positions or anything related to the Baxter Victims' Compensation Fund and if you look at the Majority Report, or you look from Page 64 to 74, for example, all issues related to the consent decree, those are, every one of those, dozens of them, if not hundreds, are considered for the purposes of budgeting new initiatives. Don't be misled, my friends, by the phrase new initiative, because it is fairly meaningless I have discovered and certainly over 300 of them would seem alarming to me, if I didn't know for a fact that it is a fairly meaningless phrase.

Representative Carr passed out something about prior to voting on budget issues, please read these attachments regarding recent layoffs. I thought that was a helpful to some degree, relative to the budget, I am not quite sure, but it points up a couple things that are in the majority budget that are not in the minority budget. Some of them have been touched on, but I think if you want to talk about economic development initiatives, you will find those in the Majority Report. You will not find them to the same degree in the Minority Report. For example, tourism funding, \$2.2 million in the Majority Report with an ongoing source for that revenue from the meals and lodging tax. There is \$140,000 for redoing some technical studies for the lobster fishing industry so that we can make our case with the feds that we are doing fine and we don't need their help, thank you very much. There is \$140,000 to help protect the Maine lobster fishing industry. That is \$100,000, that is not in the Minority Report. There is \$100,000 for economic development specifically in Somerset County. That is in the Majority Report, but it is not in the Minority Report. There is \$2 million for career center funding within the Department of Labor. This is not a new initiative. It is just to keep the career centers going. They help folks who are looking for work and who have lost work from some of these layoffs to find work and to get retrained. It is a very important program for people throughout the State of Maine. That is \$2 million that are in the Majority Report and nothing that I know of in the Minority Report. The incubators you have heard about. Biomedical and R & D research, those initiatives show up to a far greater degree in the Majority Report. They are not funded from lapsed balances, which require a two-thirds vote to achieve, they are funded within the budget at a higher level as well as Epscor, which is another technological initiative, along with something that is not at all in the Minority Report that I know of, is the \$50,000 for development at the Eastport Pier, the Eastport dock in Eastport, Maine, to help with promotion of that facility. Also, there is \$140,000 for Jobs for Maine Graduates is in the majority, but not in the minority. Also, \$1.2 or \$1.3 million for the New Century Arts Program. It is something we funded in the last biennium at around \$3.6 million, I believe. We fund it at a little less than half of that in the Majority Report. It is a hugely significant statewide initiative that has helped promote cultural tourism statewide with grants to every one of your towns on a statewide basis. It requires a match from the local communities. It is a great program and is economic development in a very strong way. It helps with the tourism industry, I believe, in a very strong way.

The good Representative from Raymond, Representative Bruno, talked about we have done nothing but raise taxes around here. Were that the case, I wouldn't be standing here today looking at these \$57 million worth of tax increases that we are looking to ignore, had we not cut approximately \$450 million per year in taxes since I have been here in the 117th. I don't

suppose we would be having this debate if we hadn't cut the sales tax and the snack tax and increased BETR and the homestead exemption and the circuit breaker and whatever else. We wouldn't be having this conversation, I can assure you. I am not begrudging those cuts, I just want to set the record straight that those are real returns in money to the folks in our communities and they should not be taken for granted or taken lightly. It is a substantive issue.

The structural gap was addressed by my good friend from Raymond, Representative Bruno, and how coming into this session of the Legislature we were looking at around a \$220 million structural gap or at the end of the last session, we were looking at that for this session and how that wasn't viewed as the end of the world. I am not sure it is the end of the world either way, but, ladies and gentlemen, we are in a far different picture now than we were last year in terms of the state of the economy on the national level and also on the state level. I think it is far less easy to absorb a large structural gap now than it was a year ago. Frankly, the structural gap in either one of these budgets is higher than I would like to see it, but it is certainly lower in the majority budget. I think, therefore, more responsible.

In summation, I think the Majority Report is a responsible route to go. Yes, there are tax increases in it. You know what, there are \$11 million less than the tax increases that were proposed in the Part I Budget. There is \$57 million worth of tax increases in this Part II Budget. Those of you who voted for the Part I Budget voted for \$68 million worth of taxes. We did cut the tax increases that were proposed by \$11 million. That is substantive.

Please take all these things into consideration and vote for what I believe is a far more responsible budget, the Majority Report, when you cast your vote. Thank you.

The SPEAKER: The Chair recognizes the Representative from Caribou, Representative Belanger.

Representative **BELANGER**: Mr. Speaker, Men and Women of the House. I also want to say a few words about the committee process. As a freshman on the Appropriations Committee, it has been quite a learning experience. It has been a pleasure to work with the members, from both sides of the aisle. I also want to compliment our House Chair, Representative Berry, who has done an excellent job and the members from the other side of the aisle, Representatives Mailhot, Tessier, Brannigan, Etnier and Jones. They are all outstanding people. It has been my pleasure to work with them and regardless of what side of the aisle you sit on, you can be proud of the people on this committee because they have worked hard to try to reach consensus and bring something before you that is the best for the people of Maine.

As has been said by just about every previous speaker, we have agreed on most of this budget, particularly Sections 1 and 2. When we got down to things that were probably not absolutely necessary that they be done, this is where the philosophical differences began to appear. Let me point out some of the differences. The minority budget that is on your desk has a 4 percent increase for General Purpose Aid in the second year and it also has \$3 million for a cushion. I don't think there is anyone in this chamber that doesn't think that is going to be a major concern when we get back here in January, that is funding the second year of GPA.

