

MAINE STATE LEGISLATURE

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Legislative Record
House of Representatives
One Hundred and Twenty-Second Legislature
State of Maine

Volume II

First Special Session

May 26, 2005 – June 17, 2005

Second Special Session

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Second Regular Session

January 4, 2006 - April 6, 2006

Pages 737-1487

Came from the Senate with the Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (S-291) AS AMENDED BY SENATE AMENDMENT "A" (S-315)** thereto.

(S.P. 602) (L.D. 1625)
(C. "A" S-306)

Report was **READ** and **ACCEPTED**.

On motion of Representative **DUPLESSIE** of Westbrook, **TABLED** pending **FIRST READING** and later today assigned.

Was reported by the Committee on **Bills in the Second Reading** and **READ** the second time.

On motion of Representative **FLOOD** of Winthrop, was **SET ASIDE**.

Representative **FLOOD** of Winthrop moved that the House **RECONSIDER** its action whereby **Committee Amendment "A" (S-306)** was **ADOPTED**.

The same Representative **PRESENTED** House Amendment **"A" (H-630)** to **Committee Amendment "A" (S-306)**, which was **READ** by the Clerk.

The **SPEAKER**: The Chair recognizes the Representative from Winthrop, Representative **Flood**.

Representative **FLOOD**: Thank you Mr. Speaker. Mr. Speaker, Men and Women of the House. The amendment that I propose, (H-630) attempts to find an achievable middle ground with the homestead exemption issue. I seek to reduce its fiscal impact to this state and the municipalities and in doing so I will try to be honest about its funding prospects. The current homestead exemption revised through LD 1, for those of you who haven't been badgered by your towns over the last four months and have forgotten, is a statewide tax exemption that exempts the first \$13,000 of a home's value from taxation. More precisely, it exempts the value of the land upon which one's home resides. With my amendment I try to amend a well intended, but very expensive and unworkable proposal from the other body and I seek to create a revised homestead exemption reasonable enough so that it might survive the appropriations and/or budget process looming ahead.

I propose changing the homestead exemption to \$10,000 and provide state funding at 70%. Let me provide a short summary for your consideration. The current LD 1 homestead exemption is \$13,000 funded 50% by the state and 50% by towns. It costs the state \$17 million and it costs the towns \$17 million and nobody within town government is happy with this \$17 million hit that we have blessed them with. You must admit, it has given editorial page writers much to gleefully write about.

Perhaps I am just guessing, but maybe it wasn't the best part of our efforts with LD 1. What we have in the bill proposed in the other body is a proposed \$13 million homestead exemption that is fully funded by the state and that would be a very nice way out of this mess. I like the idea as much as anyone else and I wish that it could happen, but let's be honest. Let's face the truth. Passage of such a bill would be a false, feel good vote and not unlike others that I have recently witnessed here with no genuine prospects for funding because its cost to the state would be \$34 million. The amendment that I now present proposes a homestead exemption reduced to \$10,000 funded 70% by the state and 30% by the towns. It shares the responsibility in this manner for two years before evolving to full funding at \$10,000 by the state. It costs the state \$18 million and now costs the towns only \$8 million. The amendment also results in marginally less tax exemptions for the homestead owners. Yet, it finds a real fundable middle ground. Not a hallow promise. It reduces municipal homestead costs from \$18 million to \$8 million and it reduces the state's fiscal impact from \$36 million as presented here before you today, in the bill from the other body, and reduces that to \$18 million.

In closing I wish to say that a nearly identical amendment was proposed during the LD 1 debate in January and my good friend and colleague the Representative from Winthrop, Representative **Flood**, proposed it. It was a very good amendment then and, judging from the reaction of town officials in ensuing months I suggest that it may be an even better amendment now. But, the

Divided Report

Majority Report of the Committee on **INSURANCE AND FINANCIAL SERVICES** reporting **Ought Not to Pass** on Bill "An Act To Reduce the Minimum Participation Requirements of Insurance Carriers"

(S.P. 89) (L.D. 269)

Signed:

Senators:

SULLIVAN of York
MAYO of Sagadahoc

Representatives:

MCKANE of Newcastle
LINDELL of Frankfort
PILON of Saco
RICHARDSON of Warren
MARRACHÉ of Waterville

Minority Report of the same Committee reporting **Ought to Pass as Amended by Committee Amendment "A" (S-73)** on same Bill.

