

MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD

OF THE

***One Hundred and Twelfth
Legislature***

OF THE

STATE OF MAINE

Volume I

FIRST REGULAR SESSION

December 5, 1984 - June 20, 1985

STATE OF MAINE
One Hundred and Twelfth Legislature
First Regular Session
JOURNAL OF THE SENATE
In Senate Chamber
Friday
March 29, 1985
Senate called to order by the President.

Prayer by the Reverend H. Everett Wiswell of the United Methodist Church in Waldoboro.

REVEREND WISWELL: Let us pray. God of all power and might the maker and ruler of all persons we commend our State to the guidance of Your wisdom to the keeping of Your love.

May these lawmakers, whom Your people have elected to serve them, serve You in honesty of purpose and uprightness of life.

May they never forget their answerableness to the people whom they serve, and to their peoples' God.

Deliver them: from the love of power and from motives of personal gain, from the considerations of status or money in place of the demands for truth and justice, from losing their loyalty to care and need in the ministry with an ever-larger vision of truth and ever deeper sense of the demands of rightness for through their faithfulness the lives of our people may be guided by wise policies lifted to higher ideals and nobler achievements.

Bless each and everyone in the tasks of this day. We pray in Jesus' Name. Amen.

Reading of the Journal of Yesterday.

Off Record Remarks

PAPERS FROM THE HOUSE

Non-concurrent Matter

Bill "An Act to Allow the Use of Bid Bonds on State Highway Projects" (S.P. 124) (L.D. 364)

In Senate March 26, 1985 **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (S-26) AS AMENDED BY SENATE AMENDMENT "A" (S-29)** thereto.

Comes from the House **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (S 26) AS AMENDED BY HOUSE AMENDMENT "B" (H-40)** thereto, in **NON-CONCURRENCE**.

The Senate **RECEDED and CONCURRED**.

House Papers

Bill "An Act to Provide Penalties for Violations of Antitrust Statutes" (H.P. 809) (L.D. 1156)

Committee on **JUDICIARY** suggested.

Comes from the House referred to the Committee on **BUSINESS AND COMMERCE** and **ORDERED PRINTED**.

Which was referred to the Committee on **BUSINESS AND COMMERCE** and **ORDERED PRINTED**, in concurrence.

Bill "An Act to Protect Persons with Children from Discrimination in Mobile Home Rentals and Leases" (H.P. 816) (L.D. 1157)

Bill "An Act to Prohibit Banks from Charging an Assumption Fee for Assumable Mortgages" (H.P. 817) (L.D. 1158)

Bill "An Act Concerning Demand Deposit Accounts" (H.P. 818) (L.D. 1159)

Bill "An Act to Amend the Maine Lemon Law" (H.P. 819) (L.D. 1160)

Comes from the House referred to the Committee on **BUSINESS AND COMMERCE** and **ORDERED PRINTED**.

Which were referred to the Committee on **BUSINESS AND COMMERCE** and **ORDERED PRINTED**, in concurrence.

Bill "An Act Concerning Coverage of Certain Trials by the Electronic Media" (H.P. 820) (L.D. 1161)

Bill "An Act to Enhance Enforcement of Drug Laws at the Local Level" (H.P. 821) (L.D. 1162)

Comes from the House referred to the Committee on **JUDICIARY** and **ORDERED PRINTED**.

Which were referred to the Committee on **JUDICIARY** and **ORDERED PRINTED**, in concurrence.

Bill "An Act Concerning 'Constructive Quit' under the Employment Security Law" (H.P. 822) (L.D. 1163)

Comes from the House referred to the Committee on **LABOR** and **ORDERED PRINTED**.

Which was referred to the Committee on **LABOR** and **ORDERED PRINTED**, in concurrence.

Bill "An Act Allowing for Voter Registration at a Polling Place on Election Day" (H.P. 823) (L.D. 1164)

Comes from the House referred to the Committee on **LEGAL AFFAIRS** and **ORDERED PRINTED**.

Which was referred to the Committee on **LEGAL AFFAIRS** and **ORDERED PRINTED**, in concurrence.

Bill "An Act to Limit Aquaculture Leases to a Period of 5 years" (H.P. 824) (L.D. 1165)

Comes from the House referred to the Committee on **MARINE RESOURCES** and **ORDERED PRINTED**.

Which was referred to the Committee on **MARINE RESOURCES** and **ORDERED PRINTED**, in concurrence.

Bill "An Act to Provide for a Toll-free Number for Maine Citizens Needing Information" (H.P. 825) (L.D. 1166)

Comes from the House referred to the Committee on **STATE GOVERNMENT** and **ORDERED PRINTED**.

Which was referred to the Committee on **STATE GOVERNMENT** and **ORDERED PRINTED**, in concurrence.

Bill "An Act to Study the Effect of Local Measured Service" (Emergency) (H.P. 826) (L.D. 1167)

Comes from the House referred to the Committee on **UTILITIES** and **ORDERED PRINTED**.

Which was referred to the Committee on **UTILITIES** and **ORDERED PRINTED**, in concurrence.

Joint Resolution

The Following Joint Resolution: H.P. 827

Joint Resolution Memorializing The Federal Trade Commission Concerning Opposition Of The Maine Legislature To Proposed Trade Regulation Rules Of The Federal Trade Commission Which Would Remove Existing Restrictions In The State Of Maine On

Commercial Optometric Practice
WE, your Memorialists, the Senate and House of Representatives of the State of Maine, now assembled in the First Regular Session of the One Hundred and Twelfth Legislature, most respectfully present and petition the Federal Trade Commission as follows:

WHEREAS, The Federal Trade Commission is currently considering rules relating to the corporate practice of optometry most recently set forth in 16 Code of Federal Regulations, Part 456; and

WHEREAS, The Maine Legislature has enacted comprehensive Legislation regulating the practice of optometry in Maine, set forth in the Maine Revised Statutes, Title 32, chapter 34-A; and

WHEREAS, The State has specifically addressed the issue of the corporate practice of optometry in the Maine Revised Statutes, Ti-

tle 32, sections 2434 and 2435; and

WHEREAS, the State of Maine and the Legislature have historically devoted extensive consideration to the issue of the corporate practice of optometry, beginning in Maine's first corporate practice law, enacted in 1939, and in subsequent Legislation in 1951 and, most recently, in 1981 and 1982, during the 110th session of the Maine Legislature; and

WHEREAS, The Maine Legislature is empowered and directed by the citizenry of Maine to enact such legislation as will protect the health, welfare and interests of the citizens of Maine, and Maine Legislatures have done so in enacting laws related to the practice of optometry in the State; and

WHEREAS, the federal rule-making process and the rules now under consideration by the Federal Trade Commission will not reflect or address the needs of the citizens of the State, as does the legislation which has been enacted by Maine Legislatures; and

WHEREAS, the authority of Maine Legislatures, and now the 112th Maine Legislature, to enact legislation which protects the health, welfare and interests of the citizenry of the State of Maine should not be usurped by the Federal rule-making process now under consideration by the Federal Trade Commission; now, therefore, be it.

RESOLVED: That We, your Memorialists, do hereby respectfully urge that the Federal Trade Commission refuse to adopt the rules now under consideration which would preempt the laws of Maine regarding the commercial practice of optometry; and be it further

RESOLVED: That a copy of this resolution, duly authenticated by the Secretary of State, be transmitted by the Secretary of State to the President of the Senate and the Speaker of the House of Representatives in the Congress of the United States, to each member of the Maine Congressional Delegation and to each member of the Federal Trade Commission.

Comes from the House **READ and ADOPTED**.

Which was **READ and ADOPTED**, in concurrence.

SENATE PAPERS

Bill "An Act to Authorize a General Fund bond Issue in the Amount of \$5,000,000 for Construction of an Economic Development and Conference Center" (S.P. 421) (L.D. 1169) (Presented by Senator **VIOLETTE** of Aroostook) (Cosponsored by: Representative **GWADOSKY** of Fairfield, Representative **G.G. NADEAU** of Lewiston, Representative **COTE** of Lewiston)

Which was referred to the Committee on **APPROPRIATIONS AND FINANCIAL AFFAIRS** and **ORDERED PRINTED**.

Sent down for concurrence.

Resolve, Regarding the Administration of Environmental Laws (S.P. 422) (L.D. 1170) (Presented by Senator **KANY** of Kennebec) (Cosponsored by: Senator **DOW** of Kennebec, Senator **BROWN** of Washington, Representative **DAVIS** of Monmouth)

Which was referred to the Committee on **ENERGY AND NATURAL RESOURCES** and **ORDERED PRINTED**.

