

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE
ONE HUNDRED AND TWENTY-FIRST LEGISLATURE

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August 21, 2003 to August 22, 2003

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Penmor Lithographers
Lewiston, Maine
2004

**STATE OF THE STATE ADDRESS
OF
GOVERNOR JOHN ELIAS BALDACCI
JANUARY 20, 2004**

Madam President, Mr. Speaker, Madam Chief Justice, members of the Legislature, distinguished guests, my fellow Maine citizens:

Twelve months ago, I had the privilege of taking the oath of office. It's been quite a year!

We put state finances back on track. We set a spending cap for state government. We maintained our strong bond rating. And we maintained income tax indexing to reduce state taxes for Maine people by \$26 million over this biennium.

I took office with a plan to create economic opportunity for all Maine people. That plan included:

- Balancing the budget without raising state taxes
- A jobs bond approved by the voters in June
- Creating more opportunity for quality education
- Preserving our natural resources
- And providing accessible, affordable health care.

With your help and leadership—and with bipartisan support—we moved this economic plan forward.

Even though we're of different parties, and come from different parts of the state, we set differences aside to do our best for Maine people.

We have implemented our plan through Research and Development bonds, Pine Tree Zones, the Community College System, and Dirigo Health. I'll lay out the specifics of those actions in a moment.

But first, because of our efforts in working together we have some good economic news. Economist Charles Colgan forecasts that Maine could add 5000 jobs by the end of the year. That's an increase of 1.5 percent.

And the business community reports higher confidence. Charlie Colgan predicts we're poised for economic growth. "It's time for some guarded optimism," he says.

And for good reason. As we look around, there are positive signs—especially when you compare Maine with other states.

Unemployment is well below the national average. Per capita income is rising faster than any other New

England state. That's why many states are looking to Maine for answers.

My primary goal—the goal we all share—is to make Maine a leader in providing opportunity for our fellow citizens.

Economic opportunity is a key to all we want to accomplish. Maine people need the best chance we can give them to have a good paying job with benefits or to build a business.

To do that, we need to keep our fiscal house in order. The Fiscal Year 2004 supplemental budget now before the Legislature addresses fiscal problems that have come to light since the beginning of the biennium.

We must continue to use our Downeast ingenuity to craft the best possible budget for all Maine people.

We've had hard choices to make together—and we've made them.

Education makes up 45% of our state budget.

We spend 30% of our budget on mental health and human services.

And after other commitments, that leaves just 12% of our budget for all the rest of state government—that's public safety, economic development, environmental protection, and all the rest.

Our spending reflects the value we place on education and social services. But our tax burden is among the highest.

We must find ways to deliver these services while reducing general taxes. All parts of the state budget must contribute to the solution.

I appreciate how difficult these choices are—but they must be made.

While solving budget challenges, we'll continue to move ahead with our economic plan. As we've worked together in the past, let us work together now to improve opportunities for our fellow citizens.

Maine people are showing us every day how to create opportunity and face challenges together. The residents of Canton know how to move ahead, even in difficult times.

We all remember the heavy rains of early December. Rivers and streams rose all over the state. On a bleak Thursday, the Androscoggin River flooded the entire Canton downtown.

Forty homes and a nursing home were evacuated. I saw from the air houses and public buildings surrounded by water and ice, homes and farms cut off from help.

I visited the town on Friday, and found families in disarray. But they were doing everything they could to help themselves and each other.

On Saturday, a large relief effort began. Seven state agencies, community housing programs, and volunteers met with residents to begin the recovery. State and local agencies put together funds to help.

Just as we've had a plan to strengthen our economy, the people of Canton have a plan for strengthening their town. Their comprehensive plan lays out a vision for a future without flood risk. That vision guides their recovery from the December flood.

Tonight, I want to recognize a person who represents the vision and community spirit of all the people of Canton—Fire Chief Wayne Dube. Chief Dube worked tirelessly to save his town from this disaster.

Chief, would you please stand and accept our thanks for the example you set for all of us.

Here in Augusta, just like in Canton, we did important work together last year to help our State. We implemented a plan that leads in providing economic opportunity for all Maine citizens.

Last June and November, Maine voters approved nearly \$150 million in bonds. Maine people chose to invest in the infrastructure and research and development we need for good paying jobs and benefits.

We know that R & D pays off. The University of Maine System used \$10 million in bond money to leverage over \$40 million in research grants and contracts. Paid research by faculty and students has launched several companies.

Like Target Technology Center of Orono. The Center has spun off six start-ups, including Stillwater Scientific Instruments. This company is developing a device to speed up the analysis of chemical compounds.

We're doing this, and more, from a \$10 million public investment.

