

# MAINE STATE LEGISLATURE

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**LAWS**  
**OF THE**  
**STATE OF MAINE**

**AS PASSED BY THE**

**ONE HUNDRED AND TWENTY-THIRD LEGISLATURE**

**SECOND REGULAR SESSION**  
**January 2, 2008 to March 31, 2008**

**FIRST SPECIAL SESSION**  
**April 1, 2008 to April 18, 2008**

**THE GENERAL EFFECTIVE DATE FOR**  
**SECOND REGULAR SESSION**  
**NON-EMERGENCY LAWS IS**  
**JUNE 30, 2008**

**THE GENERAL EFFECTIVE DATE FOR**  
**FIRST SPECIAL SESSION**  
**NON-EMERGENCY LAWS IS**  
**JULY 18, 2008**

**PUBLISHED BY THE REVISOR OF STATUTES**  
**IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,**  
**TITLE 3, SECTION 163-A, SUBSECTION 4.**

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**Penmor Lithographers**  
**Lewiston, Maine**  
**2008**

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**STATE OF THE STATE ADDRESS  
OF  
GOVERNOR JOHN ELIAS BALDACCI  
JANUARY 9, 2008**

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

We come together tonight as Maine stands on the verge of a new era.

The choices we make in the coming days will help to define who we are as a State, and what we hope to become.

I will not splash varnish on the hard truths before us.

Home heating oil and gasoline prices are at record highs.

Winter, just a few weeks old, has already shown its teeth.

The national economy is struggling under the weight of declining home values.

State revenues are not immune from the national condition and are falling short of expectations by \$95 million dollars. We are forced to make hard decisions and set priorities.

And we remain a country at war, with men and women called to duty in far-off and dangerous lands.

Every word I have spoken is the inescapable truth. But there's more to Maine's story than those challenges we face.

In the five years since I first addressed you as Governor, much has changed in Maine.

Today I am proud to say that we are better prepared and more able to weather economic storms.

You, my friends, have done much of the hard work. You have not only balanced budgets, and demanded efficiencies. You've also come together – often in a spirit of bipartisanship -- to solve problems.

Five years ago, we faced a \$1.2 billion dollar budget gap.

Our financial reserves were gone.

The State was borrowing hundreds of millions of dollars just to keep the lights on. Our credit rating was headed down.

Those days are gone – hopefully banished forever.

Today, we have rebuilt our reserves to almost \$160 million dollars, and no longer take out payday loans to keep government open.

We have closed that budget gap and by the end of next year we will have invested more than \$1 billion new State dollars in local education.

And we have done it all without raising the sales tax or income tax.

I want to repeat that, because it's something the entire State should be proud of.

We have invested more than \$1 billion new dollars in local education, rebuilt our reserves and stopped short-term borrowing.

Standard and Poor's has raised our financial rating.

All without raising the sales or income tax.

That, my friends, is an accomplishment.

It has put us in a position of strength to deal with a fickle national economy.

Tonight, standing before you and with full knowledge of the challenges we face, I report that the State of this State is strong and determined to meet the future head on.

The revenue downturn we face in the two-year budget is a serious challenge that demands action.

On Dec. 18, I issued an executive order that reduced State spending by \$38 million dollars for the rest of this fiscal year.

The Constitution of Maine requires the governor to ensure the State budget is balanced.

Every part of State government was called upon to make recommendations on how to reduce spending while maintaining their core missions.

I understand that these decisions touch real lives.

The cuts were not easy, but we are moving forward in a way that makes sure that we can protect our most vulnerable citizens while also meeting my Constitutional duty.

On that point, according to the Kaiser Foundation, Maine ranks first among the States in Medicaid spending for children, second in Medicaid spending for adults and fifth in Medicaid spending for the disabled.

Overall, according to Kaiser, Maine spends more per Medicaid enrollee than any other State.

So, tomorrow, when I unveil the details of my revisions to the two-year budget I can promise you this:

We will not pull the safety net out from under our most vulnerable citizens.

We will not take from our financial reserves to balance the budget.

And we will not increase taxes.

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If we are to have the resources to invest in higher education, economic development and universal health care, we cannot continue to spend millions on systems built in the 1950s.

We must transform government at all levels. We must strengthen it to meet the demands of a new age. And we must prioritize our spending.

Government has an important role to play, but it cannot be all things to all people.

At the same time, beware of quick fixes and people who promise gain without change. They sell a bill of goods layered in promises that cannot be kept.

They say: You can have it all. The decisions aren't difficult.

We all know that's not true. The decisions ARE difficult.

We've made them and will continue to make them.

