

MAINE STATE LEGISLATURE

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Senate Legislative Record
One Hundred and Twenty-Fifth Legislature

State of Maine

Daily Edition

First Regular Session
December 1, 2010 to June 29, 2011

Pages 1 - 1494

The House voted today to insist on its previous action whereby it accepted the Majority Ought Not to Pass Report of the Committee on Criminal Justice and Public Safety on Bill "An Act To Protect Young Children from Sex Offenses" (S.P. 357) (L.D. 1182).

Sincerely,

S/Heather J.R. Priest
Clerk of the House

READ and ORDERED PLACED ON FILE.

The Following Communication: H.C. 204

**STATE OF MAINE
CLERK'S OFFICE
2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002**

June 15, 2011

The Honorable Joseph G. Carleton, Jr.
Secretary of the Senate
125th Maine Legislature
Augusta, Maine 04333

Dear Secretary Carleton:

The Speaker appointed the following conferees to the Committee of Conference on the disagreeing action of the two branches of the Legislature on Bill "An Act Regarding the Membership of the Midcoast Regional Redevelopment Authority Board of Trustees" (S.P. 54) (L.D. 204).

Representative PRESCOTT of Topsham
Representative HARVELL of Farmington
Representative VALENTINO of Saco

Sincerely,

S/Heather J.R. Priest
Clerk of the House

READ and ORDERED PLACED ON FILE.

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

ENACTORS

The Committee on **Engrossed Bills** reported as truly and strictly engrossed the following:

Emergency Measure

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, 2011, June 30, 2012 and June 30, 2013

H.P. 778 L.D. 1043
(H "A" H-636; S "H" S-324
to C "A" H-620)

The President requested the Sergeant-At-Arms escort the Senator from Penobscot, Senator **PLOWMAN** to the rostrum where she assumed the duties as President Pro Tem.

The President took a seat on the floor.

The Senate called to order by President Pro Tem **DEBRA D. PLOWMAN** of Penobscot County.

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

Senator **RAYE:** Thank you Madame President. I stepped down from the rostrum for just a moment at this time in our proceedings because during last night's discussion, as the Presiding Officer, I didn't have an opportunity to weigh in. I just wanted to make a few brief comments. I want to begin by expressing congratulations and my heartfelt and deeply sincere thanks to the Senator from Hancock, Senator Rosen, the Senator from York, Senator Hill, and the Senator from Kennebec, Senator Katz, and to their counterparts from the other Body who toiled long and hard for these past months in the Appropriations Committee.

The seeds for this successful conclusion of the biennial budget process were sewn at the outset of this Legislature when we made the affirmative decision to pursue a bi-partisan two-thirds budget and to afford all members, Majority and Minority alike, the respect of full participation in that process. The result is a crowning achievement for this first session of the 125th Legislature: a thoughtful and balanced budget that will bring historic tax cuts for Mainers of all income levels, including dropping entirely from the tax rolls those with the lowest incomes and targeted; smart tax policy that will encourage investment and job creation that Maine people need and deserve; reforms that will strengthen and preserve the State pension system for those who depend on it now and in the years ahead; meaningful and balanced welfare reform; and something that I think has too often been overlooked, the fact that there are no cuts to higher education and increased funding for K-12 education. I would venture that if you looked across this country at what is happening with state budgets, the State of Maine will stand out in that regard in prioritizing and funding our education because we understand that it is a vital and central role of state government and crucial to the future of the state and the people who live here. It is not a budget that any one of us would have written alone, but it represents that very best of bi-partisanship, respect, and reason. The people of Maine will be the beneficiaries of the work of the Chief Executive and of both Republicans and Democrats on this budget.

One final word, another item that could easily be overlooked, but is a tribute, I believe, to the men and women of this Legislature. That is that we have led by example within this budget by reducing our own budget, the Legislature's budget. It's not a modest reduction. It's a real reduction, a reduction of \$8.3 million, representing fully 14% of the budget of this Legislature. I believe we are on the verge of something historic and something that, while not one Senator is entirely satisfied with this budget, we can take satisfaction in knowing that this process worked and was a process that was characterized by patience, by listening, by being thoughtful, and demonstrating mutual respect. I want to say that the central role of Senator Rosen, Senator Hill, Senator Katz, and their counterparts from the other Body, most notably the House Chair and the House Minority Lead, played a pivotal role in bringing us to this day and we owe them all a enormous debt of gratitude. Thank you very much, Madame President.

The President Pro Tem requested the Sergeant-At-Arms escort the Senator from Washington, Senator **RAYE** to the rostrum where he resumed his duties as President.

The Sergeant-At-Arms escorted the Senator from Penobscot, Senator **PLOWMAN** to her seat on the floor.

Senate called to order by the President.