Our June economic development bond authorized \$2 million for further investment in applied technology centers. Tonight, I'm pleased to announce that those grants have been awarded.

The recipients are the Center for Environmental Enterprise in South Portland, The Composite Technology Center in Greenville, the River Valley Technology Center in Rumford, and the Thomas M. Teague Biotechnology Center in Fairfield. Congratulations to all of them.

The June economic bond also provided \$2 million for Farms for the Future. Thirty-seven farms have received grants to grow their businesses.

The Gulf of Maine Aquarium received \$3 million in bond money. Construction of their research laboratory is on schedule. The lab will open in January of 2005 and result in 90 research jobs.

The \$6 million bond for the Municipal Investment Trust Fund helped fund needed infrastructure. From Caribou to Eastport and from Norway to Saco, parking facilities, community service centers, business parks, and riverfront improvements are being built.

This month, applications are being accepted for Pine Tree Zones. These Zones will be established in March with reduced tax burdens. This will attract business investment to areas in Aroostook County, the Androscoggin Valley, the Penobscot Valley, and Washington County.

I'm pleased that Barry McCrum, president of the Aroostook Partnership for Progress, is here. In just one year, the partnership has raised almost \$1 million from the private sector.

Tonight, I'm announcing an initiative inside the Aroostook County Pine Tree Zone to reduce electric costs for new and expanding businesses. If we can make this work in Aroostook County, we can make this work statewide.

I'd like Mr. McCrum to stand and accept our thanks for his hard work.

Investing in people is a key part of my economic plan. I've created a Workforce cabinet, chaired by Labor Commissioner Laura Fortman. Soon this group will announce strategies to help Maine workers get and keep good paying jobs.

During the fall, Commissioner Fortman held public meetings around the state to hear from laid off workers. We need a proactive approach to workers and communities vulnerable to downsizing and closures. Developing that strategy is part of the Workforce cabinet's charge.

Our country lost manufacturing jobs throughout the 1990s and into today. Overseas competition, a slow economy, and increased productivity have been the reasons.

We've had an even tougher time in Maine, especially in the paper industry. Our job losses are greater than in other areas of the United States because Maine plants are not as modern. That's why we have to do all we can to attract investment to modernize and expand.

And investment is coming our way. Just last week National Semiconductor announced it will spend \$58 million on its South Portland facility. And they've started adding 100 manufacturing jobs.

We need to diversify to precision and niche manufacturing. Financial services and biotech and biomedical research are other 21st century sectors to develop. Next month, I'll be announcing Maine's first Science Advisor to head the Office of Innovation.

This person will play a critical role in developing biotech and bio-med businesses. I have two goals for the position—to maximize federal funds coming to Maine, and to reap immediate returns in job growth.

The \$20 million research bond passed in June has leveraged \$160 million in outside funds. This money will build world-class bio-med labs in Maine over the next years.

We must continue to attract the kind of investment we need. I've talked about the importance of holding the line on taxes. But it's not good enough just to hold the line.

Tonight, I ask you to repeal—finally—the personal property tax on business equipment and machinery. The tax is a burden for businesses and discourages investment, particularly in manufacturing. Getting rid of it is part of our plan to reduce taxes on working families and businesses throughout the state.

We also cannot abandon Maine's traditional and new natural resource-based industries. In November, 700 people from across Maine joined me at a Blaine House conference about fishing, aquaculture, farming, forestry, and tourism.

We learned that the difficulties these industries face are not unique to each sector. The conference shaped some 80 ideas about ways to strengthen these businesses.

A report will be presented soon. But we've already begun to take action.

Our North Wood Legacy Project coordinates economic development with resource conservation. We're promoting value-added wood products, a continuous supply of wood fiber, and "green certification" of Maine forest products. At the same time, we're protecting our cultural and natural heritage.

We have a goal of 10 million acres of green-certified timberland by 2007. Maine is the leader in forest certification. We've already seen results. In the just the last 7 months, timberland owners have pledged over 1 million acres for certification.

Time, Inc., the world's largest purchaser of certified magazine stock, increased its Maine purchases by 11% in 2003, while paper purchases dropped worldwide. This produced a 33% increase in market share for Maine mills.

In December, we closed the deal on our West Branch conservation project. Three hundred and twenty-nine thousand acres of land are being protected through a \$33 million investment.

Through our Dairy Initiative the Department of Agriculture is providing \$2 million in financial relief to dairy farmers. This was scheduled to end in 2003, but we've extended the program. We'll continue to offset declining milk prices and work with the Legislature on a longer-term solution.

