

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND TWENTY-SIXTH LEGISLATURE

FIRST REGULAR SESSION
December 5, 2012 to July 10, 2013

THE GENERAL EFFECTIVE DATE FOR
FIRST REGULAR SESSION
NON-EMERGENCY LAWS IS
OCTOBER 9, 2013

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

Augusta, Maine
2013

**STATE OF THE STATE ADDRESS
OF
GOVERNOR PAUL R. LEPAGE
FEBRUARY 5, 2013**

"Chief Justice Saufley, President Alfond, Speaker Eves, members of the 126th Legislature, distinguished guests, and my fellow citizens.

Tonight, I am here to update you, the people of Maine, about the condition of our great state.

First, I must recognize and thank a few individuals. To my wife Ann, Ann please stand, I would not be here tonight without you. You have made Maine proud as our First Lady, especially through your support of our armed services and their families.

To my family and friends, I appreciate all you have done, your unwavering support, and all you continue to do throughout my life's journey.

Staff Sergeant Justin Middleton, the military herald this evening, thank you for your courageous service to our state and nation.

Members of our military and veterans that are here tonight, please stand.

We salute you and extend our sincerest appreciation to each and every one of you for your service in keeping a safe and free people.

In the balcony, you'll notice an empty chair next to our uniformed service members.

This chair represents every Mainer who is serving overseas, in harm's way, so we can be here tonight and exercise our freedom to assemble and our freedom to speak.

I ask that we all take a moment to remember, recognize and thank our men and women in uniform.

Recently, Ann and I had the opportunity to go down to Arlington National Cemetery during the Wreaths Across America trip.

As I walked through rows and rows of tombstones, marking the final resting place of our fallen American heroes, I remembered one simple truth: These individuals paid the ultimate sacrifice to ensure future generations had the opportunity to pursue their piece of the American Dream. It is a dream we cherish and the freedom that marks our lives is so rare for the rest of the world.

The American experience represents a unique moment in time. We must not abandon it!

If each and every one of our elected officials visited Arlington, they might realize the political battles we

wage are meaningless in comparison to the blood that's been shed to protect our American Dream.

We all recognize that the political climate in Washington D.C. is toxic. With no solutions in sight, the Federal debt grows at such a pace that many of us question how the American Dream will ultimately survive for our children and grandchildren to experience.

We owe it to each and every one of our fallen heroes, as elected officials, to come together and develop solutions to our challenges. We must commit to make our state a better place to live and raise our families.

There is no more important thing in most of our lives than our families.

Maine families are struggling. With a median household income of just under \$48,000, Maine families survive on far less money than those in other states.

Maine families struggle to heat their homes, fill their cars with gasoline, put food on the table, and pay for health insurance.

Government has not strengthened Maine families with more income, opportunity, or reducing the cost of living.

Instead government has taken more and more of our family's hard working income away to serve some people's political and/or financial self interests.

The path forward offers two choices. We continue to accept the status quo or we can make the tough decisions to create a better Maine for everyone.

We can only do this if we work together. Every Mainer deserves the opportunity to pursue the American Dream.

Recognizing our Accomplishments

Last session, we took steps to improve our economy. We provided Mainers the LARGEST TAX CUT in history in a bipartisan effort.

Despite rhetoric to the contrary: 70,000 working Maine families no longer pay state income tax.

Two thirds of all taxpayers are receiving tax relief, easing the burden on middle class Maine families.

The average Maine family is receiving a \$300 tax decrease. A 28% reduction in their state income tax.

We also reduced taxes for Maine's job creators. A critical step to attracting investment in Maine.

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Unfortunately, there are those who would like to undo these modest reforms – despite having voted for them.

Now is not the time to rollback these monumental reforms.

High taxes come at a high cost: the erosion of our state's economic competitiveness.

President John F. Kennedy had it right: "An economy constrained by high tax rates will never produce enough revenue to balance the budget, just as it will never create enough jobs or enough profits."

Tax cuts were not the only accomplishment of the last session.

Together, we eliminated \$1.7 billion, 41% of the existing shortfall in Maine's pension system, without cutting retiree benefits.

Maine families now have more choices when purchasing health insurance. Over 17% of Maine's small businesses received a decrease in their rates last year.

With LD 1, we reduced red tape, and improved our permitting process for businesses.

