

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE
AS PASSED BY THE

ONE HUNDRED AND TENTH LEGISLATURE

SECOND SPECIAL SESSION

September 25, 1981

AND

THIRD SPECIAL SESSION

December 9, 1981

AND

SECOND REGULAR SESSION

January 6, 1982 to April 13, 1982

AND AT THE

FOURTH SPECIAL SESSION

April 28, 1982 to April 29, 1982

AND AT THE

FIFTH SPECIAL SESSION

May 13, 1982

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J.S. McCarthy Co.
Augusta, Maine
1981

LEGISLATIVE ADDRESS

January 13, 1982

by

GOVERNOR JOSEPH E. BRENNAN

to the

SECOND REGULAR SESSION

One Hundred and Tenth Legislature

LEGISLATIVE MESSAGE ADDRESS OF GOVERNOR JOSEPH E. BRENNAN
TO THE SECOND REGULAR SESSION OF THE 110TH MAINE LEGISLATURE
January 13, 1982

EMBARGOED UNTIL DELIVERY

Mr. President, Mr. Speaker, honorable members of the 110th Maine Legislature:

The year just concluded was a time of turmoil for this nation and for the world.

A great world leader was assassinated.

A President just taking the reins of office was almost murdered.

And so was a dynamic Pope who has captured the affection of people of all faiths.

We saw our relations with some close allies weakened by world events.

We watched in joy as the Polish people made strides toward freedom. But the joy turned to sorrow as freedom was once again trampled beneath the boots of tyranny.

Inflation showed signs of abating. But this means little to the large numbers of people who found themselves out of work as the unemployment rate marched steadily upward.

And larger numbers of people watched nervously as Congress began to dismantle many programs designed over the years to help people.

It was a year of anxiety.

We in Maine shared in the nation's moments of grief and concern.

We too worried about interest rates, and unemployment and housing.

But it was a better year for Maine than for most other states.

Our unemployment rate remained well below the national average as thousands of jobs were created.

Death on the highways declined sharply for the year.

And death by fire declined to the lowest total since Maine started keeping records.

Per capita income rose.

It was a good year for tourism.

All in all it was a good year for Maine.

I have tried to fulfill my responsibilities with an eye toward what Maine is today, what it has been in the past, and what we want it to be in the future.

Therefore, in the program I present to you in this, the 150th anniversary year of this Capitol, you will find what I believe to be legislation offered in this spirit.

Requests to help people help themselves.

Today, I will address a wide range of budget and program issues. But time will not permit discussion of all our initiatives.

HOUSING

Few industries have suffered more by our prolonged national economic problems than housing.

Construction is down.

That means fewer jobs.

At today's interest rates more than 80 percent of Maine people cannot afford a loan for a new, single-family home.

And that undercuts something fundamental in our society, the right to private ownership of a home and some land — a traditional part of the American dream.

For those looking for an apartment, things are no better.

Over 18,000 elderly people and lower income families are on waiting lists for assisted housing.

Add in these other factors:

— The age groups that most need housing, the elderly and young adults, are the very age groups that are growing the fastest.

— More than two-thirds of our housing stock is more than 40 years old.

— Between 40,000 and 50,000 units in Maine are considered substandard.

I recommend an appropriation of \$4.25 million for a housing program.

That will be used with Maine State Housing Authority bond funds to provide about \$50 million of new housing mortgage and improvement loans.

It will stimulate new construction.

It will provide mortgage money for buyers.

It will make money available for home improvement and energy loans.

And it will make it possible to improve, upgrade and expand the existing rental market.

With your support and approval, this program will provide several hundred jobs in the sagging home construction industry.

It will generate several million dollars in added sales, income and property taxes.

This program will not solve our housing problems.

We don't have the resources available to us for that.

But it is a major effort to stimulate our housing market.

It states our commitment to decent, affordable housing for all Maine people.

ECONOMIC DEVELOPMENT

Perhaps Maine's greatest accomplishments in the last year occurred in the area of economic development.

That is an area that has been the foremost priority of this Administration, and, with your support and that of Maine voters, we have made progress.

The favorable trends of recent years continued.

There was more significant business growth, including both companies choosing to place new plants in our state and Maine firms announcing expansions.