I'm also announcing a Department program to work with farmers to grow local agriculture. Our best opportunity for saving farms and starting new ones is for Maine families and businesses to buy locally grown food.

Rising land values and coastal development are putting pressure on fishing villages and harbors. I'm asking the Working Waterfront Coalition to provide an agenda of access, land-use, and tax policies to keep Maine's commercial waterfronts in business.

Tourism leverages the natural wonders of our state. It accounts for 15% of our gross state product. We need to see tourism as one industry, not just separate businesses.

I'm asking the University of Maine and Community Colleges to consult with to develop degree programs in hospitality and tourism. And I'm asking the University of Maine to develop a center of tourism research.

In the audience is Charles Robertson, president of American Cruise Lines. Last year, his company began using Bangor as a home port. Their ships provide luxury cruises on Penobscot Bay.

This morning I met with Mr. Robertson about his plans for expansion in Maine. His interest is an example of what Maine has to offer. We must capitalize on more tourism opportunities for all regions of our state.

I'd like to ask Mr. Robertson to stand to accept our greetings.

International trade and Canadian relations are also important to Maine's economic future. My trade mission to Ireland last fall convinced me there are more markets in Europe for Maine goods. We estimate a record \$7.5 million in sales in just the first 6 months after the Ireland trip.

One example is Bob Zieglaar of the Telford Group, who joined me in Ireland and is here tonight. The Telford Group is a private Maine-based aviation services company with 125 employees. It has facilities at the Bangor, Rockland, and Loring airports.

In Ireland, Telford secured a contract with an Irish aircraft manufacturer to provide service. The first Irish-built aircraft arrives next week in Loring for an overhaul. This and other contracts will bring millions of dollars and highly-paid technical jobs to Maine.

I ask Mr. Zieglaar to please stand in recognition of his success.

Closer ties with Canada will promote our common interests in transportation, tourism, and trade. We will complete the Northeast Canadian Free Trade Zone initiative we began last year. And I look forward to our Quebec trade mission next month and a summit with New Brunswick in May.

Any statewide economic development plan must include opportunity for all people.

In November we began a dialog with Maine's Native Americans. This will continue. Tribal government and state government must work together. Only together will we succeed in attracting good jobs, protecting the environment, and preserving our way of life. I want to thank the five tribes for meeting with us, especially the work of Rep. Fred Moore and Rep. Donna Loring.

And I also want to recognize Chief Barry Dana of the Penobscot Indian Nation. Thank you for being with us tonight.

The Creative Economy is another important focus for Maine.

Creative economy workers include computer chip designers, like those at National Semiconductor. They're engineers, like those at Wright-Pierce in Topsham. They're architects, like those at WBRC Architects in Bangor.

And they're artists, craftspeople, and curators like those at the Maine College of Art in Portland and the Farnsworth Museum in Rockland.

In May, we'll hold a Blaine House Conference on the Creative Economy at the Bates Mill Complex in Lewiston. We'll develop strategies to help innovative workers grow Maine's economy. Adding to the arts

and culture of Maine will also aid in revitalizing our downtowns.

Last year you joined me in creating the Maine Community College System. Our goal was to create affordable higher education for high school seniors and adults who haven't traditionally gone on to college. By the early results, we're meeting our goal.

There are now over 1300 more Community College students than the year before—an 18% increase.

There's been a 26% jump in students going directly from high school to a community college.

About 1000 dislocated workers are enrolled and getting a new start.

And in two years there's been a 22% increase in community college students going on to the University to earn a bachelor's degree.

That's an impressive start! Behind these numbers are individual stories of determination and courage. Let me tell you about two of them.

Colleen McGarry was raised in Perry by a foster family. At 18, facing financial obstacles, she enrolled in Washington County Community College with the help of a \$1000 scholarship. Her high school performance didn't reflect her abilities. During her first semester of college, Colleen earned a GPA of 4.0. She now has her sights set on a bachelor's degree.

Simon Roy from Sherman Mills worked 22 years at Great Northern Paper. After being laid off, Simon, and 300 former co-workers, entered community colleges to pursue new careers. Simon travels 160 miles each day to attend Northern Maine Community College. Simon, too, is a stellar student, earning a 3.8 GPA.

Colleen and Simon are here with us tonight. Thank you for hard work. Please stand and accept our congratulations.

Tonight I am announcing a new goal. We will raise Maine's high-school-to-college rate from 55% to 70% by the end of this decade. This will take Maine from the middle of the pack to among the best in the nation in college attainment.

To help us toward this goal, I'm announcing a pilot project called the Early College program. The Community College System and 25 Maine high schools will target students who aren't going on to college.

