

MAINE STATE LEGISLATURE

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Legislative Record

OF THE

Eighty-First Legislature

OF THE

STATE OF MAINE

1923

KENNEBEC JOURNAL COMPANY
AUGUSTA, MAINE

HOUSE

Tuesday, March 27, 1923

The House met according to adjournment and was called to order by the Speaker.

Prayer by the Rev. Mr. Quimby of Gardiner.

Journal of previous session read and approved.

Mr. ROUNDS of Portland: Mr. Speaker and gentlemen of the House: The first part of this session there was an order went through to appoint a committee to procure a portrait of our late Governor Parkhurst. Your committee has now attended to its duty and I would like to move a recess of fifteen minutes in order that we may go out and unveil the picture.

The House thereupon, by a rising vote, declared a recess of fifteen minutes for the purpose of attending the unveiling of the picture of the late Governor of Maine, Frederic Hale Parkhurst.

RECESS

After Recess

The unanimous consent of the House was asked by Mr. Rounds of Portland, and given to that gentleman, to address the Chair on a matter not before the Legislature, and without a motion.

Mr. ROUNDS of Portland: Mr. Speaker and gentlemen of this House: On March 24th there appeared in the Portland Press Herald a "knock," not only against the Portland Delegation and not only against the Chairman of the Portland Delegation, but against the whole Delegation and the whole Legislature of the State of Maine. Not only on the 24th, but on the 26th and 27th, they seemed to keep up their spirit of animosity against the Legislature of the State of Maine and against the Executive.

The Portland Press Herald says under date of March 24th: "Rounds has scheme to block Portland's demand for right to vote on charters." That is in big type, and in smaller type it says: "Demands that delegation present 'Pennell Plan' to Legislature, which means strangling of other measures."

Now, gentlemen, they told that I would not call a meeting and that I would not get the committee to-

gether. Last week, gentlemen, I tried to get the committee together three times before we finally got together and we formulated a plan, and it was the unanimous report of the committee that came into this Legislature yesterday, signed by myself, submitting a charter that was approved by our mayor and in the Senate and the House, providing what was called the City Manager form of government.

It has been the custom of that paper to belittle everybody. They went out of the State and hired men to come here and tell us what to do—men with radical, western ideas, and with socialistic ideas that we are not used to. We do not wish radicalism in this State at the present time. We know our business and we feel that we can attend to our business without asking the help of anybody from New York or Connecticut. There is a man who has not only been in this hall but who has also been at the Augusta House and has been writing stories about what we have done in this Legislature. Gentlemen, it is time that we took some notice and that they be told that they should stop and pause, and not belittle the State of Maine or her representatives of this Legislature and the Executive of this State.

Two years ago it was fought out on the floor of this House and it was put before the people—and it did not go through—that we should have a change of government. These gentlemen have bought a newspaper that has been belittling this State of Maine ever since then and I want to say right here that one gentleman who is one of the promoters of this paper had his property assessed at \$125,000 for his stock in trade and he was written up, in the last eight or nine years, to \$275,000 and he said to the assessors that he would move out of town, that that was too high, but, gentlemen, in January he had a fire and what did he say to the reporters? He said that he had a \$50,000 loss with an \$800,000 stock of goods. Now, gentlemen, was he overtaxed? That is one of the gentlemen who is calling for this commission form of government and that is one of the men who is coming here and telling us that we do not know what we are talking about.

Now, gentlemen, that is about enough for that, as far as I am concerned but if they do not let the Legislature alone we should see that they do.

On March 26th of this year comes an editorial telling us that the Chief Executive—now I have no quarrel with the Governor and I do not believe that any gentleman in this Legislature has any quarrel with the Chief Executive. We may disagree with him but it is only a difference of opinion about different things and we have no quarrel with our Chief Executive for differing from us in opinion. And, gentlemen, I do not want anyone to come here from New York and try to vote in Maine when he has no right to, as a certain gentleman has done, and that gentleman even went to the Supreme Court and was turned down from voting in Maine and telling us what to do.

Gentlemen, I think it is time to assert our independence and to go on record that we are opposed to anything of that kind.

Now, gentlemen, as far as I am concerned, everybody knows that I have come here quite a number of years. I was told in this House two years ago by one of our most distinguished ladies that I never would come here again. Gentlemen, I never got such a vote before as I got this time. I was high man in the whole election. (Applause.) I have respect for a man who has a difference of opinion from me, but I wear no man's collar and I vote as I think, I do not care whether it is against the Governor of the State of Maine or anybody else, and I shall vote on every question as I think its merits warrant.

Therefore, gentlemen, I think it is bad for this House to allow this thing to go by against the Governor of Maine. He is our Governor, he is your Governor. Never mind what he may think but respect him and respect the office of Governor. Gentlemen, I thank you. (Applause.)

Papers from the Senate disposed of in concurrence

From the Senate: Final report and special final report of the committee on Temperance reporting that they have acted on all matters referred to them

In the House, read and accepted in concurrence, and the message of the Temperance Committee placed on file in concurrence

From the Senate: Final report of the committee on Sea and Shore Fisheries.

In the House, read and accepted in concurrence.

From the Senate: Final report of the committee on State School for Boys, State School for Girls and State Reformatories.

In the House, read and accepted in concurrence.

Senate Bills in first Reading

Senate 132: An Act to establish a teachers' retirement system.

Senate 269: An Act providing for inspection, registration and safety of vessels engaged in inland navigation under the jurisdiction of the Public Utilities Commission. Sections four to sixteen, inclusive, of Chapter 59 of the Revised Statutes and Chapter 185 of the laws of 1921 repealed.

From the Senate: Report of the committee on Education reporting ought to pass on bill, An Act to amend Section 169 of Chapter 16 of the Revised Statutes relating to teachers' pensions.

In the House, report read and accepted in concurrence, and on motion by Mr. Clarke of Stonington, the bill was tabled, pending first reading.

Senate Bills in first Reading—Continued

Senate 171: An Act relating to proof of appointment.

Senate 166: An Act relating to the deposits in the county treasury of certain sums of money derived from estates in the Probate Court.

Senate 172: An Act relating to sale of real estate of non-resident owners.

Senate 173: An Act relating to payment of legacies.

Senate 174: An Act relating to commissioners on disputed claims in the Probate Court.

Senate 175: An Act relating to allowance to minor children.

Senate 176: An Act relating to sessions of Probate Court.

Senate 180: An Act relating to waiver of provisions of a will.

Senate 181: An Act relating to who shall cite a trust officer to account.

Senate 188: An Act permitting sterilization operations in certain cases of mental diseases and feeble-mindedness.

Senate 267: An Act for the better protection of salmon, shad, alewives and smelts.

From the Senate: Majority report of the committee on Education reporting ought to pass on Resolve proposing an Amendment to the Constitution prohibiting the use of public funds for Sectarian Schools.

Report was signed by the following members:

Messrs Emery of Washington
Allen of York
Spencer of York
—Of the Senate
Barwise of Bangor
Wood of Bluehill
Brewster of Dexter
Pierce of Sanford
Dudley of Woodstock
Hutchinson of Brunswick
—Of the House

Minority report of the same committee reporting ought not to pass on the same resolve.

Report was signed by the following member:

Mrs. Pinkham of Fort Kent.

Came from the Senate, majority report read and accepted and the resolve passed to be engrossed.

Mr. GRANVILLE of Parsonfield: Mr. Speaker, I move that both reports lie on the table, pending acceptance of either.

The declaration of the vote by the Speaker being doubted,

A division of the House was had, Seventy-nine voting in the affirmative and 17 in the negative, the reports were tabled, pending acceptance of either.

From the Senate: Resolve in favor of the State School for Boys for maintenance and other purposes.

This was passed to be engrossed in the House March 22.

In the Senate, passed to be engrossed as amended by Senate Amendment A in non-concurrence.

In the House: On motion by Mr. Tilden of Hallowell, the House voted to recede and concur with the Senate.

The House voted to reconsider its action whereby this resolve was passed to be engrossed, and further voted to adopt Senate Amendment A in concurrence, and the resolve as amended by Senate Amendment A was passed to be engrossed in concurrence.

From the Senate: Bill, an act for the control and suppressing of the European Corn Borer.

This was passed to be enacted in the House March 23, and passed to be engrossed March 20.

In the Senate, passed to be engrossed as amended by Senate Amendment A in non-concurrence.

In the House, that body voted to reconsider its action whereby this bill was passed to be enacted. It also voted to reconsider its action whereby this bill was passed to be engrossed.

Mr. Towne of Norway: Mr. Speaker, May we have the amendment read?

Senate Amendment A read and adopted in concurrence, and the bill as amended by Senate Amendment A was passed to be engrossed in concurrence.

The SPEAKER: The Chair appoints as the committee of conference created under the motion of the gentleman from Caribou, Mr. Hamilton, on resolve in favor of the State Armory at Lewiston, Messrs. Hamilton of Caribou, Gardiner of Gardiner and Atwood of Portland.

From the Senate: Resolve appropriating money for the Maine School for the Deaf.

This was finally passed in the House March 22, and passed to be engrossed March 15.

In the Senate, passed to be engrossed as amended by Senate Amendment A in non-concurrence.

In the House, that body voted to reconsider its action whereby this resolve was finally passed; it also voted to reconsider its action whereby the resolve was passed to be engrossed.

(Senate Amendment A read.)

On motion by Mr. Phillips of Orrington, the House voted to recede and concur with the Senate in the adoption of Senate Amendment A, and the resolve as amended was passed to be engrossed in concurrence.

Message from the Governor

The SPEAKER: The Chair presents message from the Governor.

Mr. BARWISE of Bangor: Mr. Speaker, I ask that the rules be suspended that I may introduce an order, out of order, which provides that 2500

copies of the Governor's message on the University of Maine be printed for the use of the Legislature. This is rather a long message and it seems better to have it in print in front of us and not have it read.

The SPEAKER: The Clerk will read the following letter from the Governor:

"STATE OF MAINE
Office of the Governor

Augusta, March 27, 1923.

Dear Speaker Holley: I am handing you herewith a formal message dealing with the University of Maine. I realize that the House has many matters to attend to and as the message comprises some fifteen pages I suggest that its reading be dispensed with, and that a sufficient number of copies be printed for use of the Legislature.

Faithfully yours,

(Signed) PERCIVAL P. BAXTER,
Governor of Maine.

To Hon. Frank H. Holley,
Speaker, House of Representatives."

Governor's Message

To the Honorable Senators and Representatives of the 81st Legislature:

The problem of the University of Maine is one of the most interesting as well as one of the most difficult of those now before this Legislature. It needs to be discussed without prejudice, in a sane and reasonable manner. Animated solely by a desire to solve this problem in the interests of the whole State, and of the young men and women of the present and of the future who are attending and who will attend this institution, I have given my best thought to the study of the situation now existing at Orono.

The local self-interest of any particular county or community should not be allowed to dominate this question, for the entire State is represented at the University and is interested in its future. According to the 1922-23 catalogue the classification of the 1234 Maine students is as follows: Androscoggin 28, Aroostook 96, Cumberland 154, Franklin 31, Hancock 64, Kennebec 79, Knox 30, Lincoln 20, Oxford 47, Penobscot 389, Piscataquis 55, Sagadahoc 22, Somerset 38, Waldo 31, Washington 82, York 68. With 240 students from outside the State the total enrollment is 1474. These figures show 14 more students than are accounted for in the report of the President of the Trustees of June 30,

1922, on which my subsequent statistics are based. This difference, however, is immaterial.

