

MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD

OF THE

Ninety-Seventh Legislature

OF THE

STATE OF MAINE

1955

DAILY KENNEBEC JOURNAL
Augusta, Maine

HOUSE

Thursday, January 13, 1955

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

Prayer by the Rev. Mr. Alton E. Maxell of Augusta.

The journal of the previous session was read and approved.

Papers from the Senate

From the Senate: The following Bill which was referred to the 97th Legislature by the 96th Legislature:

Bill "An Act relating to the Salary of the Governor." (S. P. 28)

Came from the Senate indefinitely postponed.

In the House, the Bill was indefinitely postponed in concurrence.

From the Senate:

Bill "An Act to Provide Credit or Refund for Tobacco Tax Stamps and Correcting Error in Discount for Tobacco Tax Stamps" (S. P. 20) (L. D. 4)

Came from the Senate referred to the Committee on Taxation.

In the House, referred to the Committee on Taxation in concurrence.

The SPEAKER: The Clerk will read a Senate paper which is not on the Advance Journal.

From the Senate: The following Order:

ORDERED, the House concurring, that when the Senate and House adjourn, they adjourn to meet on Tuesday, January 18, 1955, at ten o'clock in the morning. (S. P. 46)

Came from the Senate read and passed.

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

**Petitions, Bills and Resolves
Requiring Reference**

The following Bills and Resolves were received and, upon recommendation of the Committee on Reference of Bills, were referred to the following Committees:

Judiciary

Bill "An Act Prohibiting Subversive Activity" (H. P. 20) (Presented by Mr. Brewster of Wells)

(750 Copies Ordered Printed)
Sent up for concurrence.

Legal Affairs

Bill "An Act relating to Boilers and Unfired Steam Pressure Vessels" (H. P. 21) (Presented by Mr. Curtis of Bowdoinham)

(750 Copies Ordered Printed)
Sent up for concurrence.

**House Select Committee on
Re-apportionment**

Resolve to Apportion One Hundred and Fifty - one Representatives Among the Several Counties, Cities, Towns, Plantations and Classes in the State of Maine (H. P. 22) (Presented by Mr. Stanley of Hampden)

(750 Copies Ordered Printed)
Sent up for concurrence.

Retirements and Pensions

Resolve Providing for an Increase in State Pension for James E. Caton of Phippsburg (H. P. 23) (Presented by Mr. Couture of Bath)

Resolve Providing for State Pension for Gladys Leask of Bath (H. P. 24) (Presented by same gentleman)

Resolve in favor of Thelma Lamb of Bath (H. P. 25) (Presented by same gentleman)

Resolve Providing for an Increase in State Pension for Jane Antworth of Bath (H. P. 26) (Presented by Mr. Ross of Bath)

Resolve Providing for State Pension for Mrs. Delma Bragg of Bath (H. P. 27) (Presented by same gentleman)

Sent up for concurrence.

At this point, a message came from the Senate, borne by Secretary Winslow of that body, proposing a Joint Convention to be held forthwith in the Hall of the House of Representatives for the purpose of extending to His Excellency, Governor Edmund S. Muskie, an invitation to attend the Convention and make such communication as he may be pleased to make.

The House voted to concur in the proposal for a Joint Convention and the Clerk was charged with and conveyed a message to the Senate to that effect.

The Clerk subsequently reported that he had delivered the message with which he was charged.

**Petitions, Bills and Resolves
Requiring Reference (cont'd.)
Sea and Shore Fisheries**

Resolve Repealing the Rule and Regulation Regulating the Taking of Crabs in Cumberland County (H. P. 28) (Presented by Mr. Fuller of South Portland)

(Ordered Printed)

Sent up for concurrence.

Towns and Counties

Bill "An Act relating to Payments to Piscataquis County Law Library" (H. P. 29) (Presented by Mr. Sanford of Dover-Foxcroft)

(Ordered Printed)

Sent up for concurrence.

Transportation

Bill "An Act relating to the Issuance of Operators' Licenses from Date of Birth with Notification" (H. P. 30) (Presented by Mr. Anderson of Greenville)

(Ordered Printed)

Sent up for concurrence.

Veterans and Military Affairs

Bill "An Act relating to Eligibility for Aid for Veterans and Their Dependents" (H. P. 31) (Presented by Mr. Bibber of Kennebunkport)

(Ordered Printed)

Sent up for concurrence.

Orders

On motion of Mr. Childs of Portland, it was

ORDERED, that the Speaker of the House be authorized to control the use of the Hall of the House when the House is not in session unless the House shall otherwise order.

Orders of the Day

The following Communication was received out of order and under suspension of the rules:

January 13, 1955

To the Speaker of the House of Representatives of the Ninety-seventh Legislature
Sir:

I hereby submit my resignation as Assistant Sergeant-at-Arms to take effect immediately.

Respectfully,

(Signed) Harry I. Rollins

The Communication was read and ordered placed on file and the resig-

nation of Mr. Rollins as Assistant Sergeant-at-Arms was accepted.

