

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND NINTH LEGISLATURE

FIRST REGULAR SESSION

January 3, 1979 to June 15, 1979

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BUDGET MESSAGE

February 8, 1979

by

GOVERNOR JOSEPH E. BRENNAN

to the

FIRST REGULAR SESSION

One Hundred and Ninth Legislature

BUDGET MESSAGE

Mr. President, Mr. Speaker, Honorable Members of the 109th Legislature, Fellow Citizens of Maine:

The presentation of the biennial budget to the Legislature is a statutory obligation of a Governor.

For me, it has been more than that.

The budget process has been an education in state government.

It has been the basic training that a new Governor must go through, for it has involved the most minute inspection of all that occurs in the name of the State of Maine.

It has provided an overview of what we do here.

Four years ago, my predecessor responded to a growing mood in the state and the nation and set a new course for the state. Under his leadership, the state called a halt to the continuing process of growth of government, and that gave us all the opportunity to reflect on what we as a state wanted of our government.

Five weeks ago today, I stood before you and set out my ideas for the new directions I intended to take during my administration.

The budget I present today is consistent with those priorities, and it reflects what I believe is the mood of the public today.

It is a budget without a tax increase.

It is a budget that presents the first stage in a continuing program of meaningful property tax relief.

It is a budget that takes initiative by using transportation as the foundation for economic development.

It is a budget that addresses our future by beginning the process of strengthening our institutions of higher education.

It reflects my belief that we can keep a tight rein on public spending while continuing to run a government that truly cares about the quality of life of every citizen.

GENERAL FUND

PART I — CURRENT SERVICES

Requests for funding under Part I, the current services section of the general fund budget, totalled \$1,071,340,100 for the two years.

We were able to pare this total request down to \$996,981,876 for the biennium.

This commendable job was performed ably by Rodney L. Scribner, the Commissioner of the Department of Finance and Administration, and Otto W. Siebert II, State Budget Officer. These able gentlemen and the dedicated staff of the Bureau of the Budget closely scrutinized the Part I requests with an eye toward eliminating those funding requests that appeared to surpass legislative authorization. Their dedication has been my greatest assistance in the preparation of the budget.

I am pleased to report that the first-year Part I recommendation of \$484,930,061 represents a growth of only 6.3 per cent over the current year's actual appropriation, a figure substantially lower than the nation's inflation rate.

Furthermore, our second-year recommendation represents an even smaller growth rate of 5.6 per cent over Fiscal 1980.

The strictest guidelines were utilized in developing the Part I budget. Public hearings and numerous conferences were held to insure that only essential increases were approved. Examples of such increases are approved collective bargaining agreements for state troopers and institutional employees and allowances for inflationary cost increases for supplies and materials.

FINANCING THE BUDGET — GENERAL FUND REVENUES

As shown in the accompanying chart, we have projected \$1.1 billion to be available from undedicated revenues to the General Fund — \$507.8 million in FY 1980 and \$556.2 million in 1981. This amount plus \$31.5 million in federal revenue sharing and a surplus available after emergency needs and the Capital Construction and repair program will finance recommended services and provide a sufficient balance for collective bargaining, homestead tax relief and for other legislative documents shown on the chart.