During their senior year, they'll receive two free classes at a community college. We'll help them through the admissions and financial aid process. And we'll offer \$2000 scholarships, about half the tuition

for a two-year degree. We'll serve about 200 students in the program, with 100 receiving scholarships.

Bernard Osher has been a tremendous contributor to our community college initiative. Community College President John Fitzsimmons and I are talking with The Osher Foundation about taking this pilot program statewide.

Success in college is supported by success in K-12 education. To have the opportunity for 21st century jobs, students need 21st century tools to learn.

We've committed to this by providing laptop computers to all 7th and 8th grade students and their teachers. Hampden Academy science teacher David Haggan describes laptops as moving students "light-years ahead" in learning. Research on the program backs him up.

I want us to do more. I am going to present a plan to extend the laptop program into all Maine high schools. And we will begin with next year's 9th graders.

We will also extend the use of those laptops to their parents. The Departments of Labor and Education will create worker training programs that adults can access at home on computers.

Maine is poised to develop an entire generation with one of the most marketable skills in the world. In the process, we're becoming the envy of every other state in the nation.

Our education technology partnership with Apple Computer is leading to another opportunity. Apple is working with us to establish their northeastern repair center with our Community Colleges and others. This will provide more opportunity for skilled worker development.

We must take more steps to connect all levels of public education. I've charged Commissioner of Education Sue Gendron—working with Chancellor Westphal and President Fitzsimmons—to create a seamless system of pre-K through postsecondary education.

Excellent education and an excellent environment are two hallmarks of our state. How we treat our environment is connected to so many other opportunities in Maine.

Energy consumption matters both to our environment and our economy. Last year I established the Office of Energy Independence and Security. Director Beth Nagusky reports we've made a lot of progress in just a year.

We've increased the state's purchase of renewable power from Maine facilities to 40% of our electric

consumption. We've made a 3-year electricity purchase that will save over \$1 million.

We're using a renewable fuel—made in the USA—to heat the Blaine House and other government buildings. We'll expand the use of this fuel next year.

And I signed an Executive Order requiring all new and renovated state buildings to comply with "green" building standards.

Along with reducing energy consumption, we need to continue land preservation to keep our natural heritage.

I'll submit a bond request that lives up to my commitment to provide \$100 million for the Land For Maine's Future program to be implemented over 5 years. This program has protected special places in all of Maine's 16 counties—115 projects covering 192,000 acres.

And we need to do more. In the past five years, 25% of forestlands have changed hands. Public access and recreation opportunities are threatened. To promote tourism, attract young people, and support our traditional industries, we need more—not less—conservation.

Investing in Maine's landscape is similar to other infrastructure investments. As the transportation system provides an economic foundation, so, in Maine, do our natural resources.

A sustainable environment encourages sustainable jobs. For sustainable jobs we also need affordable health care for all. You in this room and many others across Maine have done a lot to move us toward this goal.

Because of a partnership with Spring Harbor Hospital, I am announcing tonight that we'll finally have treatment in Maine for children with mental illness and developmental disabilities. The new program will serve at least 50 Maine children and their families.

And, because of the efforts of many, we've finally achieved mental health parity in Maine.

Last week, we launched Maine Rx Plus to lower prescription drug prices. In partnership with over 100 Maine pharmacies, we'll be providing discounts to seniors and working families. That's about 275,000 people on tight budgets who can't afford the high cost of prescriptions.

We also need to continue health reform. We need affordable health care for the well-being of workers and businesses, for all our citizens.

We are a state of small businesses. About half of Maine workers hold a job in a business with 20 or

fewer employees. Those businesses represent 90% of the businesses in Maine.

Over 300 small businesses and self-employed people have asked to be put on the list for Dirigo Health.

With resounding bipartisan support, we passed Dirigo Health last year. By this July, working with private insurers, Dirigo's new health plan will be available. It will have a price small businesses and Maine people can afford.

I want to recognize Dr. Bob McAfee who chairs the Dirigo Health Board. As a former President of the American Medical Association he's a national leader who volunteering his talents to make the Dirigo Health Plan a reality.

I'd like Dr. McAfee to stand and accept our thanks.

Through the Fund for a Healthy Maine, we've also had success in cutting the rate of youth smoking. We've cut the rate by half, and that leads the nation. Adult smoking is down by 20% over 6 years, and we've protected people from second-hand smoke in public places.

We need to do more. Maine leads the nation in diabetes, heart disease, and cancer deaths. We have to preserve our ability to invest in health for our citizens over time.

Last year I submitted a constitutional amendment to secure the Fund for a Healthy Maine. I remain committed to that bill. And I tell you the time to pass it is now!

We'll keep working to lower costs and promote healthy lifestyle—just as we'll keep working to improve government.

