

MAINE STATE LEGISLATURE

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Legislative Record

OF THE

One Hundred and Seventh Legislature

(First Special Session)

OF THE

STATE OF MAINE

1976

KENNEBEC JOURNAL
AUGUSTA, MAINE

HOUSE

Monday, January 19, 1976

This being the day designated in the proclamation of the Governor for the meeting of the One Hundred and Seventh Legislature in extra session, the members of the House of Representatives assembled in their Hall at four o'clock in the afternoon and were called to order by the Speaker.

Prayer was offered by Father Clement D. Thibodeau of Eagle Lake.

The members stood at attention during the playing of the National Anthem by the Joseph A. Leonard Junior High School Concert Band of Old Town.

The following Proclamation:
STATE OF MAINE
PROCLAMATION
By the Governor

WHEREAS, I have determined that there exists in the State of Maine an extraordinary occasion requiring the Legislature of this State to meet in a Special Session to consider these legislative proposals:

ACTS concerning school finance and clarification of other education laws, revisions of agency appropriations during the biennium, improving the efficiency and reducing costs of operation of Maine Government, repealing certain activities and agencies, reorganizing several agencies including the Department of Personnel, the Central Licensing Bureau, the Bureau of Corrections, amending the lobby disclosure law, energy conservation, enforcement of mandatory environmental regulations, the economy of the State of Maine, correcting errors and inconsistencies in the Banking Code, Criminal Code and other Public Laws; and a Resolve to amend the Constitution extending the time allowed the Governor for review of enacted legislation;

WHEREAS, leaders of the Senate and House of Representatives have agreed that a Special Session of the 107th Legislature is necessary;

NOW, THEREFORE, I, James B. Longley, Governor of the State of Maine, by virtue of the constitutional power vested in me as Governor, convene the Legislature of this State, hereby requesting the Senators and Representatives to assemble in their respective chambers at the Capitol at Augusta on Monday, the nineteenth of January, 1976 at four o'clock in the afternoon, in order to receive communications and to consider and enact such measures as in their judgment will best promote the welfare of the State.

Given at the office of the Governor of Augusta, and sealed with the Great Seal of the State of Maine, this Nineteenth Day of December, One Thousand Nine Hundred and Seventy-Five and of the Independence of the United States of America, the Two Hundredth.

(Seal)
(Signed)

JAMES B. LONGLEY
Governor

Signed:

MARKHAM L. GARTLEY
Secretary of State

A true copy.
Attest:
(Signed)

MARKHAM L. GARTLEY
Secretary of State

The Proclamation was read by the Clerk and ordered placed on file.

A roll call was taken. 148 members

answered to their names and accordingly a quorum was found to be present.

Those who were absent were:
Messrs. CARROLL
CHURCHILL
CURTIS

On Motion of Mrs. Najarian of Portland, it was

ORDERED, that a Committee of seven be appointed to wait upon His Excellency, the Governor, and inform him that a quorum of the House of Representatives is assembled in the Hall of the House for the consideration of such business as may come before the House.

The Speaker appointed the following members:

Mrs. NAJARIAN of Portland
Mrs. BACHRACH of Brunswick
Mrs. BERUBE of Lewiston
Mrs. MITCHELL of Vassalboro
Mrs. BERRY of Madison
Mrs. HUTCHINGS of Lincolnville
Mrs. TARR of Bridgton

Subsequently, Mrs. Najarian for the Committee reported that it had attended to the duty to which it was assigned.

A message was received from the Senate, borne by Senator Speers of that body, announcing a quorum present and that the Senate was ready to transact any business that might properly come before it.

On Motion of Mr. Rolde of York, it was ORDERED, that a message be conveyed to the Senate that a quorum of the House of Representatives is present for the consideration of such business as may come before the House.

Subsequently, Mr. Edwin Pert, Clerk of the House, was appointed to convey the message and subsequently reported that he had performed the duty assigned him.

The following Communication:
DEPARTMENT OF PUBLIC SCHOOLS
Augusta, Maine
"Capital City"

December 20, 1975

Hon. John L. Martin
Speaker of the House
House of Representatives
State House
Augusta, Maine 04330

Dear John,

This letter will confirm our earlier phone conversation in which I asked you to consider granting me a leave of absence from the special session of the legislature. As I explained to you then, I have taken a new position with the Augusta School System and have signed a one year contract to teach emotionally disturbed children. Financially, I could not afford to jeopardize my position with the school for such a short session. The major reason tho' is that I feel a professional responsibility to my students not to desert them for such an extended period of time. If the need should arise for my services to fill the position of Clerk of the House for any reason, I would make arrangements to do so.

I will miss my friends at the legislature and the sharing of the concerns which is so much a part of their responsibility to the people of Maine. I hope to be able to visit on occasion and will try to keep abreast of the important issues.

