

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND TWENTY-EIGHTH LEGISLATURE

FIRST REGULAR SESSION
December 7, 2016 to August 2, 2017

THE GENERAL EFFECTIVE DATE FOR
FIRST REGULAR SESSION
NON-EMERGENCY LAWS IS
NOVEMBER 1, 2017

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

Augusta, Maine
2017

**STATE OF THE STATE ADDRESS
OF
GOVERNOR PAUL R. LEPAGE
FEBRUARY 7, 2017**

Members of the 128th Legislature, distinguished guests, and my fellow citizens:

Let me begin by first recognizing a few individuals. To my lovely wife Ann and my children—please stand—I would not be here tonight without you. Ann, you have made Maine proud as our First Lady.

Allison Salsbury of Bar Harbor is here tonight with her daughter, Kathy. She is an elderly widow, and she knows about the hardships Mainers are facing.

To Technical Sergeant Christopher Ludden, the military herald this evening, thank you for your courageous service to our state and nation.

Ann and I are so grateful to all of our military and their families for their service.

I'm here tonight to speak to the Maine people about the future of our state. Our economy and our way of life are under attack.

Older Mainers who have worked their entire lives are losing their homes because of tax or utility bills—and many local governments condone it. Sadly, Maine Municipal Association defends it.

The taxes Mainers have paid all their lives fund the organization that throws them on the street. It has to stop. We must protect our elderly!

We must also protect younger Mainers. Our families are losing good-paying jobs. It's all because of a faulty ideology.

Maine was once renowned for its rugged individualism. Liberals are now trying to transform our state into a socialist utopia.

Utopia is an ideology—no amount of taxpayers' money can make it a reality.

We have made great strides in shrinking state government, but liberals continue to provide all things to all people free. "Free" is very expensive to someone.

As Franklin D. Roosevelt said during his Annual Message to Congress in 1935:

"The lessons of history, confirmed by the evidence immediately before me, show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber.

"To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit. It is inimical to the dictates of sound policy. It is in violation of the traditions of America."

It was true in 1935, and it is true in 2017. Liberals have not learned from history. They have just changed tactics. They are doing an end run around the Legislature by highjacking the citizens' referendum process.

They say they are helping low-income Mainers by raising the minimum wage and taxing the so-called "rich." But they are harming our economy. We are losing doctors, dentists, psychiatrists and other professionals we so badly need. They are harming small family businesses. They are harming low-income workers. Even worse, they are harming our elderly.

Successful people are not the problem; they are the solution. They create jobs.

They pay the most in sales, excise, income and property taxes. They already pay two-thirds of the tax burden in Maine.

Taxing them out of Maine does not help our economy—it harms it.

It is harmful to lay off employees. It is harmful to put your local restaurant out of business. It is harmful to drive our elderly deeper into poverty.

Liberals from Southern Maine never go to Calais or Machias or Rumford or Fort Kent. But I do. I see the elderly living in poverty.

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I see how Maine families are struggling. Our industries are laying off hard-working Mainers or leaving the state.

Madison Paper, Verso in Bucksport, Verso in Jay, Lincoln Pulp and Paper, Millinocket and East Millinocket and Old Town—just to name a few.

We need to help our families, not harm them. My budget has a theme: Do No Harm. I am asking you to join me—Do No Harm! Our citizens voted to raise the minimum wage. They also voted to “tax the rich.” I get it. But they did not read the legislation behind the ballot questions. They didn’t know it would destroy our fragile economy.

We reduced the unfunded pension liability. We improved our credit rating. We paid the hospitals!

We built the Budget Stabilization Fund from nearly zero to \$123 million. It could have been \$300 million, if we had the will to be just a bit more fiscally responsible.

We reduced the structural gap from \$1.2 billion to \$165 million. For the first time since 2005, we had positive cash flow at the end of the fiscal year.