Sent down for concurrence.

Bill "An Act to Permit Voluntary Hospitalization of Adults under Guardianship" (S.P. 423) (L.D. 1171) (Presented by Senator **BUSTIN** of Kennebec) (Cosponsored by: Representative **NELSON** of Portland, Representative **CARROLL** of Gray, Representative **PINES** of Limestone) (Submitted by the Department of Mental Health and Mental Retardation pursuant to Joint Rule 24)

Bill "An Act Concerning the Use of Motor Vehicles in the Commission of Theft and Related Crimes" (S.P. 424) (L.D. 1172)

(Presented by Senator **SHUTE** of Waldo) (Cosponsored by: Senator **CLARK** of Cumberland, Representative **DRINKWATER** of Belfast, Representative **CROWLEY** of Stockton Springs)

Which were referred to the Committee on **JUDICIARY** and **ORDERED PRINTED**.
Sent down for concurrence.

COMMITTEE REPORTS

House

Ought Not To Pass

The following **Ought Not to Pass** reports shall be placed in the Legislative Files without further action pursuant to Rule 15 of the Joint Rules:

Bill "An Act Pertaining to the Observance of Veterans Day" (H.P. 200) (L.D. 234)

Bill "An Act Concerning the Use of Seat Belts in School Buses" (H.P. 228) (L.D. 262)

Leave to Withdraw

The following **Leave to Withdraw** reports shall be placed in the Legislative Files without further action pursuant to Rule 15 of the Joint Rules:

Bill "An Act to Change Property Tax from Highest and Best Use to Current Use" (H.P. 429) (L.D. 609)

Bill "An Act to Reduce Paperwork and Make Benefits More Reflective of Need in the Aid to Families with Dependent Children Program" (H.P. 580) (L.D. 911)

Bill "An Act Concerning Work Requirements under the General Assistance Program" (H.P. 579) (L.D. 850)

Bill "An Act to Repeal the Requirement that Fuel Use Certificate be Carried in the Vehicle at all Times" (H.P. 337) (L.D. 452)

Bill "An Act to Modify the Closed Period for the Taking of Lobsters" (H.P. 65) (L.D. 83)

Bill "An Act to Authorize Divers to Dive for Lobsters" (H.P. 488) (L.D. 691)

Bill "An Act to Require the Furnishing of Lobster and Crab Fishing License Holders with Annual Copies of the Laws and Regulations" (H.P. 46) (L.D. 52)

Ought to Pass As Amended

The Committee on **FISHERIES AND WILDLIFE** on Bill "An Act to Require a Trespass Reminder on Hunting and Fishing Licenses" (H.P. 84) (L.D. 104)

Reported that the same **Ought to Pass as Amended by Committee Amendment "A" (H-33)**.

Comes from the House, with the Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-33)**.

Which Report was **READ** and **ACCEPTED**, in concurrence.

The Bill **READ ONCE**.

Committee Amendment "A" (H-33) **READ** and **ADOPTED**, in concurrence.

The Bill as **Amended TOMORROW ASSIGNED FOR SECOND READING**.

The Committee on **FISHERIES AND WILDLIFE** on Bill "An Act Relating to Restrictions on Firearms while Hunting with Bow and Arrow" (H.P. 168) (L.D. 202)

Reported that the same **Ought to Pass as Amended by Committee Amendment "A" (H-34)**.

Comes from the House, with the Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-34)**.

Which Report was **READ** and **ACCEPTED**, in concurrence.

The Bill **READ ONCE**.

Committee Amendment "A" (H-34) **READ** and **ADOPTED**, in concurrence.

The Bill as **Amended TOMORROW ASSIGNED FOR SECOND READING**.

The Committee on **UTILITIES** on Bill "An Act to Simplify the Appointment of Directors to the Maine Municipal and Rural Electrification Cooperative Agency" (H.P. 345) (L.D. 462)

Reported that the same **Ought to Pass as Amended by Committee Amendment "A" (H-35)**.

Comes from the House, with the Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-35)**.

Which Report was **READ** and **ACCEPTED**, in concurrence.

The Bill **READ ONCE**.

Committee Amendment "A" (H-35) **READ** and **ADOPTED**, in concurrence.

The Bill as **Amended TOMORROW ASSIGNED FOR SECOND READING**.

Ought to Pass in New Draft

The Committee on **LEGAL AFFAIRS** on Bill "An Act to Amend the Laws Relating to Games of Chance" (H.P. 44) (L.D. 50)

Reported that the same **Ought to Pass in New Draft** under same title (H.P. 813) (L.D. 1134)

Comes from the House, the Report **READ** and **ACCEPTED** and the Bill in **NEW DRAFT PASSED TO BE ENGROSSED**.

Which Report was **READ** and **ACCEPTED**, in concurrence.

The Bill in **NEW DRAFT READ ONCE**.

The Bill in **NEW DRAFT TOMORROW ASSIGNED FOR SECOND READING**.

Senate

Ought Not To Pass

The following **Ought Not To Pass** report shall be placed in the Legislative Files without further action pursuant to Rule 15 of the Joint Rules:

Bill "An Act to Establish a Bounty on Coyote" (S.P. 178) (L.D. 496)

Leave to Withdraw

The following **Leave to Withdraw** report shall be placed in the Legislative Files without further action pursuant to Rule 15 of the Joint Rules:

Bill "An Act Relating to Fireworks" (S.P. 330) (L.D. 818)

Divided Report

The Majority of the Committee on **TRANSPORTATION** on Bill "An Act to Prohibit Radar Detectors" (S.P. 45) (L.D. 62)

Reported that the same **Ought Not to Pass**.
Signed:

Senators:

ERWIN of Oxford
SHUTE of Waldo

Representatives:

CAHILL of Woolwich
THERIAULT of Fort Kent
MACOMBER of South Portland
MOHOLLAND of Princeton
STROUT of Corinth
CALLAHAN of Mechanic Falls

The Minority of the same Committee on the same subject reported that the same **Ought To Pass**.

Signed:

Senator:

DANTON of York

Representatives:

POULIOT of Lewiston
SOUCY of Kittery
MILLS of Bethel
McPHERSON of Eliot

Which Reports were **READ**.

On motion by Senator **CLARK** of Cumberland Tabled 1 Legislative Day, pending **ACCEPTANCE OF EITHER REPORT**.

SECOND READERS

The Committee on **Bills in the Second Reading** reported the following:

Senate

Bill "An Act to Provide a Sales Tax Exemption for Electricity used in an Electrothermal Manufacturing Process" (Emergency) (S.P. 420) (L.D. 1139)

Which was **READ A SECOND TIME** and **PASSED TO BE ENGROSSED**.

On motion by Senator **TWITCHELL** of Oxford the Senate **RECONSIDERED** its action whereby the Bill was **PASSED TO BE ENGROSSED**.

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

Senator **TWITCHELL:** Mr. President, thank you. Mr. President, I move that this Bill and all accompanying papers be Indefinitely Postponed.

THE PRESIDENT: The Senator from Oxford, Senator **TWITCHELL** moves that the Bill and accompanying papers be **INDEFINITELY POSTPONED**.

The Chair recognizes the Senator from Kennebec, Senator Kany.

Senator **KANY:** Mr. President and Members of the Senate, I ask for a Division and I ask you the vote against the pending motion.

THE PRESIDENT: A Division has been requested.

The pending question before the Senate is the motion of the Senator from Oxford, Senator Twitchell to **INDEFINITELY POSTPONE** the Bill and Accompanying papers.

The Chair recognizes the Senator from Oxford, Senator Twitchell.

Senator **TWITCHELL:** Thank you Mr. President. Members of the Senate, as you probably know on this report I was the only one to sign out on the Minority Ought Not to Pass Report. Don't you think I'm not lonely standing out there all by myself? But, I am doing something that I feel very strongly about.

I have been on the Taxation Committee now for thirteen years, I am Senate Chairman of Taxation this year, and I thought that my reason for being there was to set the tone on the policies on taxation for the State of Maine. I have tried to do that to the best of my ability.

I feel very strongly about this Bill. This Bill, that we have now is a New Draft of L.D. 88 and does absolutely nothing. It does absolutely nothing! It doesn't help any factories or any thing in my district. It doesn't do one darn thing for factories in my district, it singles out just one factory and they want a special sales tax exemption.

This is poor tax policy. It is poor tax law and we shouldn't be setting the tone for something like this. The Legislature should be cautious about legislation intended to benefit a single company, no matter what they produce.

I feel very strongly about this. I have four factories in my community. I know that they would all like to receive help and not one of them have asked me to do so.

