

MAINE STATE LEGISLATURE

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ACTS AND RESOLVES

AS PASSED BY THE

Eighty-sixth Legislature

OF THE

STATE OF MAINE

From April 4, 1931, to March 31, 1933

AND MISCELLANEOUS STATE PAPERS

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GOVERNOR BRANN'S
INAUGURAL ADDRESS

INAUGURAL ADDRESS OF GOVERNOR LOUIS J. BRANN

JANUARY 4, 1933

Members of the Eighty-sixth Legislature of the State of Maine:

The people of Maine have seldom, perhaps never, entrusted to their chosen representatives greater responsibilities and more solemn obligations than are yours and mine.

This ceremony of inauguration, while impressive, adds little to the innate sense of responsibility we all feel. We have the determination to exercise every power with which we are endowed, and to draw upon every resource and every experience in the working out of the great problems confronting us.

Problems will arise in this Legislature involving the financial integrity of the State.

Giant forces are changing the entire social, political and governmental set-up of the world.

Business is no longer profitable.

Unemployment is prevalent everywhere.

Wages have been reduced.

The reduced income of the citizen makes it difficult to pay taxes.

The welfare departments of cities and towns are pressed as never before to care for the unfortunate.

The income of the State declines sharply and persistently.

In these times, standards of yesterday become uncertain.

What was clear and accepted becomes complex and bewildering.

We find ourselves squarely up against conditions, new in government, calling for clear thinking and wise action.

Today we meet in a partnership of government, and above all in the confidence and hope that the State will benefit therefrom.

Is it not the wish of the people of Maine that we, assembling as stewards of a great trust, servants of an upright people, put above and beyond all else, the common welfare?

We no longer represent a party, but the people.

There must be a limitation of partisan zeal and a determination to work out together a program predicated solely upon the well-being of the whole people.

We must merge our efforts to this end.

We may be forced to part with some things that we have grown to like.

Like one going on a long journey, we must pack only the essentials. We will have to "travel light."

Today, my friends of this Legislature, the State of Maine marches along the high road of stern necessity.

The State has not been derelict in its responsibility.

The State has established and maintained great highways; extensive undertakings, both for enjoyment and profit. The State has brought the light of education to its children, supporting among other educational opportunities a university of high standing; has sought to preserve wild life; has studied the problems of sea and shore fishermen; has protected our great forests; has provided security, and contributed in many ways to a greater well-being and happiness of all its citizens.

But there has come a time when we must think of the fundamental structure of the State in terms of present economic conditions.

Can we agree upon certain fundamentals?

That we must limit public expenditures to public needs.

That new Governmental activities cannot be undertaken. The money simply cannot be found.

That the people demand reform in the policy of public expenditures; lower cost of government; the elimination of waste and all other frills and non-essentials of government.

That we cannot stint on necessary human relief.

That no precedent in our statehood quite provides the present remedy.

That to prevent an increase in the State tax rate, the appropriation resolve passed by this Legislature must be nearly \$3,000,000.00 less than the Resolve of 1931.

That no department, appropriation or salary is sacred, immune or un-touchable when the financial condition of the State warrants temporary or permanent retrenchment.

At the very beginning of our term of service, let us make sober inquiry as to the conditions confronting us.

Due to the shrinkage in the value of real and personal property, the valuation of the State will be reduced by approximately sixty million dollars.

This will call for a higher tax rate unless appropriations are correspondingly scaled downward.

It is estimated that the actual income of the State during the present fiscal year from indirect sources will be at least two million dollars less than the estimate made by the budget committee of the last Legislature. This estimate was used as a basis in the computing of the present State tax.

The depreciation represents a loss of approximately thirty-five per cent in the indirect State income. Certainly a most alarming situation.

It represents practically three mills on the present valuation.

This situation demands immediate attention and may call for the passage of emergency legislation.

If the parity between income and expenses during the balance of the present fiscal year is to be maintained, this large loss of income must be offset by savings in the various departments and institutions of the State.

Cities and towns are finding it difficult and sometimes impossible to pay the State tax.

The uncollected State taxes for 1930-31 total \$176,710.

The uncollected State taxes for 1931-32 total \$3,007,632.66.

The direct tax upon cities and towns is assessed upon the theory of seasonable payment.

Cities and towns are substantially tax collecting agencies for the State under our law. Their failure to pay causes a very serious embarrassment to the State and creates a very serious cash condition in the treasury department.

It is an old axiom that the chain is no stronger than its links. The links in the chain of State financial stability are the cities and towns and their stability is being undermined by the large demands made for the welfare expenditures, and the failure or inability of their own tax payers to liquidate taxes.

I regard this as a situation that is profoundly disturbing.

The Cash Position

The credit of the State, of course, occupies precisely the same position as that of an individual, based on the ability to pay its obligations, and pay promptly. Failure of municipalities to meet the State tax promptly, together with a large loss in revenue from indirect taxes have created a serious cash situation in the Treasury.

While the State has been able to meet its bills and obligations promptly up to the present, it has been forced by the delay in receipt of taxes to exhaust its entire temporary credit and borrowing capacity.