Mr. Childs of Portland presented the following Order and moved its passage:

ORDERED, that the Speaker of the House be, and hereby is, authorized to appoint an Assistant Sergeant-at-Arms to fill the vacancy caused by the resignation of Harry I. Rollins.

The Order was received out of order and under suspension of the rules, read and passed.

The SPEAKER: At this time, the Chair is pleased to announce the appointment of Donald H. Mathieson of Montville as Assistant Sergeant-at-Arms to replace Harry I. Rollins.

The House is continuing under Orders of the Day.

The Chair will call to the attention of the members the fact that radio and television programs are scheduled to commence at 1:30. It would be appreciated by the Chair if the members would remain in or close to their seats. In the meantime, the House may be at ease.

House at Ease

Called to order by the Speaker.

The Senate then entered the Hall of the House and a Joint Convention was formed.

In Convention

The President of the Senate, Robert N. Haskell, in the Chair.

On motion of Senator Collins of Aroostook, it was

ORDERED, that a Committee be appointed to wait upon His Excellency, Governor EDMUND S. MUSKIE and inform him that the two branches of the Legislature are in Convention assembled, ready to receive such communication as he may be pleased to make.

The Chairman appointed:

Senators:

COLLINS of Aroostook
SINCLAIR of Somerset
CHAPMAN of Cumberland

Representatives:

JACOBS of Auburn
CATES of East Machias
HENRY of North Yarmouth
ROGERSON of Houlton
STANLEY of Bangor

BEAN of Winterport
EDWARDS of Raymond

Mr. Collins for the Committee subsequently reported that the Committee had discharged the duties assigned it, and the Governor was pleased to say that he would forthwith attend the Convention.

Thereupon Governor Edmund S. Muskie, attended by the Executive Council, entered the Convention Hall.

The Governor addressed the Convention as follows:

Mr. President and Members of the 97th Legislature:

In my inaugural message last week I discussed those broad objectives toward which state government should reach in the years immediately ahead. Today, I will discuss the first steps toward those objectives in terms of their cost.

As I stated in my inaugural, decisions as to what services state government ought or ought not to provide must be shared by the governor, the legislature, and the people. Of the three, I have had first access to the facts relating to our budget problems. It is my responsibility, then, to present those facts to you and to the people in such a way as to indicate clearly the alternative courses of action which are open to us. This I have attempted to do in the budget document which is before you.

General Fund

Let us consider the size of the problem, turning our attention first to the general fund budget. When I refer to figures, I will round them out for clearer exposition, but you will find them stated exactly in the printed copies of this message.

As submitted to me and your Budget Advisory Committee in October, appropriation requests for general fund operations and capital improvements exceeded estimated revenues available for appropriation by \$22,757,776.00. These requests reflected the thinking of department heads and various agencies of state government relative to the improvement of existing services and the addition of new services to the end that government might better serve the needs of our people. As such, they merit serious consideration. In addition, other needs and services,

not covered by these requests, are deserving of our attention.

As we approach this problem, we should bear in mind the following standards:

1. That our people cannot afford luxuries, but, at the same time, they are willing to make a reasonable investment to insure that we will take positive and realistic steps forward to develop our state, to provide schools which will equip our children to meet the challenges of this modern world and to provide standards of care at our institutions which are humane and designed to rehabilitate to useful places in society as many as possible of those unfortunates who are institutionalized.

2. That there will and ought to be a continuing effort on the part of your governor and the executive branch of the government to eliminate waste, to increase efficiency, and to inquire into the possibilities of reducing non-essential functions and the duplication and overlapping of effort among the various departments and other agencies of state government.

3. That, in terms of operating expenses, we must not resort to deficit financing.

4. That, in so far as we may provide for services in excess of estimated income from existing revenue sources, additional revenues must be provided.

A Balanced Budget

In keeping with my desire to present to you clearly the alternative courses of action available to us, you will find in the budget document a balanced budget in terms of current services and current revenues.

By current services, I refer to the various programs and services provided by state government and authorized by the legislature, including the special session of the 96th Legislature, prior to the time that you and I assumed the responsibilities of government last week. They include the administrative costs of state departments, from Agriculture to the Water Improvement Commission, the various grant-in-aid programs such as old age assistance and aid to dependent children, and the many other activities now carried on by state government. You are entitled

to know whether these activities, which are required by present law, can be continued in the next biennium within estimated income.

The cost of current services was carefully reviewed during the budget hearings and in subsequent conferences with department heads. Every effort was made to reduce this cost to the minimum consistent with maintenance of current standards. You will note that appropriations necessary to meet this cost in the next biennium total \$69,497,896.00. This compares with net appropriations made available by the regular session of the 96th Legislature in the amount of \$64,457,900.78. The latter figure includes adjustments for actual and estimated transfers from the contingent fund and for actual and estimated departmental lapsed balances for the current biennium.