Co-Operation Needed

Honest differences of opinion as to the University's needs should be recognized and tolerated while personalities and bitterness of speech should not be indulged in. I had hoped that the new President and the members of the Board of Trustees, four of whom I myself have appointed, a fifth having been persuaded by me to remain upon the Board after he had tendered his resignation, would co-operate with me in a serious and determined effort to eliminate those old-timed practices and antagonisms that for a generation have been the bane of the University. Personally, I have done my best to work in harmony with those in charge of this institution, but their response has not always been cordial.

In this message, I shall speak plainly but fairly, not hesitating to express my convictions and outline my plans regardless of the views of others. The crisis demands it.

Demands Upon the State

When the committee of Trustees and the new President came to the Capitol last autumn to consult with me about their proposed budget for 1924-1925, it soon became apparent that they came to dictate, not to discuss. Their attitude was unyielding and the President of the University made the definite statement that he would "not cut the Budget a fraction of a dollar." There was no suggestion of any willingness to listen to the views of others equally interested with them in the University's welfare. Moreover, the positive announcement was made at this meeting by the President of the Trustees that unless every one of their demands was complied with that most, if not all, of the Board of Trustees would resign. Such ultimatums are not conducive to mutual understanding.

I also deeply regret that the President of the University should have allowed himself to make a public utterance in Washington, on November 23, 1922, six weeks before the Legislature convened, and seven weeks before the Budget Committee of which the Governor is Chairman made its report, that the Governor of Maine was opposed to proper appropriations for the University and that it would

be necessary to carry them over his veto. At the conference referred to I had listened patiently to the demands of the President and the Trustees for appropriations that totalled \$1,387,012.55, and my only comment was that I did not see how the State could afford such an outlay and hoped that the figures could be revised without crippling the proper activities of the institution. Since the Washington incident referred to, both the Presidents, of the University and of the Trustees, frequently have indulged in similar unwarranted utterances, and although at all times I have been ready to confer with them, they have not cared to discuss with me, the University's affairs. It may be that I shall disapprove some of the appropriations asked for, but that does not mean that I shall disapprove "proper" ones, and certainly no one over four months ago had the right to make the statements referred to.

State's Educational Problem

The welfare of the young people at Orono is of such importance that regardless of these incidents, I approach the problem unbiased, and with a desire to determine what are the real needs of the University and to what extent the State is able to meet them. No one more than the present Governor has at heart the welfare of this institution, and I yield to no one in my desire to give our Maine boys and girls a good start in life. However, I not only am responsible for the welfare of the 1460 young people at Orono (President of Trustees report, June 30, 1922) but also am deeply concerned with the welfare of the 237,972 other boys and girls of school age, who live within our State. It is right for us to be interested in the 6-10ths of one per cent. of our young people attending our State University, but the other ninety-nine and 4-10ths per cent. at least are entitled to equal consideration. You represent, and I am Governor of, all the people and our vision should be State-wide.

The University of Maine never has been held in check; it has outgrown itself; it has outgrown the ability of the State to properly provide for it. This is the root of its troubles. Year by year, deliberately and regardless of consequences, those in charge of the University in the past have expanded its activities. They seem to have been imbued with a desire to make the Uni-

versity the BIGGEST educational institution in the State, while there is but slight evidence that they sought to make it the BEST. Their hopes for the University have rested upon false foundations, the consequence being that the students now within its walls are suffering from the errors of those who formerly were entrusted with its management.

These students, as well as the tax payers of the State, are paying the price of ambitions that were not based upon enduring principles. My ambition for the University of Maine is to have it aim to be the BEST institution in the State and that goal I constantly shall have before me. No other is worth striving for.

What Can Maine Afford?

The fundamental problem before us is, how much can the State of Maine afford to expend in giving higher education to the 1460 young people at Orono, 1270 of whom live in Maine and 190 of whom come from beyond our borders. What portion of the total amount of money that the State raises for educational purposes shall be devoted to giving college courses to this comparatively small percentage of our young people? What is fair to those boys and girls who remain at home on the farm and who work in the factories, on whom a very considerable share of the State's burden of taxation is now resting? In urging appropriations for the University we should not overlook the fact that today taxes in Maine are onerous, that many of our farms are heavily mortgaged and that it is becoming increasingly difficult for the Maine farmer to meet his tax obligations. When thousands of farmers are obliged to lay by out of their hard-earned money the small sums of \$5 and \$10 at a time to build up a fund to pay their taxes, oftentimes being forced to borrow similar small amounts to pay the tax collector on the last day of grace, it means that some attention should be given to their relief.

The total amount of money raised by the State for schools in 1922 under the 3 1-3 mill tax was \$2,125,844.04. In that year the State Budget Committee recommended an appropriation for the State University of \$277,300.38, an amount equal to 13% of all the money raised under the mill tax to provide for the 4788 schools and 237,972 school children scattered all over this State. In 1923 the total amount of money to be raised from this mill tax will amount to \$2,242,559.14, while the University now is demanding of this

Legislature an annual appropriation of \$693,506.27, this being one-half of the total for the two years of \$1,387,012.55. Instead of 13% as recommended in 1921, the University now demands an annual amount equal to 30 9-10 per cent of the total funds that are to be available in 1923 for the 4788 schools and 237,972 children referred to. Furthermore it is stated that if the Governor raises his hand in warning and the money is not forthcoming, the appropriation will be carried over his veto, and failing in this, several, if not all, of the Board of Trustees will resign. These figures and this situation require no comment.

State Aid Comparisons

For purpose of comparison I call your attention to the fact that for the fiscal year of 1923 the State appropriated for 38 private hospitals and other charitable institutions the sum of \$183,500.00, and for the 34 private academies the sum of \$54,260.00; a total of \$237,760.00. These 72 institutions combined received less than what was given to the University in 1922, the latter amount having been \$280,957.58.

The Budget Committee of 1921 recommended a total appropriation of \$558,257.00 for the University for the two fiscal years of 1922 and 1923, while the Budget Committee of 1923 recommended \$701,678.00 or a 12½% increase for the fiscal years 1924 and 1925.

The State always has been liberal to this institution. In 1902 it gave it \$40,000; in 1912, \$115,000; in 1922, \$280,957.57; while in 1925, \$693,506.27 is demanded. This latter figure represents an increase in one year of 246%. The total amount the State has given to the University is \$3,233,014. These millions represent the State's investment in higher education and that investment must be conserved. I give these figures to offset the charges that the State has been parsimonious in its support of the University.

Limit Number of Students

It probably will be generally admitted that the State never can afford, and some will hold that it would not be desirable, to provide a college education for every boy and girl in the State. How many young people in Maine need a college education is problematical, but how many the State can afford to educate is not problematical. Apart from these questions however I believe that taking conditions as they exist, the State without unduly burdening itself can maintain a well-equipped, high-grade University of from 900 to 1,000

students and that such an institution would be a credit to the State. Beyond this point the State at present should not go. This can be brought about in one of two ways: either this Legislature can establish 1,000 students as a maximum for the University or the scholarship requirements can be raised to accomplish the desired results. Such action would meet with the general approval of thoughtful citizens. You and I face a very practical problem. Unless this, or some succeeding Legislature or the Board of Trustees have the foresight and courage to take the initiative, I predict that within five years the University of Maine will number at least 2,000 students. Conditions then would become even more unbearable than they are at present.

Expansion Program

The program laid out by the president and trustees and submitted to this Legislature is one of expansion. The expenses of the University have increased rapidly. One item, that of salaries, shows an increase for 1923 over 1922 of \$32,610.00. The teaching forces are constantly increasing, 24 new teachers being called for in the University's latest Budget estimates. The payroll of last September shows the employment of 30 persons in the Administration Department, 53 in the College of Arts and Sciences, 21 in the College of Agriculture, 37 in that of Technology, 50 in the Experiment Station, 46 in the Extension Service and 136 others on the regular weekly payroll. These make a total of 424 persons receiving salaries at this institution. This gives some idea of the University's present obligations. If conditions are allowed to continue on their present course, unchecked, the University of Maine will soon become a burden too heavy for the tax payers to bear.

It is apparent that those who in the past have had charge of the University have sought to imitate the great universities of the wealthy middle western states. This accounts for its having lived beyond its means. As the president of the University frankly stated at the conference already referred to, the institution under his charge is approximately but 60% efficient. I maintain that such a state of affairs is deplorable and before I retire from the office of Governor I hope the University of Maine will be placed on a secure foundation, with the number of its students

limited, all of them well housed and well taught, and with every branch of its activities working well within a comfortable margin of safety. Today this institution is an overgrown school, improperly nourished, with both its teaching force and its student body working under difficulties. Its trustees and friends feel under pressure to plan in every way to obtain increasingly large sums of money from the State Treasury, and in doing this they often have felt obliged to resort to political influences in order to keep the University's head above water.

Bates, Bowdoin and Colby

Bates College, with its tuition of \$150.00 expends \$310.00 a year to educate each student. It has 9 administrative officers and 30 instructors and teachers, and an enrollment of 587 students. Bowdoin with the same tuition has 31 officers and instructors and 450 students and spends \$434.00 per student per year. Colby with a faculty of 31, tuition at \$120.00 and 505 students, spends \$300.00 per student per year. Every reasonable economy is practiced in all three of these colleges and there are none in the country that give young men and young women a fairer start in life than Bates, Bowdoin and Colby. The University of Maine with tuition of \$125.00 for Maine students and \$195.00 for those from other states, spends \$495.00 per student, and has 142 in its faculty and administration. Based on a proportionate student population the University of Maine has ten students for every teacher while Bates has fifteen, Bowdoin fourteen and one-half and Colby sixteen. The cost of educating a student at Orono is 42% greater than the average cost of \$348.00 at the three colleges herein named. When these figures are considered in connection with the statement made by the President of the University, that Bates is 75% efficient, Bowdoin 90% and Colby 70%, while his own institution is but 60% efficient, it shows that something must be wrong when the least efficient 60% institution costs 42% more per student per year.

State Normal Schools

The State of Maine conducts five normal schools, in which are enrolled 1,020 students and appropriates \$180,000.00 per year for their operation and maintenance. This averages

\$176.00 per student per year and represents the entire income, as no tuition is charged. All bills are paid out of this \$180,000.00 and the five institutions always are in comfortable circumstances. There would seem to be no good reason why the financial conditions of the University of Maine should not at least approximate those of our colleges and normal schools, all of which are well managed and are a credit to the State.

Endowment Funds — Internal Reorganization

In estimating the amount to be paid by the State as an annual appropriation, it is interesting to figure the State's contribution as though it were interest paid to the University on an endowment fund. This furnishes a basis of comparison with institutions like Bates, Bowdoin and Colby, which receive no State aid and are dependent upon income from their endowments. An annual appropriation of \$250,000.00 would represent the interest at 5 per cent. on an endowment fund of \$5,000,000. The endowment funds of the three colleges referred to amount to \$5,136,560.00 and the total income therefrom amounts to \$204,029.00. Consequently the University of Maine with \$250,000.00 per year from the State would receive more than the three other colleges combined, and what would equal the interest at 5 per cent. on an endowment fund of \$5,000,000.00. With the additional aid it receives from the Federal Government it should be able to educate 1460 students where the other three colleges combined without Federal Aid are educating 1542. These comparisons are interesting. As has been stated the University also receives large sums from the United States government, a source of income not available for our other institutions and which should be sufficient to provide the extra equipment needed for its technical courses. From these figures I believe it properly can be deduced that it is unwise to continue paying large sums into the University's treasury until there is a general reconstruction of its educational and financial program. The entire situation at Orono needs to be thoroughly revised by those who earnestly desire to have this institution placed upon a sure foundation.

Is University Justified?

The figures in the preceding para-

graphs do not furnish a strong argument for lavish support of a State University. Such support would be justifiable if the University brought a college education within the reach of boys and girls who could not afford to go to other Maine colleges. In the case before us however it costs more to educate our young people at Orono than it costs at any one of the three private colleges in the State, and they receive less in return for the money spent upon them according to the University President's own figures.