Since taking office in 2003, we have reduced the rolls of State government by more than 600 jobs. We have merged two major State departments, eliminating a commissioner, deputy commissioners;

And we have centralized back-office and administrative functions in all State departments. In just the first two years, that saved \$11.5 million dollars.

It's not the stuff of headlines. It's good government, and it's done.

Last year, the Legislature passed a truly historic reform of local education.

The new law reduces the number of school administrative units from 290 to 80.

School administrative units: That's a mouth full. It sounds very government-like, very bureaucratic.

That's because it is.

And that's the problem.

Since the early 80s, the number of students in Maine has declined by almost 40,000 and is expected to decline by 20,000 more in the next five years.

During the same time, the number of school administrators has increased by 400.

For 50 years, we have done the same old thing, the same old way, and it hasn't produced the excellence and results that we need.

It's not sustainable and drains resources from students and teachers.

Now we are on our way to a new structure that will better serve our people. It will save taxpayers money and provide a better education for our children.

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Legislation introduced this year and already approved by the Education Committee will further strengthen the new law.

Even so, the fighting around it has not stopped.

We cannot return to the dysfunction of the past.

In 1937, President Franklin Roosevelt talked about the tendency of government to fall victim to inertia and to retreat from important gains when put under pressure by powerful special interests.

"Shall we pause now and turn our back upon the road that lies ahead?," he asked. "Shall we call this the promised land? Or, shall we continue on our way?"

As President Roosevelt knew then and the people of Maine know today, progress and growth are in front of us, not in the past.

As President Roosevelt said then, "We will carry on."

In August, we began a conversation about the way we treat inmates in our prisons and county jails and about the financial hardships created by our current, fragmented system.

It is bad for taxpayers and bad for mentally ill and drug-addicted prisoners who do not get the care they need to break the cycle of crime.

It must change.

Tomorrow I will submit legislation to unify the state prison system with the 15 county jail administrations.

The plan has evolved from when we first began talking about it. We have listened to concerns from counties. And we have made changes to improve our plan.

I would like to say tonight that all the differences between the counties and the State have been resolved. They haven't.

But I can say that progress has been made. Sheriffs and commissioners have come a long way from the starting point, and so have we. I believe that common ground is still possible.

And I believe a solution exists that will save taxpayer money and improve the treatment of the people in our care.

President Lincoln wrote to Congress in 1862: "The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew and act anew."

You don't have to face the deepest crisis in the history of the Republic – as Lincoln did – to understand the necessity of thinking about old problems in new ways.

We live in a complex world that requires government to carry an increasing load. Natural resource and environmental issues demand experts with broad experiences.

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In a time of declining revenues and increasing financial pressures in other areas of the budget, we can't continue funding silos that keep our experts separate and our attentions divided.

It's been more than 30 years since we developed our approach to the stewardship of Maine's natural resources.

In those three decades, the world has changed dramatically. There have been amazing advances in science and technology.

And Maine's natural resource agencies haven't been allowed to keep up. The structure hasn't kept up pace with the changing times.

Already, we've brought together those agencies' back-office staffs, accountants and IT experts. We created a single natural resource service center to do all those jobs that aren't part of the agencies core responsibilities.

That's done. But we need to do more.

In my budget, I will propose a process that will result in no more than two natural resources agencies, where today we have four.

We will seek efficiencies and combine programs that shouldn't be separated by bureaucracies.

I know that I don't have all the answers, but I do believe we can find them together.

The merger process will seek input from those willing to come to the table.

Our goal is to enhance the services provided to natural resource-based businesses; To increase outdoor recreation; And to improve natural resource management.

We need to end the duplication in administration that stands in the way.

Our efforts are not confined to a single area of government. We are looking at government at every level, and we're looking for improvement.

Earlier this month, Maine selected a private company, Unisys Corporation, a nationally respected company, to fix a troubled part of the Department of Health and Human Services.

For almost three years, we have struggled with a Medicaid computer system that has never lived up to expectations. It's caused countless headaches and heartaches for Maine businesses and created financial difficulties for the State.

With this work, we will move on to a better way of doing business.

I am also proposing a reorganization of the upper and middle management at Health and Human Services that will give my commissioner the flexibility she needs to run Maine's largest department.

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It will empower frontline workers, reduce from 10 to 6 the number of central offices in the agency and consolidate management at the regional level.

To be successful, you must be able to adapt. We will give them that ability.

But success also depends on innovation.

Maine has led the country on health care reform, an innovation that matters to families and businesses alike.

When the federal government passed a poorly designed Medicare drug benefit that actually hurt some senior citizens in our State, Maine stepped forward to ease the transition.

When the federal government failed to deliver on affordable health care, Maine stepped forward.

