

MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD
OF THE
One Hundred And Seventeenth Legislature
OF THE
State Of Maine

VOLUME VI

SECOND REGULAR SESSION

House of Representatives
January 3, 1996 to April 3, 1996

Senate
January 3, 1996 to March 13, 1996

ONE HUNDRED AND SEVENTEENTH MAINE LEGISLATURE
SECOND REGULAR SESSION
7th Legislative Day
Tuesday, January 23, 1996

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

Prayer by Reverend Canon Jon C. Strand, St. Luke's Cathedral, Portland.

Pledge of Allegiance.

Physician for the day, Laurel M. Coleman, M.D., Augusta.

The Journal of Thursday, January 18, 1996 was read and approved.

At this point, a message came from the Senate, borne by Senator KIEFFER of that Body, proposing a Joint Convention of both branches of the Legislature to be held in the Hall of the House at 6:30 in the evening for the purpose of extending to His Excellency, Governor Angus S. King, Jr., an invitation to attend the Convention and to make such communication as pleases him.

Thereupon the House voted to concur in the proposal for a Joint Convention to be held at 6:30 in the evening and the Speaker appointed Representative WHITCOMB of Waldo to convey this message to the Senate.

SENATE PAPERS

The following Communication: (H.C. 297)

MAINE STATE SENATE
STATE HOUSE STATION 3
AUGUSTA, MAINE 04333

January 18, 1996

The Honorable Dan A. Gwadosky
Speaker of the House
117th Legislature
Augusta, Maine 04333

Dear Speaker Gwadosky:

In accordance with Joint Rule 38, please be advised that the Senate today confirmed, upon the recommendation of the Joint Standing Committee on Judiciary, Christine Foster of Portland for appointment as Judge of the Maine District Court.

Sincerely,

S/May M. Ross

Secretary of the Senate

Was read and ordered placed on file.

COMMUNICATIONS

The following Communication: (S.P. 662)

117TH MAINE LEGISLATURE

January 16, 1996

Senator Willis A. Lord
Representative Richard A. Gould
Chairpersons
Joint Standing Committee on Natural Resources
117th Legislature
Augusta, Maine 04333

Dear Senator Lord and Representative Gould:

Please be advised that Governor Angus S. King, Jr. has nominated George A. Smith of Mount Vernon, Sally Stockwell of Cumberland Center, Horace A. Hildreth, Jr. of Falmouth and Richard A. Fortier of Caribou for

appointments as members of the Maine Outdoor Heritage Fund Board.

Pursuant to Public Law 1995, Chapter 494, these nominations will require review by the Joint Standing Committee on Natural Resources and confirmation by the Senate.

Sincerely,

S/Jeffrey H. Butland

President of the Senate

S/Dan A. Gwadosky

Speaker of the House

Came from the Senate, read and referred to the Committee on **Natural Resources**.

Was read and referred to the Committee on **Natural Resources** in concurrence.

The following Communication: (H.C. 298)

DEPARTMENT OF EDUCATION
23 State House Station
Augusta, Maine 04333

January 17, 1996

TO: The Honorable Jeffrey H. Butland,
President of the Senate
The Honorable Dan A. Gwadosky,
Speaker of the House

FROM: S/Wayne L. Mowatt, Ed.D., Commissioner

SUBJECT: FY 96 Report of All School Administrative
Unit State and Local Revenues

In accordance with 20-A MRSA, section 15618-A, a report of all school administrative unit state and local revenues designated for K-12 education in their FY 96 budgets has been compiled and a copy is provided for your use.

It should be noted that the amounts budgeted in the various categories may not be the same as actual expenditures for these categories, for the following reasons:

1. Some budgeted amounts may be unexpended and carried forward to the following year. The statewide balance forward, for all budget categories, is usually between 2% and 3%.
2. School administrative units which do not utilize a line-item budget may transfer funds to other categories.
3. For certain types of funds that are transferred between school administrative units (for tuition costs and for transportation and other services provided to another school administrative unit), the amount is budgeted in both school administrative units, since each unit must appropriate these funds. Since these instances cannot be netted out in the State Total Summary, the state totals will overestimate actual expenditures to some degree.

Was read and with accompanying report ordered placed on file.

Subsequently, Representative WHITCOMB of Waldo reported that he had delivered the message with which he was charged.

The following Communication: (H.C. 299)

DEPARTMENT OF EDUCATION
23 State House Station
Augusta, Maine 04333

MEMORANDUM

TO: Joseph W. Mayo, Clerk of the House

FROM: S/Wayne L. Mowatt, Ed.D., Commissioner
DATE: January 11, 1996
SUBJECT: Report on Habitual Truants, 1994-95

In accordance with 20-A MRSA, Section 5051, I am hereby submitting our Department's annual report on habitual truants identified by school superintendents during the 1993-94 school year. A habitual truant is defined under 20-A MRSA, Section 5051 as a student who is of compulsory school age (7 to 17) who "...has attained the equivalent of ten full days of nonexcused absences or seven consecutive school days of nonexcused absences during a school year."

