

MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD

OF THE

One Hundred And Sixteenth Legislature

OF THE

State Of Maine

VOLUME IV

FIRST REGULAR SESSION

Senate

May 19, 1993 to July 14, 1993

FIRST CONFIRMATION SESSION

October 14, 1993

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 (Governor's Bill)

H.P. 215 L.D. 283
(H "M" H-693 to C
"B" H-677)

THE PRESIDENT: The Chair recognizes the Senator from Oxford, Senator Hanley.

Senator **HANLEY:** Thank you Mr. President, Ladies and Gentlemen of the Senate. Good morning. One question to the members of this Senate. Why in the world is the State of Maine keeping on taxes when all of our New England neighbors are peeling them off. Why is the State of Maine doing this? Why has the State of New Hampshire just realized some of the largest growth in employment in the last six months than they have had in two decades. The State of New Hampshire does not have an income tax. The State of New Hampshire does not have a sales tax. The State of New Hampshire has seen incredible economic growth and employment growth in their State. I represent 26 towns in Oxford and Cumberland counties. Towns which border the State of New Hampshire. A County which is facing 14% to 15% unemployment rate. Yet there are towns that I represent that are just feet from the New Hampshire border, they look at their unemployment and then they look at New Hampshire and they see jobs being created. I don't have to go through too many of my towns to see empty store fronts, retail store fronts that are empty. I'll give you a perfect example, there is a kid's store on Main Street in Norway, she used to do the bulk of her business in August before school. She said with the increase in the sales tax, now it is worth the drive over to New Hampshire because they don't have a sales tax. I received a very nice letter less than a week ago from an elderly couple in Hiram. I've told this story to my caucus. They had itemized all of their revenue and how they are expending it. She can't walk, the only thing that they have to enjoy is car rides. Their car is dead and they need to buy a new car. They said, Senator Hanley, we would like to buy a car but we are going to wait until July when the sales tax is off to buy our car. Can you please do what you can to have the legislature abide by its promise. There were a couple of promises. A promise that the 115th Legislature made to the State of Maine, a promise that said that these taxes will sunset. Then we have the promise that some of us in this chamber made when we were campaigning, a promise that said yes, we would make sure that those taxes sunset. It was a promise that I did not take lightly. It was a commitment that I made to my constituents to uphold and to do my darndest to ensure that this legislature would also uphold their promise. It's true that one legislature can't bind another but there is a lot of holdover from the 115th over into this session.

I have a number of phone messages from people, and some people say people don't really care about the 6% sales tax, they don't care, they have resigned themselves to it. Men and women of the Senate, what is wrong with the people of the State of Maine saying they don't have any faith in the democratic process or the legislature, is it that they don't have faith in us passing a budget or they don't have faith because when we say we will do one thing and end up doing another, they don't know what to believe. I'm not saying this is an easy process. Anything that

sees real change is difficult. This vote is difficult. It's difficult for those of us who see the writing on the wall and see that this will be passed through, that we are going to continue the sales tax on the people of the State of Maine, that we have had some changes around the perimeters, but where are the real changes? Where are the structural changes, where are the changes that the Governmental Commission on Restructuring proposed? The sixty some odd changes that had a hearing in the 115th that was just basically shoved onto the back burner. The same thing this year. This has become a legislature that is reactionary, we don't have any forward thinking. Maybe it is just because of the district I represent being right on the border of New Hampshire that when I look to what they have succeeded with, no income tax, no sales tax, the largest employment growth in two decades. What's wrong with this picture? 14% unemployment in my area. I've got one business that has been going for 35 years, tomorrow he is providing lay off notices to half of his work force. A company that has been in the area for 35 years, good employment, not minimum wage workers. An employer that cares about his people, that has taken any one who hasn't had a high school diploma, and worked them through and helped them. I saw him in church on Sunday. He said Dana, what's going to happen? Are we going to have any changes at the State level that will at least let me keep the employees that are still going to be around? He's asking me what's going to happen at the national level, is he still going to have to fight Maine on top of what he knows is going to come from the national level. I, for one, don't want to be on Record for having supported that. We had an opportunity in this legislature and it is no secret that I have been a critic as far as the time schedule and the time table of this legislature. We wait and we wait and we wait and when you think we have waited as long as we can we wait a little bit longer. It's no secret that I have voted against all of the extensions and at one point in time I was the only one voting against the extensions. I think this place could work. I think this place could work on time, I think this place can be responsible. Maybe I'm a hopeless idealist but that is what I think the people of my district voted for me to come up here and do.

