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Legislative Research

STATE OF MAINE

LEGISLATIVE
RESEARCH COMMITTEE REPORT

SUMMARY REPORT to NINETY-FOURTH LEGISLATURE

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DECEMBER 31st, 1948

To the Members of the 94th Legislature:

The Legislative Research Committee, in accordance with Chapter 392, Section 25, Paragraph XIII of the laws of 1947, presents herewith a summary report to the members of the 94th Legislature.

We have tried to study some of the more difficult problems that are likely to face the 94th Legislature. From these and other studies we think that we may have developed at least a few constructive and worthwhile conclusions.

All of the department heads have been entirely cooperative in our various studies of their activities. We again call attention to the statutory provision wherein all members of the Legislature are invited to attend the meetings of the Committee, hopeful that more members will interest themselves in the work of this or any of the other interim committees established by the Legislature.

Each one of us has enjoyed his work on the 1948-1949 Legislative Research Committee and we are sure that continuing development of interim legislative research can be of great value to our normal legislative procedures.

LEGISLATIVE RESEARCH COMMITTEE
By: Edward B. Denny, Chairman

CODIFICATION OF THE CONSTITUTION

The Committee has assembled a reference library related to state constitutions. We have copies of each of the forty-eight constitutions and many papers and other types of publications related to state constitutions. From those states that have attempted constitutional revisions in recent years we have tried to assemble such printed material as was available.

No member of the Committee has any conviction that he is capable of answering the question, "Should the Constitution of the State of Maine be revised?" Each of us fully and humbly recognizes that the first five words of our supreme law, "We, the people of Maine", point up the truth that the Constitution is the sacred property of the people. While the Legislature must take the initiative in any general revision, certainly that acton should be undertaken only after there is unmistakable evidence that a large number of our citizens desire a basic change in the document.

However, we do believe that the 94th Legislature should consider a constitutional resolve that would permit a codification of the Constitution. Adopted by the people in town meetings on the sixth of December, 1819, there were twelve amendments from that time through 1869. On February 24th, 1875, nine new amendments were adopted. The last of these 1875 amendments, the Twenty-first, provided that . . . "the chief justice of the supreme judicial court shall arrange the constitution, as amended, under appropriate titles and in proper articles, parts and sections omitting all sections, clauses and words not in force, and making no other changes in the provisions or language thereof . . ."

The result of this action was to have the twenty-one amendments of the first fifty-five years of our history codified into the original document. We have adopted forty-three new amendments in the seventy-three years since 1875 so that today the printed copy of our Constitution requires twenty pages while the forty-two amendments, from the Twenty-third Amendment of 1877 to the Sixty-fourth Amendment adopted in 1948, require twenty-three pages.

That, of itself, is no reason to suggest a second codification but many of the amendments are actually amendments to prior amendments, particularly as they deal with bond issues. The resulting confusion, at least to the lay mind, was evidenced in the action of the 93rd Legislature in posing the question to the Supreme Court concerning whether or not these many Highway Bond amendments permitted the Legislature to "reissue" matured highway debt.

The Committee readily acknowledges that the document that has not been codified for seventy-three years could well continue without codification for another ten years or even another fifty years. We do point out, however, that there are now more than twice the amendments that were codified into the document in 1876, and whatever may be future conclusions concerning a possible revision, the 94th Legislature should give serious consideration to a Constitution Resolve by means of which a new codification would be accomplished. The resolve might generally follow the language of the 1875 enactment but it would seem wise to consider a provision whereby future recodification procedures would be carried out each ten years or each twenty years, so as to insure a continuity of the work.

STATE FINANCES

The Legislative Research Committee has maintained a continuing study of state finance problems since the adjournment of the 93rd Legislature. This brief outline submits to the members of the 94th Legislature a factual summary of this important phase of legislative work. We have not attempted to make specific recommendations. Our effort has been to summarize existing financial reports. We have also attempted a very brief outline of some of the new expenditure proposals and from the summary attempt to point out the various paths that may be followed as the 94th Legislature seeks to arrive at legislative solutions.

Highway Fund

State finance accounting, as related to major income and expense, is divided between the Highway Fund and the General Fund. This accounting division is mandatory because the 62nd Amendment to the Constitution, adopted in 1944, provides that all income received from highway tax sources shall be expended for highway purposes. Thus, in presenting this summary, we treat separately each of these two accounting divisions.

The Highway Fund problem resolves itself around two questions. **First,** shall the state continue to impose the 6c per gallon gas tax that was increased from 4c by the 93rd Legislature? Unless the 94th Legislature acts to continue the increase or to reduce it at an earlier date, this 6c per gallon gas tax will return to the former 4c level on September 1, 1950. This is in accordance with Section 7 of Chapter 349 as enacted by the last Legislature. **Second,** and possibly of equal importance, will the 94th Legislature enact provisions that will take part of the state gas tax income for distribution among the municipalites of the state or, by indirection, accomplish a similar result by providing that the state shall assume some of the highway services that are now being performed by the cities and towns? These, or related questions, are likely to be the major Highway Fund questions before the 94th Legislature.

Highway Fund income and expense tabulations are as follows for the 1943-1948 period:

	1943	1944	1945	1946	1947	1948
REVENUES						
Gasoline Tax	4,355,750	4,017,862	4,358.678	5,776.107	7,371,680	11,342,522
Use Fuel Tax	2,604	3.277	3,056	9.768	12,677	20,578
Registration and Drivers	3,736,501	3,919,294	4,015,078	4,535,327	5,025,244	5,666,278
Other Taxes	42,612	35,125	31,314	35,230	43,453	115,881
From Federal Gov't	1,775,970	1,081,895	723,587	232,201	1,724,525	1,626,844
From Cities, Towns and Counties	370,406	376,832	404,580	635,372	887,483	1,246,891
Service Charges	44,782	65,226	64,147	37,226	36,462	45,276
Other Revenues	29,613	35.569	61,575	74,229	59,977	57,687
Contributions and Transfers	34,400	35,963	36,435	45,924	49,571	75,272
Total Revenues	10,392,638	9,571,043	9,698,450	11.381,384	15,211,073	20,197,230
EXPENDITURES						
General Administration	407,470	429,971	422,523	458,588	594,195	625,165
Protection of Pers. and Prop.	329,818	373,801	396,327	416,752	569,920	629,912
Highway Construction	1,690,628	1.166,430	851,169	887,203	4,288,273	5,625,650
Bridge Construction	447,431	144,391	178,781	234,758	471,448	1,178,857
Highway Maint.	2,037,310	3,322,372	3,550,419	4,693,988	5,138,712	6,904,304
Bridge Maint.	192,485	199,890	161,988	226,451	281,579	455,621
Snow Removal and Sand	1,110,129	1,184,016	1,347,663	1,658,746	1,836,824	2,009,988
Other	162,254	76,299	119,441	130,221	216,090	188,923
Contributions and Transfers	42,095	97,257	98,851	162,184	158,741	206,940
Debt Interest	679,018	616,496	552,723	496,700	441,428	336,706
Debt Retirement	1,824,000	2,074,000	1,774,000	1,724,000	1,729,000	1,729,000
Total Expenditures	8,922,638	9,684,923	9,453,885	11,089,591	15,726,210	19,941,065
Gain or (loss)	1,470,000	(113,880)	244,565	291,793	(515,137)	256,165
Highway Fund Surplus	4,416,542	4,501,163	4,846,852	4,007,684	2,146,665	1,897,145

These tabulations show that during the war years the gas tax revenues were just over four million per year, the registration and licenses just under four million and the total about ten million. In the '48 year, with the gas tax increased from 4c to 6c, the yield from this source was over eleven million, the increased highway use had boosted registration and licenses to nearly five million, seven hundred thousand, with total revenue up to more than twenty million. The upward trend appears to be continuing. For the first four months of the present year, July 1, 1948 to October 31, 1948, highway revenue was $7,088,856.39, an increase of $738,553.21 or about 11½% over the $6,350,303.18 recorded during the same four months of 1947.

In the expenditure tabulations, highway and bridge construction that averaged less than $1,500,000 per year in the four-year period 1943-46, inclusive, was increased to $5,759,721 in '47 and $6,804,507 in '48. Note also that the costs of highway and bridge maintenance has increased from $2,229,805 in 1943 to $7,359,925 in '48. Similarly, snow removal and sanding that was $1,110,129 in '43 was $2,009,988 in 1948. These increased maintenance costs reflect both the increased costs of labor, material and trucks and the necessity of essential repair work that was postponed or delayed by the war conditions. The result of these increases in operation and maintenance costs have been to limit the funds available for new highway construction so that all of the increased revenues have not been available for new highway and bridge work.

This same thought expressed conversely would be to indicate that any reduction in highway income, say a 1c per gallon tax reduction that would reduce income by nearly $3,000,000 per year, would require a very substantial cut in new highway construction if present maintenance costs remain the same. In very general terms the amount of new highway construction expenditures is expressed by total highway fund income less essential maintenance and operation.

Highway Debt

During the six-year period noted in the detailed tabulations, no new highway debt has been issued and highway bonds have been paid as they matured in the amount of $10,854,000. Interest payments on the highway debt have been $3,173,071 during the six-year period. This total "debt service" amounts to $14,027,071 or about 18% of the six-year revenues of $76,451,318. Excluding the Waldo-Hancock toll bridge bonds and the Kennebec Bridge bonds, both payable from public service enterprises, the payment of the following maturities represents the entire Highway Fund debt.

Year Ending June 30th	Bond Maturities	Interest	Total
1949	$1,629,000	$ 331,983	$ 1,960,983
1950	1,629,000	280,260	1,909,260
1951	1,429,000	229,538	1,658,538
1952	1,119,000	185,078	1,304,078
1953	944,000	147,100	1,091,100
1954	719,000	113,840	832,840
1955	811,500	80,230	891,730
1956	500,000	54,000	554,000
1957	400,000	36,000	436,000
1958	600,000	16,000	616,000
1959	100,000	2,000	102,000
	$9,880,500	$1,476,029	$11,356,529

The following comparisons indicate the wide range of Highway debt since 1918:

Year Ending June 30th	General Highway Bonds	Toll Bridge Bonds Kennebec and Waldo-Hancock
1918	$ 1,800,500	$ -
1921	4,533,500	-
1924	8,776,500	-
1927	13,382,500	3,000,000
1930	15,137,500	3,000,000
1933	26,144,500	3,800,000
1936	24,425,500	3,650,000
1939	23,297,500	2,900,000
1942	20,734,500	2,180,000
1945	15,062,500	2,120,000
1947	11,609,500	1,940,000
1948	9,880,500	1,910,000
1949	8,251,500	1,880,000

General Types of Procedures

There are at least these three procedures that the 94th Legislature may consider in their study of the Highway Fund program.