The result has been a net increase of thousands of jobs in the past few years, and an unemployment rate at year's end of 6.4 percent compared to the national rate of 7.9 percent.

And we were informed by the Commerce Department that our per capita income has climbed from 49th to 38th in the nation.

Much of this result has come about because of your concern for Maine.

You have passed important measures to improve Maine's business climate and assist our native industries.

You sent the Bath Iron Works proposal out to the voters with a virtually unanimous endorsement.

And the bond issue they passed will not only provide for that historic improvement to the Portland waterfront but it will also mean a major cargo port at Searsport — and jobs; improvements in the quality of marketing of Maine potatoes — and jobs; and, possibly, enhanced public support for the poultry industry — and jobs.

In the same spirit in which we have collaborated on building a healthier state economy, today I place before you additional proposals to strengthen Maine and create jobs.

One such proposal would broaden Maine's interstate banking law to permit interstate ownership of banking institutions.

I can foresee many benefits from this approach.

— There could, first of all, finally be the ability within Maine's banking community to serve fully the financial needs of even our largest businesses.

— There could be more capital available for small and medium sized companies.

— And there could be more money available for mortgages.

This bill is consistent with our policy of encouraging greater competition in the marketplace.

A second major economic development proposal is my request that you authorize state government to administer the federal Community Development Block Grant Program.

This program serves very useful purposes within our state.

It will make about \$10 million available to our cities and towns.

Structured to give local governments flexibility in designing their own programs, it stimulates the revitalization of deteriorated areas, addresses local problems, and creates jobs.

My economic development program also includes a measure to continue the use of Bangor's airport as a location for international air traffic.

I am recommending an exemption from the 2-cent per gallon excise tax on aviation fuel used in international flights.

Working cooperatively with the private sector, the Department of Marine Resources has launched a program to assist with the marketing of Maine groundfish.

Because of my commitment to assisting Maine's native, resource-based industries, I am recommending funding of \$93,000 to expand and continue the important work of this Department.

ENERGY AND UTILITY REGULATION

Energy remains one of the great continuing concerns of the State of Maine.

It encompasses a host of issues and problems — from our dependence on imported oil, to the public uncertainty about nuclear power and the special needs of a state with long, cold winters, to the abundance of our native energy resource potential.

During 1981, Maine's Office of Energy Resources produced a strong energy plan for Maine — the first comprehensive energy plan for several years.

Nineteen eighty-one also saw the creation of a Public Advocate to represent the consumers before the Public Utilities Commission and the elimination of the minimum charge on residential electric bills.

This year I am recommending a program for energy and utility regulation that includes these initiatives:

- A bill to assist energy planning and the PUC by requiring the preparation of an energy demand forecast.

- Legislation granting the PUC the authority to approve in advance out-of-state investments by Maine electric utilities.

- A measure to prevent utilities from filing a rate hike request while another is pending.

- And a bill to set the terms of PUC members at six years.

Finally, I am including within my budget recommendation a request that we make up some of the lost federal funding for the energy office.

MILK

The issue of whether to continue retail price fixing of milk — an issue on which some of us disagreed last year — remains with us into the new year.

The recent order of the Milk Commission in no way diminishes the injustice of government fixing the price of this basic food.

The bill I introduced in 1979 will be before you again this session as an initiative brought in by Senator Dutremble.

I urge you to pass it.

COLLECTIVE BARGAINING

It is time to review the traditional policy of collective bargaining behind closed doors.

It is my view that the public's right to know goes beyond the right to know the results of negotiations.

It's time the public also knew how the decisions to spend their tax dollars are made.

I believe open negotiations will lead to more responsible negotiations.

Therefore, I am submitting sunshine legislation which will open state collective bargaining sessions to the public.

BUDGET

In most years of short sessions preparation of a budget bill has been a relatively simple matter.

Little needs to be done beyond determining which ideas to recommend for funding and ensuring that adequate resources are available.

This year's budget has been complicated by the actions of the Congress initiated by the White House.

Not only have Congress and the federal bureaucracy rewritten many of the rules, but they are constantly changing the rules in the middle of the game.