Additional information regarding this report can be obtained from Frank J. Antonucci, Jr., Consultant for Truancy, Dropout, and Alternative Education, at 287-5110.

Was read and with accompanying report ordered placed on file.

PETITIONS, BILLS AND RESOLVES REQUIRING REFERENCE

The following Bill and Resolve were received and, upon the recommendation of the Committee on Reference of Bills, were referred to the following Committees, Ordered Printed and Sent up for Concurrence:

Criminal Justice

Bill "An Act to Enhance Amusement Ride Safety" (H.P. 1256) (L.D. 1728) (Presented by Representative CLARK of Millinocket) (Cosponsored by Representatives: MORRISON of Bangor, THOMPSON of Naples, WHEELER of Bridgewater) (Submitted by the Department of Public Safety pursuant to Joint Rule 24.)

Reported Pursuant to Public Law

Representative FITZPATRICK for the Maine Health Care Reform Commission pursuant to Public Law 1993, chapter 707, Part AA, section 5 asks leave to submit its findings and to report that the accompanying Resolve, to Require the Study of the Medical Liability Prelitigation Screening Panels (H.P. 1257) (L.D. 1729) be referred to the Joint Standing Committee on Banking and Insurance for Public Hearing and printed pursuant to Joint Rule 20.

Report was read and accepted.

On motion of Representative VIGUE of Winslow, the Resolve was referred to the Committee on Judiciary, ordered printed and sent up for concurrence.

CONSENT CALENDAR

First Day

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

(H.P. 1174) (L.D. 1606) Bill "An Act to Amend the Overtime Laws as They Pertain to Bonuses" (EMERGENCY) Committee on Labor reporting "Ought to Pass"

There being no objections, the above item was ordered to appear on the Consent Calendar of Thursday, January 25, 1996 under the listing of Second Day.

At this point, pursuant to House Rule 1, the Chair announced the following changes in Committee appointments:

Representative SPEAR of Nobleboro is appointed Chair of the Joint Standing Committee on Agriculture, Conservation and Forestry, replacing Representative KILKELLY of Wiscasset who becomes the ranking Democratic member.

Representative AULT of Wayne is appointed Chair of the Joint Standing Committee on Education and Cultural Affairs, replacing Representative MARTIN of Eagle Lake who becomes the ranking Democratic member.

Representative GREENLAW of Standish is appointed Chair of the Joint Standing Committee on Inland Fisheries and Wildlife, filling the vacancy in that position. Representative JACQUES of Waterville becomes the ranking Democratic member.

Representative TRUE of Fryeburg is appointed Chair of the Joint Standing Committee on Legal and Veterans Affairs, replacing Representative NADEAU of Saco who becomes the ranking Democratic member.

Representative LOOK of Jonesboro is appointed Chair of the Joint Standing Committee on Marine Resources, replacing Representative CLOUTIER of South Portland who becomes the ranking Democratic member.

Representative DEXTER of Kingfield is appointed Chair of the Joint Standing Committee on Natural Resources, replacing Representative GOULD of Greenville who becomes the ranking Democratic member.

Representative REED of Falmouth is appointed Chair of the Joint Standing Committee on Taxation, replacing Representative DORE of Auburn who becomes the ranking Democratic member.

Representative STROUT of Corinth is appointed Chair of the Joint Standing Committee on Transportation, replacing Representative O'GARA of Westbrook who becomes the ranking Democratic member.

Representative BARTH of Bethel is appointed to the Joint Standing Committee on Taxation, replacing Representative SPEAR of Nobleboro.

Representative MARSHALL of Eliot is appointed to the Joint Standing Committee on Utilities and Energy, replacing Representative POULIN of Oakland.

Representative LOOK of Jonesboro is appointed to fill the vacancy on the Joint Standing Committee on State and Local Government.

Representative JOY of Crystal is appointed to the Joint Standing Committee on Human Resources, replacing Representative SHIAH of Bowdoinham.

Representative LEMKE of Westbrook is appointed to the Joint Standing Committee on State and Local Government, replacing Representative MITCHELL of Vassalboro.

Representative THOMPSON of Naples is appointed to fill the vacancy on the Joint Standing Committee on Banking and Insurance.

Representative LEMONT of Kittery is appointed to the Joint Standing Committee on Business and Economic Development, replacing Representative WATERHOUSE of Bridgton.

Representative WATERHOUSE of Bridgton is appointed to the Joint Standing Committee on Natural Resources, replacing Representative GREENLAW of Standish.

The following item was taken up out of order by unanimous consent:

ORDERS

On motion of Representative TREAT of Gardiner, the following Joint Order (H.P. 1258)

ORDERED, the Senate concurring, that the Joint Standing Committee on Judiciary report out a bill incorporating recommendations for changes in the laws concerning protection from abuse and protection from harassment to the House.

Was read and passed and sent up for concurrence.

By unanimous consent, all matters having been acted upon were ordered sent forthwith.