Please extend my best wishes to the members of the 107th legislature for a fruitful New Year that I hope will be even

better than any preceding one. With warm regards, I am,

(Signed) Sincerely,

NORM WHITZELL
Asst. Clerk

Maine House of Representatives
The Communication was read and ordered placed on file.

The following Communication:
STATE OF MAINE
House of Representatives
Speakers' Office
Augusta

December 22, 1975

Mr. Norman P. Whitzell
12 Spruce Street
Gardiner, Maine 04345
Dear Norm:

Please be advised that your request for a leave of absence from your duties as Assistant Clerk of the Maine House of Representatives for the Special Session of the Legislature beginning January 19, 1976 has been granted. It is understood that this will be a leave without pay for the duration of the Special Session only. Best wishes to you and your family for a happy holiday season.

Sincerely yours,
Signed: JOHN L. MARTIN
Speaker of the House

The Communication was read and ordered placed on file.

A message came from the Senate, borne by Secretary Starbranch of that body, proposing a Joint Convention to be held in the Hall of the House at 5:30 p.m. for the purpose of listening to an address by His Excellency, James B. Longley, Governor of Maine.

Thereupon, the House voted to concur in the proposal for a Joint Convention and the Chair appointed Mr. Rolde of York to convey a message to the Senate to that effect.

Mr. Rolde subsequently reported that he had delivered the message with which he was charged.

On Motion of Mr. Rolde of York, it was ORDERED, that the Assistant Clerk of the House of Representatives be granted leave of absence for the duration of the first special session and that the Clerk of the House, with the advice and consent of the Speaker, be authorized to establish a rate of compensation and employ a temporary Assistant Clerk of the House to serve during the first special session of the 107th Legislature.

**Petitions, Bills and Resolves
Requiring Reference**

The following Bills, Resolves and Resolution were received and, upon recommendation of the Committee on Reference of Bills, were referred to the following Committees:

Appropriations and Financial Affairs
Bill "An Act to Provide Reserve Funds to Increase Employees' Salaries" (Emergency) (H. P. 1801) (L. D. 1960) (Presented by Mr. Rolde of York)

Bill "An Act Providing Automatic Cost-of-Living Wage Supplements for State, Maine Maritime Academy and University of Maine Employees" (H. P. 1806) (L. D. 1965) (Presented by Mr. Bustin of Augusta)

Bill "An Act Increasing State, Maine Maritime Academy and Classified and Unclassified University of Maine Employees' Pay" (Emergency) (H. P.

1808) (L. D. 1967) (Presented by Mr. Hinds of South Portland)

Bill "An Act Making Supplemental Appropriations for the Maine Human Services Council" (H. P. 1815) (L. D. 1973) (Presented by Mr. Kelleher of Bangor) (Cosponsor: Mrs. Goodwin of Bath)

Bill "An Act to Increase Classified and Unclassified State Employees' Pay" (Emergency) (H. P. 1813) (L. D. 1980) (Presented by Mr. Farnham of Hampden)

Bill "An Act to Provide for more Effective Debt Management and for more Effective Administration of State's Development Financing Capability" (H. P. 1816) (L. D. 1974) (Presented by Mr. Martin of Eagle Lake)

Bill "An Act to Increase Certain Salaries of State officers, State Officials, Members of the Judiciary and District Attorneys" (Emergency) (H. P. 1820) (L. D. 1981) (Presented by Mr. Farnham of Hampden)

Bill "An Act to Appropriate Funds to the Community Industrial Building Fund under the Maine Guarantee Authority" (H. P. 1827) (L. D. 1992) (Presented by Mr. Silverman of Calais)

Bill "An Act Appropriating Funds for the Expansion of the Portland International Jetport" (H. P. 1828) (L. D. 1993) (Presented by Mr. LaPointe of Portland)

RESOLUTION, Proposing an Amendment to the Constitution to Increase the Bonding Limit on Maine Veterans' Mortgage Loans from \$2,000,000 to \$5,000,000 (H. P. 1829) (L. D. 1994) (Presented by Mr. Rolde of York)

Bill "An Act to Increase the Statutory Limit on Single Loans Made by the Maine Veterans Small Business Loan Authority Board from \$15,000 to \$25,000" (H. P. 1830) (L. D. 1995) (Presented by Mr. Rolde of York)

Bill "An Act Appropriating Funds for Capital Improvements at the Houlton International Airport" (H. P. 1831) (L. D. 1996) (Presented by Mr. Carpenter of Houlton)

Bill "An Act Making Additional Appropriations from the General Fund for the Expenditures of the Department of Educational and Cultural Services for the Current Year Ending June 30, 1976" (Emergency) (H. P. 1841) (L. D. 2006) (Presented by Mr. Farnham of Hampden)

Bill "An Act Increasing all State, Maine Maritime Academy and University of Maine Employees' Pay" (Emergency) (H. P. 1845) (L. D. 2010) (Presented by Mr. Bustin of Augusta)

Sent up for concurrence.

