

MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD

OF THE

***One Hundred and Eighth
Legislature***

OF THE

STATE OF MAINE

1978

Second Regular Session

January 4, 1978 — April 6, 1978

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APPENDIX

HOUSE

Thursday, September 7, 1978

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

Prayer by the Reverend John E. Fickett of the First Baptist Church, Mount Vernon.

Reverend FICKETT: God, Our Father in Heaven, we thank You that we can come together again. We realize that we are representing over a million people here in this room, and we realize, O God, that we are here to determine again the role of government of the people, by the people and for the people. We ask for divine guidance that we might know the extend of the support and control of education, of safety, of health, of income, of this million people. We pray that the outcome at the end of these sessions might be satisfactory to Thee and that Thy Will might be done and that all may be in the name and in the glory of Jesus Christ Our Lord and Savior. Amen.

The journal of yesterday was read and approved.

House Reports of Committees Divided Report

Majority Report of the Committee on Appropriations and Financial Affairs reporting "Ought Not to Pass" on Resolution, Proposing an Amendment to the Constitution to Establish Property Tax Exemptions for Maine Homesteads (H. P. 2336) (L. D. 2210)

Report was signed by the following members:

Messrs. MORRELL of Cumberland
HUBER of Cumberland

— of the Senate.

Messrs. HIGGINS of Scarborough
JALBERT of Lewiston
GREENLAW of Stonington
McBREAIRTY of Perham
MORTON of Farmington
PEARSON of Old Town
CARTER of Winslow

Mrs. POST of Owl's Head
Mrs. NAJARIAN of Portland
Mr. PERKINS of Blue Hill

— of the House.

Minority Report of the same Committee reporting "Ought to Pass" as amended by Committee Amendment "A" (H-1232) on same Resolution.

Report was signed by the following member:

Mr. MERRILL of Cumberland

— of the Senate.

Reports were read.

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

Mr. JALBERT: Mr. Speaker, I move that we accept the "Ought Not to Pass" Report.

The SPEAKER: The gentleman from Lewiston, Mr. Jalbert, moves that the Majority "Ought Not to Pass" Report be accepted.

The Chair recognizes the gentleman from Pittsfield, Mr. Wyman.

Mr. WYMAN: Mr. Speaker, Ladies and Gentlemen of the House: I would hope that the members of this body would defeat the motion to accept the Majority "Ought Not to Pass" Report, and I would like to share with you a few reasons why.

The principal reason why we ought to vote against the "ought not to pass" report and vote to keep this bill alive is because we have been working very diligently on the preparation of an amendment to this particular bill which will, we believe, make it much more acceptable to those of you who have had some reservations about the enormity, if we could use that word, of the particular bill. So I would hope that for that principal reason you would vote against the report and give us an opportunity in second reading to present our amendment for your consideration and then, at that point, to make a decision on whether the amendment is acceptable to you or not. Of course, if we

accept the "ought not to pass" report, as you all know, that precludes the opportunity for us to offer our amendment. We think it is a good amendment; we have worked very hard on it, and we would like to offer it to you for your consideration.

The second reason that I think we ought to vote against the "ought not to pass" report is that the issue that we are dealing with here, the general issue, not the specific bills but the general issue of property tax relief is an important one. I think we would be doing a great disservice to the people of this state if we dismiss this issue lightly, without due consideration of this particular issue, because it is an important one. It is one that the people in my district have been talking to me about for the last two years.

There is not a person here in this body that when they campaigned for the first time for this particular office did not pledge to their prospective constituents that they would, when they arrived in this body, fight for tax reform. There have been those who have been saying, well, we can't deal with tax reform now, we must wait. And the same voices that have been asking us to wait, have been asking for a postponement of the important consideration of tax reform, have been saying that for the last 25 or 30 years.

It seems to me that if we are going to keep the faith with the people of this state, if we are going to deal with the inherent or our tax system, that this offers us an opportunity to at least discuss this issue. So, I would hope that you would not dismiss it lightly, and I would plead with you to vote against the "ought not to pass" report so that we can accept the "ought to pass" report and keep this bill alive.

The SPEAKER: The Chair recognizes the gentleman from Windham, Mr. Diamond.

Mr. DIAMOND: Mr. Speaker, Men and Women of the House: Listening to some of the words of Representative Wyman, I recalled what happened to me yesterday when I was in the hall, just outside the door. I was lobbying heavily for the Homestead Exemption Bill and I was looking in particular for one gentleman I had not had a chance to talk with, whom I respect highly, and he was walking towards me. I looked up and I said to him, "Please, could I speak to you for a minute," an elderly Republican gentleman, whom I do respect greatly and I think most of us do, even the fact I have heard he is running for Governor, but anyway, I wanted to talk with him because I know he supports tax limitation and I wanted to share with him some things that I had learned.

I said to him — I won't mention his name — "I know you support limitation but I do want to let you know what I learned at a seminar that I went to regarding homestead exemption" — the homestead exemption we are talking about now — and I said, "It would be nice if you could just take a second and let me share that with you." So I did, I said that at this seminar I learned not only about the homestead exemption in general but also our particular bill. I said that the homestead exemption is going to help everyone between the ages of one and a hundred and fifteen, and he said, "That's nice." I said, "It is also being endorsed heavily" — I learned at this seminar — "It is being endorsed heavily by the major corporations." He said, "That's nice." I said, "It's also being endorsed by the labor unions." And he said, "That's nice." I said, "It's also being endorsed by the middle income people." He said, "That's nice." And I said, "Did they send you anywhere in preparation of your limitation?" He said, "Well, they sent me to charm school." I said, "Well, what did you learn at charm school?" He said, "Well, I used to say 'bull' and now I say 'that's nice'." I think I learned a great deal from that and I do think it is worth speaking of.

I want to point out just why we are here, and why we are here, I think, is not because the Speaker or someone else in leadership asked to

come, I think the reason we are here is because our Governor called us. I respect our Governor highly for his intelligence and I respect him mostly for his political astuteness, but most of all, I respect him for his ability for timing, and that is why we are here, ladies and gentlemen, because of timing. What happened in California, there was great deal of timing involved there. What happened in Gorham, Maine, or other places, I think that is the reason why we are all sitting here today and that is why the special session was called. But the question we have to ask ourselves is, timing for what? That is probably the question that has the most answers — timing for what? What delicate package can we put together that is going to ride the wave between the two houses and make it through both times? It is a package of tax cuts, tax freezes, tax limitation, or is it a package of property relief?

I would challenge anyone here, myself included, to go back to our constituents, to our communities, and tell them that property tax is not a problem, property tax is not a major problem and that property tax does not need to be dealt with right now, go back to the elderly and those on fixed incomes and tell them that the increasing property tax is not a threat to their mere existence. I would remind you that 75 percent of those people own their own homes. Go back to the middle income person, tell him or her that what they have been supporting for years, all the programs in the state, that property tax is not a problem.

I don't care whose program we accept, it could be Wyman, Brenerman and the other person's bill, we could be accepting Representative Davies bill or a combination, but I think we have to leave here sometime, somehow, before we do leave, with some property tax relief. I don't care especially how we fund it, if it means cutting programs, if it means restricting agencies, then we have to bite the bullet to do it, but I think we cannot leave here without some kind of property tax relief.

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

Mr. MORTON: Mr. Speaker, Ladies and Gentlemen of the House: I rise this morning to support the position taken by the Appropriations Committee in its majority report, which I am sure you have all noted is a 12 to 1 report. A hundred percent of the House members of the Appropriations Committee have failed to support this bill.

The idea has been with us over several sessions in various forms. It certainly is an approach to property tax reform, is one kind. It is in vogue in some states, so it does have credibility for that reason.

But this session was called expressly by the Governor for the purposes of tax limitation, and I think we want to keep that as our number on priority, and the people in this state expect us to act in this legislature, in this special session particularly, with dispatch and with responsibility. In that connection, I would call your attention to an amendment which is on your desks this morning in connection with this L. D. 2210, filing number H-1232, Committee Amendment "A." It is the fiscal note which has been added and is for your consideration. I will only point out the fact that the total annual cost of this program is \$88,400,000. I am sure you are familiar enough with the legislative process to know that that kind of money is a large proportion of the General Fund and certainly if we are going to move in this direction, that kind of money must be found.

The gentleman from Windham said he didn't care how we found it, whether we raised taxes, whether we cut programs, but I can assure you that if that is the approach this Legislature wishes to take, we are here for many more than just a few days of a short special session on tax limitation. For that reason, I certainly hope you will support the motion of the gentleman from Lewiston, that we accept the

"ought not to pass" report of the Appropriations Committee.