1. The 94th Legislature can extend the action of the 93rd Legislature by repealing from the 1947 gas tax law the provision that the 6c tax shall revert to 4c as of September 1, 1950. In favor of this action is the retention of Highway Fund income of at least twenty million per year without recourse to new highway debt. Against this is the argument that at 6c the gas tax is too high, ought to be reduced and replaced by borrowed money or by a curtailed highway program.

2. The 94th Legislature, by taking no action on the 1947 gas tax law can let the 6c tax revert to 4c as of September 1, 1950. Such action would keep highway revenue at present levels for the first year of the next biennium but reduce it by about one-third during the final ten months of the fiscal year ending June 30, 1951. In favor of this action is the argument that such expiration was the intent of the 93rd Legislature in providing for an increase effective only until the September 1, 1950 date. Against it is the curtailment in the '50-'51 highway income and the possible creation of a new problem for the 95th Legislature which will convene four months after the September 1, 1950 expiration date.

3. The 94th Legislature could enact laws wherein part of the gas tax income would be used as municipal grants for municipal highway expenditures. A similar result would obtain if the 94th Legislature enacted laws whereby the state highway budget would be required to undertake certain highway functions, such as local snow removal, as are now being performed by the municipalities. In favor of this type of legislation is the relief to municipalities that such legislation would accomplish. Against it is the argument that an adequate state highway program requires the present Highway Fund income.

4. The 94th Legislature will also be likely to consider a multi-million dollar construction program via a constitutional amendment to permit vast new highway borrowings. In favor of this will be the argument that we should enjoy a greatly accelerated highway betterment program and pay for it as we use it. Against this is the argument that presently borrowed dollars may build fewer miles of roads than will future dollars and debt retirement plus interest will prove a serious burden on future Highway Fund budgets.

GENERAL FUND

Excepting the highway tax sources and special "earmarked" sources, the General Fund receives all state revenues and from this fund the Legislature makes General Fund appropriations. The 94th Legislature will make appropriations for the two years starting July 1, 1949. The first year of the coming biennium will be referred to as the '49-'50 year and the second as the '50-'51 year. Wherever but one year is used to designate a twelve month year it is usually the calendar year in which the state fiscal year ends. That is, '49-'50 is sometimes referred to as the '50 year. Actual income and expense has been recorded for the year ending June 30, 1948. For the current fiscal year, '48-'49, the Legislature, early in the session, will have actual operating results for the first six months of this year. Whatever may be the problems of the 94th Legislature, one of the major ones is sure to be related to General Fund income and expense. The last six years show these summaries:

Revenues

	1942	1943	1944	1945	1946	1947	1948
Property Taxes	4,932,995	4,992,455	5,132,236	5,123,339	5,150,439	5,131,992	5,157,496
Inheritance and Estate Taxes	836,759	771,149	759,336	813,476	938,758	1,121,631	1,352,926
Tobacco Taxes	1,338,843	1,440,389	1,601,443	1,371,515	1,964,411	2,305,929	5,433,354
Taxes on Corporations	224,312	228,364	219,549	212,549	236,206	232,375	227,739
Taxes on Public Utilities	1,665,744	2,019,368	1,931,887	2,048,360	1,995,892	1,920,318	2,332,250
Taxes on Insurance Companies	716,202	739,537	779,835	853,196	913,694	1,068,149	1,209,484
Taxes on Banks	197,223	163,268	146,392	147,149	138,203	152,142	181,035
*Hunt. & Fish. Licenses	415,628	343,950	409,922	445,051	551,798	693,450	
Fed Grants, Assist-Rel.	2,419,275	2,540,357	2,923,131	2,891,218	2,928,768	4,188,485	3,994,874
Other Federal Grants	516,967	422,582	239,119	259,517	288,419	413,393	531,146
Rev. from Cities and Towns	612,951	556,200	527,227	585,145	663,230	776,438	659,429
Service Charges	379,820	355,417	427,328	405,258	725,393	932,991	1,142,196
Net Profit from Liquor	4,781,712	5,848,290	6,698,694	6,704,591	7,177,496	7,767,975	7,282,348
Other Revenue	323,703	348,120	382,233	509,441	682,378	886,049	895,680
Total	19,362,134	20,769,446	22,177,959	22,369,805	24,355,085	27,592,318	30,399,956

Expenditures

	1942	1943	1944	1945	1946	1947	1948
Gen. Adm. & Finan.	863,603	1,055,313	935,673	1,209,559	1,152,635	1,596,855	1,316,926
Protection of Pers. & Prop.	377,713	473,640	512,677	472,676	688,187	583,207	1,024,796
Development & Conservation	1,164,356	916,082	1,120,511	1,252,825	1,562,394	1,992,032	1,149,137
Health and Sanitation	133,214	161,536	164,631	182,064	233,785	300,677	309,245
Welfare and Charities	7,465,304	7,524,539	7,892,184	8,534,906	9,409,786	11,054,084	11,010,448
State Hosp. and San.	1,731,911	1,819,537	1,967,548	1,907,093	2,432,988	3,033,259	3,342,199
Correctional Institutions	615,156	528,242	630,366	695,971	877,160	1,026,003	1,036,733
Education and Libraries	3,641,905	3,738,886	4,308,644	4,508,937	5,684,506	6,486,171	7,200,527
Recreation and Parks, etc.	25,225	21,649	24,844	24,001	44,371	51,031	62,866
Miscellaneous	535,798	342,365	43,301	4,363	39,134	8,142	7,844
Transfers	139,742	427,307	485,684	478,297	514,252	563,295	1,127,612
Debt Service	423,850	294,150	258,050	170,700	169,100	102,250	46,800
Total	17,117,777	17,303,246	18,344,113	19,441,392	22,808,298	26,797,006	27,635,134
Difference	2,244,357	3,466,200	3,833,846	2,928,413	1,546,787	795,312	2,764,822
Unappropriated Surplus	2,926,680	4,693,587	4,102,918	5,767,455	3,195,482	3,368,461	6,145,930
Post War Reserve			950,000	950,000	1,940,000	905,515	40,515
Total	2,926,680	4,693,587	5,052,918	6,717,455	5,135,482	4,273,976	6,186,445

*For the year 1948, income from Hunting and Fishing licenses was taken from the General Fund by legislation that "earmarked" this revenue source for fish and game expenditures. Similarly, General Fund expenditures, under Development and Conservation, does not include the Fish and Game operating expenses in the 1948 tabulations.

From the preceding tabulation it is evident that during the six-year period General Fund revenues and expenditures have increased very substantially. The comparisons are these:

	1942	1948	Increase or Decrease	%
Property Taxes	$4,932,995	$5,157,496	$ 224,501	5%
Inheritance and Estate	836,759	1,352,926	516,167	62%
Tobacco	1,338,843	5,433,354	4,094,511	306%
Taxes on Corporations	224,312	227,739	3,427	1%
Taxes on Public Utilities	1,665,744	2,332,250	666,506	40%
Taxes on Insurance Cos.	716,202	1,209,484	493,282	69%
Taxes on Banks	197,223	181,035	(16,188)	(8)%
Hunting and Fishing Licenses	415,628	—	(415,628)	—
Fed. Grants, Assist-Rel.	2,419,275	3,994,874	1,575,599	65%
Other Federal Grants	516,967	531,146	14,179	3%
Rev. from Cities and Towns	612,951	659,429	46,478	8%
Service Charges	379,820	1,142,196	762,376	200%
Net Profit from Liquor	4,781,712	7,282,348	2,500,636	52%
Other Revenue	323,703	895,680	571,977	177%
Total	$19,362,134	$30,399,956	$11,037,822	57%
Gen. Adm. and Finan.	863,603	1,316,926	453,323	53%
Prot. Persons and Property	377,713	1,024,796	647,083	172%
Dev. and Conservation	1,164,356	1,149,137	(15,219)	—
Health and Sanitation	133,214	309,245	176,031	132%
Welfare and Charities	7,465,304	11,010,448	3,545,144	48%
State Hosp. and San.	1,731,911	3,342,199	1,610,288	93%
Correctional Institutions	615,156	1,036,733	421,577	69%
Education and Libraries	3,641,905	7,200,527	3,558,622	98%
Recreation and Parks, etc.	25,225	62,866	37,641	150%
Miscellaneous	535,798	7,844	(527,954)	—
Transfers	139,742	1,127,612	987,870	—
Debt Service	423,850	46,800	(377,050)	—
Total	$17,117,777	$27,635,134	$10,517,357	62%

From the revenue data comparisons it is evident that the six-year increase of $11,037,822, increased tobacco tax revenue and increased liquor net have yielded $6,595,147 or about 60% of the revenue increases. Without further increase in tax rates applicable to these sources, decreases may be experienced during the next biennium. Both liquor revenue and cigarette and tobacco revenues are currently showing decreases and this trend has been acknowledged in the budget estimates of income for the next two years.

On the expenditure side of the tabulation it is interesting to note that the Health & Welfare, Institutions and Education accounted for $22,899,152 or about 83% of all General Fund expenditures. It is also evident that of the increases in expenditures, 1942-1948, these same state services took $9,311,662 or more than 90% of the total increases in expenditures. This figure would be slightly lower if Fish and Game license income had continued in the income tabulation with corresponding expenditures in the expenditure listings, but the summary tabulations point out the very substantial part that these programs total in General Fund considerations. Obviously, any substantial economies must be aimed at these three. In the Welfare costs any large economy will have to be effected by reducing the number of recipients or reducing the average grant. This is made doubly difficult because of the Federal sharing provisions wherein approximately 50% of the payments are shared by the Federal Government. These Federal revenues for Aid and Relief have increased 65% during the period that expenditures increased 48%. In the Education expenditures any substantial economy would have to be in a reduction in the amount of state subsidy paid to the cities and towns. Considering the Instituton expenditures, food and wages account for a substantial part of these expenditures. The Committee does not intend to indicate that economies in General Fund expenditures are not possible but we do point out the relative size of these three types of expenditures among the total General Fund budgets and the practical difficulties in visualizing any major reductions in General Fund expenditures.