You may well ask why appropriations for current services in the next biennium should thus exceed appropriations for the current biennium by more than five million dollars. There are a number of reasons for this:

1. Increases in current services authorized by the Special Session of the 96th Legislature, financed from a non-recurring source of income, namely, general fund surplus, will require appropriations in the next biennium estimated at \$1,981,227.00
 2. Merit increases amounting to 412,067.00
 3. Increased appropriations for state employees retirement fund amounting to 598,471.00
 4. Operating cost of new buildings amounting to 600,675.00
 5. The cost of commodities for the increasing population of our institutions 200,756.00
 6. The increased case load under the various assistance programs of the Department of Health and Welfare 667,804.00
 7. The increased cost of miscellaneous existing services 578,995.22
-
- | | |
|-------|----------------|
| Total | \$5,039,995.22 |
|-------|----------------|

In terms of current services, clarification is required with reference to general purpose educational aid subsidies to municipalities. After provision was made as described, for maintaining current services of state departments and agencies, there was available for these educational subsidies, according to estimates of income submitted to me and the Budget Advisory Committee, the sum of \$10,543,510.00 for the biennium. This sum would fall short of the appropriation by the regular session of the 96th Legislature for this purpose by \$2,573,168.00.

It is pertinent at this point, then, to consider revenues. The estimates of undedicated revenues which were submitted totaled \$68,057,191.00. This represented an estimated net loss for the biennium of \$1,125,000.00 as a result of the action of the special session of the legislature in repealing the tobacco tax. Estimates of the return from remaining revenue sources showed a slight drop from the levels reached during the current biennium.

After examining these estimates, it was my belief that signs of a strengthening economy, as interpreted by economists and federal government experts, warranted projecting revenue estimates on at least the same level reached during the current biennium. On this basis, I increased these estimates by \$1,440,705.00 for the biennium. Even with this increase, however, estimated revenues available for educational subsidies fall short of appropriations for that purpose by the regular session of the 96th Legislature by \$1,132,463.00 for the biennium. Within the limits of remaining revenue sources, this result is unavoidable.

Increased educational subsidies within the limits of estimated income would be possible only if cuts are made in current services rendered by state departments and agencies. More than 76% of general fund appropriations are expended in the areas of education, health and welfare, and institutions; and, obviously, cuts would be most heavily felt in these areas where the need is great. In the field of education, for example, cuts would affect the state teachers colleges, the University of Maine, and such programs as voca-

tional rehabilitation and vocational training. In the field of health and welfare, cuts would affect such programs as old age assistance, aid to dependent children, aid to the blind, and aid to the disabled, where a reduction in state appropriations would mean a substantial loss of federal matching dollars. In the field of institutions, cuts would operate to reduce standards of care which already are too low. In these areas, then, cuts would affect our children, our aged, the blind and disabled, and those unfortunates in our institutions. Clearly, I cannot, in good conscience, recommend such cuts.

Capital Improvements

In addition to operating expenses for current services, the balanced budget provides for certain capital improvements. Requests for such improvements totalled \$11,853,776.00. Of this total, the Department of Institutions requested \$9,891,656.00.

There is available for these expenditures the general fund unappropriated surplus which, at the end of the current biennium, will reach an estimated \$7,114,297.51. Sound practice dictates that this surplus should not be used for recurring operating expenses; and this principle has been incorporated in the balanced budget.

Sound practice also dictates that the surplus account should not be completely drained. A substantial portion is required as additional working capital to maintain our bank balances and to provide for any emergency not otherwise covered.

Consistent with these considerations, I have recommended capital improvements in the amount of \$5,678,116.00. I have made every effort to give priority to the most pressing needs. Over and above the improvements recommended, there are other needs which could also be described as critical. Whether or not we can provide for them in the future depends upon whether we embark on an adequately financed, long-range building program, as recommended in my inaugural message.

No attempt will be made to mention in this message all the capital improvements recommended in the budget document. If they are all approved, a start will be made toward

providing additional housing for inmates at the Augusta State Hospital, Pownal State School, and the Men's Reformatory. Employees' housing, a school building and a gymnasium are provided for Pownal State School, a gymnasium for the State School for Boys, and an assembly building for the Men's Reformatory. New boilers, heating systems, a new wall for the Maine State Prison, and other necessary improvements complete the list of recommendations for our institutions except for the School for the Deaf which will be discussed separately.

Other major items include the following:

1. Aid to municipalities for airport construction;
2. A new men's dormitory at Farmington State Teachers' College and miscellaneous improvements at Aroostook and Gorham State Teachers' Colleges;
3. An appropriation for continued expansion and improvement of our state park facilities;
4. Women's dormitory and dining hall at the University of Maine;
5. Dock improvements at Maine Maritime Academy.

For more detail, I refer you to pages 51-56 of the budget document.

I have already indicated, in my inaugural message, the necessity for appropriating additional funds for the construction of a new School for the Deaf on Mackworth Island, if we are to take full advantage of the generous gift of ex-Governor Percival P. Baxter. The budget provides \$802,461.00 for this purpose. This supplements the \$440,000.00 appropriated by the 96th Legislature.