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

Mr. BRENERMAN: Mr. Speaker and Members of the House: There seems to be a difference of opinion here as to what do people want. What do the people want? The people are frustrated by inflation, they are frustrated by federal spending, they are frustrated by over regulation, and we think they are most frustrated by the property tax. I can't do much about the price of bread, and there seems to be little we can do about the federal budget, but there is something we can do through our proposal for the property tax. We think that the people want tax cuts and tax fairness, and if we don't correct that injustice now, then limitation will do us little good. Our proposal puts money in people's pockets. The limitation proposal doesn't give anybody anything and doesn't guarantee that taxes won't rise.

If you don't think the people aren't concerned about property tax, then I don't think that we are listening to what they have to say. We have overextended our ability to pay the property tax. It is the only source of revenue at the local level, and whether we support our proposal or the Davies' proposal, we are giving local government another source of revenue other than the property tax.

I would like to read a part of a letter that I got from a gentleman in Winslow who is an elderly man, and he says: "I am very interested in your property tax proposal and would freely help you to get this on referendum if that is the route you are seeking. I am a retired senior citizen and an overcharged property taxpayer. I am on a fixed income because I retired last October. How am I ever going to pay these outrageous taxes while on Social Security? Just think of all the old widows in my town alone with just a little pension from their husbands, who get only a part of Social Security and have tax bills like mine. I had to go to the bank and borrow money; people are being forced to sell their property."

Three years ago, a committee formed by the Governor, which I was on the staff of and Representative Morton was a member of, suggested that the property tax was too high a burden for the people of Maine, that it was too high a percentage of the tax mix, and they suggested a method of changing that system. We have used that method, we think, in the fairest manner in our bill.

In conclusion I would say that our bill does three things—it allows the elderly to stay in their homes and, as Representative Diamond says, 75 percent of the elderly own their own homes; it allows young couples to buy homes that they can afford because they will be able to afford the property tax; thirdly, it keeps people in the state.

I would ask this House to allow this bill to go through first reading so that we can amend it so many of you will support what we have in our amendment.

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

Mrs. NAJARIAN: Mr. Speaker and Members of the House: I was one of the members of the Appropriations Committee that signed out "ought not to pass" on this bill because I think the exemption is too large and the costs are too high. But I know that the sponsors of this bill gave of their own time during the summer and worked very hard in coming up with this proposal for this body, time, energy and money and at their own expense, and out of courtesy to these sponsors and the limited time they had to put a bill together, I do wish that this House would give them the courtesy of letting it go to second reading so that they can offer their amendment. Maybe you won't like the bill any better with their amendment, but we have nothing else to consider this morning except this bill and one other, the Senate has not sent

down the other bill, and if we kill these two bills outright without letting amendments be offered, we are just going to be out in the halls milling around doing nothing. So I would hope that you would let it go to second reading, let them offer their amendment, and then if you don't like it, you can vote against the bill again. I wish you would extend the sponsors of this bill this courtesy.

The SPEAKER: The Chair recognizes the gentleman from Kennebunk, Mr. McMahon.

Mr. McMAHON: Mr. Speaker, Ladies and Gentlemen of the House: I really didn't expect to speak on this issue this early, but after listening to the gentleman from Windham and the gentleman from Portland, I can't help but offer a comment or two.

Mr. Brenerman made one statement that is a classic, that we hear up here all the time. I heard it up here when we voted on L. D. 1994 in 1973, how we were going to do something for people, everybody was going to benefit and it wouldn't cost anybody anything. Isn't that wonderful!

The gentleman made the comment that this bill will put money in people's pockets. How can you vote against something like that? But he neglected to tell you how much money it would take out of the other pocket.

Mr. Diamond was very eloquent and somewhat sarcastic in his comments about those people who might not favor this approach. I don't deny that the two gentlemen I am referring to are sincere in their efforts — I happen to disagree with them. I would ask them to state for us right now, since we are considering this particular bill and not any future amendment to it, how they propose to fund the \$88,400,000 that will be required to give this benefit which will go into one pocket. I would like to know which form of tax increases will be taken out of the other pocket.

The gentleman talked about the young middle class. Well, that young middle class pays high sales taxes, high income taxes, and they are going to pay more for the benefit of a break in the property tax. I would just like to ask the two gentlemen to explain how they will fund the \$88 million.

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

Mrs. MARTIN: Mr. Speaker and Members of the House: I wasn't going to get up and say anything on this, but Mr. Brenerman hit it right on the head. I don't care what you do, you need to give us people a break.

I am in the same boat as the gentleman Mr. Brenerman talked about. When I leave this place — I am lucky to have this little money I get from here — when I leave this place, I am going to be just like this other old man, I am going to have to take it out of my income, which I don't have.

The SPEAKER: The Chair recognizes the gentleman from Nobleboro, Mr. Palmer.

Mr. PALMER: Mr. Speaker, Ladies and Gentlemen of the House: I would just like to make a few brief comments on this bill before we vote.

I was interested in the comments of the gentleman from Pittsfield, Mr. Wyman, when he said this morning that he was working on an amendment and please give us a little more time. Of course, those of us who have served in this body for many many years, or even one term or two, know that is the loose way of saying "keep it alive, I want a chance to at this thing again."

I want to comment that I was very disappointed last night that this House did not meet at four-thirty and continue debating on these bills then. I believe the gentleman from Pittsfield had ample opportunity last night to have his amendment right here this morning.

I don't know how long we are going to stay here, but we came here for a purpose, and that purpose was to deal with the limitation of government spending, and I don't believe but what

the gentleman has had good enough time to have ample amendments drawn that we could discuss at this moment without this delaying tactic.

The gentleman from Windham said, "What are we here for?" It is very obvious what we are here for. The Governor's call said what we were here for — it mentioned spending limitation, defining the limits and the limitation of government. That is what we are here for.

There is not a soul in this body but would agree with Mrs. Martin that we do need property tax relief in this state, but there are ramifications to it and it is a subject which I am sure is going to be fit for the 109th Legislature, but for a special session of this legislature called to limit the spending power of government, to do a total job on tax reform in this state is an impossibility. It just seems to me that we have to look at that issue and that issue alone. I think that was the reason why early on when the Legislative Council met and we talked about bills we wanted to enter, we said, let's enter one vehicle and one vehicle alone. Amend if you have to; work on the one. What has happened now is, we have five vehicles, two are still in the Appropriations Committee, and, frankly, I think we are playing games with those. I believe they should be out here on the floor like the other three are out. Let's take them all right now.

Some people thought we would be here a day or two or three. If we keep on tabling for amendments, keep on holding bills in committee, we will be here for a week, we will be here for two weeks, and we still won't accomplish one more thing than we would if we brought them all out right now, did the job and went home.

Now, let me say this to you — the good lady from Portland just said there is nothing else for us to consider, the Senate is doing nothing. The Senate at least did, last night, move a bill along to second reading. I think we should dispose of this now.

Let me say one thing to you, too, that the fiscal note on this bill is \$88 million, and I think that is a little bit on the low side. The question is, the income tax in the State of Maine last year yielded \$98 million. You are talking, basically, if you pass this bill, of doubling the income tax. If you look at the structure of those who pay the taxes in this state, I can tell you by numbers those who make \$50,000 and over and those who make less, and there just isn't that fund out there. There is no free meal ticket. So, it is just foolish to think we can do that. It is not tax reform, it is tax shift. I think that is something very basic for us to remember.

This came out of committee with a 12 to 1 "ought not to pass" report. You refused to debate it last night and now we want to delay it again this morning. I think we ought to dispose of it now and move on to other things.

The SPEAKER: The Chair would remind members that if they are referring to the other body, they shall refer to it in that sense and not by name.

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

Mr. JALBERT: Mr. Speaker and Members of the House: I voted against this measure in committee. I can appreciate the remarks of my very good friend from Nobleboro, Mr. Palmer. However, I have a bill that is going to come through from the other branch and I intend to put an amendment on it, and the members from my party on the Appropriations Committee have gone along with me, and I feel what is good for me is just as good for the gentleman from Pittsfield and his friends.

Frankly, we do not have the bill from the other branch and I don't see it coming right off quick. I am sure that the good gentleman and his cosponsors will not take advantage of the courtesy that would be extended to them by taking up to much time anyway, but I feel that somewhere along the line there might be those

who might feel away from the legislature that they didn't give an opportunity for anybody to amend a measure. I probably would agree that maybe this could have been taken up yesterday. I haven't got the least idea what the amendment is about, but I would hope that we would extend the courtesy of having the bill given its second reading so we could at least know what the amendment is. I hope you will concur with me.

The SPEAKER: The Chair recognizes the gentleman from Old Town, Mr. Pearson.

Mr. PEARSON: Mr. Speaker, Ladies and Gentlemen of the House; it seems to me that the question is whether we are going to let this go to second reading and allow amendments. Gosh, I just can't believe that anybody who believes that the legislative process ought to be deliberate and well reasoned would refuse that opportunity.

