

# MAINE STATE LEGISLATURE

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ACTS AND RESOLVES

AS PASSED BY THE

Eighty-sixth and Eighty-seventh  
Legislatures

OF THE

STATE OF MAINE

From April 1, 1933, to April 6, 1935

AND MISCELLANEOUS STATE PAPERS

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Published by the Secretary of State, in conjunction  
with the Revisor of Statutes in accordance with the  
Resolves of the Legislature approved June 28, 1820,  
March 18, 1840, March 16, 1842, and Acts approved  
August 6, 1930 and April 2, 1931.

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KENNEBEC JOURNAL  
AUGUSTA, MAINE  
1935

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MISCELLANEOUS  
COMMUNICATIONS

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**Question**

Are these charters valid and constitutional legislation within the meaning of Article IV, Section 14 of the Constitution of Maine?

**Answer**

We answer the above question in the affirmative.

Very respectfully,

W. R. PATTANGALL  
CHARLES J. DUNN  
GUY H. STURGIS  
CHARLES P. BARNES  
SIDNEY ST. F. THAXTER

Dated November 14th, 1933.

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ADDRESS OF GOVERNOR LOUIS J. BRANN TO THE EIGHTY-SIXTH LEGISLATURE IN SPECIAL SESSION

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DECEMBER 4, 1933

To the Members of the 86th Legislature, in Special Session:

Under the authority conferred by the Constitution, the Legislature is called into special and extraordinary session.

The following information is respectfully submitted:

**Financial Affairs**

The great concern is to maintain the financial stability of the State.

Other considerations are secondary.

The income of the State has sharply declined.

To preserve the ratio of safety between income and expenditures we have limited and reduced State expenditures.

Comparison of receipts of first five months of fiscal year ending June 30, 1933, and first five months of present fiscal year:

Last fiscal year (5 months) .....	\$13,716,865.57
Present fiscal year (5 months) .....	9,733,322.78
Decrease in receipts .....	3,983,542.79

Comparison of expenditures of first five months of fiscal year ending June 30, 1933, and first five months of present fiscal year:

Last fiscal year (5 months) .....	\$14,408,208.12
Present fiscal year (5 months) .....	9,428,626.54

Decrease in expenditures ..... 4,979,581.58

(Included in above expenditures are disbursements made on account of Federal Relief Administration, and Federal Public Works Administration, totalling \$1,512,055.83. Grants from Federal Government.)

To put in easily remembered figures, the decrease in State income has been approximately \$4,000,000.00 and the decrease in State expenditures has been approximately \$5,000,000.00 in first five months of present fiscal year.

Treasury position as of December 1, 1933:

Cash on hand and in banks .....	\$3,118,876.66
(Amount in closed banks, unavailable) .....	573,625.37
Amount that should be in State Treasury as obligated funds	4,704,830.10
(This amount includes amount immediately payable to cities and towns for state aid and special resolves) .....	1,037,000.00

It is estimated that the total State expenditures, exclusive of Federal grants will not exceed \$16,000,000.00 for the present fiscal year.

Drastic savings were made in the salaries, the departments and institutions of the State earlier in the year.

Further curtailment would mean the elimination of State activities.

#### Payment of State Taxes by Cities and Towns

Cities and towns have found it increasingly difficult to pay State taxes.

The credit of the State, unless some new source of revenue is immediately found, depends upon the ability of the municipalities and towns to pay promptly their State taxes:

The difficulty of calculation lies in the inability to know to what extent the municipalities can discharge their obligations to the State.

Many cities and towns have made a most satisfactory record.

The failure to pay has not been through neglect, but through inability.

Unavailable town funds in closed institutions and the failure of the individual to pay taxes have hampered in many cases.

Prompt payment by municipalities would insure a sound treasury position.

The disquieting fact is that cities and towns already in arrears on last year's taxes owe the State substantially \$1,500,000.00 as of December 1, 1933.

The heartening side of the picture is the friendly relations that exist between the State and the municipalities.

There is a firm spirit of determination to weather the storm.

It is a splendid manifestation of the sturdy moral fibre of Maine that has always proposed to meet obligations when due.

### New Sources of Revenue

Additional sources of revenue aside from that which may accrue from possible temperance legislation, can be found only in the imposition of new forms of taxation.

We do not need more money to run the State unless the present taxation system fails to produce the anticipated revenue.

Any new form of taxation should be directed toward abatement of the present assessment upon properties least able to pay, namely, farm, home and tenement property.

This involves a revision of the present tax system.

### Temporary Loan

The Constitution prohibits the State borrowing in excess of \$800,000.00. The full amount permitted by the Constitution had been borrowed when this administration assumed office.

No borrowing, however necessary, is possible.

The credit of the State cannot be further pledged.

The present amendment to the Constitution was approved in 1919.

The total state expenditures were then only about \$9,000,000.00.

