

MAINE STATE LEGISLATURE

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ACTS AND RESOLVES

AS PASSED BY THE

Ninety-fifth Legislature

OF THE

STATE OF MAINE

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BUDGET MESSAGE

of

Governor Frederick G. Payne

to the

95th Maine Legislature

January 11, 1951

BUDGET MESSAGE

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Mr. President and Members of the 95th Legislature:

Today we discuss finances in the form of a budget for the coming biennium.

As we do so, our only concern should be the business of government, which to me means strengthening of our democratic institutions in an era when our Nation is under threat from within, as well as from without.

The budget document now before you, represents painstaking research and analysis by the Budget Officer and the Governor.

At the outset of this discussion and review, please accept my unqualified conviction, that the time has come to exhibit a willingness to pioneer in legislation, designed to protect the security and well-being of our citizens.

Something of the magnitude of our financial problem, is indicated by the fact that requests by department heads, institutions and agencies of State government exceeded estimated income by approximately \$15,000,000 for the biennium. It should be noted that basically these requests were justified, but first things come first and many of them have been eliminated as they are not considered essential items in the next biennium.

GENERAL FUND

Before entering into a frank discussion of financial affairs, certain premises should be understood and accepted, namely:

1. The problems are social and economic, not political.
2. Revenue estimates are fair. They are not, in my opinion, understated.
3. The recommendations are based upon absolute need to carry out the provisions of existing law.
4. There are in the recommendations only reasonable allowances for extra commodity expense made necessary by the growing population in our Institutions; for increased case load and subsidy programs in our Health and Welfare and Education Departments as required by law; for merit increases to State employees; minimum amounts for additional staff workers in some of our departments where the need has been proven; and ur-

gently needed heating plant replacements. There is also provision for our Public and Private Hospital program, and essential maintenance for State buildings.

5. The budget is unbalanced under current tax laws. To present it otherwise, in face of deficiencies in our operations, would not be presenting a factual report.

6. Each of you should indulge in a careful scrutiny and analysis of every budgetary recommendation. Please be guided by the principle that proven needs must come first. Upon this Legislature rests the full responsibility of either providing sufficient funds to finance these needs, or eliminating or reducing the functions requiring monies in excess of available revenues as provided by current laws.

7. Appropriations and the method of financing them should be given top priority in your deliberations.

8. To finance the recommendations set forth—recommendations covering only a compliance with law as now constituted—will require an additional \$3,578,198 in the first year of the biennium and \$4,127,365 in the second year. This total projected outlay, represents a sum over and above presently known and honestly estimated undedicated revenues of the general fund, including more than \$400,000 each year which will accrue from an increase in State property valuation.

9. To consider seriously the imposition of higher levies on many of our general fund tax sources would be unwise.

The budget makes provision for setting aside \$250,000 for the biennium as an institutional emergency fund and \$300,000 in each of the two years to permit adoption of the basic recommendations of the Public Administration Service, which surveyed our wage scale under authority of the 94th Legislature.

The institutional emergency fund would be available to meet commodity costs should they so far exceed present levels that they cannot be met from regular appropriations. It also would provide funds for added personnel and other expenses if population loads soar beyond expectations.

The money would be expended only upon recommendation of the Commissioner of Finance, with the approval of the Governor and Executive Council.

For years we have been trying to bring the compensation of our loyal employees in line with prevailing economic requirements. The recommenda-

tion of the Public Administration Service does just this. The required \$300,000 merely brings salaries in line with going rates in private business as of last October. It makes no allowance for increasing costs of living.

STATE OFFICE BUILDING

It is neither feasible nor practical to discuss at length the proposed new State Office Building in this budget message.

There will be presented to each legislator an outline of what would be involved in the way of financial support before the authority, already established by law, could proceed.

The addition of such a building to the present Capitol could make possible greater efficiency of operation and permit consolidations which could be translated into economies.

The proposed addition should be constructed at the earliest possible time consistent with the availability of funds and materials.

FURTHER RECOMMENDATIONS

Budgetary recommendations for the biennium provide, as already mentioned, only the financing of basic needs as set forth by existing laws. There are, however, many other worthy requests for funds beyond those required to underwrite costs of functions now upon the statute books. Most of these demands fall into the capital improvements category and are essential to the protection of property or to enable us to better meet the demands of our citizens from a standpoint of health and safety.

