

MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD

OF THE

***One Hundred and Fifth
Legislature***

OF THE

STATE OF MAINE

Volume III

June 16, 1971 to June 24, 1971

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1st Special Session

January 24, 1972 to March 10, 1972

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**KENNEBEC JOURNAL
AUGUSTA, MAINE**

WHEREAS, Mr. Clark's work as an officer of the Senate is but a combination of a career long dedicated to the State which began in 1925; now, therefore, be it

RESOLVED, by the Senate and House of Representatives of the 105th Maine Legislature assembled this day in special session, that we, the members extend our most sincere thanks to Mr. and Mrs. Waldo H. Clark of Jefferson for their many years of outstanding service and accomplishment; and be it further

RESOLVED, in token of our endless gratitude and lasting affection that the Assistant Secretary of the Senate, Waldo H. Clark, be presented with his desk and chair; and be it further

RESOLVED, that the Secretary to the Assistant Secretary, Mrs. Ruby T. Clark, be presented with an engrossed copy of this Joint Resolution bearing the Great Seal of the State of Maine with our warmest wishes for their future happiness. (S. P. 782)

On motion by Mr. Berry of Cumberland, tabled until later in today's session, pending Adoption.

Orders

On motion by Mr. Johnson of Somerset,

ORDERED, the House concurring, that the office of the Speaker of the House, President of the Senate and Minority Leader representing each House be provided with such legislative assistance as they deem necessary for the period prior to convening of the One Hundred and Sixth Legislature within the limits of funds allocated hereunder; and be it further

ORDERED, that there is allocated from the Legislative Account the sum of \$20,000 to carry out the purposes stated herein. (S. P. 783)

Which was Read and Passed.

Sent down for concurrence.

Second Readers

The Committee on Bills in the Second Reading reported the following:

House - As Amended

RESOLUTION, Proposing an Amendment to the Constitution Providing for Apportionment of

the House of Representatives into Single Member Districts. (H. P. 1543) (L. D. 1999)

Which was Read a Second Time and Passed to be Engrossed, as Amended, in concurrence.

Senate

Bill, "An Act Implementing the Reorganization of the Department of Manpower Affairs." (S. P. 779) (L. D. 2058)

Bill, "An Act Reclassifying Part of the Waters of Presumpscot River, Cumberland County." (S. P. 777) (L. D. 2056)

Which were Read a Second Time and Passed to be Engrossed.

Sent down for concurrence.

Enactors

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

An Act Establishing a Forest Lands Taxation Policy Using a Productivity Approach. (H. P. 1577) (L. D. 2034)

The PRESIDENT: The Chair recognizes the Senator from Piscataquis, Senator Martin.

Mr. MARTIN of Piscataquis: Mr. President and Members of the Senate: I would like to place my comments on this item on the record and, as you all have a copy of the comments, I would read as follows:

I wish to bring to your attention my reservations about rushing through legislation in the forest productivity tax bill. What we are discussing here is a major revision of taxing forest lands in the unorganized and organized townships. In the unorganized nearly 8½ million acres of land, almost half the acreage in this state is involved. More than 90 percent of this land is held by just 38 companies individuals or groups.

There are many major weaknesses in this bill which is primarily one developed through the efforts of the forest owners themselves. I will not take your time today to go over many of the obvious problems that appear to exist, problems that study committees have yet to fully resolve.

I will address myself to the major problem that appears uncertain at best, a problem which all

of us are clearly accountable for, — insuring that this new taxation approach will return a fair amount of tax dollars to our state and our cities and towns. It is my basic contention that what we are all interested in is a fair and equitable tax on the woodland resource. We all know that forest land has been undertaxed in Maine for some time — in part through discriminatory rates and in part through undervaluation of the land. I believe that estimates of increased taxes in the unorganized woodlands are not accurate, and, I would guess that we will possibly lose more money in local taxes in the cities and towns in this state than will be gained by the General Fund at the state level.