Since that time the State has expended as much as \$31,000,000.00 in a year.

The borrowing capacity of the State should be increased to at least \$2,000,000.00, and I respectfully recommend that this Legislature submit a resolution at the next State election amending the Constitution and increasing the borrowing capacity.

### Sales Tax

I regard a sales tax as a means of quick relief as impracticable.

To pass as emergency legislation, a two-thirds vote is necessary.

Without the emergency clause appended a referendum would undoubtedly be resorted to, delaying its operation for many months.

Merchants have adjusted their affairs under the National Recovery codes, and any action by the State which would tend to disturb conditions at this time is undesirable unless unqualifiedly necessary.

### Tax Revision

The basic and fundamental trouble is that the direct tax system of the State has broken down.

Substantially every problem of the State is essentially a tax or revenue problem.

The tax system is outworn and must be replaced by a new one.

The revision of the tax laws become immediately necessary.

Further delay will jeopardize the credit of the State.

I realize it will take time to hold the necessary hearings and to formulate a bill, but the work should be undertaken immediately and enacted into law by this legislature or submitted to the people for approval.

The revision should be completed in three months.

I wish very much it might be submitted for its final acceptance to the people.

Two recess committees have been named.

The first, a Recess Committee on Taxation, and the second a Commission to make a survey of Public School Finances in the State of Maine, both appointed by the Executive under the authority of the Legislature.

The Legislature may determine, in its wisdom, that the committees should be enlarged to include every interest in the State.

The revision should include provision for paying the old age pensions under Chapter 267 of the Public Laws of 1933.

Maine can no longer delay the assumption of this humane responsibility.

#### Flexibility Act

An Act providing flexibility in the handling of state revenues and expenditures during the period of the present State emergency should be re-enacted to continue in effect until a revision of the tax system is effected.

#### Highways

It will be urged that we divert highway funds.

Maine has expended vast sums in the construction and maintenance of highways.

I subscribe to the policy.

I believe that in normal times every dollar of highway funds should be spent upon the highways without diversion.

No other state department has been treated with such liberality.

The figures are astounding.

In the last twenty years the State has expended for highway construction and maintenance one hundred and forty-eight million dollars.

This does not include the contributions made by cities and towns on state aid work.

Outstanding highway and bridge bonds amount to \$29,333,000 and that comprises substantially the entire bonded debt of the state.

The highway work in Maine this year has been supplemented by a grant of \$3,369,917.00 from the Federal Government.

Of this amount \$1,102,759.31 has been expended, leaving a balance of \$2,267,157.69 yet to be expended.

9,430 men were employed on these Federal projects during the month of November.

It is estimated that as many men will be employed in the completion of the Federal road program next year.

At this very hour 10,000 men in the State are working under the Civil Works Administration, and more than one-half of these men are employed on road projects.

This is about one-half the number ultimately to be given work.

The great purpose to relieve unemployment in the State is being achieved. My judgment is that further Federal grants will be made to the State for road construction.

I respectfully recommend to the consideration of the Legislature the creation of a one full time highway commissioner in place of the present three man commission.

### Repeal and Temperance Legislation

Nationwide prohibition will end tomorrow.

Repeal of the national amendment has been decisive and overwhelming. It will no longer be illegal under the Constitution of the United States to manufacture and sell intoxicating liquors.

The problem of regulation is now returned to the states.

The 26th Amendment to the State Constitution reads as follows,—

“The manufacture of intoxicating liquors, not including cider, and the sale and keeping for sale of intoxicating liquors, are and shall be forever prohibited. Except, however, that the sale and keeping for sale of such liquors for medicinal and mechanical purposes and the arts, and the sale and keeping for sale of cider may be permitted under such regulations as the Legislature may provide. The Legislature shall enact laws with suitable penalties for the suppression of the manufacture, sale and keeping for sale of intoxicating liquors, with the exceptions herein specified.”

For the purposes enumerated in the Constitution, I recommend the passage of an Act controlling the sale and keeping of intoxicating liquors to be effective until the 26th Amendment is either rejected or retained by vote of the people.

Pure liquors at reasonable prices should be made available.

The old-fashioned saloon must not come back.

Our great problem in Maine is to eliminate the illegal sale and transportation of intoxicants.

Our real contest is against the smuggler, the bootlegger and the kitchen speak-easy.

If control legislation is enacted, I urge upon our citizens the necessity



of patronizing the constituted sources of supply instead of those persons who may attempt to transport and sell illegally.

The question may arise as to whether an Act to become effective after the repeal of the 26th Amendment can be voted upon simultaneously with repeal.

I am firmly of the opinion that the permanent control legislation should be adopted by direct vote of the people at a referendum election.

The great cause of the failure of the prohibitory law has been the failure of the people to morally and legally support the same.

The success of any law rests upon the support of the people.