Of course the other major difference are the taxes. There are two taxes in the majority budget, which totaled \$57 million, which are not in the minority budget. Members of the minority felt that with a soft economy and with a number of job losses around the state that we should hold off on any tax increases as long as we possibly could. This is what really explains the structural gap, the difference between the two reports. If we had instituted the

\$57 million in new taxes, our structural gap, in fact, would be less.

With regard to the differences contained on some of the priority items, be it domestic violence, new century programs, all those types of programs, I would refer you to the goldenrod paper and take a look at the Special Appropriations Table. There is almost \$9 million left in the Minority Report that can address many of these needs that are being discussed as not being in the Minority Report. There is about \$9 million for the table and I am sure we could find some consensus in running that table that would include some of these priorities.

I would urge you to think very carefully about what we are about to do and what is going to best for the people of Maine, what is going to best for the economy of Maine, because in the end, a good economy is a great leveler. I would urge you to vote against the pending motion and go on to pass Committee Report "B." Thank you.

The SPEAKER: The Chair recognizes the Representative from Bridgton, Representative Waterhouse.

Representative **WATERHOUSE**: Mr. Speaker, Ladies and Gentlemen of the House. Just very briefly to reply to some of the comments from my good friend, the Representative from Harpswell. Some of us do have a lot of other things to do with their lives, but with a budget of this size appears before us, some of us do go over it with a fine tooth comb. He is correct about those 300 and some odd new initiatives, but a great many of them do have money attached to them. That is the point that I was trying to get across to everybody.

The good Representative mentioned about the tax cuts in the past. I might refresh the members of the House that the sales tax had a trigger on it. The trigger had gone into effect once and brought the sales tax from 6 to 6.5 percent. The trigger was poised to do the same again. The Legislature in its wisdom repealed the trigger and delayed the effect that the trigger would have taken, keeping \$30 million from the people's pocket and putting it into spending instead and getting rid of the trigger also, which means that will not happen again automatically. The snack tax was facing a people's repeal. One of the biggest tax cuts we made back in the 117th was the hospital sick tax. That was a shell game that the federal government caught us in and said we could not do that anymore. Not too many people felt that other than the hospitals. When you add those all up, you can see our tendency to cut taxes is not that great.

This budget does create two new taxes, a lot more spending and if my count is correct, I am not sure it is, but I do go over these things with a fine tooth comb, it looks to me like 163.5 positions.

The SPEAKER: The Chair recognizes the Representative from Raymond, Representative Bruno.

Representative **BRUNO**: Mr. Speaker, Men and Women of the House. I felt the need to respond to the good Representative from Harpswell, Representative Etnier's comment that when you look at Committee Report "B," you don't see the domestic violence piece in there. We kind of knew that we would never get to discuss Committee Report "B," so we are preparing a House Amendment, which will be talked about on the second reading of the bill, which has the piece in there.

While I am up, I also need to respond that you only raised taxes \$57 million, so you cut \$11 million. The only reason we did that is because of the timing of the tax increases. It has nothing to do with you cutting \$11 million. You just couldn't get it enacted fast enough, so now you lost \$11 million in revenue. In the next biennium you will be collecting \$76 million in revenue. That is really not a tax decrease then is it or isn't it? I think we are really going to have \$76 million in new taxes, that is in effect for the full biennium. Thank you Mr. Speaker.

The **SPEAKER**: The Chair recognizes the Representative from Harpswell, Representative Etnier.

Representative **ETNIER**: Mr. Speaker, Men and Women of the House. Far be it from me to joust with the far superior Representative from Raymond, Representative Bruno. Had they chosen to put in domestic violence piece, as did the majority, you would be seeing it in that inch thick document of theirs. It is not there.

In the Part I Budget, the proposal was for a 26 cent increase on a pack of cigarettes is my recollection. The proposal before you today is a 20 cent increase on a pack of cigarette. That is a very large difference between those two taxes. Thank you.

The **SPEAKER**: The Chair recognizes the Representative from Monmouth, Representative Green.

Representative **GREEN**: Mr. Speaker, Ladies and Gentlemen of the House. I could not sit and listen to taxes discussed without rising at one point to just clear the air here. I am sure that the good Representative from Bridgton meant to say that taxes went from 6 to 5.5, not to 6.5 percent. I know that. In fact, it did go down. I would like to run through the \$450 million worth of tax cuts that we have, in fact, enacted in this Legislature in just the last two plus years. The hospital tax and match that was mentioned, was a leftover from the McKernan Administration when we got caught, kind of with our pants down, and copied many other states, because, at that time, it was something that, in fact, could be done. It was not a great idea. However, we were very restricted in our abilities to raise revenues and this was a reasonable idea at the time. We got rid of that. We enacted a so-called snack tax also in the tough times and it was not a pretty thing and we got rid of that. What we did do was we instituted a homestead property tax for every single Maine citizen that relieved, according to pretty much every single Maine citizen, the most onerous of our taxes, property taxes. We have continued to fund that. It was not a one-time deal. I have many constituents who said this is nice, but I know it will never go on. It is going on, ladies and gentlemen, and that is real tax relief. We also included two income tax cuts. One was an increase in personal deductions that people saw this year and the other was an increase in the deduction for public and military pensions. We have fixed the little problem. Lots of times we don't know about the problems until we start seeing something work. That has been fixed as well.

So, what have we done? We have cut property taxes. We have cut income taxes and we have cut sales taxes, \$450 million worth. That is nothing to sneeze at.

The **SPEAKER**: The Chair recognizes the Representative from Lewiston, Representative Mendros.

