

MAINE STATE LEGISLATURE

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State of Maine

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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.

Resolve, Directing the Department of Transportation To Secure Funding To Complete the Aroostook North-South Highway Project (EMERGENCY)

(S.P. 283) (L.D. 736)
(C. "A" S-60)

TABLED - April 30, 2009 (Till Later Today) by Representative PIOTTI of Unity.

PENDING - **FINAL PASSAGE.**

On motion of Representative MARTIN of Eagle Lake, the rules were **SUSPENDED** for the purpose of **RECONSIDERATION.**

On further motion of the same Representative, the House **RECONSIDERED** its action whereby the Bill was **PASSED TO BE ENGROSSED.**

On further motion of the same Representative, the rules were **SUSPENDED** for the purpose of **FURTHER RECONSIDERATION.**

On further motion of the same Representative, the House **RECONSIDERED** its action whereby **Committee Amendment "A" (S-60)** was **ADOPTED.**

The same Representative **PRESENTED House Amendment "B" (H-575)** to **Committee Amendment "A" (S-60)** which was **READ** by the Clerk and **ADOPTED.**

Committee Amendment "A" (S-60) as Amended by House Amendment "B" (H-575) thereto was **ADOPTED.**

The Bill was **PASSED TO BE ENGROSSED** as Amended by **Committee Amendment "A" (S-60)** as Amended by House Amendment "B" (H-575) thereto in **NON-CONCURRENCE** and sent for concurrence. **ORDERED SENT FORTHWITH.**

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

PETITIONS, BILLS AND RESOLVES REQUIRING REFERENCE

Bill "An Act To Implement Tax Relief and Tax Reform"
(H.P. 1051) (L.D. 1495)

Sponsored by Representative WATSON of Bath.
(GOVERNOR'S BILL)

Committee on **TAXATION** suggested.

Under suspension of the rules, the Bill was given its **FIRST READING WITHOUT REFERENCE** to a committee.

Under further suspension of the rules, the Bill was given its **SECOND READING WITHOUT REFERENCE** to the Committee on **Bills in the Second Reading.**

Representative TARDY of Newport **REQUESTED** a roll call on **PASSAGE TO BE ENGROSSED.**

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

The **SPEAKER:** The Chair recognizes the Representative from Bath, Representative Watson.

Representative **WATSON:** Thank you, Madam Speaker. Madam Speaker, Ladies and Gentlemen of the House. LD 1495 is the product of cooperation between this body, the body at the end of the hall and the executive branch. The executive branch has made some suggestions as to improvements in the bill that we enacted a couple of days ago, LD 1088, and those improvements have been incorporated into 1495, which combines LD 1088 with the new material.

The changes, very briefly, this bill retains the key elements of 1088, it significantly lowers the income tax, it increases revenue stability, lowers the residential tax burden by \$55 million and, in fact, it has made improvements. It has reduced the number of people within a tax increase from 15 percent down to 11 percent. It has also recast several of the sales tax exemptions that we've discussed in the past and, all in all, has improved the bill considerably. I offer it to you with my greatest enthusiasm, and I wish we all vote for Passage to be Engrossed. Thank you.

The **SPEAKER:** The Chair recognizes the Representative from Wells, Representative Chase.

Representative **CHASE:** Thank you, Madam Speaker. Madam Speaker, Ladies and Gentlemen of the House. I do have some concerns. Once again, we see before us pages of changes that really haven't been vetted to the public, and this body didn't particularly have any input in this, this body right here. So what I'd like to ask, I'd like to pose a question, if this were to go forward, what then happens to LD 1088?

The **SPEAKER:** The Representative from Wells, Representative Chase has posed a question through the Chair to anyone who may care to respond. The Chair recognizes the Representative from Unity, Representative Piotti.

Representative **PIOTTI:** Thank you, Madam Speaker. Madam Speaker, Men and Women of the House. This bill would serve as a replacement, in essence, for 1088. As the Representative from Bath, Representative Watson, stated, it is basically LD 1088 with some changes in it, and LD 1088, as we all know, is currently on the Chief Executive's desk. This bill would arrive there and then the Chief Executive would make whatever decisions he so chooses to make.

The **SPEAKER:** The Chair recognizes the Representative from Newfield, Representative Campbell.

Representative **CAMPBELL:** Thank you, Madam Speaker. Madam Speaker, Ladies and Gentlemen of the House. I see what overall change is made, but I don't see any changes here for the gentleman who has to get his pickup truck fixed. He's still going to have to pay a tax on parts and labor. Am I correct?