It is now June 30th. The President wanted us to be done by June 1. I, too, wanted us to be done by June 1, but we hadn't even started this process. We have got to change the course that this State is on and you don't change the course by waiting until the eleventh hour and then trying to ramrod something through. That is not the way you change things. It just doesn't happen. We have crisis management here. I was down in the other chamber when it passed, when after all the arm twisting was done, after everything was said and done, there was a big round of applause. I certainly wasn't happy and I think if the people of this State really knew what was going on, that we haven't done anything.

THE PRESIDENT: The Chair would interrupt to remind the Senator that the actions of the other body are not allowed here.

Senator **HANLEY:** Thank you Mr. President. This Senate has quite a task ahead of itself this morning. I don't think anyone in this chamber should think that they have to be pushed into voting for this budget because it is here in the eleventh hour, because we have less than 24 hours, less than 7 1/2 hours if you want to meet the 8:00 payroll on time, which was news to me. No decisions come easy, but it has been said that in times of greatest adversity you

have the potential for greatest change. Where is the change in this budget? Where is the change in the restructuring of State government? Where are the promises that were made to the people of the State of Maine? I'm ready to make the hard choices and I would ask every member of this Senate to think back to when they were in the 115th, and then when they were campaigning for office. What exactly the people were telling you and I hope you keep that in mind when the vote this morning is finally taken. Mr. President, I request the yeas and nays. Thank you.

On motion by Senator **HANLEY** of Oxford, supported by a Division of one-fifth of the members present and voting, a Roll Call was ordered.

THE PRESIDENT: The Chair recognizes the Senator from Penobscot, Senator Baldacci.

Senator **BALDACCI:** Thank you Mr. President, Ladies and Gentlemen of the Senate. I've listened to the pledge issue, I have listened to the tax increase issue, I have listened to the issue about our neighbors to the south of us, and I think it is more important that the truth come out in all of these proceedings. Never knowing whether it is going to be reported or not, but it is important for the membership in this body to know what the truth is. The truth is that we have \$400 million in sales tax exemptions each year that are granted to businesses for economic development that were left untouched by this legislature in this budget. We have \$10 million in the retirement of one cent in the electricity use and manufacturing that is going to expire and off the backs of businesses in this budget, in this legislature. We have \$21 million in investment tax credits for businesses and for economic development that has been left alone in this budget for business. We have cut, from the taxation levels of the State of Maine, \$100 million. A feat, that I think frankly, is kind of amazing given the magnitude of the problem coming in, facing a \$1.2 billion shortfall. I am amazed and I applaud the work of the Appropriations Committee, the leadership in this chamber, and elsewhere in resolving the budget to the degree of where it is at now. Taxes in the State of Maine, the tax level in the State of Maine, tomorrow if this budget is passed, are going down by \$100 million. \$48 million of that is surcharges on upper income earners, which business people wave around the State and the country, as a report card as to whether they are going to locate in States, because it is those CEO's at the upper end that are going to determine if they are going to reside in a State and pay those high taxes. We have gone from 9.89, effective top rate, to a little more than 8%. That is pro-business. The State of Maine is providing tremendous business opportunities. If the good Senator from Oxford, and others, would be positive about the State of Maine and what it offers, you would see more business developments. As you hear many times, and in many areas and many concerns you have to be positive. The State of Maine, with Bath Iron Works as it compare to Ingalls Shipyard, has a better tax rate system, according to BIW and we are winning the contracts with Ingalls Shipyards. We have sales tax exemptions in electricity that are allowing companies in Portland to be able to compete for Defense Department contracts and gain jobs. I think Maine has weathered the storm fairly well. The economy hasn't picked up as we had anticipated, and we were given those revenue projections two years ago, it hasn't picked up. They have only been revised by \$13 million, not \$274 million or more as we were lead to believe. That is what has happened. It is a slower recovery. I think the Appropriations

Committee and the leadership has done a good job and I think it is time to start talking positively about the State of Maine.

We have problems, there is no question, but I think we offer a lot in the State of Maine to the business community. This budget certainly helps them. You're not going to get any complaints out of the business community in this chamber, in the hall way, or out back in your neighborhoods from what is being done in this budget. I have no question about that whatsoever. I've talked to them and maybe you should talk to them, because they aren't telling me that there is a problem as far as the business community is concerned. Frankly, they are probably fairly happy with what has been developed by this budget. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Oxford, Senator Hanley.