We hear again and again that the woodland tax issue is too complex except for a small handful of people to understand. Well I do not think my predictions are hard to understand nor the implication of the tax loss that will occur under this bill.

There are other important aspects in regard to the operation of this bill. It is the forest products industry itself which can control prices of forest production — and in turn under this bill, the amount of taxation. Further, such factors as accessibility of the forest land — a standard for determining production value — can easily alter actual production values and in turn the amount of tax revenue to the state.

I oppose the State Tax Assessor setting productivity values, for as everyone knows, the State Tax Assessor has in the unorganized townships under assessed forest lands for many years. Even Ralph Nadar criticized past actions of the State Tax Assessor in regard to forest valuations. I do not think it is wise for us to place again the administrative machinery in the hands of the same man that has done an inadequate job in the past. I suggest that the Maine Valuation Appeals Board with its five members who each have three - year terms is preferable to the single state tax assessor appointed once every seven years. The power given to the State Tax Assessor in this bill is too much

for one man, and the interest of the people would be better protected and better represented through the appeals board.

Further, it is well known that only half the woodland of Maine is currently used for production purposes, but we are required under this bill to place all of the significant forest lands in this category for taxing purposes whether the land is providing harvest for paper products in or not.

What we should be demanding here today is a thorough study of the financial impact of this legislation. Too many dollars are at stake to make this move to productivity taxation without adequate information and income projections.

In summary, we are being asked to buy a new tax system with incomplete estimates of income by those who are the prime movers behind the bill — by many of the same interests who were the prime movers behind constitutional revision — and by many of those same concerns who now benefit from admittedly discriminatory tax rates.

Let us move to study the revenue picture to have the same quality of information available as in our other tax decisions. Let us not abdicate our responsibility in insuring adequate taxation of the forest lands. In particular, let us establish the impact on the organized municipalities. Let us not buy the unknown factors in this bill before study. Thank you, Mr. President.

Mr. President, I move that this bill and all of its accompanying papers be indefinitely postponed.

The PRESIDENT: The Senator from Piscataquis, Senator Martin, moves that An Act Establishing a Forest Lands Taxation Policy Using a Productivity Approach, be indefinitely postponed.

The Chair recognizes the Senator from Washington, Senator Wyman.

Mr. WYMAN of Washington: Mr. President and Members of the Senate: We have been through this rather thoroughly in two sessions of the Legislature, in the Taxation Committee, and the Blue Ribbon Committee appointed by the Governor. I think most of the objections have been met, and I cer-

tainly oppose this motion of the Senator from Piscataquis, Senator Martin. Your three Senate members of the Taxation Committee signed this unanimously Ought to Pass, and I hope you oppose the motion of Senator Martin.

The PRESIDENT: The Chair recognizes the Senator from Piscataquis, Senator Martin.

Mr. MARTIN of Piscataquis: Mr. President, when the vote is taken I would ask it be taken by a division.

I would further like to emphasize that this bill is going to hit directly every organized municipality in this state. The bill calls for a tax loss, revenue loss, to the organized municipalities of not more than ten percent. The value will be set by the State Tax Assessor. The assessors will have to use that value and use their rate, however, if the loss is greater than ten per cent, the local assessors will manipulate the value to arrive at not more than a ten percent tax loss.

It has been agreed, and it has been testified, that the owners of the lands in the unorganized assume that there will be a \$440,000 increase in their tax for one year. Well, I can predict, and I can honestly predict, because of the unknown factor, what will be the tax loss in the organized; that this tax gain in the unorganized will be supplemented by a tax loss within the organized. I say this is bad legislation. I say there are too many unknown factors in this bill. I say that the bill should be studied further.

I say that the productivity value has never been mentioned, and what is the productivity value going to be on an acre of mixed growth, on an acre of softwood growth, and on an acre of hard wood growth? This has not been mentioned at any time and nobody knows it. At least at this time we have the market value, the so-called ad valorem value, that one man has the only right to set the value on. I think you can all agree, and I have heard Senator Wyman of Washington mention time and time again, that the state value is not infallible, that the state evaluation is wrong in many cases. The only thing we have to do under our present system is to correct

the actual assessments of these lands. If it has been done in the past by one man, it can be done by a board of five, or more than one man, and correct the problem that now exists, instead of jumping into productivity tax with so many unknown factors in it.

