

MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD

OF THE

One Hundred And Sixteenth Legislature

OF THE

State Of Maine

VOLUME II

FIRST REGULAR SESSION

House of Representatives
May 17, 1993 to July 14, 1993

COMMUNICATIONS

The following Communication:

STATE OF MAINE
OFFICE OF THE GOVERNOR
AUGUSTA, MAINE 04333

June 17, 1993

To The Honorable Members of the 116th Legislature:

I am returning, without my signature or approval, H.P. 931, L.D. 1254, "AN ACT to Amend the State Finance Law in Relation to Purchases from Corporations Conducting Business in Northern Ireland." This legislation, in my judgment, inappropriately involves the State of Maine in areas of foreign policy.

The merits of the MacBride campaign and its goal of reducing religious discrimination in Northern Ireland are not at issue in my decision to veto this legislation. Rather, there is a broader policy issue that directly affects the proper role of state government within the confines of federalism. This legislation illustrates the flaws inherent in linking decisions for expending state funds with campaigns to influence religious, ethnic, racial or other conflicts within other countries.

Discrimination within the businesses of Northern Ireland is illegal; however its inveteracy is the product of a complex, centuries-old conflict. Corporations doing business there can address injustices by strictly enforcing the host country's anti-discrimination laws within the boundaries of the work place.

Purchasing decisions by the Maine State Division of Purchases are based primarily on obtaining the best products and services for the lowest cost. Allowing challenges to purchase awards based on perceived non-adherence to broadly written and non-legally binding principles could complicate the purchasing process and create an uneven competitive playing field between U.S. and foreign companies.

In conclusion, I believe that the enactment of L.D. 1254 would create a new and ill-advised precedent: the manipulation of the state purchasing process in an effort to influence internal conflicts of other nations. I remain unconvinced that establishing such a precedent is wise public policy.

Because of these reservations, I am in opposition to L.D. 1254 and respectfully urge you to sustain my veto.

Sincerely,

S/John R. McKernan, Jr.
Governor

Was read and ordered placed on file.

The accompanying Bill "An Act to Amend the State

Finance Law in Relation to Purchases from Corporations Conducting Business in Northern Ireland" (H.P. 931) (L.D. 1254).

On motion of Representative Gwadosky of Fairfield, tabled pending further consideration and later today assigned.

ORDERS

On motion of Representative HICHBORN of Howland, the following Order:

ORDERED, that Representative Virginia Constantine of Bar Harbor be excused June 14 and 15 for personal reasons.

AND BE IT FURTHER ORDERED, that Representative John Jalbert of Lisbon be excused May 28 and June 1 to 4 for health reasons.

AND BE IT FURTHER ORDERED, that Representative Marge L. Kilkelly of Wiscasset be excused June 9 for health reasons.

AND BE IT FURTHER ORDERED, that Representative Peggy A. Pendleton of Scarborough be excused June 7 to 9 for health reasons.

AND BE IT FURTHER ORDERED, that Representative Thomas E. Poulin of Oakland be excused June 7 to 9 for personal reasons.

Was read and passed.

The following item appearing on Supplement No. 1 was taken up out of order by unanimous consent:

REPORTS OF COMMITTEES

Divided Report

Majority Report of the Committee on Appropriations and Financial Affairs reporting "Ought Not To Pass" on Bill "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, 1994 and June 30, 1995" (EMERGENCY) (H.P. 215) (L.D. 283) (Governor's Bill)

Signed:

Senators: TITCOMB of Cumberland
PEARSON of Penobscot

Representatives: HICHBORN of Howland
CARROLL of Gray
MICHAUD of East Millinocket
KERR of Old Orchard Beach
CHONKO of Topsham
POULIOT of Lewiston
RYDELL of Brunswick

Minority Report of the same Committee reporting

"Ought to Pass" as amended by Committee Amendment "A" (H-671) on same Bill.

Signed:

Senator: FOSTER of Hancock

Representatives: FOSS of Yarmouth
REED of Falmouth
MacBRIDE of Presque Isle

Reports were read.

Representative Chonko of Topsham moved that the House accept the Majority "Ought Not to Pass" Report.

The SPEAKER: The Chair recognizes the Representative from Yarmouth, Representative Foss.

Representative FOSS: Mr. Speaker, Ladies and Gentlemen of the House: I hope you will not support the pending motion so we can go on and support the Minority "Ought to Pass" Report.

As you all know, our committee has worked long and hard on this year's budget for the next biennium. I do believe, however, that government spending in Maine is beyond the ability of our taxpayers to support. At its current level, it would fit the expansionary revenues of the 1980's but it does not reflect the realistic reduced revenues of this austere decade. We in the Minority believe that raising taxes during poor economic times only makes it more difficult to create jobs and get the economy moving again. Therefore, the best hope for Maine's economic future is to hold the line on taxes and cut state spending to match available revenues. The Minority Report does that.

We have heard on every proposed cut in state spending opposition from one group or another, even minimal reductions have provoked howls of protest with predictions of dire consequences. It has been important to sort through these objections and make spending decisions based on one important consideration, government must help those who cannot take care of themselves, but can no longer afford to provide for those who can and should be responsible for their own lives. Now we have too many programs who exceed benefit levels of those of other states and exceed the ability of our citizens to pay.

I would like to make a few comments about the Appropriations process. We worked together for several weeks on a consensus budget and I would like to commend my colleagues on both sides of the aisle for the bipartisan spirit we shared. We made some very difficult decisions together. In the halls today, I hear criticism of many of the proposals that were supported by a majority of that committee. However, last weekend, we did stall at a point with a gap of about \$410 million between the revenues we expect and the proposed spending. It became clear to those of us who were working towards a zero base, as far as the temporary taxes are concerned, that the majority of the committee had already determined without considering further spending reductions might be to stop at the \$250 million point or thereabouts and plug that hole with taxes.

We did offer alternative cuts to keep the process moving to zero. In fact on Wednesday of this week in committee, two of the first three cuts which were the elimination of the Maine Waste Management Agency and the elimination of the Maine Health Care Finance Commission (which did receive a ten to two vote in

committee) were accepted by a majority of the Appropriations Committee. But at that point, the majority decided to stop that review and send our budget to the floor in the minority form. They voted against this budget without even showing further interest in knowing its details. To them, I think this is a futile exercise, simply a show to prove that this legislature wants taxes rather than further spending cuts. I disagree with that. We believe that this is a balanced responsible budget that shows Maine people we can live within our means and not go back to them for a continuation of the temporary taxes.

This budget does include tough decisions, most of which were supported by a majority of the committee. I think it is ironic to note also — I have heard this morning and I heard on the radio there is a lot of criticism of the reamortization proposal in this of the Retirement System. As I understand it, although we have no other budget before us today, there is no majority budget, that they are considering a deferral of \$100 million in the Retirement System. We had discussion about those too. Our preference is clearly that neither is perfect. However, the bond houses have already made the statement that they would prefer a reamortization approach over a deferral and, if we were to defer, it would hurt our bond rating which costs us millions of dollars in debt service. We believe that the Minority Report gets Maine back on a road to economic recovery, it shows that we can keep our word when we tell the taxpayers that temporary taxes are indeed temporary and it spreads the cuts fairly.

The final components of this budget are the ideas of a House Republican caucus by and large, and I commend them and I thank them for their interest in this process and their collective work to get to this point.

I ask for you to vote against the pending motion so that we can go on to approve the Minority Report and Mr. Speaker, I ask for a roll call.

The SPEAKER: The Chair recognizes the Representative from Gray, Representative Carroll.

Representative CARROLL: Mr. Speaker, Men and Women of the House: We have worked very hard downstairs in 228. We have been down there for not just the last five or six months but actually for the last three years trying to deal with budgets and trying to reconcile budgets that are somewhat off because of lacking revenues that are coming into the state.

I have a problem with a couple of the proposals that came forward because I believe we need to have some balance in state government and that we all have a role to play, including this legislative body.

I would like to bring to your attention just one small issue in the proposed budget before us and why one of the numerous reasons I will be voting against it. On page 551 of your document, part III, deals with Medicaid options. Those are options not mandatory to have in state programs but options we have adopted over a number of years to put into our program. The plan calls for \$15 million worth of savings in General Fund and some \$24 million of federal fund savings. The problem is that it sets a cap on these services. Federal law says if you offer these options, you need to maintain those options.

I would also like to point out to you the language in that point. It says, "Notwithstanding any other provision of law, we will cap Medicaid

optional services to 6 percent per annum. The department is authorized to implement without further legislative action if the implementation of the cost saving measure does not achieve the savings required in this part, the department is authorized without further legislative action to eliminate lower priority options, both Medicaid and Non-Medicaid."

Ladies and gentlemen, I would submit that the reduction of lower Medicaid options flies in the face of federal law and that it also flies in the face of the legislative role in state government. If you are going to eliminate options and really save any money, you need to look at what those optional services are.

Prescription drugs in state and federal dollars make up \$68 million and \$60 million, that is one of the problems we have been wrestling with — are we going to eliminate that optional service?

Mental retardation waivers, ICFMR services, ICF boarding care services, case management services, those are what we are looking at at optional services throughout state government that would have to eliminate or reduce or cap. We have worked very hard to move through and try to maximize federal dollars through the last few years to save state money.

I think it is imperative that we maintain our legislative oversight on all departments of state government, that is what we are here for and that is what our role is. I believe it is time to look into what our role is and to maintain our role and function and not to eliminate vital services that we have worked so hard to keep for a number of years.

I urge you to support the pending motion.

The SPEAKER: The Chair recognizes the Representative from Mount Desert, Representative Zirkilton.

Representative ZIRNKILTON: Mr. Speaker, Ladies and Gentlemen of the House: Some members of this body would have you believe that the \$1 billion dollar shortfall we face this year will require us to cut more than a billion dollars from existing expenditures in order to continue to providing our existing level of services. This is simply not true. Yet despite this, many of these same individuals said they would not vote to continue the temporary taxes when they were asked during the campaign — what do they know now that they did not know then? The billion dollar shortfall is additional money that would have been spent if we don't make significant structural cuts in our state government. In fact, the \$1 billion dollar shortfall we face, \$825 million would represent new spending beyond what was spent during the current biennium. So, when some say that we have cut more than \$520 million from the current services budget, they are right, but they are also misleading Maine people. What they should be saying is that they are recommending that we not make the changes which will avoid the need for a few hundred million dollars more in additional taxes.

The pressure to increase the size and spending habits of state government is an ever present force, a force which has prevailed on many an occasion in the past ten years. In 1982, the General Fund budget was \$638,597,281. By 1992, the figure had risen to \$1,533,844,301, our spending had increased by \$250 million a year after inflation. Our General Fund spending alone will approach nearly \$3,000 for every Maine resident over the biennium.

Equally disturbing is the source of our revenue. Our sales tax used to generate twice as much revenue

as our income tax. Now Maine people must bear an income tax that generates more than a half a billion dollars a year, nearly \$500 for every man, woman and child in this state, just from the income tax.

Unfortunately, even with all the visitors who help make tourism our second largest industry, our income tax now generates more money than our sales tax.

Price Waterhouse says Maine may have lost nearly \$100 million in retail sales to New Hampshire just because of the difference in our sales tax. How many more people might have had jobs with an extra \$100 million injected into the economy? How many more people might have jobs if we didn't have a national reputation for being one of the most expensive states in the nation when it comes to business costs?

In fact, Fortune magazine published an article in February of this year which told the world that Maine taxes, when coupled with our wage and electrical rates, make us the sixth most expensive state in the nation when it comes to the cost of doing business. This is not the kind of publicity we are looking for or that we need. In fact, we should be aggressively looking to change this adverse environment.

We have placed high emphasis on the importance of educational opportunity, now we must place that same emphasis on providing opportunity for those we have educated. Who suffers the most as a result of our high taxes? According to a national citizens' group, the poor must bear the greatest share of high taxes. Why is that? Because the greater percentage of their overall income is taken by taxes but this is not the only way they suffer, when more money is taken from the economy, less money is available to give raises and to create jobs, more people are forced to live with less and some will lose their jobs and possibly even their homes. They will be forced to turn to the state for relief, relief from a situation which the state is in some cases at least partially responsible.

We should be concentrating and providing a new social program, the best social program of all, do you know what it is? It is a job. A job that offers the opportunity to be self-sufficient, that is the best social program there is.

This morning I watched George Stephanopolous on the news telling the American people that it was the wealthy who would be paying the greatest share of the new taxes coming out of Washington. I which I could have asked him a question, I would have said, "George, when they enacted the luxury tax on boats they told us it was a tax on the wealthy — you know who paid? We all paid." Maine people paid with their jobs and they weren't wealthy people.

Right now according to the Bureau of Taxation, there are nearly \$100 million of uncollected tax dollars out there somewhere, \$30 million in individual income tax, \$25 million in corporate income tax and \$40 million in sales and use tax. Now, what does that mean to you? Does it mean we need to be more aggressive in our collection efforts? It is not what it means to me. To me, it means a lot of people are hurting and they are having trouble paying their taxes and trying to survive at the same time. If we wring them out like a damp washcloth just to get those last few falling dollars, we won't be helping them or us.

One of the greatest examples of disincentives which hold down the salaries of our people is our Workers' Compensation system, a system where the premiums are based almost entirely on the amount of

payroll. Let me give you an example, some of our workers such as those who work in the woods must pay an insurance premium which is \$50 or more for every \$100 of payroll. So, if you as an employer wanted to give someone a \$1,000 a year raise for being a good worker, it would cost you an extra \$500 or more just for Workers' Comp.

