

MAINE STATE LEGISLATURE

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Senate Legislative Record
One Hundred and Twenty-Second Legislature

State of Maine

Daily Edition

First Regular Session
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Pages 1 - 410

24 Senators having voted in the affirmative and 10 Senators having voted in the negative, with 1 Senator being excused, the motion by Senator **HOBBS** of York to **RECEDE** and **CONCUR**, **PREVAILED**.

All matters thus acted upon were ordered sent down forthwith for concurrence.

RECESSED until the sound of the bell.

After Recess

Senate called to order by the President.

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

REPORTS OF COMMITTEES

House

Divided Report

The Majority of the Committee on **APPROPRIATIONS AND FINANCIAL AFFAIRS** on Bill "An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2006 and June 30, 2007" (EMERGENCY)

H.P. 343 L.D. 468

Reported that the same **Ought to Pass as Amended by Committee Amendment "A" (H-35)**.

Signed:

Senators:

ROTUNDO of Androscoggin
MARTIN of Aroostook

Representatives:

BRANNIGAN of Portland
DUDLEY of Portland
CRAVEN of Lewiston
FISCHER of Presque Isle
LERMAN of Augusta
MILLS of Farmington

The Minority of the same Committee on the same subject reported that the same **Ought To Pass as Amended by Committee Amendment "B" (H-36)**.

Signed:

Senator:

NASS of York

Representatives:

MILLETT of Waterford
NUTTING of Oakland
BOWEN of Rockport
CURLEY of Scarborough

Comes from the House with the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-35)** Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-35) AS AMENDED BY HOUSE AMENDMENTS "E" (H-52); "T" (H-67) AND "CC" (H-93)** thereto.

Reports **READ**.

Senator **ROTUNDO** of Androscoggin moved the Senate **ACCEPT** the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-35)** Report, in concurrence.

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Rotundo.

Senator **ROTUNDO:** Thank you, Madame President, men and women of the Senate. Since late January, my colleagues on Appropriations and I worked carefully and conscientiously to craft the '06 - '07 biennial budget. As we approached our work, we were mindful that we needed to find an additional \$250 million to meet our obligation to Maine voters who had passed the school funding referendum in June. Second, we needed to include the property tax relief voters expected from us and that was promised in L.D. 1. We worked in good faith as Democrats and Republicans to resolve our differences and secure a 2/3 budget. I personally want to thank this morning the good Senator from York, Senator Nass, and the good Senator from Aroostook, Senator Martin, for their hard work. There were small bi-partisan working groups that we formed to look for solutions to those things that divided us on the Appropriations Committee, with the securitization of the lottery being the biggest obstacle. It was the collective thinking of the bi-partisan group, looking for an alternative to securitization, that focused us on dealing with the unfunded liability of the state retirement plan, a huge issue looming on the horizon for the state. Unfortunately, a unanimous budget alluded us, though it is important to remember that about 93% of the budget before you was voted in unanimously by the Appropriations Committee and that this budget is stronger for the bi-partisan work that we did. The amended budget before you responsibly meets our obligations to the people of Maine and protects Maine's families. This amended budget provides the property tax relief promised in L.D. 1; provides the infusion of \$250 million of educational funding necessitated by the passage of the June referendum by the people of Maine; and reduces state spending by more than \$425 million and we've cut and capped services and streamlined state administrative operations and eliminated over 60 state positions. It begins to address, in a responsible way, the unfunded liability and the need to pay down this debt, saving Maine tax payers millions of dollars in the future. It restores \$53 million of the \$130 million in proposed cuts to DHHS to maintain the safety net for our children, veterans, elderly, and disabled, thus honoring our commitment to our Maine

families and neighbors in need. Finally, it contains no new broad based taxes. Are there parts of this budget we would prefer to avoid? Yes. Given the choices and limitations we had and the obligations we were responsible for honoring, however, we have crafted the best budget possible, a budget that keeps our economy moving forward and creates opportunities for the people of the State of Maine. This is a budget that keeps our promises to the people of Maine and protects Maine's families. As legislators, we are elected to deal with the tough issues and to govern responsibly. We have done that with this budget before you and I urge you to vote to pass it. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from York, Senator Nass.

Senator **NASS:** Thank you, Madame President, men and women of the Senate. It is my pleasure this morning to recognize the cooperation that took place downstairs among Republicans and Democrats. It is unfortunate that we could not come to an agreement here. Having entered into this process and having watched what happened in the last biennium, Madame President, it was very uncertain as to what was going to happen. In our first chairs and leads meeting I think the question was, 'Can we negotiate a 2/3 budget?' We could not. There was not an answer to that question. Within a couple of weeks, I think it became clear that all of us had direction and permission from leadership to do what Appropriations Committees normally do downstairs, that is to try to produce the best budget for the citizens of the State of Maine, and for our political parties, that we possibly could. I think we did that. We had the opportunity to do that. I really appreciate the Senator from Androscoggin, Senator Rotundo's participation in this process, and although it pains me a little bit to say this, the Senator from Aroostook, Senator Martin, and I actually were able to cooperate a little bit successfully. I think that is an important distinction about what happened this time and what happened last time. It's all about leadership on both sides. It's about permission to negotiate. We had that. We did go a long way with this. I think we improved the Governor's budget. We did some things that made it better.

My job today is to talk about why we couldn't come to a final agreement. Though all of the items were small in number, they were large in dollars and large in philosophical opposition, those things that, unfortunately, in the end always divide us. Primarily, we're concerned about a borrowing package that has grown larger before our very eyes. It started at \$390 million and became \$447 million in borrowing. Even though it is presented configured so that it appears not to be money used for keeping the lights on, in fact, it does in the end. This budget gives us permission, or allows us, to go onto a longer repayment schedule for the massive unfunded liability that we have to deal with in the upcoming years. It does small things that are currently in the budget that the folks at home have already weighed in pretty heavily. Unless we change it, and we may well change it in the next few hours, the canoes, kayaks, rowboats, and sailboats are still in line for a \$10 fee. The casual rental things will cause a great deal of anxiety among folks who have a summer cottage someplace and rent it to pay for the property taxes and other expenses. The tax on satellite TV was an equity issue with us. I'm bringing these up because these are currently in Committee Amendment "A" (H-35), Madame President. As issues, they will tend to stay around even if we take them out.

The satellite TV thing is particularly interesting. I want to talk about that because it's not a big deal. It was presented by the Administration, and by the other party, as an issue of equity. We already tax cable TV, so to be equitable we ought to tax how other folks get their TV service through satellite. This bothers me a lot because there are other ways to provide equity. One of those would be to eliminate the tax on cable TV. Why don't we ever consider that kind of equity as being equal to raising a tax someplace? We don't. Maybe we'll get there some day.

There are fines and fees in this budget of about \$70 million. More important than that, I think, are two things that I'll finish up with. One is that this budget does not do, in reality, much about the structural gap it will be facing. It purports to do some things about the structural gap. It takes the BETR payments off budget. It continues to take circuit breaker payments off budget, something we started two years ago. That is an interesting process. It will help the Administration make its case for reducing the tax burden. Could somebody here explain to me how, when the envelope comes to the Maine Revenue Service that either has your tax form or your tax form and a check, somebody opens that envelope and takes the check out, and puts part of it not into the General Fund or into the place where we put out money, this reduces the tax burden on the folks in Maine? I just don't see it. That is what this is all about. Take things off budget, reduce the tax burden, and reduce the structural gap.

The other thing that was mentioned that I think we ought to bring up now is the so-called property tax relief offered by L.D. 1 and paid for in this budget. That remains to be seen. The activity on property tax relief is now going on and now started in our communities in front of town meetings and in front of town councils. Whether we deliver on that is all very uncertain at this point. We won't know for a while yet. To say that this offers property tax relief, we'll know in a year or so, maybe.

Madame President, it is my hope that we will vote against the Majority Ought to Pass Report.

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

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

Senator **MILLS:** Madame President and men and women of the Senate, I rise to be a little less kind than my colleague from York because I think that this budget, if it is adopted unamended, essentially closes down business for session of the legislature and the next special session of the legislature, which rapidly fall. It sticks a thumb in the eye of the Moody's rating service and says, 'We don't care about your bond rating, we're ready to take the reduction in bond rating.' There is no way, that I can perceive, that we can retain a decent bond rating if we persist in borrowing \$447 million, most of which will be used to keep the lights on and the store open and to continue business as usual without major changes to the spending side of the ledger. I would be willing, despite my opposition to the failure to adopt some serious spending reforms, under certain circumstances to vote for this budget if it were properly amended to get rid of that borrowing or to get rid of most of that borrowing, that portion of the budget that is used for ongoing expenses. I'm concerned that, if we leave that profligate borrowing in as the center piece of this budget, which it is, that the people of Maine will correctly perceive

that there is no point in approving a bond package if we send one out to the voters in June or November. They are going to say, 'Well you borrowed more money than anyone can possibly imagine you would have borrowed and you never got our approval.' I'm deeply concerned about things like the Fund for a Healthy Maine, about the Highway Fund, the need to borrow money to repair our infrastructure, I'm concerned about the environmental portion of the bond, and many other things. I can easily see us having a bit of a tiff over this budget and then somebody coming down the hall two weeks from now and saying to either me or one of my Republic colleagues, 'Well, we had a little rough time back there with that artificial adjournment and the emergency reconvening, and la te da, but let's let bygones be bygones and here is a package with \$197 million of bonds for good purposes and I know your package is a little south of that. Could we have a chat about it?' Whoever you approach is going to a little pirouette on the marble floor and say, 'My bond package is a \$447 million bond package and it's done.'