In addition to the above recommendations, provision should be made out of the surplus account to continue the institutional reserve fund. The unpredictability of the demands which will be made on our state institutions as a result of increased population dictates that this fund be set up subject to the same conditions provided by the 96th Legislature. To accomplish this purpose it is recommended that the estimated balance at the end of the current fiscal year up to \$325,000.00 be carried forward into the next biennium. This balance, added to the recommended general fund ap-

appropriation of \$163,157.00, will make available \$488,157.00.

The recommended capital improvements totaling \$5,678,116.00 plus the institutional reserve fund as described, leaves \$1,111,182.00 available for additional working capital as recommended.

There will doubtless be introduced in this legislature resolves calling for appropriations out of the surplus account to provide capital improvements not included in the balanced budget. It will be your duty and your privilege to consider whether such improvements are more urgent and more pressing than those which are included in the budget. Your decisions will call for wisdom and restraint, and you will find it necessary to postpone many worthwhile projects. It is my hope you will agree with me that the needs of our schools and institutions are of the highest importance.

Supplemental Budget

Up to this point, I have discussed a balanced budget—the first course of action available to us. It should be made clear, however, that this budget does not provide services which I believe most of our people are convinced state government should provide in the next biennium. It does not provide for an increased effort in the field of industrial development, nor in the development and promotion of our agricultural, fishery, forest, mineral, and recreational resources. Except in so far as it provides for some capital improvements, it does not provide for improvements in the standards of care at our state institutions, nor for raising the educational standards at our state teachers colleges, nor meeting minimum requirements of the University of Maine. It falls far short of providing adequate educational subsidies for municipalities to insure constantly improving educational standards in our public schools. It is a budget which is balanced in terms of dollars but not in terms of the needs. Measured in terms of humane considerations and enlightened self-interest it represents deficit financing.

Realizing the shortcomings of the balanced budget, I offer for your consideration a supplemental budget which you will find in the budget

document on pages 325-329. This is the second course of action available to us, and I urge you to follow it, recognizing that you may honestly differ as to the merits of some of the recommendations contained therein, but hopeful that you will join me in taking these firm steps forward along a broad front.

I shall not take your time to discuss the supplemental budget in detail in this message. It is clearly set forth in the budget document. Instead, it will be my effort to touch upon the major items in such a way as to picture in broad strokes what they are intended to accomplish.

The recommendations contained in the supplemental budget are aimed at making progress in industrial development, education, health and welfare, institutions, a long-range building program, and other activities of state government.

The budget recommends funds for the new Department of Industry & Commerce, as described in my inaugural, as follows:

1. For administration \$18,361.00 the first year and \$16,044.00 the second year.
2. For a division of research \$40,339.00 the first year and \$39,536.00 the second year.
3. For a division of planning \$67,599.00 the first year and \$66,212.00 the second year.
4. For a division of industrial development \$83,156.00 the first year and \$82,536.00 the second year.

The above cost, less anticipated federal matching dollars in the amount of \$20,000.00 in each year of the next biennium which will be available to assist planning boards of the various cities and towns on a 25%-25%-50% basis, will require a total appropriation of \$189,455.00 the first year and \$184,328.00 the second year.

Also in the field of development, the supplemental budget recommends appropriations to the Maine Port Authority for promotion, solicitation of business, and engineering and port development in the amount of \$61,000.00 annually.

It is recommended that the appropriation in the balanced budget for the Maine Development Commission be reduced by \$66,015.00 in the first year of the biennium and \$65,-

730.00 in the second year to reflect the proposed transfer of industrial development and geology to the new department. However, to provide increased activity in recreation, agriculture, and sea and shore fisheries, it is recommended that the commission's appropriation then be increased by \$50,000.00 annually.

In the field of education, supplemental appropriations are recommended as follows:

1. \$1,411,283.00 annually to bring general purpose educational aid subsidies up to 100% of the existing formula. This represents an increase of \$846,561.00 annually over the amount authorized by the 96th Legislature in regular session for the current fiscal year. It is recognized that, in the event the formula is changed by this legislature, the recommended appropriation may be reviewed.

2. \$276,978.00 in the first year of the biennium, and \$384,143.00 in the second year for the University of Maine to provide salary increases, additional personnel, increases in operating and maintenance costs, equipment, and for additional educational opportunities.

3. \$39,984.00 in the first year of the biennium, and \$45,022.00 in the second year, for our state teachers colleges, to provide new teaching positions and to bring the salary schedules more nearly in line with other New England teacher colleges and to approximate salaries paid in many public schools.

4. \$26,412.00 in the first year of the biennium, and \$52,621.00 in the second year, for increased grants and services for the rehabilitation of the physically handicapped, and to match approximately \$200,727.00 of federal matching funds for the biennium.