Maine hospitals are now paid in real time for the services they provide.

Principled job creators know that my administration wants to help, and my door is always open.

You want to create a job; I want to be there to help. However, let me be clear, I am not interested in helping those who increase the cost of living on Maine people for personal financial gain.

We passed legislation to strengthen vocational education. This will ensure that Maine students who work with their hands have more opportunities to learn valuable skills and gain good paying careers.

We passed legislation to hold teachers and principals more accountable through performance evaluations.

Unemployment is down in Maine, lower than the national average.

We are focusing our efforts on branding the State of Maine, recognizing that Maine made products embody quality and value.

Government is becoming more transparent. We exposed the wasteful use of Mainers tax dollars at agencies such as the Maine Turnpike Authority and Maine State Housing Authority. We not only exposed it – we cleaned it up. We have more to do!

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I am pleased to announce that in the coming days we will launch a new website that will enable Mainer's to see how their precious tax dollars are spent.

We placed renewed interest in our natural resource economy. Farming, fishing and forestry continue to be top priorities for moving Maine forward.

My administration also launched a "Business Friendly Communities" initiative. The program works with our towns and cities to make them "Open for Business." Eighteen Maine communities are now designated as business-friendly.

These reforms are a small step in making Maine a better place to live and raise our families. There is so much work left to do. Once again, Forbes ranks Maine dead last in the nation when it comes to being business friendly.

We can disagree with Forbes analysis; however, America's job creators listen to them. Denial or sticking our heads in the sand will not change the reality.

We must put ideologies aside and get to work to make Maine a competitive and prosperous state.

Maine's Economic Future

I have spoken with a lot of Maine families and businesses in the past three years.

They desperately want more opportunities, better paying jobs, and a lower cost of living.

I spent most of my career in business creating jobs for hard working Mainers. I know what it takes to expand and create jobs. Maine's cost of doing business is simply too high.

For example, Alabama, South Carolina, Indiana, and Texas are attracting huge investments by companies, providing higher paying jobs for their residents, without exorbitant taxpayer subsidies.

Why shouldn't Maine people benefit from the same economic opportunity?

Remember one simple truth: "Capital investment goes where it is welcomed – and stays where it is appreciated."

Improving our economy requires taking bold action.

We must pay our bills, lower our energy costs, reform education, and make government more efficient and affordable for our economy to grow.

Paying Our Bills

When I became Maine's Governor, hundreds of millions of dollars in unpaid bills to Maine's hospitals were stacked on my desk. My predecessor left no plan to pay them, just IOU's.

During the last session we paid back \$248 million in debt owed to our hospitals.

Tonight, there is a plan on your desk, sponsored by Senator Pat Flood, to pay the outstanding balance of \$484 million owed to Maine hospitals.

Hardworking Maine families face two choices, pay their bills or face the debt collector. It is embarrassing that state government is not held to the same standard as every Maine household.

In Lewiston, Central Maine Medical Center is owed over \$50 million dollars. The result of the State's IOU?

Lewiston residents are denied the opportunity to fill critical positions, capital improvements are delayed, and local vendors go unpaid.

These IOU's are damaging the very communities each and every one of you represents.

We cannot expect to have a prosperous economy when we owe hundreds of millions of dollars to hospitals that employ Maine people.

My proposal ensures that Maine hospitals get paid. It will improve Maine's fiscal health, allowing me to release authorized bonds, injecting more than \$700 million into Maine's economy.

For the sake of Maine families, and our economy, I plead with you to act on this proposal quickly. Maine needs to pay its bills!

Balancing Our Budget

Hardworking Maine families sit at their kitchen table every month to balance their checkbook, and pay their bills.

Federal, state, and local government must do the same.

Our nation faces a national debt of over \$16 trillion dollars.

With the Affordable Care Act, Mainers will face huge tax increases, and regulations that will have a negative impact on Maine's own healthcare reforms.

Gridlock has paralyzed Washington D.C., and the American people are paying a heavy price.

We cannot continue to mortgage the future of our children and grandchildren because politicians won't

do their jobs. The policies of Washington D.C. will result in smaller paychecks for Maine families.

In fact, the average Maine family is handing Washington an additional \$1,000 dollars this year.

Now is simply not the time to burden Maine families with higher taxes.

