

# MAINE STATE LEGISLATURE

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# ACTS AND RESOLVES

AS PASSED BY THE

## Ninety-fourth Legislature

OF THE

# STATE OF MAINE

Published by the Director of Legislative Research in accordance with subsection VI of section 26 of chapter 9 of the Revised Statutes of 1944.

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KENNEBEC JOURNAL  
AUGUSTA, MAINE  
1949



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# BUDGET MESSAGE

of

Governor Frederick G. Payne

to the

94th Maine Legislature

January 12, 1949

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## BUDGET MESSAGE

January 12, 1949.

Mr. President and Members of the 94th Legislature:

In this discussion of State finances for the ensuing biennium, it is my purpose to acquaint you with requests of departmental heads and State agencies together with the over-all financial picture.

The budget presented you is balanced!

It reflects the results of careful study and represents what can be done with existing revenues. This is sound budgeting.

It permits the continuation of all services of Government for the biennium at a level comparable to, or greater than the present level.

No new taxation is required.

However, any major expansion beyond recommendations in this budget will necessitate revenues greater than present levies provide.

It is your task to determine whether our people want such expansions as already requested with sufficient seriousness to be willing to pay for them through a new tax source. We must recognize that increased costs of living affect government just as it does the individual. We are dealing with the same essentials, personnel, commodities, etc.

### Fiscal Policy

My financial policy shall consist of:

1. Strict attention will be given to the administration of our laws and efficient use of the funds appropriated.
2. There must be a just and equitable distribution of the tax burden with no unfair or discriminatory levies.
3. An accurate determination must be made for the need of each request for appropriations. We must be satisfied beyond reasonable doubt our people both desire and will support by taxation such requests.
4. We will then satisfy ourselves that a final determination on finances meets the test of strict economy and fair and just taxation.

I believe firmly in this basic financial policy.

### General Fund

This message is not the proper vehicle in which to recite conclusions relative to the merits of each and every request, whether granted or omitted.

Each, properly will be discussed before the Appropriations and Financial Affairs Committee. Their recommendations and your final action will work out of the budget such changes as you may determine.

Revenues have been reasonably estimated. You will be advised of any revision. It therefore must be anticipated that approval will not be given to appropriation measures which exceed our income.

There has been but one major change since the printing of the budget document. Additional revenues of \$336,581 in each year of the biennium accrue to the General Fund as a result of an increase in property valuation as recently reported by the Equalization Board. Of this sum, \$47,003 each year must be allocated to the University of Maine under provisions of the 1 mill tax law.

This means that \$289,578 is available to add to such appropriations as may be determined by you. Based on needs set forth at budget hearings, it is suggested for your consideration that the following amounts be added to recommendations appearing in the budget document:

Maine Development Commission	\$ 20,500 each year
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This will make available \$300,000.00 a year to the Commission.

Old Age Assistance	\$180,000 each year
Aid to Blind	15,000 each year

These two increases will permit liberalization of these programs.

Charitable Institutions as follows:

Bangor Anti Tuberculosis Association	\$1,500
Children's Aid Society	500
Healy Asylum	1,500
Maine Children's Home Society	1,000
Maine Institute for the Blind	3,000
Opportunity Farm	1,250
St. Joseph's Orphanage	700
St. Elizabeth's Asylum	1,000
St. Louis Home and School for Boys	750
Temporary Home for Women and Children	500
York County Children's Aid Society	300

Total	\$ 12,000 each year
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This recommendation is to recognize the apparent need of these Private Institutions furnishing valuable service to the State to meet the increased cost of operation.

Forestry—Entomology \$ 15,000 each year

Such increase will provide for a more effective control of insect disease in our forest resources.

Forestry—Nursery 4,000 each year  
This will allow for greater conservation activity.

Labor—Statistical and Inspection 13,000 each year  
Such increase will aid in building a stronger Department of Labor and Industry.

Maine Maritime Academy 25,000 each year  
This provision should permit the Maritime Academy to more fully comply with its requirements.

With the exception of Education, to be discussed later, this budget allows for normal operation without curtailment of general governmental activities.

My basic aim is to provide efficient operation of State government. It may become desirable and necessary to ask your consideration of statute changes that this end may be accomplished.

The document before you provides funds to continue existing services. There also will be presented for consideration, requests for expansions as well as new services. The immediate absence of funds should not preclude thorough study, based solely on merits.

Out of budget hearings came these seemingly sound recommendations, which are offered for your earnest consideration and decision:

1. Re-examination of Bangs Disease problem.
2. Minimum grant of \$350,000 annually to Maine Development Commission.
3. Joint financing by Department of Sea and Shore Fisheries and Inland Fisheries and Game of the Atlantic Sea Run Salmon program.
4. Massing of parole personnel in one division of government.
5. Adoption of encumbrance system in the Bureau of Accounts and Control.

### Highway Fund

It is basic that Maine needs more good roads.

Maine highway users are entitled to an aggressive, well planned long term highway program whether costs are met from current revenues or from the proceeds of bond issues.

Two major decisions are expected of this Legislature with respect to Highways—one of financing, a second of planning. Expiration on September 1, 1950 of the present 2 cent increased gasoline tax poses one major phase of the over-all financing program.

This budget presents the financial outlook for a two-year period based on existing law. It also shows on Page 20 the State monies required to match present Federal allocations if the additional 2 cent gasoline tax expires September 1, 1950, and indicates that if this tax is continued, by your action, to June 30, 1952 sufficient funds are estimated to be available to match all current Federal allocations to Maine.