General Fund Surplus Accounts

From a preceding tabulation of General Fund income and expense, the six-year income, '43-'48 inclusive, has been $147,664,569 and expense has been $132,329,189, a difference of $15,335,380. During the six-year period the unappropriated surplus of the General Fund has increased only $3,219,250 or from $2,926,680 to $6,145,930. It is not the purpose of this summary to present a detailed accounting of General Fund surplus accounts but the magnitude of average yearly expenditures from surplus accounts is an important part of average yearly General Fund expenditures. Obviously, these surplus accounts are created by yearly operations wherein income is greater than expenditures. If future expenditures from the surplus accounts are to equal the past six-year average of about $2,000,000 per year, future budget considerations must at least recognize the magnitude of these unusual or non-recurring expenditures.

Some of the major expenditures have been these items. Appropriations from the Post War Reserve, it having been created from the unappropriated surplus of the General Fund, are included in these tabulations:

Working capital advances, mainly for State Liquor Commission inventory	$3,319,079
Retirement of War Bonds that were issued in 1941 and called before maturity	2,489,000
Buildings at State Institutions	2,117,800
University of Maine for building construction	1,400,000
Accrued liability for Maine Teachers' retirement	817,097
Deficiency appropriations, 1936-1937 deficiencies	792,111
University of Maine mill tax deficiency	629,176
Fish Hatcheries and Rearing Stations	200,000
Bangs disease eradication	150,000

This brief summary paragraph is not intended to be an accountant's "statement of surplus—1943-1948." The larger items, which total nearly twelve million dollars are each of the unusual or non-recurring types of expenditures. The point that the Committee wishes to make is that the creation of a modest operating surplus is almost a necessity, each biennium, if future demands on the surplus accounts continue at the two million dollar per year average of the past six years.

Budget Hearings

Governor-elect Payne, with the assistance of the Legislative Budget Committee and the Finance Commissioner, held public budget hearings during October. Early in January Governor-elect Payne will submit his budget message and the budget document to the Legislature. This document will indicate expenditure requests that were $3,353,112 in excess of estimated income for the first year of the biennium and $4,697,558 for the second year, a total of $8,050,670 of deficiency if all department requests were to be granted. On November 11th Governor-elect Payne announced that he and the Budget Committee had arrived at a tentative balanced budget at levels slightly above present expenditure levels. His budget, the statment announced, contemplated use of existing income sources only. The fact that he has reduced department requests to equal estimates of current general fund revenue is consistent with budget procedure, for until legislative action increases or decreases existing tax laws, the executive has no choice except to budget existing income sources among existing state services. Without doubt, his reductions will permit continued operation without crippling curtailments. However, it would be an unusual legislative action if both the revenue and expenditure totals of the budget document had exact and final legislative acceptance. Following are at least some of the major factors that would require budget changes.

The Tobacco Taxes

An increase from 2c to 4c per package on cigarettes and a sales tax of 20% on other tobacco products was enacted by the 93rd Legislature and the law has served well as what many have called the "stop gap" income needed for the present biennium. For the twelve months ending June 30, 1948, this General Fund revenue source showed this yield:

Cigarette Tax (@ 4c)	$4,534,576.81
Tobacco Tax (@ 20%)	898,777.27
	$5,433,354.08

In the estimated revenues for the next biennium these tax yields are assumed at $4,400,000 per year from cigarettes and $660,000 from tobacco products. If an effort to repeal all or a part of this tax is successful in the 94th Legislature, further department cuts or replacing tax sources will be required. What the drop would be depends upon what type of reduction is passed by the Legislature. If the 4c tax is reduced to 3c, for instance, the revenue loss would be about $1,000,000 per year. If the 20% sales tax on other tobacco products is reduced to 10%, the revenue loss would be at least $300,000 per year.

New Expenditure Requests

Quite properly the budget work is based on the provisions of existing laws and does not assume the passage of new expenditure provisions. No one now knows what those expenditure demands will be and certainly no one can make accurate estimates of what new expenditures will have legislative approval. However, some of the demands are known, at least in general dimensions.

This summary is not presented with the thought that new tax sources must be found to support all of these requests. Considered along with the cuts of just over eight million in the departments requests and the possibility, at least, that part of the present tobacco-cigarette taxes may be repealed, the addition of new expenditure requests presents an overall picture of at least some of the major factors in the General Fund problem. In nearly every case the Committee submits a cost estimate figure that at best is only an approximation.

Wage Increases $500,000 to $1,000,000

The November action of the Governor and Council in granting "across the board" wage increases presents one of the first legislative problems in the General Fund. Although that action is effective only until the first of 1949, it is difficult to believe that the Legislaure will not at least continue the increase. There is some evidence that early legislative action will be requested on wage demands in excess of the $500,000 per year figure. General Fund "personal services" costs were $4,460,697 in the '46 year and the similar figure for 1948 was $5,940,875. Not all of this, of course, will be subject to wage increase requests but state employees will present arguments that will be both fair and convincing in their effort to gain legislative approval of their wage increase legislation.

The Maine State Employees' Association has indicated to the Committee that their wage desires may be in the form of a request that the present $7.20 per week "cost of living increase" be boosted to $15.00 per week. In their estimates they indicate General Fund expense of about $950,000 per year to pay this new wage increase of $7.80 per week. Whatever are their requests, the problem is likely to be one of the first to have legislative consideration.

Teachers' Salaries $1,000,000 to $2,000,000

Each recent legislature has considered increased teacher salary provisions by increasing the subsidies to cities and towns for teaching positions. In the current biennium this appropriation amounts to $2,729,000 and $3,229,000, a total of $5,958,000 for the two years. Just what the demands will be of the 94th Legislature is not certain but surely there will be legislative consideration and one million to two million per year may be a fair estimate of the amount required. Harland Ladd, Commissioner of Education, presented one plan to the Committee which provides that the state, in addition to existing subsidies to the cities and towns, will pay 50% of all teacher salary costs above the presently established minimum scales. He estimated that this plan would require additional appropriations amounting to $3,571,550 for the biennium. Acceptance of this plan would bring to more than $9,500,000 the state subsidies to the cities and towns for teachers' salaries. In addition to the requests for increases in state aid for increased teacher salary costs it is quite likely that other bills will be introduced seeking increases in state subsidies for other municipal operating costs related to education. This and other educational problems are described in a later section.

State House Addition $200,000 - $400,000

The Committee has no clear picture of what action may be taken with the plans for a new separate State office building. The need exists as evidenced by the widespread and inadequate offices which house many of the state departments in Augusta. Whenever this project is undertaken, yearly amortization may be in the order of $200,000 per year with gross operating costs of about $170,000 per year. What operating savings will accrue, the Committee does not know. The Committee is equally uncertain as to when the project may be undertaken.

Fire Control $300,000

State fire control legislation will be introduced as a means of providing better statewide control of fire and other disasters. This general problem is described in a later section of this report.

School Housing $1,000,000

Except for a few semi-public schools, legislative appropriations have not been made for the purpose of subsidizing cities and towns for a part of the cost of public school construction costs. An effort may be made to pass such legislation. From the viewpoint of the municipalities this is a tremendous, if not impossible, problem for them with their income sources substantially limited to the property tax. The long-term nature of this type of problem would seem to suggest that the appropriation, if one is made, come from regular income sources and not from the reserve or surplus funds. In his presentation of this phase of the education problem, Commissioner Ladd told the Committee that an eight-year plan of essential school building would total at least $24,000,000 in Maine cities and towns. If state subsidy up to an average of one-third is to be provided, the Legislature must provide average yearly appropriations of $1,000.000 or finance the program by General Fund debt. Some municipal authorities insist that the problem is far greater than the program suggested by Commissioner Ladd and others predict that Federal funds may be available for local school construction costs.

Medical and Law Schools $1,000,000

Although the chances of successful action on enabling legislation providing for a Medical School or a Law School in Maine appear remote, it is likely that the 94th Legislature will at least consider the problem. In the prior session the Medical School bill called for an appropriation of $1,000,000. The Law School request had substantial support in the 93rd Legislature and may again be presented. If similar to the prior bill, the requested appropriation will be less than $50,000 per year for the Law School.

Institutions $1,000,000

Each recent legislature has listened to the needs for new capital expenditures at our state institutions. Capital appropriations well over $2,000,000 have been made at the last three sessions but these have been inadequate to construct the buildings and facilities contemplated. At this session these building appropriation requests will be at least $1,000.000. If even a part of these needs is granted, it is likely that the appropriation will come from surplus although there is logic in the argument that regular General Fund revenue ought to support at least the yearly average capital expenditure requirements of the state.

Welfare $1,100,000

There will be a bill introduced seeking to increase the present maximum payments allowed under the state law to Old Age Assistance and Aid to Blind eligible cases. Maine Old Age Assistance and Aid to Blind law stipulates that no monthly payment can be made to an individual in excess of $40, whereas federal sharing up to $50 per month is provided for under the federal law. Under a more liberal program of payment determination, and with a maximum of $50 allowed per month, $1,590,000 of additional funds would be distributed, necessitating additional State funds of approximately $650,000 for the first year of the biennium.

One of the specific items of municipal relief is sure to be the demand that the state take over all of the costs of the Aid to Dependent Children program. Such municipal relief would add another general fund expense of about $500,000 per year, the estimated amount that the cities and towns will pay toward the total cost of the Aid to Dependent Children program for the next fiscal year.

Private Hospitals $600,000

Four years ago the private hospitals of the state received subsidies at the rate of $283,000 per year. In the current biennium this subsidy amounts to $578,000 per year. Representatives of the private hospitals insist that to this present subsidy rate there must be added another $600,000 per year or $1,200,000 for the biennium. There is likely to be no provision for this in the Budget and the financial difficulties of the private hospitals will be presented in support of their requests for increased state assistance.

Port of Portland **$500,000**

The "State Pier", in Portland, owned by the state and operated by a state agency, the Maine Port Authority, will present a request that state funds be appropriated to finance substantial enlargements in their pier facilities. They will submit that the entire economy of the state is suffering by the lack of adequate storage facilities in Maine's busiest seaport. While a more extensive plan, involvng ten million in debt, did not have prior legislative approval, their 1949 proposal will merit careful legislative consideration, particularly as it reflects in the overall development of the state economy.