Education

Bill "An Act Relating to Exceptional Children" (Emergency) (H. P. 1797) (L. D. 1956) (Presented by Mr. Ault of Wayne)

Bill "An Act to Validate Proceedings Authorizing the Issuance of Bonds and Notes by Region 2, Southern Aroostook County Vocational Region" (Emergency) (H. P. 1798) (L. D. 1957) (Presented by Mr. Walker of Island Falls)

Bill "An Act Relating to Monthly School Tax Payments by Municipal Treasurers to the Treasurer of State" (H. P. 1802) (L. D. 1961) (Presented by Mr. Birt of East Millinocket)

Bill "An Act to Clarify Provisions Relating to the Town of York School District" (H. P. 1832) (L. D. 1997) (Presented by Mr. Rolde of York)

Sent up for concurrence.

Local and County Government

Bill "An Act Relating to Fiscal Year Transitions for Municipalities"

(Emergency) (H. P. 1833) (L. D. 1998) (Presented by Mr. Rolde of York)

Committee on Reference of Bills suggested the Committee on Education.

On motion of Mr. Dam of Skowhegan, was referred to the Committee on Local and County Government and sent up for concurrence.

Bill "An Act to Revise the Laws Relating to Funding of Public Schools" (Emergency) (H. P. 1844) (L. D. 2011) (Presented by Mr. Lynch of Livermore Falls)

Bill "An Act Providing for a Comprehensive State-wide Program of Primary Prevention of Alcohol and Drug Abuse and other Forms of Socially Disruptive and Potentially Self-destructive Human Behavior" (H. P. 1800) (L. D. 1959) (Presented by Mr. Silverman of Calais)

Sent up for concurrence.

Human Resources

Bill "An Act Relating to Unexpended Funds for Highway Construction on Indian Reservations at Pleasant Point and Peter Dana Point" (Emergency) (H. P. 1812) (L. D. 1971) (Presented by Mr. Mills of Eastport)

Bill "An Act Amending the Maine Indian Housing Authority Law Relating to Area of Operation and Transfer of Real Property" (H. P. 1834) (L. D. 1999) (Presented by Mr. Mills of Eastport)

Sent up for concurrence.

Judiciary

Bill "An Act Concerning the Provision of Legal Services by Third-Year Law Students" (H. P. 1842) (L. D. 2007) (Presented by Mr. Greenlaw of Stonington)

Bill "An Act to Provide Court Interpreters for Deaf Persons" (H. P. 1843) (L. D. 2008) (Presented by Mrs. Clark of Freeport)

Sent up for concurrence.

Legal Affairs

RESOLVE Authorizing and Directing the Director of the Bureau of Public Lands to Permit Great Northern Paper Company to Cut and Remove Wood from Township 6, Range 11, W.E.L.S. (H. P. 1803) (L. D. 1962) (Presented by Mr. Martin of Eagle Lake) (Cosponsor: Mr. Palmer of Nobleboro)

RESOLVE to Reimburse the Town of Waldoboro for Assisting in the Capture of Escapees from the Maine State Prison in Thomaston (H. P. 1807) (L. D. 1966) (Presented by Mr. Blodgett of Waldoboro)

Bill "An Act to Establish a Boundary Line Between the Towns of Winslow and Albion" (H. P. 1821) (L. D. 1982) (Presented by Mr. Carter of Winslow)

Bill "An Act Converting Wallagrass Plantation into the Town of Wallagrass" (H. P. 1822) (L. D. 1983) (Presented by Mr. Powell of Wallagrass Plantation)

Bill "An Act to Clarify Certain Provisions Relating to the Establishment of Hospital District No. 1" (H. P. 1835) (L. D. 2000) (Presented by Mr. MacEachern of Lincoln)

Sent up for concurrence.

Liquor Control

Bill "An Act Relating to Location of State Liquor Stores" (H. P. 1805) (L. D. 1964) (Presented by Mr. Birt of East Millinocket)

Bill "An Act to Amend the Definition of a Municipal Auditorium" (H. P. 1823) (L. D. 1984) (Presented by Mrs. Najarian of Portland)

Sent up for concurrence.

Local and County Government

Bill "An Act Authorizing Kennebec County Commissioners to Provide Fire Protection Services for Unity Township" (H. P. 1817) (L. D. 1975) (Presented by Mr. Tozier of Unity)

Bill "An Act to Clarify the Laws Relating to County Budgets" (H. P. 1818) (L. D. 1976) (Presented by Mr. Goodwin of South Berwick)

Bill "An Act to Clarify Provisions for County Jail and District Court Facilities in the County of Hancock" (Emergency) (H. P. 1819) (L. D. 1977) (Presented by Mr. DeVane of Ellsworth) (Cosponsor: Mr. MacLeod of Bar Harbor)

Bill "An Act to Redistrict Certain Towns in Knox County" (H. P. 1824) (L. D. 1985) (Presented by Mrs. Post of Owls Head)

Bill "An Act to Provide Fire Protection Other Than Forest Fire Protection for the Unorganized Coastal Islands" (H. P. 1836) (L. D. 2001) (Presented by Mr. Palmer of Nobleboro)

Sent up for concurrence.

