

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

Wednesday, March 10, 1976

The House met according to adjournment and was called to order by the Speaker.

Prayer by the Reverend E. Millett Cummings of Norway.

The journal of yesterday was read and approved.

Papers from the Senate

From the Senate: The following Joint Resolution: (S. P. 743)

IN MEMORIAM

Having Learned of the Death of Sanford Judson Dunaway of Ogunquit who was Widely and Fondly Known for his many Philanthropic Deeds

The Senate and House of Representatives of the State of Maine do hereby extend their sincere heartfelt condolences and sympathy to the bereaved family and friends of the deceased; and further

While duly assembled in session at the State Capitol in Augusta under the Constitution and Laws of the State of Maine, do herein direct that this official expression of sorrow be forthwith sent to the family of the deceased on behalf of the Legislature and the people of the State of Maine.

Came from the Senate read and adopted.

In the House, the Resolution was read.

The SPEAKER: The Chair recognizes the gentleman from South Berwick, Mr. Goodwin.

Mr. GOODWIN: Mr. Speaker, Ladies and Gentlemen of the House: I would be remiss if I didn't say a few words on Mr. Dunaway's behalf.

Mr. Dunaway will be well remembered by the people in southern York County and New Hampshire for all the work he did. The people of Waban want to express a tremendous thanks on his behalf because of all the gifts that he gave to the camp. It probably wouldn't be here today if it wasn't for our Mr. Dunaway. He gave millions of dollars to various projects throughout our whole area, the Dover Hospital, the Ogunquit Community Center, several swimming pools for the various towns in the area, and his presence will be sorely missed by all the people in our area.

Thereupon, the Resolution was adopted in concurrence.

From the Senate: The following Joint Order: (S. P. 744)

WHEREAS, The Legislature has learned of the Outstanding Achievement and Exceptional Accomplishment of the Panthers of Rumford High School Boys' Basketball Team Western Maine Class A Champions and Undeclared in Twenty-one Games

We the Members of the Senate and House of Representatives do hereby Order that our congratulations and acknowledgement be extended; and further

Order and direct, while duly assembled in session at the Capitol in Augusta, under the Constitution and Laws of the State of Maine, that this official expression of pride be sent forthwith on behalf of the Legislature and the people of the State of Maine.

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. 745)

WHEREAS, The Legislature has learned of the Outstanding Achievement and Exceptional Accomplishment of Mr. and Mrs. Lauren F. Kelley who have Continuously Served and Maintained in Their Home From 1926 to 1976 the Office of Town Clerk of Belgrade, Maine

We the Members of the Senate and House of Representatives do hereby Order that our congratulations and acknowledgement be extended; and further

Order and direct, while duly assembled in session at the Capitol in Augusta, under the Constitution and Laws of the State of Maine, that this official expression of pride be sent forthwith on behalf of the Legislature and the people of the State of Maine.

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. 746)

WHEREAS, The Legislature has learned of the Outstanding Achievement and Exceptional Accomplishment of Earl H. Mineau, M. D. of Friendship for His Assistance in Emergencies and for His Work at the First Aid Station in Friendship

We the Members of the Senate and House of Representatives do hereby Order that our congratulations and acknowledgement be extended; and further

Order and direct, while duly assembled in session at the Capitol in Augusta, under the Constitution and Laws of the State of Maine, that this official expression of pride be sent forthwith on behalf of the Legislature and the people of the State of Maine.

Came from the Senate read and passed.

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

Reports of Committees

Ought to Pass in New Draft

Committee on Transportation on Bill "An Act to Establish the Waldo County Transportation Authority" (S. P. 680) (L. D. 2171) reporting "Ought to Pass" in New Draft under New Title Bill "An Act to Establish the Belfast and Moosehead Lake Railroad Authority" (S. P. 741) (L. D. 2292)

Came from the Senate with the Report read and accepted and the New Draft Passed to be Engrossed.

In the House, the Report was read and accepted in concurrence, the New Draft read once and assigned for second reading tomorrow.

Orders

Mr. Norris of Brewer presented the following Joint Order and moved its passage: (H. P. 2175) (Cosponsors: Messrs. Cox of Brewer, Kelleher of Bangor)

WHEREAS, The Legislature has learned of the Outstanding Achievement and Exceptional Accomplishment of William C. Hughes of Brewer for His Heroic Actions During the Flood at Bangor on February 2, 1976

We the Members of the House of Representatives and Senate do hereby Order that our congratulations and acknowledgement be extended; and further

Order and direct, while duly assembled in session at the Capitol in Augusta, under the Constitution and Laws of the State of Maine, that this official expression of pride

be sent forthwith on behalf of the Legislature and the people of the State of Maine.

The Order was read.

The SPEAKER: The Chair recognizes the gentleman from Brewer, Mr. Norris.

Mr. NORRIS: Mr. Speaker, Ladies and Gentlemen of the House: This is a question of a tragic time, as you know, in Bangor, and the story of a rather unsung hero. He had no recognition at all, but with a great deal of foresight and thinking quickly did borrow a boat and rescued a number of people, including the young gentleman and young lady that we had here previously from the top of automobiles and by getting the boat and thinking quickly, probably did prevent a loss of life in several instances. Mr. Hughes is in the back of the House today. (Applause, the members rising.)

Thereupon, the Order received passage and was sent up for concurrence.

By unanimous consent, ordered sent forthwith to the Senate.

Mr. Teague of Fairfield presented the following Joint Order and moved its passage: (H. P. 2176) (Cosponsor: Mr. Hunter of Benton)

WHEREAS, The Legislature has learned of the Outstanding Achievement and Exceptional Accomplishment of the Bulldogs of Lawrence High School Boys' Basketball Team and Their Coach, Gus Folsom Eastern Maine Class A Champions

We the Members of the House of Representatives and Senate do hereby Order that our congratulations and acknowledgement be extended; and further

Order and direct, while duly assembled in session at the Capitol in Augusta, under the Constitution and Laws of the State of Maine, that this official expression of pride be sent forthwith on behalf of the Legislature and the people of the State of Maine.

The Order was read.

The SPEAKER: The Chair recognizes the gentleman from East Millinocket, Mr. Birt.

Mr. BIRT: Mr. Speaker and Members of the House: I think there is a rather unusual circumstance surrounding this order. The coach of Lawrence High School is a very fine young fellow who came out of Millinocket and he actually was born and brought up in what is part of my legislative district. He went to school in a school that is located in Representative Laverty's district, and we find that the gentleman who represents that area sits between us, and Mrs. Laverty and I extend to him and to Gus Folsom and his entire team our heartfelt congratulations.

Thereupon, the Order received passage and was sent up for concurrence.

Mr. Torrey of Poland presented the following Joint Resolution and moved its adoption: (H. P. 2177)

IN MEMORIAM

Having Learned of the Death of The Honorable Edith W. Hatch who was a Member of the 93rd and 98th Legislatures and an Outstanding Citizen of Minot

The Senate and House of Representatives of the State of Maine do hereby extend their sincere heartfelt condolences and sympathy to the bereaved family and friends of the deceased; and further

While duly assembled in session at the State Capitol in Augusta under the

Constitution and Laws of the State of Maine, do herein direct that this official expression of sorrow be forthwith sent to the family of the deceased on behalf of the Legislature and the people of the State of Maine.

The Resolution was read and adopted and sent up for concurrence.

Mr. Powell of Wallgrass Plantation presented the following Joint Order and moved its passage: (H. P. 2180)

WHEREAS, The Legislature has learned of the Outstanding Achievement and Exceptional Accomplishment of Miss Carol Marquis of Fort Kent, Maine Maine's Junior Miss for 1976

We the Members of the House of Representatives and Senate do hereby Order that our congratulations and acknowledgement be extended; and further

Order and direct, while duly assembled in session at the Capitol in Augusta, under the Constitution and Laws of the State of Maine, that this official expression of pride be sent forthwith on behalf of the Legislature and the people of the State of Maine.

The Order was read and passed and sent up for concurrence.

On motion of Mr. Albert of Limetstone, it was

ORDERED, that Richard Spencer of Standish be excused March 8th and 9th for health reasons.

AND BE IT FURTHER ORDERED, that Neil Rolde of York be excused March 8th, March 9th and March 10th for health reasons.

Mr. Quinn of Gorham presented the following Joint Order and moved its passage: (H. P. 2181)

WHEREAS, the present state-wide University of Maine system was created on the recommendation of the Coles Commission of 10 years ago; and

WHEREAS, pervasive economic and societal changes have taken place in Maine since that time and a wide range of problems has developed; and

WHEREAS, the expense of operating the institution appears to exceed available revenues; and

WHEREAS, there is widespread concern about the needs and missions of individual campuses; and

WHEREAS, the allocation of legislative appropriations among the campuses and for instruction, services and administration is a continuing problem; and

WHEREAS, according to information reaching this Legislature, there are serious morale problems and uncertainty among the faculty and employees of the university; and

WHEREAS, this Legislature desires to maintain the best possible institution to represent our State and to educate our people; and

WHEREAS, the Legislature has little opportunity to review and discuss the specific operations of the university; and

WHEREAS, the dedication of university employees demand our respect and consideration and these people of the university have had little chance to be heard directly by the Legislature; and

WHEREAS, the review of the university cost effectiveness by the subcommittee of the Legislative Council established by this Legislature has not been fully completed

and this subcommittee in its Report has recommended that a review of university operations continue; now, therefore, be it

ORDERED, that the Joint Standing Committee on Performance Audit study and report on operations of the University of Maine with the goal of determining the effectiveness of current organization and operational policies; and be it further

ORDERED, that the committee specifically review the relationships and relative costs of the faculty versus the administration of the university; and be it further

ORDERED, that the committee shall specifically study and report on the desirability of establishing a Joint Standing Committee of the Legislature on the University of Maine; and be it further

ORDERED, the Senate concurring, that the committee shall complete this study no later than 90 days prior to the next regular session of the Legislature, and submit to the Legislative Council within the same time period its findings and recommendations, including copies of any recommended legislation in final draft form; and be it further

ORDERED, that upon passage of this Order in concurrence, the Clerk of the House shall forward a suitable copy of this Order to the Senate and House chairmen of the committee.

The Order was read.

The SPEAKER: The Chair recognizes the gentleman from Gorham, Mr. Quinn.

Mr. QUINN: Mr. Speaker, Ladies and Gentlemen of the House: Very briefly, this is the order that we had two days ago, which I amended once, that we had yesterday, and I have conceded to the wisdom of the remarks of the gentleman who felt that this should be one committee. The order, as you see it before you now, assigns this review of the university operations to the Joint Standing Committee on Performance Audit. It also directs that this committee will specifically comment at the conclusion of their study on the desirability of establishing a permanent committee within the legislature at some time in the future. Other than that, it remains unchanged.

The SPEAKER: The Chair recognizes the gentleman from Bridgewater, Mr. Finemore.

Mr. FINEMORE: Mr. Speaker, I would like to request that the gentleman from South Portland, Mr. Hinds, express his feelings on the committee they had last summer and the number they had on that committee and the work that they did.

The SPEAKER: The Chair recognizes the gentleman from South Portland, Mr. Hinds.

Mr. HINDS: Mr. Speaker, Ladies and Gentlemen of the House: I was a member of the leadership committee, Arthur Lynch and myself, on a study of the University of Maine the last year or so. There were, I believe, five members to that committee and we came up with some conclusions but didn't have the time, because of the start of the legislative session, to do as much as we would like to do. I would support this order to continue this study.

