

MAINE STATE LEGISLATURE

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**BUDGET ADDRESS
OF
GOVERNOR ANGUS S. KING, JR.
FEBRUARY 16, 1999**

Thank you very much. I am going to stand here because this is a different kind of speech than an inaugural or a state of the state, which are kind of formal and at night with live television and all those kinds of things. I want to have a little more flavor of some informality and being able to talk to you directly, talk to you, the members of the Legislature because what we are really talking about here is the fundamental job of the Legislature, which is budgets. That is really what it is. We pass all kinds of laws on a lot of subjects, but the budget is our biggest bill. It is our biggest opportunity to state where the state is going and what our priorities are. What I wanted to try to do today and I want to thank our President Pro Tem and the Speaker for affording me this opportunity to talk about the big picture of our budget, the economy that underlies the budget and then to talk about the revenues that go into the budget.

I am going to share with you and I am sure for some of you who have been here a lot longer than I have, a lot of this is kind of old news. I want to share with you some of the things that I have learned over the last four years about the State of Maine budget and how it is put together. I think sometimes we often get into debates over relatively small parts of the budget without taking account of what we are all doing together on the big parts. That is really what I want to talk about. The big picture on the budget. The big picture on the economy and some specifics about revenues and taxes, which is, after all, where revenues come from.

The first thing is that the budget itself, you have to have a pie chart if you are going to do a budget speech. The budget itself looks like this. This is the pie for recommended appropriations. This is where our money goes. These percentages have stayed roughly the same for probably the last 10 years or so. They vary a little bit up or down, but essentially, I think one of the important things to notice is this very large blue piece down here is K-12 education. That is 35 percent of the total General Fund budget of the State of Maine. That is GPA and teacher retirement. A lot of people don't realize that the state pays 100 percent of the school districts or communities share of teacher retirement for every teacher in Maine regardless of the formula. This is money that goes to every single school district. If you add GPA and teacher retirement together, it is about \$750 million a year. More than one-third of the state budget is K-12 education. Really, these are dollars that come here to Augusta and just turn around and go back out again.

There really isn't a lot that we do to them except bless them as they go by. They go back to the communities.

There is another piece for higher education, which is right here. It is about 9 percent of the budget. That is the university, technical colleges and the Maine Maritime. When you add the K-12 plus higher education, you get about 45 percent of the total budget of the State of Maine devoted to education.

I want to digress a little and just make sure everybody notices that there is a little pie slice here floating above the pie. When we talk about revenues, you will see this same slice floating. This is about \$100 million a year of revenue sharing. The municipalities were very smart some time ago, about 20 years ago, when revenue sharing was created because we don't touch that at all. It is about 5 percent of the income tax and the sales tax that comes into Augusta that is collected through the income tax and the sales tax and goes right back out again to the communities via the revenue sharing formula. Whenever you talk about the budget of the State of Maine, revenue sharing is not considered part of the budget. It is not appropriated. It rises and falls according to the growth of the economy because if sales taxes are up, revenue sharing is up. It goes back to the communities more or less automatically. It doesn't show up in either pie. I thought it was important that you understand and realize that there is \$100 million a year here that is coming in via the sales tax and the income tax that we are responsible for that goes back out to the communities. Of course, GPA, general purpose aide and the teacher pension payments also go out to the communities.

The other big piece of the budget over here in the top is human services. That is 22 percent. Most people when you think of human services if you talk to people on the street, they will say that that name is welfare. That is moms and children. That really isn't so. The bulk of the expenditures in the human services category are in Medicaid and the bulk of Medicaid expenditures are for the elderly and the disabled, not for moms and children who are on AFDC. Here is 22 percent and another 8 percent for the Department of Mental Health and Mental Retardation and Substance Abuse. A little over 30 percent of the budget is in human services. You have 30 percent here and 45 percent here. You have 75 percent of the Maine state budget in two categories, education and human services. Everything else, whether it is corrections, the State Police, the State

Law Library, the Legislature, the Attorney General's Office, altogether, is 25 percent of the Maine state budget.