Thanks to 200 Maine people who volunteered their time, we now have a roadmap to merge the Departments of Human Services and Behavioral and Developmental Services.

The organization they describe is cost-effective, accountable, and responsive.

I'll submit legislation this session to create the Department of Health and Human Services. This is not just a name change. It's a new way of doing business. We'll have better services and a Bureau of Children and Families. And we will have financial accountability.

I want to take this moment to introduce someone who's working hard for Maine's children. She shares my vision for early childhood education, literacy, arts in education, and nutrition.

Among many duties, she serves as Chair of the Children's Cabinet. The First Lady is tireless in her efforts on behalf of Maine's children and families. I want to thank Karen for her work.

I'd also like to recognize our son Jack, who is here tonight.

We need to make sure we're getting the best service for the least dollars at all levels of government. We can't reduce the tax burden on Maine citizens and businesses without better coordinated and consolidated services.

My Task Force on Efficiency in Education presented its report last week. I want to thank Jim Doughty of Husson College, David Silvernail of USM, and the other five members for their work.

Since the passage of the Sinclair Act in 1957, we've made great strides in improving public schools. Our 4th and 8th graders score in the top five in the country. We have one of the most favorable student-teacher ratios.

Yet, while student enrollments decline, the cost of education doesn't. We've had few changes in the structure of our schools since the Sinclair Act incentives ended. We must operate schools as efficiently to ensure quality education for every student.

I'll be submitting legislation based on the Task Force report. I'll propose Regional Cooperatives and Regional School Districts, with state funding to encourage collaboration.

We must provide essential programs and services to students all over Maine. And we must provide these services in a cost-effective way to relieve property taxes. We need a Sinclair Act for the 21st Century.

And we need property tax relief. I've been engaged in constructive talks with all levels of government and the business community about how to achieve this shared goal. We need to keep working together—Maine people deserve our answer to real property tax relief.

We'll also keep looking at state government to make sure it's serving citizens well. I've charged all departments to streamline their efforts, while maintaining services.

It is our intent to offer legislation to change the structure of the Workers' Compensation Board. Injured workers and their employers deserve a system that works.

Maine citizens also deserve the best possible communication of emergency information. In these times of

orange alerts and arctic cold we need coordination among our first-line responders.

Tonight I'm announcing that the Department of Public Safety will move some of its operations to 500 Civic Center Drive in Augusta. We'll also move the Maine Emergency Management Agency to this location.

MEMA and the State Police will create an Intelligence Center. It will provide a single point to receive homeland security intelligence.

Sadly, we live in a time when our State is affected by homeland security. Many dedicated Mainers work within our borders to make our citizens safe.

Other courageous Maine people provide service to their state and country overseas. As of this month, over 1100 Maine Army and Air National Guard are deployed. Maine has the 3rd-highest deployment rate in the nation.

I want to recognize the sacrifice of these fellow citizens of Maine. And not just the National Guard who are away, but the families and employers who wait for their return.

With us tonight is Sergeant Kevin Moncrieffe. Sergeant Moncrieffe has been to Kuwait, Bosnia, and Afghanistan, just returning in December. One deployment occurred 5 days after his marriage to his wife, Allison.

Sergeant Moncrieffe works for Verizon Communications in Ellsworth as a service technician. He's been there for 7 years. During all of the sergeant's overseas duty, his Verizon manager, Jim Jordon, has held onto his job for him.

Please join me in thanking Sergeant and Mrs. Moncrieffe, and Mr. Jordon, for their parts in protecting all of us.

All of us hope that the men and women serving in Iraq and Afghanistan will finish the job and come home soon. They've done their duty for us and now we need to do our part for them.

My administration has submitted legislation to create the Maine Military Family Relief Fund. The money would come from a check-off on our tax forms. The Fund will make grants to the families of National Guards and Reservists called to active duty.

Our Departments of Defense and Labor will hold regional briefings for employers of deployed Guardsmen and women. We'll give them information on their employees' missions, employers' legal requirements, and available interim workers.

Sergeant Moncrieffe, his wife, and his boss give us another example of what Maine people are good at—

facing challenges and looking for opportunities together.

Here in the State House, at work and home, Maine people stood up to some tough challenges last year. With all of the actions we took, we've made Maine stronger.

Providing for the common good, making people feel secure in their communities and homes—this is the central job of government. It's why all of us are here serving our state and our people.

We need to keep investing in economic and homeland security. We need to bank on the right kind of economic development. We need to embrace opportunities, but with the right kind of safeguards.

I want to continue to work with all of you. Together we can ensure that the state of our State remains strong and secure.

Thank you.