Signed:

Senator:

MILLS of Somerset

Representatives:

PERRY of Calais
BRAUTIGAM of Falmouth
VAUGHAN of Durham
GLYNN of South Portland
HARLOW of Portland

Came from the Senate with the Minority **OUGHT TO PASS AS AMENDED** Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (S-73)**.

READ.

On motion of Representative **PERRY** of Calais, **TABLED** pending **ACCEPTANCE** of either Report and later today assigned.

BILLS IN THE SECOND READING
House as Amended

Bill "An Act To Eliminate Estate Taxes on Family-owned Businesses"

(H.P. 321) (L.D. 436)
(C. "A" H-589)

Bill "An Act To Adopt the Streamlined Sales and Use Tax Agreement"

(H.P. 747) (L.D. 1094)
(C. "A" H-603)

Reported by the Committee on **Bills in the Second Reading**, read the second time the House Papers were **PASSED TO BE ENGROSSED AS AMENDED** and sent for concurrence. **ORDERED SENT FORTHWITH.**

Bill "An Act To Fully Fund the Homestead Exemption"

amendment in January was defeated. Perhaps the late hour and partisan nature of the debate contributed to its demise. Rarely are we given the opportunity for a second chance such as this opportunity before us now and I would hope that we would not hesitate to seize that moment and choose wisely. Choose a fundable, genuine homestead exemption and not another hallow and misleading, "We don't have the money, but well vote for it anyway" vote. Mr. Speaker, when the vote is taken I request a roll call. Thank you.

The same Representative **REQUESTED** a roll call on **ADOPTION of House Amendment "A" (H-630) to Committee Amendment "A" (S-306)**.

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

The **SPEAKER**: The Chair recognizes the Representative from Wilton, Representative Saviello.

Representative **SAVIELLO**: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. The towns that I work with did not get a lot of money because of LD 1 and because of this they have two choices. They could either borrow money to make up the homestead exemption or they can increase the mil rate. Those are their two choices.

I have the Town of Strong that in its whole life history as a town and community in Maine has never borrowed money to make their budget. They have to do this now. I think that this bill goes well towards helping them not do that and helps to reimburse them accordingly. Thank you Mr. Speaker. I will be supporting this amendment.

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

Representative **CLOUGH**: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. With all due respect for my good friend from Winthrop, Representative Flood I am going to oppose the pending motion and I will tell you why.

We have been uncertain about how to handle this particular situation with the homestead exemption for the last couple of years. We changed it from a \$7,000 exemption to either a \$7,000, \$5,000 or \$2,500 exemption depending on the value of your home. Of course, as most of you know if you are not at 100% valuation then that gets watered down so it was fairly meaningless for a large number of people. With LD 1 we decided that we should fund the Homestead exemption and we should fund it at a higher amount. We decided on \$13,000 and then the option came up to only fund it 50%. The unintended consequence of that is that we have devalued a number of towns so that even though they get a \$13,000 circuit breaker they get a higher tax bill. I would ask you to consider the effect of coming back again with another plan that is still only partially funded and is for another amount of money. People are confused enough. I think that they are pretty sure that we don't know what we are doing up here and with one more change they would be absolutely certain.

The fiscal note on this is not much different in '05 to '06 then fully funding the \$13,000 exemption. It sends a message to the people that we are intent on giving them something worthwhile and that we intend to provide some relief to municipalities such as Wilton that have a problem with the partial funding. I would ask you to support fully funding at \$13,000. There is nothing better that we could spend money on in this state at the present time, if we have the money to spend, than fully funding the Homestead. Thank you Mr. Speaker.

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

Representative **WOODBURY**: Thank you Mr. Speaker. Mr. Speaker, Men and Women of the House. I am also going to

oppose this amendment. My concern, much like the Representative from Scarborough, Representative Clough is that municipalities around the state have been proceeding with developing their own budgets on the basis of the Homestead exemption that was enacted in LD 1 and I believe changing the amount now creates real complications to the budgeting processes that have been taking place. Thank you.

The **SPEAKER**: The Chair recognizes the Representative from Waterford, Representative Millett.