As we sit here today ignoring the bite that we will soon feel from the taxes which Washington will ask all of us to pay, I am reminded of something which President Clinton said while he was campaigning, he said "we must grow our economy" and he was right. The question is, how do you help an economy to grow? This may sound overly simple but I like to compare our economy to our gardens. A garden which is nourished and cared for will do well and it will surely yield more than a garden which is not protected and not cared for. Our economy, like a garden, can flourish if it is nourished with investment. If we didn't take so much money in taxes, our people would have more money to spend into the economy and that would help to retain and create jobs. It would also generate more revenue from the sales tax even if it was left at five percent. Business would have more money to expand and create more jobs, they could give more raises to our hardworking people. People could spend the money back into the economy or they could put the money in the bank which frees up more capital for other business investment and expansion, that is how you grow an economy and that is how you help people. You till the garden, plant and watch the seeds of opportunity grow. When you are impatient and you harvest a plant before it is has reached its potential, you do so knowing that you give up the abundance and the beauty which otherwise might have been.

The SPEAKER: The Chair recognizes the Representative from Fairfield, Representative Gwadlosky.

Representative GWADOSKY: Mr. Speaker, Ladies and Gentlemen of the House: Our state budget is a political document if ever there was a political document and our state budget inherently reflects the political values and priorities that we as parties represent, both individually with our constituencies and collectively as our Democratic and Republican parties in this process.

As we proceed in this debate today, I hope that we will maintain some guiding principles that, we not perhaps more important than the words we speak and the actions we take, will be the tone we set with one another and the tone we set with the people back home in terms of how we identify the issues and the budget proposal before us and how we attempt not to personalize our comments and our words. Clearly, the magnitude of the current budget shortfalls and public policy issues challenging us today are almost overwhelming. We have been struggling, many of us, for almost two years now and I am convinced as one individual legislator that unless we change the framework guiding how we will invest state dollars in the future, we will, through this budget process be back here in two years with the same type of dilemmas and the same type of shortfalls once again.

I think that the comments of the good Representative from Mount Desert, Representative Zirnkilton, talking about jobs brought me to my feet more so than anything else. That is something that I really want to talk about as it reflects to this

particular budget document before us.

I have with me in my hands some comments that Governor McKernan made during his inaugural address in 1991. Some of the Governor's own mission statements, and these statements emphasize the stark contrast between vocal vision statements made then and the public policy priorities reflected in the budget proposal here today. The Governor said he envisioned Maine as the opportunity state, referencing it as one where workers benefit from job training programs, where teachers help formulate our common core of learning and families benefit from student aid efforts. He said, "These investments in education are essential to lay the foundation to make Maine the opportunity state. The cornerstone of our economic agenda will be to promote the creation of good jobs for Maine workers." He continued, "Jobs and economic growth are the best way for us to increase revenues to state government so we are able to meet the needs of our citizens."

I saw a common ground envisioned in that statement in 1991 and I shared that common ground. I saw a glimmer of vision in that statement in 1991 but I can't find that vision in the budget presented before us, ladies and gentlemen. The reality is that the package of priorities before us does nothing to further economic growth, job creation, the essential educational foundation necessary to make Maine the opportunity state.

We will hear discussions today about the issues of education and our Chair of Education will talk about the cuts in GPA. We will hear about cuts in higher education, an additional five percent, some \$15 million or \$16 million, including money that will drop down cuts in technical colleges some \$2 million below flat funding. These cuts will be passed on to students in the form of higher tuition costs, tuition that has already increased some 80 percent, on technical colleges, the technical colleges that are providing valuable training, on institutions where there is a waiting list for some 3,000 people, where applications are up 30 percent and on institutions that still have placement rates of over 80 percent.

The industries that are expected to emerge and continue in the 21st Century are the ones that will dominate our future for the next ten years. They will require a work force that not only has a strong ethic as Maine people do, but they will also require an educated and technically skilled work force. The budget before us fails to make the necessary investments for our future work forces. In fact, the fiscal package we are talking about today guts the agency most likely to attract and foster future development in new high tech industries of the future, the Maine Science and Technology Commission will be funded at \$500,000 per year, that is a 77 percent reduction from current funding. At that funding level, we will terminate a program that has been nationally recognized, a program that has seen the development of industry driven innovation centers in aquaculture, biotechnology and metals and electronics. These are the industries of the future and this is one area where Maine is currently aggressively looking towards trying to position itself for the global economy.

Last year to jump start the economy, this legislature and Maine people adopted the Economic and Recovery Loan Program and funded it with a \$7 million jobs bond issue. It was one of the very few bond issues that was adopted by Maine people. That

program from its conception was intended to be a non-lapsing revolving fund loan for capital financially viable yet struggling business and we sold it to Maine people under that premise. The fund has spurred more than \$16 million worth of requests. We have assisted some 50 Maine businesses and we have created or retained more than 16,000 jobs in the State of Maine.

The budget before you today essentially abolishes that program, it does so by having loan payments lapse back into the General Fund, not back into a revolving fund for small businesses.

In terms of long-term planning, one of the major recommendations of the growth council and of the Joint Standing Committee on Housing and Economic Development, there is no reference. In terms of defense conversion, there is no reference.

Economic realities would dictate that we cannot fund every one of these proposals, but shouldn't we do some of these? We cannot continue to cut costs in state government, we have and we will, but in our efforts to maintain a state government that Maine people can afford, we may be left with a Maine in which neither people nor businesses can prosper.

The budget battle before us today is not about permanently downsizing state government as some have suggested. It is about curtailing the one-time quick fixes of the past and investing in Maine's future. The vision for jobs and economic growth in this budget are lacking dramatically. The plan widens the gap between opportunities for the wealthy and those for the poor. It widens the gap between business and government partnership and widens the gap between existing revenues and existing needs.

We will hear today discussion of temporary taxes or existing revenues.

The Appropriations Committee has sought forth to work in a consensus mode this session and they have done that for many, many weeks beginning first with joint hearings, then with recommendations by the various committees of jurisdiction and then making the very difficult tough choices or prioritizing good recommendations, good priorities from each committee. It has been a very, very difficult process and they have cut in excess of \$500 million and we are still going down in that process.

The reality is, you will reach a point where you cannot cut additional programs unless you are willing to dramatically affect services to our constituencies. It is very simple to say, do you want existing revenues or not, but the reality in this budget is we are replacing the need for existing taxes with additional cuts on the Retirement System, with savings on the Retirement System of in excess of \$250 million. When you vote for this report today, if you are so inclined, you are not just saying that I am for taxes or against taxes, what you are saying is I agree with the proposal to reamortize our state Retirement System and the unfunded liability for 40 years because I am going to save \$120 million over the next two years but I am willing to put the burden of \$8.9 billion on my children and grandchildren over the next 40 years. If you think that isn't a gimmick, if you think that isn't a cost shift, then we have got to reevaluate our terms in semantics and perhaps that is appropriate. Beyond the \$120 million savings in the Retirement Systems is another \$130 million savings that would be envisioned by this report by dramatically changing our system of pensions for state employees, a proposal we have had

less than ten days.

Ladies and gentlemen of the House, it is important to have a discussion about the needs of our people, it is important to have a discussion about the functions of state government, the cost of those services, but it is important to keep this in perspective. While there may be many people here who wish to cast the debate as simply for or against temporary taxes, for or against existing revenues, the reality is that there are portions of this budget that are far more difficult, that are far more onerous to the people of this state than any new taxes to any existing revenues that we could possibly imagine and I would hope that you would keep that in mind when you cast your vote.

The SPEAKER: The Chair recognizes the Representative from Yarmouth, Representative Foss.

Representative FOSS: Mr. Speaker, Ladies and Gentlemen of the House: I rise to respond to some of the comments made by the prior speaker. I find it curious that the two programs he singled out for elimination, the Maine Science and Technology Commission which was cut, we did create their ability to make a foundation, I believe that was either unanimous in committee when we were working as a group of 13 or close to unanimous. The motion to remove the money from the Economic Recovery Loan Program was also in that same category, it was a strong, if not unanimous, committee report before we did decide to split.

I would also respond to his reference to the fact the lack of doing anything for jobs in this package — I would say that the best effort we can do for job creation in this state is to leave the temporary tax revenue in the private sector where it can be invested in jobs and spent by the people who earned it.

He referred to passing on higher education costs, that is true, we did not restore the 5 percent cut to higher education. We did make a huge commitment to General Purpose Aid, we believed an investment in K-12 beyond the Governor's budget of \$50 million within available tax revenues without the temporary taxes is a huge investment and we believe that is a top priority for the state.

I would like to pose a question through the Chair to Representative Gwadosky, he has problems with the reamortization proposals. As I explained earlier, the bond houses prefer that to a deferral and I would like to ask now if Representative Gwadosky intends to support a \$100 million deferral to the Retirement System which also falls in the category of an accounting gimmick?

The SPEAKER: Representative Foss of Yarmouth has posed a question through the Chair to anyone who may respond if they so desire.

The SPEAKER: The Chair recognizes the Representative from Arundel, Representative Wentworth.

Representative WENTWORTH: Mr. Speaker, Men and Women of the House: I take this opportunity to respond to the question from the Representative from Yarmouth, Representative Foss, because I think it is important to realize that the Democrats on the Appropriations Committee have not at this point accepted either a deferral or a reamortization and there are people still working very hard to try and find ways to avoid either of those choices and to, at the same time, stabilize the system.

What the bond houses would like us to do most is not defer or reamortize. They would like us to pay

our bills that are due right now. That would call for even more cuts in another area or for more taxes.

What the report before you advocates in reamortization saves us some tax dollars right now. In fact, what it will do is it will save every citizen of this state \$50 a year for the next two years. But then 25 years from now, it offers us a bill of \$6 plus billion dollars, which amounts to over \$5,000 for every citizen of this state. So, you can save \$100 over the biennium for every person and then we charge them over the next 40 years, \$5,000. To me, that seems irresponsible.

I think people in this state faced with that choice would rather pay the \$100 in taxes over the next two years rather than pay \$5,000 in taxes over the next 40 years.

I would hope that you would reject this report on that point alone.

The SPEAKER: The Chair recognizes the Representative from Yarmouth, Representative Foss.

Representative FOSS: Mr. Speaker, Men and Women of the House: I would like to have an answer to my question from Representative Gwadosky because he indicated that he would in no way support that. I totally concur that this body would be far better off finding alternative cuts than either the deferral or the reamortization but since we only have one budget before us, the four members of the Appropriations Committee who put a proposal before the people of the State of Maine on June 18th and we have passed our statutory deadline, we are looking at the end of the fiscal year. I ask, what is your proposal to fill that \$100 million hole or the \$410 million hole?

The SPEAKER: Representative Foss of Yarmouth has posed a question through the Chair to Representative Gwadosky of Fairfield who may respond if he so desires.

The Chair recognizes that Representative.

Representative GWADOSKY: Mr. Speaker, Ladies and Gentlemen of the House: In terms of the comments of Representative Foss of Yarmouth, I know that deferrals are sensitive to that Representative, she advanced the Governor's proposal a couple of years ago dealing with major deferrals, major transfers and that is one of the reasons why we have the constitutional amendment now before us to prevent doing that, prevent that from happening, prevent borrowing from the Retirement System.

The issues before us today, I think, have been articulated by Representative Wentworth. We are going to go back and try to avoid either of those scenarios if it is at all possible. But, the reality is we don't know if it will be possible but we do know that the proposal before us deals with a 40 year amortization that is going to cost our children and grandchildren \$8.9 billion. It's that simple, don't confuse the issue, that is the issue before us, that and nothing else.

Mr. Speaker, I would like to pose a question through the Chair.

I would like to pose a question to anyone who may care to respond — is the employee contract for collective bargaining funded in the Minority budget that is before us at this time?

The SPEAKER: Representative Gwadosky of Fairfield has posed a question through the Chair to any member who may respond if they so desire.

The Chair recognizes the Representative from Yarmouth, Representative Foss.

Representative FOSS: Mr. Speaker, Ladies and

Gentlemen of the House: No, it is not funded in this contract, we assume it will be funded on a separate bill.

The SPEAKER: The Chair recognizes the Representative from Jay, Representative Pineau.

Representative PINEAU: Mr. Speaker, I would like to pose a question through the Chair.

To anyone who may answer — does the proposal in front of us — what does it do to the Maine Health Care Program?

The SPEAKER: Representative Pineau of Jay has posed a question through the Chair to any member who may respond if they so desire.

The Chair recognizes the Representative from Yarmouth, Representative Foss.

Representative FOSS: Mr. Speaker, Ladies and Gentlemen of the House: The Maine Health Care Program in this proposal is eliminated. We have had this discussion over the past two and a half years. The majority vote on the Appropriations Committee to make further cuts in the AFDC program further convinced us that a program which is designed for those who do not even qualify for Medicaid and would serve only 10 percent of the population affected is a program we cannot afford to continue now.

The SPEAKER: The Chair recognizes the Representative from Jay, Representative Pineau.

Representative PINEAU: Mr. Speaker, I would like to pose another question through the Chair to anyone who supports the proposal in front of us. Seeing that the proposal for the Maine Health Care Program is taken off, the taxes that the 114th Legislature voted to pay for that program, are those left on the books?

The SPEAKER: Representative Pineau of Jay has posed a question through the Chair to any member who may respond if they so desire.

The Chair recognizes the Representative from Waldo, Representative Whitcomb.

Representative WHITCOMB: Mr. Speaker, Ladies and Gentlemen of the House: I am very pleased to respond to that question because I think that question could potentially come up in regard to a number of other items that are on the Republican budget. Unless I am to be corrected, that tax and a number of other taxes that were passed by a previous legislature and legislators were not dedicated. Maybe the Representative from Jay knows differently on that subject.

As the legislature proceeds, it raises revenues and has in the past and has raised it in conjunction with creating certain programs. We appreciate — and I have been a part of setting that kind of priority in the legislature in deciding that those revenues were needed at that point in time, that the economy could afford it and that we would want to provide those kinds of resources for a particular program.

What the budget document before you, the proposal that was voted on by four members of the Appropriations Committee with the assistance of many people, frankly, at least to a certain point in time from the Majority party until the two groups split, sets a new group of priorities and it should be made very clear that this proposal does not sunset previous taxes other than those so-called temporary taxes in the last budget which add up to about \$270 million worth of revenue and specifically it is the one cent on the sales tax, the surcharge is on the income tax.

