

MAINE STATE LEGISLATURE

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the road and is put into some other use, that tax deferral is made up by the buyer, so the municipalities could eventually become whole for the taxes that they defer in support of this amendment. And, again, this is just one tool that this working Waterfront Group has been promoting in the Legislature. There will be additional opportunities to discuss a bond issue, and a marine research bond in support of our commercial fishing industry. So I know not all of you are coastal folks, but I really would love to have your support today and let's see if we can send this out to the voters. Thank you for the opportunity to speak today, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Bangor, Representative Blanchette.

Representative **BLANCHETTE**: Mr. Speaker, Ladies and Gentlemen of the House. I do not normally support changes to the Constitution of the State of Maine. I think very hard and long when I go into the voting polls. I try and do my homework, even before I was in the Legislature, as to the long-term effects of this.

Today, we have the opportunity to set Maine back on a course that it once held, and held with great esteem. We can protect our working waterfronts. They are slowly and surely, as it stands today, leaving us, much like the lumber industry left us, the shoe industry left us, the farming and agricultural communities in this state were in dire straits. This Constitutional Amendment will take a negative and make it a very, very positive thing for everyone in Maine. That you don't live in a coastal community should not enter into this. I do not live in a coastal community, but everything that happens on every working waterfront in this state affects me, and every citizen of the State of Maine. This needs to happen and it needs to happen now. And if we pass this and send it out to the voters, the voters are going to say, For once they managed to look to the future. Because if we forget for one minute in our life where we came from, we have no idea where we're going in the future. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Hartland, Representative Stedman.

Representative **STEDMAN**: Mr. Speaker, Ladies and Gentlemen of the House. I also would like to lend my support to this Constitutional Amendment proposal. I live some distance from the coast, and I have no genuine interest, for any personal gain, to make this statement. I just feel that I would like to continue to see the Seaman on the Maine Seal, the Maine Emblem. And without some kind of protection, that could go away. I think we have in law right now templates to follow to develop a current use model that will work for working waterfronts, through the Tree Growth, and through Farm and Open Space Law, and Wildlife Control -- Management Area Control, and with those templates in place, and seem to be working very fine, we can develop a plan that will do the same thing for waterfronts. And so I would encourage all to support this kind of amendment. Thank you.

Subsequently, the Resolution was **PASSED BE TO ENGROSSED**.

Sent for concurrence.

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

RESOLUTION, Proposing an Amendment to the Constitution of Maine To Allow the Legislature To Authorize Municipalities To Adopt a Property Tax Assistance Program That Reflects a Claimant's Ability To Pay

(H.P. 222) (L.D. 297)

Which was **TABLED** by Representative CUMMINGS of Portland pending **PASSAGE**.

The SPEAKER: The Chair recognizes the Representative from Yarmouth, Representative Woodbury.

Representative **WOODBURY**: Mr. Speaker, Ladies and Gentlemen of the House. This bill would be a Constitutional Amendment that would allow at a local community's option the possibility of creating a local Circuit Breaker Program. Now many of us in this Chamber have identified the Circuit Breaker Program or the Property Tax and Rent Refund Program, as a program that's extremely useful in providing property tax relief and rent relief to residents in Maine who have the greatest burden of property taxes.

We believe it's a good program at targeting relief where it's needed most. In some communities in Maine, however, the level of the benefits in the Circuit Breaker Program that the state provides aren't enough to deal with the property tax burdens that some residents within those communities are feeling. This was true in my community in Yarmouth, and we implemented for a year our own Circuit Breaker Program that enhanced the benefits that could be provided at the state level. This was important in my community because of the very high valuations of some property in my community, and the unaffordable property taxes that resulted.

The Circuit Breaker Program that the state provided wasn't enough to deal with our issue. Portland found that it was interested in creating a similar sort of program in Portland, and that was challenged in the courts. They found that they were unable to do it, and as a result of that we canceled ours as well. The purpose of this bill is to just make it possible for local communities to implement their own Circuit Breaker type program if they choose to. I believe this would be a benefit to certain communities in dealing with their property tax problem, and I urge your support for passage of this amendment. Thank you.

Representative **TRAHAN** of Waldoboro **REQUESTED** a roll call on **PASSAGE TO BE ENGROSSED**.

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 Hartland, Representative Stedman.

Representative **STEDMAN**: Mr. Speaker, Ladies and Gentlemen of the House. I'll have a hard time supporting this because I think it goes against the Constitutional Rights for the state to determine taxation, and not for local communities to have that option. So I will be voting against it. Thank you.

The SPEAKER: The Chair recognizes the Representative from Yarmouth, Representative Woodbury.

