

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND TWENTY-EIGHTH LEGISLATURE

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October 23, 2017 to November 6, 2017

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January 3, 2018 to May 2, 2018

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Augusta, Maine
2018

**STATE OF THE STATE ADDRESS
OF
GOVERNOR PAUL R. LEPAGE
FEBRUARY 13, 2018**

Chief Justice Saufley, members of the 128th Legislature, distinguished guests, and my fellow citizens:

I want to briefly remember Paul Mitchell of Waterville, brother of Senator Mitchell, who passed away this weekend. He was a dedicated public servant and a good friend.

As I begin the last State of the State Address of my time as Governor of this great state, let me first thank my wife Ann—please stand—for her service to the people of Maine these past seven years. I would not be here tonight without you. Ann, you have made Maine proud as our First Lady—and our family is proud of you. In case I forget, happy Valentine's Day tomorrow.

I also thank our children. I appreciate my family's willingness to share my time with the duties of being Governor.

To Staff Sergeant Ronald Fowler of the Air Force's 243rd Engineer Installation Squadron, the military herald this evening, thank you for your selfless service to our state and nation. We congratulate you on being our state's 2018 Outstanding Airman of the Year.

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

I would also like to recognize two members of my staff, Angela Kooistra our sergeant of security and Holly Lusk my chief of staff.

I'm here tonight to speak to you about the future of our state. We have made progress—but there is much more we could have done and more that we can do to move our state forward.

In his last State of the Union, President Ronald Reagan said: "If anyone expects just a proud recitation of the accomplishments of my administration, I say let's leave that to history; we're not finished yet. So, my message to you tonight is put on your work shoes; we're still on the job."

Now is not the time to slow down. I will continue working until the last minute of my last day.

I came into office saying I will put people before politics, and I have tried to do that. Politics as usual puts our most vulnerable Mainers at risk. As most of you know, I'm no fan of the status quo.

Today, special interests continue to highjack our ballot box and politicians continue to kowtow to wealthy lobbyists and welfare activists. The Legislature has forgotten about the Mainers who need our help the most.

Our elderly, our intellectually and physically disabled and even our youth are being left out of the process. I vow to spend my final year as Governor fighting for those Mainers who don't have a voice in Augusta.

For years I have listened to liberals talk about compassion. Subsidizing solar panels for wealthy homeowners at the expense of our needy is not compassionate. Raising taxes on hard-working families to expand welfare entitlements for able-bodied people is not compassionate. Catering to the activists in the halls of the State House instead of the struggling family businesses on Main Street is not compassionate.

I know what it's like to need help. That's why I meet one-on-one with constituents on Saturday mornings. That's why I get involved in cases that affect our elderly and our most vulnerable. They need our help. It's our job to help them. We are, after all, public servants.

REDUCING PROPERTY TAXES

For the past seven years as Governor, my priority has been to make all Mainers prosper.

Too many Maine families are facing skyrocketing property taxes that strain household budgets. Our elderly on fixed incomes are particularly vulnerable to these increases. You simply cannot tax your way to prosperity. As Chief Justice John Marshall wrote, "The power to tax is the power to destroy."

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School budgets are often blamed for property-tax increases. The real culprit is the tremendous amount of land and property value we've allowed to be taken off the tax rolls, leaving homeowners to pick up the tab. These landowners must contribute to our tax base.

It's time for all land and real estate owners to take the burden off homeowners and pay taxes or a fee in lieu of taxes. The federal government does! Maine property-tax payers need a break.

We proposed allowing municipalities to collect property taxes or fees from large non-profit entities, and we've tried to require land trusts to contribute to the tax rolls. We have been met with staunch resistance from Democrats.

We must think outside the box. Tough problems call for tough decisions and solutions. I don't walk away from tough decisions. I've proven that on occasion.

We established an online registry for all non-profits to report conservation-land ownership.

The result of all property-tax exemptions reported within municipalities exceeds \$18 billion. Think about that—\$18 billion.