At this point, the Senate came and a Joint Convention was formed.

IN CONVENTION

The President of the Senate, the Honorable Jeffrey H. Butland, in the Chair.

On motion of Senator Kieffer of Aroostook it was **ORDERED**, that a committee be appointed to wait upon the members of the Governor's Cabinet, inviting them to attend this convention.

The Order was read and passed.

The Chairman appointed:

Senators:	AMERO of Cumberland CARPENTER of York LONGLEY of Waldo
Representatives:	DAGGETT of Augusta AHEARNE of Madawaska MITCHELL of Vassalboro SAXL of Bangor GERRY of Auburn ROSEBUSH of E Millinocket ROBICHAUD of Caribou LANE of Enfield SAVAGE of Union

Subsequently, Senator Amero of Cumberland, for the committee, reported that the Committee had delivered the message with which it was charged and we're pleased to report that the Governor's Cabinet will attend forthwith.

Whereupon, the Chairman welcomed the members of the members of the Governor's Cabinet.

General Earl Adams, Commissioner Robin Alden and Ted Ames, Commissioner Kevin and Eileen Concannon, Commissioner Kalerie Landry, Commissioner Catherine and Michael Longley, Commissioner Ron Lovaglio, Commissioner Thom McBrierty, Commissioner Ed and Susan McLaughlin, Commissioner John and Molly Melrose, Commissioner Wayne Mowatt, Commissioner Bucky and Susan Owen, Commissioner Melodie Peet, Commissioner Al Skolfield, Commissioner Ned Sullivan, Commissioner Janet Waldron and William Baghdoyan, Evan and Joan Richert and Mr. Tim Agnew.

On Motion by Senator Bustin of Kennebec, it was **ORDERED**, that a committee be appointed to wait upon the Honorable Daniel E. Wathen, Chief Justice of the

Supreme Judicial Court, and extend to him an invitation to attend this convention.

The Order was read and passed.

The Chairman appointed:

Senators:	MILLS of Somerset PENDEXTER of Cumberland FAIRCLOTH of Penobscot TREAT of Gardiner LEMKE of Westbrook RICHARDSON of Portland JONES of Bar Harbor LaFOUNTAIN of Biddeford WATSON of Farmingdale PLOWMAN of Hampden HARTNETT of Freeport MADORE of Augusta NASS of Acton MOORE of Passamaquoddy Tribe
Representatives:	

Subsequently, Senator Mills of Somerset, for the Committee, reported that the Committee had delivered the message with which it was charged and we are pleased to report that the Honorable Chief Justice Wathen will attend forthwith.

Whereupon, the Chairman welcomed, Chief Justice Daniel E. Wathen.

On motion by Senator Amero of Cumberland, it was **ORDERED**, that a committee be appointed to wait upon his Excellency, Angus S. King, Jr., Governor of this great State of Maine and extend to him an invitation to attend this convention and make such communication as pleases him.

The Order was read and passed.

The Chairman appointed:

Senators:	HANLEY of Oxford BEGLEY of Lincoln BERUBE of Androscoggin KERR of Old Orchard Beach POULIOT of Lewiston JOSEPH of Waterville DiPIETRO of S Portland MORRISON of Bangor TOWNSEND of Portland AIKMAN of Poland DONNELLY of Presque Isle OTT of York SIMONEAU of Thomaston
Representatives:	

Whereupon, the Chairman welcomed in the House Gallery: the Honorable Andrew Ketterer, the State's Attorney General and the Honorable Samuel Shapiro, the State Treasurer; the Chief Justice of the Maine Superior Court, Justice Roland Cole; and the Chief Judge of the Maine District Court, Judge Kirk Studstrup and Judy Wathen, wife of Judge Wathen.

The Chair would also like to welcome the Governor's Staff and special guests of the Governor and Maine's First Lady.

Subsequently, Senator Hanley of Oxford, for the committee, reported that the Committee had delivered the message with which we were charged and we are

pleased to report that the Honorable Angus S. King, Jr., Governor of the State of Maine, will attend forthwith.

Whereupon, the Chairman recognized and welcomed in the House Gallery: Mary Herman, Maine's First Lady, the Governors son, Duncan King and his friend Miss Chris Kelley, Jim and Susan Dowe of Bangor and their son P.J. Dowe.

At this point the Honorable Angus S. King, Jr., Governor of the State of Maine entered the Convention Hall amid prolonged applause, the audience rising.

Governor Angus S. King, Jr. then addressed the Convention as follows:

Mr. President, Mr. Speaker, Mr. Chief Justice, Members of the 117th Maine Legislature, and the people of Maine.

We are living in revolutionary times. I believe that we are in the middle of the greatest change in the way people work and organize their lives since the Industrial Revolution. The revolution that I speak of is the globalization of the economy.

Where once we did business down the street or across the state, trade and commerce now spans states, regions and national borders. In Brewer, Maine is a company called Brewer Automotive Components — which is a joint venture between German and Japanese companies located in Brewer, which manufactures ball-joints for Toyotas made in Georgetown, Kentucky. NYNEX's on-line yellow pages is based in France and when you call Swissair for a plane reservation, the phone rings in Pakistan.