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

Senator **HOBBS:** Thank you Mr. President. Men and women of the Senate, first of all I, too, would like to congratulate the dedication and hard work of the Appropriations Committee and the members of this Body who worked so diligently for the past five months. Special appreciation and respect to Senators Rosen, Katz, and the lead of the committee from our caucus, Senator Hill. We're very much indebted to your hard work. The Appropriations Committee budget is a vast improvement over the original General Fund Budget submitted in January of this year. Although not the intension, the Governor's original budget created divisiveness among Maine citizens. It pitted the public and the wealthy against State employees, teachers, low income Mainers, and labor. The Appropriations Committee, however, worked tirelessly to moderate this divisiveness. The budget in front of you is the unanimous vote of that committee and it moderates and protects Maine's citizens from the extreme measures of the original document. This budget was the product of unanimous compromises. This budget restores roughly \$100 million to health and social service programs, thereby avoiding cutting over 100,000 Maine residents from health care and social service programs. This budget, as proposed by the committee, vastly improves the State's pension plan while reducing onerous unfunded actuarial liability by \$1.7 billion.

This budget restores funding for at least 3,000 Maine children, elderly, and disabled residents, who otherwise would have lost food assistance and their most basic needs. This restores funding for home visitations, a program that has reduced shaken baby syndrome by 50%. This budget restored, and will restore, funding for low cost drugs for 44,000 elderly and disabled

citizens in Maine. The Appropriations Committee, in their wisdom, restored funding for substance abuse services for 1,600 Maine residents that otherwise would have been rationed among three residential treatment facilities following the closure of ten of the thirteen treatment facilities. This bill, as presented to us by the Appropriations Committee, restores funding for health care for 16,000 non-categoricals, many of whom are homeless veterans and all of whom earn 100% or less of the federal poverty level. Because of the work of the Appropriations Committee, this bill restores Medicaid funding for 12,500 low income parents and children who would have lost access to health care. It is important to note that when health care insurance is denied to low income Mainers, this group uses the emergency departments of our hospitals which provide the most costly care. The result is increased bad debt to hospitals and increased insurance premiums for all Maine insured residents. It is important to note that cuts in Medicaid result in cuts to providers of health care, an important factor in Maine's economy. Medicaid cuts mean significant business and job losses, including hospitals, nursing homes, physicians, and many other providers.

The Appropriations Committee also significantly modified and moderated the impact of the budget on active and retired State employees by eliminating the 2% increase in employee/teacher contributions to the Maine State Retirement System and eliminating the reduction of State contributions. This budget significantly moderates and modifies the original budget by reversing the runaway costs to State payments to the Retirement System by a reduction of \$338 million in total payments over the 2012 - 2013 biennials. This budget significantly reduces the substantial detrimental impact of the original budget on 83,330 State employees and teachers. This budget also reduced from the original budget \$52 million in tax cuts. We are fortunate that the Appropriations Committee also addressed providing for ADHOC non-cumulative COLAs, eliminating health insurance cost sharing that was imposed on State employees, teachers, and particularly low income retirees. Also this budget eliminates the provision penalizing all State employees and teachers who retire prior to age 65 and restores the normal retirement ages.

This budget probably has something in its body that anyone can hate. There is a provision in it, I'm sure, all of you would say you wish wasn't in the budget. The alternative would most likely be much more divisive. We have proposed in this budget, in the Appropriations Committee, alternatives. If we do not pass this today and enact it, would deprive many Mainers of access to health care. The alternative would severely impact State employees and teachers or require the State to make geometrical increases in payments to the ULA that would deprive funds for all other programs. The alternative would have squandered State resources on those who need them the least. I urge this Body to vote for Final Enactment and I thank again the member of the Appropriations Committee for their dedication and for the legislative leadership for their leadership in getting this budget to this point. Thank you.

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

Senator **SULLIVAN:** Thank you Mr. President. Men and women of the Senate, I rise in support of this budget. Last night I did not and I spoke to the good President afterwards. I want you to know he made me feel extremely good. I said, "I'm not an obstructionist and I will be with you on the Enactment." Instead of

making me pour out my soul for feeling like a betrayal of both his caucus and my caucus, he instead said it was therapeutic for me and I needed to be able to say what I did because there was a lot of skin in it, a lot of flesh in it, for me, personally, and my colleagues and friends I've worked with for 20 to 28 years. Mr. President, I want you to know that last night I went home after here, or I went to where I stay, and called my husband. He was in a pretty good mood because, as you know, he was keeping track of what was happening on the TV. Much more important than what was happening here. He was in a good mood and I said, "Honey, I have found something that's much cheaper than a therapist or anything. Will you install a yes and no button at home? Whenever I need therapy I'll just press no, I'll feel better, and everything will be great." He has no idea what I am talking about, still doesn't, didn't then, and for the 32 years that I've been married he usually doesn't know what I'm talking about. That's okay.

I am proud. I am very pleased with what has happened for many of the people that can afford things even less than I. I am blessed. I have a wonderful husband, a wonderful family, a wonderful son. I'll survive. I just won't be able to eat out as much and that is probably good for you, so I thank you. I want to say to everybody, it is a good budget. Perfect it is not. I've been assured that we're going to do some work on the retirement piece because we certainly have hurt the people that are close to retiring. I would remind you that retired teachers do pay their insurance premiums. We always have paid more than anybody else, other State workers. That's okay. We've taken care of those mentally ill. We've taken care of so many good things in here. Thank you for indulging in my therapy last night. I feel so much better saying therapy rather than obstructionist. I probably will cast this and I am really indebted to all of you here. Truly, I fought until the last moment, but I hope that I'm a good loser because while being a good loser I'm really a good winner and the State of Maine is a good winner. Thank you, Mr. President, for helping me, sincerely, last night. Thank you, men and women of the Senate. I think we're all pretty good in here. Thank you.