We have lowered the income tax from 8.5 percent to 7.15 percent. During this period, revenues started to increase. Wow, imagine that—signs of prosperity.

Under my administration, Maine has been moving forward. To paraphrase Ronald Reagan: Free enterprise has done more to reduce poverty than all the government programs dreamed up by liberals.

Liberals are making the Legislature irrelevant and going straight to referendum. We need to reform our referendum process.

TAX REFORM Rich, out-of-state unions and progressive groups are moving us backwards. They spent millions to hit us with the second-highest income tax in the country.

California’s highest tax rate kicks in at \$1 million of income. Maine’s starts at \$200,000 household income. California is a wealthy state.

It is 18th on the Family Prosperity Index—Maine is 44th. We cannot afford this tax.

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We must help Maine families achieve prosperity—not shatter their American Dreams with high taxation, high energy costs and an underperforming education system.

Eliminating the income tax is the biggest pay raise Mainers could get—but there is no political will to promote prosperity in Augusta.

My budget counteracts the damage from the 10.15 percent income tax. It is designed to do no harm.

By 2020, Maine’s income tax will be set at 5.75 percent for all Maine families. We must keep lowering the income tax until it is gone!

My budget lowers corporate taxes, broadens the sales tax and eliminates the death tax. The non-partisan Tax Foundation called my tax plan “a recipe for a more competitive state.”

It cuts taxes, welcomes professionals and allows families businesses to thrive. It does no harm!

MINIMUM WAGE As written, the law to raise the minimum wage will wreak havoc. Mainers did not read the 32 pages of legal jargon behind the ballot question.

If the question asked Mainers to slash the pay for their favorite server, they would have said no.

If it asked them to increase the cost of everything their grandparents buy, they would have said no.

Let’s be clear: I am not opposed to a higher minimum wage. But I would rather talk about career wages. Liberals always aim low—they want to raise the starter wage.

I don’t want to create more 9-dollar-an-hour jobs. I want to create 29-dollar-an-hour jobs.

The minimum wage law will be devastating to the restaurant industry. Menu prices will increase dramatically to cover the new labor costs.

It will eliminate the tip credit for employers, which will end tipping as we know it.

Restaurant servers who now make \$20 to \$30 an hour will get \$12 an hour with much lower tips—if any. This promotes poverty—not prosperity.

This law will prevent teens and low-skilled workers from getting jobs. Employers will not pay \$12 an hour for a kid with no work experience or someone with no skills.

Higher prices will push the elderly deeper into poverty. 358,000 Mainers on fixed incomes won't get a raise. They cannot afford higher prices.

The minimum wage will go up \$4 an hour, but the average increase in Social Security is just \$4 a month.

Indexing is even worse. It means the minimum wage will go automatically every year—even in a recession.

We got rid of indexing for the gasoline tax because the tax kept going up, even after gas hit \$4 a gallon during the Great Recession.

We already have an employee shortage across the state. Most places already pay more than a minimum wage. It was never supposed to be a living wage.

It is used as a starter wage and for those who cannot work at 100 percent capacity.

Make no mistake, this is not about economics. It is about a socialist ideology—the same kind that has failed in Greece, Venezuela and other countries.

Liberals only care about ideology. They don't care about raising prices on your grandparents. They don't care if your teen can't find work or mentally disabled people lose their jobs.

They don't care if they slash the pay for a single mother working as a waitress from \$20 to \$12.

ELDERLY This budget protects the people liberals consider expendable. They have forgotten the elderly.

They have forgotten the disabled and those with intellectual disabilities. It seems that whenever the Governor proposes to help the elderly or the mentally and physically disabled, it gets killed in committee.

That's why the Maine people and the American people say government is not working. I don't care who gets

credit for helping them. We just need to get it done for the Maine people.

Patrick and Janet Caskin of Litchfield wrote to me to say their daughter Katie is still on a waitlist for intensive home support. She has an intellectual disability. She has been on the Section 21 waitlist for five years.