A great deal of this human services budget is driven by entitlements, by federal entitlements, that we basically have to pay. When you think about it and when we talk about cutting the budget or controlling the growth of the budget, it is very difficult to deal with these two big segments and the bulk of the pressure tends to fall on that 25 percent of the budget that is not in those big categories. If you look at the history of the budget of Maine for the last 10 years, going back to the crash in the early '90s, you will see that the real squeeze took place on departments like Agriculture, Conservation, DEP and the natural resources departments. That is sort of the big picture on the expenditures side.

On the revenue side it is a similar kind of thing. This is the floating revenue sharing slice. It is the same slice. Almost \$200 million over the biennium, roughly, if you are like me, you will round off, \$100 million a year of revenue sharing that comes in on the revenue side, but then goes back out. The big pieces on revenues are the sales tax, almost 40 percent, 37.8 percent is the sales tax. Of course the lions share is in the individual income tax, 45 percent. So, 45 and almost 40 is almost 85 percent of the total budget pie comes from sales and income tax. Everything else is in all of these different slices. You can see what they are, inheritance tax, property tax, insurance company, cigarettes, public utilities, corporate lottery and liquor sales and a whole host of other things, but they only make up about 15 percent of the revenues.

One of the things I want to talk about on the expenditure side is that there is remarkable unanimity on the great bulk of the budget. That is an important idea. For example, general purpose aide to education last year was \$591 million. We are arguing this year about how much to increase it, whether it should be increased 1 percent, 2 percent, 3, 4, 5 or 6 percent. There is no argument about the underlying almost \$600 million. I think we all ought to be careful in our discussions that we not characterize each other as being pro or anti-education, because we are really talking about the marginal changes. Do you see what I mean? If everybody is for \$600 million and somebody is for \$605 and somebody else is for \$610, that is not a dramatic difference in terms of support for education or any other program.

The other thing that you need to understand and this is particularly important when it comes to education. This took me about two years to learn. It is the effect of a 1 percent change on a two-year budget. Let's say for the purposes because my math is better, I can operate better in multiples of five. Let's assume for a moment that the GPA budget was \$500

million. One percent of \$500 million is \$5 million. You say, okay, you are going to increase it one percent the first year and one percent the second year, that is \$10 million. Wrong. It is \$15 million. One percent the first year is \$5 million. That same 1 percent goes into the base, you see, the second year is another \$5 million and then there is another 1 percent on top of that, which is actually the five plus something. Just by the same token, a 3 percent increase each year is not \$30 million, it is close to \$50 million. You have to always be thinking about the compounding affect of a biennial budget and understand what these percentage changes mean, because they are very significant when you realize they are tripled, rather than just doubled in a two-year budget.

By the way, on education, we are now paying, just to give you the big picture, almost precisely 50 percent of the cost of education, the total cost of K-12 education in the State of Maine. That is 49.99 percent in this fiscal year. That is about as close to 50 percent as you can get. In the late '80s, I think as high as it went was 56 percent. It stayed for a while at 55 percent. It has been at 52 or 53. It has moved around. Right now it is almost exactly at 50. The troubling piece to our colleagues in the communities is that the trend is down from 55 to 50 and that means that the difference has to be made up on the local level by local taxpayers. When we increase general purpose aide to education, we are really doing two things. One, we are increasing support for education, but we are also giving some level of benefit to local property taxpayers. I think we have to view GPA in that context, both as an assist to schools, but also as some level of tax relief.

The big issue with GPA is not as much how much, although that is a big issue and I know that there has been a lot of discussion already with the Appropriations Committee, my administration, I believe Duke Albanese is testifying before the Appropriations Committee this afternoon about what the proper level of funding should be. Regardless of the level of funding, the real issue is the formula. The problem is we have a group of communities in Maine which are putting forth tremendous effort to support their schools in terms of local tax effort and they are falling further and further behind. Twenty percent of our schools, 45,000 pupils, are near the top in local tax effort. Twelve or 13 mils in their towns for education and yet they are 25 percent below the top level of schools in terms of funding. They are trying as hard as they can, but the problem is valuation. Those of you who are from smaller towns know exactly what I am talking about. We have towns that have \$150,000 to \$160,000 worth of valuation per pupil. We have other towns, the state average, that is about \$400,000 of valuation per pupil. If you think about that, therein lies the problem.