I think if there is a will on the part of this

body to sunset some of those revenues that were raised previously in conjunction with creating certain programs, we would certainly entertain that kind of amendment. I think that would have to be in conjunction with cutting some additional spending and if that is the will of some of the members who have not yet forwarded a plan for a budget that is certainly worth being considered.

We set as a priority, those of us who worked on this document, restoring funding to General Assistance and General Purpose Aid for education. We worked very hard within existing revenues that will be on the statute after July 1st to prioritize what we think are the greatest needs.

To suggest that any document that will pass through this body as a budget will not cut some vital programs, I think is a little bit farfetched.

We have established certain parameters with this budget, we think they are fairly important and we hope that they are maintained as the priorities of this body. We have protected revenue sharing. Previous budgets that have passed through this body, bipartisan budgets have not done that. We have, as I have stated previously, added \$50 million of funding above the Governor's cuts to General Purpose Aid for Education. We have made significant proposals to change, downsize, and restructure.

It was interesting to me to hear the Majority Floor Leader talk about a political document. There are now before the legislature or have been before the legislature two political documents, the Governor's budget and now the budget advanced by the Republican members of the Appropriations Committee. He suggests that the document will have an influence on government over the next ten years. I couldn't concur more.

In the same vein, the way that we treat the revenues that the state takes from the people and the way that we restructure programs, we are at a significant juncture. We have not heard proposed today an alternative that talks about additional cuts or talks about the "T" word. It is now the 18th of June, we hear complaints, we hear that we really don't want to cut the Science and Technology Commission, although the Committee on Appropriations seems to be willing to do that as they prioritize things. We hear that we really can't stand to amortize in the Retirement System, although if you amortize or looked at the expenditures in any other state program out over the next 40 years, I am sure you would come up with an astronomical figure as well. So, what is the choice? We think this budget is an excellent choice. Does it do everything that we would want to? No, but we don't have the economy we had when we created the many programs that we have tried to continue, many of them on a skeleton basis.

We have made some major changes, we have protected people who are in nursing homes in this budget. We have taken a more strenuous look at the budget of our own institution, the legislature, and said that too can stand further reduction and we proposed it in the document before you.

I would hope as people stand to speak and apparently a couple of others plan to, then when they criticize a component of this budget, that they offer a dollar for dollar alternative. If it is to be a tax, say that. If it is not, suggest where else you would cut. We have gone through this process in our caucus now for months and this is the document.

I urge your rejection of the motion before us in

support of the Minority Report.

The SPEAKER: The Chair recognizes the Representative from Palmyra, Representative Tardy.

Representative TARDY: Mr. Speaker, Men and Women of the House: As a member of the Taxation Committee and a member of the Agriculture Committee, I couldn't help but listen with interest to the Representative from Mount Desert, Representative Zirkilton's scenario on how you plant the seed and cultivate the garden. Now, before this debate goes too far, I would like to throw my two shovel's full of manure onto that process and I think that maybe we can get the plants to grow a little faster.

Eliminating the Waste Management Agency but keeping the fees, the direct tax to consumers, the recycling fee or whatever you want to call it, I guess maybe I wouldn't argue the position of the Waste Management Agency but I would like to see taxes like that rather than be shuffled into the General Fund in a slight of hand, I would like to see those come back to the Taxation Committee so that we can look at the total tax mix. Where I come from, I am not known as a tax and spend Democrat, I don't think, but I never promised anybody that I would do away with any of the temporary taxes. If you can find somebody I promised that to, then I will apologize to them because I must of lied to them. It is not something I would do lightly.

I would rather collect that one cent sales tax than I would have to keep track of every battery and every tire, every appliance that goes through my store. I am sure there are others in the retail business who would like to talk about that type of tax mix.

We talked about eliminating the Maine Health Care Finance Commission, that saves us \$4.2 million that we would continue to assess to the hospitals. Well, perhaps if we are going to do that, we should leave that \$4.2 million with the hospitals so that they can provide health care to the indigent who aren't going to be covered under the Maine Health Care Program, which I notice had the same \$4.2 million slight of hand tax.

We have talked about other taxes, I guess I would like to know where all of these hidden taxes are in these budgets and that they be put right up front so that we can discuss them and perhaps look at them in the context of the total tax mix in the State of Maine.

Somebody talked about the squeeze on the principles of reimbursements for nursing homes. It was my understanding we spent \$250,000 for a study that would establish these reimbursement levels and so forth and now we are going back into that and that our own Department of Human Services says that could be a significant shift to the private pay patient. That to me is a tax. I guess I would ask anybody who cares to answer, how much is this shift? How much to they estimate this is going to shift to the private pay patient?

The SPEAKER: Representative Tardy of Palmyra has posed a question through the Chair to any member who may respond if they so desire.

The Chair recognizes the Representative from Yarmouth, Representative Foss.

Representative FOSS: Mr. Speaker, Ladies and Gentlemen of the House: I would like to respond to that because I would like to comment that on the attempt to fill the enormous gap created when the waivers were not approved and the Appropriations

Committee made a unanimous commitment not to seek the departure of any current patients from nursing homes and try to find that hole, we were looking at various places to cut. The principles of reimbursement, which is an efficiency ratio for nursing homes, is on this list as a cut. I would argue that it is an automatic shift to private payers. I think in a \$500 million industry over two years, \$10 million to find cost effectiveness is not a lot to ask considering that is the only real cut in the nursing home component.

I would also comment — he asked about other hidden taxes, I would not reiterate what Representative Whitcomb stated on the other two eliminations, but I would ask that the former speaker describe the provider tax which is on nursing homes in order to wash it through and get federal revenues. That actually came out of the Taxation Committee, that is in this budget and I think it is important that every member know that that is in there. It is a gross receipt's tax on the nursing homes and it does facilitate our getting \$20 million net revenue to the state but, as I understand it, that proposal was refined by the Taxation Committee and accepted unanimously by the Appropriations Committee.

The SPEAKER: The Chair recognizes the Representative from Howland, Representative Hichborn.

Representative HICHBORN: Mr. Speaker, Ladies and Gentlemen of the House: Some six months ago the Governor presented a budget for our consideration. Ever since then, 13 members of the Appropriations Committee have spent hours and days and weeks trying to refine that proposal to make it acceptable to this legislature, fair to the people and in the best interests of all of us and also to see that it was balanced as required by the statutes.

While waiting for an interpretation of law and waiting for decisions on waivers and the resolution of the retirement problem, which had its hearing only this last Sunday, it was decided that the Governor's budget, as originally presented by the Governor himself, should be brought before this body to be considered. The Governor himself requested that this not be done. On Monday of this week, the committee learned that Representative Foss, unbeknownst to the committee, had prepared amendments that purportedly would result in a zero based budget with no new taxes, a plan that the Governor liked and a plan that the Governor requested should come before this body.

As a courtesy to the Governor of this State of Maine and because of my high personal regard for the dedication that Representative Foss has shown, for her interest in good government and because of her years of experience on the Appropriations Committee, I joined with others in agreeing that this should come before this body for your consideration.

People talk about budgets — we had the Governor's budget, we have the Governor's budget as amended by Representative Foss and we have the Governor's budget that has been studied and worked on by 13 members of the Appropriations Committee for several months during which time there were no secret meetings, there were no devious issues hidden in that budget and every single number in this budget that the committee has been studying has been known to every one of the 13 members, no one should ask, where is your budget because the only budget that we have when this budget is disposed of that we are discussing here today is the Committee's budget. It

is not a Republican budget, it is not a Democrat budget, it is a Committee budget on which all 13 members have participated. There must be something good in this Committee budget because I note that several of the good points of that budget are included in the one that we are discussing here today.

Having said all this, I am compelled to say that I cannot and will not support the budget that is being presented here today for the simple reason that we have been talking about hidden taxes. It has been said several times already that we are paying a \$120 million debt and passing on as a hidden tax to people who will be here long after I am dead and gone of between six and eight billion dollars. If that isn't a gimmick, something is wrong. That is the biggest gimmick that I have heard since I have been here during the last ten years.

We all agree that there must be changes in the Retirement System but we should not expect the retirees and those who are going to be retirees in the future to pick up a half billion dollars to take care of the problem that we have facing us here today.

It scares the living daylights out of me when I see that some of this is being passed onto hospital patients \$35 million and that we are passing on \$26 million for the patients in the nursing homes to pay. It seems to me that that is ridiculous and we are also proposing to eliminate certain provisions of Medicaid for some of the people who need it most to the tune of more than \$20 million. I am amazed to think that anyone would ask us, where are your proposals? The proposals are in this budget, we have an answer on the retirement. We found out that waivers aren't going to be accepted. We know what some of the Judicial decisions have been and we know that there will be more decisions made in the near future so the answer is plain.

I hope that when you vote here today, in order that we may get the Committee budget before this body, that you will vote to accept the "Ought Not to Pass" Report.

The SPEAKER: The Chair recognizes the Representative from Bridgton, Representative Kutasi.

Representative KUTASI: Mr. Speaker, Ladies and Gentlemen of the House: I just want to approach a number of things on this budget but, first of all, I want to approach from the rank and file member of the Republican party the fact that this is not a Representative Foss budget. We requested from our members of the Appropriations Committee a number of weeks ago that they come up with a proposal of a flat or zero based budget, as it has been known to be called. We put a lot of pressure on them to come up with this proposal from the rank and file and they prioritized what we wanted. We wanted GPA funding. We also wanted General Assistance to make sure there is a safety net there, so they took all our suggestions and molded it into this package. Yes, this package has a lot of flaws but this is what they came up with and this is what we as the rank and file or some of the rank and file have endorsed. So, we put the pressure on them to come up with this proposal and they did. It is the only proposal before us, I know that.

I know the Appropriations Committee has worked hard and many, many hours to come up with some kind of a consensus budget. The frustration from our standpoint was the fact that in April when we had the week off, at that particular time, we were already at the \$500 million separation point, between \$400

million and \$500 million separation. Since that week off in April, nobody moved of the dime, there hasn't been much going on and this is where we got frustrated. What is happening? We see our calendar everyday that says Statutory Adjournment Date, June 16th — boy, that is coming right up, we have got to do something, we have got to get off the dime. This is why we put pressure on our Appropriations Committee members to please come up with something, come up with a proposal, come up with a plan and let's throw it out on the floor and see what happens.

Of course there are a lot of holes in it and that goes by the debate that is going on today.

On a couple of items that I wanted to address — when we set our priorities in Banking and Insurance, I voted on sustaining the Maine Health Care Program at \$4.5 million. As we put down our priorities, it came out that that can't be funded. They asked me, "Les, that can't be funded." I said, "Well, if it can't be funded, that is on the bottom of the list, what can I do?" I can't do anything about it. But, the Maine Health program basically satisfies about ten percent of the people that qualify for it, approximately 40,000 to 50,000 people qualify for that program and we can serve between 2,500 and 3,000 on a lottery type of basis. I feel that that is difficult to do when people work side by side who might have the same income levels and one is on the Maine Health Program and one isn't, that is almost like an injustice that we do here in this state. Not to say that if none of them can have it, then no one should have it, that is the other argument, but when you set a priority list, that might have to come off, that is one of the things that has to come off, a sacrifice that might have to be made.

We are funding the children on the Maine Health Program, they are being covered, it is the adults that are not.

On the issue of the temporary taxes — on this list that I passed out, I can't ever remembering answering this survey of me not supporting the temporary taxes. As a matter of fact, in the Lewiston Sun Journal, I was interviewed and they asked me, do you support the temporary taxes? I said, "Well, I would have to look at the economy, we will have to find out what our income is, we will have to find out what our programs are and we will have to set priorities." My opponent used that against me saying that I support the temporary taxes and he used it in many advertisements and we had it in debates. I don't know where my "no" came up over here but it should have been "I don't know" or whatever but I never — I take a policy of not answering surveys saying to the survey people, I have a record in Augusta, look at my record and you can get an idea from that. I don't know where this "no" came up on this list, that is why I passed it out because I want to get the record straight on this issue. My opponent used it against me but I supported the temporary taxes because I thought we have got to look at the whole situation.

I am going to vote for this budget because I feel that it is a fair budget, there is a lot of problems with it, yes. Nothing else on the table here — I know that there is a consensus budget being developed but when in two months it is still \$400 million or \$500 million apart, I just wonder how long it is going to go. I think we have to put something on the table and maybe try to adjust it or do something but this is what we have got.

The SPEAKER: The Chair recognizes the Representative from Old Orchard Beach, Representative Kerr.

Representative KERR: Mr. Speaker, Men and Women of the House: As the youngest member on Appropriations this year, I feel that I have got to do two things here today during this debate, one to defend the process of the Appropriations Committee, and two, to point out some taxes and gimmicks that are in this proposal before us. Then the good Representative from Yarmouth asks, does anybody have any alternatives? The alternatives that I am going to give you are the same alternatives that were agreed on unanimously by the Appropriations Committee.

Number one, let's discuss the process. The \$410 million number that is now the gap was originally, back when I passed out a reality check, \$656 million. At that point, I said continually, let's try to bring this number down to zero and build back up. I think that we have tried to achieve that. Many of us have tried that in the Appropriations Committee.

The Governor has brought forth his proposal on the Retirement System. I thought that the Appropriations Committee agreed that we would let the Aging, Retirement and Veterans Committee review that proposal. That proposal I personally cannot swallow.

I have said continually that I would like to see a budget, if possible, no gimmicks, no deferrals, no more payroll deferrals overlapping into another biennium. I think that is what has got us in this position today and I want to move forward.