You know me well enough to know that that's not my temperament at first blush, but I can tell you I don't perceive how we can get a 2/3rd majority around a bond package if that bond package is supplemented with this \$447 million of profligate borrowing. I don't get it. I don't know what the plan is for the future of this session. I don't know what the plan is for the next biennium. I know that many of you are concerned, as I am concerned, about supporting social services. There are people in this building, perhaps, who adhere to the 'starve the beast' philosophy. The more revenue you set aside, distract, or reduce, the more likely it is that someday you will have a budget that will greatly constrain social spending and eliminate programs. That's exactly what this budget does.

We lost \$60 million worth of biennial revenue last time when we sold off the liquor business. Bet we wish we had that revenue back this time. I wish we had it back. Now we're going to take the lottery and a bunch of other funds and sign them off to secure bonds and not really make a payment on principle in this biennium. We're going to pay a little interest, but we're going to borrow that interest and then pay it, and burden the next seven legislatures, the next 14 years after this biennium, with about \$44 million in annual payments.

Where will the money come from two years from now to support the social services that many of us think are appropriate and valuable to this state? Clearly tax reform has risen to the top of the agenda. The schools, the K-12 schools, are going to get their money. They are at the top of the totem pole. They made it because of public referendum. That form of property tax relief will persist because that is a commitment that the people are requiring us to make. So for those of you to my left who are prepared to sign onto this budget because you think you can preserve social programs for another year or two, I think you are being lead over the cliff of bankruptcy by a pied piper on the second floor. That's my view.

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

Senator MARTIN: Thank you, Madame President. First, let me say some kind things about my fellow members of the Appropriations Committee in both the House and the Senate. When we began it was really doubtful as to whether or not we would work together and try to achieve a budget, even a supplemental budget. We did. The supplemental budget came to

a 2/3 vote in both bodies. We continued to work on the Part I budget. As we developed, there were a couple of issues that became clear that we had trouble with. One was the bonding, which I will talk about again in a minute. The other was the amount of spending on the other side, primarily on MaineCare, and whether or not we could save money in that regard. We got the recommendations from the Human Services Committee and the difference between the two positions was fairly narrow. Depending on how you allocate dollars and for what programs, you probably would say somewhere between \$10 million and \$20 million, the difference between the Republican position and the Democratic position. The members on the Appropriations Committee accepted the report for each of their respective caucuses from the Human Services Committee. It also became clear at that point that, for the most part, there were people on the minority side who wanted to cut deeper into medical and social programs then even what the Human Services Committee recommendations were. It also became clear, in my opinion and I think in the opinion of the minority, that getting that together would be very difficult. As it was, it turned out to be impossible.

On the issue of the bonding, we all began, I think, listening to the proposal and I think we pretty much all agreed that we didn't like it. We started working in groups of four, which I referred to as the gang of four. The Senator from York, Senator Nass, and myself were the two Senate representatives on this committee. We discarded the way in which the Administration had proposed doing it. We then approached it from another direction and we tried a number of scenarios that almost worked. Then it became clear that we had to meet a number of requirements. IRS, in particular, imposed certain restrictions on what we could and couldn't do. Then came the question and the problem of repayment, how we had to structure that, where the money could come from, and where it couldn't come from. It became clear that this posed a different problem. Half way through our discussion it also became clear that if we could do something to pay down on the state retirement we would, in the long run, be a lot better off. That is the direction in which we moved. The final analysis became clear and that is where we ended up breaking on that question. In order to achieve that goal, we had to graze and actually borrow more money than we had anticipated. We also, all four of us collectively, agreed that there was a real merit in paying down the state retirement system quicker.

I need to tell you that for once I cannot be blamed for past legislative action because the cause of our problem in the retirement system began in 1941. I wasn't here. It began when the legislature decided to put teachers, who had never paid a dime, in the retirement system. Regardless of employee status, the number of years that they had taught, they got a pension. To the day they passed away, those teachers received benefits from the State of Maine retirement system. That is the unfunded liability, which is massive. We knew that if we could pay \$120 million and go on a 14 year schedule, that payment of \$120 million plus the advance payment we will make for the two years of the retirement system on July 1, by accomplishing that, we saved the state \$1.3 billion over the long run, even if we were to go back to the old schedule.

If you look at this borrowing, what this borrowing does is two things; it pays for the entire cost of the retirement system for the next biennium, it pays an additional \$120 million on the unfunded liability as if we were on a 14 year schedule, and then it leaves \$66 million that will go to the recovery or to what some people refer to as the Rainy Day, which we don't call it that any more.

The Budget Stabilization Fund is where it would go. That's where it will get close to \$140 million and we will have that right off, which stabilizes us and provides us with the saving we believe the bonding houses believe we need.

That's where it is. It is true that we take the \$250 million that is freed up and we use it to fund L.D. 1. I will tell you this, the voters of Maine voted a tax increase in June, we didn't vote it. We have a liability because we said we will fill that commitment and we have to pay. That's the parameters in which we found ourselves. I fully agree with the Senator from Somerset, Senator Mills. If we didn't have to borrow, I would not do it. You will find this strange coming from me because if you give me some money left over I will spend it and find a good place to put it. If we put on a tax, as the economy continues to grow and more money is coming into the treasury, as we see it now every day, it's tough for legislators to then do away with a tax. That money will continue to come in.

The Chief Executive has taken the position that there is going to be increase growth in our revenues as a result of our economic improvements in this state, which is better than most New England states right now. That is the money that will be used so we don't have to do additional borrowing and we will have the money to pay off the borrowing that we have done. That is the commitment that has been made. Can all of that go awry? I suppose it could. We don't know what tomorrow will bring.

I do have to respond to a couple of comments of the Senator from York, Senator Nass. A lot of the issues that were petty to some will be dealt with in amendments that are going to be offered. We don't need to talk about them now. I suspect that we are going to be talking about kayaks and all the rest of that before the day is over. Secondly, I want to comment on the off-budget and especially on the way in which we are doing things. The problem when we put so many things like BETR and others as expenditures that other states don't, we get compared not with those off the table but what the bottom line is in total expenditures. If we are going to be compared nation-wide with other states, we need to be compared dollar for dollar, orange for orange, and apple for apple so that we are being compared alike. Otherwise, these comparisons mean little. Finally, I just need to say that our chair did a fantastic job in keeping us together. She deserves tremendous credit for keeping the Senator from York, Senator Nass, and I talking to one another. We worked collectively and we worked, I think, very well. If you look at this budget, there are differences. I fully agree, but there aren't many. Where there are differences, they are matters of degree, of small amounts. I mean that sincerely. I think you will see that later in the day when some amendments are offered. I certainly hope that as we proceed today, and when this is over, that we are not in a position that the Senator from Somerset, Senator Mills, would want to leave us in and that we are friends. We worked collectively for a budget, even though we can't agree in the final analysis.

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

Senator TURNER: Thank you, Madame President, ladies and gentlemen of the Senate. Madame President, this is a little bit like the 120th. You'd bring a Labor bill forward, refer to it as a good bill, and I would retort, 'No, Senator Edmunds, it is a bad bill.' This is not a bad bill. This is a very bad bill. I appreciate the comments made by the members of the Appropriations

Committee and the process that they went through. It reminds me of an exotic kabuki dance. In effect that is what it was. Something to appease the press and the public about how closely we worked together, but in the end it was a dance. Some of you are veterans of the military. If you look at this budget from a military perspective, this is known as a target rich environment. The targets are plentiful. Target one, that truly disturbs me, is that this budget circumvents the limitations in the growth and spending that are in L.D. 1. Things that heretofore had been expenditures are now adjustments to revenue and it allows us to slide under the spending limitations. Would it be that our counties and our municipalities had the same option? They don't and we shouldn't.

The Executive is happy with this budget. He has said so publicly on multiple occasions in spite of the fact that it has \$50 or so million less in cuts than he thought were essential to make this budget work. This budget is in desperate need of prudent spending and prudent spending cuts that are largely absent in this document.