I signed this out "ought not to pass" myself, but I believe that the Appropriations Committee didn't have enough time to wrestle with all these bills and not everybody has heard all of the different angles.

There are people, you know, who will support all sorts of different proposals in all sorts of different drafts. Well, if they will support all sorts of different drafts on one piece of legislation, then let them listen to a couple of different angles on another piece of legislation to afford that person the opportunity, or those sponsors the opportunity to present them.

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

Mrs. KANY: Mr. Speaker and Members of the House: I plan to support this bill in first reading, only in hopes of a \$5,000 exemption which I hope will be offered in second reading.

I had hoped that the Appropriations Committee could have sent the bill out with such an amendment, but 6 members of that 13 member committee, while voting, I guess just preferred sending out bills, warts and all, and this is one of them with that huge fiscal note.

But while I am up, I would like to take the opportunity to thank Representatives Wyman and Diamond and Brennerman for being gutsy enough this summer to stand up and be counted and to bring up the issue of tax reform and allow the people of Maine at least some opportunity for debate on this subject.

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

Mr. LYNCH: Mr. Speaker, Ladies and Gentlemen of the House: This bill does not guarantee reduction in the local property tax. I would like to recall the passage of 1994 when very substantial property tax reduction was given across the state to municipalities. It was immediately sopped up by local officials and maintained their existing tax rates. The people were completely deceived at that time. They were completely unaware that there had been given very substantial tax relief.

The SPEAKER: The Chair recognizes the gentleman from Nobleboro, Mr. Palmer.

Mr. PALMER: Mr. Speaker, Ladies and Gentlemen of the House: I just want to make a couple of comments. I, first of all, want to apologize to the Speaker for using the name of the other body. I hope that Mrs. Najarian, the lady from Portland, will do the same.

Secondly, I want to just make one comment, that I think it is the first time I have ever seen a 12 to 1 report out of the committee turn to a 7 to 6 overnight. Now, this just leans right back — the same 7 to 6 vote took place to hold two other bills captive to delay the session of this legislature and to play political games, and we should get down to the business of dealing with the subject we were brought here for.

I also would like to make one final comment. I would like to ask through the Chair if the gentleman from Pittsfield, Mr. Wyman, having been working on this amendment as he has been, he certainly must have some indication at this moment in time of what that amend-

ment is going to be like. If we are going to have to delay for awhile so it can be reproduced, could he give us some inkling now as to what that amendment is going to be.

The SPEAKER: The Chair would advise the gentleman from Nobleboro, Mr. Palmer, that the question may not be posed to the gentleman from Pittsfield since the amendment may not be discussed since it is not before us. The pending question before this body is acceptance of the Majority "Ought Not to Pass" Report.

The Chair recognizes the gentleman from Winslow, Mr. Carter.

Mr. CARTER: Mr. Speaker, Ladies and Gentlemen of the House: I, too, was a member of the Appropriations Committee who voted "Ought Not to Pass" on this particular piece of legislation for the simple reason that I don't believe that we can come up with the required millions of dollars needed to effect any form of tax relief. However, since my community has been brought up and I also feel deeply that many people living on a fixed income should have some sort of relief, I think we should leave no stones unturned to see if we can come up with any possible way or method of achieving some form of relief.

Now, the figure of \$5,000 could possibly be achieved during this session because of the existing surplus that we now have without passing any new taxes.

Let me give you an example of what has transpired in my community in the last 10 years. In 1967, the gross municipal budget was \$1.2 million. In 1977, the gross municipal budget is \$4.7 million. Now, any individual living on a fixed income has a very difficult job of coping with this type of growth. This represents a total increase of 271 percent in the gross budget.

I agree that there are some other forms of revenue that came in to take up some of the slack. But to get a truer picture, one should look at the mill rate. The mill rate in 1967 was pegged at 43 mills on a 40 percent valuation. In 1975, still on a 40 percent valuation, the mill rate had jumped to 66 mills. Then the town went through the revaluation process. The mill rate dropped to 13½ mills at a hundred percent. In 1977, the mill rate jumped to 14.8. This year the mill rate has not been established. We are trying very desperately to keep the mill rate at 19.5, and if there is any way possible that we can come up with some sort of relief, I think we should pursue every avenue.

I would hope that you would keep this bill alive to see if we can come up with some sort of a bill or amendment that can help solve some of the problems.

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

Mr. JALBERT: Mr. Speaker, I think the note I just sent you would indicate — I am not going to say what I sent you, but I think you probably realize that I am right in writing to you the note I did.

I will now withdraw the motion that I made, "ought not to pass," so that I can make a motion, for the purpose of allowing the amendment to be presented, that the "ought to pass" minority report be accepted.

The SPEAKER: The gentleman from Lewiston, Mr. Jalbert, withdraws his motion to accept the Majority "Ought Not to Pass" Report and further moves that the House accept the Minority "Ought to pass" Report. The Chair will order a vote. All those in favor of accepting the Minority "Ought to Pass" Report will vote yes; those opposed will vote no.

A vote of the House was taken.

61 having voted in the affirmative and 52 having voted in the negative, the motion did prevail.

Thereupon, the Resolution was read once. Committee Amendment "A" (H-1232) was read by the Clerk and adopted and the Resolution assigned for second reading later in the day.

Divided Report

Majority Report of the Committee on Appropriations and Financial Affairs reporting "Ought Not to Pass" on RESOLUTION, Proposing an Amendment to the Constitution to Require the Governing Body of State and Local Government to Establish Reasonable Expenditure Limits for their Respective Units; to Provide Property Tax Relief by Requiring Property Tax Exemption on the first \$10,000 on an Owner's Principal Place of Residence; to Provide Property Tax Relief to Renters; and to Finance Property Tax Relief by Providing that One Percent Sales and Use Tax Shall be Collected by the State and Distributed to Local Governments (H. P. 2344) (L. D. 2211)

Report was signed by the following members:

Messrs. HUBER of Cumberland
MERRILL of Cumberland
MORRELL of Cumberland
— of the Senate.

Messrs. JALBERT of Lewiston
GREENLAW of Stonington
McBREAIRTY of Perham
MORTON of Farmington
CARTER of Winslow
HIGGINS of Scarborough
Mrs. POST of Owl's Head
Messrs. PERKINS of Blue Hill
PEARSON of Old Town

— of the House.

Minority Report of the same Committee reporting "Ought to Pass" as Amended by Committee Amendment "A" (H-1233) on same Resolution.

Report was signed by the following member:
Mrs. NAJARIAN of Portland

— of the House.

Reports were read.

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

Mrs. NAJARIAN: Mr. Speaker, I signed out "Ought to pass" on this bill for the same reason that I gave for Representative Wyman's bill. I don't think this is a perfect bill; again, I still think it is too costly, but I think that many people have worked very hard on this bill. I think it ought to go to second reading and let them offer their amendments which you have the opportunity, again, to either accept or reject. It is a matter of courtesy, it is a matter of respect for the many people who have worked to bring this bill before us.

I move that the House accept the Minority "Ought to Pass" Report.

Whereupon, Mr. Palmer of Nobleboro requested a vote on the motion.

The SPEAKER: The Chair recognizes the gentleman from Westbrook, Mr. Laffin.

Mr. LAFFIN: Mr. Speaker, Ladies and Gentlemen of the House: The bill that we had previously I saw a lot of merits to, but this bill, I certainly hope the members of this House will not let it go any further. I think that this bill, the so-called Mayor's Bill, is putting the burden on the people that they themselves are trying to do away with.

The mayors are very concerned in this state with their people and the tax burden that is put upon them today. Where were they last year? Where were they five years ago when they taxed the people as the good lady from Brunswick said, right out of their homes, and now they are coming before the legislature to adopt their own plan.

It was really heartbreaking for me to sit at the hearings the other day over eight hours and hear the city manager from our largest city plead poverty, pleading for the people of this state. He only makes \$39,000 a year and he pays \$147 more in taxes than I do. I made \$8,000 last year. I think that when we let the mayors of this state tell this legislature that they have the perfect plan, they are wrong because they don't. He gave excuses how if the roads caved in and if we were blizzarded in with snow

storms — he left out, what if the sky falls down too. There are a lot of issues that they spoke on their favor, but not once, and they never have had the consideration for the people of this state who pay the taxes, and we are the only city in Cumberland County that taxes have continued to rise in year after year after year, and it went up this year \$1.2 million. If you think I can stand here today and have the people of Westbrook, which I represent, continue to be under that form of dictatorship, then you are wrong, because there is a limit to this. The people are fed up with this limit. They don't mind paying their taxes, there is no revolt in this state, and this is certainly not tax reform.