GENERAL FUND
SUMMARY OF UNDEDICATED REVENUES

REVENUE SOURCE	ACTUAL		ESTIMATED		BUDGET RECOMMENDATIONS	
	FY 1978	FY 1979	FY 1979	FY 1980	FY 1981	FY 1981
Uniform Property Tax	\$ 6,557,524	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Tree Growth Tax	3,285,751	5,157,168	4,739,015	5,080,015		
Budworm Excise Tax	2,099,230	2,274,413	2,721,310	1,871,881		
Inheritance & Estate Taxes	9,313,742	8,600,000	10,000,000	11,000,000		
Income Tax - Individual	98,760,244	97,895,720	130,400,000	149,500,000		
Income Tax - Corporate	32,790,620	38,571,440	38,400,000	38,400,000		
Cigarette Taxes	24,364,238	26,000,000	25,000,000	25,000,000		
Sales & Use Taxes	178,561,626	187,493,440	209,320,012	230,480,012		
Public Utility Taxes	14,951,068	14,905,000	17,824,000	19,828,000		
Insurance Premiums Taxes	9,920,820	10,000,000	12,092,000	13,092,000		
Commission on Pari-mutuels	839,816	889,000	900,000	900,000		
Income from Investments	3,376,948	2,311,000	4,000,000	4,000,000		
Income from Alcoholic Beverages	26,733,160	27,018,095	26,497,930	26,397,614		
Income from State Lottery	1,592,708	2,105,000	1,948,782	2,211,121		
Other Revenue	20,609,256	23,328,261	23,970,485	28,402,181		
Total Undedicated Revenue	<u>\$433,756,751</u>	<u>\$446,548,537</u>	<u>\$507,813,534</u>	<u>\$556,162,824</u>		
Biennial Totals		<u>\$880,305,288</u>		<u>\$1,063,976,358</u>		

GENERAL FUND

PART II — SUPPLEMENTAL SERVICES

The Part II Budget, our recommendations for new or expanded services, contains the hardest decisions that must be made by the Governor during the budget process.

Here, the Governor's ideals, wishes and plans collide with the reality of limited resources.

Here, worthy causes compete among themselves for my approval, and, ultimately, yours.

I received Part II requests totalling \$84,041,310.

In reviewing these requests, I was guided by several considerations. These included:

1. The knowledge that the public has reached the limit of their ability to pay taxes, and, in response, are putting government spending under microscopic scrutiny as never before.
2. Creation of new state government positions must be well justified for the benefits to the public as a whole.
3. A genuine need, and, in many cases, urgency, had to be demonstrated when the requests were checked by the budget office, my staff, and, often, by me personally.
4. The discontinuance of federal funds could not be considered sufficient reason, in and of itself, for continuing a program or a position.

To these, I added one final consideration:

I felt the overall presentation of Part II had to be a reflection of the priorities I stated during the election campaign last fall.

To do otherwise would represent a breach of faith with the people.

It would further erode public confidence in the political process, and in all elected officials.

Accordingly, we reduced the Part II requests by 63.5 percent to \$14,612,815 for the first year and to \$16,036,290 for the second year.

The Part II requests that remain in the budget are in line with the priorities I have repeatedly stated.

— There is an emphasis on education, including both the University of Maine and our vocational technical educational system.

— New spending in the area of natural resources is aimed principally at determining the best future economic use of our renewable resources without depleting them.

— Our social service spending takes as its goal improving not the quantity but the quality of our services, and wherever possible is intended to increase the role of the family and the community and decrease the role of the institution.

Some of the highlights of Part II include the following:

EDUCATION FUNDING

This year, I am asking for authorization to change the Subsidy Index for our basic education allocation from 10.0 mils to 9.6 mils.

This will permit the State to maintain its portion of the cost of local education at 53.5 per cent.

Funding at this level represents a commitment of \$11,844,706 for the biennium.

It is the largest single line in the Part II budget, and makes up about one-third of the total supplemental services appropriation we are requesting.

It honors our commitment to maintain our funding of the established percentage of aid to local education.

UNIVERSITY OF MAINE

I have repeatedly expressed my desire to see Maine develop a University system of high academic standards and achievements.

The benefits of a strong university are many.

College graduates have a better chance to earn more and to enjoy a higher standard of living.

They are better equipped as individuals and we are better equipped as a society to face and solve the complex problems of today's world.

And a strong university attracts a strong faculty.

A healthy university system can offer the state more tools to address

our economic, agricultural, fishing, natural resources and human service problems.

Today, Maine ranks near the bottom in spending on higher education. Morale is low.

Nothing any Governor can do will solve the problems of the University in short order.

But, today I wish to propose a modest start.

I am recommending a total of \$5,280,000 in Part II funding to strengthen the University.

It is not as much as they asked for.

But it is a beginning.

We are providing funding for pay increases that are fair to both the employees of the University and to the public, which ultimately bears the cost. We have budgeted \$1,900,000 in Part II for these wages and salaries in addition to Part I funding.