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

Senator **DIAMOND:** Thank you Mr. President. Ladies and gentlemen of the Senate, I would just be very brief. I could not let this moment go by without expressing my sincere thanks and admiration for what the Appropriations Committee has done. I'm sure when they first looked at that challenge, I'm sure Senator Rosen, Senator Hill, and Senator Katz all kind of shook their heads and just said, "What is this? What have we been given?" This is a huge mountain to climb, but they did. They climbed it. Not only did they climb it, they climbed it with dignity and with hard work. Looking at things like HHS and taxes and pensions. Last year I remember the Senator from Lincoln, Senator Trahan, as we presented the final budget, actually voted for it. He said the reason he did was because Republicans and Democrats all came together and worked so hard to make it work. That happened again. It happened again because of the leadership you see here today. I wanted to say thank you for that and my admiration for sure. I know what you went through, or a little bit maybe, not all. I know it was not easy, but you made it work. In fact, I think the success of this Legislature really centers on whether or not the Appropriations Committee is successful. I

think they feel that burden. They handled that burden with dignity and I'm very proud of them. Thank you, Mr. President.

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

Senator **SCHNEIDER:** Thank you Mr. President. Men and women of the Senate, I will also be very brief. I rise because I just wanted to acknowledge some of the things that are in the package that I find really incredible achievements. Also I concur with the previous statements about higher education, Maine Public Broadcasting, and meeting the needs of the most in need. I think they have achieved that in this budget and I want to commend those on the Appropriations Committee for doing that. I'll respectfully disagree with our leader about the tax package. I have grave concerns about that and I have grave concerns about the way we've left the retirement. I'm very pleased to hear that with this work, regardless of whether we put an amendment to address another review of the retirement situation, there was a commitment in this Body to undertake that work and to go back and try, when we can, to fulfill those promises that we've made in the past. There were some statements made last night and I really thought about those statements because sometimes people are not privy to historical information about what happens here under the dome. I've been very fortunate.

Most of my time here, and this is my last term here, I've been very fortunate that we've had bi-partisan, unanimous budgets. Whether the Democrats have been in power or the Republicans have been in power, around that horse shoe in the Appropriations Committee we've been very fortunate to have thoughtful, caring people who have worked together really, really well. They have achieved a bi-partisan, unanimous budget. That said, there have been people who have chosen, for their own reasons and their own convictions, not to support the unanimous budget work that was done at that time. I have decided to go back to roll call votes just to mention, so people understand, that there is nothing wrong for those people who stand against this budget. If they feel compelled to do so, they have every right to stand in opposition for those reasons. I just wanted to let you know that in 2009 there were two who were in opposition to a unanimous committee report, which was Nass of York and Smith of Piscataquis, in this Body. Two years previous to that, I remember it clearly and if I couldn't count so well I probably would have gone on the no as well because of the school consolidation. I don't know the motivations of the others, but I was tempted to be a no as well. Gooley of Franklin voted no on a unanimous report. So did Nass of York, Raye of Washington, Sherman of Aroostook, Smith of Piscataquis, and, the most interesting of all, Minority Assistant Weston of Waldo.

I think we all have our values and we have to stand up for those values regardless of what they are. Somebody asked me what I was going to do on this budget. I said there's a lot that I have heartburn over, I have concerns over, but because, for me, I believe that the people of Maine are looking to us for collaboration, for working together, and to send a strong message to the next person who must either sign or not sign or put in a drawer to become law that we support this budget. I will be supporting the pending motion. I think they are looking to us for our leadership regardless of who is in power under the dome. They don't want us to close State government down and create chaos. They want a budget. I think this is our best opportunity for that. It clearly shows that we work really hard together. We all

fought the good fight for our people. I know that there have been numerous discussions since the budget came out about how best to address the situation and everybody has had input. Is it perfect? No, of course not. I echo those of others here. It's far, far, far from perfect, but it's the best we could do given the circumstances. I want to congratulate the people on the Appropriations Committee. I tip my hat to you. I think you've done just outstanding work and I thank you all for that work. I hope you will join me in support of this budget. Thank you.