This morning people have spoken of tax reform. Well, there is no tax reform on any of the pieces of legislation that we will see before us this special session. Tax reform is tax reform, and what we have before us is whatever you want to call it, but it has nothing to do whatsoever with tax reform, and we need tax reform. I am a great believer in tax reform because the working people have always paid for tax reform, they have paid all the bills since we have had working people. Yet, what are they doing? They want to shift from one to the other but they don't want to lose a penny. They don't want to give up anything. They don't want to sacrifice anything. They are telling you, we'll give you a \$10,000 break on your homestead act — fine and good, but that is not going to stop there. They want it from somewhere else to make up for lost revenue. That is not tax reform. All that is is selfishness on the part of administrations that continue to dominate the cities and towns that our people live in.

Of course we know there are many people who are taxed out of their homes. Everything that has been said here this morning I agree with on both sides. I agree with Mr. Jalbert, I agree with Mr. Wyman and I agree with the lady from Brunswick, but you know, that is not the answer, this piece of legislation. This piece of legislation is a self-interest group. This piece of legislation is only intended for the cities and towns and the Maine Municipal Association that represents them as their goal to achieve. And I know that the people in this legislature, we may not all be as smart as they are but we are as nice as they are, and if we can be nice to the people of this state, we can do no more, but today they are asking you to accept something that the people back home know absolutely nothing about, but I will tell you what the people back home do know about, they know the bottom line of how many taxes they are paying every year — they know that. You can shift and you can shake and you can do all the wonders in shifting figures, but the bottom line is how much money they are going to have to pay after they have paid for their children's education, after they have fed and clothed their children, after they have done all the essentials that are required by parents, and many parents today have to go out and double work. The husband has worked all his life and he can't survive so his wife has to go out to work to pick up the tab so that their children can have an education that they themselves never had.

This is the worst bill of them all, and I would certainly ask the members of this House — I can sympathize with Mr. Wyman's bill, it has some merit, but this bill certainly has none whatsoever.

Mr. Palmer of Nobleboro 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 Chair recognizes the gentleman from Bangor, Mr. Kelleher.

Mr. KELLEHER: Mr. Speaker, Ladies and Gentlemen of the House: There is no secret where I stand on homestead exemption. I think this House is well aware of it in this legislature and in the past.

I can agree with some points that Mr. Palmer raised this morning in having a variety of issues before us. The Wyman proposal that we just took care of is a pretty plain, clear-cut bill and it needs some work done on it. The mayors' bill, as they call this one here, I have got to agree with Mr. Laffin, but not for all the same reasons.

I think the House, in its wisdom, would be smart if we put this bill away at this time. We have got another homestead exemption bill that is still breathing, it is going to be back later on this afternoon. To just read the title confuses me and I am sure, in some instances, it may confuse the people back home. It looks well, it is really very well put together, but the majority members of the Appropriations Committee, in their wisdom, I believe, on this one voted in its proper perspective "ought not to pass."

I would urge the House to vote against accepting this motion this morning.

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

Mr. DAVIES: Mr. Speaker and Members of the House: I think I had better give you a little bit of information about this and ask for the courtesy that was extended to Mr. Wyman, to give this bill an opportunity to get to second reading, for I also have an amendment to offer to this bill that would substantially change it that I think would make it more palatable to a wider number of legislators and, therefore, perhaps attempt in some small way to reach a compromise that includes both a spending limitation that will work and some form of property tax relief for the people of the State of Maine at whatever level the state can afford to pay.

I do have an amendment that is almost done now. It is in Legislative Research right now — they have been working on it since yesterday. I have been trying to get this process done so that it would be available, but if this bill cannot get through its second reading, I will not have an opportunity to offer that amendment and a lot of effort that has gone into preparing that amendment will have gone down the drain.

I think it is clear, from what we have heard here today, from what we have seen in the newspapers and what we have heard from our constituents since this special session was announced, that there is a great deal of concern with the taxes in the State of Maine. I think there is no question about that whatsoever.

The question that I have posed to my constituents, and a number of my colleagues have done the same, is, what do you want to do? What are the real problems? What bothers you the most? What can we do that will relieve the burden for you most greatly? Along those lines, I sent out a questionnaire to my constituents to ask them what they thought. Responses have been coming in over the last two weeks and almost to a person the response has been, "we want some property tax reform." The property tax hits us harder for a bigger chunk of money at one time than any other tax. We don't see significant improvements in the services that we receive for our extra tax dollars and we want that to stop. While we are concerned with all taxes, the thing that bothers us the most is the property tax.

I took this to heart and I was approached by the members of the City Managers Association in the state with this proposal and it appealed to me because it has some advantages: (1) it does have a spending limitation proposal in it; (2) it provides a \$10,000 homestead exemption — something, that I think anyone outside of the hurry and hustle of this special session would admit is something that the state needs very badly.

It also has the advantage of utilizing some revenues that we know that we are going to receive in excess of what we receive this year. The sales tax is going to be growing, the revenues we receive from it will be growing each year. What my bill proposes to do is to dedicate tax reform, dedicate tax relief. It will set aside a portion of the money that the state will receive in the sales tax in a dedicated fund that will go for one thing and for one thing alone, reducing the burden of property taxes in our municipalities and the revenues from that which will be coming in have the advantage of coming not only from residents of the State of Maine but also from residents from Massachusetts, New Hampshire, Connecticut, Rhode Island, New York and any other state where those people would come to the State of Maine and vacation. Every cent that they spend here will produce tax revenues to the people of the State of Maine. So, this has the advantage of drawing revenues not only from our own citizens, but from our citizens from other states, to help provide tax relief to our citizens and to no one else.

I think this offers the start towards a compromise that will accept the idea of a spending limitation, preferably in statute form, will also extend to the people of the State of Maine some tax reforms, some tax relief that will enable us to say honestly to our constituents, we have done something about the spiraling increase in your property taxes. We have given the municipalities a new source of revenue so that they no longer have to be totally dependent on property taxes for all of the municipal revenues. It allows them the opportunity to reduce the property tax burden on their citizens without reducing the services that those citizens are demanding.

I think that this bill does present us with a real opportunity to achieve two goals that we have accepted as necessary. The price tag is substantially smaller than on the other homestead exemption bill, and with the amendment that will be offered, that price tag will be reduced even more, but there will be no opportunity to discuss that to see whether in fact, it has any appeal for the people of this body unless this bill can get to its second reading. So I would urge the members to extend to me the courtesy that was extended to Mr. Wyman from Pittsfield, to give this bill a chance to get to second reading so that we can discuss the amendment.

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

Mr. TALBOT: Mr. Speaker, Ladies and Gentlemen of the House: As most of you know, over the past six years I have rarely spoken on tax measures in this House, although I can understand the issue and I can understand where my constituents are coming from and I can understand the problem, but it also seems to me that if we are going to spend over \$30,000 a day to come up here in a special session to do what is best for the people of the State of Maine on this particular issue, then we should give the people of the State of Maine every opportunity and every right and every respect to see all of the arguments concerned with this issue.

When members of the other party seem to try to limit that in its scope and limit that issue, then I don't see that as doing what is best for the people. I think that we, as legislators, have to remember that this issue does not only affect the people within this body and people within this body are not the only ones to look at the entire issue.

Therefore, I also urge you, not only on this particular piece of legislation, because I am not absolutely sure where I stand on any of the pieces, but I think it is only common courtesy for us to let the people of the state, people outside the halls of this House, to be able to look at all of the arguments dealing with this issue so that in the final analysis we can come to the right decision for the entire people of this state.

I would also urge you to give this its first reading.

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

Mr. JALBERT: Mr. Speaker, Ladies and Gentlemen of the House: At this point, if anyone has any suggestions as to how to act when you are chairman of the committee, I would be delighted to accept any suggestions.

On the Wyman bill I made a motion to accept the "ought not to pass" Report; I reversed my position, withdrew my motion and made a motion to accept the Minority Report. I, myself, have a bill that is going to, I hope, before the next Labor Day, land in this body and I have a very important amendment that I intend to present. I have already been extended the courtesy from my party to go along with it.

In this particular instance here, at the hearing I reminded the good young man from Orono, Mr. Davies, as to where we stood financially and I don't want to take your time now explaining that position, because I will do it when I present my amendment to a major bill. I would be repetitious and I don't want to do that.

This bill, by the time we reach 1980, has a price tag of \$50 million, which, incidentally, is not spelled out in the bill. There is no fiscal note that I can appreciate very much and I, frankly, don't believe in the bill. I try, at least, to be a gentleman and be courteous, but somewhere along the line we have to say no because you run out of money. We just don't have any money for this bill. If we passed it, we just don't have any money and we are not going to have any money for it next year either, I can guarantee you that.

The SPEAKER: A roll call has been ordered. The pending question is on the motion of the gentlewoman from Portland, Mrs. Najarian, that the House accept the Minority "Ought to Pass" Report. Those in favor will vote yes; those opposed will vote no.