Representative **WOODBURY**: Mr. Speaker, Ladies and Gentlemen of the House. I just also wanted to point out that this was a unanimous recommendation of our Joint Select Committee. As part of our overall package, it was a unanimous recommendation that we pass this Constitutional Amendment. Thank you.

The SPEAKER: The Chair recognizes the Representative from Phippsburg, Representative Percy.

Representative **PERCY**: Mr. Speaker, Ladies and Gentlemen of the House. A wonderful report from the committee, yesterday we passed LD 1. That's part of the property tax package, and the wonderful thing about watching that committee work was the other tools that they have offered us to use to help our small rural communities. How many of us go out on the streets, and we hear from people constantly, How come somebody gets taxed this way and I get taxed that way? And we explain that's the way the Constitution is written, that's the way the Constitution is written. Isn't it about time that we invite a conversation with our

voters, invite them to be a part of the dialog in how they are going to have tools to assist with property tax problems.

All these Constitutional Amendments are tools in that kit. There is no one size fits all for property tax. This tool may be used by a town near Jackman, it might not be used by a town down near Saco. So I ask you all to look at them and see. Maybe your communities could use those tools. Don't forget, the rural communities, and this was a hot debate yesterday, the rural communities really suffered in some ways with the EPS Formula. It helped the urban communities, so now the rural communities are turning to Lewiston, to Bangor, to Portland, and saying, Help us, send out to the voters. Let the voters decide which of those tools they want in the amendment. That is the least we can do for our constituents. Let them be a part of that discussion. Yesterday, when I got home after our long session yesterday, I had received a correspondence from a constituent who lives in Phippsburg. She had received a phone call from a real estate broker who said we were driving down in your neighborhood, and I have a client from out of state who is very interested in your property, would you be interested in selling it for a million dollars?

That can't keep happening. We have to offer tools to our towns, whether it is primary residence, whether it's small business, so that they can make the choice. So I ask you to please open your mind, those of you in the urban districts, to see how you can help the rural communities. Offer their municipalities tools, their choice of how they want to deal with property tax relief. It is an entire package. It is not just LD 1. Thank you, Mr. Speaker.

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

Representative **TRAHAN**: Mr. Speaker, may I pose a question to the Tax Reform Committee through the Speaker?

The SPEAKER: The Representative from Waldoboro, Representative Trahan, has posed a question through the Chair to anyone who may care to respond. The Representative may proceed.

Representative **TRAHAN**: Mr. Speaker, Ladies and Gentlemen of the House. To anyone who'd like to answer, we heard a moment ago that the Tax Reform Committee voted these things unanimously. My question is, did they vote out the ideas to put before the Legislature, this legislation, or did they vote unanimously in favor of these ideas?

The SPEAKER: The Chair recognizes the Representative from Yarmouth, Representative Woodbury.

Representative **WOODBURY**: Mr. Speaker, Women and Men of the House. This individual Constitutional Amendment that we are discussing right now was voted both as part of the overall package, but also independently received a unanimous report, with a recommendation to pass as it is, as an independent stand-alone Constitutional Amendment.

The SPEAKER: The Chair recognizes the Representative from Biddeford, Representative Twomey.

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

The SPEAKER: The Representative may pose her question.

Representative **TWOMEY**: Thank you, Mr. Speaker. I'd like to know who determines the ability to pay, and someone on the coast that has a \$2 million property or someone, I mean, who determines that?

The SPEAKER: The Representative from Biddeford, Representative Twomey, has posed a question through the Chair to anyone who may wish to answer. The Chair recognizes the Representative from Augusta, Representative Lerman.

Representative **LERMAN**: Mr. Speaker, Ladies and Gentlemen of the House. For all the Constitutional Amendments

that we're considering, you may notice that the language that's before you is general in nature, and that's consistent with the approach that's taken in amending the Constitution. It is assuming that it gets on the ballot and assuming that if a majority of the voters of the State of Maine vote to amend the Constitution as proposed, then it would be back to the Legislature to decide how to fashion the program; what guidelines to create, and really, to create the ground rules, if you will, or by statute exactly how this and other Constitutional Amendments before us would be administered.

The SPEAKER: The Chair recognizes the Representative from Hartland, Representative Stedman.

Representative **STEDMAN**: Mr. Speaker, Ladies and Gentlemen of the House. Having gotten some correspondence concerning my statement that I made on the floor, I felt that it was within my purview and my responsibility to make my statement, because I found out that the constitutionality of this kind of action is in question, and so in order to avoid any constitutional question I have decided to vote against this here in the House. Thank you.