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

Senator **ALFOND:** Thank you Mr. President. Ladies and gentlemen of the Senate, I also rise today with the utmost respect for Senator Rosen, Senator Katz, and Senator Hill. Together, our three Senators worked for months, navigating through the toughest budget in recent history. The committee had to deal with a complex puzzle of large policy ideas, massive budget changes, and, let's not forget, an unexpected change package which could have been a budget in itself. I believe, in the end, the package is better than anyone could have predicted. They took an unworkable budget and made it much better. For that I am thankful. As the Democratic Lead on Education, I'm also especially grateful that funding for K-12 and higher ed remained a priority for the Appropriations Committee and the Governor. However, I'm not without my opposition. I cannot stand here and ignore what this budget will do for future Legislatures, for future budgets, and for the State of Maine. It appears that this budget was used to push significant public policy goals, including policies that will create huge budget deficits in the future. I fear, and let me say this again, I fear that this budget could be used to starve and shape government in the future. This two year budget calls for \$151 million of tax cuts. Let me be clear, I'm not opposed to tax cuts. I am, however, opposed to these tax cuts at this time. I'm opposed to giving the majority of tax cut dollars to Maine's wealthiest while our middle class got little. I know I'll hear, and we've heard from our good colleagues across the aisle, the merits of trickle down economics, but all it takes is reading a page out of our history books to see that trickle down economics will not empower the middle class nor will it stimulate the economy like you say. Yes, I appreciate the simplification of the tax code, but I believe the state of Maine is going down the same wrong headed path that our federal government went down with their tax cuts. Those similar tax cuts did almost nothing to create jobs and have made our federal budgets much more difficult to balance. In Maine, I fear, the story will be worse. These tax cuts will have massive implications for our future. In our next budget, the 2014 - 2015 budget, the tax cuts will be close to \$400 million. That's \$400 million that we know we won't be able to invest in roads, education, health care, and the innumerable services to Mainers. Not only are these tax cuts assisting the wealthiest Mainers disproportionately, it's also coming at the wrong time. My biggest concern is that these tax cuts will hamper Maine's current obligations to our people.

Our future budgets will struggle to find the necessary investments in education, transportation, and taking care of our elderly and young people. I understand the temptation to only deal with what's right in front of us, but our job is to think long term, not budget to budget with blinders on. Maine's future growth and economy depends on a skilled workforce. We all, in this Chamber, talked about jobs. We all, in this Chamber, talked

about growing our economy. The link between the two is education. Businesses are demanding higher skilled workers, but, by adopting this biennial budget, we are admitting that we are not putting our money where our mouth is. We're not prioritizing the investment in education. The voters mandated that we fund K-12 at 55%. We have yet to do so. Interestingly, maybe coincidentally, in the next biennial budget the proposed tax cuts of \$400 million is exactly the amount that we need to fund K-12 fully. Next is higher education. Currently today, in the state of Maine, our higher education funding is the 44th lowest in the country. Underfunding education, whether it's at the K-12 level or higher ed, will do nothing to improve our skill base of our workers nor give confidence to businesses to stay here, incubate here, or relocate here.

I understand that during these economic times we're all being asked to tighten our belts. Hard choices had to be made. However, promises didn't need to be broken. We spent a lot of time here talking about our obligations to hospitals and such. Where was that same obligation and commitment to our retirees and our current State workers and teachers? I do appreciate the changes that were adopted, that improved our original proposals for the State retirement system, the State health care system, and the compensation to our State employees. However, this budget has broken a promise. We told teachers and State employees that we would protect their retirement. Many of our current retirees have already fulfilled their end of the bargain. It seems especially unfair to renege on that contract. To the retirees whose lives will be impacted by these changes, I want you to know that we worked hard and in good faith to restore the State's promises to you.

It is with a heavy heart that I will vote again in support of this budget. Again, the Appropriations Committee did an amazing job, but this budget handcuffs our long term flexibility and squeezes our obligations for success and prosperity. I can say that neither side of the aisle is satisfied, so perhaps it is simply the best we can do. Thank you, Mr. President.

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

Senator **BARTLETT:** Thank you Mr. President. Let me begin by extending my appreciation for the truly extraordinary work of the Appropriations Committee and Leadership in putting this budget together. I've nothing but the greatest respect and admiration for all three Senate members of the Appropriations Committee. They worked tirelessly and they took a very bad starting budget and made it infinitely better. For that, I am very, very grateful. At the end of the day, though, I feel I cannot support this budget for three primary reasons. First, in my view, the cuts to the retirement system are simply too deep and the savings are not being used to go directly back into the retirement system. We made a commitment to our State employees, many of whom committed their entire careers to us and to the people of the state of Maine. In my view, this budget does not honor that commitment. Secondly, the tax cuts are unfairly balanced in this budget. I believe we are giving too much to those who need it least. Thirdly, there is a significant tax increase in this budget. There is \$20 million that is taken from the circuit breaker program which provides property tax relief. In my four campaigns, the tax I've heard the most frustration and anger about is the property tax. What we've done is raise the property tax for people who can afford it least. Many of the people who benefit from the circuit

breaker program are senior citizens. They are going to be denied that additional tax relief. For those people, this is a huge tax increase at a time when we are giving big tax cuts to others. I think it's wrong. I think we have an obligation to protect the least among us first or at least make sure, as we are distributing benefits, we are doing it in a fair and reasonable way. It is for those reasons that I will be opposing the pending motion.