We are recommending funding for several new programs with the general intention of improving access by the public to the University's facilities.

These include:

- a greater commitment to health education, including improved community health programs, nutritional education and a stronger nursing associate program;
- improvements in maintaining and securing library resources, providing more materials for off-campus centers, and keeping the collections up to date;
- aiding the fast-growing business administration and management program to meet increasing student interest;
- strengthening graduate studies; and
- providing greater services for more people.

I intend to keep in close touch with the University's trustees to follow up and be sure that this money is well spent, for, if this new initiative is

unsuccessful, it may be many years before any Governor may be able to make a new commitment to the University.

Under the University's Part II budget recommendation, we have also included \$380,000 to replace an old television transmitter owned by the Maine Public Broadcasting Network. This transmitter serves WMED-TV in Calais. It is 14 years old and MPBN has advised me that replacement parts will soon become difficult to obtain. Future problems in maintaining the station's on-air schedule will be likely if the transmitter is not replaced. Approval of our recommendation would enable MPBN to apply for a 75 per cent federal matching grant to complete the purchase.

VOCATIONAL TECHNICAL INSTITUTES

I know of no area of state government where the benefits of our spending are as certain for both the participants and the state, as that of the Vocational Technical Institutes.

For many VTI students, the specialized training they can receive there represents their only opportunity to be trained in a marketable skill.

Most graduates have no trouble finding work.

And they become another, and the most important, asset we can promote as we continue the increasingly competitive drive to attract new industry.

For these reasons, I have included a major Part II recommendation for the vocational technical institutes.

If you approve our recommendations, we will add training programs in sheet metal technology, power engineering technology and property tax assessment at the Central Maine VTI.

We will add training programs in welding and heating technology at the Eastern Maine VTI.

We will continue the previously federally funded program in wood harvesting at the Northern Maine VTI.

We will continue the previously federally funded marine center at Washington County, add staff for the building construction program at

Southern Maine VTI and add staff for a program in physics at Northern Maine.

We will increase our support of the Kennebec Valley VTI.

The cost of all this is \$1,558,848 for the biennium.

I believe it is worth it.

The vocational technical institutes have proven their value to the state time and again.

I believe there is no better educational value for the tax money spent in the State of Maine today.

And I urge you to join me in this expression of support for our VTI's.

OTHER EDUCATION RECOMMENDATIONS

In addition to our recommendations for the University, MPBN and the VTI's, we are submitting several smaller recommendations for funding in the general area of education. These include:

— an additional instructor at the Maine School of Practical Nursing at a cost of \$33,061;

— \$20,000 to increase grants to cultural organizations through the Arts and Humanities Commission; and

— two staff members at \$40,087 to work at the Maine State Museum, which has done an excellent job recently of adding to its displays for the general public.

DEPARTMENT OF HUMAN SERVICES

One of our most tragic social problems is child abuse. Much attention has been focused on it, and the Legislature has responded with concern.

Increasing public awareness of this problem has led to overwhelming caseloads for the workers in the Department of Human Services' Child Protective Services Program. To help maintain work loads at levels consistent with legislative intent and good service, the Department has requested funding and support in the amount of \$398,010 for 12 supervisory positions.

A second urgent need in Human Services is for additional staff to handle applications under AFDC and Medically Needy programs. We have requested \$1,277,024 for 56 positions, which would be matched by

federal funding for an additional 56 positions. Today's backlogs are so high that there is no efficient way of processing applications with existing staff. These added positions, for eligibility workers and clerical staff, will make it possible to make eligibility determinations more accurately. Thus, this Part II recommendation is likely to result in net savings for the state.

Other Human Services requests approved for Part II funding include:

- \$431,455 for additional clerical staff in regional offices;
- \$50,815 for support staff for the cost-effective program for collecting child support payments;
- \$42,185 for expanded requirements for medical quality control sampling size and scope;
- \$22,370 for an additional position in the Office of Dental Health;
- \$65,000 in start-up costs for an alcoholism treatment program at St. Mary's Hospital in Lewiston; and
- \$20,000 to renovate a building for the Day One drug abuse residential treatment facility in Portland.