I guess Mr. Finemore was probably referring to the fact that perhaps five or six people can do as good a job on a complicated subject as can thirteen.

The SPEAKER: The Chair recognizes the gentlewoman from Auburn, Mrs. Lewis.

Mrs. LEWIS: Mr. Speaker, Ladies and Gentlemen of the House: I would have to

oppose this order. I think we have had so many studies done on the University of Maine that it seems to me a couple of telephone calls ought to be able to update it.

We have just heard about the committee Mr. Hinds was on. I was on the Education Committee that studied the University of Maine. The Maine Management and Cost Survey did a study of the University of Maine. I think we could gather all this material together, make a couple of pertinent phone calls and update it completely.

Yesterday in the debate, the gentleman from Brewer, Mr. Norris, had said that I had asked some very pertinent questions of the Chancellor. Well, I was flattered that he felt my questions were so pertinent but, actually, I didn't really ask any questions, I just suggested that tuition at the graduate level, especially at the law school, be raised. That was a concrete suggestion that I think would be very easy to implement and would bring more funds into the state from the university system.

I would have to oppose this order. I really think it is a duplication of time and a waste of money.

The SPEAKER: The Chair recognizes the gentleman from Cumberland, Mr. Garsoe.

Mr. GARSOE: Mr. Speaker, Ladies and Gentlemen of the House: I am going to oppose this order today, too, but not for reasons of cost, although I think that is a factor, but as to what we might expect to accomplish, because I have to remind myself that this university is operated by an autonomous board of trustees, and I wonder just where a study would lead us. Would it lead us to attempting to determine whether the course offerings were being duplicated, would it lead us into the mechanics and workings of the university? If it did lead us into that area, I would have to say that I don't think it is an area we should be in.

That board of trustees is one hundred percent responsible for what goes on in that university, and if they aren't getting the message from the hearings that they are attending here in the legislature as to what the legislative reaction is, then they need to take a course of some sort.

The suggestions that I heard in support of this study the other day I think seem to have generated internally in the university, and I think they should redirect their attention to the governing body of that institution and accomplish whatever needs to be accomplished through that device.

For these reasons, I will oppose this study order.

The SPEAKER: The Chair recognizes the gentleman from Brewer, Mr. Cox.

Mr. COX: Mr. Speaker and Members of the House: I am not too familiar with the type of study that has been carried on, but I get the impression that it was mostly concerned with internal workings of the system, whereas there seems to be considerable doubt about the whole structure of the system.

I think perhaps we need a study that would address itself to the whole structure of the system, specifically the whole concept of the super university. There seems to be a lot of dissatisfaction with this whole concept of the super university system, and I might at this time ask if this was addressed in any of the studies that were done previously?

The SPEAKER: The Chair recognizes the gentleman from Lewiston, Mr. Jalbert.

Mr. JALBERT: Mr. Speaker and Members of the House: Is it within my prerogative to ask you a question?

The SPEAKER: The gentleman may pose his question.

Mr. JALBERT: Mr. Speaker, it is my understanding just as I came in here that there was a possibility of a subcommittee being made within the Performance Audit Committee and a subcommittee within the Appropriations Committee and a subcommittee under the Governor being formed to study this thing. Are you aware of anything like that? I know that a friend of yours in the other branch wanted to see you before we convened.

I see something else added to this order. I listened to Mr. Hinds. Yesterday, when I talked about people that I knew could do the work on this and I may as well name names, the Representative from South Portland, Mr. Hinds, is one of those that he and I got together loud and long on this thing to really fair the thing out and he is one that I would consider as good a man to ferret things out as there is in this body.

I would like to see a committee within the Performance Audit Committee, four or five that would go here and then another subcommittee of four or five that will go there, because thinking the things over the subcommittee within a committee like that must know what is going on so that they can report to the full committee, thence to the Legislative Council, thence from there to the legislature.

Also, I would like to see the thing changed around, it says no later than 90 days prior to the regular session of the Legislature, at least just for the sake of the possibility that things might be ready and that we might come back, it should have read "at any special or regular session of the legislature" and also, I am certainly not in accord with the setting up of a committee concerning itself with just the University of Maine. I think that would be very expensive, I don't think it would work at all and I don't think it would get anywhere on the other side. I am just making observations.

The SPEAKER: The Chair recognizes the gentleman from Kittery, Mr. Kauffman.

Mr. KAUFFMAN: Mr. Speaker, Ladies and Gentlemen of the House: I rise to support this order. I think that the time has come when the University of Maine should have a complete study. I have talked with teachers in the various subdivisions of the University of Maine and I have not yet to see one who has said that it is not overstuffed, over administered, and a waste of professional teaching abilities, when teachers will have four and five mathematic students to a class. I think it is time the taxpayers in the State of Maine should be aware of this fact and get this right down on a business-like level.

Furthermore, I attended a Republican caucus a couple of days ago. We had the Chancellor there. I asked certain questions in regard to the federal grants and I never got a better snow job in my life for answers.

A year ago, Representative Carroll sent a letter to the Chancellor asking for a breakdown on federal funds received, how they were expended and where the money went. And as of right now, I don't believe Representative Carroll has gotten an answer to that letter. They have a bureaucracy, they don't give a darn for the taxpayers. I think they are catering more to out-of-state students than they are to our

residents of the State of Maine. I urge you to support this order.

The SPEAKER: The Chair recognizes the gentleman from Auburn, Mr. Hughes.

Mr. HUGHES: Mr. Speaker, Ladies and Gentlemen of the House: I, too, support this order. It seems to me that there is a proper role for the board of trustees of the university, and that is to operate the university. There is also a proper role for this legislature, to make sure that the \$35 million which we are putting into the University this year is well spent. I should add \$32 million which is proposed to put in next year.

I think we need to take very seriously the proper legislative role in operating the university, and I would urge support of this kind of study committee or any other committee. I have no special favorite as to which committee does the work.

The reality is right now that the university has roughly two or three hours before the Appropriations Committee to make its case each year. They occasionally appear before the Education Committee for a few hours, and that is about the extent of the formal contact between the university and the legislature. I think that is just not sufficient for an operation which takes a rather sizable proportion of the state budget.

I would ask the passage of an order which creates some kind of study commission. I personally hope it does lead to a permanent committee on the University of Maine, and I have personally no hesitation in saying that when enough legislators take the time necessary to get the answers they want, that those answers will be generally favorable.

The SPEAKER: The Chair recognizes the gentleman from Livermore Falls, Mr. Lynch.

Mr. LYNCH: Mr. Speaker, Ladies and Gentlemen of the House: I don't believe any legislative committee is going to do anything but a superficial study of the university system.

I have served on two committees now. It has been my experience that we just graze the surface. I think to examine the university system, and I think it has to be done because of the concerns that have been expressed in this legislature and past legislatures, concerns as to whether the university is doing what it should be doing, I doubt if any legislative committee is going to get into the depth required to do a study of this sort.

The SPEAKER: The Chair recognizes the gentleman from Orono, Mr. Davies.

Mr. DAVIES: Mr. Speaker, Ladies and Gentlemen of the House: This afternoon the Joint Standing Committee on Appropriations and Financial Affairs will be hearing the university's request for an increase in its budget. Now, the success of this proposal hinges a great deal on the feeling of the members of this body and the body down at the other end of the hall on some very serious matters pertaining to the university, number one of which is the operation of the super university system.

We can not really fairly give judgment on this bill, I think, this time without also saying that we really have to examine the super university system in the interim between now and the next proposal that they make for a budget. If we don't take this stand through the committee on Performance Audit, what other committee do we have to turn to? What other source of information do we have to turn to? I hear every single day from my constituents of

all types, students, faculty, staff, employees of the university, they want to know what is going on because they really see that their university is suffering. They are not getting the adequate amount of funds necessary to operate a state university in a state that desperately needs education. They feel very strongly that one of the reasons why they are unable to get this money is because of problems in the administration which makes it difficult, if not impossible, to present the best possible case for the university. They want to know what can be done, and the only people that they can turn to that they can rely on are us. I urge you to support this order.

The SPEAKER: The Chair recognizes the gentlewoman from Madison, Mrs. Berry.

Mrs. BERRY: Mr. Speaker and Members of the House: I don't know if this order came last week how I would have voted. After attending the caucus the other day with the Chancellor and some eight or nine other people from the University of Maine, I think I am going to. We didn't get a straight answer at all on the many questions that were asked of the Chancellor, and I would hope that those two calls that the Representative from Auburn is recommending isn't to the Chancellor's Office, because I think we will be more confused after that than we are now.

I think the Performance Audit Committee is doing a good job on their studies. They aren't particularly educators and I think they will do a fair job. I am going to support this order and I hope that others will also.

The SPEAKER: The Chair recognizes the gentleman from Portland, Mr. LaPointe.

Mr. LAPOINTE: Mr. Speaker, Ladies and Gentlemen of the House: Very briefly, I am going to support the order this morning, because I think the gentleman from Gorham, Mr. Quinn, has rewritten the order in such a way that it has removed any objections that I had in the order when I spoke on it yesterday.

I would like to share with you one of the reasons I am going to support this order. Informally, last fall, I became aware of an internal study of the University of Maine that was entitled something to the effect "Resource Allocation within the University of Maine System." I sent a letter to the chancellor when I became aware of this particular study that was done internally by the university, and I received a very short letter back saying that the report was unavailable at this particular time.

In the meantime, since I received that first very brief correspondence from the Chancellor on my request for a copy of this study, I have received, as you have also received, numerous letters articulating eloquently needs for the university in its continued funding from the legislature.

I think that this particular study that was conducted last fall and last summer by the university is an important planning document on the allocation of the resources that are made available to the University of Maine. There are a number of people, both on the faculty and the administration of the campuses, that I am close to in my area that would like to see copies of that report and see that report discussed. I was denied access to that report, and I think this would be the type of information that the Performance Audit

Committee or any committee of this legislature should have, particularly when it is being asked to appropriate five or six million dollars to the University of Maine, so I hope we support this order.

The SPEAKER: The Chair recognizes the gentleman from Eastport, Mr. Mills.

Mr. MILLS: Mr. Speaker, Ladies and Gentlemen of the House: I have listened to the discussion here this morning, and the part of the whole thing with the university that disturbs me after several sessions of being up here is that when the people back in my area ask me the questions that they do, we have no available answers where you can say this is so and that is so, it is a provable fact. You just can't supply it.

I am in favor of this Performance Audit Committee doing this job.

Mr. Davies of Orono requested a roll call vote.

The SPEAKER: For the Chair to order a roll call, it must have the expressed desire of one fifth of the members present and voting. All those desiring a roll call vote will vote yes; those opposed will vote no.

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

The SPEAKER: The pending question is on passage of Joint Order 2181 to study the University of Maine. All in favor of passage will vote yes; those opposed will vote no.

ROLL CALL

YEAS — Albert, Bachrach, Bennett, Berry, G.W.; Berube, Birt, Blodgett, Boudreau, Burns, Bustin, Carey, Carpenter, Carter, Chonko, Churchill, Clark, Connolly, Cooney, Cote, Cox, Curran, P.; Dam, Davies, Doak, Dow, Drigotas, Dudley, Durgin, Dyer, Farley, Farnham, Fenlason, Finemore, Flanagan, Fraser, Goodwin, H.; Goodwin, K.; Gray, Greenlaw, Henderson, Hennessey, Hewes, Higgins, Hinds, Hobbins, Hughes, Hutchings, Immonen, Ingegnieri, Jackson, Jacques, Jalbert, Jensen, Joyce, Kany, Kauffman, Kelleher, Kennedy, LaPointe, Laverty, LeBlanc, Leonard, Lewin, Lovell, Lunt, Lynch, MacEachern, Mackel, Mahany, Martin, A.; McBrairty, McKernan, McMahon, Mills, Miskavage, Mitchell, Morton, Nadeau, Najarian, Norris, Palmer, Peakes, Pearson, Pelosi, Perkins, S.; Peterson, P.; Post, Powell, Quinn, Raymond, Rideout, Rollins, Saunders, Shute, Silverman, Smith, Snow, Snowe, Sprowl, Strout, Stubbs, Susi, Tarr, Teague, Tierney, Tozier, Usher, Wagner, Walker, Webber, Wilfong and Winship.