In the field of health and welfare, supplemental appropriations are recommended as follows:

1. The appropriation provided in the balanced budget for aid to public and private hospitals is adjusted to create a pool out of which payments will be made for hospitalization of state public assistance cases, as described in my inaugural. It will involve no increase in cost to the state and will bring us approximately \$125,000.00 annually in federal funds. These additional funds, therefore, will be available to public and

private hospitals without additional appropriations.

2. \$25,000.00 annually to provide relief for towns against catastrophic hospital expenses, as recommended in my inaugural. The cost is admittedly difficult to anticipate at this time before we have developed experience under such a program.

3. \$27,878.00 in the first year of the biennium, and \$54,074.00 in the second year, to expedite the classification work of the Water Improvement Commission.

In the field of institutions, supplemental appropriations are recommended to provide for a Deputy Commissioner of Institutional Service, additional guards and a business manager at Maine State Prison, additional personnel for the Augusta State Hospital and the Pownal State School, and for badly needed repairs at Pownal. These appropriations total \$406,648.00 the first year of the biennium and \$432,152.00 the second year.

In connection with the proposed long-range building program, need for which was described in my inaugural, the supplemental budget recommends appropriations of \$24,418.00 the first year of the biennium and \$23,358.00 the second year to become a part of the appropriation of the Budget Division of the Department of Finance & Administration to provide funds for centralized coordination and planning of major capital outlay. In addition, appropriations of \$2,000,000.00 annually are recommended for the purpose of setting up a reserve to assist in financing whatever building program is finally adopted. This program is essential if we are to meet the foreseeable demands at our institutions, state teachers colleges, University of Maine, State Park facilities and others.

There are a number of other appropriations recommended in the supplemental budget. Among them are the following:

1. To finance the survey of state government recommended in my inaugural.

2. To support the work of the Division of Alcoholic Rehabilitation.

3. To the Department of Agriculture for various activities.

4. To provide additional warden personnel for the Department of

Sea and Shore Fisheries and to institute a shellfish management program.

5. To strengthen our civil defense program.

6. To improve and expand the work of legislative research.

7. To provide additional operating funds for the Maine Maritime Academy.

8. To expedite the taking of an inventory of our Maine forests.

The various recommendations of the supplemental budget were made only after a careful and exhaustive review of their merits. Every effort was made to reduce them to essentials; and, in many instances, the recommendations are for less than the amounts which could be justified. The final decision as to which of these new and expanded services ought to be provided, is, of course, yours. It has been my objective to assist you by presenting the facts submitted to me and the alternatives, together with my honest judgment as to what should be done.

Financing the Supplemental Budget

The next step is the most difficult—that of providing the revenues to finance the supplemental budget. This budget calls for appropriations of \$4,765,778.00 for the first year of the biennium, and \$4,926,062.00 the second year. As I have indicated, there will be no funds available within estimated income from existing revenue sources to meet this cost.

As we consider sources of new revenue, we should strive to arrive at a just and equitable distribution of the over-all tax burden. Legislatures in the past have been asked to consider two principles:

1. That every citizen should make some contribution to the cost of state government, and

2. That taxes should be imposed on the basis of ability to pay.

The first principle was incorporated in the sales and use tax law which was enacted by the 95th legislature. It would be inequitable to turn to this tax as a source of new revenue without modifying it to incorporate, to whatever extent possible, the principle of ability to pay. It is suggested that this can be approximated by providing exemptions

to reduce the burden on lower income groups.

The additional exemptions recommended are exemptions for water, electricity for domestic consumption, and clothing. With these exemptions, it is estimated that an increase in the sales tax from 2% to 3% would provide new revenue in the amount of \$4,929,000.00 for each year of the biennium. This would be sufficient to finance the supplemental budget.

In addition, reference should be made to an inequity which exists under the present sales tax law. Many retailers are now actually paying out of their own pocket taxes which they do not collect on sales under 25c. This inequity should be removed. It is suggested that one solution would be to lower the top of the bracket from 25c to 19c.

In considering sources of new revenue, I have discussed the sales tax first, inasmuch as it is already law, approved by a previous legislature, and readily available for new revenue. You should also consider, however, an alternative source—the personal income tax. This is a tax which, as you know, is based on ability to pay, a principle in which I have always firmly believed and for which I have fought on the floor of this House. In some of the studies which were made of our taxation system prior to enactment of the sales tax, it was recommended that a combination sales and income tax would be a more equitable distribution of the tax burden than the sales or income tax alone. If you should decide that new revenue must be provided, you ought to consider the validity of these principles.

In terms of the revenue needed, if you should decide that the sales tax exemptions to which I have referred ought also to be approved, an income tax law should be designed to provide \$7,000,000.00 of new revenue annually. An income tax without such sales tax exemptions should be designed to provide \$5,000,000.00 of new revenue annually.

These appear to be the alternatives available to provide the funds necessary to finance the supplemental budget. The final choice is our joint responsibility. The necessary bills to place them before you will be presented as a supplement to

Part III of the Budget Document. I mention this because to include these bills in the body of the Budget Document would add to printing costs and serve no practical purpose.