I think that those who worked on the supplemental budget did accomplish that. Many people were offended but in this budget that is before us, I urge you not to support, I cannot see why in this budget, that we discussed the Turnpike, 4.78 miles of roadway in York County. There were four different bids or appraisals done on that property, they ranged anywhere from \$20 million to \$1 million. The most current appraisal that was done on that parcel of land is \$6.7 million. In this budget, a parcel of land that Maine people own is being resold to Maine people for a cost of \$16 million. Who was paying for that? The Maine Turnpike Authority is repurchasing a parcel of land for \$16 million. There is going to be a toll which is a tax put on as we in Appropriations unanimously agreed on a proposal that I brought forward that would do two things. The majority of the people who would pay for that, the toll would be put on in York where 75 percent of the people come in from out-of-state. The other goal was, let's not borrow \$21 million to solve a \$16 million problem over ten years. The committee — I requested, they responded. If you can come up with another proposal, we will do it.

Last Friday at two o'clock, I called the bond bank for the State of Maine to make sure that the proposal that I brought forward they understood and it would not hurt our bond rating. At that time, the bond bank said that not only did they not know about my proposal, but not even the Governor's proposal. I was alarmed at that. They did review this proposal and what this proposal does. June 24th, this month, the Maine Turnpike Authority will be holding a meeting to number one, put a 25 cent surcharge for a period of six to seven years on the York toll booth. The reason why it is 25 cents is so that we don't have to borrow \$5 million over ten years. We may only have to borrow half of that. To me, that is a

prudent thing to do. That proposal has gone down by the wayside. I assume because the budget couldn't balance in the year 1994. If you take that figure of \$410 million and you go back and cut out the collective bargaining that is not in this proposal, as proposed by Representative Foss, which is telling you that you are going to be back here for a supplemental budget at a cost to Maine taxpayers. That is \$65,000 a day to bring us back in if it is before January. That, to me, is not a prudent thing to do.

The people of York County will be picking up this tab if in fact the Maine Turnpike Authority does not go along with this proposal. The original proposal was to put the 10 cents or 15 cents across the board on the Turnpike. Those of us who live in York County do not have the fringe benefits of taking 295 from Scarborough to the West Gardiner exit. I thought I could go along with this proposal in the budget simply because 75 percent of the people that would be coming into the York toll booth would be paying this gimmick of \$16 million. The Governor could have put \$20 million on it, but at the eleventh hour between the Retirement System and the Maine Turnpike, he balanced his budget without the sales tax and income tax that was put on two years ago and that is the fact of the matter.

Several proposals in this budget, probably 75 to 80 percent, this Representative agreed with. The biggest flaw is the Retirement System and the Turnpike and the collective bargaining because that means we are all going to come back for a supplemental which I thought we were all opposed to. We wanted to pass a budget that could get us through a two year period of time that would take some planning and some thought behind it.

I would urge you to allow the committee more time because I think that time is very valuable and because we were down the \$410 million. If you put the collective bargaining in that brings you down to \$392 million. If you do something with the Retirement System, it puts you down to \$145 million. There are items that the committee has agreed upon, we are well below the temporary sales tax of one percent which generates \$164 million. Remember, the longer that we wait for that sales tax to go to six percent in '94 will only generate \$76.8 million and in '95, \$88.1 million. I believe we need more time in Appropriations. I can understand why we came to this point, the Governor did not want his budget on this floor and, if I was the Governor, I wouldn't want it here either.

Representative Foss felt, and she strongly felt that way, that the people in this body should have an opportunity to vote on a zero tax increase. This budget does not do that. I want this body to understand, this budget does not do that.

Representative Kutasi is worried about General Assistance, I share that same feeling. As you all know during the supplemental budget, I voted to cut the AFDC, cut the gap, cut the housing needs. We went back, we reviewed it, came back before this body with something that we could all agree on and it passed.

I am a believer, I am a realist, I know we have to make some changes. I think the committee has worked hard to achieve those goals, maybe not as fast as some wanted, but I do believe the budget that you have before you is not the budget that you have been led to believe has no taxes. We are deferring

ourselves into debt. We are taking a short-term approach to solving the state's budget problems.

I just urge you to allow the Appropriations Committee some more time so that we can bring up a budget that may have some taxes but it will have some cuts, there will be structural changes in it and a vote that we took for a jobs bond bill when we really and truly need a revolving loan fund that this budget does not allow because the first \$650,000 that is generated is not eligible for FAME to lend out money.

Gabriel Electronics in Scarborough received some funds through this revolving loan fund. Those are high risk loans. They received the minimum amount, there is a 125 people employed there, they have come back to seek more funds so they can keep these people at work. Their request will be denied and I don't think that is the approach we should take. I am in business, I know what it is to pay taxes.

My property — even if we level fund and there are no taxes I want people to know my property tax has gone up, my Workers' Comp has gone up, my Central Maine Power bill has gone up, my health insurance has gone up. I just think in looking at this budget that there are some flaws, everybody has admitted to that, there are some legal ramifications, there are some items in here that we can't do because it is going to cost us in the long run. Those items should be reviewed. I would only hope the good Representative from Yarmouth, rather than us asking those questions, that she stand up and tell us what those problems are that are within this budget because I think that is her responsibility to do that and if it was my budget, I would stand here and tell you that.

I urge you to vote against the Minority "Ought to Pass" Report.

The SPEAKER: The Chair recognizes the Representative from Rumford, Representative Erwin.

Representative ERWIN: Mr. Speaker, I would like to pose a question through the Chair. Is there a state employee payroll push in this budget?

The SPEAKER: Representative Erwin of Rumford has posed a question through the Chair to any member who may respond if they so desire.

The Chair recognizes the Representative from Old Orchard Beach, Representative Kerr.

Representative KERR: Mr. Speaker, Men and Women of the House: Yes there is. It is in the budget document Triple E where we defer the last cycle of the 1994/1995 payroll which is nothing more than a gimmick and it is something that we have done in the past and we should not continue to do it.

The SPEAKER: The Chair recognizes the Representative from Orono, Representative Cathcart.

Representative CATHCART: Mr. Speaker, Men and Women of the House: I request permission to pose a question through the Chair.

I would like to ask about the state agency client account which I believe comes under the General Purpose Aid to Education — how much has that special state agency client account been cut and how much has been shifted to the local school districts and could you please tell me where it is in the budget as I haven't found it?

The SPEAKER: Representative Cathcart of Orono has posed a question through the Chair to any member who may respond if they so desire.

The Chair recognizes the Representative from Yarmouth, Representative Foss.

Representative FOSS: Mr. Speaker, Ladies and Gentlemen of the House: I will have to check that,

Representative Cathcart. Obviously, we are back in the mode of peppering questions. I certainly have stood to answer those although there are others who seem to want to answer for me, so I will go back in time to check the page for you, Representative Cathcart.

I did want to go back to comments by Representative Kerr because I do want to publicly state his hard work and his commitment to finding very difficult cuts. I think he and others on the committee in the face of great lobbying efforts have taken some difficult votes and I think we did accomplish a lot of things together. I know he has had a long-term concern with the Turnpike proposal and that is probably in the category of gimmicks. It is only one of several different things for which we have all, on that committee, voted.

I want to make another clarification of some of his comments, however. I have never said this budget has no taxes. That would be patently ridiculous because I voted for the gross receipts tax which was a unanimous vote in committee. I did, however, vote against, which I forget to mention for Representative Tardy earlier, this budget in front of you today that takes off the tax on clammers which was put on by the majority. We did decide together to continue four marine biologists so that we can keep the clam flats in Maine open. We did not, however, feel a tax on the shellfish fishermen of the state would be a productive thing to do considering the economy, so we have funded that.

I want to make a very important statement on the Record because I believe in the collective bargaining process. I believe in keeping faith with state employees. I was not suggesting that we come into a special session to fund that. It is my understanding that the Governor will have a separate bill, unless of course this bill should pass by two-thirds today and we are out tonight and adjourn sine die, I am sure we will be back to consider that without having to go into special session.

The SPEAKER: The Chair recognizes the Representative from Buxton, Representative Libby.

Representative LIBBY: Mr. Speaker, Men and Women of the House: Just some general statements to this budget but more specifically to our economy. It has been stated today that this budget does nothing to foster economic development. This legislator feels that that couldn't be anything further from the truth.

In this chamber this year, we have got to look at economics and not politics. From somebody who has studied and taught economics in higher education, I can assure you now that a tax cut which Mainers have rarely seen in their lifetime is needed and is a part of this budget package depending on how you look at temporary taxes.

If you want to improve the Maine economy in the long-run and fund our programs better in later years, we need to cut taxes now and give Mainers more disposable income. We need Maine families to improve their disposable income picture, their monthly budget.

Let Maine people then spend more and invest in our own economy and watch our economy thrive. When it does, we will have more to fund our good programs in state government.

I do not agree with every component of this budget, the 40 year amortization, the retirement, come to mind. But I believe as many others believe that Democrats and Republicans are close to an agreement and I challenge the members of this House

to submit amendments to this budget, let's keep our promise that was made and highlighted in today's Portland Press Herald and not make temporary taxes permanent. That is not fair to Maine people I believe and I believe we may be insulting them.

Bring your amendment for a cut somewhere else in the budget to fund the areas that you have complaints with, they are legitimate complaints. If you need some cut ideas, I still have 20 left out of the list of 31 that I submitted earlier.

In summary, if you want to improve the state's economy, you really should vote for a zero based budget or something very close to that. Here we have an opportunity to do that.

Let's continue the discussion and reach a reasonable compromise without breaking promises wherever possible and without raising taxes. We are all good people in here with good intentions. In this legislator's opinion, this year, this time, we have got to reduce government spending. I hope that you will consider that when making your proposals. Yes, I do intend to vote against the pending "Ought Not to Pass" motion.

The SPEAKER: The Chair recognizes the Representative from Corinth, Representative Strout.

Representative STROUT: Mr. Speaker, Men and Women of the House: Probably this afternoon it will be no surprise to a lot of members of this body (so I will say it up-front now) that I will be supporting the pending motion. That probably doesn't surprise a lot in my party or a lot in the other party.

As far as budgets are concerned, I love them. I have dealt with them for about 20 years on a smaller scale. The way we operate — I present a lot of these budgets to my finance committee and what I start out with is the services that we need in our municipality and I put those before my committee and then I also have to come up with the projected revenues to cover that. Somewhere along the process between the revenues and the services, usually there is a gap. Yes, over the years there have been times when I have tried to put more services in there than maybe we actually needed. That committee has told me that they have got to make the adjustments accordingly and usually downward. When times were good, they would give me a little bit extra. I realize that in the last couple of years that times haven't been good and we have dealt with it on the local level similar to what you are doing here at the state level.

The problem that I have with the budget that is presented before us, and maybe some people feel that I should support this and try to get it to second reading and offer an amendment, I don't think that is the process we should take. Having said that, I would go back and say that this is the first step.

There are some proposals in here that make a lot of sense. There are some items here that I can't agree with and I am going to list three or four that bother me. I hope that what happens after today in the next few days that the Committee can work to a resolution. I do have some concerns about the nursing home issue. I do have concerns about the AFDC, about General Assistance. I have some concerns about the retirement proposal.

As far as the General Assistance is concerned, is \$6 million enough? I am not coming from the perspective that the \$6 million we put in there is the problem. I think there are some situations out there where we may be going a little bit too far.

Let me tell you in my perspective that if you keep the formula in place, I believe unless you do something for the benefit end of it, I don't think \$6 million is enough to cover us over the two years, I could be wrong.

This yellow sheet of paper that was on your desk — if you look down through, you will notice, surprisingly to a lot of members of this body over the years that usually I take a position either yes or no, but in this particular printout, I was one of those that was stark and it basically says that I didn't answer the particular question, the reason being, last fall when this was sent to us, they didn't give us a chance. It either said that you had to answer yes or no. They didn't give you a chance to explain why maybe you were for or against the extended taxes. I did write a little note but you know they never print that. What I said in there was that in September of 1992 as one Representative I could not determine at that time what our situation would be in June of 1993. I don't think any of us could.

My position is that, just maybe, if we have to extend taxes, we might not have to do it for two years. So, a lot of people on the outside of the State of Maine are going to say that you broke faith. I will tell you this, if I have to do something that makes sense, that would be better to extend the sales tax rather than increase my property tax 18 to 20 percent, I am going to do it, and that may happen.

I got a call the other night from a person who lives outside my district that talked for 45 minutes and actually told me that I should come down here this week and vote against any extension of taxes. I said, "We don't even have that bill." Then this person went a little bit further and said to me, "You know I hope Representative Strout that you don't extend the gas tax." I said, "Ma'am, I am the sponsor of the bill to extend it." She told me I was wrong, she told me that my people lived 20 miles from Bangor and they have to drive to work everyday and that it is going to cost more money. So, I asked that particular person, "How many miles a year do you put on?" She said, "About 12,000 miles a year." I said, "How many miles per gallon do you get? Maybe 20?" She said, "No, we get more than that." I said, "Let's assume you get 20 miles per gallon, you divide that into 12,000 miles, you get 600 gallons times the two cents, that is \$12.00." I said, "Now answer me this, would you rather have your property tax bill go up \$70 or have your gas tax bill \$12.00 a year?" "Of course not, I wouldn't want to increase my property tax bill to \$70 against the \$12.00." I said, "That is what I am trying to tell you."

In that proposal, I understand it probably better than a lot of members of this body that if we were to do away with that extension, we could very well lose federal money, but we might lose our local road assistance program that is dear to my heart. I can tell you that particular program means \$54,000 to my community which is a one mill increase, which would amount to \$70 for the average taxpayers. The reason I take the position I do today is that I feel this is the first step and that, as much as I hate to vote against the majority of my party, I believe that we need to send it back to committee. With the suggestions that have been made this afternoon, I believe in the process that they are going to work between now and next week and come up with a budget

that is much fairer for all of the people of the State of Maine.

The SPEAKER: The Chair recognizes the Representative from Vassalboro, Representative Mitchell.

Representative MITCHELL: Mr. Speaker, Men and Women of the House: I am so delighted to follow Representative Strout because throughout the debate, I have been wanting to get up and to say, let's really do talk about the "T" word, and I mean the truth word. I think Representative Strout has done that so well as we have talked about our attitudes toward taxes or not having taxes.