There will be presented at a later date the long range program compiled by the Highway Commission with optional means of financing—pay-as-you-go or by the issuance of bonds.

Three major bridge construction requests undoubtedly will face this Legislature. One is a span at Caribou which would eliminate several grade crossings; another linking Bangor and Brewer; and a third would cross Fore River in Portland.

These are essential, and at Portland, in lieu of new construction, is a War Department order that the draw span be widened. Our mandatory compliance means an expenditure of over \$1,000,000 and promises no solution to the justifiable demand for adequate and safe rail and highway approaches into Maine at this point.

The question of financing such major improvements presents a still further problem. It obviously seems unfair to restrict the general highway program by using current revenues for these major bridge expenditures which, in the aggregate, might consume nearly all of the combined bridge and highway construction funds for an entire year.

### **General Fund Surplus**

As a result of savings and receipt of income greater than estimated revenues there is a balance of \$6,145,930 in unappropriated surplus. Accepted business principles dictate that this fund be appropriated only for non-recurring capital improvements. We must safeguard this fund against depletion.

We should first set aside \$2,000,000 earmarked for working capital of the Treasury Department to preclude the necessity for temporary borrowing. This would be a sound procedure.

It is suggested for your earnest consideration further appropriations of a non-recurring nature as follows:

State Port Authority Development \$400,000

This will permit additional facilities to be provided that can more adequately serve the needs in developing our State Port facilities. This will result in added employment and resultant economic benefits for all Maine.

State Park Commission \$325,000

Such sum will permit proper development of our already existing State Park facilities. It will make possible much needed trailer park areas and better provide for our recreational needs. It also will permit us to initiate the development of Reid Park which has been made available for public use through the generosity of Hon. Walter Reid. This will provide a beautiful area on our coastal section.

Bridge Connecting Indian Island and Milford \$140,000

Such a bridge will provide the Penobscot Tribe of Indians proper facilities for transportation to Milford and Old Town and permit the tribe to be visited by our people and our visitors in a proper and safe manner.

Baxter State Park \$ 25,000

Maine has in Baxter State Park a resource that should be developed as soon as possible to enable more and more people to take advantage of this great area made possible by the outstanding generosity of former Governor Percival P. Baxter.

An apparent need exists for capital improvements at our State Institutions. Study should be directed to determine the most pressing of these needs and financing should be made from unappropriated surplus so long as such expenditures are not recurring.

### Expenditure Requests

It is impossible to include in a budget message mention of every new expenditure request. You, as members of the 94th Legislature, will have to weigh each request, measure its relative merit, and approve those desired.

One of the first expenditure problems will have to do with salaries of State employees. The budget as presented allows continuation of the \$7.20 cost-of-living increase soon to expire, as well as provision for merit increases. It does not provide for the more recent adjustment nor for demands that will undoubtedly be made for revision of the basic salary scale. It is estimated the extension of the recent cost-of-living increase will require approximately \$275,000 per year.

Education requests will be substantial and well supported. Increased teacher salary subsidies and an adequately financed equalization program



will cost \$3,000,000 a year, participation by the State in a school construction program will cost \$1,000,000 per year.

An outstanding service has been carried out by our State University in providing for an accelerated program in the interests of our Veterans desiring College training. Because of mounting enrollments resulting in increased costs all along the line, the University of Maine should be provided \$300,000 per year in addition to the presently established 1 mill tax.

Liberalization of our welfare statutes, as set forth in my inaugural, will require serious consideration. Provision in the budget allows an upward modification in maximum old age assistance and aid to the blind payments. If further liberalization of the over-all welfare program is found desirable substantial additional funds will be necessary.

More adequate compensation for services rendered indigent persons by our public and private hospitals appears mandatory. This increased need will require \$500,000 annually.

Municipal financial problems are to a large degree in your hands. There is much to be said for arguments which support the contention that Maine no longer should depend upon local property taxation as a source of State income. If Maine is to relieve the hard pressed municipalities from the financial burden of the State Property Tax we must raise \$5,500,000 per year.

Your attention is again called to the so-called Cigar Tax of 20% which deserves your consideration as to repeal. Such action will call for \$660,000 per year of new revenue.

Each of these requests, if they have your acceptance, must be financed by revenue sources which do not now exist. It is the purpose of the state-wide tax conference, outlined in my inaugural, to discuss these needs against a solution.

On the score of need of new revenues and possible sources, I commend to you for deep study and consideration, observations made by the Legislative Research Committee on state taxes. I also recommend to you the Budget Document which has been placed on your desks this morning, particularly, the summaries in the first section of the book. It contains much information which should be of value as you pursue your deliberations. A good index is provided. The Budget Office personnel, in Room 234, of this building is ready to help any of you in any way they can.

Your attention is directed to the Report of the State Auditor and also the Audit Report of Ernst and Ernst, both of which contain much information that merits the earnest consideration of this Legislature as it per-

tains to our legal framework. You may be sure that the Administrative Branch of your State Government will give proper attention to those matters which may result in a more efficient and economical administration of our activities.

#### Acknowledgements

Senator Savage and Representatives Brown and Muskie have my deep appreciation for their conscientious and praiseworthy work on the Budget Committee. We are fortunate indeed to have as Commissioner of Finance and Budget Officer, Mr. Raymond C. Mudge. His grasp of the financial operation is outstanding and it is my prediction that much progress will be made as a result of the foundation he has laid in our fiscal operations. His courteous and efficient staff likewise have my sincere thanks.

FREDERICK G. PAYNE,

Governor of Maine.