It should be added that I do not have a closed mind with reference to new tax sources and will be happy to explore the possibilities with you.

Economy

It is obvious that, in the light of the financial problems which confront us, we should do everything possible to get maximum value for every tax dollar. That objective has been my constant guide.

You will note, for example, that I have submitted a balanced budget in terms of current services as described. You will note, further, that the supplemental budget provides for services not included in the original appropriation requests, notably the reserve for the long-range building program, the new Department of Industry and Commerce, the survey of state government, and others. Yet, even after including these additional services, the combined balanced and supplemental budgets are approximately \$6,000,000.00 less than the original appropriation requests.

We should continue our efforts to control and reduce costs consistent with maintaining essential services. I recommend the following as useful tools for this purpose. Reference has already been made to some of them.

1. The survey of state government.

2. A deputy commissioner of institutional service to make possible closer supervision of a large, growing, and widely scattered department.

3. To insure a dollar's value for every dollar spent for supplies, materials and equipment, an inspector in the Bureau of Purchases who will visit institutions and other departments to inspect such purchases and to make chemical and physical tests of samples submitted for bids.

4. The expansion of our work in the field of vocational rehabilitation will, in the long run, put a brake on the increases in some of our assistance programs.

5. It is recommended that operational expenditures of the Liquor Commission be charged against the general fund, subject to the same budgetary controls and supervision as other state departments; and gross revenues of the commission would then accrue to the general fund.

6. Finally, I recommend that you adopt the principle of line budgeting for the general fund. Inasmuch as it is difficult to project expenditures 2½ years ahead, some flexibility should be provided. I recommend, therefore, that line budgeting be limited to personal services, capital expenditures and a third category to include all other expenditures.

To provide still further flexibility, the Governor and Council under present law have sufficient authority to make transfers between categories. Line budgeting in accordance with these recommendations should give us better control of expenditures and, in the long run, ought to produce savings for the taxpayer.

Highway Fund

This message up to this point has been addressed to the general fund budget. Also of importance, and demanding the same kind of realistic approach, are the problems which we face in the financing of a highway program.

Our goal should be a statewide network of good roads, including not only those interstate and state highways which will make Maine more accessible and attractive to tourist and commercial traffic entering our borders, but also feeder roads in the form of state aid and town roads which will give our citizens living in more remote areas of the state access to their markets and trading centers. Our program, then, must be well-balanced; and, because of our relatively sparse population and large area, it will require a maximum effort on our part to find the necessary revenues. We cannot talk of and plan intelligently for economic development and industrial expansion if we do not keep the wheels of industry, business and agriculture rolling on adequate roads.

Highway Fund Revenues and Surplus

Let us now discuss the dollar problems. Undedicated revenues of the highway fund are estimated at \$23,-606,712.00 for the first year of the biennium and \$23,524,667.00 the second year. Revenues from the gasoline tax, motor vehicle registrations and other motor vehicle and license fees, as in the case of general fund revenues, have been projected at approximately the same level as that reached during the current biennium, with slight increases in some instances. As the proceeds from the highway bond issue are utilized for construction, the interest earned from the investment of these proceeds will decline, and this decline is reflected in the estimated revenues.

It is estimated that the surplus account will have decreased from \$3,-493,209.03 on July 1, 1954 to \$1,180,-575.03 on July 1, 1955. The decrease is the result of the following transfers during that period:

1. Working capital funds	60,000.00
2. Hurricane damage	1,400,000.00
3. Salaries increases	235,000.00
4. Snow removal	450,000.00
5. State police	112,375.00
6. Miscellaneous	55,259.00
	<hr/>
	\$2,312,634

The highway surplus account should be left intact by this legislature in order to provide for future emergencies such as the recent hurricanes and unpredictable expenditures out of operating accounts. It is difficult, for example, to forecast the amount that must be spent for snow removal and some other maintenance activities. The allocation act should continue the authority of the Governor and Council to supplement legislative allocations for these and other purposes as provided by the 96th Legislature.

To the extent that revenues exceed the estimates and the allocations provided by this legislature, they will fall into the surplus account where they will be available for

such supplementary allocations by the Governor and Council. For this reason, and because the surplus account is below the minimum margin of safety, it is felt that revenue estimates are realistic for the purpose of legislative allocations to the various operating accounts.

Highway Fund Allocations

Allocations have been recommended in the amount of \$23,606,712.00 for the first year of the biennium, and \$23,524,667.00 the second year. This results in a balanced highway budget.

1. Maintenance

Summer and winter maintenance, including snow removal and sanding, account for more than 40% of the recommended allocations. These costs vary from year to year, depending on weather and other factors. In addition, the 96th Legislature provided for increased reimbursement to towns for snow removal, thus substantially increasing state expenditures for this purpose. The over-all maintenance cost, therefore, is expected to rise. The recommended allocations represent an increase of \$484,500.00 the first year of the biennium and \$540,500.00 the second year over the legislative allocations for the current year.