NAYS — Ault, Bagley, Berry, P.P.; Byers, Call, Connors, Garsoe, Gould, Hunter, Laffin, Lewis, Littlefield, Lizotte, MacLeod, Maxwell, Perkins, T.; Pierce, Theriault, Torrey, Truman, Twitchell and Tyndale.

ABSENT — Bowie, Carroll, Curran, R.; Curtis, DeVane, Faucher, Gauthier, Hall, Kelley, Martin, R.; Morin, Mulkern, Peterson, T.; Rolde, Spencer and Talbot.

Yes, 112; No, 22; Absent, 16.

The SPEAKER: One hundred twelve having voted in the affirmative and twenty-two in the negative, with sixteen being absent, the motion does prevail.

Sent up for concurrence.

The following Enactors appearing on Supplement No. 1 were taken up out or order by unanimous consent:

Passed to be Enacted Emergency Measure

An Act Extending the Time During

Which School Budgets May be Adopted (S. P. 665) (L. D. 2103)

Was reported by the Committee on Engrossed Bills as truly and strictly engrossed. This being an emergency measure and a two-thirds vote of all the members elected to the House being necessary, a total was taken. 124 voted in favor of same and none against, and accordingly the Bill was passed to be enacted, signed by the Speaker and sent to the Senate.

By unanimous consent, ordered sent forthwith to the Senate.

Passed to Be Enacted

An Act to Exempt Small Financial Institutions from Certain Insurance Requirements (S. P. 654) (L. D. 2069) (C. "A" S-422)

Was reported by the Committee on Engrossed Bills as truly and strictly engrossed.

The SPEAKER: The Chair recognizes the gentleman from Waterville, Mr. Pierce.

Mr. PIERCE: Mr. Speaker, Ladies and Gentlemen of the House: This bill was before a committee of which I am a member, Business Legislation, and depending on how you want to look at it, I was either on the wrong end or the right end of a 12 to 1 committee report. Since it was by that margin, I am not going to take a great deal of time this morning in arguing this measure. However, I did feel that in good conscience I didn't just want to let it go through without telling you why I feel that this is not a good bill.

This bill originally would have exempted the three smallest banks in the State of Maine, those with under \$500,000 assets from having to have insurance. Now, the State of Maine has said, and I think it a wise decision, that all banks in the state shall have insurance. Now we come along with this exemption for the three smallest banks. Well, in talking it over in committee, we decided by lowering it further, we could eliminate two of those so the bill wouldn't be quite as bad. Now, with the amendment, it is down to one bank, a \$250,000 exemption. I ask you, if any banks should be insured, should it not be the smallest one? Why not take the soundest bank, one of the largest in the state, and say, you don't have to have insurance, but no, we exempt the smallest one.

I know that this is probably a sound bank. There are no particular problems with it, and probably nothing would ever happen if we pass this bill. I think it is a very bad exemption for us to pass. I think it may very well relate that not so long ago we saw the last grain store in the State of Maine go out of business. Well, maybe we should have exempted them from the sales tax and saved them, because this is the same type of legislation that we have here. I say that what is good for the goose is good for the gander. I think it is a very sound policy for us to follow, to require that all banks in this state shall have insurance.

I would move for indefinite postponement of this bill and all its accompanying papers.

The SPEAKER: The gentleman from Waterville, Mr. Pierce, moves that this Bill and all its accompanying papers be indefinitely postponed.

The Chair recognizes the gentlewoman from Portland, Mrs. Boudreau.

Mrs. BOUDREAU: Mr. Speaker and Members of the House: I oppose the motion now before you. As far as this bank

being insured, it is insured, because it keeps its money in other banks that are insured. They keep very, very little money in the office that they run.

This bank is the only thrift bank in the area. We are exempting them from the provisions because it is not worthwhile for any big bank to go into the area, and this is the only place that these local people can receive mortgage money as it now is. As far as being worried about their money not being safe, it is because it is kept in other banks that are insured.

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

Mrs. KANY: Mr. Speaker and Members of the House: I don't know that much about this bill and consequently have a question. This particular financial institution that you are talking about, are they required by law to keep their money in another bank or is it purely a matter of choice? Can anyone of the committee answer that question for me?

The SPEAKER: The gentlewoman from Waterville, Mrs. Kany, has posed a question through the Chair to anyone who may care to answer.

The Chair recognizes the gentlewoman from Portland, Mrs. Boudreau.

Mrs. BOUDREAU: Mr. Speaker and Members of the House: They are not required by law, but this is a bank in a small town. They are very frugal and they are taking good care of the money. They are keeping it in other banks because they really have no other place to keep it.

The SPEAKER: The Chair recognizes the gentlewoman from Freeport, Mrs. Clark.

Mrs. CLARK: Mr. Speaker, Men and Women of the House: I would hope that you would support the committee's decision, which was a majority "ought to pass" report on this bill.

We are talking specifically about Mechanic Falls Home and Building Association, a small financial institution located in one of our rural communities in this state which has net assets of \$124,000 and gross assets of \$175,000.

The remarks by the gentlewoman from Portland, Representative Boudreau, are pertinent to the issue. This is a small town institution. It is situated geographically disadvantageously to the extent that there are none of the other financial institutions in the area or in the surrounding bigger communities who wish to service this community.

We have had overwhelming support at the public hearing, which was on the 4th of February this year to support the retention of the existence of this small financial institution. It is unique, it does provide service to the community and to the citizens of that area. We simply ask that we give them a chance to survive.

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

Mr. PEAKES: Mr. Speaker, Ladies and Gentlemen of the House: During our hearing, these people came before us and we inquired into the manner in which they were conducting their business.

I think Representative Pierce will agree if we force them to have the insurance that is required of the larger banks it will, in fact, close them down.

The essence of the situation is that they are performing a needed service in the area. I feel that we are not using bad business judgment to let them continue to serve the needs of the people in that area. I

don't think the other larger banks are interested in handling this particular part of the business that they are serving. I think that they are in the true tradition of the State of Maine, a worthwhile enterprise and that they aren't doing anything wrong. They are trying to compete and I hope that we will allow them to go on and continue their banking business.

The SPEAKER: The Chair recognizes the gentleman from Farmington, Mr. Morton.

Mr. MORTON: Mr. Speaker, Ladies and Gentlemen of the House: I would address two questions to the gentlewoman from Portland or anyone who cares to answer them.

Those questions are these, are the depositors insured? I know you say the banks deposits in other banks are insured, but are the depositors of this particular institution insured individually, and how much would it cost this bank to get that insurance for their depositors?

The SPEAKER: The gentleman from Farmington, Mr. Morton, poses a question through the Chair to anyone who cares to answer.

The Chair recognizes the gentlewoman from Portland, Mrs. Boudreau.

Mrs. BOUDREAU: Mr. Speaker, Ladies and Gentlemen of the House: Sorry, I can't answer your first question. The second question, it would cost them more than their net assets to get into the insurance.

The SPEAKER: The Chair recognizes the gentleman from Poland, Mr. Torrey.

Mr. TORREY: Mr. Speaker, Ladies and Gentlemen of the House: This concern that we are talking about this morning is located in Mechanic Falls which is in my legislative district.

I have a letter here and have been in contact with Mr. Blackburn, an attorney, who is the director of this concern. I am very appreciative of the Statements of Fact and the statements that have been made by the committee that investigated this. Just a couple of statements in here that he has advised me that they keep very little cash on hand, what they do have is kept in a safe, the money is either in a checking account at a neighboring bank or in a savings bank in the city of Auburn, they have no need to keep sophisticated security measures, and we are currently able to pay 6 percent on deposits and charge 8 percent on our mortgages. We can afford these rates because our overhead expenses are low. I am sure that if they weren't granted this exemption, they probably would be forced out of business and might be a hardship to the community.

The SPEAKER: The Chair recognizes the gentleman from Scarborough, Mr. Higgins.

Mr. HIGGINS: Mr. Speaker, Ladies and Gentlemen of the House: I would hope that you would not vote in favor of this indefinite postponement today.

As a member of the committee, I would like to draw your attention to the Committee Amendment "A" which does supersede the bill. All it says is that the superintendent may waive this requirement, it does not say he shall, but he may waive this requirement for a financial institution if such institution demonstrates to the superintendent that it is satisfying a particular community need which can not be sufficiently met by other financial institutions and that it has adequate security for its deposit accounts.

I don't think that the superintendent of banks and banking is going to waive any requirements if he feels there is any possibility of jeopardy of any of the particular holders of cash in that particular bank. They are still going to be subject to other audits and whatever is given to them by the Superintendent of Banks and Banking and I think that this particular bank is providing a service that is needed in a particular area and I don't think that even though it may be picking out one particular institution we should not defeat this bill because it does provide a very good service to the people of the Mechanic Falls area.

The SPEAKER: The Chair recognizes the gentlewoman from Millinocket, Mrs. Laverty.

Mrs. LAVERTY: Mr. Speaker and Members of the House: I would like to ask the gentleman who just spoke, why a bigger bank that is insured has not put a branch in this area? Could it not put a branch in the area and take over this struggling small bank that you are concerned with?

The SPEAKER: The gentlewoman from Millinocket, Mrs. Laverty, has posed a question through the Chair to the gentleman from Scarborough, Mr. Higgins, who may answer if he so desires.

The Chair recognizes the gentleman from Scarborough, Mr. Higgins.

Mr. HIGGINS: Mr. Speaker, Ladies and Gentlemen of the House: I think the answer is simply the economics of it. We are talking about a bank here which has deposits of less than \$25,000 and I don't think you would find a bank in the state who would be interested in moving into any area with such a small amount of cash turnover and the small amount of loans they might possibly make during any particular year.

The SPEAKER: The Chair recognizes the gentleman from Waterville, Mr. Pierce.

Mr. PIERCE: Mr. Speaker, Ladies and Gentlemen of the House: I am afraid I must take issue with my good friend from Scarborough, Mr. Higgins, because in answer to Mrs. Laverty's question there already is another bank there, the Depositors Trust has a branch in Mechanic Falls. I have heard that this is a frugal little bank in question, it is a nice little bank, and they aren't doing anybody any harm. Well, I agree, it is a frugal little bank, it is a nice little bank and right now they are not doing anybody any harm, but this is not a frugal little bill or a nice little bill, it is a bad bill. The bill that we first heard concerned three banks, as I mention to you before, not one. Two out of the three banks didn't show up at the hearing or send representatives because I think knew that probably or they thought in our wisdom we wouldn't allow this bill to pass. The people that did show up from Mechanic Falls were not — the committee room was not filled with the general citizenry concerned about their bank closing. The bank's lawyer was there and he certainly doesn't want it to close and the executive director who runs this bank from his insurance office was there and he doesn't want the bank to close. The Maine Bankers Association testified against the bill.

