

MAINE STATE LEGISLATURE

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ACTS AND RESOLVES

AS PASSED BY THE

Ninety-fourth Legislature

OF THE

STATE OF MAINE

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ADDRESS

of

Governor Frederick G. Payne

to the

94th Maine Legislature

April 15, 1949

ADDRESS OF GOVERNOR FREDERICK G. PAYNE TO THE
NINETY-FOURTH LEGISLATURE OF THE
STATE OF MAINE

April 15, 1949

Mr. President, and

Members of the 94th Legislature:

At the request of your legislative leaders and the Chairman of your Appropriations Committee I appear before you this morning.

It has not been in the past and it is not now my desire to thrust myself or my personal convictions upon this legislature.

My purpose this morning is to state briefly and firmly certain positive facts concerning current legislative problems. We face a condition which must be met.

So, unpleasant as is the reality, it will require a new major tax to support the items which your actions have so far indicated are necessary. Obviously, some of the bills that are alive today will not reach my desk, but enough of them have stood up under debate, many of them under roll call, to make it entirely obvious that you must support a major tax to support these added and expanded services of State government.

A majority has voted for increased aid to education, in one form or another, and the same is true of other equally meritorious legislation. You are apparently in general agreement with the Appropriations Act.

This all adds up to considerably more money than is in sight under present revenue measures, and these revenues have been estimated on a realistic basis.

Let me quote from the Republican Platform of 1948:

"WELFARE. We pledge our support to legislation that will increase payments to recipients of State Welfare benefits. We also favor liberal-

ization of our welfare provisions so that actual needs of those eligible will be met by fair and just payments by our welfare department."

The Democratic platform likewise sets forth the same approximate objectives.

In Education, both parties have subscribed to the basic principles of supporting more adequate teachers' salaries and furtherance of equal educational opportunities. This again costs money, as you know, and as the public knows.

We all know of the other needs which have been considered. It is not necessary to elaborate upon them, nor to deal in boring figures.

Both parties want efficient government and the people are receiving it in my opinion. True, certain economies could be effected, but these would not even approach a small part of the additional funds which this Legislature has indicated should be made available to cover legislation favorably acted upon by a majority.

There remains to be found a solution.

That solution to the problem before you requires additional money. Money for operation of government comes from taxes.

In my inaugural, in referring to operations of state government, I said "the voice of the people must govern our actions."

And in my budget I said "an accurate determination must be made for the need of each request for appropriations. We must be satisfied beyond reasonable doubt that our people both desire and will support by taxation such needs."

In view of these premises and your subsequent decisions, I assume that you have measured well the appropriations already voted, and those which may be approved, to cover apparent needs of government as expressive of the will of your constituents.

It is, therefore, apparent that in order to support such a program as has been indicated by the Legislature, a fair, just and equitable tax measure must be forthcoming.

The general sales tax, to me, is neither fair nor equitable. I cannot subscribe to a tax which would require unemployed workers to contribute from their benefit checks, a tax which would take away from the aged, the

blind, the dependent children, general relief recipients, or mothers who depend on State or local communities for their subsistence.

Is it fair to give with one hand, and take away with the other?

What about the family which is self-supporting and just barely getting by on a small salary?

The burden of compliance on a sales tax is severe and collection is expensive to the State and to the merchants. Our neighboring states have avoided this tax for understandable reasons.

I hold no brief for the theory that a sales tax makes a taxpayer responsive to the cost of government. Such a theory represents fallacious reasoning. The average low-income citizen pays his gas tax, his excise tax, his tobacco or beverage tax,—and if he has a roof over his head, he pays his property tax.

I won't bother you with statistics, but this so-called poll tax payer is more likely to pay \$100 or \$125 per year than he is to pay only the three dollars with which he is commonly credited.

The sales tax is a bad tax. I have little doubt that the people of Maine, as they have done in the past, would support that conclusion at the polls, if given the opportunity.

I would hesitate to give my approval to a sales tax as the solution to our problem.

Thus we come to the only tax left,—the income tax. Naturally, nobody cares for this tax, either. But to me, it is a more fair, a more equitable tax. If I earn \$8,000 per year, and if my state needs more money to better provide for education, welfare, institutions and general government, then I should be willing to contribute to the costs of those needs, based on my ability to pay. If my earnings decrease, then my contribution would be less, and rightfully so.

I am not in favor of any steep progression in income tax rates. A straight line rate seems to me to offer fairness and justice to both middle and high income groups. Such a tax would seem to eliminate the obvious unfairness of the steeply graduated federal income tax.

The final observation is that if you oppose all proposed taxes, then you must just as consistently oppose all proposed spending over and above known revenues.

This brings you back to an appropriation act that will live within our known or estimated revenue, in order to conduct our state government on a sound fiscal policy during the next two-year period.

If that you do, you will leave a shoe that will do a lot of pinching on a lot of toes in the next two years. We will do the very best job that can be done to ease that pinching, but the last upon which that shoe will be formed will be of legislative design.

You are the ones to render the final decision.

You now have my thinking, for what it is worth, and this apparently was what your legislative leaders had in mind when they asked me to address you this morning.

FREDERICK G. PAYNE,

Governor.