Is there a simple answer to the formula? I can assure you there isn't. I look at Representative Martin and remember the hours that we spent three years ago working on this and I know many people in this room have worked on this. We have had at least two blue ribbon commissions that I can recall to work on this. It is a very difficult problem. We all, as a committee of the whole, could spend about two days, I think, and probably come up with a pretty good formula. Then somebody would walk in with the spreadsheets and all the consensus would melt away. One of the problems with fixing the formula, I am being honest here, is that as long as we have a relatively modest growth in the overall amount, you are going to have winners and losers. That makes it difficult to make the kind of permanent changes that we need to make.

I believe on the things that we have to do is look to the future and talk about phasing in a new formula based upon some work, I meant to bring the book up with me and I didn't as a prop, a work that has recently been completed under the auspices of the state school board called, *Essential Programs and Services*. What they tried to do is define across the State of Maine what it takes to provide the basic education regardless of where you live, what it costs. Then the idea would be to work toward that base and have the state support the proper percentage. Is it 50 percent, 60 percent, 55/44? I don't know. That is part of what we have to discuss. I think this essential programs and services is a promising way to go that gives us, for the first time, a real guideline as to what we ought to be aiming for, rather than just throwing money out and having it go into different communities at a different rate.

I think the formula is going to be a major issue that we have to address this term, this session. I know that there are many people from rural areas, particularly that are being hurt by changes that are taking place, for example, the loss of students that are impacting their communities. If you have a school with 100 kids and you lose 10 kids, under the current formula, you lose 10 times the state aide like that. If you think about it, if you lose 10 kids, you can't lay off any teachers, you can't stop heating the building and you can't stop maintaining the building. Your costs are essentially the same. We have to figure out a way to mitigate the effect of a loss of pupils. By the way, one of the points that is often made, this is sometimes viewed as an urban versus rural conflict. The City of Portland always gets a lot of flack in this, but consider the extra costs that the City of Portland has to bear by being a service center community. A lot of the service center communities have to do this.

If you are from a rural area and your school people are saying don't let all that money go to Portland, consider that Portland has an elementary school that has 26 languages spoken by the students. I am not sure that all of us would like to cope with the

extra costs and the overhead that is necessary to deal with that kind of problem. It is not a simple take it away from the large cities and distribute it to the rural areas. It also has to relate to tax effort. The formula is what we have to deal with, but we particularly have to focus on those communities who, in spite of a high level of effort, just aren't making it in terms of education and it becomes a self-fulfilling prophecy in terms of the vitality and economic stability of those regions.

Okay, that is the expenditure side. We have talked about the revenue side. Everything is linked. I have told this story before and I think I actually told it a couple of years ago, but with term limits not so many of you have heard it. I could tell it again. I guess that is one of the advantages of term limits. You can use your material over and over. When I first got into office, I was standing on Lisbon Street in Lewiston. A guy went by driving a beer truck. He waved at me. I was still early in my administration. He used all his fingers when he waved, which was good. He yelled something out that I thought was a very profound observation. He said, "Hey Governor, don't forget it is our money you are spending." I think sometimes we forget that. We forget that people are having a little piece of their paycheck taken out every week and sent to us. They are having a little piece of everything they buy taken out. Believe me, being Governor, you know the old joke, you go into the store and buy something and your told that it will 6 cents for the Governor. It gives new meaning to that phrase. I have heard that a lot in the last four years. It is a little piece that is coming out of everybody's where with all and we have a very fundamental responsibility to be as careful and as tight with that as we possibly can.