A few have spoken about the borrowing that is imbedded in this agreement. It is the borrowing that troubles me the most. I believe that it is the borrowing that troubles the citizens of Maine the most. Close to \$450 million of borrowing. Not one penny of which will end up going to the voters for their approval. We are going to bond and we are going to bond to cover operational requirements, which my cursory reading of our constitution indicates we are not allowed to do. Your acquiescence to this document would circumvent that. This is an atrocity.

I know, for example, that if the Senator from Sagadahoc, Senator Mayo, had run his business as this document suggests he would have been bankrupt. I suspect that the business enterprises for the good Senator from Aroostook, Senator Martin, would be likewise bankrupt if he tried to run it in this fashion. I see the Senator from Cumberland, Senator Diamond, my colleague from Cumberland County, who has been successful in many different venues, including in the private sector. If he ran his enterprises as this budget suggests he would be far less successful financially today than he currently is. I could go to Senator Brennan, but that would be too over the top. I won't go to Senator Brennan. I think what we are faced with today are two things; we are poised to label Maine's government as the Enron of state government. The off-book transactions, not to worry, everything will be fine. There are several executives in Texas who are going to spend time in jail for those off-book transactions. Perhaps if we were faced with that we'd be thinking more than twice about this document.

Lastly, if we were a country they would call us Argentina, a country that has tried over and over again to be all things to all people and to borrow its way to prosperity. I've been to Argentina a few times. It's a beautiful country with wonderful natural resources, educated people, and an economic disaster. That's what you are setting this state up for with this document. Thank you, Madame President.

THE PRESIDENT: The Chair recognizes the Senator from Lincoln, Senator Dow.

Senator DOW: Thank you, Madame President. The other day I didn't want you to think I'm all dollars and cents but today I am back on dollars and cents so please bear with me. I have a lot of problems with this budget as presented. I'd like to take a look at a few of those items. One of them is this off-budget idea. My

town taxes, as well as yours, consists of the taxes for the town, the county, and education. The education part of the taxes in my town run about 75% to 80%, so that leaves about 20% for the town and county. Now if my town manager came to me and asked me to give him a check for the town taxes and education taxes but to give him a separate check for the county taxes, saying that they are going to send that check to them directly and it wouldn't be coming from the town. If he then looked me in the eye and said, 'See, we just reduced your town taxes by the amount of the county taxes,' I would have a hard time following that logic. That is one of the ideas of budgets I don't like, hiding budgets, which I have also referred to as Enron bookkeeping systems. I have even joked that the Enron people apparently didn't learn their scheme on their own, they must have visited the State of Maine sometime.

There are other things I didn't like and they are still in there, even though they may come out by amendment. The canoe and kayak fees and the idea to get a study together to see if we need to tax hikers and birdwatchers. I just hope my wife's clothesline isn't too far away from the house and close to the woods, she'd have to pay a fee for that. The racino monies that have been moved away from where they were going to, the fairs and the horseracing benefits. I'm still afraid that the bond ratings will continue to decrease no matter how we borrow the monies, because the bond companies don't care anything about smoke and mirrors. They don't care about nice talk. They only care about the facts. The facts would be that we would be borrowing a tremendous amount of money without the streams of revenue to cover it. The bonds companies work on speculations. You will notice that just because the prime rates went down for the government when they did, sometimes the rates for borrowing for residences and businesses went up. Didn't seem to make sense until you realize that the two aren't tied together at all. The rates for property have to do with speculation about which way the market is going to move. I fear that there is speculation that the State of Maine cannot handle its funding and its expenses in a way that will avoid another decrease in the bond rating.

I'm upset over the fines for seatbelts. I guess I've got to go back to another biblical perspective that says an eye for an eye and a tooth for a tooth. It is one of the most misunderstood passages in the bible. It means you don't cut somebody else's arm off because they put a scratch on someone else's finger. A \$225 or \$250 fine, which would represent an entire weeks pay for some people, for not wearing a seatbelt, to me, is very excessive.

The idea is out there that somehow we're going to have this pie in the sky, big growth that is going to take care of our funding problems in the future. Folks, we're already out of the recession. The big increases are not going to come. There is not going to be a jump in revenues. We've already had those take place. Now it's going to be growth as usual, hopefully positive. Whether we are borrowing and paying back \$400 million with the lottery or we're borrowing \$447 million over fourteen years to pay back plus interest, borrow is the centerpiece for this budget and that borrowing is going to go to pay the expenses of the State of Maine. I borrow money as a business. Two years ago I borrowed \$.25 million to build a warehouse. That's a lot of money for a businessman to borrow, especially somebody that's 54 years old and fifteen years on the mortgage. That means I don't get it paid off until I'm 69. I'd rather not do it that way, but when you are building a warehouse you are putting into an infrastructure that automatically assumes that the money that you are putting in, if I run business correctly, is going to result in more

and better pay coming in. With that pay not only can I pay off the mortgage, but I can do the things that I like to do, which I did a few years ago when I started a health plan and started a retirement plan for my company. These are things that never existed before until my business became more stable. It also allows me to pay my workers more money. I was always miffed by the fact that if you gave a businessman a cut, the feeling was that he was going to go out and buy a luxury yacht or two or three more Mercedes or something like that. We don't do that in the State of Maine. The businessmen in this state put their money either into their infrastructure, better wages for their workers, more benefits for their workers, or things that bring the status of the State of Maine forward and not backwards.

I have a hard time with this budget that relies on a tremendous amount of borrowing. I'm a pay-as-you-go person. I couldn't borrow \$.25 million to get by to pay my workers' wages or their benefits package. I needed to put it to good use and put it to where it would produce better revenues for my company so that my people that work for me would have more benefits. This borrowing package does not do that. It takes the money and puts it towards the everyday expenses to run government. When it went from \$250 million from the lottery sell off to \$447 million, it turned me off more than ever. I cannot vote for this budget as is. I will consider voting for it, and probably will vote for it, if it is properly amended. I wish the amendments came from budget cuts, but 19 to 16 in here says it's not going to. I'm a political realistic also. I hope that we come up with a better solution today. I'm going to vote no on this proposal. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Washington, Senator Raye.

Senator RAYE: Thank you, Madame President, men and women of the Senate. I rise, having listened to the members of the Appropriations Committee exchange kind words here. It makes me think what they may have able to accomplish had they been allowed to complete their work as their predecessors have over the course of many years in this institution. It has long been a tradition of sitting down across the aisle, negotiating, reaching consensus, and hammering out the details. We are operating in a different environment now, an environment where arbitrary deadlines dictate what we have to do. The result of that dictate is a budget before us that is nothing short of fiscal insanity. It's a shell game, arbitrarily taking items off budget to skew the numbers, and putting the state in a position of keeping two sets of books. We wouldn't tolerate that in the private sector certainly. The irresponsible budgeting and the irresponsible borrowing contained in this budget will saddle future generations of Mainers with the burden of paying for the costs that we don't have the courage to pay for ourselves. This legislature and this Chief Executive are imposing, with this budget, a very unfair burden upon our children. Is this to be the legacy of the 122nd legislature? It is a stunning avocation of leadership, in my opinion. It stands in stark contrast to a famous Democrat who lived his life and led this nation under the slogan 'The Buck Stops Here'. Apparently, with this Chief Executive and this legislature, the buck is designed to be passed. This budget is designed to mask the true costs of these massive expenditures that we are imposing. I believe we should inject some honesty and responsibility into this budget. This body should not be complicit in an effort to deceive the people of Maine about the true cost of what it is this legislature and this Governor is about to do and shift

the burden of that cost onto to future legislatures and future taxpayers. It is the height of irresponsibility. I urge that we defeat the pending motion.

THE PRESIDENT: The Chair recognizes the Senator from York, Senator Courtney.

Senator **COURTNEY:** Thank you, Madame President, men and women of the Senate. I guess I'd like to start out by complimenting the Senate President and the leadership on both sides for changing the tone of this chamber from last session. It's a much nicer place to do work. I realize that we have philosophical differences and I'd like to just point out a couple of them. I'm glad that we have this opportunity for debate.

First of all, it was mentioned earlier that this \$250 million in tax relief was because of funding for L.D. 1, which is actually not entirely true. As we've talked about before, a lot of the \$250 million is going to be used for new educational spending. While there is tax relief, there is not \$250 million of tax relief there. Furthermore, I think people might be mislead to believe that we've fully funded the MMA question from last June by putting in \$250 million over two years when it takes \$250 million over one year to fund it. Along with the theme of the borrowing, I guess that if we're going to borrow \$440 million, why can't we take enough of that money to fund Question 1 that passed in June fully and have that be our priority and not cause the pain and suffering of the implementation and fully fund EPS? I think that our priorities are certainly a little bit misguided.

We've got a lot of fines and fees. I know last session it was about \$120 million. I guess there is \$70 million or so this session. I assume that some of the amendments are going to correct some of that, I trust. It's not really up front. You raise a fee here, you raise a fee there. I get calls all the time from people complaining about that.