The SPEAKER: The Chair recognizes the Representative from Van Buren, Representative Smith.

Representative **SMITH**: Mr. Speaker, Ladies and Gentlemen of the House. I would like to pose a question through the Chair, if I may. This proposed Constitutional Amendment would authorize the municipalities to refund part of the property taxes, and we do know that for other kinds of taxation provisions, the state has to refund or send money back to the towns to cover this, and will this Constitutional Amendment require state monies to be raised and sent back to the towns to cover refunds?

The SPEAKER: The Representative from Van Buren, Representative Smith, has posed a question through the Chair to anyone who may wish to answer. The Chair recognizes the Representative from Yarmouth, Representative Woodbury.

Representative **WOODBURY**: Mr. Speaker, Ladies and Gentlemen of the House. The question was would the state have any obligation for refunding to towns any expenses associated with these programs, and the answer is no, absolutely not. These would be programs financed within the municipalities that chose to use them. I can tell you a little bit more about the specific program that we had in my community that we ended because we weren't sure at the end of the day we were authorized to do it.

It was a program that just built on the state Circuit Breaker Program, and said if you're eligible under the state's program, we will increase your benefit by fifty percent more. In other words we will give you from the town half as much again. And the reason that was important in my community is that the valuations have risen so rapidly that some people in my community truly are having -- the burden has come to a level that is really quite unaffordable, and the maximum level of benefits in the state's Circuit Breaker Program aren't enough to deal with their ability to pay, so we felt it was important to be able to provide some kind of extra option to supplement that amount within our community, and we did that, and I believe it was an effective program. In order to make this continue to be available, both in my community and throughout the state in other communities where it may also be useful, we would need to pass this Constitutional change.

I just wanted to follow-up on one other thing that had been said. Representative Twomey asked about how it would be determined. Again, as Representative Lerman said, all of these Constitutional Amendments will have additional statutory language produced by the Legislature in defining exactly how these programs can be used. The Constitutional Amendment is

just an authorizing legislation that enables us to think about what kind of programs and what sort of structure we want around the programs. It enables us to do this.

What it requires is that whatever formula we create for allowing benefits under the program, it reflects a claimant's ability to pay. That's the key issue we're trying to get at with this Constitutional Amendment. Thank you.

The SPEAKER: The Chair recognizes the Representative from North Haven, Representative Pingree.

Representative PINGREE: Mr. Speaker, Men and Women of the House. I first actually just want to thank the entire Body for their support of the Working Waterfront Provision, something that a lot of us in this room on both sides of the aisle worked very hard on, and I just want to make sure that that issue -- I appreciate your support and the recognition of the problem that we addressed through a first attempt to pass that Constitutional Amendment. Obviously it has to go out to the voters next, but I just want to tie that issue with this Constitutional Amendment and the next one that we'll consider. Both a local option Circuit Breaker Program and a local option Homestead Program offer towns and municipalities, if they choose to use it, another option when it comes to trying to find some solution to dealing with significant valuation issues in the towns that they represent.

I can't help but just illustrate it with one option. I know that we all have constituents, especially in coastal communities, lakefront communities, communities where people from outside of Maine want to buy summer homes, or people who want to come there to ski in the wintertime, I'm sure a lot of us have these same issues. But my story is about two of my favorite constituents named Howard and Betty Hutchinson. They live right on the water in Stonington, and they've lived there for their entire lives. Howard is in his mid 80s. He's literally lived there his entire life. They own less than a quarter acre of property. It's right on the water. He was a fisherman and a granite cutter his whole life. In the past five years, I mean this is a very new phenomenon in the Town of Stonington, their quarter acre lot that has a house that's worth less than \$40 thousand, it's got no insulation, no foundation. It's gone from \$150 thousand about five years ago to \$400 thousand, to \$600 thousand this past year. I mean, very, very rapid escalation in property value. And with the most recent revaluation, Betty called me. She was very upset. They could not pay their property taxes. They're over \$5 thousand. The two of them are living on Social Security. They couldn't pay it, and neither could their children help them pay it, they're a moderate to low income family.

