

MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD

OF THE

***One Hundred and Eighth
Legislature***

OF THE

STATE OF MAINE

1978

Second Regular Session

January 4, 1978 — April 6, 1978

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APPENDIX

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ABSENT — Carey, Connors, Durgin, Joyce, Lewis, Masterton, Moody, Peakes, Smith, Tynedale.

Yes, 94; No, 47; Absent, 10.

The SPEAKER: Ninety-four having voted in the affirmative and forty-seven in the negative, with ten being absent, the Governor's veto is not sustained.

Send up for concurrence.

The following Communication: (H. P. 2338)
STATE OF MAINE
OFFICE OF THE GOVERNOR
AUGUSTA, MAINE

April 5, 1978

To the Honorable Members of the Senate and House of Representatives, 108th Maine Legislature

I am returning today without my signature and approval H. P. 1969, L. D. 2049, An Act to Provide for Refunding of Municipal Claims under the Maine Tree Growth Tax Law.

I cannot allow this bill to become law for the following reasons:

(1) It is my understanding that the bill may not even be necessary, or appropriate, if the stumpage value component of the Tree Growth Tax formula were to be accurately assessed. I am told that there is currently substantial doubt that the stumpage value which is utilized to determine how much municipalities will be reimbursed is reflective of the actual stumpage value of the property. Obviously, the state should not be in a position of subsidizing the tree growth tax formula to the extent that the formula is inaccurate and misleading.

(2) Anytime the state is subsidizing the tax responsibility of one particular group, the other groups and taxpayers are in effect paying for that subsidy, i. e. their tax burden is increased. I believe we have a very serious responsibility to ensure that the other taxpayers of Maine are not being asked to unfairly subsidize or assume the responsibility for paying are in fact paying their fair share.

(3) The method utilized to reimburse the communities under this bill is in our opinion questionable, both in terms of fiscal management and in terms of reflecting the true cost of reimbursement. First, those communities that choose the 11¢ per acre reimbursement will be reimbursed by December 15th of this calendar year. Yet, those who choose to be reimbursed under the existing formula will be paid at a later date depending upon the actions of the 109th Legislature, and the cost for this later reimbursement is an additional \$175,000 not reflected in the fiscal note on this bill. In other words, the total cost will be \$500,000. Secondly, it is my understanding that if the Tree Growth Tax formula were to be adjusted to reflect accurate stumpage value, it is possible that the municipalities would in fact receive at least a minimum 11¢ per acre. If that is the objective, I am advised it can be done by improving the formula and the integrity of our reimbursement system.

(4) Also included in this bill is a section unrelated to the Tree Growth Tax Law which would remove the Towns of Medway and Carrabasset Valley from the Maine Forestry District effective January 1, 1979. I have been advised that this aspect of the bill would result in a loss of General Fund revenues of some \$33,000. I must question the appropriateness of including this provision in the Tree Growth tax legislation as well as the justification and fairness of such selective treatment for these two Towns.

In summary, while I too am sympathetic

with the goal of ensuring that the Tree Growth Tax treats the municipalities fairly and equitably, I believe that the approach mandated by this bill does not address the problem, but only delays and perhaps makes it more difficult for the Legislature to address the problem. It would appear to me that the next session of the Legislature could devote more time to study the real issue and the entire payment method as well as the accuracy of the existing formula. The resolution of these questions is of importance to the integrity of our taxing system, and to all the taxpayers of Maine who are subsidizing the Tree Growth Tax.

For these reasons, I respectfully request that you sustain my veto of this measure.

Very truly yours,

Signed:

JAMES B. LONGLEY

The Communication was read and ordered placed on file.

The SPEAKER: The Chair recognizes the gentlewoman from Bethel, Miss Brown.

Miss BROWN: Mr. Speaker, Ladies and Gentlemen of the House: if you will take just a second to look over the Governor's veto message, I think it really reflects the fact that he didn't understand the piece of legislation that is before us.

Fortunately, in 1970 the taxpayers of the state voted in referendum to make a constitutional change to accept the tree growth reimbursement on the statutes and at that time, they accepted this. The stumpage value, which he cites as being a problem, has been readjusted, it is being readjusted this year and it was last year by the Bureau of Taxation. Data is collected from the wood industry to set this, and many, many people are involved in this figure.

If you will look at the third paragraph, he makes the statement that the communities that choose the 11 cents per acre reimbursement—in this particular piece of legislation, the communities do not choose the 11 cents reimbursement, this for the communities that since 1972 have been left out of the tree growth because of the reevaluation in the State of Maine. This involves over 200 communities and they do not choose the 11 cents; this merely sets an 11 cents per acre base for these 200 communities.

I hope that today you vote to override the veto.

The SPEAKER: The Chair recognizes the gentleman from Kingfield, Mr. Dexter.

