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STATE OF THE STATE ADDRESS

OF

GOVERNOR JOHN R. McKERNAN, JR.

January 25, 1990

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Mr. President, Mr. Speaker, Members of the 114th Maine State Legislature:

Welcome to a new decade — a decade in which the leaders of the 21st century will be educated, a decade in which fiscal prudence will be crucial, a decade in which it will be more important than ever before that we strike a balance between growth and environmental protection.

Fortunately, our accomplishments over the last three years have prepared us for this decade. We have worked together to provide more opportunities than ever for the people of our State. We have invested in Maine people and for Maine people. The results of that commitment have been a cleaner environment, new levels of prosperity, opportunities for those previously neglected, and a State Government that is prepared for the 90's.

We charted a progressive course for Maine during a time of unprecedented growth.

In that effort, we have focused on our most precious resource — our people. And we began by attending to the needs of our children. We have expanded the Head Start and preschool programs for handicapped children. We have increased state spending on child care 13-fold and will soon be opening child care centers in Augusta and Bangor for the children of our state employees. This concern for our youngest citizens explains why a Children's Defense Fund study ranked Maine second in the nation in caring for its children. Because of our efforts, they are healthier and better protected than children across the country.

Bob Keeshan, better known as Captain Kangaroo, best summarized why this is such a wise investment. He noted, "You have been told that students dropping out of high school is a critical problem across this nation, but children don't drop out in high school. They drop out in kindergarten and wait ten years to make it official."

We simply cannot afford to have our children dropping out of school because their education is the most fundamental investment that we can make in our future. Education fights drug abuse by teaching kids not to experiment in the first place; education fights homelessness by endowing Maine people with the skills they need to get and hold a job; education drives our economy by producing a quality work force that will attract businesses to the State and provide those already here with the work force they need to grow and expand.

But simply increasing spending on education is not the answer. The answer is innovation and accountability. And that has been our approach.

We have instituted reforms that other states are just beginning to consider. We introduced report cards for Maine schools so parents, teachers, administrators, and students will be better informed about whether they are receiving the best education that their community can offer.

We are experimenting with restructuring our schools to deliver a quality education. We've implemented an Instructional Television Network that links classrooms across the State via television. Now teachers from Calais to Rumford and Berwick to Fort Kent can continue their professional education without leaving home. And residents of North Haven can take courses from the University of Maine without leaving the island.

Because of our efforts, Maine was one of only five states in the nation cited by a federal study as having instituted programs aimed at encouraging local districts to find creative ways of improving classroom instruction.

And our commitment to our children has not stopped at the 12th grade. I believe every student who wants to go to college should be able to go. Period. And in Maine, that is now a reality. Financial aid has been packaged for "one-stop shopping," and it means new opportunities for those talented Maine kids who in the past couldn't afford a better future.

Nor have our efforts in education stopped with our children. Ninety percent of those who will be in the labor force in the year 2000 are adults who are already working, but 50 percent of the jobs that we'll be performing in the next century don't yet exist. That means that people in the labor force must be constantly learning new skills. So we developed job training programs to teach skills to people who are unemployed and to train Maine people for the careers which are expected to be the fastest-growing in the 1990's.

We've enacted legislation that eliminated the fee for adults taking the GED exam and by doing so helped to remove a barrier for the 238,000 Maine adults still without a high school degree. I said in 1988 that I wanted to double the number of GED's awarded in the next five years. One year into that program, we are 71 percent of the way to our goal, and Maine has over 3,000 new high school graduates.

And finally, to break the cycle of poverty, to teach people to help themselves, we reformed our welfare system and implemented the ASPIRE program. Since we started that program, 6,000 new people have been served. AFDC recipients are going back to school, so that they will not be subjected to a lifetime of moving from one minimum wage job to the next. When they become self-sufficient, everyone benefits.

