

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND TWENTY-SEVENTH LEGISLATURE

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Augusta, Maine
2015

**STATE OF THE STATE ADDRESS
OF
GOVERNOR PAUL R. LEPAGE
FEBRUARY 3, 2015**

Chief Justice Saufley, President Thibodeau, Speaker Eves, members of the 127th Legislature, distinguished guests, and fellow Mainers.

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

First, I must recognize my wife, Ann. 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—and all you continue to do—to support me.

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

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

I would like to make a very important announcement. I am the only Republican that will not be running for President—yet.

I became Governor for one simple reason. I want prosperity—not poverty—for all Maine people.

Doing “business as usual” hurts our ability to be competitive. It favors poverty and prevents prosperity.

Mainers, it’s time to innovate. We need an efficient, effective and affordable government. But change is hard. It’s much easier to protect the status quo.

Studies sit on shelves, collecting dust. Politicians talk about tax reform every year. Nothing meaningful gets done.

We must make hard decisions today so we can have prosperity tomorrow for our future generations.

I made hard decisions all my life—the necessary decisions to help companies grow and expand.

I was a mayor. I understand the needs versus the wants for municipalities.

As Governor, I’ve listened to Mainers. They want to succeed and prosper.

My budget takes bold action. It is the first step—a big leap forward. Friends, I can’t do it alone. I need your help. We must do it together.

The Maine people want results, not rhetoric. They want action!

TAX REFORM

Washington, D.C. is broken. Our future depends now more than ever on the states. They are the 50 laboratories of democracy.

Our country has the highest income taxes in the world. This makes our nation uncompetitive.

Maine is currently not competitive nationally or globally. Our tax system is antiquated. We must modernize it.

My fellow Mainers, you work hard for your paycheck. The government takes your earnings, and you have no control over how it is spent.

You earned it. You should keep it!

An income tax cut puts money back in your pocket. It is a pay raise for all working Mainers.

With consumption taxes, you make the choice. You decide where you spend your money. And let me be clear: this plan does not tax funerals. It does not tax car repairs. It does not tax groceries or other necessities.

My plan makes sure more taxes are paid by tourists—not by Mainers. Approximately 650,000 Maine tax returns pay the income tax.

On the other hand, 29 million tourists a year pay sales taxes on almost every purchase they make.

Our refundable sales tax credit helps lower- and middle-income Mainers get their money back.

This plan is different from past plans. It is not a tax shift. It is a tax cut for all Mainers.

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My vision is a Maine with no income tax. But I'm no magician. It takes time.

When I took office, Maine's top income tax rate was 8.5 percent—one of the highest in the nation.

We reduced the rate to 7.95 percent—a baby step. This plan cuts it to 5.75 percent—a 40 percent decrease in the income tax since I took office. That's one big step.

A young married couple, both teachers with one child, claiming a standard deduction, would get a \$1,500 pay raise.

That's a mortgage payment. That's few tanks of heating oil. It's several car payments or back-to-school clothes for the kids. It's real money. It makes a real difference.

Other tax reform plans were "revenue neutral." They were created by politicians to serve special interests. My one special interest is the Maine people.

My plan cuts spending. It gives money back to you: the Maine people.

This plan reduces the tax burden on Maine families and small businesses by \$300 million. That's a real pay raise for the Maine people!

If Maine is to prosper, we must have courage.

There are 9 states with no income tax. 19 other states are working to reduce or eliminate the income tax. Maine is leading the nation with our bold plan. We're the first out of the chute.

Let's show the nation—and the world—that Maine is serious about job creation. The Tax Foundation says this plan would propel Maine's ranking from 33 to 23. That's not a jump, that's a leap.

But 23 is not good enough. Let's aim for the top 10.

Maine's corporate tax is a job killer. My plan cuts it. We also eliminate the Alternative Minimum Tax.

We will catapult Maine from 45th to 17th place in corporate tax rankings. And trust me, that's a big deal for job creators.

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Our past rankings said: "Stay away from Maine." My plan says: "Come to Maine. We want your jobs!"

REVENUE SHARING

Local officials care about municipal budgets. They take money from Mainers to grow the town office.

I care about the people who live in the town. I want to give Mainers their hard-earned money back. Someone must lobby for the Maine taxpayer.

The Maine Municipal Association is supposed to represent cities and towns. MMA is not a taxpayer-friendly organization. Its mission is to protect local officials—not local taxpayers.

Your local officials pay dues to MMA with your tax dollars. MMA uses those dues to fight for bigger and more expensive local government.

They should be called the Middle Man Association. They pit local taxpayers against local officials. They fight against any kind of tax reductions.

In Waterville, the city manager worries about a one-million-dollar loss in revenue sharing. Neighboring Winslow gets \$500,000 in revenue sharing.

But residents of Waterville and Winslow are paying 17-million-dollars in income taxes.

I ask them: Would you trade 1.5-million-dollars to keep 17-million-dollars in your pockets? I'll take that deal any day.

A number of property tax relief programs have passed—and all failed. It's time for state government to worry about state taxes. Local government should focus on local taxes.

Programs to lower property taxes should benefit homeowners—not government offices. My plan expands the Property Tax Fairness Credit. That helps low- and middle-income homeowners.