Politics

It is unfortunate that the atmosphere at Orono should be permeated with politics. This produces an unwholesome effect upon the minds of the students, and gives them a false impression not only of their own importance but of public affairs in general. Not long ago the University paper was used as a medium for political advertisements and in its columns candidates seeking office pledged to the University liberal sums of the taxpayers money. It was apparent that the purpose of this advertising was to influence the students and through them the voters in their families at home to support those candidates who made the most alluring promises. This occurred notwithstanding the fact that on January 20, 1922, the Board of Trustees passed a vote the purpose of which was to confine to the Trustees the University's activities throughout the Legislative session. The Trustees sought to avoid the unpleasant experiences of the Legislative session of 1921, when the Alumni Associations of the University became very active in carrying on an unfortunate propaganda. The vote of the Trustees referred to was as follows:

"On motion duly made and seconded it was voted that all matters pertaining to the presentation of appropriation bills to the next Legislature be handled exclusively by the Trustees of the University and that this section be conveyed to the Alumni Association and student body in the proper way."

Out-of-State Students

As has been stated, the last annual report showed an enrollment of 1460 students not including 168 who were taking special courses, 190, or 13 per cent of the regular students come

from outside the State of Maine. The tuition of out-of-State students is fixed at \$195.00 per year and the cost of educating them is \$495.00. This means that the State pay \$57,000.00 a year for this item alone. It would seem inadvisable for the State to be burdened with this large expense when its own sons and daughters are not being properly cared for. There is an advantage, of course, in having a certain number of students from other States, but this situation needs attention for there is no logic in the State's continuing this practice. Out-of-State students at least should be self-supporting.

There are many details in connection with the business management of the institution which, if attended to, would effect large savings and here is a wide field for the exercise of good sound business judgment. In fact, if the University is to be the institution we all want it to be, one in which we all can take pride, its affairs need a thorough internal reorganization

President—Full Time

I believe the management of an institution of 1460 students—1628 with the "Specials"—is of sufficient moment to require the undivided attention of its president. It should not be necessary for him or for the president of the trustees to travel about the State attending legislative hearings and carrying on what may be called propaganda in order that the University may obtain what it actually needs. This, of course, is very different from informing the people as to what the University is doing and stimulating an interest in higher education, both of which are desirable and form a part of the duties of college authorities.

It would mean much to the entire State if the University's situation could be clarified for it is not helpful to have the Legislature biennially torn by dissensions between those who have the University's welfare at heart, but who honestly differ as to what should be done to properly maintain it.

Economies to Be Practiced

As an example of expenditures that in my opinion are not justifiable, is the \$6,000 per year appropriated in order that the president may carry on certain experiments upon several thousand rats and mice. Apart from the fundamental difference of opin-

ion as to the value or propriety of such work, and I protested against it from the beginning, I believe these experiments will not be approved generally, at least while the financial affairs of the University are in their present unsatisfactory condition. Also a considerable saving can be made in eliminating certain courses that are not well attended, and in consolidating the work of certain professors and instructors whose teaching hours per week are below what reasonably can be expected of them.

Budget Estimates

It should not be overlooked that the institution actually has lived within the appropriation that the State made for it two years ago, for at the end of the year it had a current operating surplus of \$12,163.12. Notwithstanding the statement made by the President of the Board of Trustees in his annual report that the "utter inadequacy of the State's appropriation forced the University administration to drastic and stingy methods," I believe that apart from the necessary repairs on the buildings, the University ought to be able to live very close to the figures given in the 1923 Budget report.

Repairs on Buildings

Extensive repairs on the University buildings are needed for they must be put into proper condition. It would seem to be in accord with sound business judgment immediately to repair those buildings, as they are alleged to be in deplorable condition, before planning the erection of new ones. The attitude of the University's president toward these repairs is shown by a remark made by him at our last conference. After urging an appropriation for new buildings he stated that "the repair of buildings is of least importance." With such a view I am not in accord.

"College" Spirit

There is one phase of this State University problem that is difficult to explain. Those connected with a State educational institution, especially its alumni, seem to lack the cooperative spirit that accomplishes so much for privately owned institutions. An institution of the latter type when in debt naturally calls upon its loyal alumni to rally to its support, and seldom does its appeal fail. A college or a university debt of almost any proportions can be wiped out in a very few months, or an en-

dowment easily can be secured if the right spirit prevails. In a State owned University (for all practical purposes the one we are discussing is a State institution) it is impossible to arouse any favorable response when the suggestion is made that its alumni join together and pay off the debt or raise an endowment. In fact the Committee of Trustees and the President who interviewed me refused to entertain any such suggestion, stating as a reason for their refusal that it is a State institution and everything, even the debt, must be paid from the public treasury. Such lack of "college" spirit is disheartening. If the the alumni of the University of Maine wished to do so, they soon could pay off the debt and in addition thereto could raise a substantial endowment. This institution recently received a bequest of \$250,000 and no doubt others will be forthcoming, all of which will help to relieve the pressure under which it is laboring. I believe the University of Maine has a bright future in its alumni, and those in charge of its affairs, including this Legislature, will take the necessary steps to put the institution on a right basis.

Advertising

I have viewed with some misgivings the campaign of advertising recently launched by the University authorities in the daily papers. It seems to me that such a program lacks dignity and detracts from the prestige of the University. The best advertisement for this University is the young men and women it has sent and is sending out into the world. The ordinary forms of advertising are out of place here, and I cannot understand why the University needs a full-time publicity man. Its students, its alumni and its record speak for it more eloquently than can any propaganda no matter how skillfully conducted. The other colleges in the State do not feel such a need.

Make it State Institution

Strictly speaking the University is not a State institution, but if those connected with it and this Legislature will undertake the task of lifting it out of its present difficulties I should favor establishing it as a full fledged State Institution. In such an event I should be willing for the State to assume the outstanding debt amounting to \$217,500.00

New Trustees

If the University is to be taken over by the State, the Governor and Council should be directed to appoint a new Board of Trustees and in order that the services of experienced members may be retained it would be wise to provide that four members of the present Board be reappointed, the appointment of the four other Trustees to be entirely in the discretion of the appointing power. It would be well to have the State Commissioner of Education a member ex-officio and this would give the University nine Trustees. If this is to be made a new institution, owned and controlled by the State, it should start its career unhampered by any traditions of the past and Trustees should be appointed who really have at heart its future welfare.

Agriculture Important

The people of Maine are by no means unanimous in their support of the institution as it is at present conducted. I believe, however, they will support it once they become convinced that the University is to be carried on both in a liberal spirit and in a practical and economical manner. Established as an Agricultural school, it unfortunately has allowed this branch of its work to become the least important of its activities with approximately 20 per cent. of its students taking agricultural courses. In the years gone by, the farmers of the State always could be depended upon to rally to the support of the Maine State College, but gradually our farmers have become convinced that agriculture is of minor importance at Orono, and that the teaching of farming is of small moment there. Their interest in its welfare is on the wane, but if new life can be infused into its agricultural courses, I believe the farmers of the State will be greatly encouraged. Certain improvements in the farm buildings are needed, and although not called for in the Budget, I believe some appropriation should be made for their rebuilding.

The School of Technology stands well among similar schools in the country and I believe we have reason to be satisfied with what it has done. It may be urged that there is no need of the College of Arts and Sciences, as we already have three such colleges in this State. If the whole plan

of the University was to be revised it might be desirable to have its courses limited to those that deal with Agricultural and Technical sciences. However, this matter is settled and it is not advisable to make any change other than to proportionately reduce the number of students taking the Arts and Science courses, so that the total of the three colleges may come within the limit that has been suggested. Special efforts need to be made to raise the Agricultural courses up to the position of prominence and importance to which they are entitled.

No Expansion

As to expansion, in my opinion, the people of the State will not look with favor upon the plans of some of the University's ambitious friends, to add to its already overburdened curriculum a school of medicine and a Teacher's college. The closing of the Law school relieved the situation considerably and this is no time to think of new buildings, new courses, or new colleges. We should assimilate what we already have before taking on anything new.

I hope the errors of the past may not be repeated, that dissensions may be forgotten, realities faced and difficulties overcome. This all can be accomplished if the right spirit prevails.

We are representatives of all the people of the State of Maine. One of our duties is to prepare the young men and women and the boys and girls who are growing up in our midst to meet the problems of life. We have a great opportunity to take a step forward in settling this University problem, and although it is late in the session it is not too late for action.

Fourteen Points

In conclusion, I summarize the recommendations contained in this message. These are offered as one complete program, and I do not recommend the adoption of some of them and the elimination of others. I favor:

1. Approximately the Budget Committee's appropriation for Maintenance with an extra allowance for reconstructing certain Farm Buildings.
2. Sufficient sums to repair the buildings even though it be somewhat larger than the Budget calls for.

3. Making the University a State Institution.

4. Assuming the debt of \$217,500.00.

5. A new board of nine Trustees with the State Commissioner of Education as a member ex-officio, four of the present Board to be re-appointed, the remaining four to be appointed by the Governor, with consent of the Council.

6. A halt upon all expansion.

7. The number of students, regular and special, to be limited to 1000, either by law or by raising the educational standards of the University.

8. Emphasizing the importance of Agricultural Courses.

9. Reduction in the cost of education, so as to open the University to those not financially able to attend other colleges.

10. Making the University the BEST and not necessarily the BIGGEST educational institution in Maine.

11. Elimination of politics from the atmosphere of the University.

12. Cultivation of "college spirit" among its Alumni and Undergraduates.

13. Placing the University on a sound financial and educational basis, with a thorough internal reorganization.

14. Making it a Maine Institution for Maine boys and girls.

Respectfully submitted

PERCIVAL P. BAXTER
Governor of Maine

Thereupon, Mr. Barwise of Bangor presented the following order, out of order, and moved its passage:

"Ordered, that 2500 copies of the Governor's message on the University of Maine be printed for the use of the Legislature.

Mr. MAHER of Augusta: Mr. Speaker, I rise to inquire for information whether or not this has already been printed?

The SPEAKER: The Chair is of the opinion that it has not.

Mr. MAHER: I further wish to inquire when we will get it?

The SPEAKER: The gentleman from Bangor, Mr. Barwise, having presented the order, may be able to answer the question of the gentleman from Augusta, Mr. Maher, through the Chair, and the Chair would request him to do so.

Mr. BARWISE: So far as I know, Mr. Speaker, it has not been printed.

Mr. MAHER: Will the Chair be able to tell us about when we will have it?

The SPEAKER: The Chair will venture to assume that if the printing were now ordered, we might be able to get it tomorrow. Does the gentleman from Augusta, Mr. Maher, wish to amend the order so that it may state, provided we can be sure of its being printed tomorrow?

Mr. MAHER: I will not oppose the order as it stands.

The order received passage.

The following resolve was received and upon recommendation of the committee on reference of bills was referred to the following committee.
Appropriations and Financial Affairs

By Mr. Stevens of Belgrade: Resolve in favor of Harold G. Clark, clerk of Library Committee.

Reports of Committees

Mr. Crafts from the committee on Inland Fisheries and Game on bill, an act to amend Section 38 of Chapter 219 of the Public Laws of 1917, as amended by Chapter 37 of the Public Laws of 1919, and by Chapter 117 of the Public Laws of 1921, relating to the protection of deer, reports the same in new draft, under same title, and that it ought to pass.

Mr. Adams from the same committee on bill, an act additional to Chapter 219 of the Public Laws of 1917, as amended, fixing the legal length and also daily limit on trout and landlocked salmon which may be taken in certain Rangeley waters in Franklin and Oxford counties, reports the same in new draft under same title and that it ought to pass.