Melissa Nickerson of Somerset County is a good example. As a single mother of two young children, she was dependent on state assistance and dead-end jobs. She never had the time or money to get training for a more skilled position. The ASPIRE program provided Melissa with child care and transportation reimbursement so that she could enter a three-month clerical training program.

That was the boost she needed to go from a welfare mother to a contributing citizen. She now has a good job with full benefits, and she has already received her first promotion. We offered the opportunity, and she seized it.

But there are some in society who need even more help. And thanks to your efforts, we are beginning to provide it. Since we took office, we have increased spending at AMHI by 60 percent. We are restoring quality care to an institution that was described by independent reports as having years of accumulated problems and a management structure that was 20 years out of date. In addition we've increased funding to BMHI by 35 percent and to community mental health programs by 145 percent.

And we have not turned our backs on those who are in the twilight of life. Funding available for in-home services for frail elders has increased 60 percent. We've more than doubled the funding for supportive services for elderly people living in subsidized housing. These services are now available in every county in Maine.

And we've begun to address the growing concerns about the homeless, affordable housing, and affordable health care. These and other emerging issues will compete with existing programs for limited resources.

And just as there are Maine citizens who have special needs, there are certain industries and areas of the State to which we have devoted special attention. We have set up job opportunity zones to channel needed resources to parts of Maine that have not shared equally in the State's prosperity.

We've developed innovative marketing programs for our farm products. Now, after a year of excellent prices for milk, potatoes, Christmas trees, and other Maine staples, agriculture is leading rather than trailing the rest of the economy.

And since the prosperity of Maine industries throughout the State depends on our transportation network, we've developed a farsighted plan to meet our transportation needs in the year 2000 and beyond.

But progress and prosperity at the expense of Maine's unique way of life would be a hollow victory. Maine has always been a national leader in protecting its air, land, and water. And more of us than ever are concerned about the Maine that we'll be leaving to our children.

The Land for Maine's Future program has ensured that our children will know the Maine we know. One hundred years from now our grandchildren's grandchildren will be able to look upon such places as Mt. Kineo and the bold coast in Washington County. They will be able to see bald eagles and Maine black ducks in their native habitats. They will be able to walk for miles along the rocky shore of a tidewater farm without the intrusion of development.

Our growth management legislation has ensured that communities will not rush unprepared into the 90's. It will preserve the delicate balance between growth and the environment.

In addition, we have become a national leader in recycling and we have also acted to ban products that deplete the ozone by releasing chlorofluorocarbons.

Maine has also done more than any other state in the region to protect its forest lands. Our efforts have included programs like the new Forest Practices Act and LURC's Gem Lakes Protection Program.

But passing rigorous environmental legislation is only half the battle. For many years, enforcement of these laws has been lax. We have made a commitment to enforcing our environmental laws; and, with the help of the Attorney General's office, the results are impressive. In 1987, a total of only \$390,000 in fines were levied. Halfway through fiscal 1990, we are already approaching the \$2 million mark. The people who gain from that increased enforcement are the citizens of Maine.

And they have benefited from another kind of enforcement. We've also made progress during the last three years fighting the war on drugs. President Bush declared the war, and Maine has been at the front lines. We created a new agency whose sole mission is to stop the flow of drugs into our State and punish those responsible.

In the past year, agents arrested 338 individuals, twice the number they arrested in 1988.

And in this State, the war on drugs includes alcohol. I stood at this rostrum in 1988 and declared that drunk driving in our State will not be tolerated. We introduced strict drunk driving laws and the results have been fewer tragedies, fewer families who have experienced personal loss. The number of alcohol-related highway deaths in 1989 was cut in half. I thank the media, parents, teachers, advocacy groups, and those of you in the Legislature who worked with us to make our roads safe.

All of us can be proud of these accomplishments. And we should be proud of the state work force that has made them possible. Without their dedication to public service, our many programs would never have been implemented. And over the past three years, we have been able to give our employees more resources to do their jobs even better. These investments during the years of unprecedented growth will allow us now to set our priorities to match our available resources in this period of slower growth.