Although maintenance costs are high and rising, I do not support those recommendations which would operate to turn back approximately 2,000 miles of improved state aid roads to the towns for maintenance. The maintenance of roads, which qualify by reasonable standards as part of a statewide network, is a state problem and should be dealt with as such. The responsibility ought not to be shifted to towns which are struggling to carry their existing financial burdens. The end result of such a shift would be that the roads affected would probably deteriorate and in the long run create an even greater state problem.

The towns, however, can do much to cooperate with the state in applying a brake to these rising costs. They should review their needs with a view to avoiding additions to the state aid and town road systems which are not justified when the cost is balanced against the purposes to be served by such additions. Dead-

end roads, those with a low volume of traffic, those which would serve areas already adequately served by existing roads ought to be critically analyzed. As existing revenues are thinned out to cover additional mileage, existing road mileage will suffer to the detriment of the towns themselves as well as the state.

2. Improvement of State Aid Highways and Town Roads

Allocations recommended for improvement of state aid highways and town roads are at about the same level as those for the current biennium. With reference to construction of unimproved state aid roads and reconstruction of improved state aid roads, state funds are available to the towns on a matching basis in accordance with the statutory formula. This program should, of course, be continued.

With reference to the town road improvement fund, under present law expenditures from this fund cannot exceed \$3,000.00 per mile. It is recommended that this limit be raised to \$5,000.00 per mile. This would provide the towns a more realistic means of improving town roads which do not qualify under the standards which ought to apply to state aid roads. It would also recognize rising costs.

3. Debt Retirement, State Police, and Other Allocations

There are a number of other allocations out of the highway fund which are described in the budget document. These include the financing of other agencies whose work relates to highways, contributions to other departments which perform services for the highway department, debt retirement, contributions to the state employees' retirement fund, bridge construction and maintenance, as well as miscellaneous activities of the Highway Commission. In general, the recommended allocations are in line with those for the current biennium, with some increases which are unavoidable.

However, I would like to discuss two of these at somewhat greater length. Bond retirement and interest payments are projected at approximately \$2,000,000.00 annually. This cost will increase to a maximum of \$4,400,000.00 in 1961. It must be met out of current revenues and, to that

extent, will reduce the amount of current revenues available for construction. It should be considered in connection with the highway construction problem which I will discuss shortly.

The recommended allocation for the state police department raises still another problem. The department requested an increase of 53% over the current year, or an average increase of about \$567,000.00 annually.

The bulk of the requested increase related to three basic responsibilities of the department: (1) the protection of life and property on our highways; (2) the policing of over 100 miles of the Maine Turnpike when it is completed to Augusta; and (3) the administration of laws and regulations pertaining to trucking.

The recommendations of the department in these fields are worthy of serious consideration. We must give increasing attention to the problem of highway safety. However, our ability to finance the state police program is somewhat limited in view of the limitations on highway revenues, about which I will have more to say later.

The recommended allocations represent an increase of about \$153,000.00 annually. They provide for patrol of the Maine Turnpike, the manning of the weighing stations authorized by the special session of the 96th Legislature, and the adoption of an annual trade-in policy for state police cars which it is anticipated will produce long-term savings.

The increase, however, is provided at the expense of the highway construction program. It means also that our ability to match available federal funds in the second year of the biennium is reduced. You ought to consider whether, in order to provide a minimum state police program without reducing highway construction, the general fund should contribute more than its customary 10% of the cost of state police activities. The general fund budget provides the 10% contribution.

Highway Construction and Future Financing

The balancing account in the highway fund budget is that which provides for construction of state high-

ways and state aid highways in the federal secondary system. Allocations are projected at \$4,096,152.00 for the first year of the biennium and \$4,385,616.00 in the second year. This compares with \$4,670,000.00 in the first year of the current biennium, and \$5,000,000.00 in the second year. The reduction is unavoidable within estimated revenues if you are to authorize the allocations already discussed.

It is appropriate that we discuss the crisis which is approaching us in the financing of a minimum construction program.

In the state election of 1950, the people approved a \$27,000,000.00 highway bond issue to finance the accelerated highway construction program. The objective was the reconstruction of 1592.5 miles of state highway and state aid highways in the federal secondary system over a period of seven years. Because of rising maintenance and construction costs, and other factors, the proceeds of the bond issue will be exhausted on July 1, 1957—after only five years—and it is estimated that not more than 700 miles of highways will have been reconstructed.

I will undertake to discuss the problems thus raised in three ways.

First: Since July 1952, the Highway Commission has authorized a highway construction program of approximately \$15,000,000.00 per year. This represents the minimum program necessary to effectuate the accelerated highway program. It is currently producing about 100 miles of new roads per year. This is less than the minimum necessary over the long run if we are to replace our state highways and state aid highways in the federal secondary system as they wear out. It is admittedly a program compromised to fit the limits of presently available funds.