In Tokyo, this black-faced L.L. Bean watch is as status symbol equivalent to a Rolex and everyone watching us tonight has products in their homes from at least a dozen countries. And this revolution is good news and bad news for Maine.

The good news is that location — our historic economic disadvantage — is no longer such a problem. You remember the maps when we were kids — Maine was way up in the upper right hand corner. The end of the line.

Now, instead of being at the end of the line, we're in the middle of the global economy — closer to Europe than any other part of the U.S. and able to sell our goods and services into markets from Ireland to Indonesia.

That's the good news. The bad news is that everyone in the world wants our jobs and they are hard at work — right now — to get them.

Ten days ago I had in my office a representative of a German company who is looking for a site in this country for a manufacturing facility in the U.S. He started here because they already have a distribution center in southern Maine. But he was going from here to Virginia and then on to North Carolina. By the way, Virginia has a full-time person in Germany, looking for opportunities like this.

Last Friday I spent the day in western Maine and visited five solid Maine businesses: Pleasant Mountain Moccasins, Bridgton Knitting Mill, Howell Labs, Oxford Aviation, and Oxford Homes. All are doing well and all are exporting outside of our borders. But the thing that struck me at the end of the day — and sent a shiver down my spine — none of them — not one of those businesses has to be here. Every one could move — closer to their suppliers, to

a warmer climate, or simply because a new owner might like it better someplace else.

And just as a not so gentle reminder of our vulnerability, two of our flagship companies — L.L. Bean and BIW — announced cutbacks on the same day last week.

In other words, the global economy brings opportunities for sure, but it also brings challenges and stiff competition as well. Someone said to me recently that we are entering an age of no-holds-barred Darwinian competition. And you all remember Darwin: survival of the fittest.

And this competition is not by any means limited to our businesses. The State of Maine itself is in direct competition with South Carolina, Texas, Tennessee, Singapore, and Finland just as Ford is in competition with General Motors. When a top official at National Semiconductor called me at home last summer to tell me that Maine was going to get the plant, he added, "I've got to tell you Governor, I'm in Texas tonight and I had lunch today with Governor Bush. He wasn't very happy". I said "isn't that a shame".

So what does all this have to do with the State of the State? Everything, because what the state of the state is really all about in 1996 is our the state of our ability to adjust to this revolution, to meet it's challenges, and to improve our quality of life for the 21st century.

Because if we don't meet this challenge — now — our standard of living will decline just as sure as we're sitting here, and our children will be the first generation in American history to be less well off than their parents.

But is this all about business? What about education, the environment, social services, the elderly? I've been accused of having a one track mind when it comes to economic development.

I guess I'll have to plead guilty because everything comes back to having a good job. Quality education, a healthy environment, efficient social services, care for our elderly. Nothing works unless the economy works. Ask the sheriff in any Maine county. I talked to the Sheriff of Somerset County this morning — there is a direct and unmistakable correlation between alcoholism, domestic abuse, youth violence — and unemployment. Nothing works unless the economy works.

Our budget didn't go down the tubes in the early nineties because taxes were suddenly cut; the bottom fell out because 35,000 people lost their jobs. And the schools, the university, social services, everything suffered. The simple truth is that no society ever taxed its way out of a recession; a vigorous free-enterprise economy is the engine of all social progress.

So where are we with respect to this economic challenge and what else must we do to meet it?

In the past year, we've made some real progress and Maine is starting to win our share of the daily battles that will determine our fate.

Workers comp — long the bane of the Maine economy is not only under control, it's coming down. In the last twelve months, general rates have dropped 30% and there is now fierce competition now between insurance companies for Maine business.

By the way, I take no credit for this development — it was the work of a revamped system brought into being by many of the people in this room...and by the

efforts of Maine businesses and their workers to give safety the priority it should have had from the start.

In 1995, we began the phase-out of the property tax on machinery and equipment which in a stroke leveled the tax playing field with many other states and has, I believe, been a significant factor in the investment of almost a billion and a half dollars in the Maine economy in the past six months.

We have begun the process of improving Maine's regulatory process to make it more timely and more predictable. A crucial moment in the National Semiconductor decision came when we were asked how long the permits for the new plant would take. When Commissioner Ned Sullivan from the DEP said 30 to 45 days, the largest single industrial investment in the history Maine was a big step closer. Why? Because when that plant is on-line, it will generate revenues at the rate of \$15 million...a week. And it doesn't take an economist to figure out the value of a 45-day permitting period rather than nine months or a year.

By the way, when all was said and done, the permits were delivered in 21 days without compromising environmental standards, and I think Ned Sullivan and his team at the DEP, who are here tonight, deserve our thanks.

What else have we done this year to get ready for the challenge bearing down on us?

