

# MAINE STATE LEGISLATURE

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**LEGISLATIVE RECORD**

OF THE

***One Hundred and Eleventh  
Legislature***

OF THE

STATE OF MAINE

**Volume II**

**FIRST REGULAR SESSION**

**May 16, 1983 to June 24, 1983**

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One of the reasons that we created the Commission was to try to come up with something that was fair. I don't think that it is fair for a homeowner or a farmer in the unorganized territory to pay as much toward fire control as somebody who owns forest lands thousands of acres.

I checked Carroll Kelley, farm operation, in Connor. He'll pay as much as a large landowner will on four thousand acres of land and this is not a fair tax the way that it is drafted. There is no reason to charge more in the unorganized. This Bill will require the unorganized to pay up to one quarter of one percent of their value for suppression of fires exactly as they will do in your town or mine. Thank you.

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 more than one-fifth having arisen a Roll Call is ordered.

The pending question before the Senate is the motion by the Senator from York, Senator Wood to Reconsider Adoption of Senate Amendment "A".

A Yes vote will be in favor of Reconsideration.

A No vote will be opposed.

The Doorkeepers will secure the Chamber. The Secretary will call the Roll.

#### ROLL CALL

YEA—Baldacci, Bustin, Carpenter, Charette, Clark, Diamond, Dow, Dutremble, Erwin, Hayes, Kany, Najarian, Pearson, Twitchell, Wood, The President Gerard P. Conley.

NAY—Brown, Collins, Danton, Emerson, Gill, Hichens, McBreairty, Minkowsky, Perkins, Pray, Sewall, Shute, Trafton, Usher, Violette.

ABSENT—Redmond, Teague.

Senator Danton of York was granted permission to change his vote from Nay to Yea.

Senator Pray of Penobscot was granted permission to change his vote from Nay to Yea.

A Roll Call was had.

18 Senators having voted in the affirmative, and 13 Senators in the negative, with 2 Senators being absent, the motion to Reconsider, Prevailed.

On motion by Senator Wood of York the Senate voted to Indefinitely Postpone Senate Amendment "A".

The Bill was Passed to be Engrossed, in concurrence.

#### Enactors

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

An Act Creating a Maine Milk Pool (H. P. 1323) (L. D. 1754)

On motion by Senator Pray of Penobscot, Tabled until later in today's session, pending Enactment.

An Act Providing for Administrative Changes in Maine Tax Laws (H. P. 1054) (L. D. 1398)

On motion by Senator Usher of Cumberland the Senate voted to Reconsider its action whereby L. D. 1398 was Passed to be Engrossed.

On further motion by the same Senator, the Senate voted to Reconsider its action whereby it Adopted Committee Amendment "A".

The PRESIDENT: The Senator has the floor.

Senator USHER: Mr. President, I offer Senate Amendment "A" under filing number S-218 and move its Adoption.

The PRESIDENT: The Senator from Cumberland, Senator Usher offers Senate Amendment "A" to Committee Amendment "A" and moves its Adoption.

Senate Amendment "A" (S-218) to Committee Amendment "A" was Read.

The PRESIDENT: The Senator has the floor.

Senator USHER: Thank you, Mr. President. I

am offering Senate Amendment "A" under filing number S-218. The purpose of this amendment is to address the potentially adverse international affects of this Bill.

The Committee Amendment to propose a unitary tax concept which will apply worldwide. The Committee Amendment would have applied to companies not doing business in the United States. As you can see the other Body has attempted to address this problem through Adoption of House Amendment "A". The other Body realized that it is inappropriate for a State like Maine to tax the income of corporations who are not even required to pay the Federal Income Tax.

It does not amend the definition of the Committee Amendment which makes the substantive changes thus all corporations no matter how worldwide their operations and how remote their connections to Maine would still be taxed out of Augusta. My amendment addresses the problem of Maine corporation taxpayers who are affectively controlled by foreign corporations. These corporations with their international ties will simply be overwhelmed by the task of trying to apply this legislation to their worldwide operations.

It should be emphasized that the amendment will not affect the ability of the Bureau of Taxation to get those companies who attempt to hide their income from the Bureau of Taxation, and companies that engage in phony transactions with out-of-state affiliates in order to avoid paying Maine taxes would still feel the consequences of this bill. I strongly support that effort there is simply no excuse for Maine sitting back and letting corporations get away with such conduct. Senate Amendment "A" will not affect these efforts.