And yet, within the next biennium, we will not be able to finance even this program. Within estimated income and the allocations recommended in the highway budget, we can provide \$14,985,959.00 for construction in the first year of the biennium, and only \$11,470,801.00 in the second year. This means that we will be unable to match approximately \$1,600,000.00 of federal funds which will be available in the second year.

In the biennium beginning July 1, 1957, when the bond issue monies will be exhausted, we can provide only \$8,000,000.00 in the first year and \$8,700,000.00 the second year. This estimate is, of course, contingent upon what existing revenue sources will produce and upon maintaining a constant level of expenditures for other activities financed out of the highway fund.

Second: The state is responsible for construction of 4300 miles of state highways and state aid highways in the federal secondary system. On the basis of the estimated average life of a road, we should build a minimum of 170 miles per year if we are to replace roads as they wear out and thus avoid excessive expenditures for maintenance. This would call for a construction program of \$20,000,000.00 per year, and this would not increase the present expenditures by the state for state aid roads not in the federal system.

On the basis of normal increases in revenues and other highway fund expenditures, over a period of 15 years we would fall short of financing such a program by more than \$80,000,000.00. This assumes that federal funds would be available on the current basis over that period.

Third: We can consider a compromise program aimed at producing 130 miles of new roads per year. This would call for construction at the rate of \$16,000,000.00 per year. Subject to the same qualifications I have made in connection with the \$20,000,000.00 program, over a period of 15 years we would fall short of financing such a program by approximately \$30,000,000.00.

Both of these programs would provide some funds for state projects in addition to those financed by federal matching funds. In the event the President's proposed highway program sets up a higher level of available matching funds, the foregoing estimates would, of course, be subject to change. It is impossible to predict all developments in the field I have tried, however, to picture the nature and the scope of the problem which faces us.

This much is clear. Unless we begin planning now, the future will really begin catching up with us on

July 1, 1957 and it will find us unprepared.

As a guide to action, may I suggest that you consider the validity of the following conclusions:

1. That the necessary funds can be made available only by increasing highway revenues or by an additional bond issue or by a combination of both.

2. That we cannot begin retiring an additional highway bond issue out of existing revenue sources prior to 1969 without cutting into funds available for other programs of the highway department.

3. That beginning in 1969, debt retirement should not exceed \$2,500,000.00 a year within existing revenue sources.

4. That, inasmuch as our gasoline tax and motor vehicle registrations are at or above the levels reached in other New England states, we must hesitate to impose a heavier burden on our people in these areas.

If these conclusions are valid, then it seems to me that, at most, we can reach for the \$16,000,000.00 construction program which I have described. This would call for an additional highway bond issue of \$30,000,000.00 with retirement to begin about 1969. We should do no less. You may want to do more.

Because of the unpredictability of various factors to which I have referred, further consideration of these problems in the weeks ahead may vary these conclusions. It should be our effort to develop a solid base of fact on which to build our program. To that end I pledge my complete cooperation.

Acknowledgments

I am happy at this time to acknowledge, with sincere thanks, the conscientious and cooperative service given me by the legislative advisory committee on budget, consisting of Senator Samuel W. Collins, and Representatives Lucia M. Cormier and Leslie E. Jacobs.

I am deeply appreciative also of the tireless and capable efforts of Finance Commissioner and Budget Officer Raymond C. Mudge and his staff. They have shown a willingness to adapt their thinking and to adjust their work to my needs to an extent that has been heart-warming.

I am grateful as well for the wholehearted cooperation which I have received from department heads and their assistants. Together we have laid the groundwork for working conditions which hold high promise for service in the best interests of our people.

Conclusion

I can add little at this point to the discussion of the budgetary problems which I have already laid before you.

Although many of these problems are serious, they are not staggering if we approach them courageously and with a deep-seated belief in the future of our state and the capacity of our people to understand and serve their own best interests.

I pledge all that is in me to this end.

I know that you will do likewise.

In my inaugural address and in this budget message I have spared no effort to give you a frank and honest appraisal of the state's needs and the financial problems involved, as I have found them. I have done everything possible to insure that the people are given complete and accurate accounts. I have deliberately chosen this course, in the face of the possible consequences, because of my complete faith that the vast majority of you and of the people we represent will place the welfare of Maine above purely partisan, political considerations. The exceptions which I will encounter — human weaknesses being what they are — cannot destroy that faith.

Inscribed on the fireplace in the Governor's office are these words: "Who learns and learns yet does not what he knows, is one who plows and plows yet never sows." This homely philosophy is one practiced by Maine folk in their daily lives. I have confidence it will be practiced here this winter.

(Prolonged applause, Convention rising)

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

Chairman Haskell returned to the Chair and called the convention to order.

Chairman HASKELL: The purposes for which this Convention was assembled having been accomplished, I declare the Convention dissolved and the Senate will retire to its Chamber.

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

In the House

The House was called to order by the Speaker.

The SPEAKER: We are proceeding under Orders of the Day.

On motion of Mr. Childs of Portland,

Adjourned until Tuesday, January 18, at ten o'clock in the morning.