

MAINE STATE LEGISLATURE

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Legislative Record

OF THE

Eighty-Sixth Legislature

OF THE

STATE OF MAINE

Special Session, December 4, 1933

KENNEBEC JOURNAL COMPANY
AUGUSTA, MAINE

HOUSE

Tuesday, December 12, 1933.

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

Prayer by the Rev. A. W. Brown of Gardiner.

Journal of the previous session read and approved.

Communications from Department of Finance

STATE OF MAINE

Department of Finance

Augusta

December 11, 1933.

To the Honorable Members of the House of Representatives:

In compliance with House Order of December 7, 1933, I am enclosing statement showing expenditures in the amount of \$4,697,816.18 for the period July 1 to December 1, 1933, and statement showing receipts for the same period in the amount of \$3,685,166.07. The total of income credited to General Revenue is \$3,099,297.78 and the amount credited to Appropriations is \$585,868.29.

Respectfully submitted,

(Signed) WILLIAM A. RUNNELLS
State Controller.

Communication read, and on motion by Mr. Farris of Augusta, 500 copies of the communication and accompanying statement ordered printed.

STATE OF MAINE

Department of Finance

Augusta, December 12, 1933.

To the Honorable Members of the 86th Legislature:

In compliance with order of December 7, 1933, regarding the handling of revenues by the State Controller under the direction of the Governor and Council by order of the act providing flexibility and the handling of State revenues and expenditures during the period of the present State cash stringency, said act is Chapter 77 of the Private and Special Laws of 1933, I wish to submit the following:

By authority of this act, together with the authority of Section 8 of Chapter 216, Public Laws of 1931—an act relating to the Administration of the State which allows for work program and allotments approved by the Governor and Coun-

cil directly giving the State Controller authority for expenditures to be made from the appropriations on the basis of such allotments and further by the original appropriation bill made by the last Legislature which sets up certain amounts for each of the various institutions and departments, we have carried on the business of the State in the payment of bills and payrolls against these accounts. The Flexibility bill directs that the Controller shall show by proper record the special funds as constituted by law from which any such revenues are diverted, that proper provision may be made when funds are available for the restoration thereof.

The appropriations made by the last Legislature became available on July 1. These amounted to \$8,230,326.73 and there was brought forward from the previous year unexpended balances, which were to be available for the next year, \$1,412,014.82 or a total available for expenditure of \$9,642,241.55. On this date there was due from cities and towns the sum of \$1,448,519.54 on account of previous years' taxes.

According to Chapter 2, Sections 101 and 102, a State Contingent Fund and a Sinking Fund Reserve are both created, the first being created by previous year's balances from unexpended appropriations to the extent of \$300,000, any amount in excess of this going toward creating a Sinking Fund Reserve. The Sinking Fund Reserve balances on July 1, 1932 amounted to \$1,121,653.45. After the various transfers were made during the year and considering appropriations at the start of the year totaling \$11,663,226.65 and receiving from taxes and other sources \$9,483,895.14, the surplus revenue account, which is a balancing book account, showed an apparent deficit of \$1,437,336.68. Transfers made during the year totaled \$166,942.45 and the securing of the State Contingent Fund for the following year bringing it to \$300,000 gave the State Contingent Fund which in effect is the first balancing account prescribed by law, a net deficit of \$898,977.28. This amount was transferred to the Sinking Fund Reserve and deductible from the balance of the previous year of the account of \$1,121,653.45 leaving a credit balance on July 1, 1933 of \$222,676.17. This balance together with the State Contingent Fund of \$300,000, of which I have already spoken as

having been secured, totaled \$522,676.17 which would be the exact financial standing of the State on this date if all taxes had been paid, all accounts receivable standing on the books of the State were paid and all State liabilities were satisfied.

Accordingly on July 1 appropriations were set up as credits for the institutions and departments, and warrants commenced to be drawn against them.