The loss of that tax revenue has shifted over \$330 million in property taxes onto the backs of local homeowners.

My office is distributing to each legislator the total value of property taken off the tax rolls for each town, along with the estimated increase in taxes paid annually by property owners.

Over 4 million acres have been conserved by the federal and state governments, as well as non-profit organizations, such as land trusts. Nearly 20 percent of our state is conserved from development. This is an area larger than the size of Connecticut.

In 1993, about 35,800 acres of land was owned by land trusts. That number has increased by an astonishing 1,270 percent. Land trusts now control more than half-a-million acres with an estimated value of over \$400 million.

Ask your local officials how much land in your community has been taken off the tax rolls. Ask them

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how much in tax revenue it would be contributing today to help reduce your property taxes.

The desire to preserve land without benefit to the taxpayers or their input is out of control. We must restore balance.

We must ensure that all property owners are required to contribute to the local tax base. Everyone must pay their fair share. It's common sense.

Richard and Leonette Sukeforth are the elderly couple who were evicted from their home due to their inability to pay their property taxes on their fixed income. Due to health reasons, Mr. and Mrs. Sukeforth were unable to attend tonight.

In 2015, the town of Albion foreclosed the Sukeforths' home and sold it for \$6,500. A compassionate neighbor offered to pay the taxes, but the town officials refused to accept the money. The new owner evicted them and demolished their home.

I learned of Sukeforths' situation after the foreclosure had occurred—it was too late to help them. I submitted a Governor's bill to protect the elderly from tax lien foreclosures going forward.

We must fight to protect our parents and grandparents whose fixed income cannot keep up with rising property taxes.

This common-sense solution will require municipalities to be a bit more compassionate to our elders. I thank Representative Espling for sponsoring this bill, and I urge both chambers to pass it. This is the right thing to do for our senior citizens.

TAX CONFORMITY

My tax cuts have resulted in tangible savings for Maine families. A family of four earning \$90,000 pays 29 percent less than they did under the prior law. A family of four earning \$35,000 no longer pays the \$298 tax bill they did under the prior law. Despite what my colleagues to my left say, these are not tax breaks for the rich. These cuts are meaningful savings for hard-working families.

The new federal Tax Cut and Jobs Act will provide more savings for families and businesses. The federal tax cut will result in an estimated economic benefit of

approximately \$1 billion in 2019. More than \$500 million of that will be in direct income tax cuts for Mainers. Our small businesses will receive tax cuts of an additional \$200 million.

Whenever Congress changes the federal tax code, Maine must decide whether to conform our tax code to the federal changes. Doing so is better for the taxpayer because it simplifies tax filing.

It is also better for the state because the IRS takes the lead on income-tax compliance, and we do not have to fund duplicate services, like additional auditors, in Maine.

For that reason, I will be proposing legislation to conform to the new federal law. However, since strict conformity would result in a tax increase to Mainers, my bill will include a proposal that offsets any tax increase. Let me make this perfectly clear: I will not support any conformity measure that results in a net increase in income taxes.

In fact, I will not support ANY increase in taxes for either tax conformity or to pay for Medicaid expansion.

MEDICAID EXPANSION

Maine's previous experiment with Medicaid expansion plunged our state into financial disarray. However, make no mistake: Medicaid expansion is the law, and I will execute the law. But funding it is the Legislature's constitutional duty, as it is the Legislature's job to appropriate the funds.

Appropriate the money, so we can implement the law. The time is now—not after the next election.

I have laid out four basic principles to guide your decision on how to pay for Medicaid expansion. I will not jeopardize the state's long-term fiscal health. We must avoid the budget disasters of the past.

We must fund Medicaid expansion in a way that is sustainable and ongoing. Therefore, my principles are as follows:

1. No tax increases on Maine families or businesses.
2. No use of the Budget Stabilization Fund (which we call the "Rainy Day Fund").

3. No use of other one-time funding mechanisms—known as budget gimmicks.
4. Full funding for vulnerable Mainers who are still waiting for services, and no reduction of services or funding for our nursing homes or people with disabilities.