The PRESIDENT: The Chair recognizes the Senator from Oxford, Senator Fortier.

Mr. FORTIER of Oxford: Mr. President and Members of the Senate: I think I have repeated before this body that I appreciate that this bill is not an absolute exact mathematical exposure of what it will do. There are unknown factors, I have admitted this before, and I think that these unknown factors will remain, no matter how much longer we may study this bill.

On the other hand I am inclined to believe that the good Senator Martin from Piscataquis is over-anxious over some of these vague areas. For example, he states in his statement that the industry itself will control prices. They will control prices to the extent of what they are willing to pay for the product. They will control prices to the same extent that you and I and the rest of the citizens control prices of beefsteak at our market, that we control the price of a loaf of bread or a pound of butter; it is a question of supply and demand.

Now, he also refers to the fact that other factors such as capitalization, such as growth rate, and so forth, should not be left in the hands of the assessor. I maintain that under this bill they are not completely left in the hands of the assessor, because there is a formula established. The assessor is simply more or less the office boy, he is the agent for this legislature, he is going to translate the formula into actual figures.

Now, the growth rate: We have a Forestry Division and we have a federal bureau who work on this constantly, whose information will be available to the tax assessor, and it is his interpretation of these rulings made by these bodies with expertise that will apply in this case.

The capitalization, I admit, it a vague area. We are getting something that we have never gotten

into before, but I maintain we could study this thing forever, and until we have some practical experience, until we have tried it out, we will have nothing more definite than we have at this time.

I do think, after all the study that has gone into these bills, that it would be a shame not to go any further, not to have anything practical, not to have anything definite. The capitalization rate, at the fear of some members of the legislature, was frozen into this bill so that it could not be played with indiscriminately. I do feel that under the circumstances, and taking into consideration the type of subject we are dealing with, that we have the best bill that has been turned out yet on this, and I do hope you will give it a chance.

The PRESIDENT: The Chair recognizes the Senator from Piscataquis, Senator Martin.

Mr. MARTIN of Piscataquis: Mr. President and Members of the Senate: I will go along with Senator Fortier from Oxford that this has been studied. The productivity approach has been studied, but you can well understand and well see that many factors in this bill have not been studied. The productivity approach has been studied, but many items remain without answer up to this date.

What impact is this going to have in the 494 towns we have in the State? We have many cities without forest land, but we have many, many towns with forest land, and every owner with an acre of forest land may make application under this bill and become subject to the productivity tax, with an apparent and assumed ten percent tax loss to the area to the community. Who will absorb this ten percent tax increase but the property owners, the other type of property owners within the municipality. I say this should be studied.

I will bring to your attention again the fact that the interests involved in pushing this productivity tax have been in motion for a long time. In fact, if you will recall, when the land use bill came before us in the 104th and passed, and it was brought to referendum, who raised the money to advertise this land use bill and get the favorable referendum? Who

raised the money? I have been to the Secretary of State's Office, and at the 105th I distributed before you the persons involved in the contribution of over \$16,000 to advertise the concept of the land use method of taxation. Well, this \$16,000 comes from these large owners. Doesn't this, in a sense, place before you an element of suspicion of who is going to benefit by this method of taxation of 45 percent of our land within the state? I am not willing to buy a pig in the bag. I am willing to sit down and study this some more, but I am totally unwilling to accept this method of taxation, and I would hope that the Senate would go along with me and wait.