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

Senator **JACKSON:** Thank you Mr. President. Ladies and gentlemen of the Senate, I'll try to be brief also. I said last night that I was very indebted to the Appropriations Committee. Nothing has changed in that regard because I quite honestly feel that they started out with such a draconian, mean spirited budget and to get to where they were was a huge victory for everyone in the state of Maine. My feelings haven't changed. The budget has provisions in it to deal with legal immigrants to the state, taking away benefits for legal immigrants. It seems like the policy of this state is changed to bring in more foreign workers that don't have legal status in Maine. I don't quite understand the hypocrisy of that. There is a provision to find \$13 million in savings in the employee health and benefits. Those savings are going to come out of cuts to the health insurance for State workers. That's going to compound the cuts that we've made to State workers. Like I said last night, it's the retirement fund. I have sat on the Labor Committee for nine years now. We had jurisdiction over the retirement fund. We knew that those payments were ballooning because of the constitutional amendment. We also knew that the problem with the unfunded liability is not a problem for current State employees, or any State retiree in the last 20 or 30 years. That's all problems that came from far back Legislatures. While it is our responsibility, it certainly is not those current retirees and current State employees fault. To put that all on their back now is unfortunate. I just can't do it. I said it last night. I live at the very far end of the road on Route 161. I can hear the trucks going by early in the morning. I can hear, in the wintertime, those plows going by at 2 o'clock in the morning. I hear those plows going by. It's very distinctive. You hear that plow scraping on the road. I hear that on Sunday nights. I've heard that on Christmas. I just can't believe that there are people out there making sure that the roads are safe for me and my family on Christmas when I'm sitting there watching my kids unwrap their presents. That's dedication. That's dedication for \$19,000 a year retirement. I just sat here and figured it out. That's \$1,583 a month. Where do you go with \$1,583 a month to run your home? Really, if people think that's living high on the hog, I just can't get over that. I said it already, the Appropriations Committee did do a great job. My vote is not anything against all the hard work that they put in because I know they did. Like I said last night, I'm just not able to do that to those hard working people. They worked for it. They are not the slackers that people talk about. They put their time in and they put their time in admirably as far as I'm concerned. Those teachers that taught us all. I'm just not willing to do that.

The Chair noted the absence of the Senator from Cumberland, Senator **BRANNIGAN** and further excused the same Senator from today's Roll Call votes.

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

Senator **DILL:** Thank you Mr. President. Men and women of the Senate, I rise also opposing the pending motion and also with gratitude to the committee that passed the unanimous budget. I thank them deeply for their work. I know that there is sort of a practice and a protocol here to uphold unanimous committee reports as a sign of appreciation and respect for all the work that was done. I think it's important that we recognize that this budget isn't about us. It's about the people of Maine who pay the taxes that support this budget and the people of the state of Maine who this budget is going to impact. The people who are opposed to the budget are giving voice to those people who are plowing the roads up in the Allagash and to those people who are bearing the brunt of the policies and the moral statements that are set up in the budget. The concerns I have are very similar to the concerns of the Senators who spoke previously. The pension is a prime example of the little guy being stuck with holding the bag. The pension is a sound pension system that has been responsibly managed and that was 74% funded until the 2008 recession, which we all know wasn't caused by State employees or public unions. That was caused by a worldwide economic collapse because of speculative investing and all kinds of securitized, mortgages and all that. Because of the decline in the market, we do have to meet our obligations with that regard. This budget goes beyond that. The budget goes beyond making up for the 2008 recession. The budget goes beyond paying what we owe to keep our unfunded actuarial liability payments current. It goes beyond that to pay for tax cuts. It's for those reasons that people who are opposing the budget feel so strongly. We're not only creating future deficits, but we're giving tax cuts to people on the backs of our public employees. Our opposition to this budget is giving voice to those people, saying this isn't right. Yes, I applaud the work of the Appropriations Committee. I respect the work that has been done. I congratulate all of you on accomplishing a budget, but I stand very solid in my commitment to give voice to those people who this budget is going to adversely effect. I thank you for your time.

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

Senator **TRAHAN:** Thank you Mr. President. Ladies and gentlemen of the Senate, I rise in an attempt to ease the burden of the consciences of the people that are concerned that the tax package is unfair in some manner. Before I begin that, I would like to thank the Appropriations Committee and Leadership for their tremendous effort in getting a two-thirds budget that I believe is going to be both historic and change the course of this state in a positive direction. I'd like to talk about the tax package for a moment and tell you a little bit about the history. This issue around tax cuts or the tax package out of the Taxation Committee took us several months to put together. What we tried to do, the majority of the committee, was to try to distribute tax cuts in a fair and equitable manner, in a way that would also protect jobs and put money into our economy, especially into the hands of the most vulnerable of our citizenry. I'm going to review some of the items in the tax package, not all of them because I don't want to prolong this into the afternoon with details. This package does

some structural and fundamental changes to our income tax structure. One of those that I believe effects the poor and the middle class in a very positive way is that it changes the policy of taxing the first dollar of income and creates a 0% bracket. We eliminated the 2%, 4.5%, and 7% brackets and established a flat 6.5% rate. What that does is puts about 70,000 filers or families right off the tax rolls. That is some of the poorest, hardest working people in our state and some of the most vulnerable. That was not a mistake. That was intentional. We also, in the Taxation Committee, plugged significant amounts of dollars into State workers, the middle class. Maine Revenue Services conducted for me an analysis of typical State workers. The average tax cut in this proposal is a little over \$200 for an individual. In most cases, all of them, the tax cut for State workers and the middle class is significantly more than everyone else. For the average State worker, beginning at an income of \$60,000 as a family, the tax cut averages \$280. When you get to \$71,000 of income the average is \$472. I think that we did a good job in intentionally trying to minimize any changes to the pension system for State workers. The other change in this package that was significant, one which was mentioned earlier, is the circuit breaker. The circuit breaker is divided into two segments. There is the senior piece, which received no cuts, 100% benefit for seniors under circuit breaker. There is another piece that addresses everyone else. That program did receive a 20% cut, but it was not done in this budget. It was a piece that was carried forward from the previous budget. A piece that was established under a different Administration and a different Legislature. Our Taxation Committee clearly spelled it out, that tax reform and property tax is not done. We fully plan on bringing the committee in this Summer to do significant property tax reform.