Mr. DEXTER: Mr. Speaker, Men and Women of the House; I will just say a few brief words here. It looks to me like the first three reasons here didn't amount to anything, so we tacked in the red herring, number four. If you will recall, last year I took on the bull seal and his harem, and this is exactly what happened—I am referring to the towns of Medway and Carrabasset Valley. These two towns, it says here, why were they selected? They were selected because they have their own fire department and it is duplication of services. There is absolutely no justification for not removing them from same. Now, when I took on the bull seal one-to-one out in the corridor, he admitted I was right. Furthermore, they can't even take care of what they have got, they don't have enough help, so, frankly, I think the bull seal needs a little help and I hope you will all give it to him.

The SPEAKER: The Chair recognizes the gentleman from Nobleboro, Mr. Palmer.

Mr. PALMER: Mr. Speaker, Ladies and Gentlemen of the House: I am going to be very brief on this. Also, it is permissible in speaking on one of these to mention something which may be really pertinent to all of them simply a financial implication?

The SPEAKER: The Chair would answer in the affirmative, that that is always possible if it is welshed in together with the entire subject.

Mr. PALMER: Mr. Speaker, well I think I will try and I will be very brief.

First of all, I want to speak in favor of this bill, and I speak for it because I believe that years and year of very hard work has gone into the tree growth tax law and the concept behind it is valid, is good, to the extent that as we look down the road of the future of Maine, we must, of necessity, look to our forest products, being a state that is 90 percent forest, we have to look to that. It is certainly one of the major ways we have of growing economically. We know that as we look down the road when we look at our forests, we have to say that we want to preserve them as much as we can, and we want, therefore, to encourage people in good forest practices so that, indeed, in the year 2000, when we are predicting that there may be some shortages, that we will have practiced well and we will, indeed, be ready to face the problems we have energy-wise, as well as product-wise, as well as demand-wise. So I am afraid that if we, at this time, do not follow suit on this particular bill, we may very well kill something which down the road could be very disastrous to the future economy of Maine.

I realize that there is a price, I guess, of \$325,000, and I realize that this morning, at least as I understand it, we have about a \$2.2 million problem confronting us, at least that is what I have been told, and I know that we have to make, all of us, some very difficult decisions, and I am going to make mine, believe me, and it isn't going to be very easy. But I believe that this is just woven into the fabric of Maine and by doing it, we will, indeed, give the Forest Products Council and other people involved in this industry, through the small woodlot owners and the larger ones as well, a chance to have a time to work this bill over to make it better, to make it more equitable, so that we can continue utilizing it as one of our real methods to fund and to keep sources of natural resources for the future. To me, it is very, very important, and I hope we will go along with the bill.

The SPEAKER: The Chair recognizes the gentleman from Wells, Mr. Mackel.

Mr. MACKEL: Mr. Speaker and Members of the House: I would just like to add my support to this particular bill.

Those of us in Taxation spent a lot of time in considering this particular bill. It is designed to alleviate a particular problem wherein we have communities such as Brownville that have anywhere from 18,000 to 20,000 acres of land under the tree growth law, and they get absolutely no reimbursement. Those people are awful mad about that, and as such, that represents a threat to the tree growth law. I think it is an important bill and I think it is one where we should really override.

The SPEAKER: The pending question is, shall Bill "An Act to Provide for Refunding of Municipal Claims under the Maine Tree Growth Tax Law," House Paper 1969, L. D. 2049, become law notwithstanding the objections of the Governor? Pursuant to the Constitution, this requires a two-thirds vote of all the members present and voting. All those in favor will vote yes: those opposed will vote no.

ROLL CALL

YEA — Alopis, Ault, Austin, Bachrach, Bagley, Beaulieu, Bennett, Benoit, Berry, Berube, Biron, Birt, Blodgett, Boudreau, A.: Boudreau, P.; Brennerman, Brown, K. L.; Brown, K. C.; Bunker, Burns, Bustin, Carrier, Carroll, Carter, F.; Chonko, Churchill, Clark, Connors, Connolly, Cox, Cunningham, Curran, Davies, Devoe, Dexter, Diamond, Dow, Drinkwater, Dudley, Durgin, Dutremble, Elias, Fenlason, Flanagan, Fowle, Garsoe, Gill, Gillis, Goodwin, H.: Goodwin, K.: Gould, Greenlaw, Hall, Henderson, Hickey, Higgins, Hobbins, Howe, Hunter, Hutchings, Immonen, Jackson, Jacques, Jalbert, Jensen, Joyce, Kane, Kany, Kelleher, Kerry, Kilcoyne, LaPlante, Littlefield, Locke, Lougee, Lunt, Lynch, MacEa-

chern, Mackel, Mahany, Marshall, Martin, A.; Masterman, Maxwell, McBreairty, McHenry, McKean, McMahon, McPherson, Mills, Mitchell, Morton, Nadeau, Nelson, M.; Nelson, N.; Norris, Palmer, Paul, Peakes, Pearson, Peltier, Perkins, Peterson, Plourde, Prescott, Rideout, Rollins, Sewall, Shute, Silsby, Smith, Spencer, Sprowl, Stover, Strout, Talbot, Tarbell, Tarr, Teague, Theriault, Tierney, Torrey, Tozier, Trafton, Truman, Twitchell, Valentine, Violette, Whittemore, Wilfong, Wood, Wyman, The Speaker.