A year ago there was \$3,240,938.00 in the Treasury.

The cash balance January of this year was \$1,036,857.76, which is entirely too small a margin for the safety of the credit of the State. Unless municipalities make immediate arrangement for the payment of their taxes, the State will have to turn to other means of financing.

Emergency Legislation

The cash condition of the State, the falling revenue and the uncertainty of the payment of State taxes call for the curtailment of certain departmental activities.

The Statutes place upon certain of the departments, mandatory duties

which call for the expenditure of large sums of money. If appropriations are reduced by the Legislature, these various departments may find themselves unable, because of lack of funds, to carry out these statutory duties.

If in the wisdom of the Legislature, after investigation, temporary suspension of certain of these provisions seems advisable, I respectfully submit, that an emergency act suspending the operation, temporarily, of these various statutory duties, be prepared and submitted to the Legislature.

In my budget message, I will discuss in detail the State Departments and Institutions and make specific recommendations. Emergency legislation affecting accounts and transfers may be necessary in the near future to equalize and balance the budget for the present fiscal year.

Taxation

The burden of maintaining State, County and Municipal government rests heavily upon our taxpayers. We intend to exercise the strictest economy, consistent with the maintenance of an efficient administration of public affairs; but the problem is not wholly to be answered by economy. It must be viewed from another angle as well.

The tax levy is inequitably distributed. By far too great a proportion of the money collected for public use comes from those least able to pay it.

The rising tide of governmental expense threatens the prosperity of the owners of that class of property which is most readily apparent to the eye of the assessor. The farmer, the home owner, the manufacturer, the merchant, are taxed beyond their ability to pay without resorting to that portion of their income which is necessary to their support or to the maintenance of their business.

On the other hand, property of large value, less easily discerned, pays but little tax or none. Our tax laws need revision. Reduction of revenue derived from certain sources must be replaced by income from others. Suggestions along these lines submitted by the State Tax Department or by others interested in public affairs should be carefully considered by your Committee on taxation, and by the entire body of legislators.

Various propositions have been already more or less discussed, including an excise tax on bus lines and large trucks to take the place, in part, of the loss to the State of a substantial portion of income formerly derived from taxation of railroads, steam and electric; a tax on billboards, a tax on chain stores modelled after the Indiana law which has received the sanction of the United States Supreme Court, so far as its constitutionality is concerned; a tax on intangible property, and a tax on gross income of power companies, both of which were discussed at length at the last meeting of the State Grange; and a state income tax. All of these matters are worthy of your attention and investigation.

We are not looking for more money to spend. We are going to spend less money. But it is our plain duty to remedy, so far as possible, the inequalities and injustices which are so apparent in our present system of taxation.

Highways

The present general highway fund is created from the gasoline tax receipts, the automobile license fees, the mill tax appropriation, the direct appropriation of \$300,000.00, and all fines and penalties thereunder. It is estimated that during the next two fiscal years, the income from the gasoline tax receipts, and the automobile license fees will approximate six and one-half million dollars annually.

I believe that owing to the financial condition of the State, the highway department should function entirely upon its receipts, without any direct appropriation; that is, that it live within its own income.

The Legislature will be called upon to enact a law allocating for the two following fiscal years, the disposition of the highway fund.

The apportionment of the highway fund is peculiarly within the province of the Legislature, and requires wisdom, vision and forbearance on the part of its members.

Contracts for new constructions amounting to \$1,440,499 have already been given by the highway commission. Of this amount \$1,258,001 is to be repaid to the State by the Federal Government.

Temporary curtailment of the highway program may call for the passage of emergency Legislation, suspending temporarily the operation of certain mandatory statutes.

The Legislature may authorize the issuance of highway bonds up to two million dollars, and bridge bonds up to one million dollars. It would seem necessary to issue highway bonds to match Federal Aid.

The highway bonds should be issued only for this purpose.

I feel the authorization of bridge bonds unnecessary at this time.

Every contract given by the highway commission should provide for the employment of Maine Labor.

Salaries

I respectfully recommend a reduction of salaries where hardship will not ensue. Approximately thirty-five salaries are fixed by Statute, and reduction can come only through Legislative action or voluntary contribution.

Under the Code Act all other salaries are fixed by the Governor and Council, and are subject to their action.

There should be a community of program between the Legislature and the Governor and the Council, so that the readjustment of the salary scale

be fair, ratable, equitable and just. I recommend immediate joint action of the Legislature and the Governor and the Council.

The Constitution prohibits reducing the salaries of the members of the Supreme Court during their terms of office, or changing the salary of the Governor during his term of office.

I will, however, voluntarily readjust my salary by contribution.

We live in a time of sacrifice. The citizen has made his sacrifice in a lessened income, in reduced salaries and wages, and thousands find themselves with insufficient means of livelihood, due to unemployment and lessened business and industrial activity.

The public official enjoying the same salary has been actually benefitted by the depression by reason of the lower commodity prices prevailing and the greater purchasing power of the dollar.