There should be expended at the Augusta State Hospital for example an estimated \$34,000 for a sprinkler system.

At the Bangor State Hospital, we should replace and repair present elevators and install a sprinkler system. The cost is estimated at \$130,000.

In order to provide properly for those afflicted with tuberculosis, need exists for a new patients' building at the Central Maine Sanatorium. It will require \$648,000 for construction and operation in the next biennium.

To provide additional facilities at the Western Maine Sanatorium for patients, \$35,000 should be appropriated.

At Pownal State School, a fire escape is vitally needed at the employees' dormitory. The cost is estimated at \$2,500.

Badly needed roof repairs at the Reformatory for Men will cost \$7,000.

The Airport Construction Fund requires a minimum of \$88,000 to do necessary work in connection with the Federal Government, but this does not provide funds for the development of the Augusta State Airport.

Our State Park system requires \$179,910 and an additional \$6,000 is needed to improve and preserve Capital Park in front of the State House.

These additional items in the aggregate call for \$898,665 in the first year and \$231,745 in the second year of the biennium.

No provision is made for any of them in my budget recommendations, yet it is urged upon this Legislature that each be given most serious consideration. Your agreement to undertake any or all of these projects will call for monies not included in the budget recommendations.

In addition, we should provide more facilities for staff and patients at the Augusta State Hospital and persons in custody at our State Prison. The foregoing, I consider minimum improvements.

UNIVERSITY OF MAINE

It will be noted that the budget recommendation provides for the University of Maine, in accordance with present laws, an amount equal to a one-mill tax on the State valuation or \$818,596 per year.

However, the University of Maine is faced with a serious financial problem. State support for our only land grant college has not kept pace with mounting costs. If this institution is to continue its high educational standards at a tuition rate that does not preclude admission to a great many of our boys and girls, support beyond the returns of the one-mill tax is necessary.

An additional sum of not less than \$500,000 per year should be made available to compensate for the lessened value of the dollar the University of Maine receives under present law. Positive action is earnestly recommended in this matter.

GENERAL FUND SUMMARY

The foregoing reflects only those requested needs deemed urgent. The needs set forth are realistic and provide an honest approach by your Governor to fulfill the intent and meaning—legally, morally and factually—of the basic requirements of our State Government.

It should be borne in mind during your deliberations that the recommended need for \$7,705,563 in the next biennium to bring us in compliance

with law, includes continuation of services financed by the 94th Legislature's supplemental appropriations from surplus of \$3,592,499. This \$7,705,563 does not include additional monies for the University of Maine or for the minimum improvements which have been mentioned.

To keep the record straight, let us recall that the 94th Legislature, meeting in regular session, appropriated all known estimated revenue plus \$451,699 from surplus to finance General Fund operations of State government from July 1, 1949 to June 30, 1951.

By early February of 1950, it became apparent that the appropriated dollars were insufficient. Consequently, the 94th Legislature was reconvened that same month and it voted to make up the deficiency by taking \$3,140,800 from unappropriated surplus.

In other words, the 94th Legislature financed the statutory level of recurring State services by drawing from its bank account. Today, no savings are to be found in unappropriated surplus for current operating expenses.

The \$3,592,499, which now does only part of the job of meeting demands of the law, must be financed in the coming biennium from a new source or we must revert to the sub-standard governmental operations in effect immediately prior to the 1950 Special Session.

My recommendation is that we provide not only the \$3,592,499, which would allow no more than partial adherence to statutory requirements, but the additional \$4,113,064 to bring us in accord with demands of the statutes. The total of these figures is the \$7,705,563 which is suggested as the minimum amount required of us in new revenue for the coming biennium as indicated in the budget recommendations, to merely meet basic requirements of law. The other needs cited are also strongly recommended.

We do have, as you are aware, \$2,000,000 set aside as working capital for the general fund. This money should not be used for appropriation purposes as it is required to maintain our bank balances and provide for any emergency not otherwise covered.

With this explanation, has not the time arrived for us to face the facts—I mean that we face them squarely, honestly and resolutely.

If we are to provide the services the people demand of their State government, we must, at the same time, provide the money to finance them. This government of ours is not unlike the individuals who comprise it. The cost of most everything we buy is increasing steadily. We can't get something for nothing.

As mentioned in my Inaugural of a week ago, three courses are open to this legislative body.