I admire the good Senator from Kennebec, Senator Kany. She is doing what she thinks is right. She is fighting for her people and I admire her for that, but she is wrong.

I don't believe in helping one person unless I can help somebody else. You know, when I was growing up my father bought my brother a bicycle. He bought me a bicycle and he bought my sister a bicycle and we all had bicycles. We were all treated the same. When my family was growing up I did exactly the same thing at Christmas time if I spent \$500 on one of my children I spent \$500 on the other. I treated everybody the same and that is the way that I feel. Everybody should be treated the same.

If this Bill passes you wait until next session, or the following session, there'll be so many bills before Taxation with exemptions just like this one, that I won't have room upstairs or anywhere else, to hear the bills. With each new tax break it is going to be harder and harder

to say no. We must draw the line somewhere.

Now, can you honestly say that this is fair to favor one company over many others. I think that this is poor tax policy.

I talked with Keyes Vice-president, John Sutton, and he told me that a one hundred and fifty thousand dollar tax reduction—Senator Kany's Bill—will not make a difference between staying here or leaving, because the company has so many other problems. I want to tell you something, they have got problems. That factory is outdated, the machinery is outdated, they have high workmans' comp, the unions have gotten in there and they are making ten dollars an hour. Three years ago they signed a contract—they had a twenty-seven percent increase. They just signed another contract, an eighty cent an hour increase. They have labor problems. They are outdated. They have many, many problems. A hundred and forty-six thousand dollars is just a drop in the bucket compared to the problems they have.

Many, many times this issue was brought before my committee that if they got this tax break of one hundred and forty-six thousand dollars there was no guarantee that they were going to stay here anyway.

The State does have a responsibility to help keep its economy productive and the citizens employed and I am all for that, but we should not be put into a position of tipping the table in favor of one business over another. That is wrong, deadly wrong.

Also, as Keyes representatives stated before the Taxation Committee that this Bill would not be the deciding factor in whether the company decides to leave Maine. As I said a little bit earlier, they have labor cost problems, workmens' compensation problems, the machinery is outdated, the building is outdated, and this tax break is just a small drop in the bucket in keeping this company here.

In the event that we do pass all of this it hardly seems wise to permit them an exemption while they are on their way—packing up to leave.

Vice-president John Sutton told me, he said: "that the sales tax bill was just the tip of the iceberg as far as our needs are concerned to control the cost of power." He also said that the tax bill alone would not save Keyes Fibre. (Quote) "It is just a small factor in our total requirement."

In 1981 Keyes Fibre showed a profit of twelve million dollars and that was super. In 1983 Keyes Fibre showed a loss of one million dollars. In 1984 they show a loss of four point three million dollars. What happened? All of a sudden they were well up there into the twelve million dollar bracket in '81. '84 a four point three million dollar loss. What happened?

I can tell you what happened. Keyes has admitted to me it has been slow to develop new products and markets. Who's fault is that? It is not our fault.

Maybe with a loss of four point three million last year the company should make some dramatic shifts in production. They have got management problems, maybe they should change their product needs or market strategy which would put the company on its feet.

No, there is no evidence, no evidence to me that they have done this. It is my guess that in the short run it will take much more than a hundred and fifty thousand dollars to turn this company around.

Right now the company has options in Kentucky and South Carolina. Already they have gone there and they have met with the Governors of those two States. The States have rolled the carpet out to them. They are willing to train the help and provide all of these tax free benefits, the whole bit, and they have already been there and they have already taken an option on some land there. So what does that tell you? That tells me that they are going to leave anyway.

Why hasn't Keyes Fibre gone to the City Council in Waterville and asked the mayor or the City Council for help? Why haven't they done this? Gosh, if I was in the red one million dollars, I guess in 1981 and 1982 I would certainly be going to somebody for some help, but they haven't done this. They are going to tell you that they are now. They are going to meet with the Mayor, they are going to meet with the City Council, and we are on our way to meeting with all these people when something should be done and we hope that something will be done.

Why didn't they do that sooner? They have been dragging their feet. Now they want us to bail them out. Why hasn't Keyes gone to other State agencies like FAME, Maine Guarantee Authority, State Planning, all these agencies that we have to help people? Why haven't they gone to one of them? Well the answer to that is: we are now. Well, now is too late. They should have been doing that back in 1981.

I was also told by Mr. Sutton, Vice-president, that if they could make some concessions in the union and in the wages, if they could get the sales tax exemption passed that he would invest between seven and ten million dollars into the company to make it more productive and more efficient. Why didn't he do that in 1981 and 1982?

Supporters of this Bill said: "that it is needed immediately in order to send a signal that the Maine Legislature supports Keyes Fibre and wants it to stay in Maine. That signal could just as well be given when it is clear that other factors important to Keyes Fibre are falling into line. When all these other problems that they have start falling into line, I would be one hundred percent behind this Bill, but they have done nothing. They have been dragging their feet and now they come crying to us for a lousy one hundred and forty-six thousand dollars which is just a drop in the bucket.

There is something else that you don't know, I don't believe that you know, I didn't know it myself until I got talking to everybody, that they own eight other companies and plants in the United States and they own five overseas. They own thirteen different companies. Eight in the United States and five overseas. Out of the eight in the United States, six of them are doing very well, making good profits and doing well, and all of the ones overseas are also.

If they had a four point three million dollar loss of revenue in '84, which they did, all these other companies made so much money that they absorbed this four point three million dollars and just cleaned it off the books. They have more money then they are telling us about.

If government should be run like a business as many have stated then the Legislature as its board of directors should be more careful in the way that it invests the money that it holds in trust for the people of the State of Maine.

To give Keyes Fibre one hundred and fifty thousand dollars a year is a bad, bad tax law. It is a bad tax policy. I don't want any part of it. It is the wrong direction to go. It is unfair to hundreds and maybe thousands of large and small companies that will continue to have a sales tax on electricity that they use.

Just remember when my brother got his bicycle and I got mine and my sister got hers, we all got treated equally. Nobody likes to be left out.

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

Senator KANY: Mr. President and Senators, the reason I think all of us in Central Maine are united behind this particular Bill is that we believe that this company is worth keeping in Maine. We believe that Keyes Fibre is going to be alive, just as those jobs in Maine will be here. That is really the question, and I know that I for one, am not willing to spend a single dollar on economic development here in the State of

Maine if we aren't willing to keep a good company here. A fine company started in Waterville in about 1908, it has generally been profitable, it has been a fine citizen in our community and it provides twenty-two million dollars in payroll in our area.

I can tell you that there is quite a ripple effect across the State of Maine. Not only does Keyes spend about seven million dollars for electricity in the State of Maine. It spends about nine million additional dollars from suppliers all over the State, in each one of your districts, everybody would be hurt by this.

The Sales Tax loss would be fairly small compared to the five hundred and ninety thousand dollars in sales tax paid by Keyes last year, compared to the nine hundred and sixty-seven thousand dollars State Income Tax withheld. I hope that you keep those considerations in mind as you vote.

This Bill in and of itself, will not keep Keyes in Waterville. That is absolutely true, but it is a critical portion of an overall package. The workers are, today, voting on concessions hoping to reduce the labor cost. Secondly there will be an additional bill dealing with perhaps a freeze for limited distressed industries. It is a job retention bill that is being put forth by the Public Advocate and would be linked directly to capital investment and to the number of jobs that could be retained. In addition, the company has then agreed to invest an additional seven to ten million dollars in the plant in Waterville to make it more efficient. It has been investing by the way, in the plant. In the last four years it has put eight million dollars into the Waterville plant.

The other plants are basically profitable. The Chinette line has been the most profitable portion, even within Waterville. It is a very high user of electricity, over twenty percent of the production cost is from electricity and this Bill would specifically exempt from the Sales Tax, just that portion that has to do with the Chinette line. That is that thick high quality paper picnic plate that you are all familiar with I am sure. It would specifically just deal with that and would deal then with only approximately fifty percent of the electricity costs and fifty percent would still be paid on the rest of its electricity.

The electrothermal exemption, which is what this bill seeks, is something that is on the books in Alabama, along with the electrolytic exemption, which we passed here a few years ago, over Governor Longley's veto. We would just be in compliance, really, with the law in Alabama where Chinette is also made.

This company obviously can not afford to lose four point three million dollars a year as it did last year. I can understand why they are looking at other locations and indeed it is true that the company does have an option on some land in Kentucky, a place by the way where they can get electricity from a municipal utility right near a coal field for 3¢ per kilowatt hour that compares to our present industrial rate in the CMP area of 4.7¢ per kilowatt hour.