A year or so ago I was invited to speak in Portland to the Convention of the National Association of State Purchasing Agents. I bet you never knew there was such an association. I certainly didn't. They were meeting in Portland from all over the country. They called a couple of days before and they said they would like the Governor to come and welcome our members and provide his personal philosophy of state purchasing. I had to make one up. I talked to Rich Thompson, our state purchasing agent, about it. On the way down, I did make one up. I came up with one that I don't think is a bad one. Pretend it is your money. When you are buying a computer or a truck or a cruiser, pretend it is your money. Think about what decisions you would make if it were your money. I think we have to be trying to think that way.

All that we have, all of this money, comes from the economy. It all comes from the people and it all comes from the people having jobs. Why do we have a surplus? It is pretty clear that we have a surplus

because people are earning more money and 40,000 people are working today that weren't working five years ago. It hasn't come because Washington has bestowed something on us or because God has funneled it down. It came because our economy is stimulated. The money that is coming from that is what has enabled us to even be talking about increasing GPA or funding children's health or looking at children's mental health or doing a better job of tourism promotion. All of those things come out of the economy.

There is a caution flag here. There is a caution flag. It is not a red light, but it is not a green light either. It is a yellow light. The yellow light is that all of our revenues are, indeed, based upon the economy and if anything happens to the economy, a lot happens to our revenues. Our revenues tend to fluctuate in disproportion to the change in the economy. If things go up, our revenues go up. That is what has been happening in the last two or three years. That is wonderful, but the reverse happens as well. If things go down a little bit, the revenues drop more than you would expect them to. It is not a one-to-one relationship. Therefore, we have to be careful.

Here is a chart that Mr. Ricker prepared that should give us all a little bit of pause. He is a brilliant guy who is the head of the State Planning Office. If you haven't met him, you should. I think he is one of the best thinkers in state government as well as in the entire state. What this shows is, the red line is a percentage change in total personal income. In other words, back in 1980, there was almost a 13 percent increase in total personal income. The green are state revenues. What you see back here in '84 was an uptick in total personal income. Look what happened in revenues. You have a spike up and then it drops down and you have this uptick here and that is reflected here. Here we are today. Notice what happens to this blue line when the economy started to slow down in the early '90s. It not only went down and hit the red line, but it went down to here. This is 1990, when in the first time in the history of the State of Maine, revenues actually were less than they were the year before, not just a slower percentage growth, but absolutely less in terms of dollars.

Here we go back up. Times get a little bit better. Times are going up and now something is happening over here. We are not exactly sure what. Look at this spike. This is the money that we are now talking about in this budget. This is the surplus that we are talking about. I don't see how we can look at this chart and not get a little nervous. That is what we have to think about in terms of where we go over the next couple of years. Everybody knows that our economy has waves, ups and downs. Our revenues, therefore, have waves just like the economy. The question for all of us and none of us have a crystal

ball, but the question for all us is, where are we on the wave? Where are we on the wave? Is this point only a way point to more of the same or is this the top or is it halfway? Where are we on the wave? Everything depends upon the answer to that question. We can't know it with total certainty. I don't think there is any doubt that we are somewhere near the top. Maybe not at the top, but we are certainly on the upside. Nobody can deny that.

Therefore, what should we do? Money is flowing in. There is a tremendous growth in revenues. Last year almost 12 percent growth in revenues. What do we do with all that money? What do you do in a situation like that? What do you do if you are in your own personal situation and unexpectedly you have a big windfall in terms of your personal income. It seems to me that there are two or three things you do. The first thing you do is build up your savings account, which we have done pretty admirably. In four years we went from \$5 million to almost \$100 million. That is the rainy day fund. That is what any rational person would do given this level of volatility is to build yourself some buffer. The second thing you would do is make some capital investments. One time investments that can pay off over time, but that you can pay for out of this cash. We have done that. We put \$20 million last year into school renovations. We are going to build the Maine Youth Center with cash, instead of borrowing. We are going to build the Criminal Justice Academy with cash instead of borrowing. We are rebuilding Route 11 with cash instead of borrowing.