Mr. O'Connell from the same committee, on bill an act additional to Chapter 219 of the Public Laws of 1917, relating to the protection of black bass in Lake Walden and Hancock Lake, so-called, situated wholly or partly in the town of Denmark in the county of Oxford and in the town of Sebago in the county of Cumberland, reports same in new draft under title of 'An Act relating to the protection of black bass in Lake Walden and Hancock Lake, so-called, situated wholly or partly in the town of Denmark in the county of Oxford, and in the town of Sebago in the county of Cumberland, and that it ought to pass.

Same gentleman from same committee on bill, an act to amend Chapter 134 of the Public Laws of

1919, as amended by Chapter 19 of the Public Laws of 1921, relating to fishing in Kennebago Stream in the county of Franklin and the county of Oxford, reports the same in a new draft under title of "An Act relating to fishing in certain waters in Franklin and Oxford counties" and that it ought to pass.

Reports read and accepted and the new drafts ordered printed under the joint rules.

Passed to be Engrossed

Senate 37: "An Act to change the board of directors of The Maine Institution for the Blind."

Senate 54: "An Act to amend Section 45, Chapter 127, Revised Statutes, as amended by Chapter 291, Public Laws of 1921, relating to intoxicating liquor."

(Tabled by Mr. Chalmers of Bangor, pending third reading.)

Senate 210: "An Act to amend Section 93 of Chapter 45 of the Revised Statutes, as amended by Chapter 293 of the Public Laws of 1917, relating to settlement of violations of law, and repealing Section 87 of Chapter 219 of the Public Laws of 1917, relating to same subject."

Senate 216: "An Act to amend Section 77, of Chapter 10, of the Revised Statutes, relative to assessors making abatements and recording and reporting abatements."

Senate 258: "An Act to supply the town of Winthrop with pure water."

Senate 259: "An Act to incorporate the Winthrop Water District."

Senate 260: "An Act for the better protection of smelts."

Senate 262: "An Act for the better protection of clams in the limits of the town of Kennebunkport in the county of York."

Senate 263: "An Act to amend Section 122 and Chapter 4 of the Revised Statutes, relating to license for building a fish weir or trap."

Senate 264: "An Act to repeal Section 3 of Chapter 256 of the Private and Special Laws of 1907 as amended by Chapter 226 of the Private and Special Laws of 1913, in relation to Cumberland County Power and Light Company."

(Tabled by Mr. Rounds of Portland, pending third reading.)

Senate 265: "An Act to incorporate the Columbia Falls Water Company."

House 213: An Act to amend

Paragraph XI of Section 6 of Chapter 10 of the Revised Statutes, relating to forest land exempted from taxation.

House 240: An Act to define and fix the order of preference in which State aid highway construction funds shall be apportioned to towns under existing law.

(Tabled by Mr. Holmes of Lewiston, pending third reading).

House 453: An Act to amend Section 16 of Chapter 9 of the Revised Statutes, as amended by Chapter 285 of the Public Laws of 1917, and Chapter 199 of the Public Laws of 1919, relating to inventory of exempt live stock and fowl.

(Tabled by Mr. White of Bowdoinham, pending third reading).

House 455: An Act to amend Section 14 of Chapter 78 of the Revised Statutes, relative to conveyances not effectual against others unless recorded.

House 456: An Act to incorporate the Ashland Water and Sewer Company.

House 457: An Act to provide for an issue of State Aid or second class highway bonds.

(Tabled by Mr. Granville of Parsonfield, pending third reading).

House 458: An Act to authorize the sale by Sebec Dam Company and purchase by Mill's Electric Light & Power Company of all the property, rights, privileges, immunities and franchises of Sebec Dam Company.

House 460: An Act to amend Chapter 217 of the Public Laws of 1919, relating to appropriations for Normal Schools and Madawaska Training School.

House 461: An Act to amend Chapter 25 of the Revised Statutes, as enlarged and amended by Chapter 258 of the Public Laws of 1917, and Chapters 220 and 263 of the Public Laws of 1919, relating to State highways and to the creation and expenditure of the mill tax highway fund.

(Tabled by Mr. Granville of Parsonfield, pending third reading).

House 463: An Act to provide for the location and operating of mines.

Senate 261: Resolve to increase the salmon on the Maine coast.

House 454: Resolve granting a teacher's pension to Melville Smart of Gray.

House 459: Resolve amending Arti-

cle IX of the Constitution as amended by Article XXXV of the Constitution and as amended by Article XLIII, increasing the amount of bonds to be issued for the purpose of building State highways and State Aid highways and providing for the building of Intrastate, Interstate and International bridges.

(Tabled by Mr. Maher of Augusta, pending third reading).

House 462: Resolve to provide a teacher's pension of one hundred and fifty dollars a year for Fannie Marble.

Orders of the Day

The SPEAKER: Under orders of the day, the first matter for the House to act upon is that which was tabled and assigned for today, and the first matter appearing under that head is Veto message of the Governor, on Bill, An Act relating to maternity and infants, tabled by the representative from Fort Kent, Mrs. Pinkham, March 22, pending reconsideration.

Mrs. PINKHAM of Fort Kent: Mr. Speaker and gentlemen of the House: I am very sorry that it is necessary to discuss this matter again, and I should not do so if I did not feel sure, from conversation with one or two members of the House, that there are still some aspects of the case which are not clearly understood.

First, financially: This bill if accepted, would make available the sum of \$25,000 a year for this child welfare and maternity work for a five-year period, each succeeding Legislature, of course, having to appropriate a sufficient amount to match \$10,000 of the \$15,000 which the Federal government offers us. To do that we would have to appropriate practically about \$6,000 a year in addition to what we have already appropriated, inasmuch as we use from five to six thousand dollars a year for that purpose now. In other words, this gives the State the use of \$25,000 for an additional appropriation of about \$6,000.

Probably the most of you noticed an article which appeared in the morning paper yesterday on this subject—a letter which in itself is almost a complete refutation of the veto message. That letter was signed by the following, and I will tell you something about the signers in case you do not all know them. First, Sylvester Judd Beach, M. D., a physician of excellent standing in Port-

land. Second, Frank Nathaniel Whittier, M. D., who is well known as a physician at Bowdoin, and I believe formerly a professor in Bowdoin. Third, Mrs. John H. Huddilston, President of the State Federation of Women's Clubs. Fourth, E. Delmont Merrill, M. D., president of the Maine Public Health Association, a voluntary association. Fifth, Richard Dresser Small, M. D., also a former member of the Health Council. Sixth, Mrs. William R. Pattangall. Other members of the legislative committee of the Women's Clubs are Mrs. Howard R. Ives, Miss Mabel Connor, daughter of a former Governor, Mrs. E. E. Ross, also Mr. James Q. Guinac, at present on the Public Health Council, president of the State Chamber of Commerce, and, as you all know, a director of the Port of Portland. The other signer is Mr. Hiram Ricker, who is at present on the State Health Council.

Now I want to ask you if you think these people would favor the passage of this bill if they thought it would be harmful to the State or anybody in it.

One or two other things in the veto message I would like to call your attention to. First, "I protest against the passage of this resolve because it is an unwarranted invasion by the Federal Government of the sovereign rights of the State of Maine." Invasion carries with it an idea of force. There is no force about this act and therefore I cannot think of it as an invasion. The spirit of cooperation does not mean invasion.

Second, "Because it establishes in Washington a Federal Bureaucracy that is not likely to be in sympathy with the government of this State, and the citizens thereof." Of course the Federal Bureau is already established, and the State of Maine by its action cannot dissolve that Bureau, and, of course, as has been said before, the State makes its own plans.

Next, "Because it invades the privacy of our homes." That is answered later on in the veto message itself in these words: "I want the people of Maine clearly to understand that our State Department of Health is now engaged in the very work called for by the Sheppard-Towner bill." Our homes are evidently not being invaded at present. I believe there is a public health nurse in the county of Washington, but we have heard nothing from that county

in the line of a protest against this invasion.

Next, "Because it infers that the State of Maine cannot and will not properly care for those of its mothers and children who need assistance." It infers this in regard to Maine in just the same degree as it infers it in regard to the other States of the Union.

Next, "Because it pauperizes our State." In that case we have plenty of company in the poor house. Since I last spoke on this subject ten State Legislatures have accepted the act. That makes a total of twenty-six States who have accepted through their Legislatures. The other sixteen are accepting it through their Governors, the State Legislatures not yet being in session to consider the matters.

Next, "If the State of Maine refuses Federal Aid and sends forth a strong protest against the expansion of this dangerous and undermining doctrine, all lovers of liberty throughout the nation would take heart." Of course, if we refuse this act, it will not have the slightest effect in Washington except that they may feel a little bit sorry for us; and, as a matter of fact, the refusing of this act would not refuse Federal aid, because we have accepted a great deal of it and will continue to do so.

The next sentence: "The State of Maine then will be hailed as the leader in the movement to return to the fundamental doctrine of our forefathers, that a State is sovereign and will brook no interference in its own internal affairs." That sounds almost like a declaration of Civil war. We once had a war to decide the same question of State rights. We hear about that very seldom in the North.

(At this point ExGovernor Milliken was escorted by the House Messenger to a seat at the Speaker's right, amid the applause of the House.)

Mrs. PINKHAM, continuing: Reduced to the very simplest terms, this act will give us more money here to do something which we are now trying to do with a very small appropriation. Finally, last summer, when the Governor refused to accept the provisions of this act, he stated that he preferred to refuse it and that the Legislature could take such action as it wished. It is evident that something has happened since that time which has caused the Governor

to change his opinion about the reliability of our State Legislature.

It is hardly necessary for me to say that I hope the veto will not be sustained, particularly as we have passed very many acts over the Governor's veto which have been no more worthy. (Applause.)

The SPEAKER: The question is, shall this become a law notwithstanding the objections of the Governor? It is a Constitutional question, and the yeas and nays are necessary. As many as are in favor of the bill becoming a law notwithstanding the objections of the Governor will answer yes when their names are called, and those who wish to sustain the veto of the Governor will answer no when their names are called. Is the House ready for the question?

The question being called for, the clerk called the roll.

YEA—Archibald, Ayer, Baker, Bartlett of Hanover, Bartlett of Waterville, Barwise, Beckett, Blaisdell, Boulter, Bradbury, Brown, Burns, Cates, Cherry, Cummings, Curtis, Dilling, Douglas, Dunbar, Edwards, Fickett, Finnell, Gamage, Gillespie, Gilmore, Granville, Hamilton, Hobbs, Hutchinson, Jewett, Leland, Lord of South Portland, Maher, Martin, Newcomb, Oakes, O'Connell, Overlock, Perkins, Pinkham, Plummer, Ramsdell, Ranney, Ray, Rogers, Rowell, Stevens—47.

NAY—Adams of Liberty, Adams of Litchfield, Atwood, Belliveau, Benoit, Bickford, Bisbee, Boman, Brett, Brewster, Chalmers, Clarke, Conant, Crafts, Crowley, Dain, Downing, Dunn, Farley, Foss, Gagnon, Gardiner, Gauvin, Gilc, Goldthwaite, Gordon, Greenleaf, Hallett, Hammond, Hayes of Chelsea, Hayes of Gorham, Hayford, Hodgkins, Holmes, Johnson, Jones, Jordan of Cape Elizabeth, Jordan of Westbrook, Keef, Keene, Kitchen, Knight, Lamson, Leathers, Littlefield, Lord of Wells, Ludgate, Macomber, McIlherson, Melcher, Moody, Morrison, Nevins, Nichols, Nickerson, Palmer, Pendleton, Phillips, Pierce, Piper, Reed, Rounds, Sanders, Saunders, Sayward, Siddall, Small, Sparrow, Staples, Stitham, Storm, Stratton, Sturgis, Tarr, Thomas of Chesterville, Thomas of Leeds, Tilden, Towne, Weeks, White, Whitney, Williams, Willis, Wing, Winn, Winslow—86.