I am not going to take any more of your time with this. I just feel or think at this point that it is a bad bill and bad precedents are set and I hate to see a nice little bank maybe not be around but maybe

it shouldn't be around and I really do think this is a bad bill.

The SPEAKER: The Chair recognizes the gentlewoman from Freeport, Mrs. Clark.

Mrs. CLARK: Mr. Speaker, Men and Women of the House: I find the remarks from the gentleman from Waterville, Mr. Pierce, interesting, for indeed the Maine Bankers Association did not testify at the public hearing against this bill. I also find it particularly interesting that the gentleman can surmise the position of the other two banks which would have been affected under the original bill. That bank, one is located in Bucksport and another one is located in Skowhegan, for indeed they did not show up at the hearing. This bill was introduced by the honorable gentleman from the other body and he was requested to introduce this from his constituents in his senatorial district.

Yes, indeed, we didn't fill the hearing room with citizens from Mechanic Falls for they were ably represented by a member of their board of directors as well as the executive director of the Mechanic Falls Savings and Loan Association. Certainly, we don't want to put a small Maine business or financial institution out of business. The amendment which Representative Higgins from Scarborough has ably explained to you, does not say, in fact, that the requirements which this bill would relieve the small bank of, is not going to be applied across the board, it is simply going to be applied at the discretion of the Superintendent of Banks and Banking. Interestingly enough, most of the loans which are extended by the Mechanic Falls Savings and Loan Association are in small amounts for they do serve the citizenry. Generally speaking, there is less than \$100 in currency on sight. Most of the loans do not exceed \$1,000 and in rare instances do reach the \$2,000 limit. I think we are indeed talking about a small Maine financial institution serving its geographical area in which the Depositors Trust Company does not find economically advantageous to the extent that they will be open even five days a week, for, in fact, they are not open five days a week.

The SPEAKER: The Chair recognizes the gentleman from Orono, Mr. Wagner.

Mr. WAGNER: Mr. Speaker, Ladies and Gentlemen of the House: I would like to pose a question through the Chair to anyone who may care to answer, a brief question.

As I read the bill, the superintendent may waive the requirements for insurance of deposits that meet FDIC requirements. I am wondering if the superintendent, at his discretion may impose a lower level of insurance or some alternate level of insurance that the institution could meet and would protect the investors to some extent?

The SPEAKER: The gentleman from Orono, Mr. Wagner, poses a question through the Chair to any member who cares to answer.

The Chair recognizes the gentlewoman from Freeport, Mrs. Clark.

Mrs. CLARK: Mr. Speaker and Members of the House: The answer is no. The amount is \$250,000.

The SPEAKER: The Chair recognizes the gentlewoman from Orls Head, Mrs. Post.

Mrs. POST: Mr. Speaker and Members of the House: I would like to pose two questions through the Chair if I could. One is, would this particular bill also apply to

credit unions, because it is my understanding there are others with under \$250,000 assets? The other is, isn't the insurance necessary not necessarily to protect against robbery. I think there has been a great deal of discussion about the security of the small amount of money that this bank has, but it was my understanding that the insurance also is necessary to insure that the particular bank is solvent and that that might be the biggest problem of some of the smaller banks.

The SPEAKER: The gentlewoman from Owls Head, Mrs. Post, poses two questions through the Chair to any member who cares to answer.

The Chair recognizes the gentleman from Freeport, Mrs. Clark.

Mrs. CLARK: Mr. Speaker, Ladies and Gentlemen of the House: Credit Unions are not incorporated into this bill. It was suggested at the public hearing that perhaps they be included but it was the feeling of the committee that they should not be included.

Mr. Pierce of Waterville was granted permission to speak a third time.

Mr. PIERCE: Mr. Speaker, Ladies and Gentlemen of the House: I would like on one comment just to stand corrected, it was not the Maine Bankers Association which testified against it, I was in error, it was the Maine Savings and Loan Association, which I think is naturally a different organization.

I would like to answer a couple of questions which have been raised. Number one, I think Mr. Morton brought up the point that are these people insured or aren't they? Their answer is no, they are not. Mrs. Boudreau said that most of the money is kept in another bank, through no requirement, just because they decide to do that and it is probably a good idea but there is nothing to stop them tomorrow morning from not keeping it there. I think perhaps you don't realize when we say 'bank' you are getting a picture in your mind of an ordinary bank. This is run out of an insurance office; in fact, somebody said I don't think there is a sign outside that says it is a bank. You know, it is a nice little institution that probably shouldn't be there.

The SPEAKER: The Chair recognizes the gentleman from Bangor, Mr. McKernan.

Mr. MCKERNAN: Mr. Speaker, Ladies and Gentlemen of the House: I had no particular interest in this bill until this morning.

There is one question that bothers me and it seems to be a little bit of a disagreement as to the answer to the question that has been posed. That is regardless of all the other requirements that may be imposed on this bank through the insurance, are the deposits going to be protected, if we pass this bill? My only concern on this, is whether or not people that deposit their money in that bank are going to be protected. If the bank decides tomorrow to keep all the money in their own bank instead of some other bank, are the depositors going to be adequately protected?

The SPEAKER: The gentleman from Bangor, Mr. McKernan, poses a question through the Chair to any member who cares to answer.

The Chair recognizes the gentleman from Waterville, Mr. Pierce.

Mr. PIERCE: Mr. Speaker, Ladies and Gentlemen of the House: As no one else seems to be getting up on the committee,

the answer, I think, is obviously, no, they will not be protected.

The SPEAKER: The Chair recognizes the gentlewoman from Freeport, Mrs. Clark.

Mrs. CLARK: Mr. Speaker, Ladies and Gentlemen of the House: I think the answer is, yes. The answer is yes, as a matter of interpretation because the deposits, the amount of money on sight on the premises is less than \$100. All other moneys are securely deposited in banks who come under FDIC requirements. That, in fact, is insurance.

The SPEAKER: The Chair recognizes the gentleman from Rangeley, Mr. Doak.

Mr. DOAK: Mr. Speaker, Ladies and Gentlemen of the House: This is bothering me some. I wasn't too interested in this but I have been listening very carefully here and there is a contradictory statement on the floor of the house that I think should be cleared up. The statement was made by one of the debaters that there was a bank already operating in this municipality and the other one says that this is the only one that is giving any service. I would like to have that cleared up by someone.

The other thing that I would like to know is, just how much service an institution can provide in the way of lending money and providing loans, when they only have \$100 cash on hand?

The SPEAKER: The gentleman from Rangeley, Mr. Doak, poses a series of questions through the Chair to anyone who cares to answer.

The Chair recognizes the gentlewoman from Portland, Mrs. Boudreau.

Mrs. BOUDREAU: Mr. Speaker and Members of the House: If you remembered, I said, it is the only thrift institution in the area. A thrift institution is a savings and loan or a savings bank where people obtain money for home mortgages or home repairs which a commercial bank is not too interested in.

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

Mr. PEAKES: Mr. Speaker, Ladies and Gentlemen of the House: I don't feel as strongly about this bill and that is why I haven't spoken as often as I could. I think your vote here is a vote either for free enterprise for a bank like this to develop as these other banks in our states have and if you want to close this bank down, go along with Mr. Pierce. If you want to let them continue under the scrutiny of the commissioner of banks and banking, then I suggest that we let them go on.

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

Mrs. KANY: Mr. Speaker and Members of the House: I certainly would hate to vote for a bill or against a bill which might help a small financial institution.

Consequently, I would like to ask if anyone on the committee might be interested in amending the committee amendment so that a certain percentage of the reserves of this financial institution must be put within a financial institution which does carry some insurance. I know that would satisfy me. Would anyone be interested in such an amendment? If not, I will have to vote against this bill.

The SPEAKER: The Chair recognizes the gentleman from Poland, Mr. Torrey.

Mr. TORREY: Mr. Speaker, Ladies and Gentlemen of the House: If I can just clarify this a little, maybe not. This is the Mechanic Falls Loan and Building Association, a small thrift institution. It

does have a sign outside the place of business and also a sign on the window. They are an institution that has served the community for over 90 years. Certainly in years back, none of us have been as conscious of regulations and so forth as we are now but this is an institution that has been in operation for a long time and has been satisfactory to the public. Their net assets are approximately \$120,000. I would say from what they report to me, most of those assets are in a checking account with the bank that is in the community and the other balance of that would be in a savings account with the Mechanic Savings Bank in Auburn. They have 45 mortgages with an average amount of \$3,000. I am sure that they don't have very much cash on hand, their primary business is in loans. Anyone comes in for a loan and its granted, I would suspect that loan would be given to that person in a check.

The SPEAKER: The Chair recognizes the gentleman from Ellsworth, Mr. DeVane.

Mr. DeVANE: Mr. Speaker, Ladies and Gentlemen of the House: I would like to say to my colleagues on Business Legislation, I told you so. I would like to say to the House, it is interesting to see more debate on this \$124,000 savings and loan company than we had on the entire redraft of the Maine Banking Law. Gee-whiz.

The SPEAKER: The Chair recognizes the gentleman from Bangor, Mr. Ingegneri.

Mr. INGEGNERI: Mr. Speaker, Ladies and Gentlemen of the House: I have been listening to the debate and it has been rippling all over the place and I find myself getting more confused by the minute. I would like to know if somebody from the committee could answer, what kind of insurance are we talking about. Are we talking about insurance in burglary, larceny, failure of the bank or whatever?

The SPEAKER: The gentleman from Bangor, Mr. Ingegneri, poses a question through the Chair to any member who cares to answer.

The Chair recognizes the gentlewoman from Portland, Mrs. Boudreau.

Mrs. BOUDREAU: Mr. Speaker and Members of the House: In reply to that question, it is the FDIC insurance.

The SPEAKER: The Chair recognizes the gentleman from Bangor, Mr. McKernan.

Mr. MCKERNAN: Mr. Speaker, Ladies and Gentlemen of the House: I would like to make just one final comment. That is it appears from the debate that has gone on that this bank does, in fact, use another bank for its deposits and, therefore, the depositors funds are insured adequately. However, nothing has been brought up to say that they have to do this nor that they will continue to do it.

Someone wanted to amend it so that it would say anyone who had under a certain amount in their bank could be exempt from any insurance requirements, I would be willing to go along with it. From what I know now though, I intend to vote to indefinitely postpone it because I think we have no control over what they do with their funds. If the votes are there, fine, otherwise, I think somebody could table it and an amendment like that could be prepared but I can't go along with it as long as the bank has the option after the commissioner decides, if he decides to do so, to allow them not to have insurance, to

then take all their money and leave it in the bank.

The SPEAKER: The Chair recognizes the gentleman from Durham, Mr. Tierney.

Mr. TIERNEY: Mr. Speaker, Ladies and Gentlemen of the House: You know it doesn't surprise me to hear from lawyers from big cities like Bangor or to hear from businessmen in the big city like Waterville that they don't want to see a little banking institution exist in my county of Androscoggin County.

Now the money from this institution, as you have heard from the good gentleman, Mr. Torrey, is invested almost entirely in mortgages. The people in Mechanic Falls are not taking this money and running down to their favorite security dealer and investing this on the market or on some fly-by-night investment and running a chance of going under. This money is invested right in the community itself, in the land that exists in the community itself, there is plenty of security for the amount of money that is lent. It is a good institution and it bothers me very much to hear the gentleman from Waterville, Mr. Pierce, saying that perhaps this institution just shouldn't exist anymore, and simply to issue that fiat from up here in Augusta. I don't like it. It is a good bill, there is nothing wrong with it and I think we ought to pass it.