Municipal Finance Problems **$4,850,000**

It is fair to state that the financial plight of Maine municipalities is more serious than the problems of the General Fund. Substantially all municipal revenue must now come from property owner assessments and average tax rates that were less than 4% not too many years ago are now not far from 6%. Maine continues to take from the municipalities nearly five million per year represented by the seven and one-quarter mill levy on municipal property. Today among all states but 3% of state revenue comes from property taxes, as such, while Maine last year received over 16% of the General Fund revenue from this source. The Budget figures for the next biennium are $4,850,000 from the cities and towns and $335,000 from the wild land property tax. There is sure to be a demand for state retirement from this as a source of state revenue and along with this demand there will be legislative support for more municipal sharing in existing state revenue sources. Although not of importance in a discussion of state finances, as such, there is also likely to be an effort made to make available to the municipalities some other sources of tax revenues that will not directly conflict with the state sources. Whatever is the solution found for this problem, any action other than legislation enabling the municipalities to explore new tax fields will place additional burdens on the General Fund and any solution adds a burden to Maine taxpayers.

Other General Fund Demands

No brief summary of General Fund demands could list all of the likely proposals for new services and new expenditures that will be asked of the 94th Legislature. State vocational training facilities are an acknowledged need. Veterans' bonus legislation is sure to be introduced. Liberalized employee pension plans may be presented. Welfare liberalization well in excess of what has been noted in these summaries may be suggested. The University of Maine may have requests that are not provided for in the Budget. Whatever is the sum total of all of the new General Fund demands, each request will be presented by earnest proponents, all convinced of the state-wide demand for that which they seek.

Summary

A simple addition of the listed new General Fund demands totals more than $12,000,000 per year and this is in addition to department requests that average about $4,000,000 per year in excess of estimated revenues. This figure is as meaningless as it is inaccurate. The only accurate statement that could be made would be to state that the Legislature will not pass all of these spending bills with the exact amounts that are noted. However, some or possibly all of them are going to have serious consideration by a legislature that will realize that over the long term the desire to have must be matched by a willingness to pay. Each major appropriation provision and each major tax consideration must have joint consideration. Legislative action is sure to follow the basic question—**Are Maine taxpayers sufficiently desirous of the services requested to make tax payments equal to the costs of those services?**

Solutions

An attempt to resolve state finance problems is to predict legislative action. Anyone who has served a term or two in a state legislature realizes the difficulty of accurate prediction on any of the major items that make up the complex problem. However, there are at least these three general types of solutions:

First—it might be possible to accomplish a balanced General Fund budget without the imposition of any new taxes. Likely this would involve the retention of the existing cigarette and tobacco tax rates, maybe a small boost in existing liquor and malt beverage tax rates, and firm denial of just about all of the new or liberalized expenditures. Even this program would likely require a substantial part of the General Fund unappropriated surplus but it could postpone for another two years any basic tax reform.

Second—the Legislature might develop another "stop gap" tax. Substantial liquor tax increases might yield some additional profit. Increased malt beverage taxes is another source that has had prior attention. Still higher taxes on cigarettes and tobacco may be suggested. Meal taxes, amusement taxes or other types of selective sales taxes might serve to postpone a new major tax. A state lottery bill is quite sure to be presented. Running races will also be pointed out as the solution to the problem. Volume after volume of the Legislative Record proves that these "stop gap" tax hunts have been successful ventures.

Third—is passage of a sales tax or an income tax or a combination of the two. Previous research studies have suggested it, Governors have recommended it, state-wide organizations have endorsed it, and outside experts have insisted upon it as the means to basic tax reform in Maine. A majority of the 94th Legislature, come April, may believe in it. **But, do a majority of Maine citizens think that state services are sufficiently essential to them as to justify the burden that would be imposed by the passage of a new and broad tax of the "involuntary" type?**

THE PROBLEMS ARE LEGISLATIVE PROBLEMS. GOVERNOR PAYNE WILL PRESENT THE SUMMARY FACTS IN HIS MESSAGES TO THE LEGISLATURE BUT THE SOLUTIONS MUST BE LEGISLATIVE SOLUTIONS.

Each member of the Legislative Research Committee is reasonably well acquainted with the basic facts involved in the problem. Chairman Denny, or Senator Savage, who was Chairman of the 1948 Budget Committee, Representative Brown, House member of the Budget Committee, or any of the other Legislative Research Committee members will be pleased to present to any member of the Legislature any of the other financial data that has been assembled by the Committee.

In presenting this summary, the Committee expresses appreciation to the able Commissioner of Finance, Raymond C. Mudge. Mr. Mudge and his staff have answered every Committee request for financial data. We believe that all of the financial data is reasonably accurate. If errors exist, the responsibility is that of our Secretary, Senator Haskell, and not the fault of Commissioner Mudge or his associates.

INSTITUTIONAL FARMS

A survey was made of several institutional farms by the legislative research committee to determine whether or not such farms were on a paying basis and whether or not they could be improved both as to farming activities and financially. The committee was assisted in the survey by Mr. Nicholas L. Caraganis of Thomaston, an experienced farm operator, and the farms at the following named institutions were considered: the state prison at Thomaston, the reformatory for women at Skowhegan, the reformatory for men at South Windham, the state school for girls at Hallowell, the Augusta state hospital at Augusta, the Bangor state hospital at Bangor and the Western Maine sanatorium at Hebron.

Your committee definitely realizes the importance of the farms to the several institutions, not solely as productive enterprises but for the important occupational therapy they provide and for the contribution that their employees make to the general operations of the institutions.

However, it is felt that the facts revealed that certain conditions could be improved so that the farms would be more productive and more successful financially without impairing their contributions to the rehabilitation of the patients and the inmates.

It is to be noted that the survey revealed no glaring faults but rather that the institutional farms are being operated very well and that Commissioner Greenleaf, the superintendents of the several institutions and the farm managers should be commended for the fine job that they are doing under existing conditions.

At the present time the appropriation for the department of institutional service includes the gain or loss of farm operations and there is no true picture of the operations of the farms as such. There is no uniform system of keeping farm accounts and it is impossible to analyze and compare the several enterprises within any one farm operation or to analyze and compare these enterprises with similar projects in other institutional farm programs. The physical changes in livestock and equipment inventories at the beginning and end of any year period are not shown. Charges and credits to the several farms are not uniform. As the farms are considered part of the institutions, no true accounting of farm labor for non-farm programs is made. It would appear that if farm labor and equipment are used by the institution for non-farming activities, the institution should be charged for the use of the labor and equipment. Likewise, any institutional labor that is used by the farm should be charged to the farm. The problems of inventories and depreciation should be handled in the same manner as is now done by private farmers.

It is therefore suggested that all farm operations be established with an individual financial basis and thus divorced from the regular institutional accounting. This procedure is similar to other state operations, using a working capital basis for their activities. Although legislation may be necessary to permit the working capital to be a continuing carrying account and not lapse, the bureau of accounts and control, under the provisions of section 16 of chapter 14 of the revised statutes, is authorized and empowered to prescribe the accounting system of any department. It is only in this way that the farms would reflect by themselves the measure of success of their operations as business enterprises.

Institutional Farms (Cont.)

Although the farms individually reflect good management, it is felt that lack of a directed coordinating effort toward the betterment of all of the institutional farms, with the ultimate aim of increased efficiency of production and decreased cost of operation, is a shortcoming which could be remedied. Some farming operations could be expanded and productivity increased above the requirements of the parent institution. Arrangements would have to be made for additional storage facilities and for the transfer or sale of surplus to other institutions.

Your committee hereby calls to your attention certain points raised in their study of the problem. At the institutional farm at the state prison in Thomaston sufficient potatoes can be raised for all other state institutions, even though it may require additional storage to prevent excessive losses. The reformatory for women at Skowhegan could increase its dairy enterprise to furnish fluid milk for the sanatorium at Fairfield, provided that the present barn be renovated or a new dairy barn built. The poultry plant at the Augusta state hospital is badly in need of reconditioning and could probably be expanded to furnish the poultry requirements of the state school for girls in Hallowell, which has no poultry enterprise. Further and more detailed study should be made to determine the feasibility of putting in a dairy or beef cattle herd at the Bangor state hospital farm. The farm has a good barn which is idle at present and 150 acres of hay land which are now being leased for $1 per acre, both factors probably warranting such a project. The state reformatory for men at South Windham can increase its dairy herd or add a small herd of beef cattle if additional land is reclaimed as has been recommended by a survey of the soil conservation district. The storage facilities for vegetables at the state school for girls in Hallowell are inadequate and unsatisfactory. Such storage facilities at the Bangor state hospital could be improved without a great deal of expense.

It may be possible for those institutions that are located within reasonable distance of one another to make joint use of equipment that can be easily transported over the road; for example, most of the farms do show a need for the services of a bulldozer if they are to conform to the recommendations of the soil conservation district. Such a machine can be transported from one farm to the next and a suitable arrangement can be made for a driver and crew to be responsible for its operation, maintenance and repair. A survey should be made during actual farming season to determine if all equipment is necessary on those farms where limited operations are being carried on.

It may be possible through better coordination and closer cooperation to purchase commodities such as grain, fertilizer, seeds, insecticides, supplies, small tools, etc., in greater quantities, thus effecting a larger saving.

From the information available showing the amounts of vegetables, fruit, meat, poultry and dairy products consumed by each institution in any year period, it might be possible to plan a program whereby the producton of all farms combined might more nearly meet the requirements of all the state institutions.

Institutional Farms (Cont.)

The committee recommends a more detailed study should be made of matters pertaining to quoted market price and the transfer of livestock and produce from one institution to another. A satisfactory solution to this problem will do much towards improving the over-all picture of the institutional farms.

Most of the farms have been surveyed by the soil conservation district and other farms are now being surveyed and soil and land usage maps are available. If, however, any extensive land reclamation program is to be attempted in any one year, a policy of amortizing the expenditure over a period of years would appear essential as this capital expense item might well be the reason for a farm showing a deficit, particularly in a poor growing season.

With specific reference to the dairy herds every effort should be made to eventually have all herds purebred and registered. It is true that well bred individuals, be they grade or purebred, will be good producers if management, feeding practices and other factors are equal. However, the selling price of good purebreds is invariably higher than that of grades.

At the present time, each institution which has a farm employs a farm manager for such farm. It is felt by the committee that an experienced farm supervisor, who would be in charge of the farm operations of all institutions in addition to the individual farm manager, would contribute to the overall requirements of the state institutional needs and would encourage cooperation and coordination of the several farms as to minimize and possibly eliminate duplication of expense, equipment and labor.