We've made a good start on winding down the gimmicks which have plagued our budget. Furlough days, shut down days, and the payroll push are all gone; we're now putting aside proper reserves against taxes we may never collect; we've started a modest capital maintenance program; and we're all determined to restore the highway fund.

Nobody's even talking about increasing taxes and we're better than halfway through the difficult process of reorganizing and downsizing every agency of state government. And we will save Maine taxpayers the \$45 million through productivity initiatives that was promised...I guarantee it.

We developed a plan to bring the state into compliance with the Clean Air Act without an intrusive auto emissions program. And by pushing our neighbors to the west — we have moved Maine into a national leadership position on clean air issues.

We've developed a long-term economic strategy, and the Legislature's Economic Growth Council, chaired by Sen. Chellie Pingree and Kevin Gildart of BIW, has put together a list of benchmarks to guide our policy and measure our progress.

But perhaps most important, we've done all this — and a lot more — with a civil tone and with respect for each other and the people we represent. In hard times, we've made it work, and I'm proud of that.

So where do we go from here? What's the next stage of getting ready for the challenge of the global economy?

In my view, the most important single determining factor as to whether we're going to make it in the 21st Century is...education. The days when a strong back was all you needed to get a good job are long gone and more and more over the next dozen years decisions about where companies locate and grow will depend upon the quality of local education.

Lester Thurow, the MIT economist, once did an analysis of why the United States got so rich in the 19th Century. He came up with four advantages that we had that were scarce in the rest of the world: capital, technology, natural resources, and an educated work force. And now the world's playing

field has been leveled for the first three, they don't count anymore.

Capital can move in the blink of a banker's eye: a million dollars can be in Mexico in a matter of minutes.

A new technology developed today in New York can be faxed to Hong Kong and be in production by the end of the week.

And natural resources can move as well. Japan has the most productive steel mills on Earth and no iron ore whatsoever.

So that leaves education. Education is going to make the difference for us...one way or the other.

By the way, I don't view education strictly in terms of business it may sound that way, but I realize that education is more than a glorified training program for a job. It's much more than that, and is in fact at the heart of our people's ability to enjoy the life that we hope the economy will bring them.

Now right about here would normally be where the pitch for money comes. Right. We are all ready for that, but not tonight. I don't think money is the issue. Sure every school district in Maine could use more money, we hear from them all the time and there's no doubt that increased funding would help, but we all know that it's just not there, and it's not the only answer.

I believe that if we want to make a real leap in the quality of Maine education, we have to look beyond money and think about the public education process itself works. For too long, we have tried to define quality by what we're putting into the system — mostly money — We must have good schools we are spending \$5,000 a pupil, instead of defining quality by what is coming out — in terms of the education of the people who are leaving. This just doesn't make sense and will never get anywhere as long as we view it that way.

And the 116th Maine Legislature, three years ago, agreed. They created something called the Task Force on Learning Results which has involved thousands of Maine people — parents, teachers, students, and citizens — in an historic effort to define what it is we think Maine kids should know and figure out a way to measure whether they know it.

In other words, standards and accountability. And two weeks ago this Task Force reported one of the most important documents, I believe, in the history of Maine education: a specific, testable set of academic standards that can and should apply across the state and will, for the first time give us a measuring stick for determining how our kids — and their schools — are doing.

This report is at the heart of the legislation we will be submitting this week to move Maine education into the 21st century.

But it's the work of the classroom teacher that ultimately will be critical to the success of this initiative. For this reason, I am proposing to reallocate \$2 million from within existing education funds to train teachers to implement the new learning standards.

We must look for savings in other parts of the educational system as well. We will propose incentives for consolidating the business functions among school districts. We just can't afford the luxury of school administrative units reinventing the administrative wheel with separate transportation offices, payroll offices, accounting and school lunch

programs. Commissioner Wayne Mowatt has set out a vision for education in this state that includes high performance by all students, and active involvement of parents and community all of which would be achieved in a cost efficient manner through the reallocation, not new money, of current resources.

Linking these standards to the new technology made possible by the passage of last Fall's bond issue immediately jumps Maine to the forefront of American education and, more than any other single thing we can do, will insure our future and that of our children. The telecommunications bond issue passed by the voters overwhelmingly will assure that each high school has interactive video channels and every Maine school will have immediate access to the Internet - literally throwing open our schoolhouse doors to the entire world.

But it's not the only thing we can do. There are also lots of little things, which when added together, can make a real difference in our ability to be a catalyst for the growth of the Maine economy.

And I think it's time we focused on a special sector of that economy - small, existing Maine businesses. Too often when politicians talk of economic development, the emphasis is on recruiting the big business from out-of-state, when the real growth potential is right under our nose.

90% of our businesses have fewer than 20 employees and that's where big businesses usually start.

The future Bill Gates may be out there somewhere and if he is, I'm available to be adopted.

National Semiconductor was a home run, but home runs don't happen every inning.

It's going to take a lot of singles and doubles to build the Maine economy, to lift incomes from Kittery to Fort Kent.