State governments all over the nation are trying to make up for monies that were committed — if not spent — only to find that Washington has reneged on its commitment to give the states the money.

And the process has been further complicated by the fact that information has been hard to come by.

So effective and timely planning have been virtually impossible.

Other economic factors such as inflation and high interest rates have also had to enter into our decision-making process.

Fortunately, we ended the last fiscal year with a healthy surplus.

That surplus, combined with other revenue measures, enables us to recommend a General Fund budget of \$41.2 million.

It also ensures that we will continue to meet our other obligations such as setting aside funds for collective bargaining.

Some of our effort has had to go into making up for reduced federal funding.

We could not continue in full every program that has been reduced.

Nor could we match every dollar cut with a dollar of our own.

Nor should we.

But we have made an effort to make up for cuts which we could not in good conscience ignore.

For a need does not go away simply because Washington has turned its back.

Some programs, such as the Work Incentive Program, will be continued on a reduced basis.

Some departments dependent on federal funding will remain open but with fewer people and reduced services.

But our advance planning, our target budgeting, the reduction of lower priority programs last year, and the expansion of our economy make possible a greater effort to meet the needs created by federal cuts than many other states can afford.

INDEXATION

In some circles the concept of full tax indexing is being promoted as a solution to the burdens of inflation in Maine.

But we in Maine have an old tradition of sitting back, observing trends and reaching our own conclusions.

Rather than embrace these trends, untested, we tend to make sure they work first.

For that reason, indexation has been the subject of a long and careful review by this Administration.

The inevitable conclusion we have reached is that in no state where it has been tried has tax indexing produced the promised results.

In Minnesota indexing was directly responsible for a revenue shortfall of over \$1 billion.

A shortfall of \$1 billion in a state with a budget of \$9 billion caused a long and bitter legislative battle resulting in severe cuts in expenditures and a substantial increase in the sales tax.

Large revenue losses also occurred in California, Arizona, Wisconsin and Colorado, and have been followed by a wide variety of measures to water down and limit the indexation measure originally passed.

In short, the experience of other states teaches us that prudence is the best course in this matter.

Secondly, there remains uncertainty over the national economy.

We still don't know what will be the full effects on state revenues of the Reagan administration's budget and tax cuts.

All but the rosier forecasts indicate that slow growth and high inflation will remain with us for the near future.

This is precisely the combination of circumstances that proved so disastrous in Minnesota.

Finally, indexation will not solve all the problems of inflation.

On the contrary, it amounts to an admission of defeat.

It says in effect, "We can't end inflation, so let's adjust to it on a permanent basis."

That attitude has brought us the higher energy costs, higher cost of living, higher production costs and other price pass-throughs that are largely responsible for today's inflation.

To index the income tax is simply to take one more step in the futile effort to avoid facing up to inflation.

Rather, it must be addressed — directly — by all of us who hold positions of responsibility for public and private expenditures.

Therefore, I am proposing legislation which limits indexing to the standard deduction and addresses a serious inequity in the tax laws.

For those taxpayers who itemize deductions, the value of those deductions rises as medical costs, interest rates, property taxes and the prices of other deductible items increase.

But the value of the standard deduction has been fixed since 1977.

Since that time home ownership costs have risen nearly 60 percent, medical costs nearly 50 percent, and the consumer price index about 55 percent.

Therefore, the real value of the standard deduction has fallen by at least 50 percent since it was last changed.

My legislation will eliminate this inequity by providing for annual adjustments of the value of the standard deduction by an amount equal to the percentage increase in the national personal consumption expenditures index.

It will cost about \$1 million annually.

HIGHWAY FUNDING

Last year, working together, we were able to enact a responsible and fully-funded highway program.

This year, however, as a result of the American Trucking Association's suit against part of that funding package, we face an unanticipated shortfall.

Therefore, I am recommending a \$7.9 million appropriation from the General Fund to meet that shortfall.

It makes sense to turn to a fund that has a surplus to meet the needs of a fund that has an unanticipated deficit.

EDUCATIONAL AND CULTURAL SERVICES

Maine has maintained a share of the cost of local education that represents one of the strongest commitments to education by a state in the entire Northeast.

Despite the pressing demands on our resources, I am recommending an increase.