Infrastructure, one time investments. That is the second thing you do in this situation. The third thing you do is that you are very careful about making ongoing commitments that you might not be able to fund in the future. This is where the echoes of the '80s should get our attention. What happened in the '80s was that the revenues exploded as you see and all the expenditures exploded to match the revenues. When the crash came, we couldn't sustain ourselves. We couldn't sustain the expectations and the commitments that had been made. We got into the world of gimmicks and significant tax increases. I think we have to be very, very careful no matter how good the program is about committing to all the funds to new ongoing programs that we might not be able to sustain next year or the year after or the year after that.

The fourth thing we should do is fix the gimmicks, which we did from the prior problem. Finally, I think we should consider, seriously, cutting taxes. The reason is, if you analyze the history of governmental funding and if you go back year by year, quite often what happens is government creates a source of revenue called taxes. The taxes are sufficient to fix the needs at the time and then there is a crisis and you have to raise taxes in order to continue

just to meet those commitments. The crisis passes and you have extra money, but all of a sudden you start to do a lot of new things. The needs tend to meet whatever money is available. The result is a ratchet affect. The next time there is a crisis, the only choice you have is to raise taxes again. It goes and it goes and it goes.

Around 1910 taxes in this country, all taxes, took about 10 percent of gross national product. Today, that figure is about 45 percent, between 40 and 45 percent. I don't know what the right number is. I don't know whether the proper number is 30 percent or 50 percent or 55 percent or 48 percent. I know that we can't sustain the trend indefinitely. Do you follow me? I don't know where we ought to be on that line. We can debate that. That is what we are all here for. If the trend continues to go up, we are going to end up in this country with one person paying all the taxes and everybody else is going to be getting the benefit. We can't continue to go in that direction. That gets us to taxes.

I want to talk about three different taxes, two cuts and an increase. The first, is the machinery and equipment tax. One that has been much discussed. I don't want to dwell on it. I know you have discussed it and debated it and you will debate it again. If there is one phrase that I want to reverberate in your ears as you leave today, it is don't shoot the golden goose. We are gaining economically, in part, because of an improved tax climate in this state. Particularly in part because of an improved tax climate with regard to manufacturing and production and the development of business. I can't stand here and say, did the machinery and equipment program create 3,000, 8,000 or 2,000 jobs? I think it is hard to do that with precision. I can say unequivocally that it has significantly contributed to the burst of investment that has taken place in this state over the last four years. If any of you go home this weekend and talk to people in your community, business people particularly in manufacturing who have made or are contemplating investment, ask them about the significance of the program. I believe it is the most significant tax change that has been made in this state in the past 25 years. It should not be viewed as corporate welfare. It should be viewed as the repeal of a lousy piece of tax policy that should have been repealed 50 years ago.

I never knew the true meaning of the different sides of the aisle before. It reminds me of when I was lobbying up here in the '70s. There was a bill to change how people's names appeared on the ballot, from alphabetical order to random. When the bill was voted on, this side was all nays and this side they were all yeas. That was the most remarkable vote I have ever seen in this place. Has the program grown? Yes. Was it projected to grow? Yes. I went back today and looked at what was presented to the Appropriations

Committee in 1995. It was projected to grow significantly. It has grown faster than it was projected because it is work. That is the whole point. Let's not do anything to undermine the extraordinary growth in income and jobs that we have seen in the last four years. I would be shortsighted in the extreme, in my opinion. It would be shortsighted for two reasons. A reporter asked me if we could just tinker with it a little bit and take some things out here and there. Of course, nothing is written in stone. However, one of the things that I have learned being Maine's ambassador to the world is that we tend to have a reputation in the business community in Maine and outside of Maine as being somewhat unpredictable, inconsistent. It would be terrible for that reputation to confirm it by changing something that we committed to three years ago in terms of people making investments. I just think that if we want more resources for schools, hospitals, agriculture or whatever your cause is, let's not take aim at one of the major factors that has contributed to getting us to this happy place that we are in right now. That is one of the reductions that I think would be foolhardy to tamper with.