Upon the question of the validity of a law dependent upon a future contingency, Chapter 38 of the Public Laws of 1921 apparently establishes a precedent in Maine.

The Act provides that,—

“This Act shall not take effect unless and until the constitution of this state is amended by striking out the word ‘present’ in the fifth and thirty-fourth lines of section five, article four, part first, thereof, or as otherwise amended so as to allow the casting of ballots at elections by voters not present at the polls in person.”

A legislative Act to depend on a future contingency was upheld by the Supreme Court of Connecticut in the case of Pratt vs. Allen, Volume 13, Connecticut Reports, Pages 127 and 128.

I address this phase of the situation to your consideration.

Bills prepared under the supervision of very eminent citizens, including members of the Legislature, will be introduced for your information and assistance and as a basis of consideration.

They are not intended to influence the deliberations of the Legislature.

#### Banks and Banking

Our present banking laws need study, strengthening and revision.

Many banks have gone through the banking crisis in sound condition; others have not, indicating a failure either in management or supervision, or both.

We should consider every unsound banking practice disclosed by the events of the last few months, and correct by legislative enactment.

Chain banking, holding company control and interlocking directorates should be prohibited by law.

There should be more frequent examinations required by law.

The law in reference to investments and loans should be revised to protect depositors against unwise investments and unsound loans.

Suitable penalties should be prescribed for criminal or wilful neglect of the directors and officials of banks.

I recommend that the law be changed to permit the liquidation of closed state banks by the Bank Commissioner.

This is the practice in thirty-nine states of the Union.

It is the practice of the Federal Government.

In New England, New Hampshire, Vermont, Massachusetts and Rhode Island liquidate banks through the banking departments.

The law should provide for the fullest publicity at all times available to the depositors of closed banks.

The Bank Commissioner should also be placed in charge of the reorganization of closed banks, subject to the supervision of the courts.

### **Public Works under National Recovery Act**

The Constitution of the State provides that the credit of the State shall not be directly or indirectly loaned in any case.

In order to avail ourselves of the provisions of the Public Works Act in accepting loans and grants from the Federal Government, it is necessary to pledge the credit of the State.

For this reason the State has been unable to avail itself of the benefits of the National Recovery Act.

To take advantage of the Public Works Act, the Legislature must pass an Enabling Act amending Article 42 of the Constitution relating to the debt limit of the State.

The Enabling Act, if passed, must be voted on by the people at the State election in 1934.

In order for cities and towns who have exceeded their debt limit to take advantage of the provisions of the Act, it will be necessary to amend Article 34 of the Constitution of the State by the same procedure.

### **Bonds of Home Owners' Loan Corporation**

I recommend the passage of legislation relating to the bonds of the Home Owners' Loan Corporation.

The purpose of the Home Owners' Loan Act is to save homes of people in distress by reason of foreclosure or otherwise.

The financing of the Home Owners' Loan Corporation is done by the exchange of bonds for the mortgage which is taken up and refinanced.

There is apparently no legal authority for loan and building associations to accept these bonds.

As a consequence the work of the Home Owners' Loan Corporation in this state has been impeded.

Loan and building associations desire to cooperate, but cannot do so because of lack of legal authority.

This situation should be corrected.

Other phases of the situation are covered in the bill.

### Federal Child Labor Amendment

I recommend the ratification of the Federal Child Labor Amendment to the Constitution of the United States.

It establishes the sixteen year minimum age in practically all industries.

This is the standard set by the National Recovery Act codes.

The National Recovery Act ends in June, 1935.

This standard can only be perpetuated through a ratification of the Federal Amendment, and subsequent passage of law along the lines of these standards now accepted as desirable by a great majority of Americans.

I trust the amendment will be ratified by the Legislature.

### National Forests

The Federal Government stands ready to establish a national forest in the State by the purchase of one million acres of land.

The Government does not resort to condemnation proceedings, but buys in the open market.

I respectfully suggest that the forests be designated as the "Roosevelt National Forest."

I further respectfully urge the passage of the private and special legislation relating to the Moosehead Lake State Park and Camping Reserve Project sponsored by the Honorable Frank C. Hinckley of Bangor.

### Commission on Interstate Compacts

The Act simply provides for the establishment of an unpaid commission on Interstate Compacts, affecting labor and industry.

It consists of seven members, of whom one shall be a member of the Senate, to be designated by the President of the Senate; three shall be members of the House of Representatives, to be designated by the Speaker of the House; and three appointed by the Governor.

They are to confer with similar Commissions representing the other New England states for the purpose of working out uniform standards, affecting labor and industry in New England.

I thank you for your attention.

LOUIS J. BRANN.

To the Members of the Eighty-Seventh Legislature of the State of Maine:

The inaugural of the Chief Executive, under the heading "Relief" contained the following:—

"There is no emergency relief law whereby the State can assist the community in the care of the poor.