We double the Homestead Exemption for our senior citizens. They worked all of their lives for their homes. Let's make sure they can stay in them.

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We help local government identify other sources of revenue. We give them the telecommunications excise tax.

We allow local government to collect tax revenue from large non-profits. They provide valuable services.

However, they do use public services—just like everyone else. They must help ease the burden on all Maine people.

For our state to prosper, everyone has to pitch in. Working-class Mainers cannot do it alone.

RETIREEES, VETERANS AND ELDERLY

My budget is not a Band-Aid to get us through the next budget cycle.

It drives prosperity for decades to come. It looks past the next election and focuses on future generations.

We need to attract more young people and families. We need to keep our retirees here.

My plan reduces the tax burden on our families, our veterans and our retirees.

Family businesses are the backbone of our economy. We must keep them alive and well.

We will eliminate the estate tax. Only 19 other states impose this “death tax.” It punishes family businesses in Maine.

We end the tax on military pensions. Let’s attract military retirees to Maine. We want these highly trained men and women to live and work here.

Too many Mainers move to Florida or elsewhere for 6 months and a day. That’s why we cut taxes on all other retirement pensions.

This keeps our retirees in Maine. Even better, it keeps their assets here.

BUDGET PRIORITIES

My budget also ensures our most vulnerable get the care that they need and deserve.

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We have reformed Maine’s Medicaid program. We now prioritize our elderly, the disabled and those with intellectual disabilities.

My budget increases funding for nursing homes. I will continue to fight to keep our nursing homes open.

Maine needs commonsense welfare reforms. We are drug testing TANF recipients. Welfare dollars should not support a drug habit.

We are putting photos on EBT cards. We are sending the message that we do not support welfare fraud.

We are making sure our limited welfare dollars go to Mainers in need, not illegal aliens.

We are getting people off welfare. Our administration has helped more than 1,200 Mainers who were on welfare find full-time careers. Our welfare-to-work program is moving Mainers from poverty to prosperity.

Throwing money at poverty does not help people prosper—it never did and never will.

Instead, we are investing our time to teach needy Mainers how to succeed. We are giving them the skills and self-esteem they need to lead productive and satisfying lives.

My budget also addresses the drug epidemic facing Maine. We fund more agents in the Maine Drug Enforcement Agency. We add more prosecutors and judges.

More Mainers are dying from drug overdoses than traffic deaths. Too many babies are being born addicted to drugs. This has to stop.

We must save our children and families from the poison being sold on our streets.

We cannot allow vicious, out-of-state drug traffickers to use Maine as their marketplace. My plan will hunt down these criminals and hold them accountable.

ENERGY

High energy costs drive away business and raise rates for Mainers. We must lower electricity rates and home heating costs.

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Maine's renewable energy policies are broken—they are expensive and ineffective.

Look at the mills in Millinocket and Bucksport—look at the curtailment in other paper mills.

We have affordable natural gas right in our backyard and hydropower just over the border in Canada and right here in Maine. Let's use it!

We will seek to lift the 100 megawatt cap on all forms of renewable energy. I favor any kind of energy that lowers prices for Mainers now—not 20 years from now.

We need more affordable and efficient hydropower and access to more natural gas—not just high-priced, special-interest energy.

We should follow other states and return money from the regional cap-and-trade program to our businesses that are struggling with high energy costs. This will return millions of dollars to Maine rate payers.

We must help Mainers invest in more affordable heating options.

Once again, we will request to use \$5 million from the increased timber harvest to do this.

For four years, we fought for more affordable heating options for Mainers. Legislators and special interests stopped us cold.

This hurts Maine. This hurts Maine people. We must expose it for what it is.

No Mainer should be cold during the winter. Let's help them invest in heat pumps, install wood stoves or upgrade to highly efficient oil burners.

Furthermore, if we do nothing, our forest resources will be destroyed by invasive insects, as happened in the 1970s and '80s.

We are on the verge of another budworm epidemic on our forest in the next few years. We can shorten its devastation.

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DOMESTIC VIOLENCE

The First Lady's personal mission has been to serve our veterans and military families. My mission is the fight against domestic violence.

If you have not lived through this heinous crime, you cannot imagine how destructive it is or the unseen scars it leaves on its victims.

There were 21 homicides in Maine in 2014. That's down from 25 in 2013.

But 14 of these homicides were related to domestic violence. Even worse, 8 of those murders were children under 13.

Domestic violence is killing our children and our families. This is unconscionable. We must speak out to eradicate this heinous crime.

CONCLUSION

I want prosperity, not poverty, for all Mainers—even my adversaries.

My vision is an economy that allows all Maine families to thrive and succeed.

Every Mainer deserves the chance to achieve their American Dream.

My budget is just the start. I cannot do it alone. I need your help.

We must make sure the income tax keeps going down every year until it is gone.

I ask for a constitutional amendment that will direct all growth in revenue to go toward eliminating the income tax—once and for all.

We're not doing all this work just to let career politicians reverse it after I'm gone.

I want prosperity for all Mainers. We must work together to make it happen. We must take bold action now. The time for talk is over. Let's get to work.