As successful as we have been, the true test of our mettle — our commitment to bipartisanship and the welfare of the people of Maine — will be these first few months of this new decade. A slowing economy in Maine and throughout the Northeast will be the most significant problem that we confront this session.

We all wish we had the luxury this year to fund worthy new programs at the pace of the last decade, but the only way we could do it would be to reach deeper into the pockets of Maine's working people. I am not prepared to do that.

Taxpayers across the State have tightened their belts. We in State Government must do the same.

Maine is certainly not alone in this task. According to the <u>Wall Street Journal</u>, political leaders in 30 state capitals from Sacramento to Augusta are revising their budgets. Our neighboring state of New Hampshire projects a \$160 million deficit. Massachusetts, a bellwether economy for Maine, has a deficit approaching a billion dollars. Connecticut has almost a \$100 million problem, and that's after a \$900 million tax increase. In New York, Governor Cuomo has revised his budget six times, and his state is still working to correct a \$1.5 billion shortfall.

This scenario is being repeated all over the country. The running joke in New Jersey is that when newly-elected Governor James Florio took over the State House and found out how bad the state finances really were, he demanded a recount!

Maine, too, has a serious budget shortfall, but it would be even more serious if we had not reduced spending last year in anticipation of declining revenues. If current revenue trends continue, 1990 will be the first time in over 30 years that general revenues for a fiscal year have not exceeded revenues from the previous year.

It is not just government that is suffering. The unpredictable nature of the economy has confounded the private sector as well. Two weeks ago one of Maine's largest, most successful businesses announced that sales growth was 50 percent less than projected.

In spite of the enormity of our challenge, I believe that working together, we can preserve the most important functions of State Government and still balance the budget.

As Abigail Adams once observed, "Great necessities call out great virtues." Our virtues will be tested by the budget necessities that we face this session. As we undertake this task together, we must understand that our very credibility is at stake. Massachusetts has faced a far greater revenue shortfall. But the greatest liability in that state has been that its political leaders have been unable to reach agreement on a solution. In the meantime, their deficit has ballooned, and their bond rating has dropped to the lowest of any state in the nation.

Maine has one of the highest bond ratings possible, and its continuation depends on our ability to work together to make the tough decisions necessary to reconcile our budget. The Standard and Poor's rating agency informed me yesterday that we have retained our AAA rating because they have confidence that we can work together to solve this problem. So do I.

Our budget problems are primarily a result of the softening of the regional economy, which has now affected Maine.

Our citizens are quite simply spending less. And in these times, it does not make economic sense, nor is it responsible government, to ask people for more in taxes when they are cutting their own family budgets.

That is especially true given our ability over the last decade to invest in the needs of the State. Our General Fund spending over the last ten years has increased from just under \$600 million to almost \$1.7 billion — a 190 percent increase over a decade when the cumulative effect of inflation was 50 percent.

The average annual increase in Maine's General Fund from 1982-1988 was the highest in the nation.

We have been able to expand government services in the good times, but we must be prepared to exercise restraint in a faltering economy.

We in government are no different from the people we represent. When a healthcare worker's hours are cut back, he or she cuts back the family budget.

When sales drop at the local hardware store, expenses are reduced.

When property taxes rise, citizens petition town hall for budget reductions.

State Government should be no exception.

That is why we have already reduced spending this year through executive and financial orders. We have also informed the Appropriations Committee of \$58 million in proposed reductions in spending over the next two years. And as you already know, we hired an independent consulting firm last fall to review revenue projections when we began to see signs of softening in our economy. Those consultants will finalize their report by the middle of next week, and we will be submitting a comprehensive budget package to you by the following Monday.

There will be some who will be unable to resist playing politics with the decisions we must make. But I hope most of you will agree that we must all rise to a higher level if we are to preserve state services for those who are most in need.