Representative **MENDROS**: Mr. Speaker, Ladies and Gentlemen of the House. We heard a bunch of great economic development proposals that are in the majority budget. There are all these great programs for people that are losing work. We wouldn't need to bribe companies to come to Maine if we didn't have an oppressive tax code. They would want to be here. If you don't believe me and you think that is theoretical, you can look at the economy of our neighbors to the south and west, New Hampshire and look at ours and wonder why ours always starts going up slower than them and why it always drops faster than them. They don't have an oppressive tax code. They don't have to bribe people to come to their state. People like going to their state. People like working in their state.

We heard about huge tax cuts that we have given under this particular Executive, I think that is still what we call him. Yet, when this Executive took office, we were spending \$2.9 billion and now this budget is over \$5 billion. It has almost doubled. If my personal income were to drop every year, but yet over a six

or seven period, total income would double, I think I would be pretty happy. I still don't quite understand that.

Let's go on. This budget increases taxes by \$57 million. That is not true. It increases taxes by \$67 million because the minority budget has an extra \$10 million to general purpose aid to education. We have all heard, and it was just said by the previous speaker, that the most onerous tax on Maine citizens is property tax. Where is that \$10 million going to come from? I will tell you where it is going to come from in my town, because they are talking about raising our mil rate another 2 points, which will give Lewiston a higher property tax mil rate than Manchester, New Hampshire, which only has property taxes. It doesn't have income tax. It doesn't have sales tax and now they have a lower property tax than we do. That is pretty joyous. We are looking at \$67 million in new taxes and \$10 million of which we dump off on all our local office holders that they have to deal with.

For the \$67 million, what have we got? We got some economic development packages, which we wouldn't need if we weren't oppressing our people with high taxes and we get \$4.2 million for domestic violence. We have heard there is \$9 million on the table so that could be funded anyway. For this \$4.2 million, which 144 of us did agree is a good idea, we are going to jack up \$67 million in new taxes. It doesn't make sense to me.

The **SPEAKER**: The Chair recognizes the Representative from Kossuth Township, Representative Bunker.

Representative **BUNKER**: Mr. Speaker, Men and Women of the House. I have sat through some debates on the budget in the past and I don't hear anything different or new this year than I have in the past. It boils down to some basic things. To begin with, I do want to thank all of the Appropriations members on both sides of the aisles, because we know that when the Appropriations process is complete, the majority budget usually reflects all the hard work of both committees from both sides of the aisle. I want to thank them for that. It is a hard long list of things that you see on the goldenrod sheet that follows page after page after page and it takes a lot of diligence and a lot of work to find those items and to figure out what has to be funded and what doesn't have to. I don't see there is any fat in this budget. I see there are a couple of programs that we would look at as being essential and necessary for the good people of the State of Maine. I know there is a lot of individual lists. If you want to pick a budget a part it is pretty easy to do. Downeast Corrections, we are talking about economic development, that \$350,000 isn't in the minority budget and that is 95 good paying jobs in Washington County that are being jeopardized by the fact that we have to stand here and argue between Minority and Majority Reports. We know that the consensus from both sides of the aisle are in the majority budget. The differences here are very simple. The simple thing is either you provide the revenues to pay your bills or you defer it and have a larger structural gap. Which one is fiscally responsible? We hear a lot of rhetoric here. We all know that the rhetoric on this floor is simply for one reason only and that is so we can line up for the next political process and see the ads that we tried to hold the line on taxes, etc. I think that is a sad thing. We have a moral responsibility to the people here to operate state government or to provide the necessary services and it seems like time and time again we get down here again to the same old posturing on the floor debating budgets that essentially don't mean a hill of beans difference between the two budgets. We spend essentially the same amount of money in both budgets. The only difference is in one of them we fund and the other one we defer and a larger structural gap. Give me a break. It really doesn't make any difference. The difference between these two budgets and where we want to spend our money, whether it is on the needs of the people or we want to send it back for political reasons to say

that we increased GPA and widened the structural gap of the \$3 million cushion for education. There are all kinds of issues here. I would ask that we move forward and vote on the budget. Hopefully when it comes back to this body, we can look at some modifications and they may help all of us.

The SPEAKER: The Chair recognizes the Representative from Raymond, Representative Bruno. Having spoken twice now requests unanimous consent to address the House a third time. Is there objection? Chair hears no objection, the Representative may proceed.

Representative **BRUNO**: Mr. Speaker, Men and Women of the House. I think this is the first time in four terms up here that I have spoken three times on the same issue. I have to take great offense to what was just said by the Representative from Kossuth Township. I stood up initially and said, "Thank you Mr. Speaker for your respectful nature." If he thinks we are just posturing here, I can assure him that he is sadly mistaken. This is an ideological difference. I have had great respect for this process for quite a while and I was hoping this process would continue that way, but obviously we are stepping it down a notch right here.

Mr. Speaker, Men and Women of the House, this is not about posturing for the election. I could care less about the next election. If people don't want to vote me up here, I don't have a problem with that. I will go home and run on my record any single day, whoever you want to run against me, I don't care. This is about my personal and deep felt belief that this budget is wrong. That is all it is about. I don't take kindly to people suggesting that there is only one thing we are doing up here. Mr. Speaker, I apologize for the tone of my debate here, but I don't think it was a necessary for the Representative from Kossuth Township to address me in that manner.

The SPEAKER: The Chair recognizes the Representative from Waldoboro, Representative Trahan.