Two years ago, my budget paid for the entire Section 21 waitlist. If the Legislature funded my initiative, Katie would be getting full-time care today.

But liberals have forgotten Mainers like Katie. She is not a priority for them.

Liberals only funded one-third of the waitlist. They spent the rest of the money on welfare for able-bodied, non-citizen asylum seekers.

They don't care about our elderly or the physically and mentally disabled. I do. When it comes to our most vulnerable citizens, I will do no harm!

We have realigned the welfare system and the Medicaid program to prioritize the elderly and those with all forms of disabilities.

As Ronald Reagan said: "We should measure welfare's success by how many people leave welfare, not how many are added." Able-bodied Mainers between 19 and 50 need to get off welfare. Get off the couch and get a job!

Our limited resources are helping our most vulnerable. In our budget, elderly and disabled Mainers make up more than 40 percent of MaineCare—an increase of 35 percent since 2011.

In Fiscal Year 2019, the elderly and disabled will make up 45 percent of MaineCare.

My budget includes more than \$30 million to help with increased costs for Medicare Part B and Part D. We also need to eliminate the income tax on retired pensioners. We provide tax relief to low-income and elderly homeowners with the Property Tax Fairness Credit.

This should help elderly Mainers like Juliet Nyholt of Solon, who has been struggling to pay her taxes. In

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1986, her taxes were \$300—now they are over \$2,000. This is wrong.

No Mainer should be taxed out of their home—especially when environmental groups are taking hundreds of millions of dollars' worth of land value off the tax rolls.

Communities and the Maine Municipal Association may do things right—they follow the law regarding tax liens and foreclosures. But they should do the right thing—help our elderly stay in their homes.

It is unethical and immoral to take away a senior citizen's home. They lose all the equity they built up during their lives. They end up on the street.

Richard Sukeforth, an elderly veteran, and his wife, Leonette, lost their home in Albion after the town seized it for back taxes. They were thrown out with no place to go. He is here with his daughter, Yvette.

I'm pleased to announce Adria Horn of our Bureau of Veterans Services jumped into action and discovered he was eligible for VA benefits.

Mr. Sukeforth is now getting almost \$1,200 a month. This is how we should treat our elderly!

OPIOID CRISIS We are also addressing the opioid crisis that is ravaging our state.

We have been urging the Legislature to take action for years, but many have been dragging their feet.

They held up our efforts to hire more MDEA agents for two years—God only knows how much heroin poured into our state during that time.

Back then, heroin was killing 5 Mainers a week. Now it's over 7.

MDEA seized 8 pounds of heroin in January—that's almost 50,000 deadly doses of heroin mixed with fentanyl. It was the largest seizure of heroin in the state's history. It saved thousands of lives. Law enforcement works.

But liberals don't care about law enforcement efforts to stop out-of-state drug dealers from selling their poison to Mainers.

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They simply want to throw money at treatment programs. They don't identify which programs the money should go to—they just want the headlines to say they are doing something. We are doing something. Strong financial management at DHHS has allowed us to budget an extra \$2.4 million in funding for opioid-addiction treatment for the uninsured.

This money will fund 359 openings for therapy and medication-assisted treatment for uninsured Mainers afflicted by the heroin and the opioids—immediately.

Seven Mainers a week are being killed by deadly opiates. Three babies a day are born afflicted by or addicted to drugs. This drug epidemic is killing our young people.

EDUCATION REFORMS Liberals haven't just forgotten our elderly. They have forgotten our children, too.

Out-of-state teachers' unions spent millions on a referendum to tax the so-called "rich."

We do not need more money for education—we need more accountability in education.

Only 59 cents of every dollar spent on education in Maine makes it into the classroom. The national average is 64 cents. Our children deserve more!

This attempt to "tax the rich" will drive successful people out of Maine. Only 10 percent of taxpayers pay two-thirds of the tax burden in Maine. By chasing them out of the state, liberals will generate less money for education—not more.

