

MAINE STATE LEGISLATURE

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ACTS AND RESOLVES

AS PASSED BY THE

Eighty-second Legislature

OF THE

STATE OF MAINE

1925

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1925

VETO MESSAGES

VETO MESSAGES

STATE BOAT "PAULINE"

STATE OF MAINE

Office of the Governor

AUGUSTA

January seven, 1925.

To the Honorable Senate and House of Representatives:

I return herewith without my approval Senate Bill No. 274 of the 81st Legislature, entitled

RESOLVE, Appropriating Money to Purchase and Install a New Engine in the State Boat "Pauline."

When this Resolve was presented to me I was not sufficiently informed as to the need of a new engine in the said boat and there was not sufficient time allowed me to make proper investigation. Later I did so and came to the conclusion that the Sea & Shore Fisheries Commission needed the engine for the "Pauline" and so arranged for its purchase. In view of this the Resolve, if it became law, would be of no effect.

Respectfully submitted,

PERCIVAL P. BAXTER,

Governor of Maine.

FORESTRY DISTRICT DEFICIT

STATE OF MAINE

Office of the Governor

AUGUSTA

January seven, 1925.

To the Honorable Senate and House of Representatives:

I return herewith without my approval

RESOLVE, to Retire Maine Forestry District Deficit.

This Resolve was presented to the 81st Legislature contrary to an understanding between the then Forest Commissioner and myself. A loan

of \$50,000 was advanced the said Commissioner from the State Contingent Fund in order to meet certain heavy bills incurred for fire fighting during the year 1922. It was agreed between us at that time that the Forestry District should return this money to the State Treasury out of its next year's funds, and I was surprised when this resolve cancelling the loan was presented to me without notice and without any word from the Commissioner explaining his action.

I did not return the resolve to the 81st Legislature for I felt that the members did not understand the situation and that there was not time during the last days of the session to explain it to them.

This matter, however, now has been adjusted and the loan repaid. In view of this, the Resolve, if it became law, would be of no effect for the matter is closed.

Respectfully submitted,

PERCIVAL P. BAXTER,

Governor of Maine.

TO PAY FOR EGG LOBSTERS

STATE OF MAINE

Office of the Governor

AUGUSTA

January seven, 1925.

To the Honorable Senate and House of Representatives:

I return herewith without my approval Senate Bill No. 273, entitled

RESOLVE, to Appropriate Money to Pay for Egg Lobsters
Purchased in 1922.

When this Resolve came to me I was not sufficiently informed as to the merits of the claims against the State for the purchases referred to, and I had no time for investigation. Later I found that the purchases had been made contrary to the orders of the Governor and Council, but that the error was unintentional and that the men who sold the lobsters to the State acted innocently and in good faith.

In view of these facts I subsequently arranged to have the bills paid, for it did not seem proper that the fishermen should wait for two years for their money. This Resolve, if it became law, would be of no effect.

Respectfully submitted,

PERCIVAL P. BAXTER,

Governor of Maine.

MAINE WATER POWER COMMISSION

STATE OF MAINE

Office of the Governor

AUGUSTA

January seven, 1925.

To the Honorable Senate and House of Representatives:

I return herewith without my approval Senate Bill No. 297 of the 81st Legislature. This bill is entitled

AN ACT to Amend Chapter 132 of the Public Laws of 1919 as Amended by Chapter 203 of the Public Laws of 1921, entitled,
An Act to Create the Maine Water Power Commission.

Under Article IV, part third, section 2, where the Legislature has adjourned within the five day period allowed the Chief Executive for the consideration of a bill presented for his signature, the said bill shall become law "unless returned (by the Governor) within three days after their (the Legislature's) next meeting."

The incident herein referred to is popularly called a "pocket veto." During the closing hours of the 81st Legislature one Act and Four Resolves were passed by that body and presented to me for action. As I did not deem it wise at the time either to approve or disapprove these measures I took no action in regard to them. Since April, 1923, these documents have been in the custody of the Secretary of State awaiting their fate at the hands of the 82nd Legislature. The law provides that these measures be considered separately and so I am submitting herewith five veto messages.

This Act, amending the law that created the Maine Water Power Commission, provides for the continuance of that Commission. As that body was a creature of my own making naturally I had no prejudice against prolonging its life if there had been good and sufficient reason for doing so, and I gave sympathetic consideration to its plea for a reprieve. I, however, have come to the conclusion that there is no need of a separate commission to study Maine's water powers, and that the results accomplished during the Commission's life did not justify its existence or warrant its cost.