Senator **HANLEY:** Thank you Mr. President, Ladies and Gentlemen of the Senate. If I could just respond to the good Senator from Penobscot, Senator Baldacci. Maybe you weren't listening to my earlier comments when I told you that I had spoken with a business individual who has operated a business in one of my towns for the last 35 years, when he told me the business climate for him is not positive and he is considering moving to New Hampshire because they have a better business climate there. The question before us, and I received a nice note from one of the Senators here saying maybe I should move to New Hampshire, a lot of my businesses have, maybe I should as well. I would rather say no, I think Maine can realize business growth, can realize job growth that New Hampshire has. What is different between the two States? What is different is not the geography, it is not the cost of running the business but it is the policies that are sent down by the legislative bodies and the tax structures. I am aware that there are portions of this budget which gives some consolation to the businesses, but when we look at the larger picture as far as what is in the best interest of the State of Maine and the people of our state, I think it comes back to the less restrictive tax policy we have here in the State. Will, in fact, encourage that business growth and job growth. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Franklin, Senator Webster.

Senator **WEBSTER:** Thank you Mr. President, Ladies and Gentlemen of the Senate. I, too, would like to echo some of the concerns brought forth to this chamber by the Senator from Oxford, Senator Hanley, but I want to mention, regarding the comments made by the good Senator from Penobscot, Senator Baldacci, that I do agree with him that the Committee did work hard and leadership did work hard to try and reach an agreement and some people feel this is the best we can do. I don't happen to share that view. I would commend the Committee for trying to make cuts. I regret that some people believe that this legislature would never adopt real structural changes in government for whatever reason. Some people believe that this legislature would never make those kinds of decisions.

I spoke yesterday in Rumford, Maine, and I had somebody ask me about the budget. I told them the problem is very simple. During the 1980's, when times were good, the legislature, like many people, spent money. The legislature bought a Cadillac, just like a lot of people in Maine, during the good times,

bought Cadillacs. Unfortunately when the person working at Digital no longer had the overtime, no longer had the income, he decided, like all Maine people decided, they couldn't afford the Cadillac so the worker at Digital decided he better do what was good for the long term best interest of his family. He sold the Cadillac and he bought a Ford. Unfortunately Ladies and Gentlemen of the Senate, we still think we can afford a Cadillac. We aren't making real structural down sizing of government. I want to know how many programs have been eliminated, not a lot. Not when we had passed literally dozens in the late '80's. What we have done is we have decided we want to have a Cadillac and how we are going to pay for that is we are going to sell Uncle Ben's grandfather clock this month to make the payment. Next month we are going to sell the dining room furniture. When all the furniture is gone and all of the family heirlooms are gone, maybe we will decide we can't afford the Cadillac. I'm proud to say that I was here in the '80's, arguing, often only one of a handful, that we could not afford the Cadillac. I argued that the people of this State, and you've heard this before and you will hear it again, the people of this State cannot afford the government that we have created. When you have a taxpayer base of millworkers, real people out there struggling, worrying about where they are going to find enough money to buy the basic necessities of life, worrying about how they will send their children to college, you can't, in good conscience, take more money out of their pocket to maintain a government that they don't want and that they can't afford. It's that simple. You don't have to like the message but it is a very simple message. Working people in Maine don't want more taxes, they don't want their sales tax going up. Maybe a penny is not a lot to you, but when you are making \$19,000 a year, cutting shoes for a living, that means a lot of money. It is an unfair tax. Assuming you needed to raise taxes, this is not the way to do it. It is an unfair tax to the poorest working people in Maine, who some of you purport to represent.

Ladies and Gentlemen of the Senate, this is not the time to try and keep the Cadillac. We can't afford the Cadillac, we ought to buy a Chevrolet. The time has come to vote no. I don't agree or share the view at all that we have to enact this today. I would agree with the good Senator from Oxford, Senator Hanley, that we were here in January and we have had many opportunities to pass a budget. This doesn't have to happen right now. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Kennebec, Senator Bustin.

Senator **BUSTIN:** Thank you Mr. President, Ladies and Gentlemen of the Senate. I feel I have to speak tonight, not because I like this budget, not because I want to vote for this budget, but because I have to vote for this budget, and I have to tell you why. There has been a lot of speaking here about the cost of government, about the raising of taxes, about the necessity for not having any taxes, and for cutting into state government. I have been through the process and all of the talks about raising the taxes and cutting the government and I will tell you one thing, I have to give the Governor of this State praise for being willing to back a tax package even though we all know that is the one thing he does not want to do. I have my disagreements with Governor McKernan, and have since he has been in office and we have both been here for the same length of time. When a man like that stands up and says okay, send me a budget down with a tax in it and I will sign the

Bill. That says to me, and he has pressured us to make all of the cuts that we could possibly make, it says to me that he knows as well as we do that we have reached the limit at which we must fund government. There is one thing I strongly disagree with him on, and that is the retirement issue. I, in fact, would not mortgage my children's and grandchildren's future to take money out of the retirement fund in order to pay for the needs of the present day. I would not do that if I had my druthers. I would raise the \$100 or \$200 million, or whatever it is that we needed from the retirement system, and I would pay the bill now. We're not doing that and I'm going to have to swallow that and I don't like it very much.