I want to thank those of you who have told us of your willingness to work with us. Members of the Appropriations Committee, especially, have a thankless task, but we appreciate your professionalism and constructive suggestions.

In my inaugural address in 1987, I said I was committed to making Maine the opportunity state — to giving opportunity to those who for too long had been neglected. Whether it was a high school student in Houlton, an unemployed shoe worker in Skowhegan, or a woman on welfare in Windham, we've given hope to those who had been neglected by the system. And we have no intention of abandoning them now.

But I also believe that there is a limit to what we can ask of our taxpayers.

We must set priorities. We must live within our means. Government must never take more from its citizens than is fair. When we realized federal tax reform would produce a windfall of unexpected tax revenues for the State in 1986, I promised to return those dollars to the taxpayers. And we did.

When we had more money than we needed for State Government two years ago, we gave it back to the people.

In each case, it would have been tempting to spend those extra dollars, but that money rightfully belonged to the people of Maine. And if we had spent it, our budget problems would be tens of millions of dollars worse.

Today, we must once again resist the temptation to tap Maine workers' hard-earned wages as a first solution to our budget problems.

To Maine taxpayers, I repeat the promise I made when you elected me as your Governor: I will not propose or support an increase in either the income or sales tax.

In my legislative package for this session, I am proposing several bills that will complement our accomplishments over the past three years.

We have submitted three bills to strengthen Maine's drug laws. The first tightens drug-trafficking laws; the second increases the penalty on LSD manufacturers; the third extends the forfeiture laws to growers of 100 or more marijuana plants. These changes are necessary if people are to understand that we are in a drug war, not a drug skirmish.

And although Maine has been praised for its laws on domestic violence, events over the recent past indicate that we must do more to prevent the violence which victimizes family members, particularly women. The Department of Public Safety reported 2,600 cases of abuse last year, but that's only a fraction of the abuse that actually takes place.

I will be submitting a bill to give the victim more rights and greater access to the criminal justice system.

Finally, we must be unflagging in our efforts to retain what is so precious about our natural resources. And our rivers are of preeminent concern. Yesterday, we announced we will introduce far-reaching legislation to reduce color, odor, and foam in our rivers.

This bill, which is the result of six months of study, is as stringent, if not more stringent, than the legislation proposed last year and is tailored to be river specific.

Maine will still be the first state in the nation to address color discharge, and we are doing it in a responsible and prudent manner.

Tomorrow, I will submit a second piece of legislation that will turn back the ecological clock and make sportsmen rejoice.

This afternoon I informed the owners of Edwards Dam on the Kennebec River and officials of the city of Augusta of our interest to acquire that dam for the purpose of breaching it. Once again, salmon, bass, and shad will have free passage on the Kennebec beyond Augusta.

The people of Maine will once again be able to enjoy the uninterrupted flow of one of Maine's great rivers. To Representative Don Carter, who for so long has been a proponent of breaching that dam, I say that after 153 years you will be able to fish for Atlantic salmon and striped bass from the banks of the Kennebec in Winslow. Don, I don't mean to imply that you've been around *all* 153 years.

In the event that negotiations with the current owners fail, I am submitting legislation that will grant the Atlantic Sea Run Salmon Commission power of eminent domain for the purpose of acquiring the dam before its license expires in 1993.

The acquisition of Edwards Dam, in addition to our past protection of other precious natural resources in our State, will help us in the midst of rapid economic change to protect our way of life which is so uniquely Maine.

We face a daunting challenge as the economy slows, but I know we will not fail.

We need only look at the events of the past few months as people all over the world rose up to far more difficult challenges. We watched the crumbling of the Berlin Wall. We watched dictator after dictator turned out of power. We watched the peoples of Eastern Europe exercise freedoms unknown for 50 years. Those countries are in the process of completely restructuring their economies. They are building governments.

Let their determination be our inspiration, as we face our own challenges here in Maine.