The good Representative from the Appropriations Committee, Representative Kerr, has outlined that in this budget proposal before us there are fees and that there are taxes and that there are pushes. As I listened to the debate, sometimes I think the only thing that is a tax is the one that we don't like, the other things are okay for balancing a budget. I know that is part of the politics, part of the rhetoric that we all engage in as we push forward those proposals that we all care about but Representative Strout laid it out very clearly.

In his light and in his good suggestion, I would also like to make some comments to the Committee as they go back to work on a budget that represents all of us about concerns that I have because I really do think that is where we are today. I honestly can't believe that any of us believe that we are bettering the Retirement System, for example, by putting a \$9 billion debt on it. When I first heard that number, I thought I had misunderstood. Frankly, it took me a week to believe they meant billion instead of million and even now I wonder if somebody's adding machine lost a spool.

The question that was posed by Representative Cathcart that Representative Foss will plan to answer, I would like to mention this to you, although our Committee, when it was instructed to go back and bring to the Appropriations Committee, level funding, whatever was spent in FY '93, we came back most reluctantly and went along with the cuts in that account. As I read this budget, though we have all had a short time, I believe that cut is still in the account, which means that state agency clients, those young people with special educational needs that are in your communities living in group homes sometimes, living with foster families, but nevertheless a responsibility of your school district if they live in your town, the state will pay you, if and when it gets enough money; otherwise it is a property tax cost. I think both the Education Committee when it was forced to come out with those cuts gave that back to Appropriations and it is my understanding that Representative Foss incorporated that same cut in her budget. She can correct me, of course, if I am wrong. I am concerned about that.

I hope in the final analysis this legislature will acknowledge that these young people are our responsibility and not the responsibility of the towns that have been good enough to allow the group homes to exist in them or the foster parents to live there with them.

I must read you one other thing. In May, I clipped an article which you all do about interesting people in your towns. A Sidney teacher received an award. He was one of 100 teachers chosen nationally to go to NASA for a teacher workshop award from the Space, Science and Technology Division. It had a

picture of him, I was going to congratulate him. In the meantime, the budget deliberations continued and he became more and more concerned about how much we were cutting in General Purpose Aid to schools. Let me remind you before we started with this discussion today, we are cutting schools, even if we go to the \$515 million per year over \$100 million from what they spent last year, make no mistake about it, they are cuts, no matter what we do.

I wanted to read to you from somebody who is in the trenches because I have heard so much debate about administrators with high costs, I have heard so much debate about schools that waste money but I thought maybe if I credentialed him by telling you he is one of the best 100 teachers in the country, you might listen to what he had to say, "Since I am a classroom teacher, I am the person who will see the impact of poor decision making about education funding in Augusta. Funding our educational system should be at the foundation of state government. The economic and social fabric of our state is dependent upon the quality of our work force and the investment we are willing to make as a state to continue to educate our citizens. And, Representative Libby, let me assure you that if we don't educate our children, both K through 12 and higher education of the technical colleges, we will will have no economic recovery because by the year 2000, 85 percent of our young people are going to require higher education to meet the new high tech jobs, so please do not leave education out of the economic debate. If we ignore or minimize the affects of continued yearly spending cuts, I am afraid that we will see disastrous effects in the quality and type of education experiences for our children." And, please listen to this line because if we reduce \$515 million more, which is proposed in this budget — by the way, it is proposed to be another \$5.8 million each year to go through the formula even though some schools may be lucky enough to get some back for restructuring, your school may not be the one. Talk to the people from Washington County, talk to the people from Aroostook County, talk to those people who are already devastated by the \$515 million to see what it means to cut another several million dollars from that formula. His sentence is, "Equally troubling are the funding inequities that could occur between districts such as Falmouth and Eastport. We are already seeking a waiver from the federal government to keep our federal impact aid to bases like Brunswick or Limestone because we are not wealth-neutral because we have gotten out of the business of funding our schools equally." But, going back to this person is more important than what I have to say. "There are some who say that money is not the issue but I know that the strides made in Maine classrooms over my 20 years in teaching do have a lot to do with funding. I have seen the benefits of increased funding and the impact it has had on teachers and children. We are entering a new millennium in a few years, I wonder how well we will be educating Maine children for their success in the year 2000?"

As I started, I was talking about truth and taxation. One of the things that I wanted to ask, I wanted to pose to Representative Foss and others who were planning to vote for this budget because I also pointed out that the taxes we like are not called taxes. Where do the schools come up with the money that we are proposing to cut for these state agency clients and where do the schools come up with the

money that we are proposing to cut from the formula? It is just a question that burns in my mind. I see it either as a property tax increase or a major cut in what we are offering to kids. Either way, it is a loss, we are not educating children properly or we are raising property taxes beyond bounds. I guess I would like to know why a property tax is not considered important to the debate on this budget?

The SPEAKER: The Chair recognizes the Representative from Orono, Representative Cathcart.

Representative CATHCART: Mr. Speaker, Members of the House: I wish to thank the Representative from Vassalboro for answering my question about the state agency client account. I have a great concern about this. We talked here in the past few weeks a lot about shift and shaft, that means we shift the cost, we shift the burden and we shaft the local property taxpayers and that is exactly what I think is happening in this case with the state agency clients. This account pays for the educational costs of children placed by state agencies for other than educational reasons. The state established this program in the first place to help local school districts with educational costs over which the school district really has no control.

I represent two school districts which will be severely affected by this cut or this shaft, as you will. Orono, where the superintendent has told me many times that he knows actual families who were advised by the Department of Human Services to move to Orono because the school there will take care of your kids' special needs, they will pay for it. We can't afford to do this. The other district, SAD 63, includes, not only the Eddington School which I represent, but the Airline School and Holden School. They will also be affected and those taxpayers in those towns will have to pay up on their property tax.

I tell you, this is just not fair. In basic fairness, should we the local property taxpayers have to bear the burden of educating and providing special services to special needs children? I think we all care about these kids, we don't want them to be left out, we want to give them opportunities but this is a burden that should be borne by all the taxpayers of the State of Maine by a progressive tax not by the towns that are lucky enough to have these and, therefore, will have to cover their costs.

So I urge you, please don't shift and shaft, let's be fair and let's be honest and pass a budget that will be fair to all the citizens of the state. I urge you to accept this "Ought Not to Pass" Report.

The SPEAKER: The Chair recognizes the Representative from Madawaska, Representative Ahearne.

Representative AHEARNE: Mr. Speaker, Ladies and Gentlemen of the House: I took a survey of voters in my district on Wednesday and Thursday of this week, a survey of approximately 300 workers, managers and clerical workers. The results show (at least in my district) that the people feel very differently than the proponents of this budget contends. Let me give you the actual facts.

When asked about, 1, funds for education — 78 percent want these funds increased, 2 percent want a decrease, 18 percent want funding to remain at the current level and 2 percent were undecided.

Question 2, funds for the elderly — 77 percent want an increase in funds, 23 percent want funds to remain at the current level and zero want funds decreased.

Funds for AFDC — 52 percent want an increase, 6

percent want a decrease, 42 percent want funds to remain at the current level.

Question 4, when asked, should taxes remain at the current level keeping the \$250 million — 59 percent said yes, 28 percent said no, 13 percent were undecided.

Question 5, when asked, should taxes be reduced and services reduced — 97 percent replied no, 3 percent said yes.

Question 6, when asked, should the sales tax be increased an additional one percent — 80 percent said yes, 20 percent said no.

Question 7, when asked, should other taxes be increased to provide increased assistance — 64 percent said yes, 36 percent said no.

So, so much for the argument that the people want taxes reduced even with reduced services. The people in my district reject this philosophy by a resounding margin. I agree with the people of my district. I cannot and will not support any budget that hurts the children, the elderly, the poor and the needy. I urge you, members of this body, to accept the Majority "Ought Not to Pass" Report.

The SPEAKER: The Chair recognizes the Representative from Lewiston, Representative Aliberti.

Representative ALIBERTI: Mr. Speaker, Men and Women of the House: I am sure in the past few days you read a newspaper article that quoted a very respectable member of the Appropriations Committee. I wish he were here now to hear what I have to say to him — in which he was quoted as saying, "We are not asking them to die" in reference to some of the benefits they received, "No, but you are asking them in an extended way for painful genocide and limited genocide." By whom? \$423 million worth for the retirees, \$50 million worth for the people that are in need of health care, \$25.2 million for education. I don't have to pursue that because I don't think there is anyone in this House at this time that will deny the need for quality education.

Then there is the other — you look at the "other" and you try to justify the elimination of and restructuring of some of the departments that come under "other" to the tune of \$55 million and what amazes me is, who is "miscellaneous" to the tune of \$21.3 million, who is it? That is a sizeable amount of money that has little or no justification objectively at this time.

I wish Representative Foss in her attempt, and she has always been one that is up-front and credible and respectful, has better luck than I did in addressing the cost-of-living adjustment, the COLA. You recall I asked for special permission to address this House on that very thing? I had a bill that I did a great deal of research on and then I received this letter from the Attorney General's Office that stated it was unconstitutional. I hope she and her supporters have better luck on that issue.

Thank you, Mr. Speaker, I think my position is well known, I will vote continuously against accepting any one of these cuts.

The SPEAKER: The Chair recognizes the Representative from Augusta, Representative Lipman.

Representative LIPMAN: Mr. Speaker, Ladies and Gentlemen of the House: I realize that the hour is traveling on and we have heard a lot about this budget and I will try to limit my remarks.

I support a budget without a continuance of temporary taxes. These taxes were to be temporary and were a mistake. The budget document is a start;

however, because of the deferral to the Retirement System and the fact that we cannot equate the Maine State Retirement System with other private pension plans because state employees do not have Social Security. Finally, because so many state employees have joined the system and have joined the state based upon the existing Retirement System, I have to look very carefully at any changes in that system.

I will not be voting for this budget, I will be supporting and voting for the Majority "Ought Not to Pass" Report. However, what we have here and what Representative Foss has done and the members of the Minority caucus have done is a very positive step and a very strong beginning for what I hope will be a budget without continuance of temporary taxes. What I hope we will see is another budget similar to this budget making the changes towards the Retirement System, which I believe are unfair. I am looking forward to a new budget without temporary taxes that is a little more fair.

The SPEAKER: The Chair recognizes the Representative from Norway, Representative Bennett.

Representative BENNETT: Mr. Speaker, Friends and Colleagues of the House: Some have suggested here that there is a reluctance to discuss taxes but I will talk about the "T" word.

Representative Gwadosky, I think said correctly, that the state budget is a political document. I am of the belief that it is not just the various programs and the interest groups they serve that make this political but rather it is a more basic political difference. The fundamental difference of opinion here is whether taxes will buy prosperity and whether more government spending will create jobs. I contend that neither will produce neither. With the full knowledge that statistics are often used as a drunk uses a street lamp, which is more to prop him up than for illumination, let me offer a few facts in part because they come from an interesting source. Our income tax is already one of the most progressive in the nation in taxing higher income people. The top marginal rate is 4th in the nation. We cannot afford to take more from the wealthy as we define them as those earning more than \$75,000. Our sales tax of 6 percent is also high compared to 5 percent from Massachusetts and 0 percent from our neighboring New Hampshire. Our special taxes on purchases, our so-called excise taxes, are even higher. As of 1988, the beer tax was 250 percent of our national average, our wine tax, 200 percent of our national average, tobacco and distilled spirits tax 150 percent of our national average. The Citizens for Tax Justice has identified that our sales, gas and excise taxes hurt our poor households three times as hard as it hits our richest households.

Also, Maine at 10.7 percent ranks 14th in the nation in the amount of income that state taxes consumes compared to the rank number of 29 from Massachusetts and 50th for New Hampshire.

Maine also ranks higher in other areas. The number of state employees per 10,000 people — Maine has 179, Massachusetts has 155, New Hampshire has 145, the U.S. average is 154, fully 25 below Maine's number. Where do these figures come from? They come from a compilation of scholarly studies put together by Severin Beliveau, a former Democratic legislator and gubernatorial candidate.

The ultimate question is, as it always is in the legislature, where will we draw the line? This individual legislator will draw the line where I drew

it for my constituents last Fall during the campaign for this office. No continuation of the temporary taxes and no new taxes.

It seems too easy to me to criticize a budget when you are just sitting on the sidelines and not presenting a comprehensive alternative. The people of Maine and the State of Maine need a budget and they need it within the next 12 days. For six months, the budget debate has been before this legislature, we have all been part of it, but are we to wait until the last two days before the beginning of the next biennium to consider a budget, that as Representative Gwadosky suggests, will have an impact on Maine for 10 years?

I suggest we should move ahead by rejecting the pending motion, accepting this budget, and then presenting proposed amendments to it if you are so inclined.

Representative Foss of Yarmouth was granted permission to speak a third time.

Representative FOSS: Mr. Speaker, Ladies and Gentlemen of the House: I would like to respond to Representative Cathcart's question. It is on Page 344 and 345 of the budget which shows the net appropriation of about \$5.6 million for state agency clients which was, I believe, the unanimous recommendation of the Education Committee as accepted by the Appropriations Committee.

I would also like to respond to Representative Strout's comments about his priorities that he would like to see restored because two of them are clearly are those that have been accepted by the majority of the Appropriations Committee.

He mentions the inadequacy of the appropriations to General Assistance — we spent a long time on this issue in committee. As you know, the Governor's budget originally eliminated the General Assistance program, we felt that that was an unfair burden on communities, that we needed a basic safety net and we tried many different ways of crafting that. However, we also knew we neither had \$12 nor \$18 million to put in there so we looked at various things with the help of Maine Municipal Association, asked them to cost out, because as you know they do administer those programs and the state does not. So, we had various approaches considered and what was finally adopted, which I should put on Record, was the preferred approach, they did not support it but we asked Maine Municipal which approach they would prefer if there were to be \$3 million a year and to remove the entitlement client from that program. So, what is in the budget is at their request as far as the language goes.