And I am proposing an additional \$500,000 appropriation for the University of Maine and \$75,000 for the Maine Maritime Academy as we continue our commitment to building an outstanding system of higher education for our future generations.

CORRECTIONS

The establishment of the Maine Department of Corrections last year was the latest in a series of improvements we have undertaken on behalf of our present system.

Beginning with the lockdown at Thomaston in 1980 and continuing through the acquisition of additional facilities to ease crowded conditions, we have made great progress in the quality of our administration of our prisons.

To reduce expensive overtime at the prison and the correctional center, we are asking for additional positions — 26 at the prison and 12 at the correctional center.

We are also requesting 11 new positions at Charleston, which will permit the housing of 33 more inmates there.

Our total corrections recommendation is \$2.6 million.

MENTAL HEALTH AND MENTAL RETARDATION

Last year because of the efforts of this Legislature and my Administration, the federal court agreed that Maine has fulfilled its commitment under the terms of the Pineland Consent Decree.

We can be proud of what we have accomplished at the Pineland Center, for Maine truly does provide an outstanding program of residential care for its retarded citizens.

But more needs to be done.

Therefore, I am recommending an appropriation of up to \$1.2 million for community-based services. This will provide for five additional group homes for our retarded citizens.

We are asking for \$779,000 for remodeling the Pooler Pavilion and making other improvement at the Bangor Mental Health Institute in fulfillment of my continued commitment to a strong mental health facility serving northern Maine.

HUMAN SERVICES

Among the highest obligations of state government is that of assisting our most vulnerable people, to offer hope, to ease suffering, to provide shelter where we can, and protection where we must.

In the past, Maine's Legislature has shown deep compassion for the needy among us.

And over the past three years you and I have shared a concern for that most tragic and innocent victim of life's cruelty — the abused and neglected child.

Today, child welfare services in Maine are better organized, better funded and better able to meet this growing problem.

We can be pleased by our progress. But we cannot be satisfied.

Several Maine children died this past fall at the hands of members of their own families. And their deaths remind us once again that too many children still live in dangerous environments.

In the six-year period of 1976 through 1981 there were 23 children in Maine who were the victims of homicide.

And at least three dozen other children are known to have committed suicide.

Many of these tragedies might have been prevented if society had been able to intervene earlier in their troubled young lives.

For that somber reason, I am submitting to you a package that will further upgrade our ability to protect our vulnerable children.

It includes the following:

- Support for the development of 17 additional chapters of parents anonymous, a self-help group of abusive and potentially abusive parents.

- The program also seeks to stimulate the formation of community-based child abuse councils in areas of the state where they do not now exist and to strengthen those already at work.

- And it seeks funding for an additional 18 child welfare workers for the Department of Human Services.

The total cost of this package is \$412,000.

It would be added to what is essentially a good network of services now in place. But it may well mean the critical difference in our capability to aid children who do not now receive our help.

In addition to this commitment to children who live in danger, I am asking you to make a renewed commitment to those children who live in poverty.

More than 35,000 children in 17,000 households now benefit from Maine's Aid to Families with Dependent Children program.

Today, I am recommending what in effect would be a 7 percent increase in benefits for these children.

An appropriation of \$1.2 million will generate some \$3 million in federal funding.

Last year, at your regular session, you made additional resources available for those citizens who are not able to function independently enough to remain in their own homes.

But more needs to be done.

Therefore, I am requesting support for an additional 120 new boarding home and adult foster home beds.

I am also recommending a 6 percent increase for boarding home reimbursement.

These recommendations are consistent with the efforts my Administration has made to upgrade the quality of long-term care available for our dependent adult population.

Together, they mean a substantial improvement in our boarding and foster home program for adults.

At the special session in September, you approved funding to continue some of our vital Title XX programs which support such valuable services as meals on wheels, homemaker services and day care.

I am asking that this session you continue your support for these valuable programs, because they are truly productive ways by which we can support the dignity and independence of many of our citizens.

I would like to address briefly one last topic under the human services category.

All of us are aware of the rapidly increasing cost of hospital care.

Seven months ago, I asked our Health Facilities Cost Review Board to examine the present system of financing hospital care in Maine. They submitted their report to me two weeks ago.

