

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE
AS PASSED BY THE

ONE HUNDRED AND EIGHTH LEGISLATURE
AT THE

SECOND REGULAR SESSION

January 4, 1978 to April 6, 1978

FIRST SPECIAL SESSION

(No laws enacted)

September 6, 1978 to September 15, 1978

SECOND SPECIAL SESSION

October 18, 1978

THIRD SPECIAL SESSION

December 6, 1978

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LEGISLATIVE MESSAGE

December 6, 1978

by

GOVERNOR JAMES B. LONGLEY

to the

THIRD SPECIAL SESSION

One Hundred and Eighth Legislature

Mr. President, Mr. Speaker and Members of the 108th Maine Legislature:

I was hesitant to call the 108th Legislature into another Special Session because this Legislature already has been called upon once more than I would have liked it to assemble in order to serve the needs of the people of this State.

However, I think we have an opportunity today to perform another great service for the people of Maine in the area of industrial and economic development. Many believe we are on the threshold of reaching a major milestone in our efforts to attract quality jobs to Maine.

We are here today because we have an opportunity with the passage of a single bill to attract a major quality firm to Maine and at the same time lay the groundwork for the expansion of our outstanding existing firms and the attraction of other quality new businesses to Maine.

I will say here and now that I would not have called the 108th Legislature into this Special Session had it not been for the full cooperation and support our industrial development effort received from your legislative leaders and Governor-elect Joseph Brennan. When it appeared that the months of preliminary work by Hadley Atlass, Roget Mallar and others in this administration had an opportunity to pay dividends, we involved Governor-elect Brennan, Senate President Joe Sewall and Speaker John Martin in our final discussions with this outstanding world-wide company. I would be remiss if I did not say that these individuals represented the Maine Legislature and Maine State Government in an outstanding manner.

Finally, we met with the entire leadership of this Legislature and briefed it fully on the developments and the action that was needed by the Legislature to make this very possible dream a reality. It was only after a unanimous and enthusiastic expression of support and approval from your legislative leaders that I called this session and accepted the recommendation of the Senate President and House Speaker that if a Special Session were called that it meet today and be made part of your organizational program in preparation of the seating of the 109th Legislature.

Therefore, we come before you today feeling that we have done our part in presenting you with a bill that will provide the State of Maine with a major industrial development vehicle for now and for the future. Very candidly, as a businessman on leave from his own business, I do not accept the argument that this is preferential treatment for one company or unfair to existing businesses. First of all, this company did not ask for this legislation. . .it was recommended to me, and with the agreement of your Speaker and Senate President and Governor-elect Brennan, we drafted and presented this legislation on our own to parallel the Federal credit and to compete with other states also offering incentives for quality jobs.

As a matter of fact, our competitors in this and other instances offer much greater financial and tax advantages, but the reputation of the productivity of Maine workers and of our fiscal climate here in Maine is second to none. However, let the record also show that I feel this legislation is much more beneficial to

our youth and working men and women wanting quality jobs in Maine than it is to any one or more companies that might expand in or locate in Maine.

Secondly, as a businessman who champions the free enterprise system, I feel we have been and still will be fair to existing businesses even though I hope to present to Governor-elect Brennan a refinement of existing business and tax policies for his consideration for submission in the Regular Session. However, at this moment, I believe we are being and have been fair to Maine's business community:

- (1) We have one of the lowest corporate income taxes in the country.
- (2) We have eliminated the inventory tax.
- (3) We have eliminated sales taxes on machinery and equipment used in production.
- (4) Maine businesses have benefitted from one of the most, if not the most, productive work forces in the country.
- (5) Maine's forest lands and large industrial and commercial properties have not been taxed as heavily as they would be in most other states.
- (6) As a businessman, I would remind the business community that additional capital investment, made possible by this Bill, would broaden and deepen the tax base and could more easily lighten their future tax load due to increased capital investment in Maine which also will provide more quality jobs for Maine. Furthermore, only history will accurately prove that a deferral or investment tax incentive received by one or more of those firms which comes to or expands in Maine will in fact produce \$20 million or \$200 million or more of additional tax revenues in the future. . .not to mention allowing those who have to or have already left Maine for quality jobs, the option to work in Maine.
- (7) A recent Legislature, in its wisdom, saw fit to provide tax breaks to two specific Maine businesses. I vetoed these bills because I feel they did in fact single out specific firms and had the effect of shifting taxes already being paid to other businesses and to the taxpayers of Maine.

While the Legislature and I disagreed in those instances, I do not feel there is a parallel with the matter before us today. The Bill we are considering today does not single out a firm and would provide the same credit to any firm, new or existing, willing to make this commitment of dollars and jobs to the people of Maine. Also, far from being a shift of existing taxes, this investment credit will increase tax revenues and the credit that is given will be for an investment and jobs which Maine would not receive in any event unless the firm located or expanded in Maine. If they were quoted accurately, I feel Senate President Joe Sewall and House Speaker John Martin may have stated it best by saying: "While some call it a tax break. . .it is more of a job break for the people of Maine."

(8) Finally, I feel 99% of the Maine business community knows that if we don't provide this type of incentive, we not only fail to get the capital investment, but also fail to get the quality jobs and so there's no tax benefit, no capital benefit and no job benefit.

For the 1% of the businesses that might oppose. . .I would hope it is not because of the competition for quality or higher paying jobs, because I do believe the present tax and fiscal climate in Maine for existing businesses will benefit from this legislation as well as benefit our youth and the working men and women of Maine.

Because of the busy schedule you face, I won't take any more of your time, other than to thank you again and to ask you to treat this legislation as an option for more than one business possibility for Maine that could provide many thousands of jobs for the present and future youth and working men and women of Maine.

Thank you very much.