The other piece of this budget that has been claimed to be giveaways to the rich is the estate tax piece. I know it hasn't been mentioned here. This was never a giveaway to the rich. The most significant lobby for the estate tax changes were the Farm Bureau and the Maine farmers. For those that understand farming, most farmers are land rich and money poor. They have significant amounts of equipment, old farm houses, and sometimes thousands of acres of land on which they farm. A \$1 million exemption under previous law, if a person's estate was worth one million and one dollar the State applied a 41% tax to that entire million and one dollars. When a family wants to pass on a family farm, and they have incomes that are so low, it is virtually impossible to pass along that farm or small business. This was never intended to be a giveaway to the rich. This was about saving Maine farms and small businesses.

The next item. I'd like to talk about just a few of the items that were in the tax package that I believe were not giveaways to the rich, but actually sustain some of the longest traditional industries in this state. One of the exemptions was for commercial fishing, sales tax paid on fuel for fishermen. This industry, as we know, is on the edge and we could lose it. This was one small way in which we could help save our fishing industry and the Portland Fish Exchange. This was a promise that I made to my best friend just before he died. I said that I would, as Chair of the Taxation Committee, do the best I could to save the Portland Fish Exchange where he worked for most of his adult life. There is an item in here for the exemption on the meals tax paid in retirement facilities. This is not a giveaway to the rich at the expense of the retirees or the elderly. As a matter of fact, this is a safety net for them. When they've lived a lifetime, and

then have to retire with some level of support, this allows them to keep a little bit more money in their pocket to help them pay for their meals. Exemption on bags provided in redemption centers. These are the little tiny businesses all over the state of Maine who are right on the edge. Can you imagine one nickel at a time trying to make your living. These little redemption centers, this was about saving them and about saving their little businesses in your communities. Income investment in fishery infrastructure. This is about hatcheries and our waterfronts. This is about allowing an incentive for private investment and saving the Maine fisheries. This is about our hatcheries. This is about rural jobs and our rural economy. Finally, one last item I'd like to mention is about tax exemption for aircraft and parts. As we know, we lost the Brunswick Naval Air Station. This is about saving what's left of the opportunity to safe jobs in Brunswick. This is about bringing an industry, an aircraft industry, that could provide significant manufacturing jobs to this state. This was not a giveaway to the rich. This was about saving Maine jobs. This was about hope.

I hope this makes you feel a little bit better about this tax package. I'll submit to you that tax reform is not done. We have much more work to do, but I think we can all be proud of this tax package. Thank you.

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

Senator **PATRICK:** Thank you Mr. President. Ladies and gentlemen of the Senate, colleagues and friends, first of all, last night I didn't get a chance to thank the Appropriations Committee. Senator Rosen is a wonderfully honest man. Hard working, totally dedicated. I served with him in the House. He has never changed one iota and I really respect his ability as Chairman. Senator Katz from Augusta also did a great job. Senator Hill from York, I've got the utmost respect for you. For the House members on the committee, I've always said there's no way do I ever want to be on Appropriations Committee because so much rests on what you do.

First of all, I will say like my colleague from Aroostook, I think where you had to start was probably the worst thing in the world given the proposal that you had to work with. As Governor King's project of having lap tops for kids in schools was his biggest number one thing, I think having a tax cut is probably our Chief Executive's number one thing and he'll probably go down in history for being able to do this and it is historic. The reason I'm going to be voting against this is actually because of the historic tax cut proposal within the budget. This is the first time in my nine years in the Legislature that I've voted against it. I think one of the Senators from Cumberland had brought forth last night a proposal that really made an awful lot of sense to me and has in the past, being an economist. I think the other Senator from Cumberland, Senator Alford, actually took away most of my thunder because he eloquently spoke about basically where I was coming from. We have tax cuts without swapping the revenue one way or another. It's got to come from somewhere. Maine being a poor state with limited revenue, it happens to come on the backs of teachers and State workers. At 19 years old, in the paper mill in Rumford, the first contract we had, my union official asked me if I wanted to have higher wages. I actually said no, that I'd rather take lower wages and a little bit more in the pension. He said, "What are you, nuts?" I said, "No, because right now I'm single. I really don't need the extra money, but if I can get the same amount of money when I retire, that would be

my objective versus having a little extra right now." I remember the old guy saying to me, "Man, either there's something wrong with you or you're way ahead of your time." When someone takes a job the number one thing they really look at, if they have any sense at all, is what they are going to get when they retire.