The second is an increase. Now, maybe I can reverse this. Let's talk about highways. The highway tax is very different from the other taxes that we collect in several ways. One, it is almost directly a use tax. It is a user fee. When people pay their income tax, they don't think of it as a user fee for government. They pay their income tax and the money goes for all kinds of different things, Medicaid, schools or whatever. When people pay their highway tax, that is for the highways. By the way, the fuel tax collects less than is spent on the highways. The difference is made up by drivers license fees, care registrations and the like. If your constituents say that they would be willing to pay more if I could be sure it would go to the highways, you can look at them and assure them that that will be the case. It will go to the highways. It is a pure user fee.

I applaud some of my colleagues, your colleagues, who have come up with an alternative approach to this idea because their approach at least acknowledges the problem. I was talking to a legislator today who said that their constituents don't want to pay that higher tax. I said, "Do your constituents complain to you about the roads?" The answer was yes. You can't have it both ways. There is no point in kidding the public that we can have it both ways. If we want better roads, we have to pay for them. If we pay for it sort of indirectly through a redirection of the sales tax, I am not sure that really confronts the issue. Why not just say that the roads are costing more, we have to pay for them.

Right now our gas tax is 38th highest in the country or lowest. There are only 11 states that are

lower than ours. If we pass the nickel increase that I proposed, it would take us to something like 18th, if everybody else stays the same. If other people increase, my prediction is that we will be somewhere around the middle of the pack, probably 25th or 30th. It is remarkable if you consider the size of this state and the size of our road network and our population. A lot of people don't realize, particularly outside of Maine, all the rest of New England could fit inside of Maine. All the rest, Vermont, New Hampshire, Massachusetts and Rhode Island could all fit within the geography of the State of Maine. We have to maintain this huge road system. It is remarkable that we are doing it as well as we are with the 38th lowest gas tax in the country. I think that we have got to come to grips with this and just say that it is costing more. I like to say it is a pay as you go system. We are going more than we are paying.

Here is what is happening. These are the revenues from the gas tax. Green is the gas tax. White is the diesel tax. Going back to 1985, as you can see, the revenues are relatively flat. There is a little uptick here. This is SUVs. Thank God for Ford Explorers. That is where this is coming from. There is a little bit of an uptick right there. The red line is vehicle miles traveled. If you pick any point on this, go back to 1991 when the gas tax went up 2 cents, since that time, we have gained about a billion vehicle miles. People are driving more. They are beating up the roads more. Yet, the revenues are relatively constant. Therein lies the problem. The federal government has recently increased funding available for the federal highway system, which is a mixed blessing. It gives us more money, but we have got to match it. If we don't do this increase, we are going to lose something like \$50 million of federal money on the table. Go home and explain that to your constituents in terms of the highway projects across the state. That is essential infrastructure.

Finally, sales tax. Over the last two or three weeks there has been a great deal of discussion about revenue reprojections. It looks like there will be a revenue reprojection. We can't budget for it or do anything until the Revenue Forecasting Commission puts their certificate on it. They are having serious discussions. They had a meeting a week or so ago. They did not meet consensus. They are going to meet again in early March. It looks like, barring some economic change between now and then, that we will have a revenue reprojection going into the next biennium for this year and the next two years that totals about \$60 million, actually it is about \$70 million. That is \$40 million this year, \$6 million in the first year of the biennium and \$18 million in the second year. That creates an opportunity for us.

The other thing, I want to be honest about this, also in the backs of everyone's mind is the automatic

trigger to lower the sales tax a half cent, which went into affect last fall. We may or may not hit that this year. We don't know yet. As of right now, we are about where we were a year ago. It is entirely possible that we will hit it. I would give it about a 50/50 chance. I say let's take matters into our hands, control our own destiny and repeal the half cent tax now. This issue is how to do it? When to do it? What the effective date will be? How it fits in with the gas tax? How it fits in with other budgetary needs? Those are all the things that we have to discuss. In our internal work, we looked at January 1, 2000, as a date to have it go into affect. That doesn't leave us much slack for dealing with unmet needs in the budget. The date that we are focusing on is July 1, 2000. It is a little over a year from now, which is in the middle of the biennium. I am sure everybody in this room would like to do it sooner. That is the kind of thing that we can discuss, work on, try to find accommodation. That is what this place is all about.