I've heard it said that in the 1980's we bought Cadillacs. I happen to come from a background, and I happen to deal with people who never, even in the 1980's, could afford a Cadillac. They couldn't even afford a Ford. They were lucky to have a bicycle and they are still lucky if they can walk to the store to pick up the food that they need to feed their families. I heard it said in one of the discussions, not today, that we had to make choices when we took our kids out for recreation, and tell them they couldn't have the ice cream or the bike. You know, there are some people in this world, and there are some people in this State, and we are making it even worse in this budget, where we have to say to those kids is that we can't afford to buy you the loaf of bread or the milk. That's how bad it gets. Until you have walked in those moccasins, until you have lived that life, you may not understand how important these programs are. We have indicated that all of the prices are going up. All I hear is that Medicaid is going right up through the ceiling. Does anyone get it? When you lay off people, when you don't fund to the extent that you need to fund, when you don't put into the system and have a good cycle going, that you do have to pay out more money to help out those who are less fortunate than ourselves. Those people who are working today as plumbers or fuel dealers or whatever, and don't have a job tomorrow, get put on the roles that State government pays for. That is what it is all about.

I would love to be able to stand here and tell you that I can't vote for this budget. I could pick any number of issues or any reason that you want for not voting for this budget. The fact of the matter is it is the best we can do in the time that we have. If we keep comparing ourselves to others, we will never move forward for ourselves. I urge you, those who are here to vote, to vote for this budget. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Summers.

Senator **SUMMERS:** Thank you Mr. President, Ladies and Gentlemen of the Senate. I'd like to pose a question through the Chair. Perhaps to a member of the Aging, Retirement and Veteran's Committee. There has been a lot of talk about the reamortization of the retirement fund and my understanding of this document is that it is being thrown out instead of 40 years, 37 years. I'm wondering if perhaps someone could comment on the saving in that. Thank you.

THE PRESIDENT: The Senator from Cumberland, Senator Summers has posed a question through the Chair to any Senator who may care to respond. The Chair recognizes the Senator from Cumberland, Senator Titcomb.

Senator **TITCOMB**: Thank you Mr. President, Ladies and Gentlemen of the Senate. As you no doubt know the reamortization issue is one that has been much debated over the last several months. Since it first appeared in the Governor's budget as a 40 year reamortization piece. That has been chiseled down to a 35 year reamortization piece and frankly, it was something that came in the Governor's proposal. It was not something that the Committee on Aging, Retirement and Veteran's embraced. We had recommended a deferral for two years with a much reduced cost to the taxpayers of Maine. The 35 year reamortization has a price tag of around \$3 million versus the nearly \$9 million that had been proposed in the Governor's budget. I will be very frank with you, if we had insisted on the deferral, which would have been the druthers of the Committee on Aging, Retirement and Veteran's, and had refused to embrace the 35 year piece that the Governor had put in, he told us flatly that he would veto the Bill. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Hancock, Senator Foster.

Senator **FOSTER**: Thank you Mr. President, Ladies and Gentlemen of the Senate. I speak to you on reason. When one comes to the realization that a budget proposal with a sunset of present taxes fails, when only 65 of 186 members vote for such a proposal, one must reason that a compromise must be made by reasonable people. I, too, had hoped for a sunset for present taxes, and worked toward a budget that presented that, but it was obvious to me that it was not to be. Realizing that, I put forth my hand to come about with a compromise. I said I would listen to a penny on sales tax and no more, and that the other temporary tax, the income surtax, would remain sunsetted. There are those of you that say a penny is too much, and from your perspective you are right. There are those of you who say a penny is not enough and from your perspective you are right. Neither side of these two philosophies have the votes to pass a budget. The process demands more than that. One must be flexible and you must meet in the middle. You must be reasonable. If you compromise you go on to fight another day.

The millions of people who visit do not come to see and hear rhetoric and face the prospect and uncertainty and closure of State facilities. We owe the people of Maine a budget. People want to get on with their lives. Morale is low when decisions are not made on a timely basis. Those of us who live and work here were faced with a \$1 billion shortfall a few months ago. We have reduced that shortfall by \$835 million. This has been a long struggle. I believe that this document has answered the call of some of our citizens of this State, and I will mention a few. The calls of nursing home patients and their families. Their fears have been erased. General purpose aid has been flat funded and a cap on educational funding in the future of 5% has been set. Language has been added that addresses school construction. Our University and technical schools have received flat funding.