They found the system of financing hospital care lacks incentives to control costs.

They also found that voluntary efforts of hospitals to contain their costs have not worked.

The Board made recommendations for several major changes in the way hospitals are paid.

I believe these recommendations deserve serious consideration.

I am now preparing a response to them. And I will submit it to you for your consideration in a timely manner.

In addition to these initiatives and recommendations of my Administration you will, of course, be offering your own ideas, and establishing your own priorities.

That is the process and it is one that has worked well over the years.

I am aware, for example, that many of you have expressed concerns over the future of administrative funding of the Food Stamp Program.

In this area, as in all others, we will work cooperatively with you in a spirit of compromise as we fulfill our constitutional obligations on behalf of the people of Maine.

Every action of government involves a choice.

We can choose to act — or to do nothing.

We can choose what seems best among several alternatives.

And we can choose to lead, to use government's authority to make things happen, instead of sitting on the sidelines.

You and I have chosen to act together, and to lead.

We acted together when the Congress dragged its feet on helping the poor and

the elderly with winter fuel emergency funds.

We acted together when we heard Bath Iron Works was considering expanding in another state.

We acted together to address the needless deaths caused by drunk drivers.

We acted together with target budgeting to eliminate unnecessary government programs.

And we acted together to begin the revitalization of the potato and fishing industries.

Now are we to say to the housing industry: "Sink or swim?"

Are we to say to those who can't buy homes: "Forget about your dreams?"

Are we to say to the welfare mother who wants a job and a measure of human dignity: "You're on your own?"

Are we to tell the innocent victim of child abuse: "It's a tough world, kid?"

We cannot.

We must not.

We will not.

For government without priorities is simply a set of rules.

And government without compassion is just a tax collector.

And if government won't use its influence to try to help people better their lives, if government can't use its lawful authority to help improve the economy, if government refuses to protect those who cannot protect themselves, then what has government become?

And if government won't make those choices, what have we become?

In our desire to reduce spending, to be responsible with the taxpayer's money, and to adjust to the times, let us not forget why we are here:

And that is to try to make life a little better for our children in need, for our aged parents, for our working men and women, and all those who share with us the privilege of living in this special place called Maine.

**GENERAL FUND
BUDGET RECOMMENDATIONS
AS PRESENTED BY
GOVERNOR JOSEPH E. BRENNAN
JANUARY 13, 1982**

Balance Available (End of 3rd Special Session)	\$35,000,000	
Revenue (Increased Estimates)	<u>6,400,000</u>	
Total Available		<u><u>\$41,400,000</u></u>
 General Fund Appropriation Act:		
Corrections	2,634,058	
Educational and Cultural Services	(3,070,529)*	
Executive (Includes Development Office, Planning Office, Energy Office, Employee Relations)	1,211,853	
Finance and Administration	1,107,673	
Human Services	5,724,490**	
Judicial	724,897	
Mental Health and Mental Retardation	3,769,347	
Public Safety	899,670	
Transportation	7,900,000	
Other Departments and Agencies	1,735,762	
Capital Construction and Improvements	<u>551,000</u>	
Total Appropriation Act		23,188,221
 Separate Legislation:		
Housing Program	4,250,000	
WIN Program (FY 82 only)	230,130	
Tree Growth Tax Reimbursement	118,550	
Jet Fuel Excise Tax	218,000	
Collective Bargaining (Estimated) and Other L.D.'s	<u>13,190,764</u>	
Total Separate Legislation		<u>18,007,444</u>
Total General Fund Program		<u><u>\$41,195,655</u></u>

*Includes offsetting \$4,800,000 reduction in General Purpose Aid previously appropriated for fiscal year 1982. Supplemental amounts proposed for funding total \$1,729,471.

Decrease for General Purpose Aid	\$(4,800,000)
Supplemental Amounts	1,729,471
Net Change	\$(3,070,529)

**Includes offsetting \$2,726,587 reduction in AFDC previously appropriated. Supplemental amounts proposed for funding total \$8,451,077.

Decrease for AFDC	\$(2,726,587)
Supplemental Amounts	<u>8,451,077</u>
Net Change	\$ 5,724,490