ABSENT—Drake, Dudley, Gagne, Hale, Heal, Houghton, Jacobs, McDonald, Morse of Bath, Morse of Greene, Nadeau, Owens, Perry, Smith, Story, Teague, Wood—17.

The SPEAKER: Forty-seven having voted in the affirmative and 86 in the negative, the objections of the Governor are sustained.

The SPEAKER: The next matter under orders of the day and today assigned is veto message of the Governor, on Bill, An Act relating to time of payment of excise tax on railroads, tabled by the gentleman from Auburn, Mr. Wing, March 23, pending reconsideration.

Mr. WING of Auburn: Mr. Speaker, I yield to the gentleman from Norway, Mr. Towne.

Mr. TOWNE of Norway: Mr. Speaker and members of the 81st Legislature: As a member of the taxation committee, before which this bill was heard, there was no opposition expressed to it, and on its passage through the House and the Senate to be enacted, there has appeared, up to this time, only the objections of the Governor in his veto message. Now it appears to me that those objections are not sufficient so but that we should pass this act in spite of the objections.

The bill itself is very short and I presume all the members of the Legislature have read it. It simply provides that the excise tax on railroads shall be paid in three installments, one-third on the fifteenth day of June, one-third on the fifteenth day of September, and one-third on the fifteenth day of December. There is no change in the assessing of this tax. It is assessed as it always has been, simply the arrangement of payment is made.

Now it may not occur to you that railroading in Maine is confronted with some propositions that railroading in other parts of the United States may not be. In the winter months there is not a railroad in Maine that earns enough money to pay the running expenses. During the past winter, in the months of January and February, the deficit in operating expenses on the Maine Central railroad were \$715,000. Adding to that the deficit which is bound to occur during the months of March and April, in what condition can the Maine Central Railroad be by the fifteenth of June to be called on to pay a tax amounting to over \$980,000? The other railroads in Maine are affected in the same way. In the assessing of any tax I believe that not only is the assessing to be considered, but it is only fair to consider along with it the ability of the assessed to pay, and also

the conditions of the assessed to pay that tax. Now the Governor in his veto message says that "the taxpayers in general throughout the State are obliged to make payments in full on tax day, and failing to do so interest is charged on overdue tax accounts." In what position would the farmers of the State of Maine be if they were required to pay their full tax on the fifteenth of June? In every town, those of you who are assessors realize that, although the tax may be due and payable when taxed, yet the consideration of the convenience of the farmer to pay is one of the points considered, and those taxes are not pressed for payment until late in the fall, after he has sold and received returns from the crops which he has raised. Now I think it is no more than fair that the railroads in Maine be given a like consideration and that they be enabled to earn money to wipe out this deficit which has occurred during the winter months in order that they may pay the tax when it is most convenient for them. I hope that this bill will be passed in spite of the objections of the Governor.

Mr. BARWISE of Bangor: Mr. Speaker, this bill presents one of the amusing situations. The Fates must smile sometimes in looking down from the lonely grandeur of Olympus at the thoughtlessness which we mortals sometimes exercise. Here is a bill that has gone by the House, gone by the Senate, gone by the Governor, without anybody anywhere seeing the real objection to it. Until after the veto message came back, we were all animated by the same feeling that the last gentleman (Mr. Towne) has expressed, that we ought to try to use the railroads with some consideration and let them have a little better opportunity to pay; but the plain hard fact is this: that if the Governor's veto is not sustained, we shall have around \$1,200,000 more to be accounted for in the first fiscal year. In other words, we shall have an increased tax rate of two mills in the first fiscal year. If we can assess this tax as we originally did, it will stand on the books as an asset for the first fiscal year, thereby reducing our tax rate for the first fiscal year by two mills. If it goes over, we shall, instead of having a tax rate of seven or seven and one-half mills, have a tax rate of around nine or nine and a half mills for the first fiscal year, so I hope, although His Excellency did not apparently see it, and not for any reason that His Ex-

cellency has pointed out—I hope that the Governor's veto will be sustained in spite of the reasons given by the Governor.

Mr. TOWNE of Norway: Mr. Speaker, I cannot see wherein this act provides for any new method of assessing the tax. I am inclined to think the gentleman from Bangor (Mr. Barwise) is in error.

Mr. BAKER of Steuben: Mr. Speaker, as I understand this act, it simply dates ahead the first payments beyond the fifteenth of June which is at the present time the due date for the railroad tax, putting it beyond the last day of June. Our fiscal year ends on June 30th. If this is included as an asset in the period before, in the fiscal year before June 30th, it applies as an asset for that year regardless of the fact whether or not it is collected before that time. Therefore, the twelve or thirteen hundred thousand dollars which comes in as a railroad tax, applies for that fiscal year, and makes it possible for us to get by without increasing our tax rate. There has been a disposition on the part of those who had the matter in hand to be very lenient with the railroads. This new bill sets certain days at which time certain portions of that tax shall be collectible. However, they have never pressed them hard on their taxes. They have been, as a good collector of taxes is in a well-managed town, considerate of the taxpayer, and have let him pay as convenient and as the money in hand becomes available. Frequently it is a custom, and it frequently happens that this tax is collected even as late as December. There is no disposition on anyone's part to make it hard for the railroad. Their burden is hard enough, we know. This new bill does not relieve them; they have the same payments to make, practically the same as now. But we want to be very careful because I assure you that if this goes through, this matter of two mills extra tax rate will be there as a shortage even though it does not appear on our tax bills as collectible for this fiscal year. It is something that has been called to my attention by some one who has the interest of the State at heart and who has the interests of the Republican party at heart; and it would seem like a very serious thing for us to show by a little error of accounting in a few days time that we were short \$1,200,000, which we had to meet by

an increased two mill tax rate. This has escaped the Governor as the gentleman from Bangor (Mr. Barwise) has said. It has escaped all of us, but it is there nevertheless, and we today must face the question of whether we will show a deficit or whether we will increase the tax rate two mills, or whether we will support the Governor and let it be as it is, feeling that those who have the matter of collecting the railroad tax in charge will use all fairness and justice to the railroads of the State.

Mr. PHILLIPS of Orrington: Mr. Speaker and members of the House: In regard to the veto message in question, we all know that the financial structure of our State, as well as of our municipalities is based around income, and, of course, in the matter of a railroad, the indirect revenue is a large feature, and I should hesitate very much to upset that at this present time with the little thought and consideration that some of us have given it. I confess that I have not given it the thought I should, and it seems to me that those who are responsible for the collection of this money are the ones who should be judges as to what is best to be done on this proposition; and for that reason, I hope the veto message of the Governor on this proposition will be sustained.

The SPEAKER: The question is, shall this bill become a law notwithstanding the objections of the Governor? It is a Constitutional question and the yeas and nays are necessary. As many as are in favor of this bill becoming a law notwithstanding the objections of the Governor will answer yes when their names are called. Those who wish to sustain the veto of the Governor will answer no when their names are called. Is the House ready for the question?

The question being called for, the Clerk called the roll.

YEA—Bartlett, Hanover; Bartlett, Waterville; Benoit, Blaisdell, Burns, Cates, Cherry, Crowlev, Curtis, Douglas, Edwards, Finnell, Gagnon, Gauvin, Hammond, Hutchinson, Maier, Melcher, Moody, Plummer, Ramsdell, Ray, Rowell, Sanders, Thomas, Chestersville; Towne, Wing, Winn—28.

NAY—Adams, Liberty; Adams, Litchfield; Archibald, Atwood, Ayer, Baker, Barwise, Beckett, Belliveau, Bickford, Bisbee, Boman, Boulter, Bradbury, Brett, Brewster, Brown, Chalmers, Clarke, Conant, Crafts,

Cummings, Dain, Dilling, Downing, Dudley, Dunbar, Dunn, Farley, Fickett, Foss, Gamage, Gardiner, Gile, Gillespie, Gilmour, Goldthwaite, Gordon, Greenleaf, Hallett, Hamilton, Hayes, Chelsea; Hayes, Gorham; Hayford, Hobbs, Hodgkins, Holmes, Jewett, Johnson, Jones, Jordan, Cape Elizabeth; Jordau, Westbrook; Keef, Keene, Kitchen, Knight, Lamson, Leathers, Leland, Littlefield, Lord, South Portland; Lord, Wells; Ludgate, Macomber, Martin, McIlheron, Morrison, Morse, Bath; Nevins, Newcomb, Nichols, Nickerson, Oakes, O'Connell, Overlock, Palmer, Pendleton, Perkins, Phillips, Pierce, Pinkham, Piper, Ranney, Reed, Rogers, Rounds, Saunders, Sayward, Siddall, Small, Sparrow, Staples, Stevens, Stitham, Storm, Stratton, Sturgis, Tarr; Thomas, Leeds; Tilden, Weeks, White, Whitney, Williams, Wills, Winslow—106.

ABSENT—Drake, Gagne, Granville, Hale, Heal, Houghton, Jacobs, McDonald, Morse, Greene; Nadeau, Owens, Perry, Smith, Story, Teague, Wood—16.

Negative—106.

Affirmative—28.

Absent—16.

The SPEAKER: One hundred and six having voted in the negative and 28 in the affirmative the objections of the Governor are sustained.

The SPEAKER: The next matter tabled and today assigned is House Document No. 163, an act relating to the Portland Water District, tabled by the gentleman from Portland, Mr. Rounds, March 23, pending further consideration; and the Chair recognizes the gentleman from Portland, Mr. Rounds.

Mr. ROUNDS of Portland: Mr. Speaker and gentlemen of the House: This is a matter that concerns directly the people of Portland and South Portland. Their property is mortgaged for all this outlying district that they have been buying lately, to the extent of a little over \$7,000,000 at the present time. And it looks to us as though our property was mortgaged to see these miles of water pipe laid in the outlying districts of Cape Elizabeth, Scarboro, Falmouth, Westbrook, Cumberland, Standish and Gorham,—that we should not stand and be taxed, not only taxed but mortgage our property for all this outlying section. I will say here that

all the island wards in Portland have been taxed until this corporation, the stock of which never was paid one cent for, was sold for \$3,800,000. That is what the city of Portland and the islands of Portland had to pay for their share to bring that corporation where it was; but, gentlemen, the people of Cape Elizabeth and the people of Westbrook can get for six dollars what it costs us at Peak's Island, twelve dollars, and it is time that we call a halt on this sort of thing.

I want to read from the report of the Portland Water District. The bonded interest December 31, 1921, which was the last report gotten out,—the bonds of that company were \$5,525,000; notes payable, \$87,500; accounts payable, \$44,975; unclaimed wages, \$8.55; prepaid rent, \$7.50; consumers' deposits, \$436.75; bond interest matured, \$62,913.34. So you can see, gentlemen, that this thing has gone on and we do not know where it will stop. Only last year they go down to an island in Casco Bay and pay \$3,000 for a water company and nobody had a word to say. We have nothing to say about that as the mortgagors of the property, although I was a stockholder in the Diamond Island Water Company, with two shares worth \$215. I have never seen any dividends from it and do not expect any, but they went to work and tapped the line that the people of Peak's Island are paying \$4,500 a year to keep that service in order,—tapped that and charged nothing for it, giving us no rebate on Peak's Island where we have to pay the same rate of \$12 per year.