In fairness to the present administrative head of the Department of Institutional Service, it should be stated that Commissioner Greenleaf at one time employed a farm supervisor and has carried out many of the recommendations of such supervisor. The legislature, in the appropriations for 1946-1947, eliminated the provision for a farm supervisor, such farm supervisor having been requested by Commissioner Greenleaf. It would seem advisable that the 94th Legislature appropriate sufficient funds for the Department of Institutional Service for a farm supervisor, so that the department may again carry out a function which was once eliminated by a previous legislature.

Your committee therefore specifically recommends two procedures for the institutional farms:

1. A working capital basis with a uniform accounting system so that the farms shall be divorced from the institutions as far as accounting procedure is concerned to better reflect the activities of the farms as business enterprises. This procedure should be established by the bureau of accounts and control who are authorized by law to establish the accounting systems of the several departments of the state.

2. A farm supervisor should be appointed to cooperate with the several farm managers to better coordinate the various farm activities of all the institutional farms to the end that they may be better coordinated and run more efficiently. The farm supervisor should be appointed by the commissioner of institutional service with the approval of the commissioner of agriculture.

The survey reveals that no great expenditure of money is necessary to carry out the recommendations of your committee.

POSTPONEMENT OF LABOR DAY

The Research Committee gave some consideration to the benefits that would accrue to Maine's recreational activities by a later celebration of Labor Day. Obviously, there must be joint action by at least all of the New England states. "The Case for the Postponement of Labor Day", as prepared by Mr. Emerson of the New England Council, is as follows:

Definite action to secure legal postponement of the observance of Labor Day until the third Monday in September is being promoted by the Recreational Development Committee of the New England Council. Believing that the public interest is not well served by the longtime custom of closing the summer vacation season while weeks of good weather still remain, the Committee will act to have the necessary legislation introduced this winter in all six New England states. Leading officials of national travel organizations have already endorsed this proposal and have indicated that the Labor Day matter will be placed on the agendas of their 1948 conventions.

After Labor Day had become a recognized institution, there developed a tendency for the public to regard the summer vacation season as extending from July Fourth to the first Monday in September. The majority of those Americans, who could afford a holiday, planned theirs in this period, but up until a decade ago a vacation was still considered a luxury for the wealthy. Gradually, however, more workers have been granted paid vacations. Today 85 per cent of all labor union members now enjoy this benefit, whereas in 1940 only 25 per cent were eligible.

The effects of such tremendous increases in vacation traffic have been all too obvious; resort operators have had to accommodate an ever-increasing number of patrons during the short summer season; choice reservations have been hard to obtain unless made well in advance; transportation facilities to and within the resort areas have become overcrowded. In short, John Q. Public and those catering to his vacation wants have become mutually harrassed and inconvenienced as more pleasure travelers each year crowd their holidays into July and August.

The postponement of Labor Day to the third week in September is now proposed by the New England Council's Recreational Development Committee as a logical means of alleviating the situation. A recently completed survey of approximately 1800 New England businessmen engaged directly or indirectly in the vacation industry indicated that 85 per cent would like to have the date of Labor Day changed. If the summer season could be thus psychologically lengthened, the Committee feels that widespread benefits would accrue not only to the resort operators, but to the American public as well. Vacationists could enjoy a larger choice of lodging accommodations; the holiday traffic load over highways, railroads and air-lines would become less congested; the additional weeks would provide a greater selection of vacation periods; lower prices in resort areas could be expected as the operators spread their fixed costs over the extended season.

Families with school age children could benefit from the postponement of Labor Day if the school calendars were readjusted. Since 36 weeks of class attendance is the greatest required by law in any of the 48 states, the remaining 16 weeks of vacation would seem to offer sufficient leeway to lengthen the summer recess and still provide adequate holidays during the regular school year.

September's balmy days and cool evenings are favored by many as the ideal weather. Tennis, golf, riding, and many other sports are more enjoyable after the intense heat of summer is over, and fishing, hunting and hiking enthusiasts have long regarded September as one of the best months of the year. Salt water bathers will find that even as far north as Maine, ocean temperatures are 10 per cent higher than in June.

The New England Council's Recreational Development Committee hopes that farsighted recreational business leaders throughout the country will also initiate legislative action to postpone Labor Day to the Third Monday in September and thus lend their support to bringing about a long-needed change which is so definitely in the public interest.

Legislative Considerations

The Legislative Research Committee is very humble in its approach to any basic changes in legislative procedures. Although we know that with few exceptions the legislature of today functions under about the same rules and regulations as prevailed in 1820, we also recognize the practical difficulties of accomplishing what may be desirable reforms in our own ways of accomplishing our legislative work. We do submit the following comments, however, with the firm belief that some or all of them might well have serious consideration at this or some future legislature. Although the summary is brief, we have assembled substantial data on each of the items.

Terms of Legislators

One of the major problems in efficient state government is the relative inexperience of such a substantial number of our members of the legislature. At the last session well over sixty per cent of the members of the House of Representatives were serving their first term. We do not mean to indicate that this group is any less able than their more experienced associates but since each one of us can look back upon his first session we are reasonably certain that the new members in each legislature find it difficult to participate actively during at least the first half of the session.

Obviously, the problem is difficult, if not impossible, with reference to the House of Representatives. As evidence of this, there are but five states, Alabama, Louisiana, Kentucky, Maryland and Mississippi, where House members are elected for a four-year term. In considering the Senate, however, there are thirty-two states where state senators are now elected for a term of four years. We believe that the Legislature might well consider a change in election provisions with reference to the State Senate, although we acknowledge that insofar as experience is concerned the Senate is usually made up of members who have had previous House experience.

Pre-Drafting

Maine is well abreast of nation-wide progress in providing for the pre-drafting of legislative bills prior to the date the legislature convenes. As of the date of this report it seems quite certain that a record number of bills will have been prepared and will be ready for early presentation to the Legislature. The Committee cannot over-emphasize the desirability of furthering this trend as a means of increasing the efficiency of our legislature.

Reducing Number of Bills

The Committee also makes the observation that there may well be substantial improvements and economies through the elimination of certain types of legislative bills. For instance, it may be that some future legislature will conclude that the county units of government should be permitted to establish county salary schedules. Legislation of this type would eliminate in an average session more than one hundred bills wherein wage changes are established in the statutes and applicable to the officers and clerks in the sixteen counties of the state. The Legislature might also consider various types of claims, such as claims for deer damage, by making the settlement of these damage claims an administrative function by one of the state departments instead of a legislative determination for each and every claim. These are but two items that might be considered in any serious attempt to improve the overall efficiency of the legislature by permitting the members more time to consider the major bills of state-wide interest.

Reduction of Committees

There is a general downward trend in the number of legislative committees in state legislatures. This generally follows the similar changes that have been made in Congress. Obviously, there are difficulties in effecting such a change, not the least one of which is that with seven House members on each committee there must be at least twenty-two committees if each House member is to have service on even one committee. However, there is complete inequality in the work load placed upon the various committees with many of the joint committees having very few bills while four or five of the busier committees are likely to have well over one-half of at least the major bills before the legislature. A great deal of basic research work has been done by the Council of State Governments on this problem and the Legislative Research Committee commends to the Legislature their consideration of this change in the interest of increased legislative efficiency.

Legislative Committee Clerks

Our study of Council of State Government findings with reference to Legislative Committee clerks and their duties and responsibilities certainly coincide with our own conclusions. We think that the clerks should perform many services that are now neglected. Few of the clerks keep comprehensive records of the Committee hearings. This, we think, should be required by every Committee. We also believe that every one of the clerks, by efficient use of his or her time, has ample opportunity to prepare complete reports of the Committee activities, these reports to be filed with the legislative reference office for indexing and preservation. Included in legislative costs are substantial payments to these clerks. Those selected for this work should be chosen with due consideration to their ability and their willingness to perform more comprehensive services to our legislative committees. Possibly this could be accomplished by the adoption of joint rules wherein the duties and responsibilities of the clerks are more specifically defined.

TIME STUDIES

One of the functions of the Committee, with specific definition in the enabling legislation, is the authority to undertake studies of departmental operations with the aim of determining whether or not there is efficient use of personnel. Following the 1948 Budget hearings the Committee authorized a detailed study of the Department of Education. The work was performed by an analyst from the Analysis Division of Remington Rand, Inc. From a thirty-page report to the Committee this following brief summary is presented

> "From a study of programs and schedules and by personal interviews it is evident that the executive and supervisory staff spent many evenings . . . in the department work. The secretarial, stenographic and clerical personnel also find it essential to put in considerable overtime to fulfill the requirements of their respective positions . . .
>
> "The volume of statistical data required of the Department warrants a study of mechanical tabulating applications. Some improvements might be effected in the present filing system . . .
>
> "The heavy work load placed on secretaries and stenographer-clerks . . . the excessive overtime (not paid for) should be relieved to prevent damage to Department morale . . ."

The Committee does not draw the general conclusion that because the Department of Education was found by the analyst to be undermanned that all state departments are equally careful in their use of state payroll dollars. We hope that similar studies by independent research may be possible in other departments of state government. Until those studies can be made, however, the Committee continues in the belief that in general state government in Maine is operated by public servants whose conscientious regard for honest service will stand favorable comparison with average private business personnel.

PUBLIC SAFETY AND ORGANIZED FIRE CONTROL

The Legislative Research Committee has heard a great deal of evidence in matter of public safety and fire control since the forest fires late in the fall of 1947. There has been submitted to this Committee three bills relative to public safety and organized fire control for us to analyze. The bills we understand will be amended and/or modified in some particulars and presented to the members of the 94th Legislature for their consideration. We do not propose to make any recommendations. Our purpose is to briefly state the Personnel, Objective, Application and Cost of the three bills.

Department of Public Safety

This Bill is to establish a department of public safety with its headquarters at Augusta and is identified as Chapter 13-A, which bill is additional to the 1944 Revised Statutes, Chapter 13, the State Police Chapter, but is not analagous.

The head of the department shall be known as the Commissioner of Public Safety who shall be appointed by the Governor, subject to the approval of the Executive Council, for a term of four years. The Commissioner shall have authority to employ such employees as may be necessary subject to the provisions of the Personnel law. The Commissioner shall have a safety council composed of the Chief of the State Police, Director of Health, Adjutant General, Insurance Commissioner, Forest Commissioner, President of the Maine Fire Chief's Associaton, President of the Maine Sheriffs Association and a field representative of the American Red Cross, all to serve free gratis but shall be allowed actual and necessary expense. The Council of the Commissioner shall, of course, consult and advise on matters of public safety.