We are seeking accountability and efficiency in education funding. Instead of spending money on a top-heavy administrative structure, we direct it where it is needed most: our students and our underpaid teachers.

This budget enables communities to form regional education systems to reduce administrative costs.

More importantly, this budget sets the stage for a statewide teacher contract. This contract will increase the base pay for teacher salaries and increase access to quality teachers throughout Maine.

Good teachers in rural Maine are lured away by wealthy communities that pay more.

This needs to stop. Teachers in rural Maine should get the same pay as teachers in wealthy towns. All Maine children deserve good teachers!

We also need to stop double-dipping, and we need to pay effective teachers what they are worth. Gimmicks like double-dipping will come to haunt our education system. We need to replace the unsustainable age imbalance and let young teachers enter our school system.

We are also reducing the cost of higher education. We have increased funding to the University of Maine System, the Maine Community College System and Maine Maritime Academy to help control tuition cost.

We want to make it easier for young people to stay in Maine. I will once again propose funding for zero-interest loans for all higher ed students who decide to live and work in Maine.

Business owners who help pay off student loans should be able to write it off quickly—not over 20 years.

ENERGY

Young people need good jobs. Businesses need all the help they can get to stay competitive and create good jobs.

The PUC's decision on net energy billing is the latest example. It raises rates on elderly and poor Mainers to subsidize solar panels for affluent people.

This rate hike was pushed by environmentalists, special interests, the public advocate and some Legislative leaders. Rather than protect Maine ratepayers, the PUC caved to special interests.

I have no problem if wealthy people with solar panels are paid for the excess electricity they generate. However, they should not be paid for the transmission and distribution of the excess power.

The PUC ruled Mainers will pay for the excess generation, as well as the transmission and distribution of the excess power. But Emera and CMP will also

charge the ratepayers to transmit and distribute this excess electricity.

Ratepayers are being charged twice so people who put solar panels on their roof can recoup their money faster. Our elderly, our poor and our most vulnerable Mainers should not be subsidizing people who can afford to install expensive solar panels.

The wealthy solar industry will line its pockets on the backs of hardworking Mainers—not to mention our poor and most vulnerable who can least afford it.

We should be able to agree on a sensible energy policy. We should provide the most affordable energy that does the least harm to the environment.

I ask the Legislature three questions:

1. Should we lower energy costs?
2. Should we lower carbon dioxide levels in the most cost-effective manner?
3. Should we reduce our demand for oil?

If we agree the answer to all three is “yes,” then we can become a state that supports job creators and protects the environment.

But liberals continue to support their favorite—and very expensive—forms of renewal energy. They have no political desire to reduce rates for Mainers.

Our energy costs have gone from 12th highest in the nation to 11th highest. We are going backwards.

Liberals continue to deny the harm they are doing to our job creators and our economy. Put very simply, higher rates leave less money for higher wages.

CONCLUSION We are trying to attract small businesses and successful young professionals. We need creative innovators with an entrepreneurial spirit.

We must keep our families here and attract new families from other states and countries. We must give our young people a reason to stay in Maine.

We have worked hard to reduce spending and limit the growth of government. It has not been easy.

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When writing about American Presidents, Andy Jones said: “Whenever government in general is smaller, the people have more say over their own lives, and the nation becomes more prosperous.”

We are trying to make Maine more prosperous. It takes courage. We were elected to make tough decisions for the hard-working taxpayers and the forgotten Mainers—not just lobbyists and special interests.

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We are here to make sure our progress is not rolled back by poorly thought-out referendums. We are here to do no harm. Over the next two years, I hope we can work together to set Maine on the path to future prosperity.

I ask you, the members of the 128th Legislature, to join me in protecting our economy, our families, our small businesses and, most importantly, our elderly.

Despite the challenges facing us, I ask you to move Maine forward—not backward. I ask you to do no harm.

Now, let’s get to work!

Paul R. LePage
Governor