Public Utilities

Bill "An Act to Enable the Town of Cape Elizabeth to Establish Sewer Service Charges" (H. P. 1804) (L. D. 1963) (Presented by Mr. Hewes of Cape Elizabeth)

Bill "An Act to Prohibit Public Utilities from Including Certain Political Advertising Material along with Customer Bills" (H. P. 1809) (L. D. 1968) (Presented by Mr. Martin of Eagle Lake)

Sent up for concurrence.

Bill "An Act to Increase the Total Authorized Indebtedness of the Kennebec Sewer District from \$1,000,000 to \$3,000,000" (H. P. 1810) (L. D. 1969) (Presented by Mr. McMahon of Kennebec)

Sent up for concurrence.

Indefinitely Postponed

Bill "An Act to Amend the Portland Water District Charter in Order to Comply with General Law" (H. P. 1825) (L. D. 1986) (Presented by Mr. Spencer of Standish)

Committee on Reference of Bills suggested the Committee on Public Utilities.

The SPEAKER: The Chair recognizes the gentleman from Standish, Mr. Spencer.

Mr. SPENCER: Mr. Speaker and Members of the House: This is probably the only bill that got through the Reference of Bills Committee that wasn't supposed to, and I move its indefinite postponement.

Thereupon, on motion of Mr. Spencer of Standish, the Bill was indefinitely postponed and sent up for concurrence.

Public Utilities cont'd.

Bill "An Act to Amend the Charter of the Searsport Water District" (H. P. 1837) (L. D. 2002) (Presented by Mr. Shute of Stockton Springs)

Bill "An Act Creating the Winter Harbor Utilities District" (Emergency) (H. P. 1838) (L. D. 2003) (Presented by Mr. MacLeod of Bar Harbor)

Sent up for concurrence.

Taxation

Bill "An Act to Help Maintain the Purchasing Power of Participants in the Elderly Tax and Rent Refund Program by Tying Refunds to the Consumer Price Index" (H. P. 1839) (L. D. 2004) (Presented by Mr. Silverman of Calais)

Sent up for concurrence.

Transportation

Bill "An Act to Permit the Development by the Secretary of State of a Numerical System of Driver License Control to be Used in Place of Social Security Numbers" (H. P. 1811) (L. D. 1970) (Presented by Mr. Rolde of York)

Bill "An Act Relating to Lease or Purchase of Railroad Lines by the Department of Transportation" (H. P. 1814) (L. D. 1972) (Presented by Mrs. Hutchings of Lincolnville)

Bill "An Act to Amend the Law Relating to the Registration of Pickup Trucks (Emergency)" (H. P. 1840) (L. D. 2005) (Presented by Mr. Bowie of Gardiner)
Sent up for concurrence.

Veterans and Retirement

Bill "An Act to Base Adjustments of Teacher and State Employee Retirement Allowances on the Consumer Price Index" (H. P. 1799) (L. D. 1958) (Presented by Mr. Ingegneri of Bangor)

RESOLVE to Adjust the Retirement Status under the State Retirement Law of Albert W. Hollowell of Owls Head (H. P. 1826) (L. D. 1987) (Presented by Mrs. Post of Owls Head)
Sent up for concurrence.

(Off Record Remarks)

By unanimous consent, all matters requiring Senate concurrence were ordered sent forthwith.

The following papers from the Senate appearing on Supplement No. 1 were taken up out of order by unanimous consent:

From the Senate: The following Joint Order: (S. P. 630)

ORDERED, the House concurring, that the Clerk of the House and the Secretary of the Senate be authorized to furnish 100 3 cent postage stamps for each member of the House and Senate for the purpose of distributing various reports of the Departments of State and other public documents such as they may desire to mail to the citizens of the State.

Came from the Senate read and passed.

In the House, the Order was read and passed in concurrence.

From the Senate: The following Joint Order: (S. P. 631)

ORDERED, the House concurring, that the Director of Legislative Research is directed to have printed in pamphlet form and distributed to the members of the Legislature and the public, the Acts and Resolves passed at the First Special Session of the 107th Legislature.

Came from the Senate read and passed.

In the House, the Order was read and passed in concurrence.

From the Senate: The following Joint Order: (S. P. 632)

ORDERED, the House concurring, that there is appropriated from the Legislative Appropriation a sum sufficient to pay each of the Indian representatives mileage for nine (9) round trips and compensation for meals, lodging and attendance commensurate with other members of the Legislature for attendance at the First Special Session of the 107th Legislature.