We also heard about following the committee's recommendations. The Department of Human Services made some recommendations and Appropriations decided that they wanted to follow those. There was an issue about the casual sales on rentals that the Taxation Committee opposed. I guess maybe the Taxation Committee's perspective was a little different from the other committee's perspectives. We will get into this later on because I know somebody has a casual rental amendment. Asking individuals that rent their homes out to become a tax collector for the State of Maine, I think our phones are going to ring off the hooks.

Earlier we heard that there is more money coming in every day. I guess that what that tells me, and if you look at the reports that we get every month, that it is something that a lot of us have been saying all along. Maine and Maine's government has a spending problem. We don't have a revenue problem. We need to look at that.

Finally, the off-budget items that were mentioned. We're talking about comparisons to other states. I guess if we're going to compare to other states, we should really compare to other states and look at how many other states actually tax equipment that creates jobs. That's really what it is about. When you take the money off the books, you are violating what many of us supported, L.D. 1. When you take it off there and you violate that cap, we really need to compare apples to apples to be straight and honest with the people of Maine. Thank you, Madame President, for the opportunity to speak and I look forward to an enjoyable day.

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

Senator **PLOWMAN:** Thank you, Madame President. Numbers are not my strength but graphs are. Every time I look at the graph prepared by OFPR that shows where we are going to be in two years we have done nothing in this budget to address the structural gap. We will be back here in two years and we will be at least \$650 million apart. This budget doesn't touch it. I will remember the Chief Executive having his first press conference and crowing about the fact that the last budget cut us in half. I quibble with his math but he said that we had cut the structural gap by half from \$1.2 billion down to \$750. The structural gap is going to be here again in two years and we're going to have to borrow again. When I borrow it's because I want to have something that I can see, put my hand on, and touch. We don't have that and we're not being prudent about going forward and reducing the debt. I don't know what you are going to borrow in two years. I don't know what you're going to sell. I don't know what you're going to securitize. We're running out of options. We really are. I object to this. I really do. I do have children. You are encumbering my children. If you are talking about economic growth, I'm a business owner. The economic growth comes slowly, but every time this legislature comes out of Labor, Taxation, or some other committee, you find a way to hamper economic growth in the State of Maine. When you pass this budget, I would challenge you for the rest of this session, and the very special session that we're going to go into, that you start killing bills that hamper economic growth in the State of Maine because you people are waiting for something to come in. There is some kind of anticipation out there. I heard yesterday we are anticipating. This is like a tax anticipation note. Okay, but those tax anticipation notes mean something is coming. I don't see the economic growth. What happens with the economic growth? We spent it in the supplemental budget two weeks ago. There have been three to four supplemental budgets since the last budget. I don't know what that adds up to. I haven't been here, but the last budget was increased by 10s of millions if not a 100 million dollars since you passed a budget two years ago. The economic growth that you had was spent. There is some coming, and guess what, I'm sure there is two to three more supplemental budgets coming. It's not responsible. Let's call it what it is, it's a majority budget. It's only going to take a majority of you to pass it. That is a failure.

THE PRESIDENT: The Chair recognizes the Senator from Franklin, Senator Woodcock.

Senator **WOODCOCK:** Thank you, Madame President, ladies and gentlemen of the Senate. I fully enjoy the opportunity to address you today and I know that our speeches from both sides of the aisle have swayed many. I'm going to be extremely brief because I'm not a big believer in statistics. I never have been because statistics can be used for whatever measure you decide to conclude or how you decide to conclude on a particular issue. We've heard today that the revenue stream for the state has been steadily increasing. We've heard today that we are anticipating borrowing \$450 million. Anybody's logical conclusion would be that this state does not have a revenue problem. It has a spending problem. I'm hopeful that someday this entire body will address that issue. Thank you.

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

Senator **BRENNAN:** Thank you, Madame President, men and women of the Senate. First, I'd like to compliment and express my appreciation of all the hard work that the people on the Appropriations Committee put into this budget. I know they put in long hours. Unfortunately for me, I was there with them for many of those long hours and I really appreciate the work they put into this budget. Leadership and government require two things; it requires a balanced budget and knowing what the bottom line is, and it also requires an investment strategy. How do we move into the future? Over three-quarters all the previous speakers have talked about balancing the budget. They have talked about how all the things in this budget from a financial perspective are wrong. I heard very little, almost nothing, about an investment strategy into the future. I had the opportunity in college to take economics 101. Out of that I learned that in order to prosper, not only do you have to know the bottom line, you have to have an investment strategy. What this budget does is both balance the bottom line and provide investment strategy into the future. It's balanced by restraining growth in spending by \$450 million. I didn't hear one of the previous speakers talk about that. Close to \$100 million of that reduction in spending comes out of Health and Human Services, \$100 million to balance this budget. It's also balanced without raising any broad based taxes. Some of my colleagues say we don't want to raise taxes, we don't want to borrow, and we don't want to cut any services, but we do want a budget. I'd be more than happy if we could get to that position. We're not. We have a balanced budget without raising broad based taxes and we've significantly restrained spending.

On the investment part and L.D. 1, this is our promise to property tax relief. For the first time since 1990, the state is going to be spending 50% funding of K-12 education. I just want to put this a little bit in context for people who don't understand this. For the last decade we have been at 42%, 43%, and 44%. In one biennium we're going to go back to 50%. That is a significant investment in our future and in education. For those who don't believe that this is property tax relief, I would remind them that 60% to 70% of municipalities in this state spend 60% to 70% of their property tax money on K-12 education. Please, if that is not property tax relief, show me another way. We are not burdening our children into the future. We are investing in education and to the future and providing property tax relief. Not only are investing in K-12, but there is also a significant investment in the university system. Over \$6 million in this budget goes to support higher education in this state. Everybody in this body understands that the key to our economic future is in investment in higher education. This budget does that.

Another key part of the budget is that it also says that our most needy citizens, the elderly, children, and disabled, should have health care. Some people complain about MaineCare. They say it is out of control. The overwhelming majority of people that receive MaineCare are elderly, disabled, and children. This budget supports an increase for nursing homes to support elderly people that need nursing care. It also continues to provide healthcare for the disabled and for the children. I've been very disappointed in the last couple of weeks with some of the debate where people have inferred that health insurance somehow is a bad thing for people, that we can't afford to provide health insurance for people, that this is bad and too costly. The simple

fact about it is that the more people in the state that have healthcare; it is good for everybody. It's good for hospitals, because there is less charity and uncompensated care. It is good for all of us because it reduces our healthcare costs because uncompensated and charity care is not then shifted to us. I think that is a good thing. I don't think that is a bad thing.

Most recently one of my more favorite philosophers has been Yogi Berra. I know that is hard for some of you to understand. Yogi Berra said, 'Predicting the future is difficult.' Predicting the future is difficult, yet we seem to have many people here today that are predicting the future for Maine as one that is gloomy and it really shows no future for the State of Maine. I dare say, some people have argued a politics of fear in this budget and that if this budget were to pass that Maine would be headed down a road that would be a bad road for our future and it would be bad for our children. I see this budget as a bridge to our future, to a prosperous future for the State of Maine because we're balancing the budget and we're also investing in Maine people, investing in Maine education, and investing in those things that will make us prosperous into the future. For those of you that wish to engage in the politics of gloom and doom and the politics of fear, don't vote for this budget. For those people that really want to provide a bridge to a bright and prosperous Maine future, please support this budget.

THE PRESIDENT: The Chair recognizes the Senator from Waldo, Senator Weston.

Senator **WESTON:** Thank you, Madame President, men and women of the Senate. I have served with the good Senator from Cumberland, Senator Brennan, for many years and on many committees. We find ourselves together in leadership. I disagree with him often. I'm going to do so now. We are investing in education, but we are borrowing that money. If we call it money invested in education, we cannot at the same time say those dollars are tax relief. I've been meeting with many of my school superintendents, school board members, and selectmen. They do not see or feel tax relief.

With regards with what we are doing in health care, both the Senator and I served on Health and Human Services for the last two years. What I saw was the elderly, the children, and the disabled who had their services cut in order to maintain an expansion of MaineCare that was for the childless adults. We have hospitals owed millions of dollars. We have not paid our debts.

The good President of this body has on her wall in her office a picture of Miss Rumphius and her lupines, a book by Barbara Cooney. If you read that book, it's not just for children, Miss Rumphius learned young, from her Grandfather first and then from others, that you should leave a place more beautiful than you found it. I have always tried to do that. I have tried to leave something that I found better. This budget does not leave the State of Maine in a better position. It only makes us get through today. The future will not be easier. We have not chartered a course that brings our taxes down. This budget taxes more, borrows more, spends more, but does not meet our responsibilities to the Maine people. I would ask you, let's come together and let's work together. Let's take more time and let's do a better job. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Hancock, Senator Rosen.