Representative **TRAHAN**: Mr. Speaker, Honorable Members of the House. I do rise to add some information to this debate that might not have been heard in the past. I will begin, just briefly, by saying that before I ever became involved in politics, one of my biggest concerns was why was my taxes always going up? Why was the state budget always increasing? As soon as I was elected, I started to look into why that was. What were the mechanisms in place to try to reduce government spending? How is the government looking at its spending before it started to raise taxes and increase spending? What I found was a real sad testament, ladies and gentlemen, to fiscal responsibility.

Back in 1977, the Maine Legislature passed the Maine Sunset Act. The purpose of this act was to require the Legislature to evaluate the needs and performance of the departments and agencies to recommend termination of agencies that had outlived their purpose. Unfortunately, that act was repealed in 1989. It was replaced with another act, the Government Evaluations Act. This Government Evaluations Act was supposed to look at budgets every two years to reduce fat in those budgets and make recommendations to the full Legislature to reduce spending. In the 119th Maine Legislature, the State and Local Committee did a report on this Government Evaluations Act. What their report said was, some policy committees have yet to conduct the GEA review. The committees review of the process is limited to the extent that not all of policy committees have undertaken a GEA review. Several of the program evaluation reports prepared by the agencies provided little or no assessment of the agencies progress. It went on to say that, please listen closely to this statement, finally, the program evaluation reports of several agencies offered more information about emerging issues, than they did about the programs for which they were responsible. This may

particularly be the case for emerging issues, which could easily be viewed as a wish list.

In other words, the very program to look at our spending is being used to promote new and expanded programs. Basically no one is at the till. Imagine a banking process or a loan agency that basically allowed anyone to come in off the street and borrow money and nobody watched how they were spending it. That is basically what is going on in state government. That is why each year it is so difficult for the Legislature to cut spending. No one is looking at spending anymore. We are stuck with the decision of only one direction and that is to raise taxes. For whatever it is worth, ladies and gentlemen of the House, I add this to the debate that probably hasn't been said in the future, what we are doing here is poor fiscal management. In the future, I would ask that the committee chairs with more power than I have to take a close look at this Act and see if we need it in place any longer. Maybe we need to bring back the old Sunset Act. Thank you.

The SPEAKER: The Chair recognizes the Representative from Greenville, Representative Jones.

Representative **JONES**: Mr. Speaker, Men and Women of the House. I rise today to ask you to support on the Part II majority budget. I want to personally thank each and every member of the Appropriations Committee for their tireless dedication in this process. As a member of the Appropriations Committee, I have been through all of the deliberations, along with my fellow colleagues on both the Part I and Part II Budgets. I can assure you that this Part II Budget is financially responsible and addresses the needs across the entire State of Maine, whether you are from the County or York County.

We all care about our children, our seniors and our veterans. The majority budget addresses those very issues. If you care about women and women's issues, such as cervical and breast cancer, then this budget is for you. If you care about health care, then this budget is for you. If you revere our natural resources, this budget is for you. If the thought of domestic violence sickens you, then this budget is for you.

Our seniors can look forward to a much needed cost of living adjustment for the elderly low-cost drug program. We have maintained the integrity in the Fund for a Healthy Maine. We are looking into the viability of a single-payor initiative. We are providing long overdue assistance to the visually impaired, whether they are in our schools or in our homes. We are providing funds for the victims of abuse at the Baxter School for the Deaf. This has finally occurred after over 20 years of asking for compensation. Now, at least, victims will be spared having to come to another Legislature. They should not have to come to another Legislature. Each and every one of these items is vital to the well being of the people of the State of Maine. This budget brings the Game Wardens' retirement up to parity with the State Police. It only seems fair to treat the oldest enforcement agency in this state, who has lost the most number of lives of any enforcement agency who works each and every day all day long, with the same respect and consideration of all other enforcement agencies in this great state. The Minority Report does not consider their years of working seven days a week, 24 hours a day.

This budget will allow for a dedicated revenue stream to our tourism industry. Now, for once, we can market the entire State of Maine. Even in our businesses we can't plan month to month. We have to plan year to year. If we are going to have increased economic development in our state, we need to have a proper tourism budget that is permanent. We are the only state in the United States left with this two-tier tax. Most importantly, this budget is sustainable. We have assured continuous funding for the budget. This budget meets the needs of Maine citizens

around the state and does not particularly favor one group or geographic location. This budget is fair and reasonable. Our challenge was to balance the need of all Maine citizens fairly and responsibly in this world of reduced tax revenue. I believe that we have met those challenges and we have done it in a way that helps our most vulnerable citizens, further economic development and helps Maine to become a place where innovation and creativity can thrive where human values can flourish, where respect for those that have come before us, can still be recognized.

For these reasons, and many, many more, as you have an opportunity to review the document, I ask you to please support the majority budget. If we pass this budget, we will be able to return to our communities knowing that we have done the people's work. We have heard their voices and we have done it with sensitivity and responsibility. Those choices were very tough, but we kept those promises. Please support the Majority Report. Thank you.

The SPEAKER: The Chair recognizes the Representative from Norway, Representative Winsor.

Representative **WINSOR**: Mr. Speaker, Men and Women of the House. First of all, I want to take this moment to thank the members and my colleagues on the Appropriations Committee for their kind comments and tell them that I, too, have enjoyed this last few months, not the late nights, of course, but I think the course of debate and our discussions have been intellectually interesting and certainly courteous and the camaraderie in that committee is phenomenal. I would urge anybody who would like to see some really great people to meet these individuals one on one. It has been a marvelous experience.