I was born in Maine and I have lived here all my life and I am a great believer that the youth of my day, my daughters friends, and I know my grandson's friends, many of them without a strong State University system, on graduating from high school would have limited access to higher education. For many of them it would end with that high school diploma. We have restored money to General Assistance, we have kept revenue sharing at its

present rate, we have consolidated all of our substance abuse services into one office. We have made changes in the retirement system. We have toughened our laws on parents who do not pay child support and we have taken \$1,200,000 from our own legislative budget. The collective bargaining contract has been funded. Our parks remain open, our biologists maintain and monitor our shorelands. We have put together a study to privatize the Maine Health Program, ending the State's contribution. We have put money into economic development. Some people like some of these changes and others hate them. It's the meeting in the middle that is hard to do. It would be so nice to say, I did not vote for this budget, but what about reaching a consensus. There are those of us that this burden falls upon.

In closing, I remember the words of the prophet who spoke, since you are a breath in God's sphere and a leaf in God's forest, you too should rest in reason and move in passion. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Summers.

Senator **SUMMERS**: Thank you Mr. President, Ladies and Gentlemen of the Senate. "The budget should be balanced, the Treasury should be refilled, public debt should be reduced, the arrogance of officials should be tempered and controlled, and the assistance to foreign lands should be curtailed, lest Rome become bankrupt." Those are the words of Cicero, from 63 B.C. and it seems to me that the beat goes on. It seems to me that for as much as things change they remain the same and we find ourselves coming into this chamber time and time again dealing with problems that we seem to put off again and again and again. We have heard a lot this evening about the doing the best that we can and I don't doubt that the people who have been involved in this entire issue have done the best that they have been able to do, however, I rise in deference to that because I think that we do have to back up and take the big picture. Maine isn't an island unto itself, we have heard a lot about the taxes being reduced \$80 million, it's a good place to do businesses, businesses are doing well. I think if we back up and look at it a little bit and look at what is going on in this country and look at what is coming down from Washington. One of the largest tax increases, if not the largest tax increase in the history of this country. We have to ask ourselves what effect does that have on our State, as well as our nation. We have heard a lot about our revenue problems, we can't seem to get enough revenue in. I would submit that perhaps we can't seem to stop the revenue going out. I think throughout this entire process people have worked hard and we have tried to continue the process along and through the process, early on, we heard a lot of talk about making significant changes to state government, structural changes. The Waste Management Agency, the Maine Health Care Finance Administration, those two departments being eliminated. I think I have to be able to justify my actions up here, like everyone of us in this chamber and we have to be able to go back to the people and say yes, the one cent remains but we did change government structurally and significantly. Unfortunately, on the document before us that is not the case. Although there have been cuts, it seems as though we have chewed around the edges instead of taking one or two major bites. I think had we done that we would have been able to go back to the people and say yes, this has happened but this is how we have changed government.

We find ourselves today, and I think we have kind of been on a precipice, whether we can fall back or move forward, unfortunately I find ourselves dancing to that same beat and that beat going on and on and simply going around one more time. In terms of compromise and working together, we have done a lot of that, the attitude in this chamber has been good this year, much better than my first session in the legislature. I have heard that by compromising we live to fight another day. I take issue with that to a certain degree because I think that by persevering, by standing by principal, we also live to fight another day. So the beat goes on Mr. President. We find ourselves right back in the same position. Two years ago when I voted for the temporary taxes I felt I made a promise to the people and I would like to close in offering a quote from Morton C. Blackwell, who said "In politics you have your word and you have your friends. If you go back on either you are dead." I don't think we should go back on that and I urge you to vote against this measure. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Kennebec, Senator McCormick.

Senator **MCCORMICK:** Thank you Mr. President, Ladies and Gentlemen of the Senate. First of all I want to compliment Senator Foster from Hancock for that very seriously moving speech. I want to say that I feel like I am in a very difficult position because you were so convincing. I find it very hard to vote for this budget. The retirement cuts in it are noxious to me and almost everyone in my district. The reamortization is, I think, bad public policy and where I would disagree with the Senator from Oxford, Senator Hanley, it is in fact a tax. It is putting off taxes to our children that we ought to be paying for right now, ourselves. That being said, we are left with what Senator Foster said and that is that better was not possible, and you said it very well. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Piscataquis, Senator Hall.