The **SPEAKER:** The Representative from Newfield, Representative Campbell has posed a question through the Chair to anyone who may care to respond. The Chair recognizes the Representative from Unity, Representative Piotti.

Representative **PIOTTI:** Thank you, Madam Speaker. Madam Speaker, Men and Women of the House. This bill as presented retains almost all of the core elements of LD 1088. So in response to the Representative from Newfield, Representative Campbell's question, yes the increase in taxes on auto repair is still there, as are most of the other expansions. However, this bill does add some additional tax relief for people of low and middle income, so there is some balancing. But I want to point out, and I always think that some people have never quite gotten this, that the original bill, although it does apply some additional tax burden by an expansion of the sales tax base, is on average providing residents in every income group with far more relief than the additional taxes they would be paying. So when all is said and done, the people of Maine have more money in their pockets. Thank you, Madam Speaker.

The **SPEAKER:** The Chair recognizes the Representative from Auburn, Representative Bickford.

Representative **BICKFORD:** Thank you, Madam Speaker. May I pose a question through the Chair?

The **SPEAKER:** The Representative may pose his question.
Representative **BICKFORD:** The original bill, 1088, offered \$75 million in tax relief. That was amended and changed to \$50 million in tax relief. Now with this new LD 1495, I want to know

how much tax relief is going to go to the citizens of Maine and where were those numbers created?

The **SPEAKER**: The Representative from Auburn, Representative Bickford has posed a question through the Chair to anyone who may care to respond. The Chair recognizes the Representative from Unity, Representative Piotti.

Representative **PIOTTI**: Thank you, Madam Speaker. Madam Speaker, Men and Women of the House. In response to that question, the original bill, as presented back in March to this chamber, was entitled "An Act to Provide over \$75,000,000 in Tax Relief to the Citizens of Maine", and indeed, the numbers, when run then, resulted in that kind of value. I think the numbers run by Revenue Services were \$78 million and some change. That plan, after the changes in the economic forecasting and the work done by the Tax Committee during the months of May and early June, resulted in a recast bill that provides what I believe ended up being about \$57 million worth of tax relief. The title was changed to say over 50 to be safe. The final numbers from Revenue Services were \$57 million and some change.

The new plan, as presented, results in at least \$53 million and some change, and I say it at least because you may recall that LD 1088, in addition to the direct income tax relief, also made some positive changes to the Circuit Breaker program. And in LD 1088, when those numbers were incorporated in, it was probably another \$1 million plus in relief. That's not factored into the \$53 million. So I think, if I had all of those numbers together, the final number will be about \$55 million in tax relief provided to the residents of Maine by Enactment of this bill.

The **SPEAKER**: The Chair recognizes the Representative from Newfield, Representative Campbell.

Representative **CAMPBELL**: Thank you, Madam Speaker. Madam Speaker, Ladies and Gentlemen of the House. Not only is the guy getting his beat up old pickup truck fixed, in my town alone, which is one of the smallest towns in northern York County, there's five garages. When I'm at the end of my street, I can take a right and drive into New Hampshire in about two minutes, or I can go left and get onto the village in West Newfield in about two minutes. At the end of the right hand turn into New Hampshire, there's a big privately owned garage. So his business is going to start booming. And the people that I represent in my town, not only the people with the old pickup trucks, it's the guys with the little garages, and I've asked them how business has been since the car dealers are all going out of business and they said it's booming. But it won't be booming for them too much longer, when they start going back into New Hampshire.

The **SPEAKER**: The Chair recognizes the Representative from Harrison, Representative Sykes.

Representative **SYKES**: Thank you, Madam Speaker. Madam Speaker, Ladies and Gentlemen of the House. LD 1495 appears to be a replacement for LD 1088. It is a 33 page tax reform document, just arriving on our desks. It is submitted in the last minute of the session. It is submitted without reference to a committee. There will be no public hearing. There will be no work session. There will be no public testimony for; there will be no public testimony against. There will be no public testimony neither for nor against providing additional information. Just when I thought that LD 1088 was in the best interest of the Maine Republican Party, along comes something better.

The **SPEAKER**: The Chair recognizes the Representative from Livermore Falls, Representative Knight.

Representative **KNIGHT**: Thank you, Madam Speaker. May I pose a question through the Chair?

The **SPEAKER**: The Representative may pose his question.

Representative **KNIGHT**: My question is on I believe—I haven't really had a chance to read this either as it just appeared on my desk. Actually not on my desk, so I stole it from the desk next door because I didn't have one. The alternative minimum tax was a part of 1088 and in a quick read I couldn't find it. Has the alternative minimum tax been eliminated or is it back in the Tax Code? What is the status? Thank you.