The Commissioner shall have general supervision over the safety of persons and property within the state and shall be charged with the duty of providing a program and policy which will assist in the protection of life and property against careless practices of others. The Commissioner shall have authority after notice and public hearing, to make, amend or rescind reasonable rules and regulations subject however to the approval by the Governor and Executive Council. The Commissioner shall organize agencies for necessary action relative to disaster and catastrophies and when an emergency has been declared by the Governor under the provisions of this Act, he shall be a State Coordinator.

The Act subsidizes the towns for the purchase of fire fighting equipment, provided the towns have voted to accept the provisions of this Act, not exceeding fifty per cent of the cost of such equipment and in no case shall a town or city receive reimbursement in the excess of $10,000 for expenditures made in one calendar year. All fire fighting equipment purchased by the municipalities accepting the provisions of this Act must be with the approval of the Commissioner and his Council.

The Act further provides that all firemen injured while fighting fires during an emergency shall receive the benefits provided by the Workmen's Compensation Act and the Governor and Council would be authorized to contract for insurance coverage for this purpose.

The estimated annual cost is approximately $300,000, requiring General Fund appropriations in that amount.

Public Safety and Organized Fire Control (Cont.)

Organized Town Forest Fire Plan

This Bill could be identified as a plan for more adequate forest fire protection of the 6,783,000 acres of forest lands and approximately 445 incorporated towns, cities and plantations with populated areas, by establishing a chain of command and/or supervision for the protection against fires.

The head of the department shall be the Forest Commissioner with a chain of command as follows: Deputy Forest Commissioner, Supervisor, seven District Forest Fire Wardens, full time, twenty-one Sub-district Wardens, seasonal, twenty-three to thirty Lookout Watchmen, seasonal, approximately 445 town Forest Fire Wardens on call, and nine hundred to fourteen hundred deputy town Forest Fire Wardens on call. All personnel on call paid for the actual services rendered only when called.

The objective is to educate and train the personnel in the prevention of fire and also the proper methods in fighting fire together with suitable equipment in each and every district. The wardens and supervisors would also have at all times sufficient equipment so distributed over the state and personnel available to early attack all fires.

The Bill would provide centralized control in the prevention and fighting of forest fires over the entire area of the state together with adequate communication and manpower pools.

The estimated annual cost for the personnel of the organization and equipment is approximately $300,000.

Office of Fire Service

This Bill may be identified as establishing trained executives to administer Chapter 85 of the Public Laws of 1944 relative to fire departments and fire prevention.

The head of the department shall be the insurance commissioner of the State of Maine and shall be known as the Director. The Director shall appoint, with the approval of the Governor, a State Administrator who shall be a permanent fire chief of an organized fire department for a term of four years unless sooner removed for cause. The State Administrator shall appoint a Deputy State Administrator for each of the northern, central and southern parts of the state and one Administrator for each county. The State Administrator shall also appoint as regional administrators, fire chiefs or wardens in each town. The personnel shall not receive compensation for their services but shall be paid for actual and reasonable expenses necessarily incurred in the performance of his duties.

The objective is to provide technical training in all fire matters and survey the fire fighting equipment and personnel, the results of which survey to be reported to the officers of our respective municipalities, together with recommendations.

This act would permit towns to authorize their respective fire departments to aid other towns in extinguishing fires therein and while in the performance of their duties in extending such aid, the members of such departments would have the same immunities and privileges as if performing the duties in their respective towns. Any town receiving aid under this Act would be authorized to compensate the town rendering the aid, or reimburse in whole or in part for any damage to the equipment or personnel of the town rendering the aid.

The Bill does not provide for a specific General Fund appropriation but the intent appears to be that by General Fund appropriations the State would pay the construction costs and the municipalities would pay the expense of the trainees.

Summary

Undoubtedly all three of the Bills, together with other bills, pertaining to fire and public safety will be presented to the 94th Maine Legislature for consideration. We do not propose to make recommendations. We do, however, feel justified in stating that all three Bills are a step towards centralized control. We have submitted an analysis of the Personnel, Objective, Application and Cost of the respective bills and leave the enactment of such legislation entirely to the wisdom of the 94th Legislature.

CIVIL DEFENSE

In accordance with a directive from the Secretary of Defense a plan has been developed by the Federal government whereby National, Regional, State and Community plans have been made for civil defense for national security. The plan proposes a permanent peacetime system of civil defense which can be quickly expanded in a national defense emergency. In peace time it can be of great value in support of existing agencies in disasters such as fires, floods, earthquakes, tornadoes, hurricanes, explosions and similar catastrophies.

Thus, in addition to the several bills dealing with fire control and public safety, there will probably be introduced at the session of the 94th Legislature a bill to establish state and local civil defense organizations. The Council of State Governments has suggested such legislation together with the State of Maine Commission on Interstate Cooperation.

The purpose of the bill will be to set up a permanent peace-time system of civil defense and may well be considered with any other legislation which attempts to control peacetime disaster sand catastrophes, such as fire and floods. It may well be that the peace-time disaster problem may be incorporated in the functions of the civil defense organizations.

The civil defense will provide for an agency in the Executive Branch to be headed by a Director and an Advisory Council is set up to advise and consult with both the Governor and Director. Provision is also made for civil defense organizations within the several political units of the state, which organizations would cooperate with the State Agency. Provision is also included allowing cooperation across state lines as well as mutual aid arrangements between political units within the state.

Mobile battalions are set up under state direction and would be available to serve the State on call of the Governor whenever a disaster occurs which is too great for any local unit to handle. These battalions would also serve in the other states which would have similar provisions in their civil defense laws.

The Research Committee particularly urges the Members of the 94th Legislature to consider such civil defense legislation and the possibility of a state organization which could operate in a manner consistent with the intent of our nation-wide program.

Welfare Problems

The 93rd Legislature made substantial changes in some of the general provisions of the state welfare laws. These changes included more strict determination of applicants' financial responsibility as well as the financial responsibility of the relatives. Complementing these new statutory provisions were administrative orders designed to carry out the new welfare laws.

The Committee has made no study of the problem except as to general references in our section on state finances. We are, however, privileged to include in this report a copy of a summary by Health and Welfare Commissioner David H. Stevens. The summary in no way reflects any recommendation by the Commissioner but is a listing of various modifications that might have legislative consideration.

Summarized, the report may be expressed in total costs and the share of the total costs that would be a problem of the General Fund. All of the figures refer to the two year expenditures for Old Age Assistance, Aid to Dependent Children, and Aid to the Blind. The "present plan" is that as suggested to the Legislature via the Legislative Budget Committee. The remaining tabulations indicate total costs and the state costs of each of the modification plans described in Mr. Stevens' calculations.

The Committee again emphasizes the fact that in no respect are these "modification plans" to be interpreted as department recommendations.

	Total Costs	State Share	Increase in State Costs over Present Plan
Present Plan	$20,611,539	$ 7,778,000	$ -
Modification #1	21,428,839	8,079,534	301,534
Modification #2	21,461,539	8,203,000	425,000
Modification #3	22,294,991	8,614,686	836,686
Modification #4	23,204,039	9,058,734	1,280,734
Modification #5	23,184,648	9,115,500	1,337,500
Modification #6	24,154,039	9,490,034	1,712,034
Modification #7	24,812,039	9,744,034	1,966,034
Modification #8	25,947,239	10,182,034	2,404,034

Liberalization of the public assistance programs, which include old age assistance, aid to dependent children, and aid to the blind, may be accomplished in one of the following ways:

1. Raising statutory maxima.

   The present maxima, as set forth in the State of Maine laws, provide for payments not to exceed $40 per month in the old age assistance and aid to the blind programs, and $50 per month for the first child, $25 per month for the second child, and $20 per month for each additional child in the aid to dependent children program. To change the statutory maxima would require legislative action and increased appropriations.

2. Liberalization of the income-and-assets schedule now being used in the old age assistance and aid to the blind programs.

   In order to carry out the mandate of the Ninety-Third Legislature, whereby this Department was charged with the responsibility of enforcing those provisions of the state laws relating to old age assistance and aid to blind providing for financial responsibility of relatives, it became necessary for the Department to set up an income-and-assets schedule to measure uniformly the ability of relatives to support. This schedule at the present time is as follows: A person with no dependents, with an income of $2,000 or more, is deemed able to support one parent; $500 is added to the $2,000 for each dependent until the figure of $4,000 is attained. It is believed that the relative with income of $4,000 should support not only his own family but his parent or parents. A modification is made to allow for medical or hospital bills for the relative or his family, which modification provides that not over $200 per year per dependent person will be allowed for these expenditures provided the expenditures are documented with receipted bills or a certificate. If the relative has net assets of $5,000, he is deemed able to support one parent, and if he has net assets of $7,500, he is deemed able to support both parents. Liberalization of this schedule could be accomplished by administrative ruling of the Department. No legislation would be required but additional funds would be necessary.

3. Increasing the number of budgetary items to be included in the determination of each individual's grant.

At the present time, the five basic budgetary items of food, clothing, shelter, fuel, and utilities are included as expenditure items in making up the budget for a grant in old age assistance, aid to dependent children, and aid to the blind. Additional items could be included in making the budgets provided funds were available. No legislation would be required as this could be done by administrative ruling. It might be noted in this connection that the inclusion of additional budgetary items, even with the maximum amount of $50 per month in old age assistance and aid to the blind and with the present maximum amount permissible in aid to dependent children, would not mean too much due to the fact that in many cases the costs of the five basic items exceed the statutory maxima.

4. Amend the law relating to the financial responsibility of relatives in the old age assistance and aid to the blind programs to provide that income to be considered in making up assistance grants must be based on willingness on the part of the relatives.

At the present time, the state laws relating to old age assistance and aid to the blind contain a provision that if a certain relative is able to support that assistance grants will not be made to the recipient or applicant in these cases as soon as the Department has determined that the relative has that ability to support. Adding "willingness to support" would provide that the Department would be required to determine willingness to support, probably through court action, before a grant could be discontinued or denied. It would not be feasible to attempt this liberalization procedure unless the income-and-assets schedule is modified at the same time to provide for a starting figure of $3,000 for a single person, rather than $2,000 as is provided for at the present time. This type of liberalization would probably amount to almost the same thing as that contained in item 5 below. Amending the financial responsibility provision of the state law would require legislation and would also require a considerable increase in the amount of funds.