During committee debate, it was brought to our attention a national General Assistance survey of 1992 that was prepared by the National Conference of State Legislatures, which is often quoted on this floor, it was rather startling for us to find because hear over and over again that Maine ranked 4th in welfare spending per capita in the country and behind only are Alaska, Massachusetts and New York and somehow we have never been able to get our hands around those numbers. But, it is very clear in this document that the NCSL that these General Assistance programs are designed to provide basic (and I am quoting) "basic benefits to low-income people who are not eligible for any form of federally funded cash assistance." It does on to describe those programs which include AFDC.

We had, in looking at the statistics in Maine

however, we found that in this state we serve about 5,000 household's a month under General Assistance in which 30 percent are AFDC households. So, we felt that in order to get in line with other states, we ought to make that same kind of exclusion. If you look further in this and you look at monthly benefits and caseloads the the 1992 NCSL review and you look at maximum monthly benefits — under a 3 person household, of all of those listed, the highest maximum monthly payment for that 3 person household going from Alabama to Wyoming is Cumberland County, Maine with a maximum monthly payment of \$804. In contrast, the city of Chicago, Illinois has a maximum monthly payment for three persons of \$357. We felt that it was fair to redesign that program, we felt that we provided a basic safety net and we did with \$6 million beyond the original investment in the Governor's budget and we felt that it would provide for the communities.

The SPEAKER: The Chair recognizes the Representative from Scarborough, Representative Pendexter.

Representative PENDEXTER: Mr. Speaker, Men and Women of the House: I do support this "no tax" budget and it does allow temporary taxes to sunset and it does not include new taxes on our taxpayers. I will be hard-pressed to vote for a budget that has new taxes and I will tell you why. We are getting to the point where the tax producers will soon be outnumbered by the tax eaters of our society. Those who choose to accept the responsibilities of life have had enough of being told that they should give more to those who don't shoulder those responsibilities.

We are supposed to feel sorry for this group and that group but what about feeling sorry for those who pay the taxes? Those are the people no one ever feels sorry for. They are asked to give and give until they have no more to give. When they say enough, they are called selfish. Everything is the fault of the people who don't give enough. This, despite the fact that charitable contributions skyrocketed during the past decade, climbed at an astonishing rate and yet, it is still not enough. Throwing money at problems has never solved anything. Abraham Lincoln was probably educated in his day for the amount of money we spend on the school lunch for one student today.

There are cuts in this budget document that do affect the poor and some of you think unjustly so. I feel the way to help the poor prove their lot in life is to empower them to do it themselves with self-reliance and motivation. It is a cliché but nonetheless must be said, "When someone earns something by virtue of his own efforts as opposed to its being given to him or her, it has infinitely greater appreciation for it." We must do all we can to help people assess the opportunities that free society offers. Some say that the poor have no control over their lives, that they have way of reaching a decent standard of living by themselves — I say that we must instill in them the same spirit that lifted millions of immigrants to America out of poverty in a single generation.

We have to do this, not just to help the poor, but to help the middle-class. The middle-class is being taxed to death and if it doesn't get relief soon, it will no longer have the strength to support the government and keep this country afloat.

This budget is a responsible budget, it is

sensitive to the taxpayers of our state while adequately providing for necessary services. I urge you to vote against the Majority "Ought Not to Pass" Report.

The SPEAKER: The Chair recognizes the Representative from Houlton, Representative Campbell.

Representative CAMPBELL: Mr. Speaker, Ladies and Gentlemen of the House: We have spent a lot of time this afternoon talking about the problems with the budget. We spent six months crafting a document which never came.

The budget that is before us is a good budget, it may not be the best budget, but it is a good blueprint. When one draws a house, drafts a blueprint, it is very easy for the next person to come in and make the changes necessary to make it a perfect home.

In this case, we have got a very good basis for building a zero-based budget. I believe it is important that we take this document and we craft the best home for the dollars that we have, although few in this very poor economy, and allow the people that run the machine of state, those that generate the tax dollars, the businesses, the taxpayers, to have the final word in what we expect to become a better economy generating more dollars to allow us to offer more to all that we feel are in need.

At this point, I feel that it is important to have a vote on this budget, it is very important to me to have a zero-based budget, but as I listen to the debate on the hall floor and relate to what I hear in the halls, I hear two different stories. I hear that this is the worst document ever but when I talk to people in the halls, it seems to me that we are very close. From my perspective, we are somewhere between a hundred and a hundred and fifty million dollars off. At least that is a basis to start.

It is important for me to send a real clear message to the people that we can conduct the business of the State of Maine, that it can be done in a fiscally responsible and compassionate manner. It is important that we help as many as we can but we can't help everybody.

We have been here for almost six months, we have not talked about economic development. We were promised one full day of economic development bills. As that day drew close, we were told that it is too controversial, we are going to bring out all the adversaries to Augusta. Well, bring them on, economic growth is the only way that we are going to get out of this slump.

I think we can send a real clear message by balancing the budget and using the projected revenues of 1994-1995 without any temporary taxes and without any new taxes. To me, this is a very good budget, it is not the best budget, but let's get started and let's not raise taxes. Let's let the economy revive itself. Let's get government out of the people's pockets.

The SPEAKER: The Chair recognizes the Representative from Brunswick, Representative Rydell.

Representative RYDELL: Mr. Speaker, Men and Women of the House: I have sat here and listened very carefully to this debate and some of the proposals in this budget that are here are also in the budget that we were working on in the committee. I haven't agreed with all of them. I didn't know whether all of them would be there in the final budget or whether, when we had what were the missing

pieces of information, we might not be able to go back to revisit some of the things that we had already voted on.

I think it has been instructive to see what decisions have to be made if one were trying to balance the budget without continuing the level of the temporary taxes. I think it has been instructive to see what that document looks like but, in many respects, that document really frightens me.

We have to remember that when we put a budget together, we cannot isolate that budget from what else is going to happen in our state. Reference has been made to what would happen at the municipal level to the transfer of the property taxes and I think that is something we have all been aware of as we craft a budget, as we think about what decisions we should be making in that budget. It is now clearly apparent that there is quite a large transfer and shift at the municipal level. The municipalities will have to decide whether those services, those educational services in particular, are so important that they will continue them and they will raise the taxes on their citizens. We all know that some communities are much more able to raise those taxes than other communities are. Some citizens are much more able to pay those increased property taxes than others are, so we have to make the decision, is it fair to put that burden across the widest possible number of people we have in our state or on small numbers in isolated areas of the state? Some of those have very little capacity to pay any increase. I think that is an important question and I would ask you to keep it in mind as you consider this budget.

I will give you some examples that go beyond just the municipal property tax. When we talked about the nursing homes, that \$10 million we would get in state dollars for our budget holes, we had to remember that we put on top of that, the \$16 million that will be lost in federal funds. That is how we get the \$26 million. If it is true, as many of us believe that the principals of reimbursement that we are now using, have been squeezed as far as possible, then the only choice for our nursing homes or rather our nursing homes have two choices, one is to go out of business and I believe some of the nursing homes will make that decision, and then — yes, it will decrease the number of beds available but it will also decrease the number of jobs available. Although those jobs may not be high pay, those jobs are stable jobs and have been in our communities. So, that is one choice that the nursing home operators may make. The other choice is to pass that increase onto the only patients who are paying their own bills, the private pay patients. When we did the gross receipts pact at the request of the Governor and out of concern that we all had, we included in that an income tax credit for those private pay patients.

When I ask in the committee what the Administration had for a plan to lessen the burden of the change in the principals of reimbursement if we were to consider accepting that, what was the plan to lessen the burden on the private pay residents of the nursing homes, there was no plan put forward. Will that cause these private pay patients to spend down earlier and to go on Medicaid earlier, to no longer be able to pay the bill on a monthly basis, that perhaps they were just barely able to pay now and that they definitely could not pay if the amounts per month is increased even further? I don't know the answer to that question and I dare say that no one

else does either right now.

The discussion has been about the elimination of the Maine Health Program and I want to clear up a couple of facts about that program. The reason the children are not included is because federal law now allows us to cover children who are not in any particular category; in other words, they are not on AFDC, they are not on SSI, they are not foster children — we can cover them on Medicaid just by amendments to our Medicaid State plan. We get the same match as when they are on the Maine Health Program but they moved from that program, administratively, to the Medicaid program. So that leaves on the program, adults. The Banking and Insurance Committee crafted what I think is a very interesting and very important proposal. They said that the program would be passed at 4,000 individuals for the next two years.

These adults on this program are working adults but low-income, very low-income working adults. Their income must be below the federal poverty level. Many of them are adults with children, the children are on the Medicaid Program and the reason these adults are able to keep working on this very low wage job is because they have health care. They are mothers who might, perhaps, make the decision to go back on AFDC, particularly if they have a health problem that they need ongoing care for outside of a hospital, because they would be eligible for free hospital care, the most expensive kind of care. They may decide that in order to be able to get the care they need to be able to be the parent to their children, they would give up that job and go back on AFDC. Well, let's say it's a mother with two children — at \$416 a month, it costs us \$4,992 a year on AFDC. If she is on the Maine Health Program, it costs us at a per capita rate; in other words, if we were buying insurance using the risk figures that we have in the Maine Health Program, it would cost us about \$2,000 a year. Actually only 38 percent of that is paid by the state, 62 percent is paid by the federal government so, in this particular case, we would save \$2,992 for that one woman by maintaining the Maine Health Program.

Health care is top priority for employees, we know that. Employees have foregone wage increases in order to keep some type of health benefits. In the Maine Health Program, we make use of any employers' sponsored coverage. Many of our low wage workers can't afford to take advantage of their employers' plan because the employer asks that they pay too high a percentage of the premium themselves. What we do in the Maine Health Program is we help that person pay that employee share but then we have the employer paying his or her share, which again lowers the cost for the state.

We also have rotating 4,000 people. The people on the Maine Health Program, over the last several years, most of them have not stayed there on and on. Many of them have found their incomes go up and then they are no longer eligible or they get a job where the employer does pay health care and that will leave the way the Banking and Insurance Committee crafted it the place for another person. But to say that we are only serving 10 percent of the population at any one time, that may be true, but over the next two years, we will serve a much higher percentage of the population. We may be able to help people out, help them come over a difficult period when they would otherwise have been without health insurance and to

seek, either the most expensive form of care in the hospital emergency rooms or go without or go back on a welfare program because they desperately needed health care. I don't think that is a very good policy for the state.

We are also using that program as a test case for managed care — can we appropriately manage the health care of low-income people in such a way to save dollars? Other states that are doing this are saving millions in their Medicaid program. We want to do this for the entire Medicaid program and the pilot test case is the Maine Health Program.

I think that when are considering health care, another piece in this budget is the elimination of the Maine Health Care Finance Commission. It was said in our committee this week that there is no evidence that the Health Care Finance Commission has saved money for the people of the State of Maine. Well, I said at the time that I believed that it has and now I have had the time in the last day to do the research necessary to show exactly what has happened in the intervening time between 1984 and 1991.

Prior to 1984, the rate of increase of hospital charges in Maine was higher than the national average. Since 1984, when the Maine Health Care Finance Commission established limits on the increases in hospital charges, we have been consistently going lower than the national average. You have on your desks a sheet that I had prepared and have handed out showing the tables from the most recent annual report of the Maine Health Care Finance Commission. If you look at that, from 1984 to 1991, the percent increase in New Hampshire was \$154.8 million; in Vermont, it was \$132.9 million and in the United States, it was \$120.4 million; in Maine, \$85.8 million. If you look at Table 2 with the per capita charges, New Hampshire is at \$125.5 million; Vermont at \$118.1 million; United States, \$106.7 million and Maine is \$74.0 million. Sure, you can look at the other tables for yourself but some important figures are that if Maine hospitals net patients' service revenue has increased at rates equal, just equal, not greater than as our neighbors, just equal to the United States, Maine hospitals would have been \$168.7 million more costly between 1984 and 1991.

If we look at what the Commission has cost us between 1984 and 1991, the difference between the actual cost of hospital services in Maine, as I said, was \$168.7 million during the same period the Commission's total approved budget was \$9.5 million and we actually took some money from them to balance the budget in previous years because they hadn't used all of their money. Maine payers saved roughly \$17 for every dollar reflected in the Commission's budget. I believe that is a very good rate of return.

But, some other things are going to happen when the Maine Health Care Finance Commission disappears. If you all remember the time before the Health Care Finance Commission, hospitals could negotiate discounts with some private payers and require other private payers to underwrite the cost of those discounts. The day the Health Care Finance Commission disappears, the large self-insured employers of this state are going to be on the doorstep of their local hospitals negotiating those discounts and playing one hospital off against the other to get the best discount possible. There will be no one, no Commission, no regulatory system, to prevent those discounts offered to those employers that have great buying power to prevent those

discounts from being passed on to other persons who haven't got the buying power to negotiate any discounts. I think you ought to consider that in light of your own constituents who are not part of any large buying system.

Our extraordinary hospital ambulatory data system would be destroyed. I just read from the Governor of Minnesota that one of the reasons that their good bill on containing costs in health care cannot be fully implemented because they don't have years of good hospital and ambulatory care data. We have that, we don't want to lose it.

By eliminating the Commission and continuing the assessments, patients would no longer be paying that assessment for the protection that they have gotten and for the assistance that we have had in keeping down hospital costs in Maine. Those costs would be passed on to other payers. Every employer in our state would be more hard-pressed to continue the health care coverage than he or she is offering to employees and you and I would be, again, getting more and more calls from our constituents about the fact that they cannot afford the health care that they need. That is a major policy decision in this budget. If for no other reason in the retirement and health care costs, I would you should very seriously consider that the Appropriations Committee, if we continue working together, can do a better job. We will not bring back a budget that everyone will like, we will not bring back a budget that will satisfy, even remotely, what all of us in this chamber collectively would like to see. I do believe that we can bring a budget and I hope that we will strive to bring a budget that at least does not have as much of a cost shifting as we would see in this budget and that would not bring such horrendous solutions that aren't necessary. We do not have to shift so much of our health care costs, we do not have to shift so much of our retirement costs to the future and it is wrong to do so under the guise of saying that we do not want to continue the temporary taxes. We can find other solutions and we must find other solutions. Until we do, I would ask you to support the Majority "Ought Not to Pass" Report.