MAINE HEALTH SYSTEMS AGENCY

We have approved a recommendation of \$50,000 to enable the Maine Health Systems Agency, Inc. to expand its efforts to involve the general public in its decision-making process. In this age of soaring medical costs, the public has a right to be heard in the decisions that are made on proposed medical facilities. This would represent the only state appropriation received by the agency.

DIVISION OF COMMUNITY SERVICES

We are adding to our support of the Young Adult Conservation Corps, which provides employment and training for young people. YACC enrollees are currently working on the winterization of Camp Lincolnwood at the Camden Hills State Park for the eventual year-round use of the public. We are requesting an appropriation of \$100,000.

The Division of Community Services, which administers this program for the state, would also receive in Part II \$400,000 to help provide home insulation services for the elderly and other low-income homeowners.

More than \$6 million in material is provided to the program by the federal government without cost to the state. However, the cost of labor for installation must be provided here. The Part II funds would ensure quality supervision of this installation throughout the state.

DEPARTMENT OF MENTAL HEALTH AND CORRECTIONS

By far, the greatest problem we must confront with regard to the Department of Mental Health and Corrections is the pressing need presented by overcrowding of correctional facilities.

Upgrading and expanding our capability to cope with the increasing numbers of adjudicated criminals will be carefully evaluated and our recommendations will be presented in a special message to you on this issue.

In the meantime, we are recommending an emergency appropriation of \$500,000 for a correctional improvement program to meet our immediate needs.

The problems addressed by the Department of Mental Health and Corrections are among the hardest to solve. We cannot meet all the requests; indeed, a billion dollar budget could not meet every need.

But, Maine continues to make progress.

At the Pineland Center, for example, a few years ago, administrators looked forward to the day when the number of staff would equal the number of residents. Today, with 424 residents and 719 staff, there are nearly two staff for each resident. We can take pride in the efforts we have made and will continue to make in the future.

A consent decree has settled the class action suit against the state regarding treatment at the Pineland Center in Pownal. To comply with the decree, the Department of Mental Health and Corrections has requested \$540,840 in Part II funding for temporary staff at Pineland. This staff, largely a first-year request, will be hired to train many of the patients to feed and dress themselves so that they can return to a less restrictive environment.

We are also including a recommendation for \$425,311 to staff the new security treatment unit at the Maine Youth Center, which is scheduled to be ready for occupancy in October.

There are three other significant funding recommendations under Part II for Mental Health and Corrections:

— \$538,682 for additional staff at the Bangor Mental Health Institute;

— \$2,500,000 in payments to several schools for mental health services to children; and

— \$249,794 for increased development of community-based services for mentally retarded infants.

DEPARTMENT OF CONSERVATION

During 1980, the U. S. Forest Service will conduct its decennial survey of Maine's timber resources. This survey will be undertaken at a time of growing demands on Maine's valuable timber resources. Because of the obvious potential benefits for Maine's future planning for one of our most vital natural resources, the Bureau of Forestry has asked for \$344,000 for additional survey funding to augment this national timber census to tailor this information to the specific needs of Maine. The information this will provide will be of great benefit to the planning for the future use and wise conservation of our forests.

We are also recommending your approval of another Department of Conservation request, to re-establish one position and support funds for a study of beach erosion along the southwestern coast. As you know, beach erosion has become an increasingly serious problem, costing millions of dollars to homeowners and the recreation industry. Our request of \$81,000 will supplement \$40,000 — \$50,000 in federal funding for this study.

EMERGENCY LEGISLATION

I am also including with this budget, legislation to cover \$5,346,492 in current-year emergency appropriations.

By far, the largest amount requested is \$3,335,479 to attack the current spruce budworm outbreak. This money, if approved, will combat the infestation which affects virtually all of the spruce fir forest upon which so much of our economy and recreational resources depend. Plans now call for almost 3.5 million acres to be sprayed to keep our trees alive.

All but \$262,207 of this amount will be repaid by landowners under the Spruce Budworm Excise Tax.