We will continue to step forward.

In my budget, we will bring together three of the largest purchasers of health care in the State for a new initiative to save taxpayer money and provide better care to consumers.

The Maine State Employees Health Commission, the University of Maine System and the Maine Education Association will join forces and put their enormous buying power to work to lower prescription drug costs.

This cooperative effort will save money for thousands of workers who need medicine, for taxpayers whose dollars contribute to the system and it will increase the amount of money available to fund health care for retired teachers.

More than 28,000 Mainers have been insured through our Dirigo Health program. We've extended coverage to more families and more small businesses, and we've done it in a way that has saved millions of dollars in health care spending.

Last year, we were close to taking the next step with Dirigo. This year, we'll do it.

I will support Legislative efforts to provide meaningful market reform that will make coverage more affordable for individuals.

And I will work with the Legislature to find a new way to fund Dirigo that is less contentious and more sustainable.

I believe health care is a fundamental and basic right. Every man, woman and child should be able to count on receiving the care they need when they need it.

I am very pleased that the Dirigo Health Agency has contracted with a new partner, Harvard Pilgrim Health.

Harvard Pilgrim is a nonprofit health plan that is consistently ranked No. 1 by consumers nationally. The

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company brings new and important competition to Maine's health care marketplace.

I'm pleased to welcome Harvard Pilgrim to Maine, and I want to recognize in the gallery the company's CEO, Charlie Baker. We're glad you're here, and we look forward to working with you.

Charlie, I ask you to rise and accept the greetings of the Chamber.

When I think about what matters most to me, and to the people I meet when I travel around the State, it's not the ins and outs of a particular policy. It's not the details that we will wring our hands over from now until April.

What matters most is more basic. It's family and friends.

Tonight, as I speak to you, Maine has 102 members of the National Guard deployed overseas.

Soon, more men and women will be joining them.

This month 130 members of the 126th Aviation Regiment from Bangor will go to Iraq for the second time. These men and women save lives by putting their own at risk; they fly into danger to rescue other soldiers.

Another 16-person team of National Guard Soldiers will also leave this month for Afghanistan to train that country's military.

They deserve our appreciation; they deserve our support. Please join me in saluting their service and sacrifice by recognizing Major Brian Veneziano, the commander of the 126th.

Please rise and accept the greetings of the Chamber.

These brave men and women want the same things as you and I: A good job with benefits, a college education for their kids, and to know that their families are nearby and secure.

Family is the most important thing.

Yesterday, my wife and I celebrated our 25th anniversary. It has been an amazing journey.

You could not have a first lady more committed to Maine's children, to education and to the State. She is a tireless advocate for literacy, and promotes Maine wherever she goes.

I'd like to ask Karen to stand and be recognized by the Chamber.

My family's not that much different than a lot of others in Maine.

We have our family discussions, agreements and disagreements.

But I have never lost sight of what it means to work hard and still struggle to pass the bills.

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I have met countless men and women who play by the rules, go to work everyday and still can't seem to get ahead.

In 1965, President Johnson understood the great divide in our country and spoke about it.

He said: "In a land of great wealth, families must not live in hopeless poverty. In a land rich in harvest, children must not go hungry. In a land of healing miracles, neighbors must not suffer and die unattended."

If President Johnson were speaking today and lived in Maine, I think he would have added at least one more line:

In a land of technology, science and abundant natural resources, no family should go to bed wondering if their fuel oil will last until morning, worried that they will wake up cold.

I know families and businesses are struggling with high energy costs.

I have talked to the truck drivers and small business owners who are being pushed to the brink.

And I have heard the call for help.

We will answer that call.

My administration began working on this problem when the weather was still warm and before oil topped out at \$100 dollar a barrel.

Working with the United Way, Eastern Maine Funders and the Maine Community Action Agencies, the Keep Maine Warm Fund has raised more than \$1 million dollars to provide emergency fuel assistance.

The effort is gaining momentum.

I am pleased to announce tonight that LL Bean will be making a contribution of \$250,000 to the Keep Maine Warm Fund, joining such organizations as Irving Oil, The Libra Foundation, The Fisher Foundation, Wright Express, Maine Bank and Trust, and TD Banknorth.

I'd like to thank Leon Gorman, LL Bean's chairman, for his company's efforts. Please stand Leon, and accept the greetings of the Chamber.

The Fund is an example of Mainers taking care of Mainers.

I know not everyone is able, but I'd ask those of you who can to join the effort to Keep Maine Warm by making a charitable contribution to this very worthy cause.

Working closely with Maine's Congressional Delegation, we will continue to put pressure on Washington to release funding for energy assistance.