Came from the Senate read and passed.

In the House, the Order was read and passed in concurrence.

From the Senate: The following Joint Order: (S. P. 633)

ORDERED, the House concurring, that the Secretary of the Senate and Clerk of the House be directed to furnish each morning to each member of the Senate and the House, a copy of a newspaper published in the State of Maine, chosen by the member during the present Special Session of the Legislature.

Came from the Senate read and passed.

In the House, the Order was read and passed in concurrence.

From the Senate: The following Joint Order: (S. P. 634)

ORDERED, the House concurring, that three hundred twenty-five (325) copies of the Legislative Record for this Special Session, be printed and bound, one copy for each of the members of the Senate, House of Representatives, the Secretary of the Senate and Clerk of the House, and the remainder to be deposited with the State Law Librarian for exchange and library use; and be it further:

ORDERED, that suitable index be prepared for such Legislative Record, under the direction of the Director of Legislative Research.

Came from the Senate read and passed.

In the House, the Order was read and passed in concurrence.

Tabled and Assigned

From the Senate: The following Joint Order: (S. P. 635)

ORDERED, the House concurring, that unless approved by all of the members of the Committee on Reference of Bills, no bill or resolve shall be considered at this Special Session except those within the scope of the Proclamation by the Governor convening this Special Session or those previously approved by a majority of the members of the aforesaid Reference of Bills Committee and such bills or resolves as may be returned by or recalled from the Governor. This Joint Order shall not apply to such bills or resolves as are intended only to facilitate the business of the Legislature.

Came from the Senate read and passed.

In the House, the Order was read.

On motion of Mr. Rolde of York, tabled pending passage in concurrence and tomorrow assigned.

House at Ease

Called to Order by the Speaker.

At this point, the Senate entered the Hall of the House and a Joint Convention was formed.

In Convention.

The President of the Senate, Joseph Sewall, in the Chair.

On motion of Senator Curtis of Penobscot, it was

ORDERED, that a Committee be appointed to wait upon the Honorable James B. Longley, Governor, and to inform him that the two Branches of the Legislature are in Convention assembled in the Hall of Representatives, and extend to him an invitation to attend the Convention and present such communication as he may be pleased to make.

The Chair appointed:

Senators:

GREELEY of Waldo
WYMAN of Washington
CYR of Aroostook

Representatives:

GOODWIN of Bath
BOUDREAU of Portland

MARTIN of Brunswick
SAUNDERS of Bethel
SNOWE of Auburn
DURGIN of Kittery
LAVERTY of Millinocket

Senator Greeley for the Committee subsequently reported that the Committee had attended to the duty assigned to it, and the Governor was pleased to say that he would forthwith attend the Convention.

Whereupon, Governor James B. Longley, attended by the Executive Council, entered the Convention Hall amid prolonged applause, the audience rising.

The Governor then addressed the Convention as follows:

Mr. President, Mr. Speaker and Members of the 107th Maine Legislature: Because of the importance of the issues facing us and the need for us to come together for the good of the people of Maine, I think it would be appropriate to share with you a brief prayer which was a favorite of my family:

A PRAYER FOR TODAY

This is the beginning of a new day. God has given me this day to use as I will; I can waste it or use it for good.

What I do today is important, because I'm exchanging a day of my life for it.

When tomorrow comes, this day will be gone forever, leaving in its place something that I have traded for it.

May it be gain, not loss; good, not evil; success not failure; in order that we shall not regret the price we shall pay for it.

I wanted to share this prayer with you because I wanted this to be a pledge to the Legislature to do everything possible to make its days here as meaningful and as productive as possible, because thanks to many members of this Legislature, I hope I am a more mature, wiser governor than when I assumed office a year ago. I pledge to help make this year and the years that follow all that you want for Maine as well as what I want, hope and dream for Maine. By the same token, I hope you recognize that as an Independent Governor without a party and because of what was in effect a tri-party government in this state, I frequently stood alone and what could easily have been interpreted as conflict and controversy were what I believe history will show as a Democratic House, a Republican Senate and an Independent Governor feeling their way and not a compromise on anyone's part.

Once again I pledge you my cooperation, yet I am sure you would never want that cooperation to be capitulation.

I have asked the members of this honorable body to convene in an extraordinary session because it is clear to one and all that we are faced with urgent and grave problems that cannot wait until the next regular session to be addressed. For the good of all the people of Maine, it is imperative that we act immediately on correcting deficiencies in our school funding law which has given this state multi-million dollar deficits and which has threatened to shatter the confidence of our citizens in public education.

If this governor and this legislature can come to grips with and resolve this and other pressing problems, we will have justified this extraordinary call.

More important, however, we have an opportunity to make this an historic session of this distinguished legislature. If we can come together collectively and adopt a philosophy of fiscal responsibility and accountability for the state govern-

ment of Maine, we will have made a lasting contribution.