NAY — Carter, D.; Cote, Gray, Green, Hughes, Laffin, Lizotte, Quinn, Raymond, Stubbs.

ABSENT — Carey, Huber, Lewis, Masterton, Moody, Najarian, Post, Tyndale

Yes, 133; No, 10; Absent, 8.

The SPEAKER: One hundred thirty-three having voted in the affirmative and ten in the negative, with eight being absent, the Governor's veto is not sustained.

Sent up for concurrence.

The following Communication:
STATE OF MAINE
OFFICE OF THE GOVERNOR
AUGUSTA, MAINE

April 5, 1978

To the Honorable Members of the House of Representatives and

Members of the Senate of the Maine 108th Legislature:

I am returning without my signature and approval H. P. 1975, L. D. 2061, AN ACT to Improve the Short Term Investment Capabilities and Debt Management of the State.

Although I am told certain aspects of this bill are positive and would improve the law by defining the parameters of the State's short-term investment portfolio, I cannot allow this bill to become law because of the provision which would transform the State Treasurer into an investment manager.

First, although today we have a very conscientious and dedicated treasurer, there is no statutory or constitutional requirement that the Treasurer have an investment manager's background or an investment manager's qualifications. In my opinion, it is absolutely essential to require expertise in finance and investment management before permitting the Treasurer to engage in those activities. In fact, by permitting an individual to have that kind of authority and responsibility without the concurrent qualifications, this bill could very well affect the credit rating and financial picture not only of the State but also of the municipalities.

Additionally, the same lack of requirements for expertise and qualifications cause me to question whether or not we should be putting the State Treasurer in direct competition with the private sector. I am not convinced that the State should be inviting municipalities to invest their money unless the State is also willing to make the commitment of requiring the professional background and qualifications necessary to best insure confidence and capable management.

Thirdly, while the provisions of Section 3 of this bill define the types and limits of investments available to the treasurer, there is no clear indication as to how the investments of any particular municipality, or group of municipalities, are to be distributed. For example, would it be possible for the Treasurer to invest the entire funds of any municipality in a single instrument such as commercial paper, thereby foregoing the protection which is inherent in the limitation provisions of Section 3? Also, will the State be liable in the event that returns to municipalities are not as great as anticipated? In addition, are we going to have to build additional bureaucracy in order to carry out this function, and if so, is it possible that the cost to State government could outweigh

the benefits to municipalities?

In summary, I am extremely concerned that this bill is premature in that it creates the authority for the State Treasurer to move into very sophisticated financial areas, utilizing the money of municipalities, before even requiring that the State Treasurer have certain professional qualifications and experience. Although the concept has a nice ring in a vacuum, I personally believe that when we get into the area of finance and credit ratings, the State should move cautiously and should provide all the safeguards possible to insure prudent investment and management. It is for the reasons that I respectfully request that you sustain my veto of this measure.

Very truly yours,

Signed:

JAMES B. LONGLEY

The Communication was read and ordered placed on file.

The SPEAKER: The Chair recognizes the gentlewoman from Waterville, Mrs. Kany.

Mrs. KANY: Mr. Speaker, Members of the House: This bill was unanimously approved by the State Government Committee after considerable addressing of the individual changes sought in the bill, and the changes in the law will help municipalities, particularly in their money management capabilities. It also makes some improvement in the overseeing and coordination of managing the state's money.

Specifically, the legislation increases the bonding of the State Treasurer from \$500,000 to \$1 million for general purposes and establishes a cash bond for the Treasurer of \$500,000.

Secondly, the bill permits pooling of local government's money, for local governments under the new law will themselves be able to form their own pool of their monies for improving their short term investment capabilities. The bill also permits the municipalities and other local governments, if they wish, to join a short term investment pool under the jurisdiction of the State Treasurer. So please remember that all of this is simply an opportunity to join a pool. It is strictly voluntary and it is not mandated. An example of a state that is doing this is California, and I would like to give you just one quote out of the Wall Street Journal, one example of a town that decided it really liked this pooling.