That said, I must say that I have to disagree with the majority in a number of different areas. To me, a budget is a matter of choices. I think it sets a tone of where we are going to go for the next two years. I am concerned with the direction that the state is heading. When I was elected in the 117th Legislature and came here, I remember distinctly the State of the State Address where the Chief Executive bemoaned the fact that we were taxing our citizens at about 12.9 percent, if I remember correctly, of the gross state product. Today, I believe the last figures I saw was we had improved by taxing about 13.4 percent of the gross state product. The Chief Executive at that time thought it would be wise if we could reduce our dependency on taxes statewide, this is all taxes, state and local, he thought the economy of the state would only grow if we could reduce that dependence on taxation, generally down to 11.4 or 11.5 or even 11.9 percent.

In my six and a half years we have done exactly the opposite of what our Chief Executive, one of the things I agreed most with him, and he laid out what would be a wonderful guide. That is really the bottom line here. I think we can provide the necessary and meaningful services for our constituents and for the people of the State of Maine and not take 13 or even 12.5 percent of the gross state product. I believe there is such a thing as a taxing capacity. I think we have reached that capacity. It doesn't matter what you tax or who you tax. We ought to be somewhere in the middle of how the state taxes as a percentage of our combined elective income. My understanding is that the State of Maine now is extracting, through state and local government, an amount of money that is higher than any other state in the nation. Even if it is fifth or fourth or third, does it really matter? I think it says something to us. It says that we have a very large and very expensive government and low income. Our focus should not be on providing lots of new social services at a time when our collective incomes are not growing to pay for it.

When I approach this budget, to work with my colleagues I tried to lay out and advocate for certain priorities. Those priorities for me were let's go as far as we think we can for

general purpose aid for education. A 4 percent increase isn't enough, frankly. Remember the arguments we had earlier this year when we came here that we were going to raise general purpose aid 5 percent over the previous year. We had, I think, 100 or so school districts who were actually going to receive less money than they received the year before. I just couldn't imagine coming here in January and only being able to provide a 3 percent increase. Even a little bit of knowledge of the funding formula at schools leaves you to know that there would be 150 school districts or so that would get less money than they are getting this year. You are going to have to set aside money for a cushion, otherwise some of the large metropolitan areas, the so called service centers, would receive an even bigger hit. I was convinced and I am still convinced the majority budget, if it is enacted, will leave us postured when we get here in January to do nothing but increase taxes more or reduce existing programs, which we will not do. We will not do it.

For me, ladies and gentlemen, I think you decide what you think is your first priority and you take care of it. Even at 4 percent I am uncomfortable. I think we should do it more or we should come up with a different scheme for funding education in this state. We talk about investment in higher education and it is very important. We have both dealt with the teacher retirement issue. I heard earlier comments about the structural gap, the reason why we have a larger structural gap is that we haven't raised taxes in the same way and spent as much money. We have drawn \$27 million worth of one-time surpluses down in a way that is different from the majority budget. That is the entire difference. You could deal with that by one tax increase if you wanted to. That would be preferable to me than two taxes, but nonetheless, this is our proposal. We believe it to be mature, responsible and it leaves a lot left when we come back here in January and for the next Legislature to deal with. Thank you.

The SPEAKER: The Chair recognizes the Representative from Newport, Representative Kasprzak.

Representative **KASPRZAK**: Mr. Speaker, Ladies and Gentlemen of the House. I would just like to make a couple of quick responses here. In response to the Representative from Gardiner, he said that there was no red ink in the majority budget. There is red ink, ladies and gentlemen, it is the pocketbooks of the citizens of the State of Maine. The good Representative also mentioned promises and I personally made a promise when I was elected the first time five years ago and that was that I would not raise any more taxes and I fully intend to keep that promise.

The good Representative from Harpswell and the good Representative from Greenville listed ad nauseam the many wonderful items to be found in this majority budget. When you enter a candy store you can have anything you want if you are using your daddy's wallet. I would adjure you to remember whose money you are spending and make a responsible and sober decision and leave without the licorice sticks. Thank you.

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

Representative **GLYNN**: Mr. Speaker, Ladies and Gentlemen of the House. I rise in opposition to the pending motion based on the priorities that the Legislature is considering adopting as much as school funding. This budget document that we are looking at has a very major problem that we are putting off and that is the funding of public schools, local schools, in our towns and cities. When going back, it was difficult to find a budget where we funded general purpose aid to education, either cushions or additional increases, in a Part II Budget. The reason why is other legislators in Legislatures prior to us found that funding education or local school districts was a high enough priority to always find its way into the Part I Budget. My first term

in the 119th Legislature, we made sure we funded public schools. We made sure that we didn't have losing school districts. This year in our budget, in the 120th Legislature, public funding to education was not as high a priority as it has been in prior Legislatures and we have created a major problem for our towns and cities.

In the first budget that we adopted, that we are looking to make adjustments to, we funded the year two of public education in the school districts under 1 percent. That is how high of a priority we put on public education. In the proposed budget that we are looking at, we are looking at a 3 percent increase in general purpose aid to education and no money set aside for a cushion for those districts that are going to be low receiving districts.

Under the Governor's proposal in the first year of this biennium that we have been considering. The Governor proposed a 5 percent increase, not a 3 percent increase and he set aside money for a cushion. Even with that money set aside with the cushion and even with a 5 percent increase, we cut schools, 88 school districts statewide in the State of Maine. We took away their money to fund our priorities. That is money that they received last year that they did not receive this year and I think that is wrong and I am going to stand here and tell you that that is wrong. It is something that I cannot support.