So I went with Betty to her hearing with the people who had done the revaluation. I'm sure in any town that's had a revaluation people are upset about it. Betty wasn't sure what to say, so I went with her to the hearing, then we talked to the company that had done the revaluation, and they hadn't done anything wrong. The land that their house had sat on was worth this amount of money because the property next door had been sold for half a million dollars. The property behind them was a quarter of a million dollars. The property next door was \$500 thousand. So all the properties around them that had been sold to out of state residents had caused the value of the land that they lived on for their entire lives to rapidly escalate. And the Board of Selectmen, the people in Stonington, wanted to do something to help Betty and Howard, and help the countless other people who live in the Town of Stonington, wanted to give them some opportunity to be able to pay their property taxes. They're already on the Circuit Breaker, they get the maximum amount, and they still can't afford their property taxes. The town had no vehicle, no opportunity, to give these two people a break, and I don't believe that the local option Circuit Breaker and

Homestead would be right for every community. A lot of communities wouldn't want to deal with the hassle, but for the communities I represent, ten of which are islands, all of which are on the coast, we have seen rapid, rapid changes in our communities over the past ten years. People have discovered where we live, they're working class communities with a lot of fishermen who still need their docks, but they still need a house to live in. When you live on an Island, you can only move inland so far. At some point you have to leave the island. And for me, this isn't just about people being able to stay in their specific homes, it's being able to stay in their communities. I know a lot of you represent communities, not just on the coast, but communities that have changed. Communities with people who have lived in these places their entire lives eventually have to leave because they can't afford it anymore. I think that LD 1 has offered a start for a few of the things we need to do, like enhancing the Circuit Breaker Program to help people to stay in their home. But for a lot of us on the coast, we are high valuation communities, we receive no extra funding through EPS, maybe a little bit for Special Education, but not a huge boost, and we'll never receive a huge boost, and it's probably not fair that we receive a huge boost because we have the tax base through a lot of out of state residents to pay our property taxes. But not everybody in those communities can afford it.

I think that these two Constitutional Amendments are fairly general. They offer an opportunity for the Legislature to come back and consider them. I think that they're very allowable, because we're amending the Constitution to allow the state to look at this issue. I think a lot of our communities would appreciate this opportunity, I think we would be helping to preserve not just certain people staying in their homes, but entire communities in the State of Maine that are, at this point, at risk of becoming summer towns, permanent summer towns, without year round populations.

So, again, I just want to thank you for the Working Waterfront Provision. To me, these two are connected. The fishermen need to keep their jobs. We need the fish processing plants. We need the lobster buying stations. If the fishermen can't live near the water, it becomes increasingly difficult for us to keep the fishing community going. So, I know that the Working Waterfront Coalition is very supportive of the Circuit Breaker Program. They're supportive of anything that we can do to enhance this provision, and I think this Constitutional Amendment gives us an opportunity to do that. Thank you.

The SPEAKER: The Chair recognizes the Representative from Augusta, Representative Lerman.

Representative LERMAN: Mr. Speaker, Women and Men of the House. I just want to clarify one matter in regards to what our obligation at the state level is to cover expense, if you will, incurred at the municipal level if we were to pass one of these Constitutional Amendments. I believe the Constitution makes it clear that when it's a constitution change we do not have the obligation to pay 50 percent of the cost of the implementation of a program, but if we do it on a statutory basis we do have that obligation. So that's the distinction. When we do something by statute, for example, the change in the Homestead Program that we just talked about, we have an obligation because it's by statute to pay 50 percent of the cost of that program, but when we make those changes within the Constitution itself, that obligation does not exist because in fact the people of the State of Maine have decided to amend the constitution, you know, and take responsibility for the financial implications of that decision.

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

Representative **TRAHAN**: Mr. Speaker, Ladies and Gentlemen of the House. I'm a bit perplexed today for a couple of reasons. We just yesterday passed a piece of legislation that caps municipality spending and really tries to, I guess, restrain spending at both the state, local, and county levels. Yet today we're talking about passing Constitutional Amendments that are going to force our communities to raise more money locally and shift taxes within the community to pay for it. So I'm wondering if somebody could explain to me that if we're going to do this, and we're not willing to pay for it, then really should we be asking these communities to restrict their spending? Because if we do this and a community decides to do it, someone is going to have to pay for it.

The SPEAKER: The Chair recognizes the Representative from Augusta, Representative Lerman.

Representative **LERMAN**: Mr. Speaker, Women and Men of the House. There's nothing in what's before us at this time that will result in additional spending on the part of the community. This affects where the funds come from, it doesn't have anything to do with spending, all right? This does not tie in, in any way, to the cap on spending. This has to do with how we collect the money, and what this is suggesting is that there's another way. That the Constitution, when it was originally put together, there was a very different situation. Land, in fact, was a reflection of wealth. These are different times. There were different pressures on property valuation and we're proposing as part of our package in accomplishing property tax reform and relief that we look at that distribution. From whom do we collect what?

One of the things that was so powerful and so effective as far as the Joint Select Committee was concerned, was the fact that we came from different parts of the state, we represented different types of communities, all of which have different situations in terms of our property tax base, and some of the issues that we face as far as taxes and spending are concerned.