We must make a firm resolve at this moment in our history to stop deceiving ourselves and the taxpayers of this state. We must be candid, no matter how painful it might be. We simply must acknowledge what government can and cannot be. We must stop holding out false hopes and stop building dreams that turn into further nightmares. We must stop misleading people into believing that government can give more than it takes.

In the end, we must establish for the people of Maine a simple, understandable balance sheet which will tell them how much money is coming in, how much money is going out and what services are being provided on that important bottom line.

In balancing this ledger, we each have a compelling moral obligation to examine every dollar spent, every new and existing program and every single request by a special interest to make certain that our actions take into consideration our need to insure that our priority is all the people of Maine.

The answer is a simple one. State government must become a "corporation of the people." As members of the Executive and Legislative Branches, we serve in positions of trust with the ultimate responsibility to make certain the people who elected us are given the full measure of service for the dollars entrusted to us.

I would be less than candid if I stood here and tried to tell you and the people of Maine that we do not have economic problems. The working men and women of Maine have economic problems and the state government has economic problems. The most promising thing I have to report is what I feel strongly is an awareness by the majority of the people of Maine that state government has out-grown itself. I firmly believe if we are willing to make the hard decisions necessary to define what government can and cannot be, that the people of Maine are even more willing to accept them. In addition, I think they expect them and will accept nothing less.

I believe that for many years Maine people were given the impression that their tax burden was not so great when compared to other states. It is not accurate to compare taxes in Maine to taxes in urban, affluent states like California without making the essential per capita income comparisons or other specific economic comparisons. In the 1974 fiscal year, the last for which national figures are available, state and local per capita taxes were more than 14 per cent of our per capita income here in Maine. This was the fourth highest level of state and local taxation in the entire nation. Not only that, but our rate of increase over the previous years was one of the highest in the nation. Our taxes headed upward at more than twice the national average of tax increase.

The Wall Street Journal recently reported a more recent study of the tax structures of the individual states which computed the tax rate on the basis of "tax capacity" or the maximum amount the people of a given state could be expected to pay.

This study showed that Maine was one of eight states where actual revenues already being taken in exceed the ability of the people to pay them. It made it clear that Maine is a state which is already over-taxed.

Not only should we be concerned with the levels of local and state per capita tax-

tion, but we also should be deeply concerned with the level of business taxation. We have one of the highest business tax indexes in the nation. Our level of business taxation is more than a third higher than the national average and is higher than every New England state except Massachusetts, higher than all but one of the industrial states and is twice the average level of business taxation in southern states. . . the major competitors for industrial and economic development.

Our economic advisory committee reported recently that our gross state product and our per capita income must be used to set the limitation of government spending. In simple language, we have to go to the same people and the same businesses every time we want more tax money. I would ask this legislature to adopt a legal posture to the effect that our total tax effort could not exceed the limits dictated by our gross state product and our per capita income. We cannot afford to have our total taxes go any higher and we should work toward the goal of lowering them.

I am submitting legislation to accomplish this because I am convinced that our success in attracting new industry to Maine is going to be far more dependent upon placing limitations on tax impact than on any "out of pocket" tax break we might give.

The economic status of Maine people and their government dictates only one thing we have gone as far as we can go in taxation unless we want history to record that this legislative session made Maine's level of taxation, based on ability to pay, the highest in the nation.

Because of my deep, personal conviction that the people of Maine cannot shoulder any additional tax burden, I will not advocate or support any legislation that will increase our present percentage of taxation. If this legislature should choose to establish new priorities and shift tax burdens which would benefit the people, then I would certainly listen and be receptive to such an effort, so long as it does not place an additional burden on the backs of the people of Maine.

I also do not accept the proposition put forth by some that a refusal to increase taxes at the state level will only force an increase in local taxation. I do not believe that will be the case if local and county governments adopt the same philosophy of fiscal responsibility that we are adopting on the state level.

I believe the people of Maine mean what they say when they plead for more local control over decisions which affect their children and their own lives. I also believe if we stop trying to make decisions for them in Augusta and Washington, that we will see programs run more economically and efficiently on the local level than has been done for them in Augusta and Washington.

I am not saying that we can hold the line on taxes and still have government be all things to all people. This cannot be.

We are not arguing needs and we are not saying we would not like to do more for a lot of groups. We are trying to state realities and these realities are that Maine people cannot pay more. We in government have the duty to do the best we can with what we have.

Just this afternoon, I was given an article by our own Senator Muskie, and let me quote: "Why can't liberal spenders, for another example, talk about fiscal responsibility and productivity without

feeling uncomfortable? When Congress considered an enactment of budget reform," Senator Muskie goes on, "which gave us the resources and procedures to discipline Federal spending and established priorities, some of the strongest opponents were the liberal spenders and when there is talk of cutting costs," he goes on to say, "in making civil servants responsible for productivity by just wondering why our Federal budget is now almost \$400 billion, you simply don't find the liberal spenders involved in the discussions."