You can resort to deficit financing, which I would oppose. You can reduce expenditures to fit present income by amending laws now on the books. This would strike sharply at curtailments in education, health and welfare, and institutions. You can provide additional revenue.

Because essential needs must be met, if we are to keep faith with the people, it is my recommendation that we impose a Retail Sales Tax to raise the required dollars.

At the same time, we should overhaul our antiquated and inequitable tax structure by abolishing the State Property Tax and the so-called 20 per cent tobacco tax.

In consideration of our withdrawal from the property tax field, we should return to cities and towns the responsibility of financing some services now assumed by the State.

The Sales Tax advocated should exempt food purchased for consumption in the home. Such an exemption would lighten the burden on large families and those of low income as well as those receiving assistance from the State or municipalities.

The suggested new levy is commonly known as a "two per cent Sales Tax." It would yield sufficient dollars to enable the State to withdraw from the property tax field, to repeal the tobacco tax and to have sufficient dollars to meet the financial demands already noted.

In recommending the passage of a Sales Tax, your Chief Executive is not unmindful of a contrary stand taken by him before the 94th Legislature.

The combination of advanced study, the National economic picture and findings of the Tax Revision Committee have served to cause me to amend some conclusions drawn nearly two years ago. As Governor and acting in what I believe to be in the best interests of all the people, a Sales Tax is recommended today.

In so doing, I am cognizant of the fact our Federal Government with unlimited power to tax and to determine the value of the dollar, is expanding because of emergencies on hand. Our present high Federal taxes and the daily reminder of greater income tax levies from the Washington level virtually prohibit us from serious consideration of anything but a Sales Tax.

HIGHWAY FUND

The budget recommendations for the State Highway Department are based upon a program which utilizes all estimated income plus \$886,895 from an estimated unappropriated highway surplus of approximately \$2,400,000.

The withdrawal of the nearly \$900,000 from savings for use in current operations would leave highway unappropriated surplus at roughly \$1,500,000 which should be reserved as working capital and to cover any unforeseen emergency.

It is my recommendation that consideration be given to the bond financing plan to be submitted by the State Highway Commission to permit an accelerated highway construction program that will place our major systems in tolerable condition at the earliest possible time and also to take advantage of all available Federal funds.

Unless conditions surrounding the National emergency preclude such an accelerated program, it should be adopted by this Legislature.

My approval, however, will be tempered by the following determinations:

1. That construction be carried out on those highways reflecting the greatest traffic usage, as determined by survey reports, and on highways now requiring heavy maintenance expenditures.
2. That steps be taken to prevent the State from assuming the maintenance of more and more highway mileage each year, and also to reclassify the present State Highway system.
3. That the program be maintained within available funds.

The State Highway Commission has made very remarkable progress in the past year. For the first time in its history, the department has a proper and businesslike fiscal control.

ACKNOWLEDGMENTS

May I take this opportunity to express my personal thanks and appreciation to Senator Brooks Savage and Representatives Leslie E. Jacobs and Louis Jalbert, who served faithfully and well in the difficult work assumed by the Legislative Advisory Committee on Budget.

Nothing but words of praise can be given to Finance Commissioner and Budget Officer Raymond C. Mudge, his assistant Maurice Williams and their staff. They are a capable, tireless and efficient group of public officials.

My thanks also to department heads and their employees who have proven to me that we in Maine possess as fine a group of State workers as can be found in any organization, public or private, of any size.

CONCLUSION

There will be presented as a supplement to Part III of the Budget document the necessary bills to cover all recommendations.

The adoption of these recommendations will mean that we can provide for our needs under a balanced budget. This is mentioned because to embody such bills in the budget document would add to printing costs and serve no practical purpose.

It is hoped, therefore, that you will accept this supplement as a plan to finance our needs in lieu of a detailed mass of duplicated material in the budget document itself.

The recommendations offered are merely an attempt to advance the hopes and aspirations of society. The program is certain to draw opposition from without this legislative body. This we must expect because any effort designed to take complacency and neglect out of government is bound to be opposed.

The task of righting obvious ills is not difficult if we are ready to apply to it sound judgment, courage and a willingness to place personal or partisan considerations in the background. The time has come to face the facts.

In the name of the people of Maine, it is urged that this 95th Legislature solve the problem now. With your solution will come the opportunity to build a better State, a better government and a fuller way of life.

FREDERICK G. PAYNE,

Governor of Maine