South Carolina is the second location that they are considering for what is done in Waterville. By the way, the Waterville plant is by far the biggest portion of their operation and contributes about twenty-five percent of their revenues. Indeed, for the entire international company the technical operation is located in Waterville. Purchasing for the entire international company is also located in Waterville. We are talking about really fine jobs here. The second location, as I started to say, is in South Carolina. South Carolina is offering an economic development rate to this company because it believes that it has a future and South Carolina wants to see those jobs down there.

I do think that if we can put this package together and the critical portion is this Bill now, then this company can be made profitable even

within a couple of years, made profitable at the Waterville location.

I urge you to oppose the motion before you. I appreciate where the good Senator from Oxford, Senator Twitchell is coming from. As the Chairman of the Committee on Taxation, he certainly sees his role as one to discourage the proliferation of such legislation. This is an emergency. I would hope that we would be flexible enough to deal with something like this. I urge you to oppose the motion before you.

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

Senator **NAJARIAN:** Mr. President and Members of the Senate, I would like to share with you this morning some of the concerns that I have about this piece of legislation.

I think the operative part of this Bill is on page 4, section b and it reads as follows: "Until May 1, 1988 retail sales doesn't include electricity separately metered and consumed directly in an electrothermal process for a manufacturer of molded fiber dishes and trays for later sale."

Now I looked up in the dictionary what electrothermal meant and it is defined as: "relating to the production of heat by electricity". Some common examples of that in our households are electric irons and toasters. I checked with the Taxation Department yesterday and as I suspected there are hundreds and perhaps even thousands of Maine businesses that use electricity to generate heat to produce their products for retail sales. Bakeries are a good example, those who use electric ovens to bake their bread and rolls and other products. Nissen Bakery, for example, a few months ago lost one of their major buyers but due to aggressive efforts they picked up other customers and therefore, they only had to layoff a few people. If they were to have had to layoff a hundred or so people they might have come to us and asked if they could be exempt and also have sales tax exclusion on electricity that they use to bake their products.

Other companies and businesses that use electric heat to make their products include kilns to make pottery, Bath Iron Works in building ships or any industry that uses the welding process, laundromats and dry cleaning establishments. Bates Manufacturing uses electrical heat in producing their products in attaching some backing to drapery material, the shoe industry uses electrothermal process at certain stages in the production of shoes, and so on. Yet, a few years ago we did nothing to save the shoe industry, nor have we done anything to save the poultry industry and probably some of them use electrical heat for their poultry houses, or whatever.

Now Senator Twitchell spoke about the fairness of this legislation and I think that that is a good point. Is it fair for the Legislature to try to help some industries and not others? If we start giving a sales tax exemption for electricity for Keyes Fibre how can we refuse the next company in hard times that uses electricity to make their products?

I think that a concern was expressed in the Senate a few days ago about the proliferation of official state objects, animals and things such as fossils, jewels, warm blooded animals, insects, etc., with the list growing longer each session. Well, I can foresee the same kind of proliferation if this Bill passes with a list that will grow longer and longer with each session. This time it applies to fiber dishes and trays, next year it may be pottery and then shoes and then clothing and then bread and rolls and canning for blueberries and canning for apple sauce.

That is just one concern that I have about this Bill. Another is, as Senator Twitchell mentioned, that the company lost over four million dollars last year, and this is a drop in the bucket compared to their total operating costs. But,

it is also a drop in the bucket compared to their cost of electricity alone.

It is going to take much more than a hundred and fifty thousand dollars to turn this company around. And while there is a three year limit on this gratuity and it must be paid back with interest if the plant ceases operation within five years, there is no requirement that it be paid back if the plant prospers.

This legislation has been compared to what this Legislature did for Pratt-Whitney and for Bath Iron Works, but there is a difference in the case of Bath Iron Works. The city of Portland is at risk for fifteen million dollars and the State portion went out to referendum and was approved by the voters. In the case of Pratt-Whitney that corporation never did qualify for the tax break we passed exclusively for it. But a couple of other industries have, companies we never intended to help when we passed that legislation and profitable companies that didn't need it.

That is the sort of thing that can happen when we write what is really private and special legislation as though it has a general application. This is only meant to affect Keyes Fibre, but down the road like the Pratt-Whitney legislation, other firms may qualify that we didn't intend to subsidize and which didn't need it to turn a profit.

Another concern is that it is bad energy policy, but that is probably enough for now and I won't elaborate on that one.

Until we have a sound and well thought out policy governing the giving of taxpayers' money to private for profit corporations, we should resist passage of any and all bills such as this one, no matter what cries of forlorn or threats we hear. Thank you.

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

Senator **PEARSON:** Mr. President and Men and Women of the Senate, I almost feel like I am in a neither for nor against position. I would just like to relate to you that in the community that I grew up in, Milford, and when I moved to Old Town, we had a similar problem, and that is that we had what we called: "Pie-Plate" in Old Town which did the same sorts of things that Keyes Manufacturing does in Waterville. For a long time we used to consider them as our number one competitor. Three or four years ago, the company that purchased Pie-Plate in Old Town, which was Lilly Tulip, had plants all over the place. They did no modernization in Old Town at all. I had a relative that worked there, who worried about it for a long time and then all of a sudden just one day they closed the doors and moved out of town. One of the reasons that they had was because it wasn't profitable, because they had failed to modernize. It does please me, to some degree, to hear that the people at Keyes, according to Senator Kany, put eight and a half million dollars into the plant. If they are struggling to stay, which that would appear to indicate, I am pleased with that.

I do wonder if one hundred and fifty thousand dollar means that much in that struggle, but I am willing to listen to the debate.

Off Record Remarks

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

Senator **DIAMOND:** Thank you, Mr. President, and Ladies and Gentlemen of the Senate. I would first like to say that the good Chairman of our Taxation Committee, on which I am a Member, the Gentleman from Oxford, Senator Twitchell, I commend him for his clarity and his courage and also for his consistency, for he has indeed voted over the years against the ethanol plant and Bath Iron Works and Bar Harbor. I think that he has taken the position that he has to take. As leader of that Committee he has to show that kind of courage

and leadership. On the other hand I have voted the opposite way over the years. I have voted for Pratt-Whitney, under past Governor Longley's regime, I have voted for Bar Harbor Airlines, I have voted for Bath Iron Works, I voted for the ethanol plant last year for Auburn. So, even though I don't fully like to do this, I am going to have to go against my Chairman in this effort, because I think that we have a much larger issue at stake, I think that we are talking about peoples' jobs. The gentlelady from Cumberland, Senator Najarian, mentioned some of her concerns about what are we starting now? We are getting into starting the ball rolling getting into a lot of other areas that people may come to us and want the exemptions.

Let me refer you, if I could, to Part II of the Budget. Now Part II of the Budget, if you look on page 190, will give you three hundred and sixty exemptions. Not the least of which is an exemption exactly like this one that is before us today. The difference is that the exemption that the Legislature gave this industry was four hundred and twenty-three thousand dollars in '84, three hundred and eighty-five thousand in '85, three hundred and forty-four thousand in '86, and three hundred and forty-four thousand in '87. You go on and you'll find three hundred and fifty-nine other exemptions in the Part II Budget and they are not all as worthy as this one might be.

We have a very serious and worthy industry in this State called blueberrying and we've exempted the fuel to burn those fields. That is fine, and I think that those people appreciate that. We also have some very serious concerns and one is before us now, and that is the jobs of the people who live in the Waterville area. Now we are not talking five or ten or fifty or a hundred, we are talking between six hundred and eight hundred jobs.

Now think about it; between six and eight hundred jobs. If that were in your area wouldn't you hope that we would all be more than parochial, wouldn't you hope that we would have the courage and the foresight to continue on the way that we have. Now currently we have no tax policy, as it were, that relates to this kind of a situation, and I was pleased to see that the Governor's Office is coming out with a tax statement on this kind of a stressed industry, to deal with all of them in the same way, but right now we don't have it. BIW was a concern that we all had and it was a lot more than a hundred and forty-three thousand dollars.

This Bill that we have before us does two other things that have been alluded to today. One, the Committee was concerned about sunset, should we reexamine this. Unlike the rest of these exemptions in the Part II Budget this will have a three year sunset. This will have a three year sunset, Mr. President, and the second part of this Bill will also have a five year cutoff date. In other words, if the company of Keyes Fibre decides to move and this effort doesn't help, in up to five years they pay back, plus interest all of the money that they have been given through this Legislation.