ROLL CALL

YEAS — Boudreau, A.; Boudreau, P.; Brennerman, Bustin, Carrier, Clark, Cote, Davies, Diamond, Dow, Dutremble, Flanagan, Henderson, Hobbins, Howe, Hughes, Jacques, Joyce, Kany, Kerry, Martin, A.; Maxwell, Najarian, Nelson, M.; Paul, Pearson, Quinn, Spencer, Talbot, Tierney, Trafton, Valentine, Violette, Wyman

NAYS — Aloupis, Ault, Austin, Bacharach, Bagley, Beaulieu, Benoit, Berry, Berube, Birt, Blodgett, Brown, K. L.; Brown, K. C.; Bunker, Burns, Carey, Carroll, Carter, D.; Carter, F.; Chonko, Churchill, Connors, Cox, Cunningham, Curran, Devoe, Dexter, Drinkwater, Dudley, Durgin, Elias, Fenlason, Fowlie, Garsoe, Gill, Gillis, Gould, Gray, Green, Greenlaw, Hall, Hickey, Higgins, Huber, Hunter, Hutchings, Immonen, Jackson, Jalbert, Jensen, Kane, Kelleher, Kilcoyne, Laffin, Lewis, Littlefield, Lizotte, Locke, Loungee, Lunt, Lynch, Mackel, Mahany, Marshall, Masterman, Masterton, McBreaarty, McHenry, McKean, McMahon, McPherson, Mitchell, Morton, Nelson, N.; Norris, Psimer, Peltier, Perkins, Plourde, Post, Prescott, Raymond, Rideout, Rollins, Sewall, Shute, Silsby, Smith, Sprowl, Stover, Strout, Stubbs, Trubell, Teague, Theriault, Torrey, Tozier, Truman, Twitchell, Tyndale, Whittemore, Wilfong, Wood

ABSENT — Biron, Connolly, Garsoe, Goodwin, H.; LaPlante, MacEachern, Moody, Nadeau, Peakes.

Yes, 34; No, 103; Absent, 9; Resigned, 4.

The SPEAKER: Thirty-four having voted in the affirmative and one hundred and three in the negative, with nine being absent and four resigned, the motion does not prevail.

(Off Record Remarks)

On motion of Mr. Tierney of Lisbon Falls, Recessed until the sound of the gong.

After Recess

11:30 a.m.

The House was called to order by the Speaker.

On motion of Mr. Greenlaw of Stonington, the Majority "Ought Not to Pass" Report (L. D. 2211) was accepted and sent up for concurrence.

By unanimous consent, ordered sent forthwith.

(Off Record Remarks)

Mr. Carroll of Limerick was granted unanimous consent to address the House.

Mr. CARROLL: Mr. Speaker, Ladies and Gentlemen of the House: Before I left home this morning, my wife read me an editorial in the Portland Press Herald. Said editorial implied that we were down here hanging around, wasting our time, not performing services which we were elected to perform. I resent and consider it highly irregular and poor reporting to state that 151 members were hanging around the corridors, fooling around, wasting their time. I ask the Gannett Press to correct their editorial on the front page and state therein that there were committees meeting yesterday. Some of us had two committee meetings yesterday. We met in the Transportation Committee for almost two hours going over the automobile inspection laws. I think that the record should be clear and very explicit that we came down here and that we work when we come down here. I had constituent service and I worked until I went home last night and then I performed my services at home until eleven o'clock last night.

I am not a hang-around or a bum. I do my duties and perform my work and I know that the rest of us do. I don't think it is good reporting to imply that this legislative body came into session and hung around the corridors and bummed around.

On motion of Mrs. Beaulieu of Portland, Recessed until two o'clock in the afternoon.

After Recess

2:00 p.m.

The House was called to order by the Speaker.

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

RESOLUTION, Proposing an Amendment to the Constitution to Establish Property Tax Exemptions for Maine Homesteads (H. P. 2336) (L. D. 2210) (C. "A" H-1232)

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

Mr. Wyman of Pittsfield offered House Amendment "B" and moved its adoption.

House Amendment "B" (H-1240) was read by the Clerk.

The SPEAKER: The Chair recognizes the gentleman from Pittsfield Mr. Wyman.

Mr. WYMAN: Mr. Speaker, Ladies and Gentlemen of the House: I thought I would preface my presentation today with a little story that this session reminded me of, the story about a surgeon and an architect and a politician who were talking about what profession of theirs was the oldest. The surgeon said that he thought his profession was the oldest because the rib to create Eve was taken from Adam and that required a surgical operation. The architect said, yes, but before that Order was created out of chaos, and that most surely was an architectural job. Then the politician said, yes, but before that someone created the chaos... and this session reminds me a little bit about that politician. I guess we all feel that we are in a bit of chaos and I want to thank you, ladies and gentlemen of the House, my colleagues, for being so patient with me while this

amendment was being prepared.

What this amendment does, and a lot of it, I should remind you, is technical and administrative in nature, but what it does is, it cuts the whole state exemption from \$20,000 not to \$10,000, but to \$5,000. That will be a property tax revenue loss of approximately \$22 million. It will exempt the first \$5,000 of just value to be determined by the state's clarified ratio on everyone's principal place of residence. It also establishes a \$25 renter rebate. The renter's rebate was originally in our bill at \$100 and we have cut it to \$25. It also, and this is the section that I am sure you noticed and will be interested in, there is a property tax limitation and this limitation says in effect that no municipality will increase its valuation or its tax rates any more than 5 percent for the first two years that this homestead exemption is in place unless the people in a municipal-wide election vote to exceed that 5 percent limit.

I believe, and I have said this many times, and I believe it with all my heart, that the people of this state do want property tax relief. It is my considered opinion that we as legislators, many of us, do not fully realize the frustration and the resentment of the taxpayers of this state toward property taxes. And while many of us have stood on the floor of this body and said that we supported property tax relief but not now and not in this way but in some other way, some other time, later on, the regular session or maybe in 1981 or 1985, or maybe 1990, even though we have said that, and we all have our good intentions, we want to do something about property tax relief but we just don't want to do it now, I would remind you that the vote that the people took last December 7 against the uniform property tax was, in my judgment, at least in very large part, a voice of resentment and frustration against rising property taxes. I have had people in my district come up to me since that vote last December and ask me why property taxes didn't go down, didn't we repeal the uniform property tax? I had to explain to them that this didn't necessarily reduce their property tax burden.

This homestead exemption, I must frankly confess to you, in this amendment is not entirely to my liking. I would have preferred a \$25,000 exemption and I would have preferred a \$10,000 exemption. In fact, if we could have funded it, I would have preferred a \$55,000 exemption, because I believe that the property tax in this state is regressive, it has inherent injustices built into it that, admittedly, are not fully addressed in this particular amendment.

The property tax imposes a very cruel an oppressive burden on the people who are least able to pay.

I got a letter from a gentleman during the course of this particular effort to establish a homestead exemption and he said that he was living on a fixed income and that his mother-in-law, who was 87 years old, living on Social Security, got hit with a property tax bill last year in excess of \$1400. A waitress in Boothbay, Congressman Tupper was relating to me, told him she was hit on the salary that she made as a waitress with a \$1300 property tax bill.

Now, it is true that the property tax is perhaps one reflection of a person's wealth, and I wouldn't deny that and I don't think that anyone who wants property tax relief would deny that fact, but it is not the best indication of a person's ability to pay taxes.

I have not had anyone tell me in my district or anywhere else in this state that they felt that property taxes were fairer than income tax. I got a feeling in the last couple of days that many of us want a homestead exemption, we would like it, perhaps, at \$10,000 or \$20,000, that it would be grand, except we don't want to pay for it. We want to somehow impose a homestead exemption and relieve the property tax burden, but we don't want to increase any other taxes because the people wouldn't like that but we want to give them property tax relief. Well,

it seems to me, and I am not an economist and I don't know enough about the state financial picture to speak with any authority, but it would make common sense to me that if you are going to establish meaningful property tax reductions, you are either going to have to do one of two things—you are either going to have to cut services at some point and cut programs to make up that lost money or you are going to have to increase other taxes to make up for the lost money. There is no magic solution and there is no matter that is going to fall from heaven, but I believe that the people of this state have affirmed their confidence that paying through a progressive income tax is the fairest way rather than through a regressive property tax.

I want to remind each of you, ladies and gentlemen, that we are not recommending in this particular amendment that we increase the personal income tax. We are not recommending that we increase the corporate income tax, we are not necessarily recommending that we increase any taxes. What we are saying is, we want to impose a homestead exemption. We believe that we can fund it. We believe that the people ought to have an opportunity to vote on property tax relief. And we furthermore believe that if we leave this session having adopted any other form of tax limitation or spending limitation without having addressed in at least a very cursory manner a very light manner, the very serious problem of property tax relief, then we will have failed the people.