The work of the Commission consisted chiefly in measuring the flow of our rivers. This has been taken care of satisfactorily during the past two years by the Public Utilities Commission at a total expense of \$5,000 per year, or \$10,000 for the two year period. The total appropriation called for by the bill now before you was \$25,000; consequently \$15,000 has been saved the State by reason of my refusal to approve this measure.

Moreover, the interests of the State have not suffered because the Commission has gone out of existence.

It is not often that a Chief Executive has the privilege of reducing the total number of State Commissions, and thereby lightening the taxpayers' burdens. When the public interest warrants so doing and opportunity offers it should not be neglected. The Maine Water Power Commission would be a useless appendage to our Government and I see no reason why it should be revived.

It of course is within the power of the 82nd Legislature to re-create this Commission, if it deems it wise to do so. In such event, however, no doubt the Legislature will wish to frame its own law, after careful investigation of the subject.

I return this to you without my approval.

Respectfully submitted,

PERCIVAL P. BAXTER,
Governor of Maine.

INFIRMARY, STATE SCHOOL FOR GIRLS

STATE OF MAINE

Office of the Governor

AUGUSTA

January seven, 1925.

To the Honorable Senate and House of Representatives:

I return herewith without my approval

RESOLVE, for the Construction and Equipment of an Infirmary
and Dispensary at the State School for Girls.

Under Article IV, part third, section 2, where the Legislature has adjourned within the five day period allowed the Chief Executive for the consideration of a bill presented for his signature, the said bill shall become law "unless returned (by the Governor) within three days after their (the Legislature's) next meeting."

The incident herein referred to is popularly called a "pocket veto." During the closing hours of the 81st Legislature One Act and Four Resolves were passed by that body and presented to me for action. As I did not deem it wise at the time either to approve or disapprove these measures I took no action in regard to them. Since April, 1923, these documents have been in the custody of the Secretary of State awaiting their fate at the hands of the 82nd Legislature. The law provides that

these measures be considered separately and so I am submitting herewith five veto messages.

The State School for Girls is an institution that has its own peculiar problems. With its population of more than one hundred young girls sent there for protection, there is constant need of medical treatment. At present this work is being taken care of reasonably well, but the facilities for doing so could be improved.

The 81st Legislature after investigating this subject appropriated \$20,000 to "construct and equip" a new Infirmary and Dispensary building. The members of the Legislature were given to understand that this could be done for the sum appropriated.

This Resolve came to me during the closing hours of the last session and being somewhat familiar with construction problems I did not believe that \$20,000 would do the work called for. My views were confirmed when, after plans had been prepared and bids received, it became apparent that it would require in excess of \$40,000 to build and equip the proposed infirmary.

Had the contractor's figures been within reason and in some measure in agreement with the appropriation, the building would have been started and finished before this. I, however, did not feel warranted in expending double the amount that the Legislature had provided, and so withheld my approval for there was not time to go into the matter anew, and inform the Legislature as to the exact situation.

In view of this the 82nd Legislature now is in a position to make its own investigation and act accordingly. If this particular resolve fails of passage it later can be taken up anew by one of your Committees, if it is decided wise to do so.

Respectfully submitted,

PERCIVAL P. BAXTER,

Governor of Maine.

EXCISE TAX ON RAILROADS

STATE OF MAINE

Office of the Governor

AUGUSTA

April 11, 1925.

To the Honorable Senate and House of Representatives of the Eighty-Second Legislature:

There is returned herewith, without my approval, an Act, "Relating to Excise Tax on Railroads."

This Act provides for the so-called gross-net plan of taxation upon the Railroads of our State by which our revenue from these sources would fluctuate very materially according to the net income of the various railroads in our State. The plan is open to very serious objections on this account from the standpoint of any stable system of finance, since the Legislature could never anticipate within several hundred thousand dollars what revenues might accrue from this source during the two ensuing years. The existing plan which has been in existence in this State for over forty years is based on a percentage of gross earnings and so fluctuates very little from year to year.

The proposed plan has been considered by the committee and the Legislature upon the basis of statements by its proponents that it would decrease the revenues of the State approximately \$185,000 each year. This proposed plan, however, has been carefully computed in the State Treasurer's office and the State Treasurer advises that the loss in revenue will be nearer \$300,000 per year and may exceed that amount as a result of certain factors which the railroad representatives apparently have not taken into account in the figures which they have made.