Mr. Pierce of Waterville was granted permission to address the House a fourth time.

Mr. PIERCE: Mr. Speaker, Ladies and Gentlemen of the House: I would just like to say that perhaps there was one very important statement which was made in the committee hearing which may answer Mr. Tierney's question that he posed. I don't know if it was myself or somebody asked the head of this bank or their lawyer, what would you do if we don't pass this bill and perhaps you wouldn't be able to exist. His answer was, we would probably liquidate our assets and merge with another institution. I think that undoubtedly what would happen. I think that is the answer.

The SPEAKER: The Chair recognizes the gentlewoman from Kittery, Mrs. Durgin.

Mrs. DURGIN: Mr. Speaker, Ladies and Gentlemen of the House: I am a little reluctant about getting up because probably I am the only one here old enough to have had the experience of working in a bank back in the 30's. When the bank holiday came along, the doors were closed. The little frugal bank I worked in did not reopen. A certain percentage were paid on these deposits and many people lost their life savings. I can tell you this is very sad.

Mrs. Boudreau of Portland was granted permission to address the House a third time.

Mrs. BOUDREAU: Mr. Speaker and Members of the House: To further comment on the remarks of Representative Durgin, in the bank failures of that particular period that she is talking about, there was not a savings or a building and loan that failed.

The SPEAKER: The Chair recognizes the gentleman from Ellsworth, Mr. DeVane.

Mr. DeVANE: Mr. Speaker and Members of the House: I would ask that the Clerk read the Committee Report.

Thereupon the Committee Report was read by the Clerk.

Mr. Torrey of Poland was granted permission to address the House a third time.

Mr. TORREY: Mr. Speaker, Ladies and Gentlemen of the House: I am reminded of what the gentleman from Ellsworth, Representative DeVane said when this was a lot of discussion for a little unexpected item, and this also brings light, in my opinion, that this often happens in our town meetings, we get debate on very small issues and the larger business matters are passed over lightly.

Just one more statement, that this institution has been in operation for over 90 years. I am not positive what happened in the bank closure but certainly they weathered this storm, whether there were any losses or not, I cannot say. If this institution is forced to close it would have — one of the alternatives would be to merge with another institution which is true but that might leave this town without an office and also the institution, if it had to be moved to another location, would leave that community without a convenient place to do business.

The SPEAKER: The Chair recognizes the gentleman from Cape Elizabeth, Mr. Hewes.

Mr. HEWES: Mr. Speaker and Members of the House: I would just like to comment that this isn't a bill for just one particular bank. As far as we know, there is only one in existence now, but if this bill is passed, any bank with assets that qualified within this bill would not have to have insurance. It would seem to me that that would not necessarily be a healthy situation.

The SPEAKER: The Chair recognizes the gentlewoman from Newcastle, Mrs. Byers.

Mrs. BYERS: Mr. Speaker and Members of the House: In any case the superintendent of banking would have the authority to look this over and decide whether or not it should have this privilege.

The SPEAKER: The pending question is on the motion of the gentleman from Waterville, Mr. Pierce, that this bill and all accompanying papers be indefinitely postponed. All in favor of indefinite postponement will vote yes; those opposed will vote no.

A vote of the House was taken. 27 having voted in the affirmative and 89 having voted in the negative, the motion did not prevail.

Thereupon the Bill was passed to be enacted, signed by the Speaker and sent to the Senate.

Finally Passed

Resolve, Authorizing the Exchange of Certain Public Reserved Lands (H. P. 2066) (L. D. 2246) (C. "A" H-953)

Was reported by the Committee on Engrossed Bills as truly and strictly engrossed, the Resolve finally passed, signed by the Speaker and sent to the Senate.

By unanimous consent, ordered sent forthwith.

House Reports of Committees

Leave to Withdraw

Mrs. Saunders from the Committee on Public Utilities on Bill "An Act to Enable the Town of Cape Elizabeth to Establish Sewer Service Charges" (H. P. 1804) (L. D. 1963) reporting "Leave to Withdraw"

Report was read and accepted and sent up for concurrence.

Ought to Pass in New Draft

New Draft Printed

Mr. Rideout from the Committee on Business Legislation on Bill "An Act to

Repeal 'An Act to Increase Protection under the Uninsured Motorist Law' " (H. P. 1943) (L. D. 2130) reporting "Ought to Pass" in New Draft under New Title Bill "An Act to Amend the Uninsured Motorist Law" (H. P. 2178) (L. D. 2298)

Report was read and accepted, the New Draft read once and assigned for second reading tomorrow.

Divided Report

Majority Report of the Committee on Taxation on Bill "An Act to Permit Municipalities to Levy and Collect Service Charges for Certain Municipal Services from Tax Exempt Institutions and Organizations" (H. P. 1886) (L. D. 2064) reporting "Ought Not to Pass"

Report was signed by the following members:

Messrs. WYMAN of Washington
JACKSON of Cumberland
— of the Senate.

Messrs. MAXWELL of Jay
FINEMORE of Bridgewater
IMMONEN of West Paris
DAM of Skowhegan
TWITCHELL of Norway

— of the House.

Minority Report of the same Committee reporting "Ought to Pass" in New Draft under New Title Bill "An Act to Permit Municipalities to Levy and Collect Service Charges for Certain Municipal Services from Certain Tax Exempt Institutions and Organizations" (H. P. 2179) (L. D. 2299) on the same Bill.

Report was signed by the following members:

Messrs. DRIGOTAS of Auburn
MULKERN of Portland
SUSI of Pittsfield
COX of Brewer
MORTON of Farmington
— of the House.

Reports were read.

The SPEAKER: The Chair recognizes the gentleman from Auburn, Mr. Drigotas.

Mr. DRIGOTAS: Mr. Speaker, Ladies and Gentlemen of the House: I move the acceptance of the minority "ought to pass" report. With the ballooning costs of municipal services and the resulting upward pressure on the property tax, L. D. 2064, would be of significant benefit to the local taxpayer. This bill allows municipalities by ordinance to levy service charges on normally tax exempt institutions. This is a permissive bill, I repeat, a permissive bill. It allows municipalities to decide for themselves whether or not to levy these charges. Some needed tax relief for the property taxpayer is the reason I signed the "ought to pass" report.

The SPEAKER: Mr. Drigotas of Auburn moves the acceptance of the minority "ought to pass" report.

The Chair recognizes the gentlewoman from Brunswick, Mrs. Martin.

Mrs. MARTIN: Mr. Speaker, Ladies and Gentlemen of the House: I don't quite understand this bill. Here you have Navy clubs of the U.S. I thought that Navy clubs were federal things and that you, as a state, are not supposed to tax them. I thought that Navy clubs were on Navy bases not outside of government property. I would like that explained to me.

The SPEAKER: The gentlewoman from Brunswick, Mrs. Martin, poses a question through the Chair to any member who cares to answer.

The Chair recognizes the gentleman from Auburn, Mr. Drigotas.

Mr. DRIGOTAS: Mr. Speaker and

Members of the House: Federal properties are tax exempt and they cannot be taxed by state.

The SPEAKER: The Chair recognizes the gentlewoman from Brunswick, Mrs. Martin.

Mrs. MARTIN: Mr. Speaker and Members of the House: How come Navy clubs of the USA is on there? This is what I would like to have explained to me. We have one down home and it is state exempt and town exempt, it is on the base and this is why I don't understand this.

The SPEAKER: The Chair recognizes the gentleman from Farmington, Mr. Morton.

Mr. MORTON: Mr. Speaker, Ladies and Gentlemen of the House: The wording of section A on Page 2 of the bill is taken directly from the statutes as they presently exist. I, therefore, am presuming that this is a non-United States Government entity and that it is taxable under the law of the State of Maine.

The SPEAKER: The Chair recognizes the gentleman from Lewiston, Mr. Jalbert.

Mr. JALBERT: Mr. Speaker and Members of the House: From the very words uttered by the gentleman from Auburn, our friend, Mr. Drigotas, the word permissive can only bring one thing, discriminatory action by the areas or departments or towns or cities that would be involved in this type of an operation. For that reason alone, in my opinion, it makes it a bad bill.

Mr. Speaker, I move that this bill and all of its accompanying papers be indefinitely postponed, and when the vote is taken I ask for the yeas and nays.

The SPEAKER: The gentleman from Lewiston, Mr. Jalbert, moves that this bill and all accompanying papers be indefinitely postponed.

The Chair recognizes the gentleman from Brewer, Mr. Norris.

Mr. NORRIS: Mr. Speaker, Ladies and Gentlemen of the House: As I read this report, and I am trying to be very careful, I can see that this bill isn't going to go very far anyway. So, I would hope that we could act prudently and go along with the indefinite postponement this morning, because as I look at the report it is going to be very short lived, even if it does get by this house, which I don't think it will this morning.

The SPEAKER: The Chair recognizes the gentleman from Portland, Mr. LaPointe.

Mr. LAPOINTE: Mr. Speaker, Men and Women of the House: This bill that was put in was put in primarily as one of the many recommendations of the Governor's Tax Policy Committee. Essentially, what the bill would have done as a result of an amendment that was presented at the public hearing before the Taxation Committee sometime last month, would have provided for a mechanism for dealing with the whole question of institutional properties that are currently exempt from property taxation under Title 36 of the Maine Statutes. As we all know, as a result of a number of reports that have been conducted by the Bureau of Public Administration at the University of Maine in Orono, and as a result of the Governors Tax Policy Committee recommendations, under Title 6, there are extensive amounts of property tax exemptions which were granted by the legislature. There are some fundamental questions here that I think have to be addressed in terms of accountability and responsibility. By way of explanation, I hope to take your time,

this morning and share with you some of those concerns that I have and some other people have concerning property tax exemptions. Number one, is that under Title 36, the legislature in its wisdom grants property tax exemptions. These property tax exemptions which are granted by the legislature have an effect on the property tax base of the local municipalities in which these tax exempt properties exist. Furthermore, as we all probably know, a lot of these tax exemptions are further ratified by the Internal Revenue Code as what we call 501-C 3 organizations or C 2 organizations or C 4 organizations and they have to comply with certain standards of the United States Internal Revenue Service in order to qualify as non-profit organizations.

The fundamental issue, then, that is involved here is the question of accountability on the local level for property tax exemptions. The local town fathers or the local legislative body, in effect, as a result of legislative action on a state level, and as a result of federal action through the Internal Revenue Service has little or no control on questions of property tax exemptions. And we, as a legislature, from time to time, pass on these tax exemptions without any real serious consideration to the impact that it has on the local property tax base in our towns back home and particularly our larger cities.

There are a number of ways that the legislature can deal with this particular problem. One way is that we can amend the revenue sharing formula to take into consideration the fact that the legislature in its wisdom, without any accountability back to the local level erodes the property tax base of these local towns.

The other thing that we can do is embrace the concept that is called for in this legislation this morning. That very simply is, to allow for these decisions to be made at the local level. That is to say, that under the proposal that we have before us, we have certain classifications taken right from Title 36, this is an amended bill from the committee, that would say the legislature will grant the authority to the local town fathers to either render or not to render these payments in lieu of taxes, for services to these organizations. This was a compromise that came out of the committee and I think it is an important one, although I recognize that it is a compromise. I know that many of you have received a great deal of correspondence on this particular bill as it relates to hospitals, and as it relates to properties that are owned by religious organizations, and possibly some others, private schools and private colleges.

The committee, in its wisdom, has eliminated all those classifications, and decided in the minority report to just simply deal with chambers of commerce, fraternal organizations, and organizations that cater to the needs or social needs of some veterans organizations.