I like stories like Bodacious Bread in Waldoboro and the Andronox Company in Lisbon Falls. Bodacious Bread last summer when National Semi-Conductor was announcing their expansion, went from 8 to 16 workers up in Waldoboro. Andronox Company is a little company in Lisbon Falls, which makes these beautiful boxes; they began in May of 1994 with the husband and wife owners team and one employee; today they are up to a dozen, and are headed for 20 by June of this year. That is what is going to drive the Maine economy.

We'll keep pressing for the home runs, but small business will keep the men - and women - on base.

So I want to begin a new campaign here tonight, a campaign aimed at the thousands of entrepreneurs in Maine and their associates. I can tell you the word associates mean something when I was in a business, the people that I worked with weren't employees, they were associates because we were all in it together. The campaign for entrepreneurs and their associates - a campaign called "Plus One" - because that's all it will take. If every small business in Maine hired one additional person tomorrow, our unemployment rate will go to....zero.

So how do we make "Plus One" happen? Maine's small businesses need better access to capital, incentives to create new jobs, help in exporting beyond our borders and information on suppliers and markets.

So do we create a new bureaucracy a new government program or a lot of new spending? No.

We can't afford it. And in the modern era, it really isn't necessary.

There are some steps we can take, working with the private sector, to make it happen.

Here's the "Plus One" campaign, in a nutshell:

1. Technology. Computers are now as essential to running a small business as the telephone and we have opened a dialogue in the administration with Maine's banks on providing loan rates for small businesses buying computers and computer-related equipment. I know that \$3,000 is a lot of money when you're just starting up - I was thinking about that last night as I wrote those words and remembered that exactly seven years ago right now, I was facing a \$3,000 expenditure for a computer and it was very hard money to come by. It was the best investment in the future of my business that I could have made. There is no better first investment.

The next step is the development of an "America on Line" for Maine - a business network that will make information instantly accessible on finance, export opportunities, in-state suppliers, state regulations, and business assistance. One such network is already on-line and another one called Mainesource is in the planning stage and will be up and running soon.

By the way, as I outline these proposals tonight, the details - on education, small business, and long-term care, which I will talk about in a moment - are available in printed form here in the State House, and, as of late this afternoon, are available to everyone in Maine on the Maine Home Page in the Internet.

And here's where the state can help - we're putting our regulations on-line and forms as well, so people don't have to write back and forth and call and send. They can find the state regulations right there on their computer. And speaking of forms, here are two that every Maine business knows very well. One is the quarterly filing required for withholding taxes that goes to the Department of Taxation. The other is a quarterly filing of unemployment tax that goes to the Department of Labor, every quarter. Eight forms a year for 36,000 Maine businesses - 288,000 pieces of paper that you have to fill out and we have to process.

Well, we're teaching our computers up here to talk to each other. We're combining them into one form to be filed in one place. This one right here is going to be history...and that's 144,000 fewer headaches for Maine businesses.

This is going to be fun. This is just the beginning. This week 98,000 people in Maine are getting a special tax form and they are going to be able to file their taxes in 10 minutes over a touch-tone telephone, this week, 98,000 people. They are going to get their refund a week sooner to boot. During 1996, the people at Taxation will be expanding this TeleFile system, aggressively pursuing Electronic Funds Transfer for refunds, and offering tax filing from your personal computer. By 1997, we can expect to see paperless returns for sales tax, income tax, and employer withholding. These initiatives will dramatically improve efficiency, ease business burden, and lower the cost of tax administration. If you stop and think about it, if a business person is filing the form electronically, he or she is doing the processing for us. Everybody wins.

But why stop there? Why can't we renew our hunting, fishing, and driving licenses over the phone or by computer? Did you ever stop to think that every convenience store in Maine has a computer hooked up

to the state in real time. It is called the lottery computer. Why can't we train those lottery computers to issue hunting and fishing licenses so you don't have to wait until the town clerk is in and our people don't have to go in at 10:00 in the morning to get those licenses? I love this stuff, and we are going to make it happen.

2. After technology, international trade. The simple fact is that 5% of the world's population lives in North America — that means that 95% of the world's market is someplace else, folks. It is not here. And if our businesses are to grow and prosper, they've got to get there to those 95% of the market.

It's already happening. UNUM, L.L. Bean, Idexx, Key and Fleet Banks, BIW, Gates Formed Fiber, Great Northern Paper, Irving Tanning are deeply involved in international trade. But what about my friends at Andronox, James Taylor Furniture down in York County, the Maine Bucket Company in Lewiston, Columbia Falls Pottery in Theone's neck of the woods, or JimBob Enterprises in Rockland?

We've got to find a way to help these companies trade abroad and get into the world market. Right now, Maine's international trade is about two-thirds the national average. If we could just get to the national average — and I think we can go much further — it would add over 30,000 jobs in this state, coincidentally, that is exactly the number of people who are unemployed tonight.

To put it into perspective, our neighbors in Quebec export \$5,000 worth of goods and services per every citizen, per year. In Maine, the figure is \$1,250, both Canadian, by the way, I didn't cheat, per person, per year. That is a ratio of four to one. I know there is a tremendous upside for the economy of Maine in the international market place.