It would be fiscally irresponsible for the Legislature to demand we implement Medicaid expansion without adequate funding. It is simply not too much to ask the Legislature to prioritize our truly needy over those looking for a taxpayer-funded handout.

DHHS cannot hire and train the additional 105 staff needed to run the expanded Medicaid program without money. We cannot pay the state's share of the new enrollees' medical bills without funding.

Democrats, hospitals, advocacy groups and wealthy out-of-state special interests who campaigned for this referendum claim that adding 80,000 people to a taxpayer-funded entitlement program will save money. I take you at your word. Show me the money and put your plan in writing. Show the Maine people how you will pay for Medicaid expansion.

I ask Theresa Daigle and Josiah Godfrey to please stand up. These are the people you should be thinking about. Theresa has shared with me the hardships she and her son have experienced while awaiting services for his physical and intellectual challenges. Josiah has autism, an intellectual disability, and bipolar disorder. He qualifies for services, but he is stuck on your waitlist.

Because his mother will need to care for him, it will be impossible for her to continue working. She has been told that she may need to leave Josiah at St. Mary's and refuse to pick him up—thus making him homeless—in order to qualify for Section 21 services. THIS IS WRONG!

I ask that the Legislature fully fund these programs so people like the Daigles can get the help they desperately need and qualify for. I have proposed to fully fund them, but Legislators chose to use the money for other programs, like giving welfare to illegal immigrants. That is simply wrong. Maine people need to come first.

Do the right thing for Josiah and his worried mother. Fund the Section 21 and 29 programs.

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KEEPING YOUNG PEOPLE IN MAINE

Now, many legislators tell me that they don't pass bad bills. Let me give the Maine people tonight an example of a horrible bill.

I vetoed a bill that would prohibit 18-year-old adults from buying cigarettes, but the Legislature overturned it. This law denies rights and responsibilities to 18-year-old adults who want to purchase a legal product.

This is not about cigarettes—no one should ever start smoking. This is about protecting our personal choices from an ever-expanding nanny state.

Our laws must recognize one age when adulthood begins. You, the Legislature, must pick that age. I don't care what the age is, whether it is 18 or 21. It can't be both.

Legislators have no problem letting 18-year-olds vote for them in elections or die in wars. Let's think about that a moment—legislators think 18-year-olds are not adult enough to decide whether they should purchase cigarettes. But they think 18-year-olds are adult enough to vote on complex referendums like the legalization of marijuana, the elimination of the tip credit, and a 3 percent tax surcharge that would devastate our economy.

Young adults should be treated like adults. If 18-year-olds can fight for our country, pay taxes, get married and divorced and make personal medical decisions—and even younger teens can use birth control and smoke "medical" marijuana—then let's make adulthood start at 18. If they can do all that, they should be able to decide if they want to buy legal products.

The last I knew this was still a free country. That includes the freedom to make personal choices—free from government interference.

Frankly, drinking is no different, the federal government uses the threat of defunding road construction if 18 year olds are allowed to drink, so let's make adulthood 21.

INVESTING IN OUR ECONOMY

We are the oldest state in the nation. We must attract young people to Maine. Our current position requires

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us to get serious about growing our state. Please join me in this effort.

I will put forth bills this session to support investment in Maine and the development of our workforce. We have spent seven years fixing Maine's balance sheet. Now is the time to make investments in our economy and for the Maine people.

Our bond sales have not focused on commercialization. I support a commercialization bond. Maine has always supported research-and-development bonds, hoping it would create jobs. Although R&D is critical, it is not enough to bring an innovative idea to market.

Developing a patent that sits on a shelf is not a good return on investment for our taxpayers. We must focus on commercialization.

Our innovators create a vast array of products in many industries: bio-tech; high-tech; forest products; manufacturing; aquaculture; agriculture. We must invest in commercialization as we do in research.