I would like to point out to everybody here this morning what this bill essentially does is allow for local control over these exemptions in these three classifications.

The good gentleman from Lewiston, Mr. Jalbert, who is no longer here, who made the motion to indefinitely postpone, which I do not support and I hope that you will not support as well, indicated that there might be some discrimination on this particular issue. I would like to point out to members of the house this morning that if the town,

fathers at the local level, if this bill becomes law, decided to say, not grant an exemption to one organization, in a certain classification, that exemption would apply across the board. So, within a classification, there would be no discrimination.

Mr. Speaker, that is the background on the bill, I hope that this house will take an opportunity to discuss and debate the merits of this particular bill and not to act hastily on the motion to indefinitely postpone, and I hope the house accepts the minority report.

The SPEAKER: The Chair recognizes the gentleman from Skowhegan, Mr. Dam.

Mr. DAM: Mr. Speaker, Ladies and Gentlemen of the House: As a signer of the "ought not to pass" report, I can stand here strongly and support the motion of the gentleman from Lewiston, Mr. Jalbert, to indefinitely postpone this bill. Originally, the bill took in, as the previous speaker said, all these tax exempt properties, then it was brought down to take fraternal organizations. I just happen to believe that when you join a fraternal organization, where you are a taxpayer in your community, that you are contributing your share to keep that fraternal organization open and there should not be any other charges levied against that. I also am a firm believer that the more of these organizations you have in a municipality, the better your municipality is. It seems that this bill is directed just at a few but it is a door opener and the next time around, we will get to the rest of them and if we don't get to them the next time around, we will get to them next session after that.

The thing I would like to point out to you is that as an Eagle in Skowhegan, and I am sure there are other Eagles in this House, that we do a lot of charitable work, we make a lot of donations to recreation programs within the municipality, and if this were not done by the organizations, then the municipalities would be raising more money to support their recreational and youth programs. This is true of the American Legion, this is true of the VFW, it is true of the Elks, it is true of many, many fraternal organizations. To slap another charge on them would sometimes and in some cases almost put them out of business. If we are going to do this and we are going to do it right, let's go after the whole package. Let's not start picking out one or two to target in on this time, then two or three more the next time. If we want to eliminate these organizations across the state by winding the shaft right to them, let's do it all at once and not do it in the slow method of death that this bill proposes.

Right now under the present law, if the law were enforced in the municipalities the way the law is written in Title 36, they use those words that these organizations are tax exempt when they are used "solely and exclusively for the purposes intended." That is verbatim from the tax section of Title 36. You have your tax assessors in the community that are elected and when a church which previously had supports down cellar builds a building on a back lot into a kitchen and a dining room, under the present law, that kitchen and dining room can be taxed. It is no longer a part of the house of worship, but we are not dealing with a house of worship yet, that will come the next time around, we are dealing with fraternal organizations.

Let's go to the American Legion. When the American Legion Post is chartered,

and they are operating all over the United States, but when that post exceeds that limit for what it was chartered for, then that part of that post which exceeds that limit can be taxed by the local municipality under the present law. If they are opening up a dining room to the public, if they open up a dance hall facilities to the public, then those facilities can be taxed today under the present law without any change.

I think, personally, that this is a ridiculous bill and if we want to turn the State of Maine around and send it back 100 years into the dark ages and take away all help that these organizations have given to the communities, then I think we should support the bill today, but if you have any feeling, any amount of patriotism in your veins or in your blood today, any feeling for the youth in this state today, you will not deny these organizations the right to operate by letting the municipality put more charges on them, and I would hope that everyone here would support the motion of indefinite postponement.

The SPEAKER: The Chair recognizes the gentleman from Brewer, Mr. Cox.

Mr. COX: Mr. Speaker, Ladies and Gentlemen of the House: We often use the term 'red herring' in this body. Well, what we just heard from my good friend from Skowhegan, Mr. Dam, one of the largest red herrings that I have ever heard or perhaps I could use another sense, dragged across the trail of questioning this body.

These organizations do not admit any and all taxpayers to their memberships, each has its membership requirements. I belong to at least one of these organizations myself, so not every taxpayer is contributing or benefiting from these organizations.

The question of local control here is also the crux of this issue and I can't understand why some, who are so strongly in favor of local control, still do not trust their town meetings or their city fathers with this kind of a decision.

The SPEAKER: The Chair recognizes the gentleman from Corinth, Mr. Strout.

Mr. STROUT: Mr. Speaker, Ladies and Gentlemen of the House: I concur wholeheartedly with the gentleman from Skowhegan, Mr. Dam. I think the services that are performed by these organizations in these rural communities far outweigh any service charge. I would remind you that these organizations are probably the backbone of a lot of these communities.

I do have a question, however, that I hope somebody in the Taxation Committee might answer. Under Section C, on the reverse page of the bill, it says, "If any building shall not be used in its entirety for these purposes but shall be used in part for these services and in part for any other purpose, exemptions shall be of the part used for these purposes." My question here is; if a building is owned by the municipality and a fraternal organization used part of that building, which at the present time that fraternal organization is paying for their part of the insurance and the upkeep, would this fraternal organization still possibly, under this bill, be charged a service charge?

The SPEAKER: The Chair recognizes the gentleman from Skowhegan, Mr. Dam.

Mr. DAM: Mr. Speaker, I believe that part that is used by the fraternal organization would be charged a service charge, this is my belief.

The SPEAKER: The Chair recognizes the gentlewoman from Portland, Mrs. Najarian.

Mrs. NAJARIAN: Mr. Speaker, Ladies and Gentlemen of the House: Being a woman and a non-veteran, I have a question I would like to pose to anybody on the floor who would care to answer it. Just what are some of the services that the American Legion, the Veterans of Foreign War, the Spanish War Veterans, etc., do for the communities of the state? I really don't know and I would ask.

The SPEAKER: The gentlewoman from Portland, Mrs. Najarian, has posed a question through the Chair to anyone who may answer if they so desire.

The Chair recognizes the gentleman from Kittery, Mr. Kauffman.

Mr. KAUFFMAN: Mr. Speaker, Ladies and Gentlemen of the House: I think I can answer part of that question. We had a building in the Town of Kittery, which was built with federal funds adjacent to a Navy housing program during World War II. The Navy sold about 400 of the units to private individuals and gave the Town of Kittery the building. The American Legion acquired that building for one dollar at a town meeting. They set up youth programs, had dances there, etc. Eventually, they ran out of funds and the town now owns the building.

However, I would like to go on further to say that this bill to me is a duplication of 2069, L. D. 2064, I believe, which was introduced by Representative LaPointe, and I would like to say that I have to agree with Representative Dam. I have had considerable experiences with this tax exemption on fraternal and religious-owned buildings.

If a parsonage in your town or my town is occupied by the pastor or something, that can be taxed by the local assessor. If you have a big building, and I am going to cite the Masonic Temple in Portland on Congress Street, which is occupied solely by commercial industries or businesses on the first floor, the second, third and fourth floors are used strictly for non-profit fraternal organizations meetings. The City of Portland assessed them a tax on the first floor. In the Town of Kittery, we have a small building, we have a bank and three businesses on the first floor, the second floor is occupied by a fraternal organization. They are taxed by the assessor on the first floor, and as Representative Dam has previously stated, it is strictly up to the municipalities. They the authority under the present statutes to do just what he said and I urge you to support indefinite postponement of this bill.

The SPEAKER: The Chair recognizes the gentleman from Skowhegan, Mr. Dam.

Mr. DAM: Mr. Speaker, in answer to the lady from Portland's question, most of these programs are supported by all American Legion Posts but some, maybe one or two, may be supported only by a few of the posts but to the good lady I would say, and this is only a few that come up right off the top of my head, the American Legion supports baseball programs, youth basketball programs, football programs, dances for youth, they have programs to help victims that are burned out of their homes. It is very similar to the programs that are operated by the American Red Cross and some of the American Red Cross programs and now I am speaking as Chairman of the Somerset County

American Red Cross, are operated in conjunction with the American Legion and VFW. They also give money in response to various activities to help veteran's families where the veteran is sometimes overseas and the family gets a little hard up and they don't want to go on welfare but they come up with the necessary cash and the money to help tide them over in difficult times.

They also run prize speaking contests in the high schools, they give scholarships, they have medals for the study of American History, they donate flags to the various schools in the area, they oversee the decorations of the deceased veterans graves on Memorial Day to make sure that the American Flag, which is one of the finest symbols in the world, is flying over that grave on Memorial Day. They also work for all veterans in the area, and I think this is the greatest thing, with any problem that they have, regardless of that problem. The American Legion or VFW is always there to help the veterans and this can hold true in a lot of your service fraternal organizations.

In the case of the Eagles Club, one of the greatest programs that they operate is the Max Baer Heart Fund and also the Jimmy Durante program for your sports, so this is the reason that I am so uptight on putting any more of a burden on these organizations when all their money is through voluntary contributions or their own fund-raising efforts.

The SPEAKER: The Chair recognizes the gentleman from Pittsfield, Mr. Susi.

Mr. SUSI: Mr. Speaker, Ladies and Gentlemen of the House: I was a member of the Advisory Commission on Taxation and, as has been pointed out, this did get its origin from the results of that study. We did spend a lot of time on the field of property taxation. In fact, that probably was our principal concern, and probably, the major recommendation of the commission was that there be a shift away from property tax onto broader based tax. I, personally, am happy that we have made some shifts in that direction in this special session through shift of somewhere in the range of \$15 or \$20 million, depending upon when you make the analysis, through this recent increase in the income tax, which will accrue to the lessening of the dependence on the property tax.

A few years ago, we took another \$35 to \$50 million off when the state took over a greater share of the load of education. If we continue in that direction so that there will be less reliance on the property tax, then probably we will be able to continue to support these exemptions for all of these institutional buildings which make up a very high percentage of the property in the State of Maine and I guess across the country.

If, however, we bog down in our effort to transfer the load away from the property tax to broader base taxes, then this will probably be a continuing issue that we can expect back in later sessions. At any rate, I think we have spent our time well this morning getting a little bit acquainted with this issue.

The SPEAKER: The Chair recognizes the gentleman from Woolwich, Mr. Leonard.

Mr. LEONARD: Mr. Speaker, Ladies and Gentlemen of the House: We had laid on our desks this morning LD 2269, which we are debating and I, quite frankly, am a

little bit confused at this point because, excuse me, L.D. 2299, we originally had in front of the committee L.D. 2064, and looking over the two bills, I prefer 2064 because it is in black and white a few words and it says just about exactly what it is going to do. As far as 2299, I am a little bit confused.

I certainly would hate to see this bill go down in defeat today based on — let's put it this way, the debate I have heard, I am not totally familiar with 2299, I thought I was on 2064, I was an advocate and have long been an advocate of abolishing tax exemptions and getting rid of them because I do think in all cases this is a special privilege and when you grant a special privilege, then you are, in fact, imposing a hardship on a certain group of people.

I would like to say that I honestly don't feel that all benevolent organizations, and I belong to a couple of them, are totally benevolent. I think, at least in my area, that after these individuals are through raising the money for the charitable organizations, they are quite frankly not fit for the highway. I question whether or not at that point they are totally benevolent.