DEPARTMENT OF MARINE RESOURCES

In accordance with the recommendations of the Legislature's Joint Select Committee on Marine Research, we are submitting a Part II recommendation for \$564,522 for the Department of Marine Resources.

This will enable the Department's Assessment Division to undertake statistical surveys of Maine's fish populations so that the Department can:

1. Draft a management plan for the fisheries in our territorial waters, and
2. Be prepared to respond appropriately to the recommendations for fisheries management that will be promulgated by the New England Regional Fisheries Management Council.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

In recent years, there has been an increased workload in the Department of Environmental Protection's Bureau of Land Control, created by the transfer of responsibilities to that bureau from other agencies. To assist the Bureau to process its workload in an efficient manner which will allow for prompt and informed decisions consistent with our desire to encourage economic development, and to protect our resources, we have included a Part II recommendation for \$263,861 to fund additional staff positions.

JUDICIAL DEPARTMENT

We will recommend two Part II appropriations for the Judiciary this biennium.

The first is a project that is making an innovative approach to a problem of great concern to me — that of our overcrowded courts. The Court Mediation Project is a program under which parties in a legal dispute are given the opportunity to settle their case before a lay mediator. The initial results have been encouraging and I wish to see it continued. The \$48,962 that we request are modest compared to the potential savings in court costs to the general public.

We are also asking for funds to provide pay increases for court employees within the President's wage guidelines.

DEPARTMENT OF ATTORNEY GENERAL

The Attorney General's Department has requested additional funding for the district attorney's offices. We are recommending \$210,000 in Part II to help meet this need.

In addition, we are recommending \$30,000 to fund a state police advi-

sory attorney; one position, funded in the Part I budget, for an attorney to work with Mental Health and Corrections; and additional staff and support for the Chief Medical Examiner at a cost of \$60,231.

DEPARTMENT OF PUBLIC SAFETY

This year's Part II request for the Department of Public Safety reflects the desire to separate the administrative function of the Office of the Commissioner from the State Police without incurring additional cost.

This new initiative will free funds to enable the State Police to hire several additional troopers. We are funding salaries for the Commissioner, who, for the first time, is not also the Chief of the State Police, and for a Director of Administrative Services. The cost of these positions will be \$114,020 for the biennium.

In addition, our Public Safety request includes the following:

— \$84,835 for communications officers and technicians in four regions. They are now federally funded, but funding will expire at the end of the current fiscal year.

— \$51,017 for four positions under the Uniform Crime Reporting Program. Again, the federal funds for these positions expire at the end of the fiscal year.

— \$12,500 for increased support services for the Division of Special Investigations.

LEGISLATURE

We are including \$225,600 in funding to permit the publication of updated volumes of the Maine Revised Statutes to continue. This should be an ongoing program because outdated volumes can create confusion and misunderstanding in both government and the private sector.

MAINE COMMISSION FOR WOMEN

For several years, the Maine Commission for Women has been operating on a token budget with volunteer help. I have asked for funding for two permanent staff members as a way this administration can demonstrate its commitment to seeing to it that women have the opportunity to assume a truly equal status in our society.

DEPARTMENT OF FINANCE AND ADMINISTRATION

I am recommending an additional appropriation for the Department of Finance and Administration to continue the energy audit program. The funds will permit staff to run energy-efficiency checks on state buildings and schools for another 16 months.

Part II requests funding for additional expenses for the state government properties in the Capitol area. This includes \$265,553 for eight new positions to improve service, maintenance and security at the Stevens Complex in Hallowell and \$69,807 for four new positions to improve services at the Manpower Affairs building on Union Street.

LOANED EXECUTIVE PROGRAM

As you all know, several years ago, a team of business executives conducted a study of state government to determine recommendations for saving public funds.

I believe it is appropriate that an incoming Governor conduct a similar study, and I have asked for an appropriation of \$10,000 to cover the start-up costs of the program. Aside from these initial expenses, there will be no other costs to the state. We intend to recruit a group of business executives who will donate their time and expenses. We anticipate that their recommendations could save millions of taxpayers' dollars.