Representative **MILLETT**: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I concur with the four Representatives who spoke recently here. We need to do something to change and, in my view, fix the Homestead provision as enacted in LD 1 Chapter 2. The issue of actual shifting of the tax burden within and among towns, particularly the 50% provision that we now have is causing considerable problems. I believe that this amendment is an improvement over the Committee Amendment (S-306), which is currently on the bill, but I think it fails, in many ways, to move us in the direction where we ought to be going. Here are my reasons.

In the last month we have seen three different rating agencies downgrade the state's bond rating. The common themes among each and every statement that we have all heard and read about have been two things. The state has minimal liquid assets or reserves and secondly, we have a looming structural gap wherein revenues fail to catch up with, or even keep pace with ongoing expenditures. The bill that came to us with the committee amendment does damage to both of those principles. It, in effect, wipes out the only reserves we have by spending over 33 million of the budget stabilization fund, which is the only extra cash that we have on hand at the moment. It creates a structural gap of a like amount going into the '08 - '09 biennium.

If we were only interested in getting a bill to the Appropriations table I wouldn't be speaking. Like a lot of you, and I have done this myself, it sometimes feels good to say that we are in favor of something even though we know that we can't fund it. Here, I draw a major distinction. I don't think it is credible for us to think that we can even pretend to fully fund a \$13,000 Homestead exemption without the resources to pay for it.

I think that the Representative from Winthrop has tried to cut down on the cost and stay away from wiping out the liquid assets that we have, minimal as they are, but in each case it fails to deal with the issue of tax shifting. My hope is that we can get the bill to the Appropriations table and perhaps work out a level of exemption for the '07 tax year and the '06 municipal year that we can fully fund and to do so within existing resources. So, I will be supporting the amendment as an improvement over the original bill, but I ask all of you to keep in mind that we are engaging in a false promise of the worst kind. Our economy is not going to support either of these approaches with the extra price tag that is attached to them and we need to start being realistic about the long-term consequences. Thank you.

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

Representative **LERMAN**: Thank you Mr. Speaker. Mr. Speaker, Men and Women of the House. As a member of the Joint Select Committee on Property Tax Relief I have got some background around this because, in fact, the proposal to increase the Homestead exemption to \$13,000 was part of LD 1.

Just a couple of observations. First of all, I think that with all the changes taking place with how we are trying to provide property tax relief and also in regards to some of the revaluations that are taking place within municipalities, we have somehow got to get the property tax payers to recognize that it is not the mil rate that they should look at as the indicator of how much they

are paying in taxes, but what their property tax bill is itself. That mil rate could bounce around for a lot of different reasons because we make policy changes here and also because revaluation is, obviously, going to affect that mil rate.

The key question is what are people paying for property taxes and it is my contention and it was the contention of the Joint Select Committee that in many communities, even though there might be a slight rise in the mil rate there would be a decrease in the property taxes paid by many primary residential property tax payers. I urge you in your communities to suggest that people look at the bottom line. What are they really paying in property taxes as opposed to the mil rate as the true indicator of our ability as a body to provide property tax relief to people? I think that in many cases, if not most cases, people would find that their property taxes have gone down as a result of the changes we made around Homestead.

The second piece that I want to share and that I think is somewhat ironic is that, in essence, the \$13,000 issue that we are talking about has, in fact, caused many communities to reduce spending which many of us would like to see as part of the solution to getting our tax situation more under control. The fact that there are a number of communities who have used this because of the sensitivity to rises in mil rates as a means to reduce taxes, which wasn't our intention - we thought that the caps were going to accomplish that through the work on the Joint Select Committee - but the Homestead adjustment that we made is doing that as well. I will be voting against this amendment and I hope that you will join me. Thank you Mr. Speaker.

The SPEAKER: A roll call has been ordered. The pending question before the House is Adoption of House Amendment "A" (H-630) to Committee Amendment "A" (S-306). All those in favor will vote yes, those opposed will vote no.

ROLL CALL NO. 250

YEA - Annis, Austin, Babbidge, Berube, Bierman, Bishop, Bowen, Bowles, Browne W, Campbell, Carr, Clark, Collins, Cressey, Curtis, Daigle, Davis K, Duchesne, Duprey, Emery, Fischer, Fitts, Fletcher, Flood, Glynn, Greeley, Hall, Hamper, Hanley B, Hanley S, Hotham, Jacobsen, Jodrey, Joy, Kaelin, Lewin, Lindell, Lundeen, Marean, McCormick, McFadden, McKenney, Merrill, Millett, Moody, Moulton, Muse, Nass, Nutting, Pinkham, Richardson D, Richardson E, Richardson M, Richardson W, Robinson, Rosen, Saviello, Seavey, Sherman, Shields, Stedman, Sykes, Tardy, Thomas, Thompson, Twomey, Valentino, Vaughan.