Let's get our products to market. Let's offer excellent careers at high wages for our people. Let's attract newcomers to our state.

If our state is to survive and prosper, we need to grow our workforce and keep our economy growing. Record numbers of baby boomers are entering retirement. Employers need to replace these skilled workers. For our economy to continue to grow, we must attract and retain young people.

Not only will these young people work in our industries, but they will also buy homes, pay taxes, invigorate our communities and, yes, have children.

We can invest in our young people by relieving some of the burden of student debt for those who want to stay in Maine or choose to relocate here and start their professional careers.

High student-loan payments prevent our young people from buying a house or a car or spending their money at local businesses. Many take higher-paying jobs out of state to survive. They simply cannot afford to live in Maine.

We cannot continue to sit by while our employers have vacant positions that young people could fill. I will be submitting legislation again to create and fund initiatives that make these strategic investments.

My initiative—the Maine Student Loan Debt Relief Program—calls for a \$50 million bond to fund zero-interest student loans to keep Maine kids in school attending Maine colleges and universities.

It also calls for a new, low-interest refinancing program to encourage graduates from outside Maine to work in our great state.

In addition, I am asking the Legislature to simplify and increase the Opportunity Maine tax credit so employers can attract and retain the young workforce we need. The return on these investments will pay enormous dividends by encouraging young people to come here and help to reverse our declining population.

Good-paying jobs attract workers. To attract manufacturing jobs, more than half the states—28—have passed Right to Work legislation.

Kentucky became a Right to Work state in 2017. It has already proven to be a major catalyst for growth. Kentucky shattered its annual economic investment record in 2017, reaching \$9.2 billion—nearly doubling its previous record of \$5.1 billion.

Mainers are missing out on these opportunities. I urge you to have a serious debate on Right to Work.

FISCAL RESPONSIBILITY

Despite our challenges, we have made state government more efficient and more accountable. We lowered the tax burden on hard-working Mainers. We cut the pension-fund deficit by nearly half. We paid off the hospital debt. We reformed welfare.

People say they want government to run like a business—until it does. Now we must make sure our progress is not hijacked by big-money, out-of-state liberals who continue to use our broken referendum process as a means of implementing their social-engineering agenda.

The will of the people is the constitution of our state—a representative republic. But if we want to govern

through referendum, we do not need a Legislature. However, as we have seen, governing through referendum has been very destructive to many true democracies.

It took a shutdown of state government to prevent the most damaging of the 2016 referenda from taking effect.

I will fight just as hard this year to make sure we keep moving forward. There is nothing wrong with Maine people realizing a bit of prosperity.

I am pleased to report that the state of our financial house is good. In fact, it is in better shape than any time in the past 40 years. Our economy is strong. Unemployment is at 3 percent—down from 8 percent in 2011, and lower than the national and New England averages.

And the number that some call the "real" unemployment rate, which includes people working part-time or those no longer even looking for work, has fallen to Maine's lowest-level ever.

The number of jobs in our private sector is at an all-time high. Unfortunately, our problem is we have more deaths than births. That is why we must continue to be fiscally responsible. We must enact policies to attract young people, not chase them away.

Our good fiscal health is the result of making tough decisions and taking bold action—like using the liquor bond to pay off our hospital debt.

We have had a positive General Fund cash position for the past three fiscal years. We project this fiscal year's General Fund ending cash will remain positive. But we cannot pat ourselves on the back and say we have done enough. The job is not done.

Before I took office, Augusta used the Budget Stabilization Fund as their own personal slush fund. It damaged our credit rating and put the state at risk during financial emergencies. We've built this rainy-day fund to over \$200 million—an amount greater than the average of the funds of all New England states.

We promised to bring fiscal sanity to Augusta, and we did it.

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The credit rating agencies have improved our credit rating. It is less expensive now for us to borrow money to improve our roads and bridges and to fund other essential capital projects.

We should strive to become a Triple-A-rated credit risk. Increasing the fund to \$300 million would help us achieve this goal. We must keep moving forward.