This is only one of three things that has to be done to keep this company going in the Waterville area and the State of Maine. Wage concessions, they are asking the laborers to assess \$1.50 hourly wage, plus other benefits including less overtime. The second is a seven million dollar investment by the company in this area and in that business. That is two and the third, albeit, the smallest, but maybe the most important, is this Bill to give them a hundred and forty-three to a hundred and forty-six thousand dollars.

I think that the Committee has taken care of the safeguards through the sunset provision and the payback provision. I think that we are talking about more than just Waterville, even though that is certainly very, very important.

We are talking about the State of Maine.

If we can deal with Pratt-Whitney and attract those people in, if we can give millions of dollars in terms of BIW, and if we can help Bar Harbor Airlines, which we did, and the ethanol plant in Auburn and that area of the State, then why can't we help the people in Waterville keep their jobs?

This is a serious matter. We are not asking for a lot of money, we are asking of a little bit to set the tone for this State. I would ask you to ask yourself if you were in this position would you not want the same consideration? Thank you very much, Mr. President.

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

Senator **TWITCHELL:** Thank you, Mr. President and Members of the Senate, I don't mind helping anybody. I will help anybody that you want me to help, but they must do something for themselves first. They have got to help themselves first. They have been dragging their feet. If they would help themselves get that machinery updated, get their building updated, if they would just work a little bit harder and go to some of these other places to try to get help — they must help themselves first.

I would be more than willing to sign out on this Bill and be the thirteenth member and let it go sailing through. But, they should help themselves first. Why should we give money to somebody if they aren't going to help themselves?

The safeguard that we put in this Bill is that if they should pull out in five years, then we are to get our money back with interest. What if they did pull out two or three years down the road after all? It is owned by somebody from out of the country in the Netherlands. Just for one hundred and forty-six thousand dollars, do you think that we are going to spend two hundred thousand dollars through the Attorney General's Office to go chase down a hundred and forty-six thousand dollars in the Netherlands? I don't think so.

If you want to call me "Mr. Easy," then you go home this weekend and you tell all your factories to come down and see me next Monday and they can line up upstairs on the fourth floor and I'll look at their proposals, and if there isn't a tax break fine. But I thought my job as Senate Chairman of Taxation was to set the tone of the tax policies of the State of Maine and set the course and direction in which we are going. This is the wrong road, the wrong direction and it is a bad tax policy. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from York, Senator Danton.

Senator **DANTON:** Mr. President and Members of the Senate, a lot has been said about this Bill and I too feel sorry about the employees in Waterville. But, there is only one thing that bothers me, and through the years that I have been here I have voted to assist many many industries: Sobin Chemical, Martin-Marietta, Pratt-Whitney, Spencer Press, and just a year or so ago Bar Harbor Airlines. There is only one thing that bothers me about Keyes Fibre as a State Senator and someone who has a vote on this issue. I have never had one person other than the good Senator from Kennebec, Senator Kany, and the good Senator from Kennebec, Senator Matthews, approach me on this issue. Don't you think that this issue if it were a real important issue to Keyes Fibre they would be here speaking to us Senators? Don't you think that we Senators, would have received something in the mail at least, telling us about the urgency of this Legislation to help them survive and stay in business here in the State of Maine? To this day, and to this time, I have yet to hear from Keyes Fibre.

I can understand the good Senator and I commend her for the job that she has done getting this Bill in to try to help that industry. But, I have never heard from the industry itself, and

that is one thing that troubles me and that is one reason I am going to vote to support the Chairman of the Committee.

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

Senator **MATTHEWS:** Mr. President and Members of the Senate, as a Senator from Kennebec, and a Member of this distinguished body first let me start my remarks, by applauding the Senator from Oxford, the Chairman of the Taxation Committee for being very courageous and standing by his guns and his philosophy. Lord knows that I would not challenge that on any issue before this Legislature. But, I think that the citizens of the State of Maine have shown their appreciation in the past, to this Legislature, and the kind of citizen Legislature we have.

This Bill, for an exemption for a company which resides right on the border of my Senate District, which employs a great number of people, many of whom supported me for the Senate, is an issue that is extremely important to me. The Senator from Kennebec, Senator Kany, has mentioned the issues that are at hand.

The issue that was raised by the Chairman of the Taxation Committee, that this will unlock the dam and every industry will be before the Legislature and the Taxation Committee may be a merited one and may not be indisputable. But, one thing that I would mention to all of the Members of this Senate, when you took the oath of office to stand in this Senate and to conduct the business of the citizens of the State of Maine, you did so with the courage and the knowledge that you had the integrity and the enlightened judgment to look at every situation. I can't think of anything more important than to say look at the situation with Keyes Fibre, look at the situation in the Waterville area.

When I ran for the Senate I remember talking to one family in the town of Fairfield. The husband and wife and daughter were all sitting on the couch and the biggest issue for these people in Fairfield was the husband, the wife and the daughter bring in money so that they could survive. The husband happened to work at Keyes Fibre, he was extremely concerned, this was back in August about his situation at the plant. Lord knows that everybody is going to have to break down and make some concession. As it has been mentioned, they are voting to do so today. But, this gentleman was extremely concerned about being able to keep the mortgage on the house, pay the utility bills, and put food on the table. His daughter was a high school junior, she was working at MacDonalds at that time she was working for minimum wage and that gentleman thanked me for increasing the minimum wage. They were scrambling very, very hard, as so many countless citizens across the State to make ends meet.

I don't think that there is a bigger issue and Lord knows that both parties in this Legislature and in the State have targeted economic development as the major issue and all the other problems that we have in our business climate. You've got an opportunity today, to put your money where your vocal cords are. You've got a chance to keep a business here in the State of Maine, not isolated by this one action today, but in unison with some other things that are being done.

Labor — the work force at Keyes Fiber has taken many concessions already. And I am not going to stand here and say that they shouldn't take some more. But, they are going to be voting on that today and I hope that they vote affirmatively.

I have raised questions publicly about having more input from the Company and Lord knows that it is on the record that I asked that the Company present all of the facts to the Taxation Committee about their accounting and

their budget.

I think that the Company has gone the extra mile on this issue and they have laid it out. Four point three million dollars has been their deficit, within the last year, and that if they don't get some help they are seriously thinking things are going to happen, in the closure of the plant.

I guess that the biggest thing that I wanted to mention here today, is to think of the human interest side of this issue. Sometimes it doesn't get mentioned in the debate in a lot of issues that we are presented with in the Senate. I think that it is so important. People aren't looking so much today that you attract new business as they are in keeping what businesses we do have here in the State of Maine. That was a major issue that I ran on, Lord knows that I know all of us in this Legislature are concerned about that issue.

Competition from Canada and Europe and everywhere else where the State is so intricately involved in business and industry there is a one to one relationship. There is a tie there between government and industry and business. They have such an unfair leverage on American business and industry with respect to the State of Maine, especially Keyes Fibre that is competing with Canada.

We have got to realize the political reality and the economic realities. We have a great system of government, we have a wonderful Constitution and great people. But, we can't bury our heads to try to find innovative ways to make business and industry more competitive. We've got to look at Workers' Compensation and we've got to look at the business climate and we've got to look at the taxation system in this Country for corporations and in many of these issues both parties have been intricately involved.

We've got an opportunity today to do something and Lord knows I have faith in the Legislature and all the members that I have had the pleasure to serve with, of taking every issue and every business that comes before us asking for something independently of each other, and weighing those considerations on their merits and I think that we'll do that for a long time to come. Thank you.

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

Senator **ANDREWS:** Thank you, Mr. President. Fellow Members of the Maine Senate, this is my maiden speech on the Floor of the Senate and I quite frankly didn't think that I was going to be making it on this subject, but so be it.

This subject is very important to me both in terms of the particulars of the Bill before us, as well as some of the public policy implications that we've heard discussed today and I would like to explain my position on this particular issue.

I would like to first join those who have already commended and applauded the Senators from Kennebec, Senator Kany and Senator Matthews for their work on this issue. They have worked hard, they are very sincere in their efforts and they are working very, very hard to promote the interest of their workers in their area.

Let me also say that I agree with Senator Kany that the jobs in her District are worth saving. I also agree that the multiplier effect of losing the plant would be disastrous and those jobs are also worth saving. I, also, agree that we have to be pragmatic and we have to understand economic reality.

I would like to be pragmatic for just a minute and direct your attention to this particular piece of legislation, L.D. 1139. As we have already heard, it is and there is no debate about this fact, we are talking about a drop in the bucket. In and of itself, undisputed, this is not going to do very much. We are talking about a hundred and fifty thousand dollars for a corporation that lost four million dollars last year.