Now another thing, on Page 22 of this report, they say, "Depreciation and contingencies, \$28,690.33." Gentlemen, that is a seven million dollar corporation only charging off \$28,000 for depreciation. This seems ridiculous. Why, gentlemen, they have got eleven automobiles according to their report. To me it looks as though there was something rotten in Denmark. Now last year they did not lay away one cent but show a net loss of \$2,636.15, and we are mortgaging our places for these outlying districts that make this deficiency because they have to run so many miles of pipe and no money coming in for it.

I hope that the gentleman's motion over in the Senate will prevail.

The SPEAKER: The Chair understands that the gentleman from Port-

land, Mr. Rounds, wishes to make a motion that we recede and concur with the Senate.

Mr. JORDAN of Westbrook: Mr. Speaker and members of the House: I feel a little different about this matter. It is unnecessary to read the bill, we all know what it is. The thing that I will take up at the present time is Section four: "Nothing in this act shall be construed as limiting the power of the trustees of the Portland Water Districts in extensions and operations within the limits of said district, but said trustees shall have no power to undertake new enterprises or make agreements to supply communities not now being supplied with water by said district, either in the town of Standish, Windham, Cape Elizabeth, Gorham, Scarborough, or any other town, or in islands in Casco Bay." Now that is certainly broad enough to cover everything. Here is what I object to particularly in this bill,— "unless the annual income from such extension shall amount to ten per cent of the cost thereof, except that they may purchase the property, rights and franchises of the company now supplying the people at Scarborough Beach with water, under the restriction mentioned in Section two" which is of course a price of \$2,000.

Now we all understand in regard to this ten per cent business that it is a thing next to impossible to sell lots and build houses in the outlying districts unless they have water or are liable to have water very soon. As I say, this thing would stop all building in the outside districts except it was brought up ten per cent, and that thing is almost impossible to do, but it will be brought up and more than brought up after the houses are built. Therefore I think this is discrimination against these people.

Now Mr. Rounds has brought out the fact of the great bond issue and all that sort of thing, but the fact remains that the water privileges are cheaper from this water district than any that we have, and I would like to read a few figures taken from the Utilities report.

Mr. LITTLEFIELD of Kennebunk: We cannot hear a word the gentleman from Westbrook (Mr. Jordan) says in this part of the room, and I myself would like to hear.

The SPEAKER: Will the gentle-

man from Westbrook, (Mr. Jordan) endeavor to speak louder?

Mr. JORDAN continuing: I was saying that I would like to read a few figures taken from the Utilities Commission report, showing that the Portland Water District average is lower in operating expenses compared with the income. Portland Water District, operating per cent, 35. This is the 1919 report, which is in all probability no different in the average than the others. In Auburn, 82 per cent; in Augusta, 49 per cent; in Bangor, 75 per cent; Bath 65 per cent; Biddeford, 50 per cent; Lewiston, 44 per cent.

Now I would like to read an extract from the charter: "Section 15. All individuals, firms and corporations, whether private, public or municipal, shall pay to the treasurer of said district the rates established by said board of trustees for the water used by them, and said rates shall be uniform within the territory supplied by the district. Said rates shall be so established as to provide revenue for the following purposes:

I. To pay the current expenses for operating and maintaining the water system.

II. To provide for the payment of the interest on the indebtedness created or assumed by the district.

III. To provide each year a sum equal to not less than one nor more than five per cent of the entire indebtedness created or assumed by the district, which sum shall be termed into a sinking fund."

Now there are just three articles there as to the rates assessed by the Portland Water District. They are not allowed to make any money on these things at all. They are to make a figure, these three sums, and they are to make it as nearly as possible to be the cost; and I would say now that their book-keeping is managed by the Utilities. It was said previously in debate that they had eleven automobiles, and that they were paid out of the bond issue. Now that is perfectly true, and they were paid, but they were ordered to be paid. As I say, they are under the jurisdiction of the Utilities Commission; in fact, these three are the only things that they can pay from this source.

Now I will just read from the 1921 report, the last part of it, which shows how much they are in debt, as follows: "This shows a loss for the year of \$2,636.15, and is evidence

that the trustees had made all the reductions in water rates that the financial condition of the district will permit, and that service is being rendered at cost, with only the minimum contributions to the sinking fund. It is hoped that the increase in revenue due the natural growth of the plant will overcome the deficit during the coming year.'

Now this shows a business of \$458,-833.13, and it certainly means that they would have, if they could figure what they were going to have from new sources and improvements and upkeep, rising \$459,000. This loss of \$2636 is almost nothing per share, and by figures in this report they have reduced their water rates to the people of Portland. Now every one of these trustees have either served until death or until the present time, and that seems to be a pretty good record of the trustees. I think under these conditions if this matter passes, it would be a discrimination against the outlying districts. I think the record of the Board of Trustees will convince you that they are most efficient of any in the State, and I hope that this motion to recede and concur will be defeated.

Mr. CUMMINGS of Portland: Mr. Speaker and gentlemen of the House: There really does not seem to me to be any need of calling the attention of the members to anything that the gentlemen just preceding me has said, excepting the statement that he thought the provision of the bill requiring extensions into new territory to return an annual tax of ten per cent of the cost, is improper. Now in reply to that I want simply to call the attention of the members to this fact, that the figures in the report of the Water District for 1921 show that their operating expense was a little over \$180,000 and that that is practically thirty-nine per cent of the gross income. Now, how in the world can any man stand up here and argue that ten per cent on extensions, new extensions into new territory, is excessive? The fact is that it is very small.

Then again he failed to tell that the amendment which was offered and which was accepted in the Senate cut off that provision entirely—although it never should have been done—and left that Section 4 as follows: "Nothing in this act shall be considered as limiting the power of the trustees of the Portland Water District in extension of operations

within the limits of their district." As I understand it that is the situation with regard to Section 4 at the present time, unfortunately as I believe, and I am not going to take up the time of the House discussing this bill any further. I do not believe that it is necessary. It is a bill that is absolutely just and against which no valid objection whatever can be offered.

Mr. JORDAN of Westbrook: The gentleman from Portland (Mr. Cummings) misunderstood me completely in the matter of the ten per cent. I do not claim that ten per cent is too large after the houses are built. It is not too large. It is very much too small. Finally, the point that I tried to make is that it is impossible to guarantee that ten percent. I mean to say that the buildings will not be built, unless they can be guaranteed some water and this bill cuts it off in the beginning. There is no objection to the ten per cent, or to twenty-five per cent. That is not the objection at all, but it cuts the thing off in the beginning.

Mr. GILMOUR of Westbrook: Mr. Speaker and gentlemen: This commission has always taken a great deal of pride in the management of this Water District. You have seen pieces in the papers from time to time commending their management of this District and I think that when they bought it over and issued bonds, that is, the citizens of Portland and South Portland—for it is the people of Portland and South Portland that own it—I think when they issued bonds to take the property over that they paid some five million and some odd dollars for it. Now, at the present time the valuation of that property is some seven million dollars and something, all through the good management of the trustees of this water district.

Now, I believe that there is something back of this movement. You know that at the present time there is a good deal of discussion in Portland about the management and government of the city, as to how it is going to be governed; and this Water District is a great plum for the financiers if they can only get it and get hold of the management of it. This bill is simply an introduction to the beginning for some private corporation or corporations to get hold of these outlying towns and cities that are supplied with this water. Now in Westbrook we have had a good deal of experience in private corporations getting hold of

such things. You know in a large transaction of this kind, where the results of the investment are very large, there is always some party willing to get hold of it. And there are always a large number of citizens who condemn municipal ownership. Now, it would be a very nice thing for that party to come into power at the next election in Portland and to give out word that these cities and towns outside the District have no ownership and must form some kind of a combination to relieve them of the trouble of collecting all this money and taking care of these pipes outside of the District. The concern has to employ a great number of men, and it is a very large concern, and they would like to make some kind of a political football of the affair. They are not in debt, the property is worth a great deal more than it was when they bought it, and, as far as going down to the islands with pipes is concerned, you know yourselves that the Commission objected to it and did not want to do it but was compelled to do it by public opinion. They did not want to do it. Public opinion forced them to.

Now we all want to work for the benefit of the State. We in Westbrook have had a great deal of experience in the conducting of the affairs of the water power and other powers. We have two lines of pipes going through our streets—and it is a small city and is quite condensed; a small affair—and supposing, now, that the city of Portland says to these outlying districts, "We want to get rid of all this trouble of collecting and taking care of those pipes. You must find a way to get water yourselves, how to handle this water, because we don't want the trouble of doing that. We want to be confined to our own city and our own place." And then come some parties who say, "Here, we will buy your property. We will give you a big lot of money for that property in Westbrook, Gorham, Windham, Cape Elizabeth, and those other places; we will pay you a good price for that; the city of Portland will get that money and be relieved of taking care of those pipes." Then suppose this company takes it over—well they are supplied from the Portland Water District. Now they give a low price for a short time. People will say, "We have a very low priced Water District, and it is giving excellent satisfaction, splendid satisfaction." And supposing, now, they give a low price for about a year. Then they come to the Legislature, to

the Utility Commission, and ask to issue bonds. They get permission to issue bonds to twice the amount of money, or three times the amount of money, they have laid out in the cost.

Now, I am supposing something, and I have reason for it which I will tell you about a little later on. Suppose they get permission to do that. Then they come to the Utility Commission, with their figures, and they say, "Here; we are losing money and we want to raise the price. They raise the price in that way to once, twice, three times the amount that they started in on, and they put this burden on the people of these cities. Now that is the way, it is naturally the way that these financial interests do, and I believe now that there is a party ready to take over that if you will sell it to them. I have reason to believe that. They do not want to go away out to Biddeford to invest in any property out there, or anywhere else as far away. They have not done it, and they are governed in the laws of the charter which prescribes how far they can go.

Then they put this burden on the city—I am now speaking for Westbrook—and I have said, "supposing this" and "supposing that." What reason have I for believing these things? Well, in Westbrook we have two pipes running through our streets. One is the water pipe and the other is the gas pipe. The gas pipe is supplied from Portland, through another company, the Westbrook Gas Company, owned and controlled by the bankers in Portland. I say that they own it, and I mean that they control it and also own a considerable portion of it outright. Now they let us have gas cheap. Their charter does not allow them to sell to outside cities at all. So they come to the Utility Commission to be allowed to issue bonds. They are allowed to issue \$150,000 worth of bonds—this company is—and their property, according to as good experts as there are in the State of Maine, and I believe as there are in this country, their property is worth about \$65,000 although it did not cost them that. They are allowed to issue \$150,000 worth of bonds, besides \$150,000 worth of shares of stock—and the stock controls the bonds, as you all know. They come to the Utility Commission and present figures showing that they are losing money there and they jump

the rate from \$1.35 to \$2.70 at the present time. Now this Westbrook Company, being citizens of Portland can buy gas from the gas company in Portland, and the gas is delivered and they pay 75 cents per thousand cubic feet of gas. It goes in at one end of the pipe and costs them 75 cents and it comes out at the other and they charge us \$2.70. That is what they are charging the citizens of Westbrook, and that is what might happen if this bill is passed in the water question. They are listed by the assessors at \$23,000 and the assessors try to get as near as possible to the right figures, and here in their report from their own office they give the total of their property as \$277,496.86 and they have not got \$65,000 worth of property there. Our assessors say they have not. That is the way they declare their figures and that is the way they put up the price. They charge \$2.70 for what costs them 75 cents. Now, is that doing well? Do they not put a burden on us in Westbrook?