The **SPEAKER**: The Representative from Livermore Falls, Representative Knight has posed a question through the Chair to anyone who may care to respond. The Chair recognizes the Representative from Unity, Representative Piotti.

Representative **PIOTTI**: Thank you, Madam Speaker. Madam Speaker, Men and Women of the House. As did LD 1088, the new bill, as presented, repeals the alternative minimum tax.

The **SPEAKER**: The Chair recognizes the Representative from Brewer, Representative Celli.

Representative **CELLI**: Thank you, Madam Speaker. May I pose a question through the Chair?

The **SPEAKER**: The Representative may pose his question.

Representative **CELLI**: When I take my new car in for warranty service, am I going to have to pay sales tax on it?

The **SPEAKER**: The Representative from Brewer, Representative Celli has posed a question through the Chair to anyone who may care to respond. The Chair recognizes the Representative from Bath, Representative Watson.

Representative **WATSON**: Thank you, Madam Speaker. Madam Speaker, Ladies and Gentlemen of the House. If I understood the question, the question was, if I buy a new car and bring it in for warranty service, do I pay sales tax on it. If that was the question, the answer is no. You'd be paying sales tax twice, because you pay sales tax on the purchase of the vehicle and value of the warranty at the time of purchase. Thank you, Madam Speaker.

The **SPEAKER**: The Chair recognizes the Representative from Unity, Representative Piotti.

Representative **PIOTTI**: Thank you, Madam Speaker. I want to respond to an earlier comment by the Representative from Harrison, Representative Sykes. Yes this is the end of the session, I would like to think it's the last minute of the session but it's not quite there yet, but it's a legitimate question. This is a new bill; it's fairly thick, what's going on? But if you do turn your attention to the summary in the very back, it lists the changes which are fairly modest. There was a necessity, because we're trying to change a law that is not enacted, that we had to reprint the entire bill. So I hope people don't stumble over the fact that it is a large document. The changes are modest and they are summarized adequately on the final page of the document. Thank you.

The **SPEAKER**: The Chair recognizes the Representative from Winterport, Representative Thibodeau.

Representative **THIBODEAU**: Thank you, Madam Speaker. With LD 1088, I know that my favorite candy, Whoppers, was exempt, and I'm just curious if we are still exempting this under the new LD based on the fact that it has flour? I don't eat Snickers anyway, so I just wanted to check.

The **SPEAKER**: The Representative from Winterport, Representative Thibodeau has posed a question through the Chair to anyone who may care to respond. The Chair recognizes the Representative from Unity, Representative Piotti.

Representative **PIOTTI**: Thank you, Madam Speaker. In response to the Representative from Winterport, Representative Thibodeau's question, indeed that element of 1088 is not changed. To reiterate, if you want to see what changes are in there, all you need to do is go to the back page and look. Thank you.

The SPEAKER: The Chair recognizes the Representative from Topsham, Representative Prescott.

Representative **PRESCOTT**: Thank you, Madam Speaker. Madam Speaker, Ladies and Gentlemen of the House. It really perplexes me that we're going to vote on an issue so extremely important as tax relief with no knowledge of LD 1495, at least for this legislator. And as the good Representative from Harrison so eloquently stated, I would be very surprised that each person in this chamber knows all the details of what this bill entails, and amazed if the Men and Women of this House can really make an intelligent and well-informed decision so quickly. Thank you, Madam Speaker.

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

ROLL CALL NO. 230

YEA - Adams, Beaudette, Beaudoin, Beck, Berry, Blanchard, Blodgett, Boland, Bolduc, Briggs, Bryant, Butterfield, Cain, Carey, Casavant, Cleary, Cohen, Connor, Cornell du Houx, Crockett P, Dill, Dostie, Driscoll, Duchesne, Eaton, Eberle, Eves, Flaherty, Flemings, Gilbert, Goode, Harlow, Haskell, Hayes, Hill, Hinck, Hogan, Hunt, Innes Walsh, Jones, Kaenrath, Kent, Kruger, Lajoie, Legg, Lovejoy, MacDonald, Magnan, Martin JR, Martin JL, Mazurek, McCabe, Miller, Morrison, Nelson, O'Brien, Peoples, Percy, Perry, Peterson, Pieh, Pilon, Piotti, Priest, Rankin, Rotundo, Russell, Sanborn, Schatz, Sirois, Smith, Stevens, Stuckey, Sutherland, Treat, Trinward, Tuttle, Valentino, Van Wie, Wagner J, Wagner R, Watson, Webster, Welsh, Wheeler, Wright, Madam Speaker.