Senator ROSEN: Thank you, Madame President and members of the Senate. The figure of \$425 million to \$450 million of spending cuts has been mentioned a couple of times during today's conversations. It has also been publicized a fair amount during the last week. History tells me that this now is the message that will be delivered here on out for the rest of the session from the men and women that support this proposal. We have, in fact, cut spending 'by \$425 million to \$450 million.' Now, I've looked all through this budget during these last few days, and the printed document, to the best of my ability to try to find how that all adds up. I think the conversation we are hearing this afternoon is primarily from moving expenditures off-book. To go through the budget, it's pretty obvious. Education spending is up to meet the requirements of L.D. 1. The Chief Executive proposed \$140 million in a combination of tax increases and spending cuts in the Health and Human Service field and this budget accepts roughly \$85 million in that amount. It accepts \$40 million more in personal services spending. Once you go through the major categories, I've really only been able to find, in a rough review of this, the \$85 million of Health and Human Service reductions, which is true, and essentially the rest of it moved off-book. My request to you, for the people that will go forward and quote and requote this number until it becomes accepted as fact, please attach a summary with it so that we all understand what we are all talking about and so I can understand how the \$425 million to \$450 million of spending cuts is comprised.

The second point, and then I'll sit down, is regarding the comments around the increase spending for higher education, the university system, and the budget. I was particularly disturbed to see that amendment appear in this budget to, on the one hand, increase spending to the university system and on the other hand completely reject the role of the trustees and of the Chancellor's plan by institutionalizing in language the names of the campuses and other requirements that have to forward around the four year development program. This is very similar to a proposal that was in last session's budget that cut the university and had attached to it language that said that even though we were cutting their budget, they would not be allowed to attribute any tuition increases to this cut. They must claim the purpose for the tuition increases was something other than the cut. Now in this session we have an amendment in this budget that says we are going to establish in law the make up of the university system and they are just going to have to accept that with this increased funding. I think that is bad policy. We have trustees. We have professional management. They are trying to advance a plan. I think we ought to allow them the courtesy to do so. Thank you.

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

Senator DIAMOND: Thank you, Madame President, men and women of the Senate. I wish the good Senator from Cumberland were in his seat because I would say to him and others in this Senate how much I respect him. He did make note of my name and I'd like to maybe further what he was talking about. We have a lot in common. The Senator from Cumberland, Senator Turner, represented Windham and I represent Windham in the Senate. He has a bright young daughter who is a doctor and I have a bright young daughter who is a doctor. He's in small business and I'm in small business. We have a lot that we can say that we share. When we hear that this is a very bad budget, it causes me

to ponder a bit because I think he would agree, as maybe some of you, that it does make good business sense to borrow money to pay down the pension, looking at that one piece. I think there is some good merit to that. Business 101 would suggest that it really does make sense. We're going to bring that schedule down to a 14 year schedule. That makes sense.

What we have left, of course, is a \$250 million piece. I was not terribly thrilled with having to support a budget that would borrow money to pay back \$250 million. There are so many good things in the budget, but that's the piece that kind of jumps out at a lot of people. I'm not one who's going to be supporting taxes. I'm just not going to do it. Here I am, and maybe some of you, not supporting taxes and the borrowing piece goes down kind of hard. So what do we do? We have \$250 million. I took a little bit of time and went through some of the budget. Unlike most of you, I did not go through every page, but I did take a look at it. I couldn't find where we could really cut \$250 million responsibly. It really didn't make sense. I don't think we have a problem with spending, I think we have a problem with cutting. I'm wondering where we are going to come up with those answers. If there is a logical way to cut \$250 million then I'm first in line to look at that list. It really isn't a danger, I think, when we simply say we need to make cuts and this is a bad budget. I think the more fair thing to say is that we need to cut this budget by \$250 million and here is our list. Lets look at the faces on that list, see what we are impacting, and see if we really want to do that. Madame President, that is my only question. I'm willing and open here, but to look at \$250 million in cuts, I guess I would need some specificity. Thank you, Madame President.

THE PRESIDENT: The Chair recognizes the Senator from York, Senator Courtney.

Senator COURTNEY: Thank you, Madame President. I just wanted to address a couple of things that were said a little earlier. I guess if you keep saying it, and TV keeps flashing on you, people start to believe it. Maybe I just need to keep saying it. I don't understand, with reference to L.D. 1 and when you require new educational spending, how you can call that tax relief? I'm having a hard time fathoming that. There are many people in my district that are having that same issue.

We've also heard that \$450 million in borrowing is an investment strategy. Well, an investment is when you buy something that provides you with a return. I think when you borrow \$450 million to balance a budget in one year, I'm not sure that I'm capable of understanding the return. Granted there may be some savings from the Unfunded Liability, but let's give that savings to the people of Maine and give them some tax relief. Let's fully fund Question 1 and give them the 55%.

We talked about healthcare and our need to address the healthcare system. It's a very serious problem. I think we really need to address the issue of why is it so much more expensive for somebody to buy healthcare in Maine than other states. Why is it young people, just going into the workforce, decide they don't want insurance? It isn't access. It's the cost. This legislature has driven up the cost over the last ten or fifteen years. I'd ask that we look at these things as well and I will continue to question the borrowing. Hopefully, the people of Maine will pay attention to this borrowing. Thank you, Madame President.

THE PRESIDENT: The Chair recognizes the Senator from Kennebec, Senator Gagnon.

Senator **GAGNON**: Thank you, Madame President, men and women of the Senate. My good leader to my right has used Yogi Berra's expression a little earlier. I think he misquoted it a little bit. I'd like to use the one, this seems like déjà vu all over again. I remember past years when we were standing here with the majority party being in a position of having to govern with our Chief Executive, having to make the tough choices, having to keep government functioning, having to make sure the safety nets were preserved, and having to make sure that the people's will, in terms of property tax relief, happened. We have to do that. We have the responsibility, in the majority, to do that and with the Chief Executive with us in both bodies. We are here once again with the other side in opposition, without a product, but in opposition. We heard that there might be a product. In fact, we thought there was a product. A Republican think tank put out a product a few days ago that gave us an inkling of what type of cuts we're talking about and what type of strategies we're talking about. That strategy would have essentially dismantled Dirigo Health and cut it altogether. This is a program in which we are finally trying to get some control over healthcare costs and prescription drug costs. They essentially eliminate the program altogether to save money. Never mind Grandma in the nursing home. You could just push her out the door, I suppose. I don't know. In my town we call them Mémés. In fact, that issue has become such a significant issue, the dismantling of Dirigo Health, that we had an embarrassing situation this morning.

The second thing that this program would have done is the out-sourcing that we read about. We would basically take a lot of the state entities and just privatize them. Maine State Museum, Maine State Library, the state parks, the Criminal Justice Academy, and the list goes on. All this in an effort to cut, cut, and cut. Never mind what the people of Maine wants, never mind what past investments have been. Let's go back.

The interesting one, which I found really surprising coming from a Republican think tank, is this elimination of local control. It's a mandate that would essentially eliminate half the school districts in the state. Just when we are starting to make progress with regionalization, getting school systems to start talking with each other, and working with the state. We're finally providing a huge amount of revenue for education in this state. Now we're talking about eliminating half the school districts. Alienating all those folks. Alienating those small towns, because we know which ones would be eliminated. I found it pretty outrageous.

Finally, we get to the commitments and the investments that we've made in resources in this state and public lands. Essentially the idea is to sell off the public lands. I remember there was a bill about Lands For Maine's Future that came here. I think it was left open for almost every member to sign in the Senate. I think we did sign onto that.

So this is what we read as a plan. We then found out, that even though there were many Republicans that put this plan together, that the Republicans in this building were running away from it very quickly. That's the latest we've heard. We are yet to see whether or not this is the Republican plan or if there is another Republican plan. All we know is that they don't like this plan.

We know what the budget looks like. It's about a good 8" thick, the whole thing. I can go through that budget page by page and find you all kinds of things I didn't like. One of my biggest fears in coming to this session, after what we dealt with in the referendum questions and my disappointment last session, was

how are we going to do this? How is this going to happen? On first blush of the budget from the Governor, I was at least relieved. We weren't looking at a significant tax increase to be able to do what we had planned to do last session. At least relieved. Securitization of the lottery system and the lottery revenues is done by many states. In fact, most states that have lotteries have either done it in one way or the other. Not an uncommon way to fund investments. That wasn't politically acceptable, so the committee of four, the gang of four, the four outlaws, or whatever you want to call them, worked together in a bi-partisan way to come up with an alternative. Now we have the variant of that alternative at this point. We can talk about pied pipers, we can talk about all kinds of things, and about how terrible this is. We do have philosophical differences. We have to accept the fact that we do have philosophical differences on this. Ultimately, with all of the agreement, all of the working together, and all of the openness, we knew we would probably get here because there is a fundamental difference. I particularly want to commend the Senate chair on her ability to bring everyone together and to keep the lines of communication open up until just about ten minutes ago. In fact, she was working with me on an issue. There is a fundamental difference of viewing the glass as half full or viewing it as half empty. We will proceed. We will govern, because we have a responsibility to do that. We hope that in the future, after this budget is over with and after all disagreements have been put to bed, that we will be able to continue to work together because it has been very successful this session. I hope no one draws lines in the sand. I hope no one sets certain positions in stone. We've really tried to avoid that. I hope we can move forward and work successfully on many other issues that are facing this legislature in the coming weeks. Thank you, Madame President.