It is interesting to note also that every tax within the unorganized will fall into the General Fund. Now, you can well see what happened to the Forestry District Tax, the spruce budworm, so-called, at this session. We need \$400,000 times three, or over a million dollars, and these large owners are willing to increase their own taxes by one-third so they can contribute \$400,000 of this large cost. The unknown factor in this third is further implemented by a subsidy from the Forestry District member towns, which will absorb another twenty-five percent of this \$400,000 raised by the large paper industries, and reduce their cost to \$300,000. They are asking for \$400,000 from the General Fund, and they are getting it. They will get \$400,000 from the federal government, but what is going to happen if this tax passes? This will all come from the General Fund instead of a \$1.2 million next year, they will need everything under the sun to implement the forestry fire protection, and this will add to the cost. I am not willing to buy this.

Mr. President, I have asked for indefinite postponement, but I will change my motion and just ask for a division on the passage of the bill.

The PRESIDENT: The Senator from Piscataquis, Senator Martin, withdraws his motion to indefinitely postpone the bill.

A division has been requested. As many Senators as are in favor of enactment of this bill will please rise and remain standing

until counted. Those opposed will please rise and remain standing until counted.

A division was had. Twenty Senators having voted in the affirmative, and nine Senators having voted in the negative, the Bill was Passed to be Enacted and, having been signed by the President, was by the Secretary presented to the Governor for his approval.

The PRESIDENT: The Chair recognizes the Senator from Knox, Senator Hoffses.

Mr. HOFFSES of Knox: Mr. President having voted on the prevailing side, I move we reconsider our action whereby we passed the bill to be enacted, and I hope you vote against my motion.

The PRESIDENT: The Senator from Knox, Senator Hoffses, moves that the Senate reconsider its action whereby this bill was passed to be enacted, L. D. 2034. As many Senators as are in favor of the motion to reconsider will please say Yes; those opposed No.

A viva voice vote being taken, the motion did not prevail.

An Act Relating to Penalty for Sale of Certain Drugs. (H. P. 1582) (L. D. 2040)

On motion by Mr. Tanous of Penobscot, tabled and Tomorrow Assigned, pending Enactment.

An Act Relating to Legislative Ethics. (H. P. 1588) (L. D. 2048)

Which was Passed to be Enacted and, having been signed by the President, was by the Secretary presented to the Governor for his approval.

Orders of the Day

The President laid before the Senate the first tabled and specially assigned matter:

Bill, An Act Authorizing Town of Dresden to Vote on Certain Liquor Local Option Questions." (H. P. 1494) (L. D. 1937)

Tabled — March 2, 1972 by Senator Berry of Cumberland.

Pending — Enactment.

The PRESIDENT: The Chair recognizes the Senator from York, Senator Hichens.

Mr. HICHENS of York: Mr. President and Members of the

Senate: For the last time, I hope, we have this most important Dresden Bill before us.

I never imagined that the wishes of one man moving into our great State of Maine to change our laws for his own profit could mushroom into one of the most discussed and the most frequently tabled measure of this special session. I was further confounded to read the words of the sponsor of this bill in his final argument for passage when he stated that the mere presence of a certain individual in the Senate Chambers last week influenced two Senators to change their vote and oppose passage of this bill. I just can't believe that these two men, voting their own conscience, were influenced one way or the other by seeing this individual here. Should they vote differently today, I may be proved incorrect. Possibly the placing of a scotch flavored sucker on my desk yesterday morning was meant to influence my vote. It looks very tempting but it is still here.

Members of this Senate, I think by this time you are as much fed up as I am with the maneuvering of the industry in the state to increase their own profits. I hope you vote against final passage of the bill this morning, and allow the residents of Dresden to express their desires according to our present laws, and I request a roll call.

The PRESIDENT: A roll call has been requested. Under the Constitution, in order for the Chair to order a roll call, it requires the affirmative vote of at least one-fifth of those Senators present and voting. Will all those Senators in favor of ordering a roll call please rise and remain standing until counted.

Obviously less than one-fifth having arisen, a roll call is not ordered.

Thereupon, this being an emergency measure and having received the affirmative votes of 21 members of the Senate and, 21 being less than two-thirds of the entire elected membership of the Senate, the Bill Failed of Enactment.

Sent down for concurrence.