Gas is one of the essentials for the ordinary people, especially in this time of scarce and high-priced coal. I have bills here now, quite a lot of bills from ex-representatives here in the House, where it costs them \$18.00 a month for their gas, although most of them are small families and they do not heat the house with it by any means and some of those bills are at \$2.80 per thousand cubic feet. The Public Utilities Commission were very nice when they came out there and we protested. They were there for about an hour and then went off to adjourn until a later date and we have not seen them since. Then they reduced the price from \$2.80 to \$2.70. Now that is just about the price of a good cigar, is it not, when you go to pay your gas bill? That reduction was very nice and we thanked them for it, but that is very different to what we were paying a short time ago—\$1.35 with the discount that they gave us if we paid in advance of a certain time.

Now that is the experience we have had with private companies. I am just offering it as a sample of what this is going to be if this bill passes. I do not think our Brother Cummings, when he made up that bill, thought what the consequences would be. And then the bill is contradictory right straight through. If you will read the bill you will

see that it says, "we do not want to restrict the trustees of this company at all," and in the same breath almost it says, "we do restrict you."

Now gentlemen, there is something behind all this. We do not want you to condemn us. We are a long-suffering people, or we have been, and it is not because we do not pay our bills or anything of that sort, because you know "man's inhumanity to man causes countless thousands to mourn." Corporations have no souls and these monied interests, bankers and speculators that put out money, have very simple methods. Now, if they are going to put this thing over on us and make us pay more than we are paying at the present time, we would be willing to have our water bills raised a little, because we are so very well satisfied with the present management as it is. They have done a good deal towards making the water purer at Sebago Lake, they have laid out lots of money, and it is worth more money than it was; and they have lowered the price from what it was when they took it over. When I came here before and this bill came up, I met a merchant from Portland in the hall—and I could tell you his name, I am not telling you anything outrageous—and he said, "do not let them interfere with the water company at all, do not let them do it." That is what one of the merchants of Portland said. Now, as I said, gentlemen, there is something behind this bill. I tell you there is "a nigger in the woodpile" somewhere and I hope gentlemen, that you will all vote as we voted before, to indefinitely postpone this bill and let them alone, and let them go on with their good work and their good management.

Gentlemen, I thank you. (Applause).

Mr. ROUNDS of Portland: Mr. Speaker and gentlemen of the House: I supposed that we were discussing the Portland Water District bill. I did not suppose we were discussing the question of the Westbrook Gas Company or the Portland Gas Company. I supposed that this was a Portland Water District bill.

Now, the gentleman from Westbrook (Mr. Gilmour) has referred to the Portland Water District being managed by the common people. I want to say here that Phillip F. Chapman, President of a bank and

William L. Blake, President of the United States Trust Company—are those men common people, or are they people who are called capitalists in the city of Portland?

The gentlemen has also referred—and I will only make one reference—to the gas company as a private corporation. Gentlemen, I was an alderman of the city of Portland and I voted on one-third of that stock, and one-third of that stock is now owned by the city of Portland, and I suppose these are the common people, because they are the people of the city of Portland. I want to say here that the people of Westbrook had a chance to come into this district but they turned it down, because they said, "we can mortgage the property of the citizens of Portland and get our water just as cheap as they do, and they have done it for the last sixteen years. Now what have they done in that time? They have got a sinking fund of just about one million dollars, and, gentlemen, when this was a private corporation they paid four per cent on their stock and four per cent on their bonds and the stock never cost the people that owned it one cent. And since 1908 they have only increased the sinking fund to one million dollars but they have increased the bonded indebtedness up to over \$5,525,000 and the notes payable are over \$7,000,000 and only last week they came to the Public Utilities Commission and asked for another increase of bonds and it was granted to them.

Now, gentlemen, where is it going to stop? I do not know, you do not know. But they have gone to Sebago Lake and in the town of Standish they have taken one of the biggest industries out over one mile from their unit and they have paid an exorbitant price for a little village that has taken out of the State taxes that it should have and from that town of Standish they have taken away cottages, and there has been an old filter put in there that you could put paris green in front of and it would never get it. But the old company, what did they do? They got to work and built a lake so they could make some money. But we have gone in debt over two million dollars and at the same time we have bought a third of the valuation of Standish, trying to make the water of the people of Portland pure. But with a few thousand dollars they could get a filter that would give the

town of Standish pure water and the State of Maine could have a nice lot of taxes coming in that now they have lost because of taking this village and destroying it, and there is no knowing where they will stop. I expect to see them—and there is one man who practically is the whole show—I expect to see him going away up on Long Pond and taking the cottages that people rent in the summer from New York and other places, and mortgaging your property and my property and everybody's in the State of Maine, but not the property of Westbrook and not the property of Cape Elizabeth, and therefore I want to say that I hope that we will recede and concur with the Senate.

Mr. CUMMINGS of Portland: Mr. Speaker and gentlemen, the remarks of the gentleman from Westbrook, Mr. Gilmour, so far as they pertain to the gas pipes, were interesting, but had nothing whatever to do with the case. His remarks with regard to this bill on the Portland Water District were purely and simply imagination, based on no fact, and I personally resent his insinuation that there is something sinister back of this bill.

Now, gentlemen, I had—perhaps I ought not to say it, but I will say it with your consent—I had as much to do with the creation of this Portland Water District as any man in the city of Portland. I was through their fight from start to finish and put in a great deal of time and earnest effort to bring this district into existence. I have always been a friend of the district and every trustee will tell you so as well as their attorney, and I have done what little I could to protect this district and for a man to insinuate here today that there is something sinister in this bill, something back of this bill, and that it is a move of private interests to get control of this company, gentlemen, is imagination purely and simply and nothing else, absolutely nothing else.

The gentleman from Westbrook, Mr. Gilmour, also stated that through the wisdom of these trustees, the assets had been built up. Why, gentlemen, how? By bond issues? By extensions? By a continual issue of bonds until the interest on those bonds has become such a burden that whereas they formerly paid from two to three per cent into their sinking

fund, in 1921 they put but one per cent and then had a deficiency? Is that any remarkable showing for the management of this district?

It was no purpose of mine to bring the management of this district into this controversy. I merely wanted that the people of Portland and South Portland who are the owners of this property and who are holden for its obligations, should have a right to say when new enterprises would be undertaken and whether or not they should be undertaken, but as the management has been so lauded, let me say this. The trustees of the Portland Water District, in my judgment, have very little to do with the management, and let me give you one little instance, and what I say, I can furnish some facts back of. After they bought that water company last summer I went to one of the members of that board who has been a member since its formation and asked him what they paid for it, and he could not tell me; and I had to go to the treasurer of the district to find out. A few days ago this same trustee was asked with relation to the statement which David E. Moulton made before the Committee on Judiciary when he said that every shovel which they bought went into new capital which means it was paid for by a bond issue, and this trustee said that he could not think that was so and that Mr. Moulton must have meant steam shovels. Gentlemen, he did not mean steam shovels; he meant what he said, and I submit that a member of the board of trustees who takes so little interest and has so little to do with its management that he could not tell what they paid for a water company recently bought by them and who does not know what they purchase with the money derived from bond issues,—if anybody wants that sort of trusteeship, they can have it, but I do not.

There is nothing wrong with this bill. It is only a question of whether the owners of this property who are holden for the \$7,000,000 of indebtedness of this corporation, shall have a right to say whether or not new enterprises shall be undertaken or not. This Water District was not organized for a speculative concern. There was no intention that it should indulge in the purchase of corporations or of Water Districts which were to be added to it, and if any man can think that it is wrong for the owners of this district to have

it in their power to say whether or not these things shall be done, I am very much mistaken in the intelligence of this body.

Mr. GILMOUR: Mr. Speaker, I would like to ask a question of the gentleman from Portland, Mr. Cummings, through the Chair.

The SPEAKER: The gentleman may state his question.

Mr. GILMOUR: Brother Cummings, if you were on that board, that commission, in Portland, would you be willing to shut off all those other parties that are taking water from that district, the city of Westbrook and those other parties? Would you be willing to shut them off, if you were on that commission?

The SPEAKER: The gentleman from Portland, Mr. Cummings may answer through the Chair the question of the gentleman from Westbrook, Mr. Gilmour, if he wishes.

Mr. CUMMINGS: Mr. Speaker, I am very glad to answer such a question. I certainly would not; neither would I shut them off from any reasonable advantages that they either now have or might desire to get.

Mr. SMALL of Standish: Mr. Speaker and gentlemen: I did not intend to say anything on this matter but as the gentleman from Portland, Mr. Rounds, has referred to some things which I know of, I will try to sustain his remarks. The town of Standish by the Portland Water District extending their right of eminent domain around the lake, has lost a considerable amount of taxable property. They have taken away a small village, they will not sell a house unless it is taken down and moved away, and I understand they propose to put a fence around that lake, no one knows how far up, and that concerns not only the town losing taxes but it concerns every farmer around the lake who has been depending on the summer visitors for his profits through the summer.

Now, at a meeting called by the town, a prominent chemist was present who went across and took charge of all that work, and he said that the water of this Sebago Lake could never be made pure by buying property around the lake, as an excuse, for the water in that lake at certain seasons of the year would be impure, and the only possible way to purify it was to put in a modern filter, as Mr. Rounds referred to in

his remarks. So, I say, I speak for the several towns around that lake, and I think it is unnecessary for the company to have any further extension of their rights around the lake.

Mr. JORDAN of Cape Elizabeth: Mr. Speaker and members of the House: little did I think, two or three weeks ago when I tabled this matter, what I would start. I did not realize that there was so much in the bill and I hardly think now that there is. As I said before, this Portland Water District is the best managed corporation in the State of Maine which is publicly owned and I doubt not, in the whole United States. And if that is a fact—and I say it without fear of contradiction—why do you meddle with it? Why not let them alone?

In 1907 this district was formed and during that time there have been eight different men trustees, and the only reason that there has been any change at all is on account of the death of three men. I venture to say, if those men had lived, the trustees never would have been changed in all that time.

Now they must be men of good judgment and good business ability or they would not be retained there. They furnish water to the city of Portland—\$100,000 worth a year—without any expense to the city of Portland itself. They spend from \$15,000 to \$16,000 a year to have the water analyzed for public health purposes, and they do everything they can do for the cities of Portland and South Portland to protect their health. The water users in those cities get the faucet rate for the first faucet of \$5.00 and the next rate is \$4.00 with a 10 per cent discount for cash. The meter rate is \$10.00 per year. Do you want it any less? Is not that cheap enough? Now, if all that is true, why not leave them alone?

There has been a remark made here that the trustees did not know what the Water District is doing. Now, every bill incurred by the Portland Water District is signed on the back of it by every trustee—all five of them—even down to matters as small as 45 cents, and it shows that in their report, and the reason that I cannot give every member a copy of this report is that they used to furnish hundreds of reports but there was no call for them by the public, the public was not interested in the matter, so naturally they discontinued furnishing them. The people are not interested in the Port-

land Water District because it has been so well managed that everyone is satisfied.

Do you suppose for one moment that if there had been anything wrong with the Portland Water District, the Portland Press Herald, which has been referred to here this morning, would not have been heard from, and in no uncertain terms?

Now in 1903 there was a contract made by the town of Cape Elizabeth with the old Standish Water Company and that company was taken over in 1907 by the Portland Water District, and in referring to the records of the town I found that I myself and two other gentlemen signed that contract as selectmen of the town and in all that time since 1907 up to last fall there has been less than two miles of pipe laid in the town of Cape Elizabeth on account of the expense. The town is so situated that the three roads running through the town go through about a mile of ledge country and in order to get out to the outlying sections the water company had to go through those sections of ledge and it was so expensive that the company would not do it. The last work done this fall was 700 feet and it cost \$2100 and the men who wanted it paid half and the town paid the other half. That is the way we have worked it out.

Then there was a club that wanted water badly and offered to divide the expense and a good many thought it was the only opportunity we would ever have to get the water out there so we joined forces and went to the Water District and interviewed them twice; and out of the goodness of their heart they relieved us a little further and the work was nearly completed last fall and will be by this spring.