As you know many of my constituents are employed at S. D. Warren Division of Scott Paper Company and that Company happens to be owned by a Canadian corporation which will suffer under this Bill. While some of their competitors will see their taxes reduced Scott will probably see their taxes increase. This increase is not because Scott has been hiding income tax from the Maine tax collectors nor is this increase because Scott is making more money in Maine. No, this increase will occur solely because the Bill will tax Scotts investments in foreign countries, many of which have been quite profitable.

If you are going to raise the corporation tax on all corporations let's get with it and get back to taxing the corporations that are doing business in Maine. I urge your support for this amendment.

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

Senator WOOD: Mr. President, I rise to oppose this amendment because it really goes to the very heart of the issue. The knob of the problem in relation to foreign corporations was dealt with in the House Amendment. If a foreign corporation doesn't have to file a Federal Income Tax or even file an affidavit saying that they do not have to file a Federal Income Tax then they would not be covered under this unitary method. That very nicely deals with the problem that was raised by Fraser Paper and the others that have a legitimate reason not to file a Federal Income Tax Report, but if we pass this amendment and say that a corporation only has to be owned by twenty percent or more that is not a completely controlled foreign corporation, twenty percent or more is not a completely owned foreign corporation. Those corporations have to file a Federal Income Tax Report and that is the only basis by which the unitary method can be applied. If they file a Federal Tax Report they are liable for Federal Taxes in the United States and they are liable for taxes in Maine.

So I think that if we pass this amendment we do serious damage to the concept of the unitary method.

Again, and I would outline, if they have in-

vestments in other countries and those investments show up in their Federal form, (and show up in their Federal form) then it seems to be a legitimate exercise for this State to apportion those profits if they are attributable to Maine and only if. We are only going to be gaining for Maine what rightfully should be gained for Maine. We are not going to apportion profits that have no relationship to their operation in Maine.

So I would urge you not to support this amendment the foreign corporation issue was dealt with very nicely in the House Amendment. This amendment carries it to an extreme and will allow us to put at a disadvantage, those corporations that are not owned by twenty percent of foreign ownership.

So I would urge you, I would move that the Amendment be Indefinitely Postponed, and urge you to vote against this amendment.

The PRESIDENT: The Chair will order a Division.

Will all those Senators in favor of the motion by the Senator from York, Senator Wood that Senate Amendment "A" be Indefinitely Postponed, please rise in their places to be counted.

Will all those Senators opposed, please rise in their places to be counted.

17 Senators having voted in the affirmative and 10 Senators having voted in the negative, the motion to Indefinitely Postpone Senate Amendment "A", Prevailed.

Committee Amendment "A" was Adopted, in concurrence.

The Bill was passed to be Engrossed, in concurrence.

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

Senator Minkowsky of Androscoggin was granted unanimous consent to address the Senate, On the Record.

Senator MINKOWSKY: Mr. President and Members of the Senate, often times we refer to the citizens of the State of Maine as the little people. I think that it is of paramount importance this afternoon to express my point of view on behalf of some little people, of which I am one, a family in the city of Lewiston namely my wives family. Mr. and Mrs. Omer Canuel a traditionally hardworking french family that has built from the beginning, starting with nothing and working in the mills raised five children and was very proud of their meager beginnings and their great accomplishments.

My father-in-law passed away Monday, and it is not often that the little people in the State of Maine have a chance to be recognized and I felt that it was incumbent upon me to express to the Senate this afternoon how grateful I am to the Maine Senate on behalf of my mother-in-law and my three brothers-in-law and my sister-in-law the expression of sympathy and understanding that you expressed to my family during this bereavement.

I can assure this Body that when they received your tribute they were overwhelmed. They looked upon it as generosity and kindness that is not often expressed.

I was extremely pleased and proud when the tribute was brought to the funeral home, which I was not aware of, and presented to them. It gave me the complete satisfaction I knew of the humble attitude and compassion that this Body has for its members as well as the people of the State of Maine as a whole.

I want to express my grateful thanks to each and every member of this Body for your kindness and your consideration. Thank you, Mr. President.

Senator Carpenter of Aroostook was granted unanimous consent to address the Senate. Off the Record.

Senator Collins of Knox was granted unanimous consent to address the Senate, Off the