NAY - Austin, Ayotte, Beaulieu, Bickford, Browne W, Burns, Campbell, Cebra, Celli, Chase, Clark H, Clark T, Cotta, Crafts, Cray, Crockett J, Curtis, Cushing, Davis, Edgecomb, Finch, Fitts, Fletcher, Flood, Fossel, Gifford, Giles, Greeley, Hamper, Harvell, Johnson, Joy, Knapp, Knight, Langley, Lewin, McFadden, McKane, McLeod, Millett, Nass, Nutting, Pendleton, Pinkham, Plummer, Prescott, Richardson D, Richardson W, Robinson, Sarty, Saviello, Shaw, Strang Burgess, Sykes, Tardy, Theriault, Thibodeau, Thomas, Tilton, Weaver, Willette.

ABSENT - Hanley, Pratt, Rosen.

Yes, 87; No, 61; Absent, 3; Excused, 0.

87 having voted in the affirmative and 61 voted in the negative, with 3 being absent, and accordingly the Bill was **PASSED TO BE ENGROSSED** and sent for concurrence. **ORDERED SENT FORTHWITH.**

The House recessed until the Sound of the Bell.

(After Recess)

The House was called to order by the Speaker.

The following items were taken up out of order by unanimous consent:

**SENATE PAPERS
Non-Concurrent Matter**

An Act Regarding Maine's Energy Future (EMERGENCY)
(H.P. 1038) (L.D. 1485)
(H. "A" H-540)

PASSED TO BE ENACTED in the House on June 10, 2009.

Came from the Senate **FAILING** of **PASSAGE TO BE ENACTED** in **NON-CONCURRENCE.**

Representative **MARTIN** of Eagle Lake moved that the House **INSIST.**

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

Representative **MILLETT**: Thank you, Madam Speaker. Madam Speaker, Ladies and Gentlemen of the House. I would like to comment briefly about this bill and share some comments that I just shared earlier this afternoon in the Appropriations Committee. I'm supportive of what the committee has tried to do. A great deal of work has been done. I think their overall vision of energy, planning for the future is good. My objections relate to Part E in that we are, in this bill as it exists today, proposing to allow a new department to borrow \$200 million, at \$30 million a year, and draw the funding from the General Fund to pay it. I object to that notion of raiding the General Fund. I'm not saying that the General Fund has always been pure on this matter. I propose an amendment that would reduce the amount of borrowing authority from \$200 million to \$100 million, from annual draw of \$30 million to \$20 million, and to make the HOME Fund, which is the affordable funding vehicle we have, pay for the revenue stream. I've been rejected on that level by a straight party vote in Appropriations, so I have no strategic or tactical move to make here today. I just want to make a statement for the record that we've added to the deficit by \$7 million per biennium, and we're asking this Legislature to authorize \$200 million in borrowing with no voter approval. Thank you, Madam Speaker.

The SPEAKER: The Chair recognizes the Representative from Eagle Lake, Representative Martin.

Representative **MARTIN**: Thank you, Madam Speaker. Madam Speaker, Members of the House. This issue was raised in the Appropriations Committee this afternoon. As I pointed out at the committee meeting this afternoon, this bill came out with a fairly unanimous by the time we were done through the amendment process and is clear that nothing is going to take place until such time as when the committee is put together. The director and the members are appointed by the Chief Executive. The director is chosen by the new board, and the so-called \$200 million in question is not something that's going to happen overnight. Basically this is the ceiling that's being put for the long-term, in terms of the amount that eventually will be purchased, will be available for the program. And I understand the concern, but we're far ways away from having a problem and I don't see that developing. It is clear to me that what we tried to do was to put together a program for the long run and not simply the short-term, and I appreciate the concerns of the Representative from Waterford, Representative Millett, because obviously I share the same concerns. But in terms of the biennium, there will be no additional, in my belief, in terms of moneys that will be necessary to make up for the shortfall that's being suggested.

Representative **BERRY** of Bowdoinham **REQUESTED** a roll call on the motion to **INSIST.**

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

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

ROLL CALL NO. 231

YEA - Adams, Beaudette, Beaudoin, Beaulieu, Beck, Berry, Blanchard, Blodgett, Boland, Bolduc, Briggs, Bryant, Butterfield, Cain, Campbell, Carey, Casavant, Celli, Chase, Clark H, Clark T, Cleary, Cohen, Cornell du Houx, Cray, Crockett P, Cushing, Dill, Dostie, Driscoll, Duchesne, Eaton, Eberle, Edgecomb, Eves, Finch, Fitts, Flemings, Fletcher, Flood, Fossel, Gilbert, Giles,