Senator **HALL:** Thank you Mr. President, Ladies and Gentlemen of the Senate. I promise to be very brief this morning. I was one that when I campaigned I assured the voters that I would come to Augusta and see to it that their taxes sunsetted as they were promised. I truly meant that then and I still mean it now. As this year has worn on and the voters were made aware of just how drastic the cuts would be, if all of these taxes were sunsetted, my phone rang, as yours did, the mail was heavy on many items. Six months after the election I sent a poll to my voters in my district. Over 2000 of them took the time to fill it out and put a 29 cent stamp on it and return it to me. One of the other promises that I made to them was that I would come to Augusta, I would work with the opposing party, I would compromise to the best of my ability to do the best job for them that I could. There was one other promise that I made and there has been some moments when I think perhaps I talked too much on the campaign trail, but it was this, and I have lived up to this and I am going to continue to, it is exactly that I will cast my ballot in the Senate as the majority of the voters of my district wish me to do, even though it may be against my general principals. I have mentioned this in this Senate a couple of times already, I have kept my word, I am going to keep my word here tonight to those people back home. In that survey the results, 65% of those people wanted to keep the 6 cents, instead of making the drastic cuts that were going to be necessary. So for those people, my vote will be to pass this budget here tonight. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Harriman.

Senator **HARRIMAN:** Thank you Mr. President, Ladies and Gentlemen of the Senate. Please let me begin my remarks by sincerely thanking the Senator from York, Senator Dutremble, for the style and class upon which you have conducted this session. You are truly to be commended and I thank you and I am sure I speak for all of us. Senator Pearson, from Penobscot, for his leadership in the Appropriations Committee, my hat is off to you as well. Senator Titcomb, from Cumberland, my colleague Senator Foster, from Hancock, I know the journey has not been easy and I know it has taken many more hours and many more compromises than you had envisioned. I thank you. I also have to share with you my concern, coming in here yesterday afternoon and being presented a 610 page amendment to the budget with the suggestion that if we don't pass this tonight we are going to be responsible for shutting down state government. If we don't get it done by 8:00 in the morning we are going to miss a payroll. Those do concern me, yet to be candid with you, I am not intimidated by that because in my view the decision we are about to make is the most important decision that this legislature will make in the course of our term. I believed, when I decided to run for the honor of sitting in this seat, that we needed to do three things. That we needed to put our financial affairs in order before raising another dime in new taxes, that we needed to make measurable, identifiable changes in the way we do business so that those who take the risk of providing jobs in this economy know that we want to work with them and not against them, that we are going to do our best to protect children in harms way and the mentally ill. I also want to suggest to you that this whole discussion isn't about the cuts that have been made, the truth is we have been arguing about the rate of increase in spending. State spending is going to go up in the next biennium from the one we are just leaving.

So I ask myself, what have we done? The Legislative Council legislative budget still has tripled in spending in the last ten years. We have decided to add back in programs from the zero base budget that we were presented a week or so ago. Rather than proving to the citizens of Maine that it doesn't make sense to reamortize the unfunded liability of the Maine State Retirement System by telling the people of the State of Maine that we are going to allocate this one cent sales tax, or a portion of it, to fund that liability. Let's be honest, there are some smoke and mirrors in this budget. We are going to defer state employee's payrolls in the next biennium. We are going to use investment results from the Maine State Retirement System to fund the administrative expenses of running the fund, of running the system, only to have them add that back into the contribution rate in the next biennium. We have changed the meals tax to a gross receipts tax, taking money out of the revenue sharing formula that municipalities desperately need. We have told the actuaries in the Maine State Retirement System, forget what you are earning off the investments in the fund, assume we are earning 8.2%. I'm told that the State of Maine has the potential of \$120 million of unfunded, unreserved Workers' Compensation claims for our state employees. \$120 million, maybe more. This is not a very easy decision for me to make but I have had to ask myself, have we done the sorts of things in this session that shows the citizens of the State of Maine that we have reprioritized and refocused what state government

should be doing. That we have taken the recommendations of the Jobs Commission and the Governmental Restructuring Commission and the sorts of initiatives that would prove to people that we are going to treat our citizens like customers. We have come a long ways, we have done a good job. When we arrived here State spending was to increase \$1,200,000,000. If this Bill passes tonight it will only increase about \$165 million. All good reasons for me to vote for it but I have to tell you it is not a question of if we will be back for a supplemental budget, it is a question of how large it will be. It's not a question of whether we will have a structural gap in the next session of the legislature, it is a question of how large it will be. I think it is important that this legislature make the tough decisions that need to be made so that this budget is on sound financial footing again. I don't think it is for the long run.