DEPARTMENT OF PERSONNEL

This budget document contains no Part II recommendation for the Department of Personnel. I have some ideas for changes in this important department that I wish to discuss at length with the new commissioner, following confirmation. Legislation will be presented at an appropriate time.

MAINE STATE RETIREMENT SYSTEM

This year, I am recommending a one-time appropriation of \$150,000 to fund a study of the entire State Retirement System, including the Teachers' Retirement Program, health insurance benefits and deferred compensation.

I ask your approval of this item in order that we can take a long, hard look at the potential benefits and drawbacks of consolidating all these programs.

I believe it makes sense for the state to undertake a periodic reevaluation of its retirement services, particularly in view of the increasing cost of employee benefits. The last comprehensive examination of these programs occurred more than ten years ago, and I believe it would be appropriate to undertake a new study at this time.

DEPARTMENT OF TRANSPORTATION

Part II includes a number of modest recommendations for the Department of Transportation.

They have requested \$40,000 to permit the Bureau of Waterways to replace obsolete radar units aboard the five ferries it operates to offshore islands. This relatively small cost is insignificant compared to the assurances of safety for the passengers and vessels.

We are also asking for your approval of three positions — an airport planner, a heavy equipment operator, and a co-pilot for the state airplane. The cost of these three new positions during the biennium will be \$107,554.

CAPITAL IMPROVEMENT PROGRAM

I will ask the Legislature to approve \$6,223,600 under this budget's capital improvement program.

The most urgently needed items as listed by the Bureau of Public Improvements include:

- \$140,000 to install a sprinkler system at the Governor Baxter School for the Deaf; and

- \$95,000 to install smoke detectors at the Augusta Mental Health Institute.

Other essential improvements include:

- \$2.3 million for B.P.I.'s statewide repair program.

- \$1,468,000 to improve access to buildings by the handicapped.

- \$400,000 to satisfy OSHA requirements at Military Bureau facilities.

- \$250,000 to repair the causeway to the Governor Baxter School.

- \$150,000 to repair and upgrade the water supply at Southern Maine Vocational Technical Institute; and

- \$139,700 to replace roofs at several armories.
- \$20,900 for new lighting at the Maine State Pier in Portland.

DEDICATED REVENUE HIGHWAY PROGRAM

I am sure you are aware that financing of the highway program has become increasingly difficult since the energy crisis in 1973. Because of the Maine Department of Transportation's use of petroleum-based products and the rapid increase in the prices of these and other commodities, the costs of just continuing the basic operations in the highway program have been increasing at an estimated 10 per cent per year. However, the gas tax, the chief source of revenue for the dedicated Highway Funds, has been increasing at only a 2 per cent annual pace as a result of otherwise commendable conservation measures, such as more fuel-efficient cars, lower speeds and other factors.

Despite these financial difficulties, the Department of Transportation has been able to operate the highway program satisfactorily without an increase in the gasoline tax since 1971 and with no adjustments in the basic registration fee since 1960, and, in the cases of some fees, considerably longer.

I am recommending a highway program that will continue town aid programs and resurface 853 miles of road in the first year of the biennium and 1,250 miles in the second year. The proposed program will continue essential bridge maintenance activities and will provide sufficient funds to match available federal funds for highway, bridge and safety improvements.

In order to carry out these essential programs, I am recommending a continuation of our historic program of bond financing for a major portion of the capital improvement needs. It is estimated that approximately \$11 million in bonds will be retired during the coming biennium. I am urging consideration of a \$22 million bond issue for bridges and highway safety improvements to carry on these important programs. I believe this increase in the level of highway debt can be safely assumed for the following reasons:

1. The level of authorized indebtedness has remained relatively constant for the last several years.
2. The budget contains no bond requests for the construction of other state government buildings.
3. The projects involved are predominantly financed with federal funds, 90 per cent on the Interstate System and generally 75 per cent on

other systems so that, in fact, we are only using bond financing for a relatively small share of the program costs.

4. This method will assure that tax dollars paid by Maine motorists to the federal government will be returned to meet Maine needs.

Given our highly inflationary economy and rapidly increasing construction costs, delaying construction of essential bridge and other projects will only add significantly to their costs.