In this time of economic depression, of emergency, of lessened State income, of great hardship to pay taxes, the public official should expect to make his sacrifice comparable with that made by the private citizen.

Discriminatory or Black Lists

In the Fall of 1932, it fell to me to act as mediator between the manufacturers and the striking employees in the shoe plants in Lewiston and Auburn. One of the causes of complaint on the part of the operatives was that the manufacturers maintained a discriminatory or black list, excluding those thereon from employment in any of the shoe shops in Lewiston and Auburn.

The manufacturers denied the existence of a black list.

It was very necessary to compromise the differences between the contending parties without delay to prevent the continuation of a labor difficulty directly affecting thousands of persons and indirectly the future of Lewiston and Auburn.

In effecting a working compromise, I promised the shoe workers that I would recommend to the Legislature the passage of an act preventing the maintenance of a discriminatory or black list by any one. I make that recommendation at this juncture.

Code

The State has completed its first year under the administrative code law. The operation of this law is a proper subject for your study and investigation.

Blue Sky Law

One of the basic factors underlying present business conditions is the investment of so large a portion of the savings of our people in worthless securities. It is not possible to assemble accurate data as to the extent of

that loss during the last decade, but the amount would doubtless equal the entire expenditures of our State Government in that period.

Not individuals alone, but banks and trust companies as well, purchase from investment bankers and brokers stocks and bonds, representing on their face and at sales value, millions of dollars, the intrinsic worth of which was less than that of the paper on which they were printed; and of these, many issues were sold by agencies of high standing in which the public had implicit confidence.

The State, through what is popularly known as the Blue Sky Law, has undertaken, insofar as Government is able to accomplish that purpose, to safeguard these forms of investment. Various legislatures, since the early statute was enacted, have revised and amended it in an effort to make it effective; and those entrusted with its administration have apparently made an honest attempt to enforce its provisions. But it appears to have furnished little protection to the public.

No government can dictate to whom its citizens will entrust their savings, nor prevent them making unwise investments, but wholesale fraud should not receive the sanction of law.

I recommend a careful study of the laws covering this subject.

Disfranchisement of Voters

The Constitution has defined who shall be qualified electors and has excepted persons receiving aid from cities and towns.

This article of the Constitution was construed by our Courts more than one hundred years ago. In view of the prevalent conditions it seems to me this construction is unusually harsh.

Recently, men and women who have been hard working, industrious, self-supporting and respectable citizens have been obliged, through no fault of theirs, for the first time in their lives, to ask for municipal assistance.

They were immediately branded as paupers and many of them were disfranchised.

I would respectfully suggest that the Legislature enact a Statute construing Section One of Article Two of the Constitution of Maine, defining with liberality and with understanding the term "Pauper" and differentiating between the habitual claimant for supplies and the hard working and industrious citizen temporarily receiving assistance.

September Election

Two state-wide elections in a Presidential year, with the attending double cost to State, cities and towns seem unnecessary, and I recommend a change in the date of the State election to coincide with the National election. This would entail an amendment of the State Constitution.

Development of Maine

I trust you will join with me in a sincere purpose and desire to develop Maine.

It is my belief that the prosperity of our people depends very largely upon the development of our State as a great summer, winter and all season recreational, health, and playground State.

Maine's tourist business amounts to \$100,000,000 annually.

Based upon a decline of fifteen per cent the income in 1932 was \$85,000,000.

That makes it perhaps the most important Maine industry.

Ten thousand boys and girls attend our summer camps and spend upon an average \$300 each.

The industry is steadily growing.

Maine boasts the best fishing and hunting in the world.

As of the valuation of two years ago the summer property owned by non-residents was assessed at approximately twenty-three millions and the tax revenue amounted to about one million dollars.

We should develop the Port of Portland.

Our tourist business is gradually broadening into an all season business and the industry employs a large number of Maine people the year around.

It uses the products of the farm.

It adds tremendously to the retail trade of our merchants.

We have the opportunity in Maine to double the tourist and recreational business in the next five years by a program of educational advertising and publicity.

Before closing, I wish to extend my thanks to Governor Gardiner for his courtesy and helpfulness. Maine will come to appreciate as the days go by, more and more his painstaking effort and devotion to duty.

My gratitude also goes to those in the State House with whom I have come into contact daily for the last four weeks for their cooperation and courtesy.

Conclusion

The novelty and excitement of the opening days of the Legislature will quickly be succeeded by the appearance of these problems that I have touched upon today, and in all probability many more. It is in the days to come that we must fortify our high resolve to concern ourselves solely with what in our judgment is for the common weal.

Maine women and Maine men have never faltered in the crises.

The ruggedness and stern grandeur of our land are reflected in the character of our people. The future of Maine has ever been safe in the hands of its sons and daughters, and never more so than today. Active intelligent

interest in what is going to take place in the weeks to come is manifested in every municipality, town and every household of the State.

It is with a full consciousness of your integrity and your high purpose as representatives of the people, that I confidently look forward to a cooperative solution of these problems. Our common interest is this beloved State of Maine.

LOUIS J. BRANN.