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

Senator **SCHNEIDER**: Thank you, Madame President. I hadn't intended on speaking today, but given the fact that integrity, honesty, and responsibility have been brought up, I feel compelled to speak. When we speak about doing the responsible thing, I think we are by moving forward with this budget. I think it's a real hit on people who take loans out to make investments to call them irresponsible. I think it's very responsible and I think the people of this state really understand our situation because many of us are in this situation, Madame President. We're in the situation where we have to take loans out for education. We're in a situation where we have to take loans out for businesses in order to make our ends meet. I have been in a situation where I have heard many slams on L.D. 1 by my colleagues on the other side of the aisle. I've said, 'Well, okay. Take your hits, but where is your plan? Where's the beef?' I think, given the current situation, there are fingers in their stew and those fingers are the people of this state's fingers. Those are the cuts. They wouldn't just be fingers, they would be legs and arms too because we would be cutting those services off from people in nursing homes. We would be cutting services off of education. I find it ironic, terribly ironic, that there are amendments that will be presented later on to increase spending by my colleagues on the other side of the aisle.

I also find it tremendously ironic that there is not the connection being made between the federal deficit, which is at a record high, and our future. They seem to support that on the

other side of the aisle. I would say, Madame President, I would assume that they would join me in sending a letter to the President of the United States in disgust and horror at the continual deficit spending that this government, at the federal level, placing taking on the future of our children.

I believe that this budget is responsible. We're taking care of our most needy citizens. I believe this budget is responsible. We are funding education. My colleague on the other side of the aisle, who is so quick to condemn this budget, is going to be reaping benefits to his education system in his district by many dollars. I say to my colleagues, Madame President, if you don't like this budget, where is the beef? I want to know what cuts you are going to make. The people of the State of Maine want to know what are the cuts you are going to make because that is dishonest, Madame President, not to come forward with a plan so that the people of the state know where those cuts, those hatchets, are going to be made. Thank you, Madame President.

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

Senator **PLOWMAN:** Thank you, Madame President, men and women of the Senate. I, unfortunately, have many points to address, but I will start with the last that was made. We did have a sub-committee and they worked for several weeks coming up with suggested cuts. We worked hard at it. I understand that this was brought to a meeting of leadership and leadership said to give them a couple of hours and they would see what they could come up with. Our people had been working for two weeks with suggestions. We actually came close to having a two-thirds budget when we asked, 'What would you do to cut the structural gap? Let's work on something that brings us down a couple of \$100 million on the structural gap over the next two years and we'll be there.' Some of you may not know this. We are close. We were close, but that doesn't get us all the way. The Republican plan that we're hearing about today was put out by a conservative think tank, not a Republican think tank, none of whom are elected and none of the initiatives are here before you as an actual legislative document, whether it would be an amendment or a budget. I remember not too long ago when the majority party sought to distance itself from its party chairman because of his jib-jab like cartoon. I thought we were very graceful in letting you run away from him. Thank you for the same opportunity. The tone keeps changing here.

I'd like to address some of the finer points here. We keep talking about making a payment on a 14 year schedule for the unfunded liability. We're making a 14 year like payment, which we are using borrowed money to do, but we're also extended the unfunded liability out to the maximum allowed by the constitution. Please don't tell me that we have a 14 year repayment. The budget doesn't do that. If Dirigo is so wonderful, why isn't every state, county, city, and legislative employee on Dirigo? If it saves lots of money, it should start with the state budget. There is a cut for you.

Last of all, I'd like to remember my Grandfather, God love him, who gave me some advice that I never knew would come in so handy. He said, 'Beware of somebody who tries to sell you a bridge.'

THE PRESIDENT: The Chair recognizes the Senator from York, Senator Nass.

Senator **NASS:** Thank you, Madame President, men and women of the Senate. Just briefly, trying to address some of the things that I think there is a mistake in judgment or a mistake in opinion about here, one of which you just heard. I think that since it was repeated twice, I'll at least repeat it once. The Senator from Penobscot, Senator Plowman, suggested that what is happening with the unfunded liability is as she suggested. We are making a payment that is close to what would be necessary to accomplish the so-called short schedule this year, but we are officially moving, with this budget, to the long schedule. Last biennium we made a short payment. We stayed on the short schedule and we used up some slack that we had put in the unfunded liability a few years ago. This budget officially extends us to the long schedule. What will that cost us? There have been big numbers tossed around. It really depends on which schedule we stay on until we reach the end, whatever the end point is. We are officially moving to the long, more expensive schedule. You could suggest, although somewhat with tongue in cheek, the cost of that is a number we've seen a lot, the \$2.45 billion or there about, if we stay on that schedule.

There is more to that story than that. If you adopt this budget with its spending plan and repayment schedule, we almost have to stay on the long schedule and therefore make the higher payment, the \$2.45 billion. Because of what? Oh, I know what it is, because of the spending cap we adopted in L.D. 1. If we move back to the short schedule, we're not going to be able to stay under the cap. No matter what happens with the economy, no matter what happens with revenues, the likelihood of us having to stay on the long, more expensive schedule is highly likely.

Second, we have badly, in recent years, misused the term investment. We're investing in people. We're investing in education. We're investing in social programs. That doesn't meet, in my opinion, the strict test of what an investment is. An investment suggests there is some kind of return. Monetary return. I don't see it. I've been waiting to see it. I've been here now 11 years and I'm waiting for our return on investments to show up. I don't know where it is. It's just not there yet. The promise is there. If we keep investing in the university and education, and in social programs, the promise of a return is there. Where is it? I ask you. It's not here yet, maybe it will show up.

As to the Republican think tank, Madame President, as has been suggested, the Maine Heritage Policy Center is an independent. They tell us they are bi-partisan. They are pleasantly bi-partisan. I keep hoping that they will stay around. In reality, we have been under the influence of another think tank. I'm not going to characterize what party they might represent. It's called the Maine Center for Economic Policy. It's called the Muskie Center. Is there any doubt in your mind what their interest is in state government? It's bigger government. It's more spending. I don't think there interest is at all associated with the well being of Maine's citizens. I have not seen any report come out of those two groups that indicate to me that they are interested in our financial future. It would be nice. We send over there, to the Muskie School, \$10 or \$11 million a year in General Fund money for these studies. Is that a good investment? What kind of return do we get? We know what we're going to get from them. One sided reports.

Thank you, Madame President. I just wanted to try to clarify those three things.

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

Senator **BROMLEY:** Thank you, Madame President, men and women of the Senate. I first want to let my good colleague, the Senator from Cumberland, Senator Turner, know how left out I felt when he made his list of business-friendly Senators, as a former employee of one of Maine's biggest businesses, and now trying to birth one of my own. I would love to join in a letter to our federal representatives in terms of the caution against borrowing as well.

We're asked to assume that government can run like a business. There are certainly parts of government that ought to be business-like and ought to run like a business, but let's face it, when employees get sick, old, and disabled, we don't keep them on the payroll. These people are our citizens forever. We're responsible for them and glad to be. I've heard lots of rhetoric about borrowing and how awful it is. Guess what, we had some of those same discussions in our caucus. To assume that we love this borrowing scheme, we don't. I don't, let me say. What are the choices? For \$200 million we could eliminate the University of Maine and the community college system. I doubt anyone would endorse that. We could also eliminate the Departments of Conservation, Inland Fisheries, Labor, Public Safety, Economic and Community Development, Agriculture, Marine Protection, Secretary of State, and the Executive and we'd still be \$20 million short. Then there is great talk about MaineCare, about our appetite for social services. 66% of the program costs of MaineCare go to the elderly and persons with disabilities. If we were to do away with that, the 70% of the people living in nursing homes would become whose responsibility? We had a little bit of a laugh in our caucus about Aunt Martha living in the laundry room, but it wouldn't be funny and it would be true. Why don't we run more like a business?

Since those choices that I've outlined, I'm sure, are not palatable to any of us, what do we do? The borrowing scheme, as it is called, requires some faith. I hear precious little of that in here today. I think it's easy to cut what we don't value or we don't use, but what you don't value or don't use, I might. What I don't value or don't use, you might. There is the rub. To me, that makes this borrowing palatable. I agree it is tough to swallow, but I also suggest to you that it is critical that we do so.