We have right-sized the state's workforce, making it more efficient and more accountable. Former administrations balanced the budget on the backs of our state workers. I promised not to do that—and I didn't. We eliminated the furlough days; we restored merit pay increases; and we provided cost-of-living increases, which will total 6 percent this biennium.

We told the state employees that if they like their union, they can keep their union. But we also told them that if they didn't want to join the union, they didn't have to, and we let them keep their wages instead of paying fees to subsidize a political agenda. And many have!

WE MUST CONTINUE OUR PROGRESS

We need legislators who will pass laws that make sense and help Maine families—not politicians looking for feel-good headlines.

We have made great progress implementing reforms that have brought greater prosperity and created jobs. Just today, the North Carolina-based company LignaTerra announced it will build a new, cross-laminated timber facility at the former Great Northern Paper site in Millinocket.

We've been working with the company the last few months, and we are pleased that it will invest \$28 million and eventually create 120 new, good-paying jobs. Welcome to Maine, LignaTerra! Your investment is welcomed and appreciated.

My administration has eliminated red tape, created charter schools, cut taxes, improved our infrastructure, created new trade relationships, and reformed health insurance to lower costs—to name just a few reforms. Reforming government is hard work, but it is the right thing to do for our people.

I thank Representative Ken Fredette, Representative Ellie Espling, Representative Jeff Timberlake,

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Representative Heather Sirocki, Representative John Martin, and Representative Craig Hickman, as well as Senator Rob Whitemore, Senator Lisa Kiem, Senator Eric Brakey, and Senator Troy Jackson for working with me.

This is an election year, and this year's vote will be especially important. Mainers get the government they vote for. So I urge the Maine people to think carefully before going to the polls.

Think long and hard who you will send to the Legislature and to the Blaine House.

You will be voting to either protect Maine's fiscal health or to let politicians run it back into the ground.

You will be voting on whether to keep our taxes low and to maintain the right size of government or to let special interests and public-sector unions raise taxes and bloat government for their socialist agenda.

You will be voting on whether to respect our young adults or exploit our youth and chase them out of the state. You will vote on whether to keep growing our economy or to stifle it.

You will also be voting to continue our significant progress on welfare reform. Our policies now protect our most vulnerable while encouraging those on welfare to look for work, if they are able. We are offering people a hand up, not a hand out.

You will be voting on whether to continue these common-sense welfare reforms or whether to return to the days of out-of-control welfare entitlements that almost bankrupted the state.

In my Inaugural address, I made a pledge to the Maine People, "to put you before politics: The parents trying to make a better life for their kids; The retirees trying to hold onto their homes on a fixed income; The college graduate trying to find a good-paying job; The entrepreneurs with the courage to take a chance on an idea; and The taxpayers tired of footing the bill for a bloated establishment in Augusta.

It is time to make state government accountable. It is time to deliver value. It is time to put Mainers first."

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Those were the promises I made, and those are the promises I have kept. I promise to continue to fight for you until 11:59 a.m. on Inauguration Day.

To all the hard-working Maine taxpayers out there, it has been the biggest privilege of my life to work on your behalf as your Governor.

As a homeless kid living on the streets of Lewiston, I never imagined I would one day make it to the Blaine House. You are in my thoughts and prayers every minute of every day. Your prosperity is paramount for Maine's success.

I fought for you every day, and it has not been easy. But I would not have had it any other way. Thank you for letting me serve you and our great state.

I leave you with this quote President Reagan attributed to Abraham Lincoln:

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"You cannot help the poor by destroying the rich. You cannot strengthen the weak by weakening the strong. You cannot bring about prosperity by discouraging thrift. You cannot lift the wage earner up by pulling the wage payer down. You cannot further the brotherhood of man by inciting class hatred. You cannot build character and courage by taking away people's initiative and independence. You cannot help people permanently by doing for them, what they could and should do for themselves."

God Bless the great State of Maine and God Bless America!

We still have much to do—let's get to work.

Paul R. LePage
Governor