The money's there; and we need to put it to work.

I have signed an executive order making it easier for companies to make small fuel deliveries to families in need.

I have sought relief for truck drivers devastated by high diesel costs. During this session, I will submit legislation to help safeguard the forest products industry, which has been particularly hard hit and is so important to our rural economy.

We are doing what we can for as many people as we can. And those efforts will not cease.

For too long, our country and our state have been dependent on costly foreign oil.

Eighty percent of Maine's homes are reliant on oil for heat.

As prices have risen, we have sent billions of dollars out of state to pay for it. Money that otherwise would have remained with the families and businesses in Maine.

We must move forward aggressively to heat our homes with resources we have or can make right here.

We have made great strides in the development of wind energy. We cannot be shy about new projects. We will rewrite the rulebook to make wind power development easier without compromising our environment.

Maine has tremendous potential for wind power. Already \$2 billion worth of investments have been approved or are awaiting consideration. And an equal amount is being explored.

Just last week a new project on Stetson Mountain won approval. We can harness the tremendous power of the wind and tides to power our industries and light our homes.

And we are also working closely with Maine's Native American Tribes to support and promote alternative energy projects.

The future rests within reach, and we must seize it.

Tonight, I am announcing a "Wood-to-Energy Initiative" to bring Maine-made sources of heat to the homes and businesses of Maine.

This partnership will bring together the public and private sectors to explore what is possible and what is practical.

I have asked Maine entrepreneur Les Otten, who is here tonight, to bring together business leaders and our Department of Conservation to lead my Administration's efforts on a conversion initiative that will use our forests and natural resources to relieve consumption of nonrenewable oil.

As a first step in this Initiative, my Administration will pursue a transition to biofuels such as wood pellets and wood chips.

We will identify those state buildings where conversion to wood pellets, wind or other renewable sources of energy can reduce costs by 30 to 50 percent.

This not only saves money for Maine taxpayers, it generates the investment and business activity to grow Maine's economy.

The lessons learned from these demonstration projects will be made available to every home owner and business in Maine. As part of this Initiative, we will identify and promote the financial tools to enable Maine homeowners and small businesses to move away from their reliance on costly foreign oil.

We can encourage the alternative energy industry in way that benefits Maine without disadvantaging existing businesses reliant on wood for other products.

We are already working on a collaborative effort with New Brunswick and Nova Scotia that will take stock in our natural resources and develop new technologies and new market opportunities.

We should look to our Canadian neighbors for new partnerships that can reduce the cost of electricity in Maine and help us to better understand the energy potential of our forests.

In this energy crisis, we will develop renewable sources of energy made in Maine, by Maine businesses for Maine people.

I was still a young boy when President Kennedy was elected in 1960. My father served as a delegate for him at the national convention. Kennedy's words still hold power today.

He said: "The dynamic of democracy is the power and the purpose of the individual, and the policy of this administration is to give to the individual the opportunity to realize his or her own highest possibilities."

It's an ideal that helps guide us today.

Through our workforce training initiatives, investments in research and development, and Pine Tree Economic Development Zones, we want to enhance the power of the private sector to create good jobs with good benefits.

Between November 2006 and November 2007, Maine's economy created 4,400 new jobs despite slow growth in New England and nationally.

Since 2003, Maine's economy has created more than 24,000 new jobs.

Our incomes have grown.

And we've empowered our people to become entrepreneurs.

According to the Kauffman Foundation, Maine ranked in the top five in 2006 for people who, for the first time, started their own new businesses.

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This is the spirit of Maine.

In November, voters approved a \$55 million dollar investment that will help those entrepreneurs develop new ideas and bring them to the market.

It's the kind of investment that turns good ideas into good jobs.

This significant infusion of resources would not have been possible without Karen Mills and my Council on Jobs and Innovation, which she led.

Karen, thank you very much for your leadership.

Our people are strong, they are resilient and they should not be underestimated.

Given the chance, they can achieve great things.

I know it, I've seen it. There's evidence of it in every part of Maine.

In Brewer, Cianbro Corporation will be creating hundreds of new manufacturing jobs.

In Lincoln, Millinocket, East Millinocket and Old Town, mills threatened with extinction are alive and successful. People are back to work.

In Belfast, athenahealth, an impressive company, has created 200 new jobs with more to come.

Maine was able to beat out Massachusetts, Rhode Island, New Hampshire, Vermont and New York to attract this company.

When Maine learned that MBNA, a major employer in the State, was merging with Bank of America, there was a lot of pessimism and worry about the future.

And for good reason. There was no secret that MBNA's workforce would be reduced and that facilities would be closed.