Senator Muskie goes on to say, "My basic question is this, why can't liberals start raising hell about a government so big, so complex, so expensive and so unresponsive that it is dragging down every good program we have worked for?" Senator Muskie then said, and I conclude, "Government must put its own house in order before it takes on new and bigger responsibilities."

I realize that by taking a firm position against a tax increase, I have a duty to say why I believe that necessary functions and services of state government can continue without one.

Because of our cost savings and spending reductions and an improved state revenue picture in recent weeks, I believe the General Fund Budget can be balanced for the remainder of the current fiscal year and the second year of the biennium.

I believe there is now general agreement that the Executive Branch was completely within its authority in moving ahead with the implementation of 90 per cent of our spending reduction program. We have acknowledged from the beginning that there was a question concerning the remaining 10 per cent, or about \$700,000 of our estimated \$7 million in cost reductions. These primarily concern programs approved in the supplemental budget over my veto without proper funding for the biennium.

In reference to this 10 per cent, we have decided to address that matter to this Legislature, the proper body, we feel to make the determination of whether or not you want to be responsible for a tax increase for the people of Maine at this time, and we would ask this body to:

- (1) Endorse this portion of our plan,
- (2) Repeal the supplemental programs in question for which we do not have adequate funding to complete them, or

- (3) Defer the start-up of the programs until such time as we have more accurate revenue figures for the remainder of this fiscal year and until we can examine the revenue outlook for the second year. I would especially request the thinking and hopefully the endorsement of this Legislature in resolving this remaining 10 percent to the extent you want to join with the Executive Branch of government in a \$7 million cost reduction program which we feel is already 90 percent successful and this Legislature has within this body the authority to make it 100 percent.

I would also say to this Legislature that any effort to analyze and curtail or cut programs which are not providing full service to the people of Maine on a cost-benefit ratio will have my full support.

Since this Legislature, with the exception of a supplemental budget, accepted our General Fund Budget in the regular session, we in the Executive Branch assume the responsibility of keeping it balanced without a tax increase.

As I said at the outset, one of the reasons

for this Special Session was to give us an opportunity to address our Education Funding problem. To date, this Legislature and this Governor have inherited approximately \$30 million in known and potential deficits from L. D. 1994, L. D. 1452, approved in the Regular Session, tried but failed to resolve the problems and inequities in the funding law. We have been able to absorb all but about \$6 million of the known deficits.

The Governor and the Legislature must now again come together and decide for the good of the people of Maine how to deal with the remaining deficit and make absolutely certain that in the future everyone will know what education is costing and how much money we have available to spend.

We must not waste any more time laying blame for the deficits and the inequities. We could easily blame the previous Legislature, the previous administration and the towns and cities which rushed in to spend what they thought were additional dollars from Augusta. It is too late to lay blame. We must find solutions.

First of all, I propose the following steps be taken to take care of the known \$6 million deficit for the current fiscal year, and the \$2.6 million projected deficit which could be brought on by local action during the current fiscal year.

(1) Use the \$1.34 million remaining proceeds of the \$25 million school construction bond issue to apply toward increased debt service costs which are contained within the known \$6 million deficit.

(2) Defer payment of the remaining \$4.7 million known deficit by authorizing such payments be made early in fiscal 1977.

(3) Immediately repeal present local leeway statutes to prevent the possibility of the anticipated \$2.6 million deficit which could occur through actions taken at the local level during the remaining months of the current fiscal year.

In order to minimize the impact of this action on local units currently planning to adopt conversion year budgets to comply with uniform school year taxes, I will be supporting legislation to defer the requirement for adoption of uniform fiscal school year budgets by one additional year.

If we act quickly and approve this three-part approach to resolve the known and anticipated deficits in the current fiscal year, we can accomplish two very important tasks:

(1) We eliminate the need to raise \$8.6 million in new revenues in the few remaining months of the fiscal year, a need which would require a substantial tax increase.

(2) This would give us time to enact a new school finance law which can be tailored to the amount of funding presently available in the second year of the biennium.

The deferral of the remaining \$4.7 million payment into the second year of the biennium still would leave us with an operating budget of approximately \$260.6 million for the second year. Bear in mind that that would still be an increase in education funding of \$17 million over the present year appropriations. Of course we would like to do everything possible for education, but we also would like to do more for the elderly, the retarded and the poor. However, we have reached the point where we must take the dollars which are available and divide them as equitably as possible.

I am very mindful of the fact that the Education Finance Commission, chaired by Senator Huber, has been ad-

ressing this problem for several months. This committee is to be commended for its efforts on behalf of the people.

I had hoped to be able to embrace the recommendations of this committee, but due to the delivery date of the report and my decision to call this session earlier than I had previously considered, I have not had an opportunity to completely evaluate the proposals. I feel certain I will be able to embrace many of the concepts and proposals of the committee.