If we don't do it now, I don't know when we are going to do it. We are not going to do it when this thing starts coming down. I can assure you. My concern is if it starts coming down and we don't do it, then we will be sitting around here talking about going to 6.5 or 7 percent. You have got to get it down when you can. This is sort of a reverse. Mark Twain had a famous story of a friend of his who came to him and said, "I am dying. What can I do?" Mark Twain said, "Quit smoking." The guy said, "I never smoked." Mark Twain said, "Quit drinking." The guy said, "I never drank." Mark Twain said, "Quit going out on the town and staying up all night." The guy said, "I never did that." Twain said, "I can't help you. You haven't been maintaining your vices." It is sort of the reciprocal of that. If we have to go to the well, we better get the water level down a little bit so that if we do have to go to the well, in hard times, we have at least made this gesture to get it back down in good times.

I did some research today. We can make history if we do this. I have driven them crazy in the revenue department today. All kinds of people have been getting calls from me. One of them didn't believe it. One of them said, "Yes, sure, you are my brother-in-law." If we voluntarily, together, lower the tax, it will be the first time in the history of the State of Maine that a Legislature and a Governor have ever lowered a tax rate. Isn't that amazing. The first time ever. There have been two reductions. One was the expiration of the surcharge on the income tax, but that happened automatically. It was built into the law that passed it. The second one was last fall when the automatic trigger lowered the sales tax. I don't think we can claim perfect virtue, because the trigger is still out there and that is part of the reason we are considering this. I suppose half virtue is better than none. I think we really have to work and look at this

in order to try to make it work. The people of the State of Maine will appreciate it. They will notice it. I think it will make a difference in the state.

I think we ought to go ahead and do it as long as that trigger is there and as long as that half cent is there, it is just going to be an aggravation. We may as well go ahead and suck it up and do it and get it over with. By the way, part of the deal has to be to repeal the trigger. That is bad policy to have us on automatic pilot. Where are they? You can't run government on automatic pilot. You have to be able to make decisions as circumstances agree. As far as I am concerned, we are going to lower the tax. We have gotten the tax back to where the public expected it to be and once we have done that, I think that trigger should go because there are some real problems with it.

In conclusion, Mary is breathing a sigh of relief. There isn't any magic solution here. We can't please everybody. I have a perfect story for you about not being able to please everybody. I don't want to pick on this fellow who is going to be upset that I even told this story, but I can't resist. It is so perfect. Last week I got a call from a reporter. The reporter said, "Governor, how does it feel to have 110 foot snowman in Bethel named after you?" I said, "I guess it is better than a sewage treatment plant." That appeared in the paper. Less than 24 hours later I got a letter from a manager of a sewerage treatment plant irate that I was perpetuating Ed Norton stereotypes. Some of you are old enough to remember Ed Norton. Those of you who aren't, ask one of your peers. Peter, I will tell you who Ed Norton is later.

The point is we can't please everybody. We have to try to do our best. It seems to me that in this situation we do have a historic opportunity. I believe the revenues are going to continue for some time. We are going to be able to provide the tax cut and meet the needs. If we don't provide some discipline to ourselves, we are just going to spend all the money. The one thing I have learned is, there are no bad programs. Agricultural marketing, programs for the deaf, mental health for children, more GPA, more money for the university, R & D, these are all good programs. The problem is the programs can expand to take all the money that is available. I think we should give some of it back.

I come at this with four principles. I offer these to you for your consideration. One, all the money comes from the people. Second, all the money the people have, comes from the economy. The third, what goes up, must come down. The fourth, if we work together in a spirit of good faith, there is nothing that we can't solve. There is no problem that we can't solve.

I will sum it up by leaving you with a quote from one of my favorite philosophers. "You can't always get what you want, but if you try, sometimes you will find you get what you need."

Thank you very much.