What's incomplete in our package, by simply enacting LD 1, is that it doesn't result in enacting those tools that could be available, particularly to rural coastal communities, but my contention is to many communities rural in nature, both inland and along the coast, for them to be able to deal with some of the pressures that they face right now, that's putting at risk a lot of Maine residents and their ability to maintain their property, to stay in their homes. If we had had our choice, quite frankly, I believe, and I think it's reflected in the vote of the Joint Select Committee, that these pieces would have been all part of one package so that no one part of the state would be favored over the other, so that the urban communities would benefit as well as the rural communities. So that the coastal communities would benefit as well as the inland communities. Just because we have to accomplish some of these things by Constitution, requires that they be taken up the way we're deliberating today, as separate pieces. But, really, if you look at the vote of the committee, this particular Constitutional Amendment, along with most of the others that we'll be addressing this afternoon, came out of committee with a bipartisan support of 15 to 0, a unanimous report. And so I'm asking you to look at that vote as an indication of the support on both sides of the aisle, and to really take the perspective that our Joint Select Committee took, to put together a complete package that serves all the people in the State of Maine well, as opposed to favoring one type of community over another. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Manchester, Representative Moody.

Representative **MOODY**: Mr. Speaker, Men and Women of the House. I think what I'm going to say here might be better phrased by a question, but I'm concerned about something here. I understand the issues with the wealthier communities and those communities that have a lot of out of state folks who own properties, and it seems like a no-brainer with regard to those communities. But the example of Jackman is instructive, because I spend a lot of time there, and it is one of the poorer communities in the state. There's a concept in real estate law known as steering, and that's what immediately jumps to my mind when I begin to think about this particular provision, and that is that you take a poor community, begin shifting the burden from the more affluent members of the community to the property taxes of the poorer residents, does that worsen the problem by creating more of a larger poorer community and encouraging those with more means to move out of that community into a non-complying community? I'm just raising this issue. I don't know whether this has been thought through, but I'd like to hear an answer to it. Thank you.

The SPEAKER: A roll call has been ordered. The pending question before the House is Passage to be Engrossed. All those in favor will vote yes, those opposed will vote no.

ROLL CALL NO. 14

YEA - Adams, Ash, Babbidge, Barstow, Beaudette, Bierman, Blanchard, Blanchette, Bliss, Bowen, Brannigan, Brautigam, Brown R, Bryant, Burns, Cain, Canavan, Clark, Craven, Crosby, Cummings, Driscoll, Duchesne, Dudley, Dugay, Dunn, Duplessie, Eberle, Eder, Faircloth, Farrington, Finch, Fischer, Fisher, Flood, Goldman, Grose, Hanley S, Harlow, Hogan, Hotham, Hutton, Jackson, Jennings, Kaelin, Koffman, Lerman, Lindell, Lundeen, Makas, Marley, Mazurek, McCormick, Merrill, Miller, Mills, Nass, Norton, O'Brien, Paradis, Patrick, Pelletier-Simpson, Percy, Perry, Pilon, Pineau, Pingree, Piotti, Rector, Rines, Sampson, Saviello, Schatz, Smith N, Thomas, Thompson, Tuttle, Twomey, Valentino, Walcott, Watson, Webster, Wheeler, Woodbury.

NAY - Annis, Austin, Berube, Bishop, Bowles, Browne W, Bryant-Deschenes, Campbell, Carr, Cebra, Churchill, Collins, Cressey, Crosthwaite, Curley, Curtis, Daigle, Davis G, Davis K, Duprey, Edgecomb, Fitts, Fletcher, Gerzofsky, Glynn, Hall, Hamper, Hanley B, Jacobsen, Joy, Lansley, Lewin, Marean, Marraché, McFadden, McKane, McKenney, McLeod, Millett, Moody, Moore G, Moulton, Nutting, Ott, Pinkham, Plummer, Richardson D, Richardson E, Richardson M, Richardson W, Robinson, Rosen, Seavey, Sherman, Shields, Smith W, Stedman, Sykes, Tardy, Trahan, Vaughan.

ABSENT - Clough, Emery, Greeley, Jodrey, Muse, Mr. Speaker.

Yes, 84; No, 61; Absent, 6; Excused, 0.

84 having voted in the affirmative and 61 voted in the negative, with 6 being absent, and accordingly the Resolution was **PASSED BE TO ENGROSSED**.

Sent for concurrence.

By unanimous consent, all matters having been acted upon were **ORDERED SENT FORTHWITH**.