Going beyond that, as I have heard a lot of contradictions under Title 36, as the gentleman from Skowhegan has said, that we in the municipalities are already granted the power of taxation and I, quite frankly, would think that if that is the case and possibly this is a duplication, but it would behoove the people that are taking the stand that Mr. Dam was taking, that they check into this and maybe take this particular piece of legislation over that other one. We will repeal the other one because, under the other, if the municipalities are granted the power of taxation of different organizations and those portions not used directly for benevolent purposes, then they would be supporting the schools and supporting other programs that are much more expensive than the things that I have seen, for example, fire protection, police protection, road maintenance and, frankly, in my town, the cost to schools is about 70 percent of our total municipal budget. So I would think it would behoove those individuals that are supporting the indefinite postponement of this to maybe look at this just a little closer and go along with this and we will turn around and repeal the portion under Title 36.

Mr. Dam of Skowhegan was granted permission to speak a third time.

Mr. DAM: Mr. Speaker, Ladies and Gentlemen of the House: In answer to the good gentleman who just spoke about taking the other bill and looking at schools, I would only ask him one question. What is federal money? What is state money? What is taxpayers' money? It is out of your pocket and out of the other peoples' pockets and I think it would be utterly ridiculous for a town to assess a service charge or levy a service charge on the schools and then turn around in the next breath and go to a town meeting to raise that money to pay for that service charge that they have assessed against themselves.

The SPEAKER: The Chair recognizes the gentleman from Portland, Mr. LaPointe.

Mr. LAPOINTE: Mr. Speaker, Ladies and Gentlemen of the House: Very briefly, I thought I would just try to summarize the intent of this particular piece of legislation

and maybe very quickly comment on the debate.

I spoke to one of the members of the Taxation Committee this morning who signed the minority "ought to pass" report, and I indicated to him this morning that I thought my good colleague from Skowhegan, Mr. Dam, would certainly lead the charge in opposition to this particular bill and I further commented that I thought that Mr. Dam's speech would be rousing enough that it would probably bring back memories of Teddy Roosevelt charging up San Juan Hill in the Spanish American War in the sense that it would arouse patriotism. I would like to comment to the gentleman that he has in fact done that. The back row here is so moved in the patriotic spirit that they haven't even listened to the debate.

I think the fundamental question that this legislation just in a teeny-weeny way tries to deal with is the question of tax exempt properties. It has nothing to do with patriotism. I am a disabled veteran. I did my thing. That might surprise some of you, I realize that. But the point of the matter is, it is a question of tax policy. By virtue of the fact that we have Title 36 and that we do grant these exemptions, we are in effect spending money. It is a taxation expenditure. But the most important thing that Title 36 does not allow is accountability for these tax exemptions which exist on the local level.

This bill, as proposed, would not in any way deny a tax exemption. If the local organization in the classifications called for under the proposed legislation — and I suggest that members of the House read it, it is L. D. 2299, it was on your desks this morning, the second page, there are classifications outlined. If you would get all these veterans' organizations, you would get those guys from the chambers of commerce and you would get the other people in the fraternal organizations, the Eagles and whatever, to get together and go down to the town meeting or to the city council meeting, and if they made their case, then they would be exempted under the provisions of the proposed legislation. What is so difficult about that?

The question really is one of accountability on the local level for these classifications of tax exemptions. There isn't any, it is as simple as that. These things are hidden away in Title 36. The Taxation Committee really is a taxation exemption committee, and these things get buried in Title 36. Nobody ever knows about them except when we put a bill in like this. Then the letters come pouring in.

All I am suggesting is that Title 36, which affects the local tax base of a municipality, we build in some accountability. What is so hard about that? Don't vote to indefinitely postpone this bill. Let's accept the minority "ought to pass" report, let's do something progressive this morning.

The SPEAKER: The Chair recognizes the gentleman from Kittery, Mr. Kauffman.

Mr. KAUFFMAN: Mr. Speaker, Ladies and Gentlemen of the House: I don't have to go back to Teddy Roosevelt, I am not that old. However, I will go back, and this was long before I was a member of this legislature, there was a so-called bill introduced into the legislature, I do not know which session it was, it was the so-called 'grange bill' that got statewide publicity to do away with taxation on all

fraternal and non-profit organizations. That bill was soundly defeated.

I say that this bill here is strictly up to the local municipal assessors. There is no need of the bill. It is in effect today.

The SPEAKER: The Chair recognizes the gentleman from Orland, Mr. Churchill.

Mr. CHURCHILL: Mr. Speaker, Ladies and Gentlemen of the House: I would just like to pose a question through the Chair to anyone who might care to answer. Does this include utilities? I have one little company that has tax exempt property of a million and a half dollars in the very smallest town that I represent. Would this be covered?

The SPEAKER: The gentleman from Orland, Mr. Churchill, has posed a question through the Chair to anyone who may care to answer.

The Chair recognizes the gentleman from Farmington, Mr. Morton.

Mr. MORTON: Mr. Speaker, in answer to the gentleman's question, I would only say that if that particular utility company is presently exempt under one of the sections of the statutes other than E, F and H, which are the ones which are addressed in this particular bill, then the exemption would stay the same. From his description of it, I would gather that the exemption would remain.

For the edification of everybody, and the gentleman from Woolwich, I would just like to point out the difference between 2299 and the original bill. In either the original bill or 2299, we are talking about sort of a new idea. We are approaching the idea of property tax exemptions and putting them at the option of the local taxing unit, the community. It sort of speaks to the doctrine of local control, the flag of which is waved over this house rather frequently.

I think specifically, Representative Leonard, 2299 is sort of a rifle rather than a shotgun, because it deals specifically with only three of the nearly 30 exemptions that are presently in the statutes, and for that reason, the language of those three exemptions was listed and put into this bill. In other words, the entities that are exempt under those listed exemptions under the current law will now be subject to this bill. And what does it do? It merely says that the local government has the option of deciding whether or not it will continue that exemption or whether or not it will charge them a service fee, and again lower the rifle approach only on certain portions of the tax bill. In other words, they will still have to pay or the service fee will be charged on services to that property, roads, fire, police and so forth. It will not have anything to do with education or welfare.

This particular approach is that type of thing, it does speak to local control. It is a new approach. I voted in committee to support it in the amended version, I was not in favor of the original bill because I thought it was too broad. I did vote for the amended version in order that we could get a very open discussion here on the floor of the House. I think it has been a very salutary thing.

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

A vote of the House was taken, and more than one fifth of the members present

having expressed a desire for a roll call, a roll call was ordered.

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

Mrs. KANY: Mr. Speaker, I ask to be excused pursuant to House Rule 19.

The SPEAKER: The Chair would inquire of the gentlewoman from Waterville, Mrs. Kany, why she wishes to be excused.

Mrs. KANY: Mr. Speaker, the original bill included colleges, and my husband is employed by a college. Consequently, I do not feel I can vote on this bill objectively because this was actually more or less an amendment from the original bill.

The SPEAKER: The gentlewoman from Waterville, Mrs. Kany, is excused under House Rule 19.

The pending question is on the motion of the gentleman from Lewiston, Mr. Jalbert, that this Bill and all accompanying papers be indefinitely postponed. All in favor of that motion will vote yes; those opposed will vote no.

ROLL CALL

YEA — Albert, Ault, Bachrach, Bagley, Bennett, Berry, G. W.; Berry, P. P.; Berube, Birt, Blodgett, Bustin, Byers, Call, Carey, Carter, Chonko, Churchill, Conners, Cooney, Cote, Dam, DeVane, Durgin, Farley, Farnham, Faucher, Fenlason, Finemore, Fraser, Goodwin, K.; Gould, Hobbins, Hunter, Hutchings, Immonen, Jacques, Jalbert, Joyce, Kauffman, Kelley, Kennedy, Laffin, LeBlanc, Lewin, Littlefield, Lizotte, Lovell, Lunt, Lynch, MacEachern, MacLeod, Martin, A.; Martin, R.; Maxwell, McBreairty, Mills, Miskavage, Mitchell, Nadeau, Norris, Peakes, Pearson, Pelosi, Perkins, T.; Peterson, P.; Pierce, Post, Raymond, Rideout, Rollins, Saunders, Shute, Silverman, Smith, Strout, Tarr, Teague, Theriault, Tierney, Torrey, Tozier, Truman, Twitchell, Tyndale, Usher, Webber, Wilfong, Winship, The Speaker.

NAY — Boudreau, Burns, Carpenter, Clark, Connolly, Cox, Curran, P.; Davies, Doak, Dow, Drigotas, Dyer, Flanagan, Garsoe, Goodwin, H.; Gray, Greenlaw, Hall, Henderson, Hennessey, Hewes, Higgins, Hinds, Hughes, Ingegneri, Jackson, Jensen, Kelleher, LaPointe, Laverty, Leonard, Lewis, Mackel, McKernan, McMahon, Morin, Morton, Najarian, Perkins, S.; Peterson, T.; Powell, Quinn, Snow, Snowe, Sprowl, Stubbs, Susi, Wagner, Walker.

ABSENT — Bowie, Carroll, Curran, R.; Curtis, Dudley, Gauthier, Mahany, Mulkern, Palmer, Rolde, Spencer, Talbot.

EXCUSED — Kany.
Yes, 89; No, 49; Absent, 12; Excused, 1.

The SPEAKER: Eighty-nine having voted in the affirmative and forty-nine in the negative, with twelve being absent and one excused, the motion does prevail.

The Chair recognizes the gentleman from Bridgewater, Mr. Finemore.

Mr. FINEMORE: Mr. Speaker, having voted on the prevailing side, I now move that we reconsider our action, whereby this bill was indefinitely postponed and I hope you will vote against me.

The SPEAKER: The gentleman from Bridgewater, Mr. Finemore, having voted on the prevailing side, now moves that we reconsider our action whereby this Bill and all accompanying papers were indefinitely postponed.

The Chair recognizes the gentleman from Portland, Mr. LaPointe.

Mr. LaPOINTE: Mr. Speaker, could this motion be tabled for one legislative day, please?

The SPEAKER: The Chair hears objection and the Chair will order a vote. The pending question is on the motion of the gentleman from Portland, Mr. LaPointe, that this matter be tabled pending the motion of Mr. Finemore of Bridgewater to reconsider and tomorrow assigned. All in favor of that motion will vote yes; those opposed will vote no.

A vote of the House was taken.
47 having voted in the affirmative and 79 having voted in the negative, the motion did not prevail.

The SPEAKER: The Chair recognizes the gentleman from Portland, Mr. LaPointe.

Mr. LaPOINTE: Mr. Speaker, Ladies and Gentlemen of the House: Maybe it is just as well that the bill is being reconsidered at this particular time, since the House seems to be fully occupied and the benefit of my debate didn't fall upon the ears of all the members of the House earlier this morning.

Again, I would just point out that what this bill attempts to do is address itself — please don't leave, folks, there is potentially more to come. It provides for a mechanism for certain classifications of properties that are currently exempt from paying property tax or payments in lieu of taxes at this particular time under Title 36. It provides the mechanism for local control.

I would hope that the House would vote against the reconsideration motion and that we would have a chance to get this bill passed.

The SPEAKER: The pending question is on the motion of the gentleman from Bridgewater, Mr. Finemore, that the House reconsider its action whereby this Bill and all accompanying papers were indefinitely postponed. All in favor of that motion will vote yes; those opposed will vote no.

A vote of the House was taken.
43 having voted in the affirmative and 83 having voted in the negative, the motion did not prevail.

Sent up for concurrence.

Consent Calendar

First Day

In accordance with House Rule 49-A, the following items appeared on the Consent Calendar for the First Day:

Bill "An Act Concerning Ice Fishing on Sebago Lake" (Emergency) — Committee on Fisheries and Wildlife reporting "Ought to Pass" as Amended by Committee Amendment "A" (H-961) (H. P. 1918) (L. D. 2106)

On the request of Mr. Mills of Eastport, was removed from the Consent Calendar.