In addition, given the basic, long-term financial problems in the Highway Fund, I am committed to initiating a joint Executive-Legislative in-depth review of the alternatives available to assure adequate financing for this portion of our transportation system that is so important to Maine's overall economy. This effort will be completed and we will be making major policy recommendations to the 110th Maine Legislature at its first regular session two years from now.

In the interim, in order to assure a safe highway system and to provide sufficient funds to meet the needs of collective bargaining for the dedicated employees in this Department, I am recommending an adjustment in the basic vehicle registration fees subject to a sunset provision in two years.

This two-year registration increase will be \$5 for automobiles and a proportionate increase for trucks.

As I mentioned earlier, there has been no increase since 1960, and, in fact, the range of fees has not been significantly revised since 1939. Between 1939 and 1960, registration rates ranged from \$10 to \$16 and have been \$15 since 1960. Despite all the tremendous increases in costs to the highway user, these fees have remained constant for approximately 20 years.

In addition, the revenue from these registration fees is not dependent upon the type or amount of fuel used, and, therefore, on an interim basis, helps to respond to the basic problem of dependence on the gas tax to finance this program.

Approval of this financial approach should allow us to maintain Maine's highway system in a reasonably safe and satisfactory condition for the next two years and will ensure that our highway employees are adequately compensated.

OTHER TRANSPORTATION PROGRAMS

I am recommending a General Fund transportation capital improvement program in the amount of \$11.8 million for various statewide transportation improvements.

A major portion of this program (\$9 million) is recommended to initiate a new program for development of public fish piers along the coast of Maine. The need for basic pier facilities for our fishing industry has been neglected for too long. Public investment from both the state and local levels is necessary to guarantee that this segment of our economy can develop to its fullest potential. Through the efforts of the Committee on Coastal Development and Conservation, which has recommended this approach to assist the fishing industry, and the Department of Transportation working with the Department of Marine Resources, initial priority projects are proposed for Boothbay Harbor, Kennebunkport, Portland, Rockland, Stonington, and Vinalhaven. Other projects may be possible as part of this initial effort or in the future, depending on the availability of federal funds and other factors.

Air travel continues to grow at a rapid pace in Maine. Furthermore, the availability of good airport facilities is becoming increasingly important to our efforts to encourage economic development. To respond to these needs, I have included in our proposed program \$1.3 million for continuing the cooperative program between state, local and federal governments for airport improvements throughout the state. These funds will be matched by local funds and will take full advantage of estimated available federal funds of \$5.8 million resulting in a total Airports Improvement Program of approximately \$8.7 million. Projects include further expansion of the passenger terminals at both Bangor and Portland to accommodate increased traffic; improvements to runways and other existing facilities; installation of navigational aids; and other safety improvements. Projects are proposed at over 30 public airports from Sanford to Caribou and from Princeton to Rangeley.

Other projects included respond to needs associated with the Maine State Ferry Service operated in the mid-coastal area. Included are funds for the engineering and design of a new vessel to eventually replace the Governor Muskie, which serves the Lincolnville-Islesboro route, improved steering mechanisms for each of the ferries and improved parking facilities and security at each terminal area. Funds are also included for improvements at the Maine State Pier to ensure continuation of existing services and to accommodate increased activity at this major import-export facility. Finally, the program includes a very modest sum to

ensure that Maine railroads can take advantage of available federal funds to rehabilitate their lines and to acquire the rights of way for possible future use of both the Eastport and Bingham branches, which have both been authorized for abandonment by the Interstate Commerce Commission.

The long-range nature of these investments in our economic future warrants consideration of bond financing and I am recommending an \$11.8 million bond issue for this purpose.

I am also proposing a major new state effort and direction in the area of public transportation. Organizations for the elderly and some of Maine's communities have done an exemplary job in developing public transportation systems for those requiring such services at some locations throughout the state. The public transportation program I propose will allow the State of Maine to become a partner with local and federal governments in providing these services. An appropriation of \$400,000 is proposed for each year of the biennium which, when combined with federal and other funding, will produce a total program of \$6.5 million. These funds will be used for capital equipment and operations.