5. Elimination of the financial responsibility clause in the old age assistance and aid to the blind laws.

If this is done, it will also be necessary to repeal those sections of the laws relating to sworn statements. If these steps are taken, it will naturally follow that the income-and-assets schedule will be disregarded. This procedure would, in effect, bring the program directly in line with that suggested by the Federal Government representatives; namely, that only income which is real, significant, and available, including income from relatives, would be considered in the determination of an applicant's payment. Actually, this type of program would be the opposite extreme from the standpoint of liberalization to that which we now have which is, of course, a more or less rigid program.

It should be pointed out most emphatically that the present old age assistance and aid to the blind programs are based on four basic provisions:

A. Financial responsibility of relatives provision in the laws relating to old age assistance and aid to the blind.

B. Provision in the law relating to the necessity to file sworn statements listing income, assets, and liabilities on the part of certain relatives.

C. Provision of the law that the filing of the sworn statements is a part of the eligibility procedure, or, in other words, before assistance can be granted it is necessary that the statements be filed. (If statements are required on a voluntary basis, a very small percentage of those persons required to file statements would do so.)

D. Establishment of an income-and-assets schedule in order to measure uniformly the ability to support based on the information obtained on the sworn statements and in accordance with the financial responsibility of relatives clause of the law; this last being a necessity in order to carry out the provisions of Federal requirements whereby assistance grants must be made on a uniform basis.

It should be emphasized again that if any one of the above A., B., C., D. items should be eliminated that all of these items should also be eliminated.

In order to provide you with a picture of what might be done under various circumstances, you will find listed below suggested plans for liberalization of the present program. There is some repetition in the description of these plans, but it is thought desirable to have this repetition in order that each proposal would be complete unto itself.

These estimates of the various modifications are based on the fact that the Department had full staff to place modifications in effect and that modifications were in effect in all cases within three months after the beginning of the year. It is axiomatic that some of the estimates are little better than good guesses.

Welfare Problems (Cont.)

Present Plan

(Plan suggested to the Legislature via the Legislative Budget Committee)

A. Retain financial responsibility of relatives provision.

B. Retain sworn statement provisions, including the requirement that statements be a requirement of eligibility.

C. Retain income-and-assets schedule starting at $2,000 for single person, increasing $500 for each dependent of relative up to a maximum of $4,000.

D. Include five basic budgetary items in determination of each eligible individual's grant (food, clothing, shelter, fuel, and utilities).

E. Retain statutory maxima in old age assistance, aid to dependent children, aid to the blind (old age assistance, $40 per month; aid to the blind, $40 per month; aid to dependent children, $50 per month for the first child, $25 per month for the second child, $20 per month for the third and each succeeding child).

Estimated Costs

	1950 Total	1950 State Share	1950 Town Share	1951 Total	1951 State Share	1951 Town Share
OAA	$ 6,286,684	$2,256,000	$	$ 6,459,950	$2,323,000	$
ADC	3,515,505	1,436,000	499,505	3,762,800	1,543,000	527,800
AB	293,300	110,000		293,300	110,000	
	$10,095,489	$3,802,000	$499,505	$10,516,050	$3,976,000	$527,800

Estimated Caseload and Average Cost

	1950 Cases	1950 Av. Grant	1951 Cases	1951 Av. Grant
OAA	14,190	36.84	14,590	36.82
ADC	3,490	83.83	3,730	83.97
AB	650	37.56	650	37.56

Plan Modification — 1

A. Retain financial responsibility of relatives provision,

B. Retain sworn statement provisions, including the requirement that statements be a requirement of eligibility.

C. Retain income-and-assets schedule starting at $2,500 for single person, increasing $500 for each dependent of relative up to a maximum of $4,500.

D. Include five basic budgetary items in determination of each eligible individual's grant (food, clothing, shelter, fuel, and utilities).

E. Retain statutory maxima in old age assistance, aid to dependent children, aid to the blind (old age assistance, $40 per month; aid to the blind, $40 per month; aid to dependent chidren, $50 per month for the first child, $25 per month for the second child, $20 per month for the third and each succeeding child).

Estimated Costs

	1950 Total	1950 State Share	1950 Town Share	1951 Total	1951 State Share	1951 Town Share
OAA	$6,644,989	$2,389,989	$	$6,865,145	$2,470,145	$
ADC	3,515,505	1,436,000	499,505	3,762,800	1,543,000	527,800
AB	320,200	120,200		320,200	120,200	
	$10,480,694	$3,946,189	$499,505	$10,948,145	$4,133,345	$527,800

Estimated Caseload and Average Cost

	1950 Cases	1950 Av. Grant	1951 Cases	1951 Av. Grant
OAA	15,000	36.84	15,500	36.82
ADC	3,490	83.83	3,730	83.97
AB	700	37.56	700	37.56

Welfare Problems (Cont.)

Plan Modification — 2

A. Retain financial responsibility of relatives provision.

B. Retain sworn statement provisions, including the requirement that statements be a requirement of eligibility.

C. Retain income-and-assets schedule starting at $2,000 for single person, increasing $500 for each dependent of relative up to a maximum of $4,000.

D. Include five basic budgetary items in determination of each eligible individual's grant (food, clothing, shelter, fuel, and utilities)

E. Increase maxima in old age assistance from $40 to $45 per month; increase aid to the blind from $40 to $45 per month and retain present maximum in aid to dependent children at $50 per month for the first child, $25 per month for the second child and $20 per month for the third and each succeeding child.

Estimated Costs

	1950			1951		
	Total	State Share	Town Share	Total	State Share	Town Share
OAA	$6,689,684	$2,457,500	$	$6,874,950	$2,530,500	$
ADC	3,515,505	1,436,000	499,505	3,762,800	1,543,000	527,800
AB	309,300	118,000		309,300	118,000	
	$10,514,489	$4,011,500	$499,505	$10,947,050	$4,191,500	$527,800

Estimated Caseload and Average Cost

	1950		1951	
	Cases	Av. Grant	Cases	Av. Grant
OAA	14,190	39.20	14,590	39.20
ADC	3,490	83.83	3,730	83.97
AB	650	39.00	650	39.00

Plan Modification — 3

A. Retain financial responsibility of relatives provision.

B. Retain sworn statement provisions, including the requirement that statements be a requirement of eligibility.

C. Retain income-and-assets schedule starting at $2,000 for single person, increasing $500 for each dependent of relative up to a maximum of $4,000.

D. Include five basic budgetary items in determination of each eligible individual's grant (food, clothing, shelter, fuel, and utilities).

E. Increase maxima in old age assistance from $40 to $50 per month; increase aid to the blind from $40 to $50 per month and retain present maximum in aid to dependent children at $50 per month for the first child, $25 per month for the second child and $20 per month for the third and each succeeding child.

Estimated Costs

OAA	$7,080,166	$2,651,166	$	$7,279,720	$2,727,720	$
ADC	3,515,505	1,436,000	499,505	3,762,800	1,543,000	527,800
AB	328,400	128,400		328,400	128,400	
	$10,924,071	$4,215,566	$499,505	$11,370,920	$4,399,120	$527,800

Estimated Caseload and Average Cost

OAA	14,190	41.50	14,590	41.50
ADC	3,490	83.83	3,730	83.97
AB	650	41.50	650	41.50

Plan Modification — 4

A. Retain financial responsibility of relatives provision.

B. Retain sworn statement provisions, including the requirement that statements be a requirement of eligibility.

C. Retain income-and-assets schedule starting at $2,500 for single person, increasing $500 for each dependent of relative up to a maximum of $4,500.

D. Include five basic budgetary items in determination of each eligible individual's grant (food, clothing, shelter, fuel, and utilities).

E. Increase maxima in old age assistance from $40 to $50 per month; increase aid to the blind from $40 to $50 per month and retain present maximum in aid to dependent children at $50 per month for the first child, $25 per month for the second child and $20 per month for the third and each succeeding child.

Estimated Costs

	1950 Total	1950 State Share	1950 Town Share	1951 Total	1951 State Share	1951 Town Share
OAA	$7,484,989	$2,804,989	$	$7,734,145	$3,000,145	$
ADC	3,515,505	1,436,000	499,505	3,762,800	1,543,000	527,800
AB	353,300	137,300		353,300	137,300	
	$11,353,794	$4,378,289	$499,505	$11,850,245	$4,680,445	$527,800

Estimated Caseload and Average Cost

	1950 Cases	1950 Av. Grant	1951 Cases	1951 Av. Grant
OAA	15,000	41.50	15,500	41.50
ADC	3,490	83.83	3,730	83.97
AB	700	41.50	700	41.50

Plan Modification — 5

A. Retain financial responsibility of relatives provision.

B. Retain sworn statement provisions, including the requirement that statements be a requirement of eligibility.

C. Retain income-and-assets schedule starting at $2,000 for single person, increasing $500 for each dependent of relative up to a maximum of $4,000.

D. Include six basic budgetary items in determination of each eligible individual's grant (food, clothing, shelter, fuel, utilities, and medical care limited to doctors' visits and prescribed drugs.*

E. Increase maxima in old age assistance from $40 to $50 per month; increase aid to the blind from $40 to $50 per month and retain present maximum in aid to dependent children at $50 per month for the first child, $25 per month for the second child and $20 per month for the third and each succeeding child.

Estimated Costs

	1950 Total	1950 State Share	1950 Town Share	1951 Total	1951 State Share	1951 Town Share
OAA	$7,385,133	$2,805,000	$	$7,594,810	$2,890,000	$
ADC	3,640,505	1,523,500	537,005	3,897,600	1,637,000	568,600
AB	333,300	130,000		333,300	130,000	
	$11,358,938	$4,458,500	$537,005	$11,825,710	$4,657,000	$568,600

Estimated Caseload and Average Cost

	1950 Cases	1950 Av. Grant	1951 Cases	1951 Av. Grant
OAA	14,190	43.30	14,590	43.30
ADC	3,490	86.81	3,730	87.00
AB	650	42.15	650	42.15

*Expense of hospital care is not contemplated in this provision as this type of expense is now generally provided for in state appropriations for hospital aid.