The first step is the implementation of the recent report of the International Advisory Committee — an unprecedented partnership between the public and the private sector to put all our international trade assets — that is the way you talk in international trade, you talk about things like assets. You put them into one place. The Maine World Trade Association, Maine Training and Education Partnership, and the International Trade division of DECD and you throw in the Federal Department of Commerce for good measure — put them under one roof and we are calling it the Maine International Trade Center. The whole idea is to provide information and support to those small Maine businesses. This is going to be the international marketing arm for every business in Maine.

And part of this process is to link Maine businesses together into cooperative marketing groups, again, to overcome the problem of the smallness of the businesses. Wood products, for example, can form a cooperative group to work on exporting — the Maine TradeNet — based upon what they did in Denmark which went from the bottom of the international heap in Europe to one of the highest trade surpluses in the European union in less than a decade.

3. I've talked about technology and trade. Now a moment for regulation. First and foremost, there is absolutely no need nor we will we ever compromise our environment on behalf of the economy. We don't have to do it. But the regulatory process can be prompt, predictable, and responsive! My goal here is simple. I can say it very clearly. What we want is the highest feasible environmental standards — and the

highest quality environment — in the country, along with the smoothest, most efficient process. We can do it and we are well on the way to that goal.

The DEP is now working on a five-point plan for environmental excellence for small business, which includes:

A compliance assistance program which grows out of legislation passed last year sponsored by Representative Tom Poulin, whereby a company that voluntarily comes forward and requests assistance with an environmental problem can be excused from enforcement for as long as the problem is corrected in 90 days. In other words, if you voluntarily come forward and say you have a problem, the hammer doesn't come down, help comes down from Augusta.

Second, we want to expand the Small Business Technical assistance program and we want to expand the successful Pollution Prevention program which is aimed at reducing the creation of pollution in the first place, rather than deal with it only when it leaves the pipe.

When we create an atmosphere of trust and cooperation — rather than confrontation, when we focus on finding solutions rather than problems — good things happen — for the environment as well as the economy.

Next, capital. There is no greater problem if you travel this state and talk to people trying to get started in business than finding the first \$25,000. Great ideas and great people can't do it without the money to pay the first month's rent, buy the computer, the used table saw and a supply of wood. You can't get into business without some capital.

So here's what we propose: a new revolving loan fund of \$5 million to be administered by FAME for the sole purpose of providing risk capital — on a matching basis — to small businesses, not the \$500,000 category, the \$25,000 category. We are going to couple that with a \$6 million revolving loan fund earmarked for infrastructure improvements in the fields of agriculture and aquaculture. Say that five times fast. Together, these funds will fill a big gap in the ability of many small Maine businesses to get off the ground.

And by the way, unless the President thinks I have fallen off the not spending wagon, any new bonding we propose will follow the 90% rule — no new borrowing in excess of 90% of bonds being retired that year. We are going to bring the debt load down, but we are going to provide for the needs of the Maine economy.

Next, an idea from Representative Dick Simoneau — by the way, all of these ideas have come from all over the place, the Legislature and the private sector. This one Dick Simoneau came up with and I think it is a winner. A tax credit for the creation of jobs in small business. We already have a tax credit now, but you know what you have to create a 100 jobs for it to work. That doesn't do much for the little guy. This credit would only be available to businesses with fewer than 50 employees and would be scaled to provide an incentive for jobs that pay better and offer benefits. Remember the "Plus One" campaign? — we want to make it easy to hire that additional worker, because when it happens, everybody in Maine benefits.

And finally, to implement all of the above, on May 30, we are convening the Blaine House Conference on small business to get the ideas out and develop a further small business agenda. We cannot, even as we

strive to create new jobs, we have to keep in mind what is the goal.

What is the goal of all of this? I think it is very simple. I thought about this last night and I thought about my own kids. I thought about a lady Mary stood next to in the line at L.L. Bean on Sunday, who had seven kids and struggled to put four of them through school and none of them worked in Maine, because they couldn't find a job. The goal is simple, never again should a young person have to leave Maine to find a decent job!

But even as we strive to create new jobs, improve the quality of our life and the quality of our workforce, reshape state government and improve productivity, we cannot forget those who need our help. Those who need it the most.

Even in the toughest economic times in our history, Maine people have always looked out for each other and their neighbors.

Today, many of our neighbors need ongoing care and help.

Maine has a growing population of elderly people, and many of them need some form of long-term care or assistance.

This ranges from round-the-clock monitoring to occasional help in preparing their meals or getting dressed in the morning.

For too many of our elderly their only option is to leave their homes and their communities where they have lived for years and moved — sometimes miles away — to a nursing home. Kevin Concannon and I have a little routine whenever we speak to a group of the elderly, we say, "How many of you want to move to a nursing home?" No one raises their hand. The emotional strain that this causes is exceeded only by the financial one to themselves, to their families and yes, at the end, ultimately to the state.