Now, if there is a problem out there, and certainly there is a problem out there, I think that we should sit down and look at a solution to the problem. Now this particular Bill hardly addresses a solution to the problem and news reports of yesterday, and we heard it mentioned on the Floor, there are other pieces to this puzzle that are going to be coming before this Chamber.

I have, first of all, a fundamental problem with a piecemeal approach to addressing this problem that places a nonsolution before us and says tune in next week for yet another piece. I think that we should address problems with solutions. We should take a look at the proposed solution in its entirety as a whole. We should discuss that whole, we should debate it and then we should vote on it. If we want to solve the problem let's start with a solution.

I asked the question, why is it that we need to vote on this particular nonsolution now? Why can't we wait to get all the facts before? Why can't we wait and take a look at the entire package?

I learned that we need to pass this Bill, according to some, to send a signal to the corporate board of Keyes Fibre that will be meeting next week to decide what to recommend to the Vanlar Corporate Board when it meets in Europe.

Now if we send this signal, if we pass this Bill the argument may be, just may be, that the national board will vote to recommend to the international multinational board in Europe, to not pull out the stops in Maine, let's see what else the Maine Legislature can do for us.

Now, Ladies and Gentlemen, this is not a problem that suddenly appeared on the horizon. It is not a problem that is suddenly going to go away. I see no reason for us to pass a particular piece, a piece that everyone agrees is a nonsolution, before we get a chance to address all the implications of the problem and make a final decision.

I believe that we are sending the wrong signal to even this corporation when we rush into a nonsolution to a serious and difficult problem that has been developing for some time. I think that as I find myself in this situation and find this pressure on me as a legislator, with this corporate board in Europe about to make a decision on hundreds of Maine jobs, I think back to a time when those of us who looked at the economic history in this country remember a time when there was some companies, at least, who made investment decisions based upon the product, based upon their workers, based upon their community, and their investment in their community.

Well, it appears that things have certainly changed since then, and those are bygone times. The Keyes Fibre Plant, the City of Waterville, the State of Maine are mere blips on a computer screen on a multinational corporate board room somewhere in Europe.

Be that as it may, I believe that the message that we send to that corporate board is that first of all, the Maine Legislature cares about that plant. The Maine Legislature cares about those workers, the Maine Legislature cares about those families and we care about that area, and we care about the implications of that area to the entire State. So, we are working hard on some long term solutions. We are working hard on some proposals that we can carefully consider, that will bring a comprehensive approach with implications for not just this area, but throughout the State of Maine, and that before any decisions are made, it is in your interest, that you, as a corporation doing business in Maine, let this Legislature go through this deliberative process and come up with a solution that we believe is in the interest of all the people in the State of Maine.

We should let this and any other multinational corporate board know that we may be a blip on a corporate computer screen to them

but we will and we must, make carefully considered decisions on major economic issues. We won't rush to support a nonsolution because we have a multinational corporate gun pointed to our heads.

Now there is even a more fundamental problem that I have with the Bill before us today, and that is the approach that this Bill takes to this problem. It is called "A tax loophole approach." You've heard it mentioned several times today. L.D. 1139, as we know, creates a tax loophole worth one hundred and fifty thousand dollars.

Now it is already established that this won't keep Keyes Fibre here. The purpose is to send this signal to the Vanlar Corporation. Before we send this signal to the Vanlar Corporation, I think that it is important for us to consider the message that we are sending to every citizen in the State of Maine and to every other taxpayer in the State of Maine. If we think about that message, that signal, I think that we'll come to the conclusion that it is a signal that we shouldn't be sending.

I believe, as the gentlemen from Oxford, Senator Twitchell believes, in the Taxation Committee, that our tax system should be straightforward, should be based on fairness, it should be based on equanimity. It should rest on the foundation that every taxpayer should pay his or her fair share.

Now we have traveled quite a distance from that principle and we have traveled quite a distance from that policy in our tax system. Now we have a tax system, and we've heard it in testimony before this very Chamber, this very day, of hundreds of exemptions that we now have on the books.

We have a tax system, Ladies and Gentlemen, so riddled with loopholes, so riddled with discrepancies, so riddled with tax breaks, that I don't know of anyone in this Chamber or outside this Chamber who will claim that our Tax System is straightforward, that it is fair. I don't know of anyone who would claim that everyone is paying their fair-share of taxes. We are in a tremendous taxation mess, Ladies and Gentlemen. The system needs an overhaul.

Now how did we get into this mess? We got into this mess because for years and years the Legislature, and yes, the United States Congress have used tax loopholes to address what they perceive to be particular economic problems, and they see that tax loophole as a quick fix to address one aspect of that particular problem.

Well, maybe each time these decisions were made they were made for very good reasons. The interests of the workers, and the interest of the people those Legislators had a heart, but a small change here followed by another change there, has created the mess that we face today.

Now, I believe as I've looked at those exemptions that Senator Diamond has pointed out to us today, I believe that this State, and in fact this Country, has become addicted to these quick fix loopholes.

As you know, I am also the Chair of the Joint Select Committee on Alcoholism Services, and as I have been studying and learning about alcoholism, I have been looking at this particular approach and the problem that we have in this State, and I find that in an alcoholics life sooner or later that alcoholic is going to have to say, "No," and that alcoholic is going to have to stop drinking, or that alcoholic is going to face disaster. Well, Ladies and Gentlemen, we're addicted to these quick fix, nonsolution tax breaks and sooner or later we are either going to face disaster or we are going to have to make a decision to say "No," and to stop.

Now, I am not saying, Ladies and Gentlemen, this argument just as a matter of highfaluting principle. I am making a practical argument

when I make this argument before you today, because there is a phenomenon going on in this State, and I am sure that you know what I am talking about. That phenomenon in this State, in this Country, is an erosion of confidence in our tax system and with erosion comes an erosion of confidence in government as a whole, and that erosion of confidence is leading; and we can document this with an increased number of people who are in noncompliance with our tax system. Now as the cynicism grows in this State because of one loophole after another, as one person thinks that their neighbor is making more money than he or she is but paying less taxes, the willingness of those individuals more and more and more, year after year, is at noncompliance.

The statistics are in nationally. We've seen the trend in the State of Maine, and that trend, Ladies and Gentlemen, has practical implications for the votes that we take here in this Chamber; because according to the State Tax Assessor, for every one percent decrease in tax compliance, we are losing ten million dollars in revenue in the State of Maine; and that is a trend that is now intact. It is solid and it is continuing. It's a trend, I believe, that is directly related to the lack of confidence that we have. A lack of confidence that becomes exasperated by the kind of tax breaks that we're considering today. A tax break to one is not only a tax burden to everyone else; it erodes the integrity of our entire system.

Now, Ladies and Gentlemen, as I've been mentioning, I think there is not a person in this Chamber who is not concerned for the workers of the Waterville area. I certainly am. I don't believe that this is a parochial issue. It is a State issue. It has affects for all of us. If there were structural problems facing this particular distressed industry, if there is a problem with the electric rates, if there is a problem with our tax structure, well, let's identify that problem, let's discuss that problem and let's come up with a solution to that problem. Not one that takes a nonsolution of the problem and tries to make one little change that will not make an impact on even this particular plant. Let's take a look at the basic problem that not only this corporation is facing, but other corporations across the State are facing.

At the very least, let's look at the combination, the whole approach that's being taken to this particular plant. To do this clearly is going to take some energy. We already know that the Governor's Office and the Public Advocate's Office is working on an approach. There are several other programs and proposals before various committees in this Legislature dealing with economic development.

I think we have enough experience with distressed industries to know that we've got to tackle this problem and we can tackle this problem. It's going to take creativity; it's going to take hard work and it's also going to take some backbone, but I think it's in the interest of not only the people of the State of Maine as a whole, in all of our districts, but the people of the city of Waterville and the employees of that plant for us to not give away a small tax break. A piecemeal approach, that's not going to be a solution, but that we tackle once and for all the underpinnings of that problem and address it for the benefit of everyone in the State of Maine.

I don't feel comfortable facing a particular nonsolution Bill, under the multinational corporate gun, when I find that there is a much larger problem even beneath this plant and a much larger economic problem across the State.

I suggest that we all applaud those Senators and Representatives who are working so hard for this Bill, but that you join me in rejecting this particular stopgap measure and get on to the business of approaching and tackling these serious economic development problems in a

way that is fair for all.

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

Senator **KANY:** Mr. President and Senators, first of all, I hope that the good Senator from York, Senator Danton is in the Chamber, because I'd like for him to know why he hasn't heard from Representatives of the Company. The Company has simply not hired any lobbyist. It is not politically savvy; it is dependent upon the delegation, the elected Legislative delegation from Central Maine. Is that so awful?