If we are to adopt this budget, we are continuing with the promise. Lots of promises were made in the Part I Budget. We heard the speeches on the floor and I won't bore the House members with who made what statement, but a lot of promises were made. The districts that did not make out in the Part I Budget were going to be taken care of later. Later has come and guess what? They are still not being taken care of. I urge my fellow legislators and colleagues to consider that if this motion is defeated and we move on to the Minority Report, the Minority Report did consider funding public schools at 4 percent, a percentage higher, and set aside money for those districts that are slated to lose funds.

I can tell you that I know a number of schools districts are going to lose funds based on my prior political involvement and my service in the 119th and in this session. I have asked for the last several weeks the Department of Education for a printout of projected losses for the school districts so that you, my colleagues, can see exactly the damage that we have caused to the school districts in Maine. That request has been denied. I have made the same request to the Republican leadership in this body and that request has been denied. I understand that a colleague of mine in the Democratic caucus in the House has made a similar request. That request has been denied. Therefore, we are making a decision regarding the funding of local school districts without all of the information.

I already know what that information contains, a real horror show for all of our school districts next year, but I would like all of you, my colleagues, to have that information when you are pondering this type of cut to local school districts. I urge you rather than to adopt this motion to move on to a more responsible funding and, yes, continued commitment and work to picking up the pieces that we have created by the adoption of the first Part I budget of this session. Thank you Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Scarborough, Representative Clough.

Representative CLOUGH: Mr. Speaker, Ladies and Gentlemen of the House. I would like to share with you some information that I recently read in the May 2001 issue of *Bloomsburg Personal Finance*. They published a report on wealth friendliness state by state and several categories were covered. Wealth and real assets, Maine ranked number 47. Wealth and mixed assets, Maine ranked number 48. Wealth and

salary, Maine ranked number 48. The combined results of those three categories was 48 with a score of D. They had another category called Wealth and Retirement and Maine ranked 43rd. Let's review Maine's position. We are number one when it comes to state and local taxes as a percentage of income. We ranked number 48 out of 50 according to Bloomsburg's wealth friendliness.

Do you really believe it serves the best interests of Maine people to pass a budget that will increase spending and add new taxes? I don't. We owe it to our constituents to produce a fiscally responsible budget. Father Donald Fowler in his prayer this morning commented on our responsibility to distinguish between wants and needs in our deliberations today. I ask each of you to carefully reflect on his challenge before casting your vote on this budget. Please do the right thing for the people of Maine and vote no on the pending motion. Let's pass the Minority Report. It is fiscally responsible and will not burden Maine people with more government programs, increased spending and higher taxes. Thank you.

The SPEAKER: The Chair recognizes the Representative from Bristol, Representative Hall.

Representative HALL: Mr. Speaker, Ladies and Gentlemen of the House. In considering Maine's budgets year after year, we face one very fundamental problem and yet we rarely speak of it. The fundamental structural problem that we have is that as a state we cover a huge land area and we have very few residents in it. We have the lowest population density of any state east of the Mississippi. It is very expensive to provide governmental services to thinly scattered populations. West of the Mississippi, every state that has a similar low population and large area, has a source of revenue that is not available to the State of Maine. They balance their state budgets with oil and gas taxes and with mineral severance taxes. We do not have that luxury. We are a high taxed state because citizens of Maine expect the same standard of services from their government that all Americans do. Yet, short of a windfall discovery of oil or gas or some other mineral for exploitation, we have the dilemma that we face today.

Mr. Speaker, I support the majority budget for a number of reasons that I will try and briefly give you the edited version of them. As has been said, we have seen tax cuts from the past three Legislatures amounting to \$450 million annually. We are now looking at taking back some \$57 million of those tax cuts. That is a little more than 10 percent of the breaks that we have given to the people of Maine over the past six years. The tax increases that are proposed in the Majority Report are less than those that were supported and voted for by the good Representative Bruno from Raymond in the Part I Budget and by at least 30 other members of the Republican caucus in roll call votes, such as Roll Call 262.

I have also heard the claim of fiscal irresponsibility being made of this budget. It seems clear to me that only this Majority Report establishes programs that are being funded on an ongoing basis. This majority budget avoids the gimmickry of raiding one-time funds to pay for ongoing expenditures. It preserves the bulk of the Fund for a Healthy Maine for the future. It limits the structural gap, the red ink that the 121st must face.

I believe, therefore, that this Majority Report, and only this report, strikes the right balance between fiscal responsibility and the provision of there service level that keeps Maine firmly in the first world and not in the third. I urge all of you to support it. Thank you.

The SPEAKER: The Chair recognizes the Representative from Bucksport, Representative Rosen.

Representative ROSEN: Mr. Speaker, Ladies and Gentlemen of the House. I just have to respond to a couple of the comments from the good Representative from Bristol. I truly

don't believe that low population density is the reason that we make the funding priorities that any of us make in a particular budget document. A budget is a plan. A budget is a framework and it is a guideline of where we want to go for the next two years. The majority budget chooses not to truly address the issue of school funding. That was not a factor of population density. That was a priority that was made based on principle and based on other competing issues that crowded out the ability to go ahead and to take care of the issue of 2003's school funding now. Deal with it seriously now and not put it off until next year. I urge you to reject the Majority Report.