I have put forward a balanced budget proposal. I want to hear other ideas for structural changes that will lead to a more efficient and effective delivery of government services.

Energy

Maine's energy costs are TOO HIGH – and its killing economic opportunity.

Maine families pay more than 24% above the national average for electricity. Our businesses pay 14% more.

Even more discouraging is a law that forced the recent decision by the Public Utilities Commission in favor of Statoil's off shore wind proposal.

This move compels Maine families and businesses to subsidize a global entity to the tune of nearly \$200 million dollars.

Maine can ill afford any more of these job killing decisions that only increase electricity prices for Maine families and businesses, which just continues a policy of crony capitalism.

We need more elected officials to stand up for the ratepayer, for the taxpayer, and for the folks who are paying the bills.

Imagine the burden lifted for Maine families if we promoted policies that saved 24% of their electricity costs.

For those who believe that Mainers should pay more for energy to serve a greater global goal or continue to pad the pockets of those politically connected, I fail to understand your reasoning.

Long term prosperity for the sake of a buck today is not the path to a winning formula.

Just think if every Maine business could invest the additional 14%, to create jobs and pay their employees higher salaries.

For example, Bar Harbor Foods is located in Whiting in Washington County. The company manufactures seafood products.

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Mike Cote, CEO and Founder states that the high cost of Maine's energy erodes the operating margins of the business, resulting in reduced profits.

Reduction in profits slows his ability to re-invest for growth and hire more people in Washington County. In a county that struggles with widespread poverty, this is disheartening.

Maine is competing nationally and internationally and we simply must do better, and we can do better.

It only takes courage, to take bold action.

The average Maine family spends more than \$3,000 dollars per year to fill their oil tank. With access to natural gas, this same family could save an average of \$800 dollars per year.

My predecessor fast tracked permitting for wind projects; I am going to do the same for all natural gas infrastructure and Maine businesses.

And we should continue to not pick favorites when it comes to energy, and I welcome every energy source that is cost effective for hard working, struggling Maine families.

State government has mandated what types of energy Mainers must buy – regardless of the cost. That is wrong.

Maine has played favorites when it comes to energy – ensuring that well dressed lobbyists and special interest groups pocket the profits, at the expense of Maine families.

Last session, I proposed removing the 100 MW restrictions on renewable hydropower. Expanding access to low cost hydropower makes economic sense.

This session, I am back before the Legislature with the same proposal because Maine needs and deserves lower energy costs.

I encourage this body to advocate for the Maine people, and not bend to the special interests.

Education

I am passionate about education. This passion is not an attack on public schools. I speak passionately because education is what saved my life and I cannot accept any child not being given the same opportunity I had.

As a homeless child on the streets of Lewiston, it never occurred to me that one day I could be a successful businessman, a Mayor or even Governor.

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Finding my next meal and a warm spot to sleep was my goal. However, through all that hardship I knew that education was the key for me, if I was ever going to climb out of poverty, escape a life in prison, or life on the streets.

I needed the structure and discipline a parochial school education provided.

This option allowed me to succeed, despite coming from a background of poverty.

I want every child in Maine to have the same opportunity I did, to pursue a quality education. Last session, we passed charter school legislation. A topic that has been highly politicized, by administrators and big union bosses, despite the fact that Maine was the 40th state to adopt charter schools.

States like Massachusetts, Rhode Island, Minnesota – hardly “red” states – have been successfully running charter schools for decades.

In fact, charter schools are part of the mainstream in the rest of the country.

Let me tell you why charter schools are so important to Maine.

Alex West is a student who is currently attending the Maine Academy of Natural Sciences, formerly known as Goodwill-Hinckley. Alex, please stand.

Alex is from Hartland. He struggled in a traditional classroom setting, and was at risk of dropping out.

He chose to attend the Maine Academy of Natural Sciences, and has gone on to take classes at KVCC. This charter school provided Alex with a bright future.

School choice should not be just for the wealthy elite. Rather as Horace Mann stated in 1846 – “Education is the great equalizer.”

Education is what brought Abraham Lincoln from splitting rails to leading our country through its greatest crises. School choice benefits each and every Maine student who deserves the best education this state can provide.

Giving students options is more than charter schools. It's the Maine Math and Science School in Limestone.

It's the 10 town academies that have a track record of great success. It's the Bridge Year program in Hermon, where high school students can earn both a high school diploma and an associate's degree in 5 years.