Since I have taken a hard line on funding, I feel I have a duty and obligation to submit legislation which I feel can be enacted without our present revenue capabilities. In addition, I am pleased to say that our approach will allow for a reduction in the rate of the uniform property tax, a reduction which would benefit every Maine community and still meet the test of equality of education. This is a beginning in the right direction and even though the bill I will submit will not lower the mill rate by a large percentage, I would support any approach where we could reasonably lower the rate even more in the future. Maine, unlike some other states, has many poor people who are property owners. These are the people who have been hurt by continued increases in the property taxes. This is an area of inequity we must continue to address. We will not hold out our bill as the only answer and I certainly would consider any combination of proposals so long as they contain the following basic elements which will be included in the bill I present:

(1) Repeal in fact or in form and substance of the existing Education Funding Law.

(2) A price-tag not to exceed \$260.6 million for the second year of the biennium.

(3) Enactment of a statute which:

(a) Is written in simple language that citizens of Maine can understand.

(b) Contains the necessary controls which insure that the level of funding cannot be exceeded by local action.

(c) Maintains an equitable approach for raising and distributing dollars for the public schools.

(d) Is responsive to the feelings of the majority of Maine people who have expressed dissatisfaction with the present law.

(e) Gives local systems the option of spending more for education at their own expense.

In addition, should additional revenues become available, we would commit to helping those towns disadvantaged as well as in the area of construction, but only providing that our commitment of state dollars has a maximum ceiling and a known funding level. Also, while I support the elimination of dedicated and special revenue accounts, I feel a much more careful study of this area of financing should be made before we try to decide whether these funds should be used for present education deficits.

We will work closely with the Education Committee in the preparation of legislation in this vital area, but I feel strongly the people of Maine want a funding bill to include the basic ingredients I have outlined.

Employee Pay Raise

While I believe strongly that the people of this state cannot afford a tax increase, I realize that some of our state employees are underpaid. I think it is important to point out that many states are experiencing financial problems similar to those we

have in Maine. Other states have found it necessary to make across-the-board cut-backs. We have avoided that approach even though there are still some areas of overstaffing, particularly in light of our tight finances. Those cuts we have made have primarily been made through attrition.

The Regular Session of this Legislature authorized a comprehensive review of the classification and compensation system for state employees. That report is being finalized and should be available for distribution soon. I am sure you will agree with me that this study should be received and evaluated before the Legislature considers any pay raise legislation. It is important to keep in mind that this study was not designed to address the question of overstaffing. The study primarily concerned itself with salary scales in certain employee classifications. Furthermore, it has been pointed out to me that when legislators, in Maine or in any state, dictate the number of state employees in any given department of government. The taxpayers end up paying for maximums instead of minimums. This is an area in which I ask the Legislature to delegate this management responsibility in the future in fairness to both those necessary, dedicated and able state employees as well as the taxpayers of Maine. I continue to be hopeful that we can implement an adequate and effective classification and compensation plan for state employees without increasing the tax burden. In my previous dialogue with legislative leadership, we have agreed to defer the initiation of matters of budget and financial impact until later in this session when we will have more accurate revenue data. For this reason, and because I called this session earlier than I had originally planned so we could deal with the education funding problem, I will be making a specific recommendation in regard to employee salary adjustments in the next few weeks. My staff and department heads are pursuing alternatives for funding an increase.

We have tried in every way to keep our word with legislative leadership and our legislative package for this session will not be a lengthy one. In addition to asking this Legislature to address Appropriations matters at a later date, I also would ask to present my full legislative program in a written message within the next few days.

In the end, I would ask this Legislature to join with me to do four things for the people of Maine in this Special Session:

(1) Help establish a firm philosophy of fiscal responsibility for all branches of government and thereby create a "corporation of Maine people" that will administer government in the most economical manner possible.

(2) Help avoid imposing an additional tax on the already overburdened people of Maine.

(3) Act immediately to correct the inequities and close the loop-holes in our present school funding law, resolve our current deficits and prevent future deficits.

(4) If at all possible, help us find within our existing resources funds to help underpaid state employees.

If we work together, I am confident we can attain those goals and I am confident that the people of Maine will be the grateful beneficiaries.

Finally, I would hope that you would agree with me that it is deceitful to lead people to believe government can be all

things to all people because when we try to be all things to all people, we end up being less things to most people.

Thank you very much.

At the conclusion of the Governor's address, the Governor and his suite withdrew amid applause, the audience rising.

The purpose for which the Convention was assembled having been accomplished, the Chairman declared the same dissolved and the Senate retired to its Chambers, amid applause of the House, the members rising.

In the House

The House was called to order by the Speaker.

Bills from the Senate requiring reference to Committee were disposed of in concurrence.

On motion of Mr. Rolde of York
Adjourned until ten o'clock tomorrow morning.