Throughout this whole legislative session many times it was brought up that we have a moral obligation to pay our bills. We said that we were going to have the moral obligation and put extra money into a bill to pay our salt shed debts. We have a moral obligation. I remember I stood up then and said that I agreed with that and that we do have a moral obligation. I hope you stand with me today and make sure that we pay the moral obligation that we have to our teachers and State workers because the pension, that we basically were allowed to rob from, is something that people have been putting into for years, their whole working careers. I know I've paid into my pension with deferred wages at my paper mill for 31 years and I'm hoping that my pension is going to be there. I guess, just like we are now doing, maybe my company will decide to do the same thing to me. I hope not, but I'm banking on that fact.

I've stated before that one of the problems we have in the state of Maine is a lack of revenue. I know my wife has told me many times that if I get reduced hours at work I'm going to have to find some more means of making sure we have the money to make our budget. I went back and asked the law library to figure out how many tax cuts we've had over the last 11 years. I think, combined with this year, we've given tax cuts to around 55 or 60 different entities. Every time I think of a tax cut, for me, it would be taking an hour away from work. Instead of having 40 hours of pay I'm going to have 39, then 38, then 37, and then 36. I'll tell you one thing right now, that extremely ultra conservative woman that I am married to, and God bless her soul because she's helped make me the person I am, would say that we need enough in order to survive. I think the Senator from Allagash actually said \$1,583 a month. Who can live on that? I know my vote here today, with the 33,600 in my Senate District, probably 39% of them are going to be extremely mad at my vote, but I think about 61% of them either will be happy or will at least understand where I'm coming from. When I told most of the people that had said, "I'm not against really cutting the teacher's pensions," that their pension was really like Social Security and that they don't get both, they said to me, "Oh my God, you're not really going to cut their Social Security?" I said, "No, I'm not, but I think there will be those that are." I told them, "Folks, you've got to understand what's happening here is happening throughout the United States of America and there are hundreds of people in Washington D.C. that are going to go after your Social Security. How are you going to like that when they take some away from you, when they freeze your Social Security for year after year?" They said, "My goodness, I understand what you're saying now." That is the masses, not just one or two. Everyone that I talked to and said this was not their Social Security and it was their pension.

The moral obligation is for us to pay our bills. I have always said that the number one, most important, thing to me is to pay for people's pensions, and I hope mine is there. I understand that the citizens of the state of Maine baulked up when the last tax package, which was revenue neutral. You put something in there like you're going to charge them a tax on labor on their automobiles. One other thing, the two most egregious things that if we're going to do tax cuts, and not find a revenue or shift a revenue from somewhere else, it's coming at the expense of someone else. This is just one thing that I can't do. I can't look at

the teachers. I can't look at the State workers in good faith. I will say one thing, the budget you brought forth, under the conditions that were put upon you, you did a masterful job. Although it's not going to get my support, I'm thankful for the job that you did and for the outcome that we had because the losses could have been huge. The compassion shown by all of you touched me. I was able to testify on an issue that got cut down in Appropriations, but you treated me with immense respect. You really listened and at least discussed the issue that I brought forth. I want to thank you all for that. Thank you very much, Mr. President.

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

Senator **WOODBURY:** Thank you Mr. President. Senate Colleagues, it does pain me to vote against a collaborative compromise budget as this one is because it was such an admirable process. I've spent more of my legislative career working on pension reform and tax reform than any other issues. The solutions put forward in this budget are just not consistent with what I believe are primary priorities in those two policy areas should be. In pension reform, there is no doubt we need a substantially revised system. The problem I see with the reforms that have been enacted in this budget are that all of the weight of the change is being placed on years of service already completed and particularly on people who are already retired or on the eve of retirement while years of service going forward for current employees are largely unchanged from the current system. I just think it's a weighting that is not as it should be in conducting a very significant pension reform. That's the pension reform area.

In the tax reform area, I think the key economic disincentive in our tax policy is our top rate, our top income rate of 8.5%. To have put in place a policy that reduces revenues so dramatically, this is a significant tax cut and that's not a bad thing, but to have done that while only addressing the top rate from a level of 8.5% to 7.95% I think has missed the core of what we should be trying to accomplish. A system that targeted that objective more specifically and at the same time we weighted our system away from income taxes and towards consumption based taxes, I think, would have been the right kind of tax reform.

As much as I really admire the process that led us to this point and admire how much improved this budget is from where it began, with the two policy areas that I've worked hardest on and care most about, I just don't think it's quite right. That's the reason that I'm not going to be supporting the budget. Thank you.

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

Senator **GERZOFSKY:** Thank you Mr. President. Ladies and gentlemen of the Senate, this is actually the first time I've ever said this. This is a bill that I wasn't going to get up and speak on, but I felt compelled to. I was sent here in the Fall, like the rest of us, representing a community that was looking at the eminent closure of a naval air station, the eminent loss of 5,000 citizens and 5,000 jobs, at a time when we had been dealt a harsh blow in our economy, at a time when some might say Wall Street sent us some lemons and we had to turn around and not only make some lemonade but I'd like to say we made some lemon meringue pie to go along with it. I think that a bill came to us in the Winter months, when it was nice and cold, that I believe was very