The Vice-President for Technical Services and the Financial Vice-President appeared, many times, before the Taxation Committee. I'd like you to know that that is as skeptical a Committee as there probably ever was! They really are skeptical! There are some very bright, capable people on that Committee, and yet they, one by one, became convinced that this was a good thing, and they ended up recommending this Legislation to you with a 12 to 1 Ought to Pass Report. I want you to understand that.

Secondly, the five-year payback; Someone was asking how you could collect. Once again, the Company, as a whole, is perfectly healthy. It's not going into Chapter 11 of the Bankruptcy Court. According to Commissioner Scribner, you can attach a lien, so there's no problem in collecting that.

The good Senator from Oxford, Senator Twitchell, says: "What has the Company done?" The Company, since 1980, made eight and a half million dollars of investment to try to address their high cost of energy and other problems within the plant. Conversely, they spent a million and a half converting oil fire boilers to biomass fuel. They spent two million installing systems to process secondary fiber, in substitution of virgin fiber, for the chinette process. They spent half a million expanding process systems for waste newsprint. They spent three million installing laminating equipment which, by the way, has a very positive future. That product line should soon be profitable if we can keep the Company here and if we can get them over this temporary hump. They spent almost half a million on material handling improvements in Waterville and the plane molding stacking improvements for productivity. They spent over half a million and another half a million in plane molding machine line modernization.

If we can put this package together and a very important, critical portion is this part, to address the electricity cost, in which we are noncompetitive with other areas, then we will be okay.

I'd like to add that perhaps some of the people, in some of the parts of this State, maybe in Cumberland County, maybe in York County, don't understand what it's like when you have empty factories.

I remember listening to the good Senator from Aroostook County, Senator Violette last year, speaking on the floor of this Chamber, when he talked about the economic situation in his part of the State. I remember sympathizing with him, because we had lost Wyndotte, a major employer of over three-hundred people, a couple of years ago. I felt badly, just sympathizing, but not understanding how I feel today. Anyway, by the way, that Wyndotte Plant is still empty. I'd also, like to say that Diamond Match, in Oakland, had two-hundred people working there just a couple of weeks ago and definitely will be leaving—already dropped fifty people—only has a hundred and fifty employees, has never invested anything in that plant, and has already approached the town of Oakland to see if they're interested in buying that property.

I will say that I'm sure that you do understand. I'm sure that almost all of you in York County and Cumberland County and all do

understand. I just want you to know, it's a very wretched experience for us to think that we would lose our largest employer in Waterville. Our biggest property taxpayer, with that huge twenty-two million dollar payroll. We really are very upset over this and we are attempting to deal with this as a delegation, without any paid lobbyist.

I also want you to know that I think we are absolutely naive if we think we can operate in a vacuum with our wonderful ideals and our wonderful theory, and as if we were alone here in Maine, all by ourselves. We're looking for export industry. Exporting out of the State of Maine some materials and goods. Heavens, of course, we are absolutely naive if we think we are not in competition, and that we don't have to address these things.

I urge you, I plead with you, literally plead with you, to vote against the pending motion and in favor of the Bill.

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

Senator **WEBSTER:** Mr. President, Ladies and Gentlemen of the Senate, this is a rather difficult decision for me today, because of a number of reasons.

One reason, in particularly, one of the industries that competes with Keyes Fibre operates in my District and it is a difficult decision for me, because they're not here today requesting that the Senate, the House, and the Governor's Office give them any kind of tax break on energy. Because of that, I look at this issue and I question whether we ought to be giving this break to this one Company.

I think that Senator Andrews brought some points up that were very interesting and I agree with him. I think the problem is much bigger than just this one issue. I think the problem is that we ought to be looking at tax structure. We ought to be eliminating this tax altogether on energy. I wish I was voting on that today. Because, it doesn't seem right to me, it doesn't make common sense to me that Maine would be the only State in New England to tax energy used for business. It doesn't make sense to me to be one of very few States in the Nation to be taxing energy.

I think Senator Kany made a good point. We are not only competing with New York, New Hampshire, and the rest of New England, but with the entire United States and the world. I think that in the future, I'm hopeful we will be voting—I'd like to be on Record as voting to eliminate this tax altogether. Today, I have to vote with my heart, I guess, I have to make a decision of whether I should be voting to give this tax break to Keyes Fibre. I know they're competing with my own industry. I would hope that if I had brought similar legislation in support of an industry in my District, that this Legislature would see in its wisdom to realize that jobs are at stake, and I should ask for your support then.

I am going to vote for this issue in Support of Senator Kany and the others who have spoken. But, I hope that as Senator Andrews has suggested, in the future we take some serious looks at the tax policy in this area and perhaps consider repealing the whole idea of taxing energy altogether. Thank you.

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

Senator **TWITCHELL:** Thank you, Mr. President and Members of the Senate, I too, when I came down here thirteen years ago and every two years ever since, took on oath. The oath that I thought I took said: "If Government should be run like a business, as many have stated, then the Legislature as its Board of Directors should be more careful in the way that it invests the money that it holds in trust for the people of the State of Maine."

The taxpayers of the State of Maine are paying a one-hundred and forty-six thousand dollar bill, a drop in the bucket—and maybe

they'll get nothing in return. I thought that I was sent down here to protect them and watch out for their investments.

Mr. President, I request a roll call.

THE PRESIDENT: A Roll Call has been requested. Under the Constitution, in order for the Chair to order a Roll Call it requires the affirmative vote of at least one-fifth of those Senators present and voting.

Will all those Senators in favor of ordering a Roll Call, please rise and remain standing until counted.

Obviously more than one-fifth having arisen a Roll Call is ordered.

The Chair recognizes the Senator from Cumberland, Senator Diamond.

Senator **DIAMOND:** Thank you, Mr. President, Men and Women of the Senate, I will not be too long. I just think this issue is so important, that we need to take all the time that is necessary to make sure that all sides are heard.

The issue that I just want to leave you with is, an issue of jobs and families and people. Now we can listen to corporate board and corporate gun and corporate this and corporate that all we want to, and that has a nice ring to it to vote against this Bill. That's not the intent. You know we're not a Southern Maine, we're not a Northern Maine, we're not an Eastern Maine, or a Western Maine, or a Central Maine—we're Maine. That's why we voted for the BIW in Portland and that's why we voted for the cement plant in Thomaston and that's why we've done these things, because we do look at ourselves as a State.

Now it's time for Central Maine! If we have a tax policy problem let's correct it. If we are termed as alcoholics, then let's rehab ourselves, not shoot ourselves in the head. We're only talking about granting a hundred and forty-six thousand dollars, and that's a lot of money. You compare that to all the other things we've done for other businesses and you talk about jobs. We're talking about people and we could sit down and philosophize and discuss and do all the things we want to do. I think we should, but this will send a message and at a small, relatively small cost. This will send a message to those people that we are interested, in the State of Maine, in keeping industry here—keeping jobs. Tell the people up there in Waterville, or Fairfield, wherever it might be that well, you know we could discuss this more—this is a nonsolution—we have to discuss this some more, and we're not going to send this message out right now. We might be back later.

THE PRESIDENT: The Chair would ask the Senator to defer for a moment.

Senate at Ease

The Senate called to order by the President.

On motion by Senator **CLARK** of Cumberland, **RECESSED** until the Sound of the Bell.

After Recess

The Senate called to order by the President.

THE PRESIDENT: The Senator from Cumberland, Senator Diamond has the floor.

Senator **DIAMOND:** Thank you, Mr. President. I apologize for running out.

I was just about to say, I think that I just want to ask you to focus in, if you would, carefully and clearly on the amount of money we're talking, relatively speaking, compared with the other projects we've already said "yes" to around the State. Also, think about the fact that we're talking about people and we're talking about jobs and we're talking about, for the most part right now at least until after April 2nd or thereabouts, we're simply talking about an image, or a message, we're sending out to this Company. More importantly, a message we're sending out to the people who work and live there and depend on that industry. We're not asking for anything unusual that was not

done before. Think of the people, and I ask you to send this on. I think that we're absolutely concerned all of us about what happens to our folks in the State of Maine, and we're not asking for an awful lot of money to reinforce that. Thank you, Ladies and Gentlemen.

(Off Record Remarks)

THE PRESIDENT: The pending question before the Senate is the motion by the Senator from Oxford, Senator Twitchell to Indefinitely Postpone the Bill and accompanying papers.

The Chair recognizes the Senator from Penobscot, Senator Pearson.

Senator **PEARSON:** Mr. President, Men and Women of the Senate, I'm going to vote to support the Bill, and because I feel a little insecure, perhaps a little paranoid, I want to tell you why, because I want to make it absolutely clear as to what I expect myself.