At this point, the Speaker appointed Representative Michaud of East Millinocket to act as Speaker pro tem.

The House was called to order by the Speaker pro tem.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Presque Isle, Representative MacBride.

Representative MACBRIDE: Mr. Speaker, Ladies and Gentlemen of the House: Two years ago, this legislature was faced with a state budget with a \$1 billion shortfall. I am sure that most of you who were here remember the traumatic time we had with that budget. We finally balanced it with refinancing, borrowing and deferrals and taxes. We made few significant cuts. If you remember, I think the people of the state, many people of the state,

were really upset with those taxes. They were upset that we weren't restructuring state government and they were really upset that we weren't downsizing state government and decreasing expenses for the legislature. I thought perhaps we had learned our lesson but this year we found in January that we were faced with another biennial budget and this budget had projected revenues of \$2.9 billion when it arrived and projected expenditures of \$3.9 billion, another \$1 billion shortfall. What is going to happen to the State of Maine if we don't do any cutting or severe cutting if we don't downsize and restructure when the next biennial budget comes along? Are we going to have in two years time another \$1 billion shortfall or, by then, will it be a \$1.5 billion shortfall?

What happens to your business if you spend one-third more money than you receive revenues for? When you receive your paycheck here or wherever you do receive a paycheck, how long can you survive if you are going to spend more money than you have in that paycheck? Undoubtedly bankruptcy will probably loom.

The State of Maine has spending much money than it takes in. If it does not stop spending money, we are going to be in real trouble. The state budget, even though it is much larger is not very much different from your household budgets or your business budgets, you really cannot spend more than you take in.

This budget that we have here today makes us live within our revenues, as I feel we should. It is really a carefully thought out budget providing the essentials for our Maine citizens but not the extras that would be nice but can't afford. It cares for our neediest people but it asks those who are able to take responsibility for themselves. It provides for the education of our children which we all have heard is certainly the best investment that any of us can have.

It does downsize state government and it makes vertical cuts in programs rather than nibbling around the edges of programs making them less effective as we have been doing.

Many people despair of these cuts, we all do, we all hate to take anything away from anyone. Many of the cuts in reality, however, are in programs that have had increases but the cuts are on the wish lists of requested amounts.

This budget controls the escalating costs of state government and puts us on the track of learning to live within our means. It keeps the pledge that we made to the Maine citizens two years ago that we would sunset our temporary taxes on June 30th of this year. I think it is important to keep that promise.

In addition, the federal government is passing a large tax package onto us this year. The people of Maine cannot afford still another large tax package.

Most of the people of Maine have asked that we do cut spending. I think probably in most every weekly newspaper and every daily newspaper throughout the year has had an editorial asking us to cut spending and downsize state government. This is our chance. I hope you will support this budget that keeps our promise to the people and starts us in on a path to responsible state government.

I request a roll call, Mr. Speaker.
 The SPEAKER PRO TEM: The Chair recognizes the Representative from Waterville, Representative Joseph.
 Representative JOSEPH: Mr. Speaker, Ladies and

Gentlemen of the House: It is a fallacy that this is not a "no tax" budget. I have heard from my seatmate about blueprints but I see a budget as a blueprint for the future of Maine. I also see the budget before us today is simply a pass-through to the property tax.

I was interested in Representative Ahearn's questionnaire to the people of Madawaska. I can't talk about the people of Madawaska but I can talk to you about the people who work at Scott Paper, Kyes Fibre and Hathaway Shirts, at Mid-Maine Medical Center, the Colby staff and at Scott-Somerset. One of the prize possession of the people who are working at these manufacturing industries is their home. I can't seem to understand if this budget does fund General Assistance. I do understand that this budget reduces General Purpose Aid. These would be direct property tax increases. It is my belief that government provides services for people in need and are we saying that those people that we represent, the people who look to us to make the difficult decisions, the people who we feel that do not have the good fortune of each of us, the good health of each of us, the ability to earn as all of us do, that these people are taking advantage? I believe the government should help the frail and the elderly. I believe that the children's future depends upon the education they receive.

Representative Vigue and I attended yesterday an economic development seminar at Colby College sponsored by the Mid-Maine Economic Development Corporation. The facilitator said, "Support education vigorously." People in the next generation and people of our generation will have to continue to learn but if we don't provide that foundation, then we should be blamed for not doing so. The economic health of this state depends upon the next generation.

I have heard questions about the state agency clients and the wards of the state. The state is the parent of those persons and it is my understanding, and not being a budget expert, that currently in this year there is a \$3.2 million shortfall. Where are, for those clients, the school committee's and the superintendent's of schools going to get the money to pay for the people whom the state parents? They will have to borrow that and they will have to borrow it at a half a percent more interest or one and a half percent more interest because the State of Maine's bond rating was reduced because of the gimmicks of the past budget. Does this budget (another question that I would have) affect the personal decisions and the personal lives of the AFDC parents?

We have heard discussion about downsizing and that perhaps caused me to stand and speak more than anything. The past legislature did propose to restructure state government. The past legislature did propose to downsize state government. The past legislature did try to give the people of Maine a government that they could afford, according to the Commission on Restructuring Proposals. It is not our fault that that did not occur because all the bills in restructuring were vetoed by the Chief Executive of this state. We tried to downsize state government.

It is my impression of what is occurring here today that there are \$50 million worth of taxes and that is not counting \$6.9 billion if in fact we do as is proposed here in refinancing. Yet, we are not providing services that were guaranteed by those \$50 million. Somebody said earlier in this discussion that they were not dedicated accounts — absolutely

not, but in the same bill that we passed, the Maine Health Care Program, the taxes on liquor, cigarettes and boats were included. I would assume that this legislature would respect the fact that those taxes were raised in order to provide a health program for the people of the State of Maine and not pass through those costs to those of us who are fortunate enough perhaps to pay for it. But, that causes us to pay \$15 for an aspirin.

I want to talk about restructuring in this budget because it seems to me on Page 548 that there's a \$307 million dollar appropriation and a \$1,183,000 appropriation and it provides for the appropriation of funds to establish an administrative program management positions as part of the restructuring of the Human Services and the Department of Mental Health and Mental Retardation to form the new Department of Health and Family Services. I believe in a time of dire straights, in a time of need, when you and I go home to see the people that we represent, that we have to ask questions about those kinds of proposals.

I thank you and I urge you to vote for the "Ought Not to Pass" Report.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Scarborough, Representative Pendexter.

Representative PENDEXTER: Mr. Speaker, Men and Women of the House: I would like to address comments made earlier by the Representative from Brunswick regarding MHCFS cuts. To begin with, MHCFS was never intended to regulate the cost of health care, it was intended solely for the purpose of the payer mechanism in a regulatory mechanism to pay hospitals. However, I might add that before MHCFC hospitals were 7 percent below the national average and in 1990, we were still at 7 percent below the national average. So, be that as it may, my sense is that they haven't a whole lot to help the process.

It has been mentioned that MHCFC's assessment of hospitals will stay and they will stay by unanimous consent of all the hospitals, but it is not a shift or a tax on hospitals because it already exists and is already being paid. I would rather see those dollars be spent on perhaps entities like keeping people in nursing homes versus paying 35 bureaucrats.

Any issue regarding MHCFC comes to the Committee that I serve, the Committee on Human Resources, and I will tell you every time they show up with a bill or whatever, nobody understands what they are talking about. Nobody understands what they are talking about because it is so legal that we have to rely on the hospital attorneys to guide us as to how hospitals feel and we have to rely on the MHCFC attorneys — we have no clue as to what they are talking about because it is so legal and so technical that I have come to the conclusion that the only reason it exists is for legal purposes. Nobody can really understand what they do anymore. So, it causes me to wonder why we would want to support bureaucracy that really doesn't do anything.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Gardiner, Representative Treat.

Representative TREAT: Mr. Speaker, Men and Women of the House: I would like to clarify something concerning the GA funding that is in this budget, General Assistance.

You might be getting the impression that the Maine Municipal Association supports this \$3 million funding for General Assistance — that is absolutely

incorrect and I would like to read from a memo which went to the Appropriations Committee on June 11th. It says: "The Maine Municipal Association and the Maine Welfare Directors' Association cannot support a \$3 million General Assistance program, no matter how it is designed. Such a program in our experience would not provide anything resembling an adequate safety net in Maine and the results would be horrible." I concur totally with that, the \$3 million program per year is less than the City of Portland spends on its program this year, which itself was a 50 percent cut from last year because of the tightening up of the program. This is not a safety net in this legislation and I think this budget should be voted down.

I would also like to just briefly address the comments of the Representative from Scarborough, Representative Pendexter, concerning MHCFC. To that I would simply say that she should speak for herself in saying that she doesn't understand what they are talking about when they come to the committee. I also serve on the Human Resources Committee and I would just say that I have found that staff to be singularly, exceptionally clear and helpful to us as legislators — reliable — and I think that their record is very clear in terms of keeping costs down. As a matter of fact, one of the pieces of this bill and every other budget that has been touted by everyone here is the Human Resources Committee's proposal, a unanimous proposal, to change some of our long-term care budgeting and to divert persons away from nursing homes in the future and into homebased care.

A central part of that proposal would be to bring additional nursing home beds under a different Certificate of Need program run through DHS. The importance of the Certificate of Need program and the program that MHCFC runs has been demonstrated over and over. We are looking at national reforms of health care which are looking into those kinds of managed care and the Certificate of Need program similar to what Maine is doing. It is very foolish to be getting rid of what we have in place right now which is controlling health care costs. I think it would be foolish to vote for this budget and I urge that you vote for the Majority "Ought Not to Pass" Report.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Paris, Representative Birney.

Representative BIRNEY: Mr. Speaker, Members of the House: I rise in support of this budget today. It was my understanding in the last legislature that this was going to be temporary 1 percent sales tax. I believed that as a citizen and I came over here believing that and telling my constituency that that would hold true.

I want to talk a little bit about the Retirement System and the proposals in the budget. It has been addressed here and I just want to give my views. Not all, but many of the inequities in the system are addressed in this budget. I do value the employees and the teachers of the state and I think we should provide a Retirement System that is fair and actuarially sound. Unfunded liability at this point in the system is larger than this biennium budget.

If changes are not made in this Retirement System, we can expect the unfunded liability and cost to continue to escalate. They have escalated almost \$1 billion in the last four years. It has been stated that in four years the cost of this Retirement

System will represent 25 percent of the General Fund budget. This cannot go on.

The amortization has been brought up many times. Many people ask me how I can support a 40 year amortization program. It is not very palatable, I agree, but only five years ago, and only five years ago was there an amortization schedule set up and started to be funded to take care of this unfunded liability. It was set up on a 30 year program and people from the Retirement System tell me that it has paid down to 25 years at this point.

I want you to think about the businesses that have had to reamortize in bad times, I want you to think about citizens that have had to reamortize, remortgage their homes, to keep them. This is where we're at, folks, and who is to say, with this responsible legislature, that future legislatures won't be just as responsible and if economy changes, what can't we reamortize again for less time? Or why can't we pay into the system more money, if they are responsible legislators?

I urge you to vote for this budget today and vote against the "Ought Not to Pass."

The SPEAKER PRO TEM: The Chair recognizes the Representative from Old Orchard Beach, Representative Kerr.

Representative KERR: Mr. Speaker, I would like to pose a question through the Chair.

We are talking about this reamortization and us in Appropriations Committee haven't had a whole lot of time to look at this but it is my understanding, and correct me if I am wrong, if we amortize under the 40 year, including the old system teachers, the repayment for the first year would be \$127 million. At the 40th year, it would be \$1,104,000,000. If we keep to the 30 year amortization, the first year payment would be \$156 million; the 30th year would be \$756 million and that is folding in the old teachers — would someone please ask me if that is a prudent measure for us to take short-term solutions and create long-term debt? In the example that was just used, generally I think when someone mortgages or refines their home, is because interest rates have dropped so they are going to take advantage of that. But I fail to understand how you would go from the 40 year amortization to the 30 year and think we are going to save money in the long-term. We are only creating long-term debt. Would someone please explain that to me?

The SPEAKER PRO TEM: The Representative from Old Orchard Beach, Representative Kerr, has posed a question through the Chair to anyone who may respond if they so desire.

The Chair recognizes the Representative from Paris, Representative Birney.

Representative BIRNEY: Mr. Speaker, Distinguished Members of the House: The reamortization basically cuts the payments now when we are in a recession. Like I said, who is to say that if the economy turns around, and I hope to goodness it does, that we cannot change that. The legislature changes things every year and starts a lesser amortization plan.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Old Orchard Beach, Representative Kerr.

Representative KERR: Mr. Speaker, Ladies and Gentlemen of the House: I guess that's the philosophy that has been in this system too long and I think those of us that are young enough and have

been here such a short period of time want to have a long-term plan and I think if you look at this budget, it doesn't provide for that. We are right back to status quo. We've got pushes, gimmicks, we've got taxes and, again, we are borrowing ourselves into debt. I just think we ought to take another few days and review this and let the committee that I think can put forth a budget that can be acceptable to all. I am not going to stand up and tell you that there won't be any taxes in it nor am I going to tell you that the budget we are reviewing doesn't have any taxes in it but I think we have to come to the realization that, yes, I think we all agree that we must restructure state government.

The Governor of this state has presented two budgets since I have been here and neither one has provided for restructuring so I believe it is up to the legislators to take the initiative to do this. I just think if we continue to debate and talk about reamortization, deferring and pushing, we are not going to get ourselves anywhere.