A typical user, this is according to this Wall Street Journal article, is June Stevens, Treasurer of Larkspur, just south of San Francisco, and it is quoting her. "We don't leave funds lying in idle checking accounts over the weekend," she says. "I wire \$25,000 to the state pool on Friday, withdraw it on Monday and get the same interest rate as the state gets on its billions of dollars. In some states, deposits may be as small as \$5,000 for periods ranging from one day to a year," and it is just this type of agreement that a municipality could enter into the state with if it so desired, or that could be part of an agreement under a pool of just the local governments.

The bill also specifies and limits the kinds of investments which the state can enter into. The investments would be prudent, conservative investments, with a maturity not to exceed 24 months. And if you are interested, since the veto message did mention at least one of those, I will tell you what is involved, just obligations of the United States, 20 percent of accrual or portfolio would have to be debt issuing agencies to the federal government; 30 percent at the most; commercial paper; 10 percent at the most bankers' acceptances; and then participation of state bonds and also certificates of deposit. Remember, none of these can be investments with a maturity of over 24 months.

So, basically that is it. There are a couple more aspects to it. The Treasurer would be serving and assisting the health facilities board and also the State Housing Authority, and I think this is positive for coordination of overlooking the state's money, to have the Treasur-

er be associated with this group.

There is a small appropriation of just \$14,500, not for personnel but strictly just for computer services. So that is it. I hope you override, and those of us who serve on the State Government Committee did not find this controversial, but we were very pleased to be able to be part of what we think is a real assistance and something very positive for both the municipalities and for the state. I hope you vote to override.

The SPEAKER: The pending question is, shall Bill "An Act to Improve the Short Term Investment Capabilities and Debt Management of the State," House Paper 1975, L. D. 2061, become law notwithstanding the objections of the Governor? Pursuant to the Constitution, this requires a two-thirds vote of all the members present and voting. All those in favor will vote yes; those opposed will vote no.

ROLL CALL

YEA — Bachrach, Beaulieu, Benoit, Boudreau, A.; Brennerman, Brown, K. C.; Bunker, Burns, Bustin, Carroll, Chonko, Clark, Connolly, Cote, Cox, Curran, Davies, Diamond, Dow, Elias, Goodwin, H.; Goodwin, K.; Greenlaw, Hall, Henderson, Hickey, Hobbins, Howe, Hughes, Jalbert, Jensen, Kany, Kerry, Laffin, LaPlante, Locke, MacEachern, Martin, A.; Maxwell, McHenry, McKean, Mills, Mitchell, Nadeau, Najarian, Nelson, M.; Nelson, N.; Paul, Peakes, Plourde, Post, Prescott, Quinn, Silsby, Spencer, Talbot, Theriault, Tierney, Tozier, Trafton, Truman, Valentine, Violette, Wilfong, Wood, Wyman, The Speaker

NAY — Aloupis, Ault, Austin, Bagley, Bennett, Berry, Berube, Biron, Birt, Blodgett, Boudreau, P.; Brown, K. L.; Carrier, Carter, D.; Carter, F.; Churchill, Conners, Cunningham, Devoe, Dexter, Drinkwater, Dudley, Durgin, Dutremble, Fenalson, Flanagan, Fowlie, Garsoe, Gill, Gillis, Gould, Gray, Green, Higgins, Huber, Hunter, Hutchings, Immonen, Jackson, Jacques, Joyce, Kane, Kelleher, Littlefield, Lizotte, Lougee, Lunt, Lynch, Mackel, Mahany, Marshall, Masterman, McBreairty, McMahon, McPherson, Morton, Norris, Palmer, Pearson, Peltier, Perkins, Peterson, Raymond, Rideout, Rollins, Sewall, Shute, Smith, Sprowl, Stover, Strout, Stubbs, Tarbell, Tarr, Teague, Torrey, Twitchell, Whittemore

ABSENT — Carey, Lewis, Masterton, Moody, Tyndale

Yes, 68; No, 78; Absent, 5.

The SPEAKER: Sixty-eight having voted in the affirmative and seventy-eight in the negative, with five being absent, the Governor's veto is sustained.

The following Communication: (H. P. 2339)
STATE OF MAINE
OFFICE OF THE GOVERNOR
AUGUSTA, MAINE
APRIL 5, 1978

To the Honorable Members of the House of Representatives and

Senate of the Maine 108th Legislature:

I am returning without my signature and approval H. P. 1912, L. D. 1973, "An Act to Expand the Elderly Low Cost Drug Program."

As you know I have strongly supported the existing elderly low cost drug program. However, I cannot accept L. D. 1973 for the following reasons:

1. I am advised that the appropriation for this bill is entirely inadequate to meet the additional costs which the bill would create. Although the Department of Human Services informed the Committee on Health and Institutional Services that the estimated cost of increasing the existing program as mandated by this legislation would be approximately \$2 million a year, the bill only provides for \$700,000 of funding. There are approximately 40,000 elderly individuals covered under the existing low cost drug program and medicaid, and I am told that this legislation could lead to 53,000 elderly