During the last fiscal year the State received from the Railroads under the provisions of the existing excise tax the sum of \$2,385,716.04. During the ensuing fiscal year under the provisions of the present tax the State will receive less than \$2,000,000 from the railroads, or a decline of over \$400,000 from the gross collections for the last fiscal year. The railroads now propose during the succeeding year to reduce the State's income by, approximately, \$300,000 more. This will mean .001 on the tax rate over the entire State assessed on our farms and industries to make up the \$700,000 loss in our annual revenues that will thus exist.

During 1926 it must mean that our State tax instead of being .007 must be .0075.

This change is urged upon the ground that the railroads are a vital factor in the economic life of our State and that we are deeply concerned in their prosperity. With this everyone must agree. It is then urged that the railroads are in financial difficulty and that a lightening of their tax burden will be one factor to assist in putting them on their feet.

That our tax system is not responsible for their difficulty would seem to be shown by the fact that one of the great systems serving our State has earned 13 per cent on its common stock during this past year in spite of the very serious financial difficulties of the region that it serves. Meanwhile the older system serving the most populous and congested section of our State with the largest industrial development claims inadequate earnings to give it a reasonable return although its earnings during 1923 showed \$2,338,000 available for its capital investment of \$60,000,000 or a net return of 4 per cent. During the last year its earnings improved

by over \$400,000. During the present year its earnings have shown a steady improvement and there are other increases in its net earnings certain to accrue during the present year.

Over \$300,000 will be saved for the railroads as a result of a more advantageous contract for its coal. The western trunk lines have offered this railroad an increase in division of \$40,000 a year, which it has thus far refused, holding out for an increase of \$200,000 per year. The divisions between the two chief lines serving this State are also claimed to operate to the disadvantage of what is now the weaker road and its representatives claim the certainty of an increase of \$40,000 to \$50,000 at least in these divisions when the existing contract expires during the year 1926.

Certain holders of common stock in lines forming a part of the Maine Central R. R. are regularly paid a dividend of 8 per cent upon their stock in a line that is capitalized 25 per cent higher than the average capitalization of the entire system. This branch line does not show any such earnings as this, but apparently improvident contracts have fastened this burden upon the road. This means a return to these common share holders in excess of 10 per cent upon a fair investment in their line and accounts to a substantial extent for the failure of other share holders to receive dividends on their stock. It is not apparent why shippers or other tax payers in the State of Maine should supply the deficiency that thus results.

The railroads of the State possessed a very great influence in the Legislature when this law was first enacted some forty years ago and its immediate effect was to lighten the tax burden that they bore. Later the rate was raised with the approval of the railroad executives to the present rate. This has continued in effect ever since that time.

If the chief railroad involved in this State should pay taxes upon its property valuation upon the same basis as other citizens it would pay a tax of twice that which is levied upon it at the present time. This is upon its valuation as shown by its book investment.

If the tax were based upon its valuation for rate-making purposes it would pay nearly three times the tax which it at present pays and its rates are fixed on the basis of yielding 6 per cent on this highest valuation. There are many pieces of property within the State of Maine valued at their market value which are compelled to pay the municipal rate without regard to whether or not they earn their owner any return upon the investment.

On any basis of valuation that could reasonably be fixed comparable with the general practice throughout the State of Maine it is not conceivable that the tax upon this railroad would be appreciably less than the tax that is now imposed. These comparisons seem of importance as illustrating the burden that it bears in comparison with the burden of taxation resting upon the property of other citizens in our State, and of

many public utilities as well. No other citizen is excused from taxes because his property does not pay.

The chief argument for relief is based on the showing in 1923, but in this year, according to the annual report, maintenance of equipment alone required over \$800,000 more than in the preceding year upon practically the same volume of traffic or an increase of over 25 per cent. This was a result of changes of over \$500,000 in the charges that were originally made as a result of items dis-allowed by the Inter-State Commerce Commission as not properly allocated by the railroad in the preceding year and illustrates the very wide fluctuation that may be brought about in the net earnings as a result of bookkeeping entries that are made. This enormous increase is certain not to recur.

The President of the Maine Central Railroad, by order of the Board of Directors, in the spring of last year stated that the operating results in prospect should make it possible to resume "dividend payments on preferred stock regularly beginning December 1st, 1924, as they become payable" and "we believe will make it possible to resume dividends on the common stock at a much earlier date (now expected in the early part of the year 1925) than would be otherwise possible."