Plan Modification — 6

A. Retain financial responsibility of relatives provision.
B. Retain sworn statement provisions, including the requirement that statements be a requirement of eligibility.
C. Retain income-and-assets schedule starting at $2,500 for single person, increasing $500 for each dependent of relative up to a maximum of $4,500.
D. Include six basic budgetary items in determination of each eligible individual's grant (food, clothing, shelter, fuel, utilities, and medical care limited to doctors' visits and prescribed drugs).
E. Increase maxima in old age assistance from $40 to $50 per month; increase aid to the blind from $40 to $50 per month and retain present maximum in aid to dependent children at $50 per month for the first child, $25 per month for the second child and $20 per month for the third and each succeeding child.

Estimated Costs

	1950 Total	1950 State Share	1950 Town Share	1951 Total	1951 State Share	1951 Town Share
OAA	$7,808,989	$2,970,989	$	$8,075,145	$3,073,145	$
ADC	3,640,505	1,523,500	537,005	3,897,600	1,637,000	568,600
AB	365,900	142,700		365,900	142,700	
	$11,815,394	$4,637,189	$537,005	$12,338,645	$4,852,845	$568,600

Estimated Caseload and Average Cost

	1950 Cases	1950 Av. Grant	1951 Cases	1951 Av. Grant
OAA	15,000	43.30	15,500	43.30
ADC	3,490	86.81	3,730	87.00
AB	700	43.00	700	43.00

Plan Modification — 7

A. Retain financial responsibility of relatives provision.
B. Retain sworn statement provisions, including the requirement that statements be a requirement of eligibility.
C. Retain income-and-assets schedule starting at $3,000 for single person, increasing $500 for each dependent of relative up to a maximum of $5,000.
D. Include six basic budgetary items in determination of each eligible individual's grant (food, clothing, shelter, fuel, utilities, and medical care limited to doctors' visits and prescribed drugs).
E. Increase maxima in old age assistance from $40 to $50 per month; increase aid to the blind from $40 to $50 per month and retain present maximum in aid to dependent children at $50 per month for the first child, $25 per month for the second child and $20 per month for the third and each succeeding child.

Estimated Costs

	1950 Total	1950 State Share	1950 Town Share	1951 Total	1951 State Share	1951 Town Share
OAA	$8,270,989	$3,148,989	$	$8,271,145	$3,149,145	$
ADC	3,640,505	1,523,500	537,005	3,897,600	1,637,000	568,600
AB	365,900	142,700		365,900	142,700	
	$12,277,394	$4,815,189	$537,005	$12,534,645	$4,928,845	$568,600

Estimated Caseload and Average Cost

	1950 Cases	1950 Av. Grant	1951 Cases	1951 Av. Grant
OAA	16,000	43.00	16,000	43.00
ADC	3,490	86.81	3,730	87.00
AB	700	43.00	700	43.00

Welfare Problems (Cont.)

Plan Modification — 8

A. Amend financial responsibility of relatives provision to include willingness to support (income available to applicant).

B. Retain sworn statement provisions, including the requirement that statements be a requirement of eligibility.

C. Retain income-and-assets schedule starting at $3,000 for single person, increasing $500 for each dependent of relative up to a maximum of $5,000.

D. Include six basic budgetary items in determination of each eligible individual's grant (food, clothing, shelter, fuel, utilities, and medical care limited to doctors' visits and prescribed drugs).

E. Increase maxima in old age assistance from $40 to $50 per month; increase aid to the blind from $40 to $50 per month and retain present maximum in aid to dependent children at $50 per month for the first child, $25 per month for the second child and $20 per month for the third and each succeeding child.

Estimated Costs

	1950 Total	1950 State Share	1950 Town Share	1951 Total	1951 State Share	1951 Town Share
OAA	$8,786,989	$3,346,989	$	$8,787,145	$3,347,145	$
ADC	3,640,505	1,523,500	537,005	3,897,600	1,637,000	568,000
AB	417,500	163,700		417,500	163,700	
	$12,844,994	$5,034,189	$537,005	$13,102,245	$5,147,845	$568,000

Estimated Caseload and Average Cost

	1950 Cases	1950 Av. Grant	1951 Cases	1951 Av. Grant
OAA	17,000	43.00	17,000	43.00
ADC	3,494	86.81	3,730	87.00
AB	800	43.00	800	43.00

In conclusion may we call your attention to Plan Modification 3 which carries on the present program plus an increase in the maximum amount allowable in the old age assistance and aid to the blind categories from $40 to $50 per month, with no change in aid to dependent children maxima. This Plan Modification would require appropriation for old age assistance of approximately $400,000 per each year of the biennium more than that which has been suggested to the Legislative Budget Committee. The appropriation for aid to dependent children would be the same as that suggested to the Legislative Budget Committee.

The Committee points out that in the present plan, that as presented to the Budget Committee, the municipalities continue to share in the costs of the ADC program. Similarly, in each of the listed modifications, it is assumed that the municipalities are to pay a part of the ADC costs. This is not to be interpreted as meaning that the Research Committee or the Department do not recognize the merits of removing this financial burden from the cities and towns if General Fund appropriations are available.

TAX DATA

In the Committee study of state finance we assembled considerable information related to tax trends in the states. It is not the intent of presenting this data as a means of proving what the Legislature should do or should not do with state taxes. Instead, it is our purpose to present brief summaries that may serve with some reference value. The eleventh addition of "Tax Systems", as published by Commerce Clearing House is the data source for much of the material.

State Tax Collections, per Capita

State	Per Capita Tax 1936	1941	1946	Rank 1936	1941	1946
Maine	20.58	30.02	35.50	23d	30th	36th
New Hampshire	20.14	34.10	36.99	24th	20th	31st
Vermont	20.67	35.14	42.55	33d	19th	22d
Massachusetts	17.31	39.20	43.70	32d	9th	18th
Rhode Island	16.13	37.78	56.64	35th	11th	20th
Connecticut	22.75	43.32	41.44	17th	5th	23d
All States (48)	20.15	33.22	41.76	-	-	-

The Committee notes that the above is the tabulation as taken from the CCH listings of similar data from each of the forty-eight states. We have no supporting evidence of the exact items making up the base figure for each state but whatever is the base the figures at least show trends, '36 to '46, and show comparisons among the New England states.

Obviously, any data that attempts to compare tax yields, state by state, must make arbitrary classifications of taxes in each state among the divisions of a general classification of all types of state taxes. However, the relative importance of each type of tax is shown with some accuracy by comparing the percentage of the whole represented by each general type of tax. The following tabulation seeks to point out a comparison between Maine taxes and the taxes imposed by all of the states. This data does not include UCC taxes but does include state liquor store profits.

State Tax Yields by Taxes, 1946

Item	48 States	%	Maine	%
Admission and Amusement	$ 117,416,690	2.31	$ 171,904	.57
Alcoholic Beverages	591,272,829	11.70	7,177,496	24.00
Bank Taxes	22,460,124	.45	130,294	.43
Chain Stores	4,670,169	.09	-	-
Franchise	128,122,206	2.53	236,206	.79
Gasoline	915,596,599	18.20	5,811,264	19.36
Income	834,353,868	16.60	-	-
Inheritance, est., etc.	142,974,066	2.71	938,757	3.14
Insurance	136,458,510	2.69	922,574	3.08
License (hunting, etc.)	56,351,040	1.10	592,561	1.98
Miscellaneous	12,139,911	.24	151,114	.50
Motor Vehicles	484,630,761	9.57	4,538,795	15.15
Oleo Margarine	1,148,883	.02	-	-
Poll Taxes	9,526,794	.19	3,492	.01
Property Taxes	165,050,594	3.26	5,283,292	17.65
Sales and Use	902,034,998	17.90	-	-
Severance	89,408,991	1.76	-	-
Soft Drinks	5,070,450	.10	-	-
Stock Transfers, etc.	38,482,858	.76	-	-
Tobacco	208,643,243	4.12	1,964,411	6.56
Utility	187,855,812	3.70	1,995,184	6.78
	$5,053,668,396	100.00%	$29,917,344	100.00%

These comparisons show 1946 totals in the CCH tax report and do not reflect the 1947 tax increases in Maine with respect to gas and tobacco.

Tax Data (Cont.)

The comparisons do point out, however, that of all state taxes, state income taxes accounted for 16.60% of all state tax revenue and state sales and use taxes accounted for 17.90% of all state taxes. In total, sales and income taxes accounted for 34.50% or more than one-third of the total state taxes imposed by the forty-eight states.

On the other hand, income from alcoholic beverages in Maine accounts for 24% of state revenue compared with 11.7% in the forty-eight states. Much or all of this difference is in the fact that Maine as one of the sixteen "monopoly" states has the benefit of state liquor store profits which are far greater than the comparative license income from the non-monopoly states. Similarly, property taxes account for 17.65% in Maine compared with but 3.26% in the forty-eight states.

The Committee offers this statistical comparison as a means of pointing out the relative importance of state sales taxes and state income taxes in the basic tax structures of the other states.

As of the latest information available to the Committee, the following states do not impose an income tax of any kind. Several of the states having income tax types of state levies do not impose it as a major levy. New Hampshire, for example, while listed as an income tax state, imposes the tax on incomes from intangibles. However, income tax levies of some nature are imposed by thirty-five states with 1946 collections of $834,353,868 while these thirteen states do not have this type of tax.

Florida
Illinois
Indiana
Maine
Michigan
Nebraska
Nevada
New Jersey
Ohio
Rhode Island
Texas
Washington
Wyoming

A similar comparison shows that twenty-nine states use some type of sales, gross income, gross receipts or use tax of a general nature. The following nineteen states do not use this type of state tax:

Florida
Georgia
Idaho
Maine
Maryland
Massachusetts
Minnesota
Montana
Nebraska
Nevada
New Hampshire
New Jersey
New York
Oregon
South Carolina
Texas
Vermont
Virginia
Wisconsin

Summarized, Maine is one of six states where neither the sales tax nor the income tax is imposed as a state tax. These states are Florida, Maine, Nebraska, Nevada, New Jersey and Texas. Among this group of six states, Florida received $14,680,714 in 1947 race track tax revenue; Nebraska, with $35,647,610 in total revenues took $10,077,463 from property taxes and $389,074 from poll taxes in 1947; Nevada, with total taxes of $8,119,362 received $630,600 from "gaming" taxes; New Jersey had $7,102,569 from racing and $17,416,137 from their railroad tax and Texas received $67,156,120 in 1947 severance taxes, mainly from oil, natural gas and sulphur.

All of this data is from sources believed by the Committee to be accurate and to be reasonably well up to date. State by state comparisons, however, must necessarily be general and not subject to the same accurate accounting checks that exist in the statements on any one of the states.