tarnished and had a lot of patina on it. It came through the process of the Legislature and the great work of the Appropriations Committee from members of both ends of this building and both parties. They tried their very best to take some of that patina off and to shine it up a little bit. There was a time when I couldn't find my way to vote for it, but I knew at the time that Governors get to propose and Legislatures get to dispose and that we'd all have a say in the final outcome. I think there are parts of this budget that are very, very difficult. Very difficult for the people that live not only in my community but throughout the state. I also think that there are some extremely bright parts of this budget that are going to address some of the things that my friend Senator Trahan mentioned. Creating an industry and trying to get some jobs created. I think that was a moment of brilliance. Bi-partisan as it was and collaborative as it was. There are consequences to everything. There are consequences to our votes. There are consequences to elections. There comes a time when we have to man up, suck it up, and vote for some budget that we might not have all been terribly happy with. I don't think there is a person in this Body that wouldn't find things they would like to change. There are also parts of this budget I think everybody in this Body will find very helpful and very useful for the people of Maine going forward. I think that it's going to be this Body's responsibility to go forward and, where we find those dips and valleys, to try to work in a bi-partisan way to try to get past those valleys that we might encounter because many of us are worried about the economy and the future. Together, working in a bi-partisan and unified way between this Body and the other, we should be able to muster the resources to make that lemon meringue pie just a little bit heavier in the lemon and a little less in the meringue but have a good time eating it. Mr. President, I want to thank you personally. I want to thank the Appropriations Committee especially. I want to thank everybody in this Body and the other for working together in trying to come up with something that I can at least vote for and go home and be able to talk to my constituents and explain to them how we got to where we are and to be somewhat relieved that we got together and did something in a positive fashion. Thank you very much, Mr. President.

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

Senator **CRAVEN:** Thank you Mr. President. Men and women of the Senate, I rise in support of the pending motion. I also think that the tax cut is unfortunate, not because I don't believe in tax cuts actually, but because of the tail that's on this one and by the year 2013 and 2014 we're going to have a long tail of about \$400 million. I should reiterate my appreciation and gratitude as well for the Appropriations Committee. Even when I wasn't there my heart was there. I felt very much connected to them. The unanimous report does not increase an employee contribution of 2%. These are unanimous reports. It increases retirement age to 65 only for non-vested employees and new hires. It eliminates merits, freezes longevity, for two years. Money will not be taken from people's checks. The one thing that really makes me feel better as well is the freeze for retiree's COLAs for the three years. It freezes the COLA for three years, but provides an ADHOC COLA in the second and third year of the freeze in a cascade. I think that's very, very important to my constituents. It does cap the COLAs at 3%. Really what excites me the most, and the reason that I'm voting for this budget, is the unanimous committee report on Health and Human Services. It really reinstates almost

all of the Fund for a Healthy Maine that I was heartsick about, worrying about losing. It does eliminate coverage for the non-categorical childless adults. They are the most needy. They live under 100% of poverty. They are the sickest residents that we serve. It does not eliminate coverage for parents of children and families making between 133% and 200% of the federal poverty level. It does not impose a 4% family premium on Cub Care, Medicaid buy in, and home based care for homemakers. That really also pleases me because it makes such a big difference to my constituents. It grandfathers TANF food supplements and SSI for legal non-citizens currently enrolled. We'll see, we're going to work on new immigrants to our state hopefully down the road. It eliminates TANF for convicted drug felons. I'm not going to go into all of those things. I think that the unanimous report out of Appropriations for the Health and Human Services requests were just phenomenal. I am grateful and would ask for your support as well. Thank you, Mr. President.

THE PRESIDENT: The Chair recognizes the Senator from Sagadahoc, Senator Goodall.

Senator **GOODALL:** Thank you Mr. President. Men and women of the Senate, I rise today to give just brief comments on the budget. I will, too, be supporting this budget. It was very challenging for me to come to that decision after looking over all the pros and cons of the great, large document. I do want to say thank you to the Chair Senator Rosen and the good Senate members, Senator Katz and Senator Hill. There are many things in the budget that have been put back in that were originally proposed to be taken out that were important to my district and my constituents; things such as revenue sharing and health and human services, many components that the good Senator from Androscoggin just articulated, and many components of State employees and teachers and retirees. However, I struggled mightily over what was not restored. At the same time, the good Senate President from Washington remarked that process works, that there was bi-partisan support, and a unanimous report. I think that has a lot of value. We also cannot forget the totality of our actions in this Body over the course of the whole session and we should remember next year and keep looking back at what the budget has in it to make sure when we're voting on new proposals in the future, or even ones in the coming hours, that many people are making sacrifices or, frankly, having those sacrifices put on them by us, and we should keep that close when we make our future decisions. I would hope that we would stick together and support this budget today and in the future. It's not perfect. It is often, as many people say, that a good negotiation is when no one walks away happy. That is definitely the case today, but, based on how far we have come from what was originally proposed, I've decided to support this budget. Thank you, Mr. President.

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

Senator **KATZ:** Thank you Mr. President. Men and women of the Senate, I just want to briefly repeat a couple of things I said last night with respect to the impact of this budget on State employees and teachers. I would remind everyone that there is no change whatsoever in the benefits structure for either current retirees or current employees. I'd remind people of the changes which were proposed, considered, and rejected. A proposal which would