Now, \$5,000 is not much of an exemption but it is a start, it is a beginning toward the long road of meaningful tax reform in this state. And it is true, the people are going to be watching us, and the Governor is correct when he says that. People who have been hit and they are being hit right now, even as we debate this issue, with property taxes are going to want to know when we go back to our constituents what position we took on property tax relief, on property tax reform. And unless we enact this particular homestead exemption, unless we take some action to at least head us in the right direction, we are going to have to tell the people, well, we didn't do anything this time, but as soon as we get reelected, then we are going to deal with the problem, and all the people have had for years-and-years-and-years-is-promises-promises, promises. I think it is little wonder that under those circumstances the voters mistrust the politicians, and it is little wonder that the movement toward Independent candidacies have seemed to gain greater credibility, because the people don't believe us when we tell them that another session we will deal with property tax relief.

We are really committed to it but we just don't want to do anything right now, we are going to wait.

I would like to paraphrase what my good fellow Baptist said, the gentleman from Nobleboro, in a news program not too long ago. He said this — "You can always find ample excuses not to do something that you really don't want to do." And I would say to you, ladies and gentlemen, that we can find all kinds of excuses why we ought not to relieve the property tax burden on the people of this state. But I will say to you that if we fail, then the people, the taxpayers, are going to rise up and they are going to take matters into their own hands, and I believe most firmly that people in this state would sign a petition to establish a homestead exemption at a much higher level than \$5,000, and we may have an opportunity to prove that, but I am quite confident that they would. You might say to the people, well, we don't know how we are going to fund it if you vote for it, but I am saying to you that the people will vote for it and they will say to you, you fund it. We are going to cut our property taxes and it is up to you to face up to the responsibility of dealing with our tax system, and maybe, just maybe,

without that kind of pressure, we are not going to act.

I hope that you will give very serious consideration. I believe that when we started off with announcing a \$35,000 homestead exemption and we dropped to \$20,000 and then we dropped from \$20,000 to \$5,000 — and I had a gentleman come up to me in the hall not more than 10 minutes before the session started and he said, "I just wanted to tell you that I hope you hold out for \$20,000;" I said, "Well, I am very sad to have to tell you this, but it is \$5,000 right now and we may not get that but we are going to try for it."

It seems to me that this last is a minimal to property tax relief, we are asking a very minimal commitment to help our renters, our low income people, but I can tell you with a great deal of assurance that my feeling is that a property tax homestead exemption will help the people who have always had to pay most of the bills, the middle income working people, the people that Representative Laffin was talking about earlier this morning with such conviction, the people who really need the help. It is not the wealthy individuals that need the break, it is the middle income people, and when a young couple has purchased a home through a low interest loan for \$19,000, as some close friends of mine did not too long ago, and their home was valued immediately at \$30,000 and they got socked with a property tax bill of \$500 on an income of \$5,000, then I say to you that that is unjust. I say to you that that has no bearing at all on a person's ability to pay taxes. And as far as I am concerned, the term 'ability to pay' is more than a heartbeat phrase that tax revolutionists use. As far as I am concerned, it is something that is substantive, and until we start building our tax system in this state more along the lines of a person's ability to pay taxes, we will continue to have the kind of current injustices that we have in our tax system.

I would appreciate your consideration and I thank you very much.

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

Mr. CAREY: Mr. Speaker and Members of the House: At a time when my community is going through a tax increase of about 12 percent, which means that the mayor of the city has put a lot of money into a bond issue to even reduce the request down to 12 percent, 5 percent becomes somewhat unrealistic in the growth. In adding to that, I would point out that the cost of living has averaged, over the past 10 years, 6.1 percent, and cost of living is not a true indicator of governmental goods and services, that that has increased by an average of 7.3 percent over the last 10 years. The figure of 5 percent becomes unrealistic as far as tax increases are concerned.

The second page, Section 2, is unrealistic when you try to compare it with the Constitution. We have passed statutes in this legislature which have said that we are going to try to get up to a more realistic assessment ratio, and we are going up to 10 percent at a time when this thing, by statute, says that we are only going to go up 5 percent each year for the next two years. This puts us in conflict with stuff we already have on the books. The Constitution itself says that we are going to assess property at just value, and apparently we are going to disregard the Constitution completely by going along with this particular measure.

I would hope that we wouldn't put valuation out to referendum, that we would try to leave it in the hands of those people who are "some-what expert?" in the field of assessment, that you would then have a very emotional issue and you would get away from the facts and we hopefully are going to try to tax people on factual, full value. Depending on what ratio you want to tax them at is one thing, but everybody gets taxed on the same proportion.

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

Mr. LYNCH: Mr. Speaker, Ladies and Gentlemen of the House: I recognize the problem on the same area, on Page 2, it says "No municipality shall, for the tax year of 1979, increase the assessed valuation of any property by an amount greater than 5 percent of that property's assessed valuation on April 1, 1978." Now, there is a town within my district that has had a revaluation. It was completed within the last few weeks. What this says is that the assessed valuation has to be recognized on April 1 of 1978. The valuation increases more than 5 percent.

The next paragraph says that the municipality may, however, increase the assessed valuation of property located within it by an amount greater than the limitation placed upon it by this subsection if the amount of the increased assessed valuation permitted is first approved by a majority of the electors of that municipality voting at an election called by the municipal officers in accordance with Title XXII. This, to me, means that we are going to force the voters in that community to go to a referendum when there is already turmoil in the town.

The SPEAKER: The Chair recognizes the gentleman from Arson, Mr. Burns.

Mr. BURNS: Mr. Speaker, Ladies and Gentlemen of the House: I think the time has come to call a spade a spade and lay it right on the line where the problem lies in reference to property taxation.

We are guilty as politicians both at the municipal level, the state level and the federal level of brainwashing the public into believing that we are going to cure all of their ills. We are not and we cannot, but they can. They have the power of the vote. They can get out the vote, turn down those budgets, make them go back in and restudy and reduce the taxation. The towns and cities that have the council type, if a councillor is not doing what you want him to do, just make sure that he doesn't get back in again.

The power is with the people. It is not going to come from Augusta and it is not going to come from Washington; it is going to be the people who are going to do this, just the same as they did in California. The people have got to exercise their vote. If they want to let George do it, or in this case, let Jack do it, it is going to continue. They have the power of a vote; they can take their own action. It is in the Constitution that they have home rule. If they don't like the way the budgets are drawn, then let them come up with a new charter and rewrite it. Let them do it.

I don't like the idea of us sitting here in Augusta saying what I am going to pay for taxes in Anson. It is my business as a resident of the town of Anson as to what the valuation of my property is going to be and what the mill rate is going to be.

Everything is coming out of Proposition 13 in California. California is a different state, completely different. The property tax in California went to pay state government and when state legislators were being paid approximately \$30,000 a year, had a car at their disposal and a private secretary, no wonder the people were getting upset. Believe me, we are not here in this legislature receiving any such renumeration.

I fully feel that those people who are on a fixed income must be protected, and probably we are the body that should protect them and we have. We have the rebate in property taxation and renters, if they qualify. I think we should give some attention there and give some more relief, but as far as the question of property tax and what is to be done with it, let the voters decide — it is their business.

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

Mr. JALBERT: Mr. Speaker, I would like to ask the good gentleman from Pittsfield, Mr. Wyman, where the \$25 million is coming from?

The SPEAKER: The Chair recognizes the

gentleman from Pittsfield, Mr. Wyman.

Mr. WYMAN: Mr. Speaker, Ladies and Gentlemen of the House: In answer to that particular question, we are projecting that much of the costs for this can be paid for through projected revenues in the state budget. We have not precluded the possibility of the legislature increasing certain other taxes, depending on the judgment of the legislature.

This particular bill, as you know Mr. Jalbert, has a provision to be sent out to the people in a referendum vote. If the people of this state decide that they want to reduce property taxes for themselves and they vote for a homestead exemption, I think by doing that, they are saying to the state legislature, your excuses of saying that we can't afford to reduce property taxes are no longer valid and we are saying that you must reduce them. At that point, it seems to me that it will be up to the legislature to either cut programs at some point, cut out wastefulness in government, and I think most taxpayers believe we have waste in government, or to increase the cigarette tax or to increase the corporate income tax, or to increase the personal income tax, which, by the way, personal income tax is regarded by most people in this state as a fairer form of taxation anyway than the property tax.

I do also want to say, in response to Mr. Burn's remarks, that it is my understanding from the people that I have talked with in my district and other areas that they do not believe, despite what the law may say, that they really have the power to reduce property taxes.