If you haven't received one yet, you will be getting a measure of growth report card on your desk. There are three measures I want to draw your attention to. The first is personal income. We are still lagging behind where we need to be. The per capita personal income in Maine grew slightly faster than the national average from 2002 to 2003. It's slow but it's going in the right direction. Gross state product is, again, lagging from where we want to be but up about 5% from 2002. During the same time period the New England economy grew at a slightly slower pace. A third marker is employment. We have lost tons of manufacturing jobs. We know that. We're replacing some of those and we've got many yet to do. For the last seven years, the pace of job growth in Maine has exceeded New England and U.S. averages. I bet that might be shocking to many that are in this chamber, hearing some of what we've heard today. What makes this borrowing palatable is all of this and more. It's faith. So if you believe that best days of the Maine economy are behind us, then vote for this budget. Like me, if you believe that the best days of the Maine economy are in front of us, requiring thoughtful, deliberative strategy, investment, and hanging on when times are

tough and we are in this major transition, then you need to vote for this budget. It's hard to put out a tough plan like this. It's so easy to take shots at it. We can't cut our way into prosperity and we need all of Maine's people for success. This is a tough budget to put out for people to criticize, but somebody's got to do it. I thank the Appropriations Committee. Thank you, Madame President.

THE PRESIDENT: The Chair recognizes the Senator from Piscataquis, Senator Davis.

Senator **DAVIS:** Thank you, Madame President. I didn't intend to speak today. My colleagues to my right have done very well, as well as my colleagues to my left. It is probably no surprise that I agree more with the colleagues on the right. My good friend from Kennebec, Senator Gagnon, spoke and I felt that I needed to say a thing or two. Surprisingly, he said something that I agree with. That is that we have differences. No question about that at all. He ended his talk with something else I agree with. When we are done, we need to go away and be friends because in the future what will be remembered is the treatment of each other far more so than any of the issues here today. That's where we agree. Now I'll tell you where I disagree with him.

He spoke of tough choices. There are no tough choices being made here. We're going to borrow money. We haven't made tough choices. This budget avoids the tough choices. We aren't doing it. Negotiations. During the process, my assistant and I went forward and made a proposal with members of the other body and members here. Some of those people are experts at negotiations, professional negotiators. We put forth a proposal. Did they think we were going to put forth our weakest position? I've negotiated. That isn't how you start negotiating. There was no response other than they couldn't do it. That's not any good. Instead of negotiating, we went to borrowing. My good friend spoke of a line in the sand. I'm afraid that the majority budget maybe the line in the sand and it's not being laid down by the Republican caucus at all.

I would speak to one final thing, Madame President, and hopefully we can get to a vote before too long. He spoke of governing. This is not governing, this is having it your own way. Thank you very much.

THE PRESIDENT: The Chair recognizes the Senator from York, Senator Sullivan.

Senator **SULLIVAN:** Thank you, Madame President, men and women of the Senate. I have listened from the chamber and just outside the chamber to the discussion going on here. I've listened carefully to my caucus in the last few days. First, I want to talk about investment. Investment in small business is about \$1 to \$11. For every \$1 we put in we get about \$11 back. I also heard a question about investment in college. Well, first of all, public policy says we want to get more people to on to college. That includes community colleges and technical schools. We also know that this investment means they are higher wage earners. That education, my friends, is an investment.

When I teach a 7th grader, I'm really glad that they don't call the only investment as what they know at the end of 7th grade. It's what they learn each time and they become a better citizen and a more productive citizen. Education is an investment.

Our environment is an investment. Ask the many people who have supported Lands For Maine's Future. Find out where

our number one source of revenue is from. It is from tourism right now.

Those are the hard facts. I need to tell you something that is a little more personal. You see, in my caucus, there were members in my caucus that were saying that we need to trust. We were going to put forth this amendment, it was going to do things, it was going to be bi-partisan, and everybody will have a group hug at the end and we were all going to get along. This amendment will do it. This morning, I stood here and I spoke about a man who had the epitome of a volunteer to come forward. My committee worked to do that. All three Senators; Senator Mayo of Sagadahoc, Senator Mills of Somerset, and I spoke to this chamber. This chamber wanted to table a man who is donating his time and was standing in the back, waiting with his family, to be recognized. Then I hear that I'm going to trust people. That we are going to do this. We're going to forget a timeline. We're going to let everything go. I'm sorry, but I was embarrassed. I was hurt. I was hurt personally and I was embarrassed for the State of Maine. Whether you agree with the plan or not, you just need to vote no. It hurt. I will tell you that Dr. McAfee was also hurt. Where is the trust? Where is the respect? I'm sorry, but I don't feel the trust. I can't believe when people tell me something. It's lost. I learned a lesson today. I truly apologized to the doctor when I went out to see him. No one should volunteer their time and be put through what we did. Don't ask me to trust. Don't tell me that there is an amendment and to just have faith, we're all going to come together for that group hug. I don't believe it any more. I've become cynical. Thank you.

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

Senator MARTIN: Thank you, Madame President. First of all, let me just clarify so there is no misunderstanding that the borrowing that is proposed in PPPP is for pension reduction, not for general operating expenses. Also I would point out, ironically, that Portland, Rumford, Bangor, and Lewiston have just issued pension obligation bonds. We are not doing something that others are not doing.

I guess part of my thinking today, as I sat here listening, is to what has happened to the state budget. I've been through many state budgets. I guess, in part, we maybe ought to look back 30 years to see what has happened and why it has happened to the state budget. In the day when mental health patients were housed in Bangor and Augusta, when mentally retarded adults were in Pineland, when there were no nursing homes in this state, there were no residential facilities for the elderly, and people were taken care of at home, what care there was. All that has changed now, for the better. It also has meant an increased cost to society and to the tax budget that we now must meet. In the MaineCare account today, the largest single expenditure is for nursing homes and our 8,000 or so senior citizens that are there at state and federal expense. Our next largest expenditure in MaineCare is prescription drugs. I can go on and on and on about what we've done with mentally retarded citizens in Maine, the mentally ill, etcetera.

Through all of the budget discussions, whether we agree or disagree, guess what, no amendments were made by the minority members of the Appropriations Committee to cut those. The amendments didn't come. As a matter of fact, I made two motions that I specifically today remember. Not only was I defeated by my majority members on the Appropriations

Committee but defeated by the minority, who never voted with me either. Don't tell me that the minority was more prepared to make cuts than we were. No amendments, no motions were made in the Appropriations Committee by the minority to make cuts. They were not made. They may have been in some grandiose plan that someone had, in the privacy of their room, or in their offices. Bring me your cuts. Let's vote on them today. You want to make cuts, tell us what they are and what impact they will have on Maine citizens. If I agree with you, I'll vote for them.

The first cut, perhaps, would be by the good Senator from York, Senator Courtney. \$4 million that maybe Sanford doesn't want for education. We could cut the state budget by \$4 million. That's a cut. Let's offer it up. Let's vote.

Let me just point out, if people want to abuse my math at some point we can talk about it later, we don't need to bore you right now. That two year payment we are making is going to save \$1.3 billion over the term of the life. Deduct from that the interest payment on the entire bond. You are still ahead \$700 million. Do the math. There are all kinds of ways in which you can sell anything if you want to sell it, some with facts and some with fiction, depending on which side you want to take. Some do it better than others. We need to be honest with ourselves. I didn't want to end this any more than most people did. There were ways to get there, but the minority didn't help us.

THE PRESIDENT: The pending question before the Senate is the motion by the Senator from Androscoggin, Senator Rotundo to Accept the Majority Ought to Pass as Amended Report. A Roll Call has been ordered. Is the Senate ready for the question?

The Doorkeepers secured the Chamber.

The Secretary opened the vote.

ROLL CALL (#34)

YEAS: **Senators: BARTLETT, BRENNAN, BROMLEY, BRYANT, COWGER, DAMON, DIAMOND, GAGNON, HOBBS, MARTIN, MAYO, MITCHELL, NUTTING, PERRY, ROTUNDO, SCHNEIDER, STRIMLING, SULLIVAN, THE PRESIDENT - BETH G. EDMONDS**

NAYS: **Senators: ANDREWS, CLUKEY, COURTNEY, DAVIS, DOW, HASTINGS, MILLS, NASS, PLOWMAN, RAYE, ROSEN, SAVAGE, SNOWE-MELLO, TURNER, WESTON, WOODCOCK**

19 Senators having voted in the affirmative and 16 Senators having voted in the negative, the motion by Senator **ROTUNDO** of Androscoggin to **ACCEPT** the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-35)** Report, in concurrence, **PREVAILED**.

READ ONCE.

Committee Amendment "A" (H-35) **READ.**

House Amendment "E" (H-52) to Committee Amendment "A" (H-35) **READ.**

Senator **ROTUNDO** of Androscoggin moved to **INDEFINITELY POSTPONE** House Amendment "E" (H-52) to Committee Amendment "A" (H-35), in **NON-CONCURRENCE**.

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Rotundo.