Dividends on the preferred stock have already been resumed and the earnings for the present year are showing a steady increase.

Meanwhile the management of this railroad has done an extremely serious injury to the interests of this State by filing in Washington a proposal for rate changes which would practically stifle the industries in the central and eastern part of the State of Maine. This proposal was not required by Federal authorities contrary to reports that have been rather generally circulated in this case, but were calculated solely to increase its revenues in carrying out a policy which inevitably would "kill the goose that laid the golden egg" because the industries of Maine could not possibly survive under such a burden.

While those proposals are pending it would be so much the more difficult to persuade an industry to locate in the State of Maine and any industries that were thinking of moving would have that much less argument to remain. The unfortunate effects of this ill-conceived proposal of the railroad cannot be calculated at this time. It shows a disregard of the interest of our citizens and our industries and of the interest of the railroad as well that must give serious concern to any citizen devoted to the welfare of our State. Such a policy is not calculated to create confidence in the administration of the road.

During the present session the Legislature has set the seal of its approval upon a bond issue of over \$1,500,000 to build a bridge for railroad traffic to an important section of our State. If the people shall approve of the bond issue that is proposed the State of Maine will risk its credit by loaning that much money in substance to the railroad that is

involved. If the railroad during the next half century should be involved in financial distress the State might well be obliged to settle for the interest and the bonds that it would owe.

By this action the Legislature has assuredly shown its interest in the welfare of this road. No other private or public enterprise is being similarly endowed. It would seem that this was sufficient assurance in the very substantial economies it will effect that the people of Maine are interested in the welfare of this road, without an additional contribution at this time of an uncertain amount running into hundred of thousands of dollars.

About this time in the legislative session it is well to look out for lies. It may be well also to be cautious as to innocent amusement by fellow-members at some legislator's expense. Blanket charges of a somewhat indefinite character have been levelled as to certain messages that have been received.

Interested citizens are always told by the executive department that their proper course is to present their views on public policy to the Representatives and Senators from their part of the state. During the past week perhaps a half dozen such statements have been made. Any other representations are unqualifiedly false. The propriety of such a statement has always been taken as a matter of course by Governors since Maine began.

The one whose name has been most prominently mentioned in connection with newspaper so-called "stories" in regard to this affair has not been in communication with the executive department in recent days. For the past year, however, he has had as his personal counsel that member of the Legislature who has been most conspicuous in activities that might seem calculated to create a breach between the Legislative and Executive Departments of the State. Within the past month this member of the Legislature has taken up with the Executive personal matters on behalf of this much advertised citizen of our State.

No impropriety in this action is intimated nor any responsibility by the Legislator for any action of his client during this past week but it is fair not to attribute responsibility to the executive department for whatever course he may have pursued.

In assuming the administration of the affairs of the State both the Legislature and Executive Departments were confronted by a deficit of \$300,000 in current obligations of the State. In addition there was a decline in revenues of \$400,000 from the railroads without any change in the existing plan. Here was a total of \$700,000 to be met by the taxpayers without any escape. This burden has been assumed and by the strictest economy in appropriations this Legislature will be able to keep the State tax at the same rate as has existed for the past two years.

The proposed new system of taxation, however, will cut our revenue by approximately \$300,000 more. This must mean a State tax of .0075—

an increase for 1926 of one half mill above the previously existing rate. Meanwhile during the first two months of the present year the chief road of this State showed an increase in its earnings at the rate of \$600,000 a year.

To relieve the railroads whose earnings are steadily mounting and lay the burden upon the farms and homes of Maine does not seem to me warranted by the conditions that exist.

Respectfully submitted,

RALPH O. BREWSTER.

EXCISE TAX ON STREET RAILROADS

STATE OF MAINE

Office of the Governor

AUGUSTA

April eleven, 1925.

To the Honorable Senate and House of Representatives of the Eighty-Second Legislature:

There is returned herewith, without my approval, An Act, "Relating to the Excise Tax on Railroads."

This Act reduces the excise tax upon the Street Railroad Corporations of the State and is a companion measure to the proposed reduction in taxation upon the Steam Railroads of the State.

This would effect a reduction of \$35,000 to \$50,000 in the revenue of the State and does not seem warranted by the conditions that exist for substantially similar reasons to those advanced in regard to the reduction on the Steam Railroads of the State.

RALPH O. BREWSTER.