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

Representative MURPHY: Mr. Speaker, Men and Women of the House. I think when you have a good run of revenues coming in and you match your spending to that, it is easy to put the blinders on and keep racing ahead and doing the new spending. I have concerns, as I did with the Part I Budget, many of those same concerns, as I do with the Majority Report that is before us. I think the gentleman from South Portland has given you good advice. You cannot get a printout. We are going to leave here in two or three days and you cannot get a printout on the GPA for the second year. All you have to do, if you can find it in the debris of your desk, is find the printout for the first year of the biennium. This Majority Report calls for a 3 percent increase. That is a rough way of doing it, but take your subsidy and reduce it by 40 percent and that is the kind of commitment that we will have made at 3 percent. Many on our side of the aisle have told you that the Minority Report proposes a 4 percent increase and that still is not enough. It also includes a cushion. If you leave here in two or three days and you have gone with that 3, instead of the 4, when we come back in January and if there are extra monies, that is much more of a quantum leap, from 3 to 5, than from 4 to 5. That may give us an opportunity to develop a cushion and a hardship cushion that may relieve some of that pain that too many of our communities are going through. All throughout southern Maine, we are looking at double digit property tax increases because of 5 percent and what it didn't do. You are going to be voting shortly on a 3 percent increase, if you can imagine the damage that is going to do to the educational programs in your community.

I raised the question when we discussed minimum wage and I indicated my support for minimum wage. I had indicated, are you going to on one hand raise the minimum wage and then later with the most regressive tax increases you can come up with, take those slight gains away? If you vote for the Majority Report, you are going to do that today. You are going to those food businesses, those restaurants where Maine working people go, the pizza, the sub shops, the fried clams, in terms of working families. That is the kind of meal that they can go out for, the fish and chips was from my good friend, formerly of Great Britain. You have picked them out and you are going to increase the tax on their meals from 5 to 7 percent.

The other regressive tax you are going to do is, our cigarette tax is currently at 74 cents a pack. It is 52 cents in New Hampshire. That is one of the few areas where there has been parody up to this point. People haven't been going to New Hampshire to buy their cigarettes. They have been going to buy their electronics, their paint, their hardware and everything else. If you vote for this Majority Report, you are going to take us from the current 74 cents and you are going to add another 20 cents and that is going to take you to 94 cents a pack. If you are buying those cigarettes down in New Hampshire, you are not going to pay the 5 cents sales tax, so that is another 12.5 cents a pack that you are putting on.

If you vote for this budget, you are going to see a spread now, 52 cents in New Hampshire, \$1.06 per pack between the two states. In checking my desk, there is another 16 cents coming along. I think if you vote for this majority budget, looking at that differential and what you are going to do for the New Hampshire businesses that sell cigarettes, I think they will send you a certificate from their economic development department for the business you are generating on the other side of the border. I offered to take the Chief Executive two years ago and tour the parking lots of New Hampshire and show him hard earned Maine working dollars being spent in New Hampshire. He didn't want to go. He didn't want to face it, but you have a proposal before you now that is only going to increase it. It is going to be another reason to cross over that bridge. You know how I like to watch traffic because they are going down to save money, they are not going to pay that money on the turnpike, so they are coming down Route 1 in Kennebunk and I am going to be sitting there at the red light watching them backed up and watching them all head south to spend that good hard earned money down there.

I am afraid we have come to a crossroads. We come together as a body and we get excited and we talk about all those great new ideas and all that brand new spending and it just comes upon us like the week before the Christmas holidays. We just want to spend. We go on a binge, but the problem is we have to pay for that binge spending. We live in a state where the disposable income and the wages are some of the lowest outside of the south.

I spoke to the University of Maine at Orono two years ago. Being Irish, always an optimist, you have to be to survive historically, and I began talking to them about the opportunities and the promise here in Maine for young people. A young man put his hand up and he said, "I am not staying." I asked that question to the rest of the students. After graduation, how many of you are staying here in the state? Fifty-five or 60 percent put up their hands if they were leaving. I said with the opportunity, the beauty of Maine, the positive things happening, a young man wrote it out for me and then read it to me. He went along and he said, "The high costs of education means an extremely high cost of college loans. If I stay in a state that has some of the lowest incomes in the country and the highest taxes, I can't stay. It equals goodbye over the bridge."

We have the advantage of the census telling us we are getting poorer and we are getting older. On one hand while you are here and you are excited about spending the money, we have to pay for the spending programs that you want to do and that means we lay a burden on that increasingly and driving our younger people out of this state. If that cycle doesn't end, even if the good times continue to roll, the long-term impact on this state is going to be devastating.

I would ask you to try to restrain that spending. You have a Minority Report that says, as you set your priorities, what are your priorities? The Minority Report says we have the money in hand. We are actually going to pick up some of that money from slightly reducing the growth of state government. That is really the alternative before you today, restricting your priorities saying that one of your top priorities is GPA because of the promise of the future and then trying to prevent those tax increases on the local level. That is the route to go. To just slightly reduce the growth of government, which really has been out of control and it is a slight hiccup in terms of the next two years or automatically turn around and raise these regressive taxes. You can go back home and on one hand say to the working poor in your district, I gave you a minimum wage increase, but I whopped you with that Friday night meal, whether it is McDonalds or a pizza place. If you are a smoker, I really dramatically increased the taxes on

you. I think you have a more responsible choice. I would urge you to reject the Majority Report. Let's focus on our priorities. Let's do it without a tax increase.

The SPEAKER: The Chair recognizes the Representative from Portland, Representative Brannigan.

Representative **BRANNIGAN**: Mr. Speaker, Men and Women of the House. I am not sure if I am getting poorer, but I am getting older. I just wanted to clarify a statement that was made a few minutes ago about general purpose aid. I am not in any way an expert on it, but I don't believe that we are, in the Majority Budget, increasing it for the second year. The 3 percent increase is on top of, I believe, the 5 percent increase of this year. Subtracting from this year to get next years would be the wrong way to go. Secondly, I believe the habit and the way things have been done in the Legislature over the last few years is to deal with the cushion in the second year in the second year and not deal with it all together. I think those things have to be kept in mind regarding the Majority Budget, which I hope you will support. Thank you.