In our town of Pittsfield, for example, our municipal assessor sets the valuations on the individual properties and there is an opportunity for an appeal, but most citizens that I have talked with either have gone through the appeal process and have been turned down cold or have been unable to get answers as to why their valuations and their property tax went up, they have been unable to get answers as to why their property tax went up or their valuation went up while someone else's went down or didn't go up as much and not valued as much even though, in fact, it cost a good deal more. There are a lot of inequities existing. This homestead exemption doesn't answer them all, but it seems to me that if the legislature is unwilling or unable, perhaps, which I think is the point that Representative Jalbert wants to make, that we are not in a position financially to provide property tax relief, then it seems to me that, yes, the power does rest with the people. It rests with them at the polls on a statewide basis in a statewide petition referendum.

The SPEAKER: The Chair recognizes the gentleman from Kennebunk, Mr. McMahon.

Mr. McMAHON: Mr. Speaker, Ladies and Gentlemen of the House: Just to pursue the line of thinking that Representative Jalbert initiated, I was also going to ask the good gentleman from Pittsfield just exactly where the money was coming from, as I did during the morning session. The gentleman's answer left me still a little unclear. I think he suggested, however, that we might be able to take some of this money from surplus, projected revenues. If that is true, I will submit to you that eventually, in any particular year that a surplus doesn't materialize, we are going to have to raise it somewhere else. So, let's talk about where we are going to raise it, if not this year, some year.

Secondly, the gentleman made the comment, in response to Mr. Jalbert and also in his original comments, that we should sent this proposal out to the people for the expected approval, and I agree. However, I would suggest that we should also send out attached to the same question, on the same ballot, the source of funding that we will use to pay for it so that we will not be asking people of this state to share in our own deluding ourselves, as we sometimes do, as we might be doing I this particular case.

I read this amendment with interest in view

of my comments this morning. I must compliment the gentleman from Pittsfield. It is simple; it is easy to understand. I appreciate that as an individual member who finds it difficult to wade through reams and reams of paper on short notice. Perhaps the measure has merit, but I think before we vote on it, we should know and the people of this state should know where the money is coming from and if it ever goes out to them in referendum form, they should be told on the same ballot where the money is coming from before they are asked to vote for this very appealing program.

The SPEAKER: The Chair recognizes the gentleman from Showhegan, Mr. Wittemore.

Mr. WHITTEMORE: Mr. Speaker, Ladies and Gentlemen of the House: I am very much apposed to this L. D. I don't want to give any property tax exemption and I will explain why. I feel that a community taxes its property to handle its own problems in its community. I realize that there are many people who have expensive property, paid taxes and have not retired and have this beautiful big home and they can't afford the taxes, and believe me, I have a feeling for them, but if they are in that position, they should either sell their property and get into something they can afford or their families should pay the taxes on their property and when they are deceased the property goes to their family. Or, they could give this property to the municipality to take care of them the rest of their life and then it reverts to the community. I know this is very strong. I know there will be many people opposed to this and I am up for re-election this year and I am not afraid to go home and talk to my people on this. I have already done it and I have yet one that I have sat down and explained my feelings why that has opposed it. I don't believe in letting anything else go the state. Let's control our own problems in our towns and cities. I see nothing wrong with a person living within his means.

I had a young lady come into my office a little while back crying because this elderly person had a farm — 160 or 260 acres left to them. It has been in the family for years and she couldn't afford the taxes so she is going to have to sell off some land, but she didn't want to, in order to maintain this and keep it. So, I said to this person, I see nothing wrong with that, if she wants to keep it, she has this asset, she should sell some off an pay it off. Oh no; she said, that has been in the family for years, she doesn't want to do that. I said, fine, I will go along with you. We will get this land exempt for her but we have to get this money so we will up your taxes and my taxes. She said, oh no, I don't want to do that, so I said, where do you want to get this money? Well, I didn't think of that. She said, that poor old soul has that property — give me that problem, I would live that problem.

I will oppose any bill put in here for property tax exemptions. I am very much in favor of tax limitation, but I am very much opposed to any tax exemptions, homestead tax exemptions. I don't believe in it and I will stand up and argue with anyone in my community, my constituents, and like I say, I have with many of them so far and I have had no one disagree with me when I got done explaining my feelings.

The SPEAKER: The Chair recognizes the gentleman from Portland, Mrs. Nelson.

Mrs. NELSON: Mr. Speaker, Men and Women of the House: In response to Representative McMahon's statement about where people feel the money will come from should we have a property tax relief, I distributed a questionnaire in Portland and in my district it is pretty much representative, I think, of the entire city. I have areas that are obviously very Republican, some are middle-class working people and some are not able to work and I have large constituency of elderly people. I had five simple questions which I asked and perhaps you might be interested in the results.

First of all, when I talked about tax reform, I simply said, what does tax reform mean to you? Less taxes for me, 32 percent said that; lower property tax, 58 percent; lower income tax, 20 percent; higher income tax, 26 percent and the rich pay more, 38 percent. So for those people, and I distributed personally by hand, by foot, in the local grocery stores, etc., approximately 1,000, this is the results I got—20 to 30 of these responses back each day.

So, for those who believe that the form of tax reform should be lower property tax, then I asked the next logical question—if we did indeed lower the property tax, where would you make up the loss of revenue? They had four choices: Higher gas tax, 26 percent; higher sales tax, 16 percent; higher income tax, 30 percent; higher sin tax, 56 percent. Then I asked about spending limits. It seemed that 50 percent of the people who answered the questionnaire thought that a referendum was very important, that that should be how people determine limits on government spending; 22 percent believed that local officials should determine that, but 40 percent felt that the State Representatives could do that job and 14 percent felt that the Governor's office should determine the limits placed on government spending.

Then I asked the big question, should a limit on government spending be written into the Constitution, and I got a very clear answer. Forty-six percent said yes; 44 percent said no.

Then I asked one last question, what would you cut to stay within a spending limit? I am assuming that if there was a limit, that some things would have to go or certainly be limited. They had eight alternatives and they could check as many as they wished. Thirty-six percent said education; 48 percent said state employees; 24 percent said assistance to the poor; 30 percent said they would be willing to cut spending on roads; 18 percent stated snow removal; aid to the elderly was only 2 percent and medical aid was 6 percent. Then I had a list 'others' and they didn't list too many other things but a lot of the people, maybe 50 or 60 did write besides answering it, stating that they felt that if you could cut down the waste inside government, that is how they felt that you could stay within your spending limit. I would like to know how you can mandate efficiency.

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

Mr. DEVOE: Mr. Speaker, Members of the House: In a quick review of the House Amendment we are discussing, looking at it and then reviewing certain other existing provisions of the statutes, it makes me wonder whether the sponsor was aware of some of the assessing standards that this legislature has already placed on assessors. I would like to review them for you very briefly.

I am sure that Representative Wyman understands that the Constitution places on assessors the duty to impose a just value assessment on property within his assessing area. The legislature, in 1975, realized that there was a problem in some municipalities in that not all municipalities assessors were either competent or were doing the job, so they imposed certain minimum standards. For reference to this particular section, I would refer Representative Wyman to Title 36, Section 326 and the following section section 327 imposes the minimum standards and simply states that in 1977 the assessing standards must be at least to 50 percent of the value of the property. In 1978, those standards must climb to 60 percent of the value and in 1979, they must climb to 70 percent. Now, this is state law as we have it today. Yet, Representative Wyman is suggesting an amendment to his L. D., which would place a ceiling of only 5 percent that property in a municipality could be increased from one year to the next.

I would like to ask the good representative from Pittsfield if he would care to comment on

whether or not he believes the amendment which he has proposed conflicts in any way with the existing sections of the statutes that this legislature enacted in 1975?

The SPEAKER: The gentleman from Orono, Mr. Devoe, has posed a question through the Chair to the gentleman from Pittsfield, Mr. Wyman, who may answer if he so desires.

The Chair recognizes that gentleman.

Mr. WYMAN: Mr. Speaker, Ladies and Gentlemen of the House: In answer to that question, I am not familiar with all of the assessment laws in this state, but I would like to point out to Representative Devoe and some of the other members, very briefly, that when we added this particular provision in this amendment, the purpose for doing this was to answer the complaint or the reservation that a good number of legislators have expressed to me and to Representative Diamond and to Representative Brenerman that a homestead exemption, at any level, is not going to truly bring relief to the people unless we can place some form of limitation on property tax rates on valuations.

I have talked to some municipal officials, unfortunately after the amendment was sent to the printers, because I did, after you gave me a grace period this morning, wanted to make sure we had it ready this afternoon when we came in, but it was sent to the printers already and one or two municipal officials expressed to me their reservations about this particular section. There is an amendment being prepared which will strike out this particular section, and I think you should all be aware that that amendment will be offered if this amendment is unsuccessful. So that particular reservation that your raised, Representative Devoe, is well taken and we placed this particular provision in this amendment to try to answer a legitimate concern.

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

Mr. CHURCHILL: Mr. Speaker, Ladies and Gentlemen of the House: I have three questions that I would like to have answered in regard to the tax relief for the elderly. I know it is on Page 4—there is a requirement under this amendment of only six consecutive months. I believe under the tax and rent relief for the elderly, there is a five-year requirement at this time and I would like to know if this is going to supersede?