I am from what most people call "Northern Maine." There will come a time when we will come into this Legislature, perhaps for those people from Baileyville that are here in the back of the room, commonly known as Woodland, or maybe in Masardis, or maybe in some other small part of Maine that's in the northern part of this State where their representation is spread very thin, and we will be asking you for help. We will expect that you will be lending a hand to us, just as we will lend a hand to you. Once in awhile, we become a little insecure up there and a little paranoid and we think you forget us. You better not, because I, as a Senator, am not going to forget you, and we've got more real problems than you do in Southern Maine, in Cumberland and York County, a lot more as far as economics is concerned. We've lost all kinds of businesses and we're having a hard time attracting more.

These kids, that have just come in here to the Chamber, are fortunate, probably the most fortunate people in Washington County, because they live in a town that has a thriving mill. There is a lot of us that don't, so remember us.

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

Senator **BALDACCI:** Mr. President and Members of the Senate, I rise to point out that in the discussion of this particular issue, I think it is important that we realize that the Senate Chairman of the Committee, Senator Twitchell, in representing that Committee in the interest of the people in the State of Maine, is trying to prevent future loopholes and exemptions in an already loophole ridden tax code.

At the same time, in the area of Penobscot County, we have a plant called "LCP" which is a chemical company, which received the exemption a few years ago for the generation of electricity. An exemption on the sales tax of that electricity because they were electricity oriented in creating their products. Keyes Fibre is now confronted with the same situation. I know it's part of a three-legged stool and if you pull out one of the legs the stool will fall over, but I think it is important to be consistent when we develop this type of Legislation. At the same time, I feel very comfortable being a citizen of the State of Maine and having a Senator, like the Senator from Oxford, Senator Twitchell, representing the people of the State of Maine and their financial interests. I think that most of us feel the same way about that. Thanks.

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

Senator **MATTHEWS:** Mr. President and Members of the Senate, I will be very brief, but I just wanted to mention one thing in response to a couple of things that have been said here; one from the good Senator from Cumberland, that we should take a look at our whole tax policy. Think, you've got to remember that this situation is an emergency situation. I, for one, will look at that tax policy when that Bill, or

that issue comes before this Body. I want to tell you something: If you want a company located in Waterville, Maine, a part of Central Maine which sometimes, I think, Central Maine doesn't get mentioned with Northern and Southern. We are Central Maine, we have our problems too. If you want a business called Keyes Fibre to partake in that debate and eight hundred employees to partake in that debate on our tax policy, then please act on this Bill affirmatively. Thank you.

THE PRESIDENT: A Roll Call has been ordered.

The pending question before the Senate is the motion by the Senator from Oxford, Senator Twitchell that L.D. 1139 and accompanying papers be Indefinitely Postponed.

A Yes vote will be in favor of Indefinite Postponement.

A No vote will be opposed.
The Doorkeepers will secure the Chamber.

ROLL CALL

YEAS:—Senators, Andrews, Berube, Brown, Carpenter, Chalmers, Danton, Najarian, Sewall, Twitchell.

NAYS:—Senators, Baldacci, Black, Bustin, Clark, Diamond, Dow, Dutremble, Emerson, Erwin, Gauvreau, Gill, Hichens, Kany, Matthews, Maybury, McBrearty, Pearson, Perkins, Shute, Stover, Tuttle, Usher, Webster, The President — Charles P. Pray.

ABSENT:—Senators, Trafton, Violette.
9 Senators having voted in the affirmative and 24 Senators in the negative, with 2 Senators being absent, the motion to **INDEFINITELY POSTPONE** the Bill and accompanying papers **FAILED**.

Which was **PASSED TO BE ENGROSSED**.
Sent down for concurrence.

Senate As Amended

Bill "An Act Concerning the Maine Maritime Academy Board of Visitors" (S.P. 20) (L.D. 24) (C "A" S-32)

Which was **READ A SECOND TIME** and **PASSED TO BE ENGROSSED, as Amended**.
Sent down for concurrence.

Enactors

The Committee on **Engrossed Bills** reported as truly and strictly engrossed the following:

An Act to Establish Eligibility for Burial in the Maine Veterans' Memorial Cemetery for Members of the Maine National Guard (H.P. 769) (L.D. 1061)

An Act to Streamline Review of Road Construction in Unorganized Areas (H.P. 752) (L.D. 1058)

An Act to Clarify the Status of Newspaper Carriers under the Unemployment Compensation Act (H.P. 593) (L.D. 863)

An Act to Shorten the Period which Members of the Maine State Retirement System Must Wait for the Refund of Accumulated Contributions (H.P. 388) (L.D. 537)

An Act to Permit the Department of Corrections to Accept Certain Categories of United States Prisoners (H.P. 296) (L.D. 385)

An Act Designating the Maine Coon Cat as the State Cat (H.P. 199) (L.D. 233)

An Act to Amend the Town Manager Plan Under the Municipal Law (H.P. 132) (L.D. 157)

Which were **PASSED TO BE ENACTED** and having been signed by the President, were presented by the Secretary to the Governor for his approval.

Emergency

An Act to Require Legislative Confirmation of the Commissioners and the Director of the Maine State Lottery (H.P. 315) (L.D. 404) (C "A" H-29)

This being an emergency measure and having received the affirmative vote of 32 Members of the Senate, with No Senators having voted in negative, and 32 being more than two-thirds of the entire elected membership of the Senate

was **PASSED TO BE ENACTED** and having been signed by the President, was presented by the Secretary to the Governor for his approval.

There being no objection all matters thus acted upon were ordered sent forthwith.

(Off Record Remarks)

Out of order and under suspension of the rules the Senate considered the following:

ENACTORS

The Committee on **Engrossed Bills** reported as truly and strictly engrossed the following:

Emergency

An Act to Reenact Provisions for the Court, for Good Cause, to Hear Certain Contested Motions in Separation, Annulment or Divorce Proceedings Where There are Minor Children of the parties Prior to Referring to Mediation (S.P. 203) (L.D. 553) (C "A" S-25)

This being an emergency measure and having received the affirmative vote of 31 Members of the Senate, with No Senators having voted in negative, and 31 being more than two-thirds of the entire elected membership of the Senate was **PASSED TO BE ENACTED** and having been signed by the President, was presented by the Secretary to the Governor for his approval.

Out of order and under suspension of the rules the Senate considered the following:

COMMUNICATION

The Following Communication:
JOINT SELECT COMMITTEE TO INVESTIGATE PUBLIC UTILITIES

March 28, 1985

Honorable Charles P. Pray
President of the Senate
112th Legislature
Augusta, ME 04333
Dear President Pray:

Pursuant to Joint Order (S.P. 14), we are pleased to transmit the attached Final Reports and recommended Legislation of the Joint Select Committee to Investigate Public Utilities to the One Hundred and Twelfth Legislature.

Sincerely,

S/ JOHN E. BALDACCI

Senate Chair

S/ NATHANIEL J. CROWLEY, SR.

House Chair

Which was **READ**.

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

Senator **BALDACCI:** Mr. President and Members of the Senate, the report has been filed with the Secretary of the Senate and the Clerk of the House, and was presented here a little while ago. I would ask all of you, if it is possible, I know that we all have very busy schedules, to read the draft report and the facts and letters and addendums that go to that, and review the recommendation for legislation and the referrals that were made. The minority report is also accompanying that report, so I would ask you to read it and then if you have questions or something else that you would like to speak to me about, I would be more than happy to. I think that once you see it you'll see a very constructive report that deals with a billion dollar utility industry's political activity.

It was time consuming, a lot of dry information, but I think that it is something that will be able to stand the light of day for future years and be able to protect the ratepayer's money from being used for political purposes in the future and at the same time is protecting the utility's right to engage in the political process, and make sure that it isn't included in future rate increases.

Which was, with accompanying papers, **ORDERED PLACED ON FILE**.

ENACTOR

The Committee on **Engrossed Bills** reported as truly and strictly engrossed the following:

Emergency Resolve

Resolve, for Laying of the County Taxes and Authorizing Expenditures of Androscoggin County for the Year 1985 (H.P. 812) (L. D. 1133)

This being an emergency measure and having received the affirmative vote of 30 Members of the Senate, with No Senators having voted in negative, and 30 being more than two-thirds of the entire elected membership of the Senate was **FINALLY PASSED** and having been signed by the President, was presented by the Secretary to the Governor for his approval.

On motion by Senator **CLARK** of Cumberland,

ADJOURNED until Monday, April 1, 1985, at 9 o'clock in the morning.