I hope that as the second session unfolds that we can continue to focus our energies in this area. I am prepared to do whatever I can to help, to spend whatever time it takes because the future of the State of Maine is dependant upon it. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Butland.

Senator **BUTLAND:** Thank you Mr. President, Ladies and Gentlemen of the Senate. You probably were all wondering who was going to speak next. For me the most telling words that have been uttered on this budget situation this year, have come from the good Senator from Penobscot, Senator Baldacci. On June 18, and tonight, he has said that in 1991 he was lead to believe that the revenue projections would allow for the temporary taxes to expire in 1993, that economic growth would be such that these taxes would no longer be necessary. I think that is the basis of the problem and the debate here tonight, for far too long too many people have considered our problem to be a revenue problem. When a budget increases 300% in the course of ten years, for me it is not a revenue problem it is an expenditure problem. I was here in 1991 and I was on the Taxation Committee in 1991 and I can tell you that I was never lead to believe that an economic upturn was going to prevent me from having to make tough decisions in the 116th Legislature. I guess if Mr. Blumb had been allowed to write the scenario, we would have had that economic upturn and we wouldn't be debating these tonight, but he didn't and we are here. What I expected in 1991, and I think a lot of the people in the legislature and a lot of the people throughout the State of Maine expected, was that we were going to have some serious governmental restructuring. We formed a commission, the commission came back to the legislature with some sixty recommendations for improving the efficiency and reducing the cost of state government and unfortunately the vast majority of those recommendations have fell on deaf ears.

I don't think my expectations were unrealistic. The State of Vermont has traveled down the same rocky road. In 1991, suffering a similar situation because of the recession, Vermont raised taxes and began the process of restructuring. On Thursday, tomorrow, July 1, Vermont will lower its meals and lodging tax and income tax. Its sales tax will go from 5 cents to 4 cents. Vermont has done what its people expected it to do. Unfortunately I witness a great lack of resolve in this city for cutting state government and for cutting the cost of state government. I can understand that because it is never easy to say no. The experience that I have had

with the budget this year has mainly been in the State and Local Government Committee. We looked at four budgets, and I was very disappointed that when the four budgets we looked at, when the department heads were given the order to do an across the board cut, three of them came back and immediately offered up the football team. There was no serious attempt to cut. There was no serious attempt to meet the across the board cut. I will only guarantee you one thing, that the 117th Legislature will suffer from the same problems that we face here tonight and I only hope, because I can count noses, that they will have the resolve to make those tough decisions and to make the cuts that we need to make. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Oxford, Senator Hanley.

Senator **HANLEY:** Thank you Mr. President, Ladies and Gentlemen of the Senate. I ask your indulgence. I will keep it brief. I've told you that I represent many towns along the New Hampshire border, as you can probably guess many of them are rural in nature. For those of my constituents who have a horse, if they were to leave a whole tub of barley out for their horse, their horse would continue to eat and eat and eat and eat, not knowing when to stop. I would say that same can ring true for the State of Maine. Let me just share some quick figures with you. In 1982, the General Fund for the State of Maine was \$639 million, ten years later in 1992, it was \$1.5 billion. General purpose aid to education in 1986 was \$293 million, in 1992 it was \$512 million, a 70% increase. I think the good Senator from Cumberland, Senator Butland, has it right. It's not a question of how much the people of the State of Maine are undertaxed, it is a question of how much the State of Maine is overspending. I also represent a number of orchardists in Oxford County. In the fall they prune their trees. They prune their trees so that in the spring they can have positive growth, quality growth, a good product, a good apple. If they don't trim back then they don't have their product to sell. Those numbers are real and those numbers are important for this Senate to ponder as far as exactly how much the people of the State of Maine have been asked through taxes and other fees, to fund state government in the last decade. The general fund and the general purpose aid has been much more than the rate of inflation. We have got to be responsible in our actions. We can not just keep on spending and spending and taxing and taxing. At some point in time it has got to stop. I would argue that that time is now. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Esty.

Senator **ESTY:** Thank you Mr. President, Ladies and Gentlemen of the Senate. It's time now to end this rhetoric. It's time now to do the people's business. It's time now to pass this compromise proposal. It's time now to go home so that we can see our families. It's time now to take pride in the fact that we represent many people in a diverse State and that we have been able to compromise as we have without meeting any of everyone's needs, but all of some people's needs and that we have come together in a way that we can take pride in in doing the people's business. It's time to go home and it's time to vote. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Franklin, Senator Webster.