Like the woman in Scarborough, who wrote to her children last December to tell them that even though she and her husband had enjoyed good health and had worked well into their sixties, and had managed to save a considerable nest egg, their children should not expect anything for an inheritance. Because their father had just ended his fourth year in a nursing home and everything was gone. Their entire life savings.

Fortunately, the Maine Medicaid program was available for families like these to pick up and pay when they can no longer afford to do so. The real tragedy is that this family and so many others depleted their life savings when it could have been avoided, if there had been adequate, safe, and less costly alternative to a nursing home.

Human Services Commissioner, Kevin Concannon, has developed an innovative plan to develop adult family care homes — small residential settings of no more than five people for patients who in the past might have been admitted to nursing facilities but who can be safely cared for in these smaller settings, less medically oriented facilities that cost one-half or less than a conventional nursing home.

Specifically, we will be offering legislation that will facilitate the development of boarding care beds in various parts of Maine and additional community-based home care services. We will also offer direct support for patients in nursing homes who no longer meet nursing home criteria and who have not received assistance since 1994. We also propose to provide financial incentives and expedited approval, remember the regulatory part, to nursing

homes that will quickly convert nursing home beds to residential care, which is less expensive.

Further, we will propose increasing support for day and respite care programs for patients with Alzheimer's and other dementias; and increase recruitment, training and support for community volunteers to help monitor the adequacy and the safety of care for our elderly and frail senior citizens. This is a revolutionary change in our whole approach to dealing with the frail and the elderly in our society.

Finally, in this area, I want to address an issue that is critical to another vulnerable group of Maine people, mental health. Mental Health Commissioner Melodie Peet, who I believe is one of the best commissioners of mental health in the nation, is moving forward to shape our mental health system for the 21st Century. It is not easy.

Our challenge is to build an effective, supportive system of community based care while preserving the essential elements of our acute care facilities. Here is the essential fact, today, 60% of our mental health budget supports our mental health institutions where only five percent of our patients are served. We have to design a system of care that equitably provides for all clients of the Department of Mental Health.

In order for the state to meet its legal obligations under the three consent decrees, if you think your life is difficult, try managing a department under three consent decrees. It is essential for the Commissioner to proceed as quickly as possible and I have asked her to involve all appropriate parties. Therefore, she will convene a representative group of consumers, providers, legislators and other stakeholders in the mental health system to hammer out a consensus on how we down size the institution, while at the same time, upgrading our community care resources. This difficult and highly charged issue but my charge is to get to a decision by early summer. Although difficult, we cannot let this decision linger. We're going to face it, decide and move on.

But what about the cost of all this, is Santa Claus coming late to the State House. All these new initiatives in education, small business, and long-term care? The first answer is that the proposed additional costs are modest — that was one of my criteria before these ideas even got to my desk. But more important, in every case, any new expenditures required are to come entirely out of savings and redeployment of existing resources. There's not a dime's worth of new taxes here, there's just more bang for the existing buck.

I can't complete a report on this year's State of the State without acknowledging the passing of Senator Margaret Chase Smith and the retirement of Senator Bill Cohen. Margaret Smith was the embodiment of quick wit, integrity and grit. The Maine spirit made manifest.

Integrity is at the heart of Bill Cohen's character, as well, with extraordinary intelligence and also a certain grace. He's the only politician I've ever heard quote Archibald MacLeish in a TV interview or Aeschylus on the floor of the United States' Senate.

To those of us here who are plying the political trade, those who showed us to how to do it right. To both of them — and I know Margaret is somewhere

listening — I offer the profound thanks of the people of Maine.

Now I want to close my remarks by addressing some comments to the people outside of this room — those watching on television on this cold, snowy Maine night or listening to the radio in Calais and Caribou, Scarborough and Belfast, Portland, Rumford, Lewiston.

This is a tough business. Criticism and controversy always seem to make better copy than conciliation and progress. But as we look to Washington and the failure of our national government to perform its most basic duties, it should make us all appreciate what we have here. Compared with that dysfunctional family, we are Ozzie and Harriet.

We're no angels here, but what you have in this room are a collection of Maine people who are doing their best as God gives them the light to know it. And we're making it work. Not simply or in a straight line — the people who set up this crazy, inefficient, cumbersome and altogether wonderful system didn't intend it that way — but slowly and with plenty of time for tweaking to get it right.

We're sometimes opponents, but never enemies; we differ on the means, but rarely the ends; and we're grateful to you, the people of Maine, for giving us this extraordinary opportunity.

Good night and God bless the State of Maine.

(Applause)

At the conclusion of the address, the Governor withdrew amid the applause of the Convention, the audience rising.

The purpose for which the convention was assembled, having been accomplished, the Chairman declared the same dissolved.

The Senate then retired to its Chamber amid the applause of the House, the audience rising.

In the House

The House was called to order by the Speaker.

On motion of Representative CARR of Hermon, the House adjourned at 8:55 p.m., until 10:00 a.m., January 25, 1996.