The SPEAKER: The Chair recognizes the gentleman from Eastport, Mr. Mills.

Mr. MILLS: Mr. Speaker, Ladies and Gentlemen of the House: This was a compromised bill put out by our committee. The reason I am speaking on the floor is that Representative Spencer from Standish is not here, he is ill, but he is in agreement with this on compromise.

Thereupon, the Report was accepted and the Bill read once. Committee Amendment "A" (H-961) was read by the Clerk and adopted and the Bill assigned for second reading tomorrow.

Bill "An Act to Clarify the Authority of the National Guard in Providing

Emergency Medical Services" (Emergency) — Committee on Legal Affairs reporting "Ought to Pass" as amended by Committee Amendment "A" (H-962) (H. P. 2051) (L. D. 2226)

No objections being noted, the above item was ordered to appear on the Consent Calendar of March 11, under listing of the Second Day.

Consent Calendar

Second Day

In accordance with House Rule 49-A, the following item appeared on the Consent Calendar for the Second Day:

(H. P. 1879) (L. D. 2054) Bill "An Act Relating to Employment of Drug Inspectors by the State Board of Pharmacy" (C. "A" H-957)

No objections having been noted at the end of the Second Legislative Day, the above item was passed to be engrossed as amended and sent up for concurrence.

Second Reader

Tabled and Assigned

Bill "An Act Relating to Residency for the Purposes of Municipal Relief of the Poor" (S. P. 738) (L. D. 2288)

Was reported by the Committee on Bills in the Second Reading and read the second time.

Mr. Cooney of Sabattus offered House Amendment "A" and moved its adoption.

House Amendment "A" (H-965) was read by the Clerk.

The SPEAKER: The Chair recognizes the gentleman from Sabattus, Mr. Cooney.

Mr. COONEY: Mr. Speaker and Members of the House: I represent a district that does have a fairly sizable nursing home and convalescent home within its boundaries, and it has come to my attention that this particular section of the law can deal a real potential hardship to towns in their town assistance costs, so I have offered this amendment to relieve this potential hardship in communities under 5,000.

The SPEAKER: The Chair recognizes the gentleman from East Millinocket, Mr. Birt.

Mr. BIRT: Mr. Speaker, Ladies and Gentlemen of the House: I have two questions on my mind. One of them is, if this amendment were adopted, there would be some cost involved in it which might negate the possibility of passing the other one. The other one is, I have some question, and I think I will address this question to the Chair, is this amendment germane to what the subject matter of the bill is? The bill is relative to a residency requirement, and this is establishing cost levels as to what they would be reimbursed for.

The SPEAKER: The Chair would rule that the amendment would be germane, since they deal with reimbursements under the general relief provisions of the law.

The Chair recognizes the gentlewoman from Portland, Mrs. Najarian.

Thereupon, on motion of Mrs. Najarian of Portland, tabled pending the adoption of House Amendment "A" and tomorrow assigned.

Passed to be Engrossed

RESOLUTION, Proposing an Amendment to the Constitution to Increase the Bonding Limit on Maine Veterans' Mortgage Loans from \$2,000,000 to \$4,000,000 and to Decrease the Bonding

Limit of the Maine School Building Authority from \$25,000,000 to \$10,000,000 (H. P. 2171) (L. D. 2295)

Was reported by the Committee on Bills in the Second Reading and read the second time.

The SPEAKER: The Chair recognizes the gentlewoman from Freeport, Mrs. Clark.

Mrs. CLARK: Mr. Speaker and Members of the House: L. D. 2295 is a new draft of L. D. 1994, which reads as follows: 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. It deals specifically with Article IX, Section 14-E.

The bill, L. D. 2295, is a new draft in new title, and it includes in its subject matter the decrease of bonding limit under the Maine School Building Authority, and I would ask the Chair for a ruling on this as to the germaneness.

The SPEAKER: The Chair is not in a position to rule, since this body voted to accept the committee report yesterday and in effect negated the possibility of my ruling. As a result, the body unanimously adopted the fact that the amendment would be added and therefore the issue of germaneness is not before us.

Mrs. CLARK: Mr. Speaker, what would be the parliamentary procedure so that we could have a ruling from the Chair on the issue of germaneness?

The SPEAKER: The Chair would inform the gentlewoman that she would have to back up the bill to acceptance of the committee report and would have to move reconsideration whereby yesterday this House voted to accept the committee report.

Thereupon, on motion of Mrs. Clark of Freeport, the House reconsidered its action whereby the Bill was read the first and second time.

The same gentlewoman moved that the House reconsider its action whereby the Report was accepted.

The SPEAKER: The Chair recognizes the gentlewoman from Bath, Mrs. Goodwin.

Mrs. GOODWIN: Mr. Speaker, Men and Women of the House: The reason that the Appropriations Committee reported the bill out in this manner is that we were told by the State Treasurer that if we were to just pass the bill as it was at that time from \$2 million to \$5 million, we would jeopardize the state's credit rating, and the only way we could pass out a bill to help the veterans would be to decrease the bonding limit in some other area. The State Treasurer suggested that an area in which we could do this without any damage would be the School Building Authority. If we remove this, we will then damage the state's credit rating and I would then not be able to support the bill at all.

The SPEAKER: The Chair recognizes the gentlewoman from Freeport, Mrs. Clark.

Mrs. CLARK: Mr. Speaker, in response to the remarks of her gentlewoman from Bath, Mrs. Goodwin, I am in no way objecting to the main thrust of this measure. I am simply suggesting that the decrease of the bonding limit of the Maine School Building Authority from \$25 million to \$10 million has not been before us, or the people of the state have not had option to testify in public hearing. It seems to me that it is not necessarily relevant subject matter. I am just making a general inquiry.

The SPEAKER: The Chair recognizes the gentleman from Lewiston, Mr. Jalbert.

Mr. JALBERT: Mr. Speaker, I can't miss this opportunity. The gentlewoman from Freeport, Mrs. Clark, talked about one issue that was not in the bill and you let her go. That should give me the right to speak about another issue—

The SPEAKER: The Chair would inform the gentleman from Lewiston that he is to restrict his remarks to the bill.

Mr. JALBERT: Mr. Speaker, then let's have it all restricted to all bills then, Mr. Speaker. That will make me happy and it will also save a lot of time. I think I got my point over anyway.

This is a committee report, unanimous, and if we don't go along in this area here, you might as well kill the bill, which is a good bill in itself because of the fact that it could very well put our credit rating in jeopardy. It is in jeopardy as it is, I can assure you, from 3-A, and I predicted the 3-A to 2-A and I did predict shortly that we might wind up in 1-A. If you want to touch this thing in this area here, then kill the bill, because if we have the thing left as it was originally presented to us, it would definitely jeopardize our credit rating.

The SPEAKER: The Chair recognizes the gentlewoman from Vassalboro, Mrs. Mitchell.

Mrs. MITCHELL: Mr. Speaker and Members of the House: I would like to pose a question to a member of the Appropriations Committee, please. Why was it necessary to decrease by \$15 million in order to increase by \$2 million. I don't understand.

The SPEAKER: The gentlewoman from Vassalboro, Mrs. Mitchell, has posed a question through the Chair to anyone who would care to answer.

The Chair recognizes the gentleman from Dover-Foxcroft, Mr. Smith.

Mr. SMITH: Mr. Speaker, Ladies and Gentlemen of the House: I am sure you all recall some years ago now when the state's credit rating was lowered from triple A to double A. Since that time, all of our state officials that I know of have taken a great number of steps to insure that the double A rating that the state presently has would be retained and hopefully get us back in a position where the triple A rating would be reinstated.

Over a period of time, of course, this means interest rate money to us, and over a very long period of time it would mean hundreds of thousands of dollars of interest money that we are going to have to pay at a double A rate rather than a triple A rate.

The School Building Authority bond issue that we are talking about here is presently unused school bonds. It has nothing to do with any school building that is under construction or contemplated at this time.

The State Treasurer has been before the Appropriations Committee on a number of occasions during the special session telling us that he wished very much that we could find ways to reduce even the potential for further bonded exposure to the state, and he has suggested that we eliminate all of these school bonds that you see addressed here.

On the other hand, the committee has had a very strong desire to do something to raise the ability of the other board here that we are talking about to help the veterans. It is simply kind of a balancing act. The veterans' organization has done a very good job. There has been no defaults that we can find, we specifically asked the

question. So it is an attempt, really, to help this group and to reduce the bonded exposure of the state, a bonded exposure that is only going to stay at exposure, really, because I don't think that the State Treasurer is going to allow these bonds to go out when there is a very real risk of the double A rating being lost. I don't believe it is going to be used anyway, but simply it is an attempt to make us look a little bit better on paper.

The SPEAKER: The Chair will order a vote. The pending question is on the motion of the gentlewoman from Freeport, Mrs. Clark, that the House reconsider its action whereby the Committee Report was accepted. All in favor of that motion will vote yes; those opposed will vote no.

A vote of the House was taken.
15 having voted in the affirmative and 81 having voted in the negative, the motion did not prevail.

Thereupon, the Bill was read twice, passed to be engrossed and sent up for concurrence.

Enactor

Tabled and Assigned

An Act Concerning the Identification by Fingerprints of Past Offenders (H. P. 1883) (L. D. 2061) (C. "A" H-945)

Was reported by the Committee on Engrossed Bills as truly and strictly engrossed.

The SPEAKER: The Chair recognizes the gentleman from Stockton Springs, Mr. Shute.

Mr. SHUTE: Mr. Speaker, Ladies and Gentlemen of the House: I was on the Legal Affairs Committee that heard this bill and one of the signers of the unanimous "ought to pass" report. However, since the signing of the report, I have had communication with the sheriff in my county, the district attorney and also the district court judge, and they see problems in repealing this law, and I wonder if someone could table this for one day.

Thereupon, on motion of Mr. Palmer of Nobleboro, tabled pending passage to be enacted and tomorrow assigned.

Passed to Be Enacted

An Act to Amend the Protection and Improvement of Air Statutes (H. P. 2034) (L. D. 2207) (C. "A" H-946)

Was reported by the Committee on Engrossed Bills as truly and strictly engrossed, passed to be enacted, signed by the Speaker and sent to the Senate.

Orders of the Day

The Chair laid before the House the first tabled and today assigned matter:

House Divided Report — Majority (8) "Ought to Pass" — Minority (5) "Ought to Pass" as Amended by Committee Amendment "A" (H-949) — Committee on State Government on Bill, "An Act to Provide for More Effective Debt Management and for More Effective Administration of the State's Development Financing Capability" (H. P. 1816) (L. D. 1974)

Tabled — March 9 by Mrs. Najarian of Portland.

Pending — Motion of Mr. Cooney of Sabattus to Accept Majority "Ought to Pass" Report.

The SPEAKER: The Chair recognizes the gentleman from Sabattus, Mr. Cooney.

Mr. COONEY: Mr. Speaker, this is an important measure and deserves our careful and perhaps lengthy consideration. I know I have several pages of remarks here and I think other people

are interested in discussing it. So due to the late hour, I would ask that it be tabled for one additional day.

Thereupon, on motion of Mrs. Najarian of Portland, tabled pending the motion of Mr. Cooney of Sabattus to accept the Majority Report and tomorrow assigned.

(Off Record Remarks)

On motion of Mrs. Berube of Lewiston,
Adjourned until ten o'clock tomorrow
morning.