Now, with athenahealth and other new companies, we have successfully put people back to work in former MBNA facilities in Farmington, Portland, Presque Isle, Fort Kent, Rockland and now Belfast.

The jobs that were lost will be grown back. And hope has replaced despair for those communities.

We know we can do it.

But we must redouble our efforts to spur economic development. We cannot be lulled into a posture that sees us only able to lurch from one crisis to the next.

We must be prepared to stop trouble before it arrives at our doorstep.

I've asked my economic development Commissioner John Richardson and Maine State Chamber of Commerce President Dana Connors to work with the Legislature to change the way we do business for business.

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We can better serve Maine's business community with a local and regional emphasis and greater coordination and partnership.

We need to move our economic development efforts away from Augusta and into the communities and regions where it can do the most good.

The State's top economic development priority should be to provide them with the support, resources and vision to help them accomplish their goals.

We all understand the Maine economy is in a time of dramatic, even historic, change.

And we all understand that our future economic success will be built upon the foundation of our people and the special qualities that define our neighborhoods, towns and our state.

People are drawn to Maine. We have what they're looking for and what's missing from their everyday lives.

Look at tourism, one of the bedrocks of Maine's economy.

Last year alone, almost 42 million people visited our State.

They come for our natural beauty, our people and our vibrant historical and cultural sites.

Last year, voters showed that they understand that. They approved significant investments in conservation and in our environment. Soon, that money will be put to work.

Economic prosperity demands that we invest in our workforce, in our open landscapes, and in our historic downtowns.

Even now, we cannot become so focused on today that we sacrifice the investments that will make us stronger tomorrow.

When I visit places like Lewiston and Auburn, Biddeford and Saco and Waterville, I see the enormous potential for redevelopment. The Hathaway Creative Center in Waterville is a prime example of what is possible.

Tom Niemann is here tonight. Thank you very much.

That's why I am supporting an historic rehabilitation tax credit. For a modest investment, we can attract millions of dollars worth of growth, which will bring new jobs, new revenues, affordable housing and new life to our cities and towns.

It's my goal that children start school ready to learn, and graduate from college ready and able to succeed here in Maine.

Early childhood was the heart of my economic Summit held in November. More than 200 Maine business and community leaders came together to understand



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the positive economic returns from early childhood investments.

I will continue to work with those Mainers to transform the Children's Cabinet Task Force on Early Childhood into a Children's Growth Council.

We can propel the powerful momentum of the Summit into our communities.

Through the power of community, we can create a legacy for our children.

Not long ago, Maine lost one of our most generous and inspiring leaders – speaking of children - Harold Alfond, the man who built Dexter Shoe.

It's impossible to estimate Harold's impact on Maine. He has touched so many lives and so many communities with his leadership and his philanthropy.

Harold challenged us all to do more, to build partnerships and to overcome hurdles.

Harold didn't go to college, but he recognized early on that the days of making a good living with just a high school diploma were disappearing.

But Harold wasn't blind to life's hard realities. For some families, the promise of college is financially out of reach.

With the Alfond College Challenge that he established, the dream is a little closer.

The Challenge provides a \$500 dollar education grant to every child born in Maine that will help them start a college savings account.

It began last week in Augusta and will expand statewide in 2009. And no, you don't have to name your first child Harold.

Working through the Finance Authority of Maine and in cooperation with Maine's hospitals, families in this State will have been given a head start on higher education.

In his book, Harold wrote that he hoped to retire 10 years after he passed away. He was serious and Maine will be a much better place because of it.

Harold's son, Bill Alfond, and his wife, is in the gallery tonight. Please stand and be recognized by the Chamber.

Last year, the Legislature overwhelmingly approved Opportunity Maine, a tax credit program that will help students overcome college debt if they live and work in the State after graduation.

With these tax credits, we will keep more of our home-grown graduates here, and open the door of opportunity for the next generation of Maine entrepreneurs and leaders.

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My friends, I am filled with hope. We are taking the steps necessary to grow our economy and improve the lives of the people of Maine.

We are streamlining government and cutting administration.

And we're controlling spending.

We are investing in education and innovation so our children and families can succeed here in our state.

We are helping increase incomes by creating good jobs with good benefits.

That's the roadmap that gets Maine where it needs to be.

This year, the Legislature will be called upon to take bold action, to protect the gains that have been made and to push forward on the reforms that will guide State government into the future.

We must ask ourselves: What do we want State government to do? What is fundamental to the health and welfare of our people?

We cannot be content with a legacy of work undone.

We owe it to our children, and we owe it to our State.

That is our task. That is our duty.

God Bless you and God Bless the State of Maine.

Thank you.

Good night.