All students and parents deserve options, especially those who are economically disadvantaged.

Therefore, I am proposing legislation to give more educational options to all kids. We must fund schools that best fit the student's needs.

In the case of students like Alex, we will even fund residential costs to attend a school like Maine Academy of Natural Sciences.

All Maine students deserve an equal chance of success whether you live in Cape Elizabeth or Fort Kent. This is how we break the cycle of generational poverty for Maine's children.

Despite committed teachers, dedicated parents and concerned citizens – too many public schools are not getting the job done. Not only do we need more options for students, we need to improve outcomes in all public schools.

We have schools in Maine where only 23% of students are at grade level in reading and math upon graduation.

On average, only 32% of Maine 4th graders are proficient readers. By the eighth grade, that number only climbs to 39%.

Almost 20% of students drop out before graduation. Those of us in this room have the responsibility to fix this travesty.

Far too many graduates are unprepared for higher education. 50% of incoming community college students require remediation.

Far too many graduates are unprepared for the workforce. Employers are concerned that high school graduates do not have the basic math and reading skills necessary to succeed in the modern workplace.

We spend more than twice the national average on administrative overhead in our schools. In fact, on a per-pupil basis, Maine has the highest district administration costs in the nation.

This money should be going into the classroom, not funding more bureaucrats with questionable impact on our children's education.

Public school administrators are in denial, and have taken a position that simply cannot be defended on the facts. As a whole, Maine is not achieving academic growth at a competitive rate. This is unacceptable. But the good news is, we can reverse it.

Here is how we fix the problem.

First, we offer students options that work for them. Second, we hold our schools accountable. We tell stu-

dents, parents, and communities if their schools are failing or thriving. We help those that are falling behind and replicate those that are working well.

Tonight I am directing Commissioner Bowen to develop a ranking system for Maine schools. Each school will be graded A-B-C-D or F.

Students, parents, and communities will understand if their schools are good, average or failing.

Then, we help schools that are failing and reward schools as they improve.

The third way we fix this problem is to adopt best practices. I plan to hold a Governor's Conference on Education this March.

We are bringing national experts to Maine to demonstrate what other states are doing to improve education.

We cannot stand still, we cannot wallow in the status quo and let the rest of the country and world pass us by. Instead, we must embrace the fact that we need to change and work together to solve this problem.

If you believe the status quo is working, you are the problem – not the solution.

If you have an open mind and if you are willing to put our kids first – I invite you to join me in this effort.

I'll make this promise – I don't care what party you belong to, if you are willing to put our kids first, to put aside issues like turf and money, we will get the job done.

Domestic Violence

Last session, we put politics aside and worked together to address domestic violence in Maine.

We amended Maine's bail code, ensuring that judges determine the bail for domestic violence offenses.

We required abusers to pay into the Victim's Compensation Fund. This provides financial resources to the victims and families of domestic abuse.

A number of other bills dealing with stalking and risk assessment were passed, and executive orders signed.

I want to thank Representative Ken Fredette and Senator Emily Cain for their leadership on this issue, and also for agreeing to sponsor a Governor's Bill supporting our Batterers' Intervention Programs.

Ending domestic violence requires abusers to change – batterers' intervention is an important step in that direction.

As a youth, domestic violence hit close to home for me. I was not a spouse, I was a child.

It is important that we broaden the discussion about these heinous crimes.

Domestic violence is a crime that affects families. Family violence is domestic violence, and we need to focus on protecting all women and children.

Dealing with protection from abuse orders and firearms continues to be an issue with no simple solution.

Protection from abuse orders require people to surrender their firearms until further notice.

However, the enforcement for this is deficient.

Often police cannot do more than simply ask whether the person has surrendered their firearms.

That is why I am signing an Executive Order tomorrow creating a task force to address this problem.

Curbing domestic violence is an issue I take seriously and I value your help in this effort.

Conclusion

Maine families need help, and they are fed up with the partisan political rhetoric.

They want a lower cost of living and opportunities for bigger paychecks.

I have put my proposals forward, and I am open to hearing others. In order to succeed, we must put politics and gridlock aside and take bold action.

The time for talk has ended; it is now time for action. Thank you for this opportunity to share my thoughts and vision with you tonight.

God Bless Maine and God Bless America. Now, let's get to work."