Legislation is being proposed which appropriates the above funding and also provides for the Department of Transportation, in concert with the Departments of Human Services and Mental Health and Corrections, to implement a coordinated and improved public transportation system throughout the state.

I am also submitting appropriate legislation directing the Department of Transportation to further study the feasibility of developing general cargo port facilities on Maine's coast. Considerable work has already been done in addressing this question. However, we still need to more thoroughly evaluate the benefits associated with such development and to determine whether single or multi-port development is in the best long-range interest of the state. This effort should make it possible for us to determine the extent to which public investment in cargo port facilities is needed.

ADDITIONAL HOMESTEAD TAX RELIEF

We are also recommending that the process of permanent property tax reform be initiated at this session of the Legislature.

We propose that a homestead exemption of \$2,000 of the value of year-

round residential property from property taxation be provided in the first year of the biennium.

Then, for the second year, we propose that the exemption be increased to \$3,000.

This is a modest beginning, but one we can afford within the limits of this proposed budget.

And it is a beginning toward basic reform, since an across-the-board exemption will inevitably give the greatest break, proportionately, to those who need it the most — those with modest homes.

STATE EMPLOYEES

As you know, the state's negotiating teams are now bargaining with the unions representing many state employees. We are working hard in good faith to compromise wherever we can to reach a fair agreement within our means. We have left money in the budget for a fair agreement. The amount set aside is consistent with my statutory obligation to present a balanced budget.

We are also developing proposals for compensating our confidential managerial employees, and these proposals will be submitted to the Legislature this session. These employees are excluded from bargaining units by law. They have not received a general salary increase since July, 1977. As managers of state programs and our work force, their treatment should not be dependent on what their employees' unions negotiate.

CONCLUSION

In addition, my budget includes funding for worthy legislative documents.

In the weeks and months ahead, you will be examining each line of this budget, sometimes from the perspective of different priorities and values. I fully expect that we will be able to conclude our mutual constitutional obligations in the spirit of compromise which I expressed to you five weeks ago today.

I submit this budget to you today knowing that we share the same ultimate goal — making our state an even better place to live.



GOVERNOR OF MAINE

(MILLIONS OF DOLLARS)
SUMMARY OF REQUESTS AND RECOMMENDATIONS
 1980/1981 BIENNIUM

<u>GENERAL FUND</u>	<u>DEPARTMENT REQUESTS</u>	<u>TRANSFERS IN (OUT)</u>	<u>BUDGET (REDUCTIONS)</u>	<u>BUDGET RECOMMENDATIONS</u>
Part I - Current Services	\$1,102.84	\$(31.50)	\$(74.36)	\$ 996.98
Federal Revenue Sharing	--	31.50	--	31.50
Part II - New and Improved Services	84.04	--	(53.39)	30.65
Part III - Capital Construction and Repairs	34.01	*(6.22)	(27.79)	-- *See Emergency Legislation
 TOTAL	 \$1,220.89	 \$(6.22)	 \$(155.54)	 \$1,059.13

METHOD OF FINANCING

Estimated Fund Balance - July 1, 1979	\$ 19.70
Undedicated Revenue - Biennium	1,063.97
Federal Revenue Sharing	31.50
Less: Misc.-Contingent Account - Working Capital	<u>(2.00)</u>
TOTAL AVAILABLE	1,113.17
TOTAL BUDGET RECOMMENDATION	<u>1,059.13</u>
 Balance to provide for Homestead Tax Relief, Collective Bargaining and L.D.s	 <u>\$ 54.04</u>

GENERAL FUND UNAPPROPRIATED SURPLUS

Available at June 30, 1978	\$35.20
<u>ADJUSTMENTS</u>	
Appropriations - Over (Under)	(31.50)
Current Revenues - Over (Under)	15.10
Lapsed Balances - General	3.50
- Education	<u>5.90</u> (7.00)
AVAILABLE	28.20
<u>EMERGENCY LEGISLATION</u>	
Additional Act	(2.28)
Capital Construction and Repairs	<u>(6.22)</u> (8.50)
BALANCE AT JUNE 30, 1979	<u>\$19.70</u>