The SPEAKER: The Chair recognizes the Representative from Ellsworth, Representative Povich.

Representative **POVICH**: Mr. Speaker, Men and Women of the House. I really want to support this Majority Report. I think it is great. It is wonderful. It is delicious. It has a lot of what I want. It has a lot of what I came here for for the last seven years. I applaud the committee for putting together this bill. While I was with my granddaughter on Friday, they were working hard. Thank you for that.

I can't support the Minority Report. It has a lot of frosting on it, but it doesn't hold up to the temperature.

Mr. Speaker, men and women of the House, I have a problem that needs to be resolved before I can support the Majority Report. It anticipates raising \$26 or \$27 million from a tax on prepared foods. The Part II Budget will extend the tax on prepared foods to 7 percent. This will mean all prepared foods. From what I am thinking, this will mean that every small store in Maine that sells hot dogs and Nachos will now have two tax rates they have to deal with. In my store, I have a cash register that can handle that. In Maine, we have an unusual situation on how we compute tax. We have tax tables. We don't have a percentage. I wish we did, because it would save us a lot of headache and cost programming a tax table, which is harder to program than programming a percent. In my store I can handle up to four different tax rates, but 70 percent of the stores in Maine have low-end machines. They will have to replace their cash registers with much more expensive machines, because these low-end cash registers cannot support two tax rates. This increases their misery index, that is what I have heard of at one time. It is unnecessary.

I spoke with Maine Revenue Services today and from a conversation I learned that the money anticipated to be raised is really the money from the non-class A restaurants and does not anticipate revenue needed from these stores, but unfortunately, Maine Revenue Service does not know the difference between McDonalds restaurant and Joe Perry's McDonalds Market. I ask the committee to please fix this problem. I would like to vote for this budget. Thank you.

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

ROLL CALL NO. 410

YEA - Ash, Bagley, Baker, Berry RL, Blanchette, Bliss, Bouffard, Brannigan, Brooks, Bryant, Bull, Bunker, Canavan, Chick, Chizmar, Colwell, Cote, Cowger, Cummings, Desmond, Dorr, Dudley, Dugay, Dunlap, Duplessie, Estes, Etnier, Fisher,

Fuller, Gagne, Gerzofsky, Green, Hall, Hatch, Hawes, Hutton, Jacobs, Jones, Kane, Koffman, Landry, LaVerdiere, Laverriere-Boucher, Lemoine, Lessard, Lundeen, Mailhot, Marley, Marrache, Matthews, McDonough, McGlocklin, McGowan, McKee, McLaughlin, Michaud, Mitchell, Norbert, Norton, O'Brien LL, O'Neil, Paradis, Patrick, Perry, Pineau, Quint, Richard, Richardson, Rines, Savage, Simpson, Skoglund, Smith, Stanley, Tarazewich, Tessier, Thomas, Tuttle, Twomey, Usher, Volenik, Mr. Speaker.

NAY - Andrews, Annis, Belanger, Berry DP, Bowles, Bruno, Bumps, Carr, Chase, Clark, Clough, Collins, Crabtree, Cressey, Daigle, Davis, Duncan, Duprey, Foster, Glynn, Goodwin, Gooley, Haskell, Heidrich, Honey, Jodrey, Kasprzak, Ledwin, MacDougall, Madore, Mayo, McKenney, McNeil, Mendros, Michael, Morrison, Murphy E, Murphy T, Muse C, Muse K, Nass, Nutting, O'Brien JA, Peavey, Perkins, Pinkham, Povich, Rosen, Schneider, Sherman, Shields, Snowe-Mello, Stedman, Sullivan, Tobin D, Tobin J, Tracy, Trahan, Treadwell, Waterhouse, Weston, Wheeler EM, Wheeler GJ, Winsor, Young.

ABSENT - Buck, Labrecque, Lovett, Watson.

Yes, 82; No, 65; Absent, 4; Excused, 0.

82 having voted in the affirmative and 65 voted in the negative, with 4 being absent, and accordingly the Majority **Ought to Pass as Amended Report was ACCEPTED.**

The Bill was **READ ONCE. Committee Amendment "A" (H-724)** was **READ** by the Clerk.

On motion of Representative COLWELL of Gardiner, **TABLED** pending **ADOPTION of Committee Amendment "A" (H-724)** and later today assigned.

The House recessed until the Sound of the Bell.

(After Recess)

The House was called to order by the Speaker.

The Chair laid before the House the following item which was **TABLED** earlier in today's session:

HOUSE DIVIDED REPORT - Majority (9) **Ought to Pass as Amended by Committee Amendment "A" (H-724)** - Minority (4) **Ought to Pass as Amended by Committee Amendment "B" (H-725)** - Committee on **APPROPRIATIONS AND FINANCIAL AFFAIRS** on Bill "An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2002 and June 30, 2003" (EMERGENCY)

(H.P. 655) (L.D. 855)

Which was **TABLED** by Representative COLWELL of Gardiner pending **ADOPTION of Committee Amendment "A" (H-724).**

On motion of Representative BERRY of Livermore, the House **RECONSIDERED** its action whereby the Majority **Ought to Pass as Amended Report was ACCEPTED.**

The same Representative moved that the House **ACCEPT** the Minority **Ought to Pass as Amended Report.**

The same Representative **REQUESTED** a roll call on the motion to **ACCEPT** the Minority **Ought to Pass as Amended Report.**

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