On December 1, taxes outstanding amount to \$906,221.82. This is understood to be a gross figure as against actual cash due of \$460,984.91. The differences are deductibles such as school tax, railroad tax, dog license refunds, etc. It should be borne in mind that the appropriations which became available on July 1 and against which warrants have been drawn were dependent upon taxes due on December 1 from cities and towns to the extent of about \$5,000,000. Accordingly, it was necessary to find some other source of revenue to pay these bills and in accordance with the Flexibility Bill, the Controller was authorized to segregate cash items against which there were definite obligations, copy of which I am enclosing, which shows a total of \$4,704,750.48 as of December 1. The State Treasurer has on hand or in banks \$3,118,876.66 or a net shortage of \$1,585,873.82; this being the extent that other funds were drawn on. In addition, it should be borne in mind that included in this \$3,118,876.66 is \$573,625.37 in checking accounts or time deposits in closed banks or banks under suspension.

I am giving you copy of the State Contingent Fund and Sinking Fund Reserve transfers showing the account as balanced to substantiate information given herewith; also withdrawals made from the State Contingent Fund from April 1 to December 1 in the amount of \$89,568.95, which for the most part were overdrawn accounts. In summarizing the above, with a cash position of \$3,118,876.66 in the treasury as of December 1, \$3,194,197.58 is the total of the actual cash balances which should be segregated to the credit of the State Highway, and from which the payments of other department and institution payrolls and bills have been paid as the other accounts shown as segregated are not available for use by reason that the State at most is only acting as custodian for the funds,

the balance of the items being as shown on the list obligated making a grand total of \$4,704,750.48.

Respectfully submitted,

(Signed) WM. A. RUNNELLS,
State Controller.

Communication read, and on motion by Mr. Jones of Winthrop ordered placed on file, and 500 copies of the communication and accompanying papers ordered printed.

The following remonstrances were received and upon recommendation of the committee on reference of bills were referred to the committee on Taxation:

Remonstrance of P. D. Starrett and 66 others of Warren against passage of a Sales Tax. (H. P. 139) (Presented by Mr. Walker of Rockland.)

Remonstrance of Albert L. Peterson and 624 others of Rockland against same. (H. P. 140) (Presented by same gentleman.)

Orders

Mr. Rounds of Portland presented the following order and moved its passage:

Ordered, that the Attorney General is hereby directed to give to the House of Representatives on or before Friday, December 15, his opinion on the following question:

"Does 'the second Monday in December following the regular city election' appearing in Section 5 of Article 11 of the Public Laws of 1923, mean the second or third Monday of December?"

Mr. ROUNDS: Mr. Speaker, the City Solicitor of the City of Portland has ruled this way, and I will quote the charter which I was opposed to in the beginning, in 1923.

"Section 5. Regular meetings and qualifications. The City Council shall meet at the usual place for holding meetings at 10 o'clock A. M. on the second Monday in December following the regular city election, and at said meeting the councilmen elect shall be sworn to the faithful discharge of their duties."

We are facing a bond issue, and I say that the second Monday after election is the third Monday in December. The City Solicitor quotes that the second Monday is the second Monday. Now when it says "the second Monday after election," it must be the third Monday because the election is held on the first Monday. Therefore I object

to his ruling and want to find out if he is right or wrong because it may affect the bond issue of the city of Portland. I remember that in 1923 the same gentleman came up here and said they could issue bonds in the Park Department. I opposed it. He went before a committee of ten lawyers and said, "Brother Rounds and I can't agree always," but now they have spent the money, \$110,000, on Baxter Boulevard. What was the next question? They went to Boston to get the money to float the bond. They couldn't do it because the law said that the Park Commission could only spend one mill on a dollar, no more and no less. Therefore, they could not get the bonds and what do you suppose they did. They went down to Portland to that same State Pier that you people went to the other night and had a banquet, and they borrowed the money from the sinking fund of the State Pier at one quarter of one per cent more than they were getting in the bank. There was \$170,-

000 in the State Pier sinking fund at that time.

Now I would like to know, and I think every man in Portland would like to know, whether his ruling is right this time, the same as it was wrong before? Or is it right and should be considered that way on account of this bond issue that is coming up. I thank you.

The order received passage.

Mr. Devereaux of Penobscot presented the following order and moved its passage:

Ordered, the Senate concurring, that the committee on Inland Fisheries and Game be requested to return to the House H. P. 39, L. D. 50, resolve relating to fishing for salmon in Penobscot River.

The order received passage and was sent up for concurrence.

On motion, by Mr. Bailey of Whitefield,

Adjourned until ten o'clock tomorrow morning.