Senator **ROTUNDO:** Thank you, Madame President, men and women of the Senate. Another amendment will be offered later on, Amendment V, which will strip the provision dealing with the primary enforcement of seatbelts that is contained in this amendment.

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

THE PRESIDENT: The pending question before the Senate is the motion by the Senator from Androscoggin, Senator Rotundo to Indefinitely Postpone House Amendment "E" (H-52) to Committee Amendment "A" (H-35). A Roll Call has been ordered. Is the Senate ready for the question?

The Doorkeepers secured the Chamber.

The Secretary opened the vote.

ROLL CALL (#35)

YEAS: Senators: **BARTLETT, BRENNAN, BROMLEY, BRYANT, COWGER, DAMON, DIAMOND, GAGNON, HOBBS, MARTIN, MAYO, MITCHELL, NUTTING, PERRY, ROTUNDO, SCHNEIDER, STRIMLING, SULLIVAN, THE PRESIDENT - BETH G. EDMONDS**

NAYS: Senators: **ANDREWS, CLUKEY, COURTNEY, DAVIS, DOW, HASTINGS, MILLS, NASS, PLOWMAN, RAYE, ROSEN, SAVAGE, SNOWE-MELLO, TURNER, WESTON, WOODCOCK**

19 Senators having voted in the affirmative and 16 Senators having voted in the negative, the motion by Senator **ROTUNDO** of Androscoggin to **INDEFINITELY POSTPONE** House Amendment "E" (H-52) to Committee Amendment "A" (H-35), in **NON-CONCURRENCE, PREVAILED**.

House Amendment "T" (H-67) to Committee Amendment "A" (H-35) **READ**.

Senator **ROTUNDO** of Androscoggin moved to **INDEFINITELY POSTPONE** House Amendment "T" (H-67) to Committee Amendment "A" (H-35), in **NON-CONCURRENCE**.

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Rotundo.

Senator **ROTUNDO:** Thank you, this particular amendment deals with positions that we established in Senate staff. I just wanted to remind people that there was a unanimous decision by the Legislative Council to establish these positions and also that there was equity in the development of these positions. One position

went to Republican staff. One went to Democratic staff. The others we all benefit from because they were established in the Secretary of the Senate's Office. I would ask you all to support my motion to Indefinitely Postpone this amendment.

On motion by Senator **ROTUNDO** of Androscoggin, House Amendment "T" (H-67) to Committee Amendment "A" (H-35) **INDEFINITELY POSTPONED**, in **NON-CONCURRENCE**.

House Amendment "CC" (H-93) to Committee Amendment "A" (H-35) **READ**.

Senator **ROTUNDO** of Androscoggin moved to **INDEFINITELY POSTPONE** House Amendment "CC" (H-93) to Committee Amendment "A" (H-35), in **NON-CONCURRENCE**.

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Rotundo.

Senator **ROTUNDO:** Thank you, Madame President, men and women of the Senate. This amendment unbalances the budget. There will be an amendment coming later, Amendment V, which removes the primary enforcement of seatbelt use, as this amendment does, but it does so without unbalancing the budget.

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

THE PRESIDENT: The pending question before the Senate is the motion by the Senator from Androscoggin, Senator Rotundo to Indefinitely Postpone House Amendment "CC" (H-93) to Committee Amendment "A" (H-35). A Roll Call has been ordered. Is the Senate ready for the question?

The Doorkeepers secured the Chamber.

The Secretary opened the vote.

ROLL CALL (#36)

YEAS: Senators: **BARTLETT, BRENNAN, BROMLEY, BRYANT, COWGER, DAMON, DIAMOND, GAGNON, HOBBS, MARTIN, MAYO, MITCHELL, NUTTING, PERRY, ROTUNDO, SCHNEIDER, STRIMLING, SULLIVAN, THE PRESIDENT - BETH G. EDMONDS**

NAYS: Senators: **ANDREWS, CLUKEY, COURTNEY, DAVIS, DOW, HASTINGS, MILLS, NASS, PLOWMAN, RAYE, ROSEN, SAVAGE, SNOWE-MELLO, TURNER, WESTON, WOODCOCK**

19 Senators having voted in the affirmative and 16 Senators having voted in the negative, the motion by Senator **ROTUNDO** of Androscoggin to **INDEFINITELY POSTPONE** House Amendment "CC" (H-93) to Committee Amendment "A" (H-35), in **NON-CONCURRENCE, PREVAILED**.

Committee Amendment "A" (H-35) **ADOPTED**, in **NON-CONCURRENCE**.

Subsequently, the Senate **RECONSIDERED** whereby it **ADOPTED** Committee Amendment "A" (H-35), in **NON-CONCURRENCE**.

On motion by Senator **GAGNON** of Kennebec, **TABLED** until Later in Today's Session, pending **ADOPTION** of Committee Amendment "A" (H-35), in **NON-CONCURRENCE**.

Senator **DAVIS** of Piscataquis was granted unanimous consent to address the Senate off the Record.

Senator **NASS** of York was granted unanimous consent to address the Senate off the Record.

Senator **SCHNEIDER** of Penobscot was granted unanimous consent to address the Senate off the Record.

RECESSED until 4:00 in the evening.

After Recess

Senate called to order by the President.

ORDERS OF THE DAY

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

Bill "An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2006 and June 30, 2007" (EMERGENCY)
H.P. 343 L.D. 468

Tabled - March 30, 2005, by Senator **GAGNON** of Kennebec

Pending - **ADOPTION** of Committee Amendment "A" (H-35), in **NON-CONCURRENCE**

(In House, March 30, 2005, the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-35)** Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-35) AS AMENDED BY HOUSE AMENDMENTS "E" (H-52); "T" (H-67) AND "CC" (H-93)** thereto.)

(In Senate, March 30, 2005, Reports **READ**. The Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-35)** Report **ACCEPTED**, in concurrence. **READ ONCE**. Committee Amendment "A" (H-35) **READ**. House Amendment "E" (H-52) to Committee Amendment "A" (H-35)

READ. On motion by Senator **ROTUNDO** of Androscoggin, House Amendment "E" (H-52) to Committee Amendment "A" (H-35) **INDEFINITELY POSTPONED**, in **NON-CONCURRENCE**. House Amendment "T" (H-67) to Committee Amendment "A" (H-35) **READ**. On motion by Senator **ROTUNDO** of Androscoggin, House Amendment "T" (H-67) to Committee Amendment "A" (H-35) **INDEFINITELY POSTPONED**, in **NON-CONCURRENCE**. House Amendment "CC" (H-93) to Committee Amendment "A" (H-35) **READ**. On motion by Senator **ROTUNDO** of Androscoggin, House Amendment "CC" (H-93) to Committee Amendment "A" (H-35) **INDEFINITELY POSTPONED**, in **NON-CONCURRENCE**. Committee Amendment "A" (H-35) **ADOPTED**, in **NON-CONCURRENCE**. Subsequently, **RECONSIDERED**.)

On motion by Senator **ROTUNDO** of Androscoggin, Senate Amendment "V" (S-56) to Committee Amendment "A" (H-35) **READ**.

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Rotundo.

Senator **ROTUNDO:** Thank you, Madame President, men and women of the Senate. This amendment consists of the Brannigan House Amendment "CC" with one added piece. It takes out the primary enforcement of the seatbelt law. It also strikes the emergency preamble and emergency clause, because I'm afraid we aren't going to have a two-thirds budget today. The amendment changes part AAA, the seatbelt provisions. First, it eliminates primary enforcement of the seatbelt law. Although most people agree that more seatbelt use is better, people felt uncomfortable with allowing police to stop a motorist on that ground alone. It has been taken out. Second, it introduces the fine for seatbelt violations as proposed in the original L.D. The fines will still be higher than fines currently levied, but not as extraordinary as those proposed in the original L.D. or committee amendment. There will be a \$50 minimum fine for a first violation and \$125 and \$250 fines for the second and third violations. The somewhat higher fines will hopefully encourage more to use seatbelts without causing undue financial difficulty. The amendment strikes the canoe/kayak sticker fee of \$10 and eliminates the study of a possible fee for other non-consumptive uses so that more thought and public input can go into the finding of appropriate ways to fund IFW. It changes the OPEGA language in part OOO by deleting the study of personnel issues and making the study of economic development programs voluntary for OPEGA rather than mandatory. This gives the OPEGA advisory committee more flexibility in gearing up and planning for its work for the coming year. It provides additional funds for education in the unorganized territory, to provide targeted money for K-12 education, assessment, and technology. Finally, it makes some truly technical corrections in the amendment. I urge you to support Amendment 'V'. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from York, Senator Nass.

Senator **NASS:** Thank you, Madame President, men and women of the Senate. I did have a chance at the break to look at Senate Amendment 'V', and as the Senator from Androscoggin, Senator Rotundo, suggests, it does appear, from as near as I can figure out, to match what was House Amendment 'CC'. Here is the