I would urge you to vote the "Ought Not to Pass" Report.

At this point, the Speaker resumed the Chair.

The House was called to order by the Speaker.

The SPEAKER: The Chair recognizes the Representative from Dover-Foxcroft, Representative Cross.

Representative CROSS: Mr. Speaker, Ladies and Gentlemen of the House: Again, I happen to be one of those that was on this yellow list that has an asterisk behind it. The reason that I didn't sign that paper was simply because all the horror stories that I had heard from Augusta was that there was no way you could have a balanced budget without taxes so I wouldn't agree to this kind of rhetoric. I said the only thing I would want to do is go down there first and find out where we are, then make a judgment, and if we need taxes, we will have them.

I was completely surprised when this budget came out which says, in essence, it will sunset the taxes that were on the board.

I have heard all the rhetoric that has been said and I will tell you one thing that I am getting a little bit tired of and that is the fact that everybody said this is going to go "B" — property taxes, it is going to affect your property tax. Ladies and gentlemen of this House, let us stop micromanaging for the towns, let the towns people make up their mind if they want more money for education or if they want it for health or for whatever they want it for. Let's don't stand in judgment to them. We give them a package, here it is, you make up your own mind. If you want to pay for more money, fine, but when the State of Maine is running out of money, you can't continually create programs and pay for the programs that are in place.

As far as I am concerned, I ask you to vote against the Majority "Ought Not to Pass" Report.

The SPEAKER: The Chair recognizes the Representative from Bethel, Representative Barth.

Representative BARTH: Mr. Speaker, Ladies and Gentlemen of the House: I would like to read a very short quote made December 20, 1991 by myself on the floor of this body. "I rise I guess with a sense of hopelessness that this body is either unwilling or unable to make the cuts in the cost of government that are necessary. The longer we wait to do this, the harder these cuts will become. Somewhere along the line, we have to go to bite the bullet." Well, ladies and gentlemen, I suggest that that time is now.

I will vote against the pending motion because I do believe in a "no tax" budget and I think we could get it if we could get people to be willing to make some cuts, even though those cuts may be serious.

The people in my district have said, live within your means. We do it and the state should do it also.

I didn't vote for the temporary taxes so I certainly do want to see them lapse. I don't want to see tax increases just to continue programs which in my view aren't working. We've got some programs that need serious overhauling and I don't see anybody willing to do that yet so that is another reason why I am not against throwing money into tired old programs.

The SPEAKER: The Chair recognizes the Representative from Caribou, Representative Robichaud.

Representative ROBICHAUD: Mr. Speaker, Ladies and Gentlemen of the House: Any tax cuts taken at the state level do affect the local level. The responsibility at the state level is to create and maintain a government that serves both the basic needs of the people in the most concise and cost effective manner possible, keeping in mind all elements of government.

Government should serve the people but at the people's expense. Local municipalities will have to make their own decisions on whether or not to increase the local property taxes or to reform and streamline operations along with the state cuts.

In my campaign for a seat in this chamber last year, I advocated a government that was fiscally responsible. We cannot spend what we do not have. In the next biennium, we only have approximately \$2.9 million in revenues. In a normal household's situation, spending would have to be curtailed to match income. Working people do not get raises from their employer's in order to allow more personal spending. Is government an entity that operates above limits placed on the ordinary citizen?

I am a first term legislator, I am casting my vote on a state budget for the first time. I did not vote for any of the current permanent taxes nor did I vote for any of the temporary taxes set to expire at the end of this fiscal year. For me, a vote to extend the temporary taxes to cover high government spending would be a vote for new taxes.

The people in my small corner of the state, the City of Caribou in Aroostook County, cannot absorb any new taxes. With the loss of our largest employer in the region, Loring Air Force Base, the economy will be dealt a crushing blow. Our only hope is to encourage new business to come to Aroostook and provide jobs for my community. An increase in taxes is not an economic development measure.

As someone who is a recent entry in the work force and hopes to enjoy a career and someday raise a family in my home state, I don't want to doom this state to a constant cycle of budget problems and a question of whether to cut or tax. We, the members of the 116th Legislature, veterans and first termers,

those of just starting out and those of who have acquired years of experience, need to make tough choices and plan for the future generations. If we do not let the temporary taxes expire, they will never come off because each year the lure of that source of money will become greater as this government becomes more dependent. None of us want to make any cuts that will purposely hurt the citizens of Maine.

The budget we have before us today is as budget that does have some difficult cuts in it but we were sent here to make difficult decisions. I, for one, am willing to do that and I, for one, am willing to go against the pending motion so that we can get this what I consider fiscally responsible budget to the floor in a permanent way so that our concerns can be addressed through amendments or whatever procedure. I believe that this budget before us now is the future of our state. This is my future and your future, this is the future of generations to come. Please vote against the pending motion.

The SPEAKER: The Chair recognizes the Representative from York, Representative Ott.

Representative OTT: Mr. Speaker, Men and Women of the House: I wanted to add my support for a zero based budget. When I left York early this afternoon to travel up to Augusta, it was nice and sunny down there and the closer I got to Augusta, the more the clouds started to darken. It is clear to me now in listening to the debate, as well as watching the weather change, that we are drawing a battle line in trying to decide what kind of state government we want or what we think our constituents want.

To me, it boils down to tax or not to tax because I am sure we are all aware of the fact that there just aren't enough funds to provide all the programs that we have had in the past.

I have listened to the statistics that some of you have set forth in terms of your constituents' requests for no reduction in the services as proposed by statistics that were given to us by Representative Ahearne and others and I cannot agree with that. It sounds to me like in one of the recent legislative publications we had that we are trying to operate the state with a Chevy income but we are asking for the delivery of Cadillac services. I just don't understand why it is so difficult to reduce spending.

It seems like it is such an easy concept to follow in our private lives. In our own family situations, we reduce spending each and every day. When our income falls off, we delay purchasing a new car or putting on a new roof, continue to wear last year's clothes, even though they may be fashionably out-of-date, eat less expensive foods, more ice milk than Ben and Jerry's.

The business community knows only too well how to apply the principles of declining income, they either cut back on production, they have to enforce situations to lay off some of their employees, they will either delay capital expenditures or reduce their research and development until times get better, it goes on and on.

I was raised in a sports family and my father was a coach in a small town in Northwestern Pennsylvania, just a small school. He coached football but he didn't have three or four assistant coaches, he just had himself and one student manager. He didn't have any home or away uniforms, just one color, one uniform, and those he had to stitch sometimes and repair them at home. He didn't have a nice field

house, the visiting team went to the south side of the field in the end zone during half time and the home team went to the north side. None of the amenities that perhaps some larger schools had with scouts, assistants, trainers, he learned to operate within the allocated funds given to him. It is beyond me to understand or conceive of why we can't as architects fashion a state budget to do the same.

I commend to your reading another article recently that was in a state government news publication in June in which an editorial comment spoke about American's getting spoiled, that after decades of good times, boon times of the '80's, if you will, life in the good old USA had become a series of business to the candy store to get government services.

This is my second term and I thought when I came here for the 115th that we would be able to stand up to the tough times that faced us then. It seems as though we couldn't without invoking additional expenditures that resulted in the imposition of the temporary taxes. Now that candy store is almost empty and maybe it is even empty at this time. The closing comment on this article that I referenced called the "Last Trip to the Candy Store" states, "Yes, we have been spoiled, the good life was good while it lasted but it left us overweight and hyperactive, the new age of sacrifice is upon us, it is time to cure our sweet tooth."

I urge your support for a zero based budget and to defeat the pending motion.

The SPEAKER: The Chair recognizes the Representative from Bangor, Representative Sullivan.

Representative SULLIVAN: Mr. Speaker, Ladies and Gentlemen of the House: I am becoming a little cynical about business people crying continually for assistance for them. I guess it depends on who is asking for the assistance whether it is good or not.

The Economic Growth Council had its entire focus on helping businesses and I don't see the recommendations that came forth from the Economic Growth Council being put forth in this budget, rather I see it killing the proposals.

I am also tired of hearing that government should be run like a business. Well, I say it cannot be done that way. We may be able to apply some of the principles of business to government but you have to remember that business is money or profit driven, government is here for people, it is people driven.

I am also concerned that we have people in this legislature who are retired state employees. I would hope that they could not in conscience continue to collect their pension funds on the backs of current employees' retirement funds.

My constituents are on the municipal level and I hope none of us have forgotten that we are all from municipalities first, the tax shifts in this budget fall back on yours and my municipalities. Think about it.

I hope you will support the "Ought Not to Pass" Report.

The SPEAKER: A roll call has been requested. For the Chair to order a roll call, it must have the expressed desire of more than one-fifth of the members present and voting. Those in favor will vote yes; those opposed will vote no.

A vote of the House was taken and more than one-fifth of the members present and voting having expressed a desire for a roll call, a roll call was ordered.

The SPEAKER: The pending question before the House is the motion of Representative Chonko of Topsham that the House accept the Majority "Ought Not to Pass" Report.

The Chair recognizes the Representative from Augusta, Representative Lipman.

Representative LIPMAN: Mr. Speaker, pursuant to House Rule 7, I wish to pair my vote with Representative Dexter of Kingfield. If he were present and voting, he would be voting nay; I would be voting yea.

The SPEAKER: The Chair recognizes the Representative from Presque Isle, Representative Donnelly.

Representative DONNELLY: Mr. Speaker, pursuant to House Rule 7, I wish to pair my vote with Representative Townsend of Portland. If she were present and voting, she would be voting yea; I would be voting nay.

The SPEAKER: The Chair recognizes the Representative from Biddeford, Representative Dutremble.

Representative DUTREMBLE: Mr. Speaker, pursuant to House Rule 7, I wish to pair my vote with Representative Young of Limestone. If he were present and voting, he would be voting nay; I would be voting yea.

The SPEAKER: The pending question before the House is the motion of Representative Chonko of Topsham that the House accept the Majority "Ought Not to Pass" Report. Those in favor will vote yes; those opposed will vote no.

ROLL CALL NO. 208

YEA - Adams, Ahearne, Aliberti, Ault, Beam, Bowers, Brennan, Caron, Carroll, Cashman, Cathcart, Chase, Chonko, Clark, Clement, Cloutier, Coffman, Coles, Constantine, Cote, Daggett, DiPietro, Dore, Driscoll, Erwin, Faircloth, Farnsworth, Fitzpatrick, Gamache, Gean, Gould, R. A.; Gray, Gwadosky, Hale, Hatch, Heeschen, Hichborn, Hogle, Holt, Hussey, Jacques, Jalbert, Johnson, Joseph, Kerr, Ketterer, Kilkelly, Kontos, Larrivee, Marsh, Martin, H.; Melendy, Michael, Michaud, Mitchell, E.; Mitchell, J.; Morrison, Nadeau, Norton, O'Gara, Oliver, Paradis, P.; Pendleton, Pfeiffer, Pineau, Pinette, Plourde, Poulin, Pouliot, Rand, Richardson, Ricker, Rotondi, Rowe, Ruhlin, Rydell, Saint Onge, Saxl, Simonds, Skoglund, Stevens, K.; Strout, Sullivan, Swazey, Tardy, Townsend, G.; Townsend, L.; Tracy, Treat, True, Vigue, Walker, Wentworth, Winn, The Speaker.

NAY - Aikman, Anderson, Bailey, H.; Bailey, R.; Barth, Bennett, Birney, Bruno, Cameron, Campbell, Carleton, Carr, Clukey, Cross, Farnum, Farren, Foss, Greenlaw, Heino, Hillock, Joy, Kneeland, Kutasi, Lemont, Libby Jack, Libby James, Lindahl, Look, Lord, MacBride, Marshall, Murphy, Nash, Nickerson, Ott, Pendexter, Plowman, Reed, G.; Reed, W.; Robichaud, Simoneau, Small, Spear, Stevens, A.; Taylor, Thompson, Tufts, Whitcomb, Zirnkilton.

ABSENT - Lemke.

PAIRED - Dutremble, (Yea)/Young (Nay); Townsend, (Yea)/Donnelly (Nay); Lipman (Yea)/Dexter (Nay).

Yes, 95; No, 49; Absent, 1; Paired, 6; Excused, 0.

95 having voted in the affirmative and 49 in the negative with 1 being absent and 6 paired, the

Majority "Ought Not to Pass" Report was accepted. Sent up for concurrence.

By unanimous consent, was ordered sent forthwith to the Senate.

Representative Strout of Corinth moved that the House reconsider its action whereby HLS 547 Recognizing: Coach Mike Trafton and the members of the Central High School Red Devils Baseball Team, Class C Eastern Maine Champions and State Runners-up for 1993 was passed.

On motion of Representative Strout of Corinth, tabled pending his motion to reconsider and specially assigned for Wednesday, June 23, 1993.

Reference is made to (S.P. 225) (L.D. 696) Bill "An Act to Reform and Reestablish the Commission on Governmental Ethics and Election Practices"

In reference to the action of the House on June 15, 1993, whereby it Insisted and Asked for a Committee of Conference, the Chair appoints the following members on the part of the House as Conferees:

Representative JACQUES of Waterville
Representative RAND of Portland
Representative MORRISON of Bangor

Reference is made to (S.P. 478) (L.D. 1477) Bill "An Act to Implement the Recommendations of the Special Commission on Electoral Practices"

In reference to the action of the House on June 15, 1993, whereby it Insisted and Joined in a Committee of Conference, the Chair appoints the following members on the part of the House as Conferees:

Representative GWADOSKY of Fairfield
Representative DAGGETT of Augusta
Representative STEVENS of Sabattus

Reference is made to (H.P. 1150) (L.D. 1550) Bill "An Act to Reduce the Influence of Money in Elective Politics"

In reference to the action of the House on June 15, 1993, whereby it Insisted and Asked for a Committee of Conference, the Chair appoints the following members on the part of the House as Conferees:

Representative DAGGETT of Augusta
Representative ERWIN of Rumford
Representative LIPMAN of Augusta

ENACTOR