Also, on Page 6, there is a Section 709-a, there are several towns, a good many towns that aren't on a hundred percent valuation at the present time, and I wonder how this would be taken care of. And on Page 9, Section 6234, would this raise a smoke screen in regards to the elderly rent and refund presently in effect? At this time, some of these elderly citizens on rent are receiving \$200 or more a year. Would they only be eligible for \$25? Also, on the veterans thing, would you also receive this in lieu of a veteran's exemption and also the elderly?

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

The Chair recognizes the gentleman from Pittsfield, Mr. Wyman.

Mr. WYMAN: Mr. Speaker, Ladies and Gentlemen of the House: In answer to the gentleman's questions that were posed, first of all, he raises a question about the residency requirement. I understand the State of Florida, which has a homestead exemption, has a residency requirement of one year. The 6-months residency requirement, quite frankly, was placed in there by the people who drafted the particular bill, and I am not sure, to be completely honest with you, what their rationale was. Quite frankly, we can make that residency requirement at a different level if that was posing a serious objection to a lot of people.

The second question concerned, I think, a

more substantive matter, and that was in the area of veterans and in the area of the elderly householders' tax and rent refund program. I have talked with some people in Taxation since we drafted this particular amendment, Representative Churchill, and what they told me is that they interpreted the law as meaning that the veterans' exemption would be additive to this particular exemption. In other words, whatever exemption they had coming to them as a veteran, they would not be denied that at all, but this particular exemption we have here would be added on to that, in addition to it, so they are not going to be losing anything, they are going to be gaining. That is an important point to keep in mind. At least that is what I was told by Mr. Meskers in the Bureau of Taxation when I asked him this specific question.

Now, concerning the elderly householders' tax and rent refund program, we estimated, when we had our exemption at a higher level, that we would be able to save approximately \$2 million in the elderly householders' tax and rent refund program. Of course, with a \$5,000 exemption, that savings will be substantially less, but the exemption may overlap and certainly would, in many cases, overlap what benefits are entitled to elderly people over the age of 62 under this existing program, but in no event would any elderly person have to be deprived of any benefits they get under the other program. Wherever their greater benefits were, that is the program they would apply for, but this exemption would not in any way jeopardize their benefits under the existing programs.

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

Mrs. NAJARIAN: Mr. Speaker, Ladies and Gentlemen of the House: Mr. Wyman may not have the answer we need in this particular amendment because of the Constitutional problems, etc., etc., but I would say that he is certainly on the right track.

People in many communities in this state, particularly our larger cities and now many of the plantations, need property tax relief and they need it immediately. It is not a question of cutting the town budget and so forth, because they have already been doing that now for the last several years. Some of you still have property taxes that are relatively tolerable, but in many places in this state they are no longer tolerable, even if you only allowed the 5 percent increase every year along with this homestead exemption.

It is my strong feeling that if we don't do something to cut property taxes this year and provide the municipalities with another source of revenue, we are going to have at least one petition referendum facing us next year, and perhaps a half a dozen, and the most extreme is probably the one that will pass with the voters when it goes out for referendum. I just think—boy, we had better do something up here and we better do it quick for property tax relief.

The SPEAKER: The pending question before the House is adoption of House Amendment "B." Those in favor will vote yes; those opposed will vote no.

A vote of the House was taken.

Thereupon, Mr. Wyman of Pittsfield requested a roll call.

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

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

The SPEAKER: The pending question before the House is on the adoption of House Amendment "B" to L. D. 2210. Those in favor will vote yes; those opposed will vote no.

ROLL CALL

YEAS—Bachrach, Beaulieu, Benoit, Blod-

gett, Brenerman, Brown, K. C.; Burns, Bustin, Carroll, Carter, D.; Chonko, Clark, Cote, Cox, Curran, Davies, Diamond, Dow, Dutremble, Ella, Flanagan, Greenlaw, Hall, Hickey, Hobbins, Howe, Hughes, Jacques, Joyce, Kelleher, Kerry, Kilcoyne, LaPlante, Lynch, Mahany, Martin, A.; McKean, McMahon, Mitchell, Najarian, Nelson, M.; Nelson, N.; Paul, Pearson, Plourde, Prescott, Quinn, Spencer, Talbot, Theriault, Tierney, Tozier, Trafton, Twitchell, Valentine, Violette, Wilfong, Wood, Wyman, The Speaker.

NAYS—Aloupis, Austin, Bagley, Berry, Berube, Birt, Boudreau, A.; Boudreau, P.; Brown, K. L.; Bunker, Carey, Carrier, Carter, F.; Churchill, Conners, Cunningham, Devoe, Dexter, Drinkwater, Dudley, Durgin, Fenlason, Fowlie, Gill, Gillis, Gould, Gray, Green, Henderson, Higgins, Huber, Hunter, Huthcings, Immonen, Jackson, Jalbert, Jensen, Kane, Kany, Laffin, Lewis, Littlefield, Lizotte, Locke, Lougee, Lunt, Mackel, Marshall, Masterman, Masterton, Maxwell, McBreairey, McHenry, McPherson, Morton, Norris, Palmer, Peltier, Perkins, Peterson, Post, Raymond, Rollins, Sewall, Shute, Silsby, Smith, Sprowl, Stover, Strout, Stubbs, Tarbell, Teague, Torrey, Truman, Tyndale, Whittemore.

ABSENT—Ault, Biron, Connolly, Garsoe, MacEachern, Moody, Nadeau, Peakes, Rideout.

Yes, 60; No, 77; Absent, 10; Resigned, 4.

The SPEAKER: Sixty having voted in the affirmative and seventy-seven in the negative, with ten being absent and four resigned, the motion does not prevail.

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

Mr. CAREY: Mr. Speaker, I would move the indefinite postponement of this bill and all its accompanying papers.

We are coming up with a few amendments with this particular bill and I am quite sure, and I would ask for a ruling from the Chair, if some of those amendments are offered and if they are to be defeated and yet were to be offered later in substantially the same form to a bill that could really accept passage in this House and the other body, then, in fact, would we be prohibited from acting on those once having defeated them on another bill?

The SPEAKER: The Chair would advise the gentleman from Waterville, Mr. Carey, that the matter is not before this body and the Chair is not in a position to rule.

Thereupon, on motion of Mr. Martin of Eagle Lake, tabled pending a ruling from the Chair and later today assigned.

Mr. Birt of East Millinocket was granted unanimous consent to address the House.

Mr. BIRT: Mr. Speaker, Ladies and Gentlemen of the House: Many of you may be aware that the faculty of SMVTI yesterday agreed to consider some sort of job action in order to express their dissatisfaction with the lack of progress in their collective bargaining negotiations in which they are presently involved.

The problems with this recent vote is intended to dramatize are not new, are not simple and are not limited to the collective bargaining process. They are part of a complex issues involving the governance and operations of all VTI'S. They had problems which this legislature responded to during the last regular session by creating a select committee to study the VTI'S in the Maine School of Practical Nursing. I was appointed a member of that committee along with Representative Beaulieu and Representative Masterton, two members of the State Board of Education; six members from the general public, and I was subsequently elected chairman of the committee. Today I want to briefly describe to you the work of the committee thus far.

The committee has visited, either as a whole or in subcommittee, all of the VTI'S. We have

also identified that there is specific concern, including the issues of governance, program and enrollment, budgeting and collective bargaining process, and I have assigned subcommittees to each of these topics.

The subcommittee on collective bargaining has already had a very useful meeting with all the principals involved in negotiations and had identified some of the critical problems which resulted in the slow pace of the negotiations. The full committee, during its visits to the VTI'S, have heard individual faculty members, as well as the administration, expressed concern about these problems.

Many faculty members, for example, have been without any increase in salary between two and four years. The committee is continuing its study and has scheduled meetings in the next two weeks, who are representative of the state agencies such as the budget office, purchasing and personnel, which have a direct and continuing impact on each of the VTI'S and with the Chancellor of the University of Maine. This committee is dedicated to making substantial recommendations to the next legislature in response to the many problems which it has identified. The collective bargaining process has not been ignored thus far and will not be ignored in the committee's final report.

The legislature has contrived the bargaining process and has since then acted, I believe, with restraint by not intruding into the process. I believe that the legislature should continue this admirable restraint in order to permit the process to succeed or to fail on its own.

I have been told that the report of the fact finders are now in the hands of all parties in the negotiations.

I would hope that this report will provide a needed stimulus to the next phase of the negotiations.

Finally, I simply want to urge all parties in negotiations and especially the office of state employee relations to proceed with all reasonable speed in order to reach an agreement on an acceptable contract as soon as possible.

On motion of Mr. Devoe of Orono,

Adjourned until nine-thirty tomorrow morning.