NAY - Adams, Ash, Beaudette, Blanchard, Blanchette, Bliss, Brannigan, Brautigam, Brown R, Bryant, Cain, Canavan, Cebra, Churchill, Clough, Craven, Crosby, Cummings, Curley, Davis G, Driscoll, Dudley, Dunn, Duplessie, Eberle, Eder, Edgecomb, Faircloth, Farrington, Finch, Fisher, Gerzofsky, Goldman, Grose, Harlow, Hogan, Hutton, Jackson, Jennings, Koffman, Lansley, Lerman, Makas, Marley, Marraché, McKane, McLeod, Miller, Mills, Norton, O'Brien, Paradis, Patrick, Pelletier-Simpson, Percy, Perry, Pilon, Pineau, Pingree, Piotti, Rector, Rines, Sampson, Schatz, Smith N, Smith W, Trahan, Tuttle, Walcott, Watson, Webster, Woodbury, Mr. Speaker.

ABSENT - Barstow, Bryant-Deschenes, Burns, Crosthwaite, Dugay, Mazurek, Moore G, Ott, Plummer, Wheeler.

Yes, 68; No, 73; Absent, 10; Excused, 0.

68 having voted in the affirmative and 73 voted in the negative, with 10 being absent, and accordingly **House Amendment "A" (H-630) to Committee Amendment "A" (S-306) FAILED ADOPTION.**

Subsequently, **Committee Amendment "A" (S-306) was ADOPTED.**

The Bill was **PASSED TO BE ENGROSSED as Amended by Committee Amendment "A" (S-306)** in concurrence.

**ENACTORS
Acts**

An Act To Clarify and Harmonize State Policy on Groundwater Management

(H.P. 1158) (L.D. 1643)
(C. "A" H-547)

Was reported by the Committee on **Engrossed Bills** as truly and strictly engrossed.

On motion of Representative DUPLESSIE of Westbrook, was **SET ASIDE.**

On further motion of the same Representative, **TABLED** pending **PASSAGE TO BE ENACTED** and later today assigned.

The following item was taken up out of order by unanimous consent:

UNFINISHED BUSINESS

The following matter, in the consideration of which the House was engaged at the time of adjournment yesterday, had preference in the Orders of the Day and continued with such preference until disposed of as provided by House Rule 502.

HOUSE DIVIDED REPORT - Majority (8) Ought to Pass as Amended by Committee Amendment "A" (H-491) - Minority (5) Ought Not to Pass - Committee on LABOR on Bill "An Act Regarding Occupational Safety and Health Training for Workers on State-funded Construction Projects"

(H.P. 1146) (L.D. 1628)

TABLED - May 26, 2005 (Till Later Today) by Representative SMITH of Van Buren.

PENDING - Motion of same Representative to ACCEPT the Majority OUGHT TO PASS AS AMENDED Report.

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

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

The SPEAKER: The Chair recognizes the Representative from Hampden, Representative Duprey.

Representative DUPREY: Thank you Mr. Speaker. Mr. Speaker, Men and Women of the House. What we have before us here is disguised as a safety bill, but is not really a safety bill. I need to explain a little bit. I used to be in the construction industry.

Federal law now requires the OSHA, the Occupations Safety and Health Administration, to ensure that all construction workers are trained in the areas specific to what their task is. If they are an excavator operator they need to be trained to do excavation. If they are a pipe fitter than they need to be trained for pipe. Whatever their specialty is that is what they need to be trained on. This bill paints the picture that everybody is trained equally. That is not the case on construction projects. What the bill says is that everybody must go through this one type of particular training, an OSHA 10 hour training, which is a very good training by the way. But, it paints the picture that everybody on a jobsite needs to know everything in this OSHA 10 hour and that is absolutely not true.

The bill also brings in every subcontractor on the job. Whether a subcontractor is doing \$20.00 worth of work or \$200,000, worth of work, they would be included in this OSHA 10 hour course. There are only two states that require this type of training on public projects.