Senator **WEBSTER**: Thank you Mr. President, Ladies and Gentlemen of the Senate. I just want to say one additional point. I had hoped during this session of the legislature to say this and this seems to be an opportune time. During the last campaign, when we all ran for election to the Maine Senate, I watched a colleague of mine from Somerset County, the good Senator Cianchette, run an impressive campaign for the Maine Senate. I watched with interest and admiration his campaign which stressed a simple fact, that if Maine employers all could hire one more person, I watched this and I was very impressed, if Maine employers could all hire one more person we would have 30,000 to 40,000 more jobs. What's more important is we would have \$50 million to \$100 million more to spend. I find it unfortunate that this legislature is prepared at this time to take the easy route. I wish we had done the things that had been proposed all during this session by the Senator from Somerset, Senator Cianchette, and others that suggested that we ought to be spending more of our time working to create jobs for the people of this state. In turn having more taxpayers, more people paying taxes, instead of once again going to those few people who currently have a job in Maine who are having a hard time paying their bills and asking them to pay more. The answer did not have to come down to this, raising taxes or cutting programs. It could have come down to downsizing government, cutting programs and creating jobs, which would give us more tax revenue. Unfortunately this is the route this legislature has chosen. Thank you.

THE PRESIDENT: The pending question before the Senate is **ENACTMENT**.

A vote of Yes will be in favor of **ENACTMENT**.

A vote of No will be opposed.

Is the Senate ready for the question?

The Doorkeepers will secure the Chamber.

The Secretary will call the Roll.

ROLL CALL

YEAS: Senators AMERO, BALDACCI, BERUBE, BRANNIGAN, BUSTIN, CAHILL, CAREY, CARPENTER, CIANCHETTE, ESTY, FOSTER, GOULD, HALL, HANDY, LAWRENCE, LUDWIG, LUTHER, MARDEN, O'DEA, PARADIS, PEARSON, PINGREE, TITCOMB, VOSE, THE PRESIDENT - DENNIS L. DUTREMBLE

NAYS: Senators BEGLEY, BUTLAND, CLEVELAND, HANLEY, HARRIMAN, KIEFFER, MCCORMICK, SUMMERS, WEBSTER

ABSENT: Senator CONLEY

This being a Mandate and in accordance with the provisions of Section 21 of Article IX of the Constitution, and having received the affirmative vote of 25 Members of the Senate, with 9 Senators having voted in the negative, and 25 being more than two-thirds of the entire elected Membership of the Senate, was **PASSED TO BE ENACTED** and having been signed by the President, was presented by the Secretary to the Governor for his approval.

Senator **PEARSON** of Penobscot was granted unanimous consent to address the Senate on the Record.

Senator **PEARSON**: Thank you Mr. President, Ladies and Gentlemen of the Senate. The chore of this legislature and of the Appropriations Committee in particular is not over. We will be meeting as soon as we get through here this morning to continue of part two of the budget. We will try to find some time during this day to do the Table. I expect that all of us will participate in that. I would like to say, Mr. President, although the mission that we are assigned is not yet over, how very much we appreciate, and I personally, your leadership in helping us to put this budget together. You were an incredible force, an incredibly important and positive force, for bringing people together. I have rarely seen a person who is so well respected by people in the Executive branch and in both parties of this legislature. I don't know how we would have done it without you. I can't tell you, or members of this Senate, enough of how much I think of the President of this Senate or all of the things that he sacrificed, family wise, and I don't know where he gets the patience that he does in order to help us put this together. I would also like to thank the members of my Committee, particularly Representative Don Carroll who worked very hard on lots of different items dealing with a variety of things, of which he has a vast amount of knowledge and a considerable amount of patience. I also would like to say, most particularly thank you, thank you, thank you to all of the various Committees who helped us cut and cut and cut before it was resubmitted to the Appropriations Committee. I think we all gained a knowledge of each other and of the process that none of us possessed before. All the way from the first report from the Education Committee to the very last report that we received, people worked extremely hard under very trying circumstances and sometimes, in many cases, for the very first time on a budget of any kind. It was a learning process for not only us on the Appropriations Committee but everybody else. Thank you.

Out of order and under suspension of the Rules, the Senate considered the following:

COMMITTEE REPORTS

House

Ought to Pass As Amended

The Committee on **TRANSPORTATION** on Bill "An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, Highway Fund, for the Fiscal Years Ending June 30, 1994 and June 30, 1995" (Governor's Bill) (Emergency)
H.P. 409 L.D. 522

Reported that the same **Ought to Pass as Amended by Committee Amendment "A" (H-678)**.

Comes from the House with the Report **READ and ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-678)**.