Now in the Press Herald that has been referred to this morning, under date of March 3rd, I saw a letter to the editor which I will read in part: "To Editor of The Press Herald: Dear Sir—As a citizen of Portland who has a jealous consideration for the welfare of the system under which the community is getting its water in so highly satisfactory a manner, I would inquire as to what is going on at Augusta in connection therewith?" (It is a rather long letter and I am reading it only in part). "Having had occasion to make inquiry I know that the District accounts will bear the closest scrutiny. The system maintained is so good that it has served as a model for such utilities in various parts of

the country; all transactions and the recording of the same, have the endorsement of the trustees from week to week, while the other safeguards are supplemented by regular examinations by a highly reputable accounting house.

It would be well for our politically disinterested citizens to take heed of this latest attempt to monkey with the Portland Water District." (Signed) "Water Taker."

Now, gentlemen, if those facts are true—and they are true—why not let them alone? I certainly hope that the motion of the gentleman from Portland (Mr. Rounds) will not prevail.

Mr. SANDERS of Portland: Mr. Speaker and Members of the House: There is just one question or one point in connection with this matter that I want to make. A long time ago when the Portland Water District was founded, the city of Westbrook was asked to become a member of that district. A vote was taken but the city of Westbrook voted by a vote in excess of two to one against going into the Portland Water District.

Another point is this. The people of Portland and South Portland brought this Portland Water District up to where it is today. That is, the people in those two municipalities stood back of this proposition and became financially responsible for it in every way. Now today if the Portland Water District were to extend its system into other communities the people of Portland and South Portland would be held liable for the expense of continuing that service, and it seems to me, gentlemen, a very reasonable proposition that where the people of Portland and South Portland are liable for this proposition, it should follow that they have also the right to say whether or not this system should be extended to other parts outside of the district. It seems to me that that is a very reasonable and just and fair proposition, that the people who are held liable and responsible for it should be allowed to say in what manner it should be extended, and as this matter comes from the committee with an unanimous report, and as the Portland Water District itself, through its attorney, makes no objections to the bill, I hope the motion of the gentleman from Portland, Mr. Rounds, will prevail.

Mr. ROUNDS: Mr. Speaker, I would like to ask a question through the

Chair to the gentleman from Cape Elizabeth, Mr. Jordan.

The SPEAKER: The gentleman from Portland, Mr. Rounds, may state his question.

Mr. ROUNDS: Whether he knows who that water taker is or is it the Press Herald editor?

The SPEAKER: The gentleman from Cape Elizabeth, Mr. Jordan, may answer the question of the gentleman from Portland, Mr. Rounds, through the Chair, if he wishes.

Mr. JORDAN: Mr. Speaker, I know nothing about it except what is in the paper.

On motion by Mr. Sanders of Portland the previous question was ordered.

The SPEAKER: The question is on the motion of the gentleman from Portland, Mr. Rounds, that the House recede and concur with the Senate. The Chair believes that it may be well at this time to state the situation for the benefit of the members—

Mr. GILMOUR: Mr. Speaker, is that the motion of the gentleman from Portland, Mr. Rounds, or the motion of the gentleman from Portland, Mr. Cummings?

The SPEAKER: The Chair will state that it was the motion of the gentleman from Portland, Mr. Rounds. The Chair will also state, for the benefit of the members, the position of the bill.

In the House, House Amendment A was presented and later the House Amendment and the bill was indefinitely postponed. In the Senate the bill was passed to be engrossed without the adoption of House Amendment A. The question now is on the motion of the gentleman from Portland, Mr. Rounds, that we recede and concur with the Senate.

A division of the House being had,

Forty-seven having voted in the affirmative and 66 in the negative, the motion to recede and concur with the Senate was lost.

Mr. JORDAN: Mr. Speaker, I move that we adhere to our former action which was to indefinitely postpone.

Mr. CUMMINGS: Mr. Speaker, if it is in order I move that we appoint a committee of conference.

The SPEAKER: Does the gentleman from Portland, Mr. Cummings, make the motion to insist? The motion to insist takes precedence over the motion to adhere. Is that the

wish of the gentleman? The motion to insist and ask for a committee of conference, under the rules, takes precedence over the motion to adhere.

Mr. CUMMINGS: I make that motion, Mr. Speaker.

A division of the House being had,

Thirty-four having voted in the affirmative and 57 in the negative, the motion to insist was lost.

The SPEAKER: The question now is on the motion of the gentleman from Cape Elizabeth, Mr. Jordan, that we adhere to our former position which was indefinite postponement of the bill and the amendment. Is this the pleasure of the House?

A viva voce vote being doubted,

A division of the House was had.

Seventy-four having voted in the affirmative and 15 in the negative the motion to adhere prevailed.

The SPEAKER: The next matter before the House under tabled and today assigned, is Report of Committee on Taxation on Resolve amending Constitution providing for a tax on income derived from intangible property, it being House Document No. 184, tabled by the gentleman from Gardiner, Mr. Gardiner, March 23rd, pending acceptance.

Mr. GARDINER of Gardiner: Mr. Speaker, I move to substitute the bill for the report and will make a few remarks in support of that motion.

Gentlemen of the House, I want to be as brief as possible as I do not want to weary you and I also wish to leave ample time for those other members of the House who wish to speak in support of this bill.

This House Document 184—and I think it may assist in the discussion if the members will turn to that document—the actual resolve appears on page 16 of that House Document—the substance of this resolve being a proposal to amend the Constitution of the State of Maine to allow the taxation of the incomes from intangible property. Perhaps it would be well in our discussion to substitute for the words “intangible property” words with which we are more familiar, and so I will state that intangible property consists of stocks and bonds, that is, securities which yield an income to their owner. The substance of this resolve is to add to the provision in the Constitution which gives the Legislature power to

tax tangible property, the power to levy a tax upon the income derived from intangible property, that is from stocks and bonds.

I would like to discuss briefly the general principle which is behind this resolve, after first calling to your attention the means of its introduction. You will recall that in the earlier part of this session a committee was appointed to consider the report for the current year of the State Board of Assessors, and that the committee rendered a report which is now in your hands. The first part of that report is concerned with the law relating to exemptions and is not now before us. The largest part of the report is concerned with this question of taxation of intangible property, a question which is of vital importance to the State, a question of policy that affects every taxpayer in the State. The names of the members of that committee appear on page 16 of the report and the committee reported offering an amendment to the Constitution, which is the question now before us.

There has always been a good deal of agitation about the taxation of stocks and bonds. A good many of those stocks and bonds are at present taxable by law, but you all know that it is impossible for the legal assessors to reach that property and to derive any tax therefrom. A member of this House told me the other day of a woman who lived in his town who was considered to be wealthy but her yearly tax was only \$100 a year. Immediately after her death my informant was one of the assessors and he went through her estate as listed in the probate court and assessed a tax on that estate of \$2,700. That means that that citizen had been residing in that town for a period of years and paying almost a negligible tax. As soon as the ownership of that person regarding stocks and bonds became evident, a tax of \$2,700 was assessed against her estate.

One reason why the present laws cannot be enforced is because the imposition of the legal rate of taxation would be so high as to be almost confiscatory. Now there are two methods of imposing a fair and just tax on this class of property. One is by a flat rate of a mill tax—and, to be fair and just that rate would be lower than the rate of taxation imposed upon real estate. The other method would be to levy some form

of income tax upon such property and to tax the individual according to the income he receives from stocks and bonds.

It must appear that such a method presents the fairest form of taxation on this kind of property, for a stock or a bond is of value to the owner only as it yields him income and the owner of a stock which has passed its dividends and yields no income for the time does not possess the continuing wealth which indicates his ability to pay a tax on that property.

This report, which doubtless many of you have examined, traces the history briefly of attempts to reach this kind of property by some tax. There has been a bitter fight all along, for I apprehend that some individuals are afraid that they might be obliged to pay a tax upon this kind of property. History tells us that in 1891 there was a strong movement for a drastic listing bill which would tax this kind of property. It passed the House and was defeated in the Senate by one vote, and the recent report upon this subject tells us that the individual who cast that vote was convinced that the proposition was right but gave in to the great pressure brought to bear against him. I have seen evidences of that same kind of pressure but I do not believe that there is a single member of this House who will yield his conviction to any kind of pressure.

You will recall that in 1920 there was proposed a Constitutional amendment to the bill to provide for authority in the Legislature to levy a general income tax law, and it may be asked why should this same question be brought up again. That 1920 question provided that the Legislature have authority to levy a general income tax. This resolve before you defines the scope of that tax on intangible property. Perhaps some of the members will recall that at that election in 1920 for a few days prior, there had been circulated pamphlets and advertisements in the newspapers urging people to vote against the adoption of the amendment and you will remember that most of those pamphlets and advertisements were not signed. The people who were seeking to defeat the amendment did not care to reveal their identities. They were hiding while they were attempting to influence the vote of the people of the State of

Maine. That situation has since been remedied. In the last session of the Legislature a law was passed requiring that such advertisements be signed by some person responsible for the same.

In the early history of the state all property upon which a tax could be levied was open and visible to the assessors, but since those days life has taken a different form and now a large portion of the wealth of the citizens of the State of Maine is as represented, not in the land but in the intangible property of stocks and bonds of various kinds.

It has always been difficult to estimate the exact amount of such property held by individuals resident in this State; and it was not until the United States Government compiled figures from the returns of income as filed by our citizens that it was possible to have a definite basis for any estimate of the amount of such property. This report states the manner of estimate with which this committee proceeded, and you will find by that estimate that the amount of stocks and bonds held by individual persons in this State amount in value to almost \$500,000,000. You will find also that the actual amount of intangible value which is reached and taxed by our assessors is about \$20,000,000; that is, that whereas there is in fact somewhere in the vicinity of \$500,000,000 worth of such property, we are unable to tax only about \$20,000,000 worth of that kind of property. In this report, on Page 11, there appears a diagram which indicates the trend of all taxation matters since 1903. You will observe that there is one line which indicates that valuation of the entire State is growing at a healthy, normal rate, but you will also note another line, which is the average tax rate for our towns and cities, which is mounting at an alarming rate. You will notice the lowest line of all, the black solid line, which is the amount of the assessed value of intangible property, and you will note that that shows very little increase—and since the change in the bank stock law, shows practically no increase at all. Without referring to the situation created by the change in the bank stock tax law, I would like to state that if we leave out from the amount of intangible property which is taxed the amount of bank stock, there remains for 1922 a little under \$15,000,000 to

be taxed. For 1921, the amount was \$17,000,000, and for 1920, it was a little over \$15,000,000; so you will note that without bank stock, the amount of stock and bonds from which the taxpayers of Maine got benefit was declining during those last three years.

It might be asked if there were any other change in the situation which would warrant the submission of such a question as this again to the people, and as one indication of that I will ask you to recall the last convention of the Assessors held here in Augusta—assessors from all over the State. At that convention they expressed considerable interest on this proposition. The Board of State Assessors are in a position where they have to take knowledge of the problems of taxation and of the needs of the State, and, of course, the local assessors have peculiar knowledge of the tax problem within their respective jurisdictions.

I would like to say a word to the opponents of this measure, although I do not know what line their argument this morning may take. There has always been a tendency to try and becloud the issue, because if smoke can be raised by the gentlemen who wish to avoid a tax can make a retreat successfully. Do not be deluded by any misrepresentations of this question that are made to you.

I think I have stated sufficiently clearly the underlying purpose of this proposed amendment to the Constitution. It is that the Legislature shall have power to levy a fair and a just tax on that \$480,000,000 worth of property that now escapes any share in the tax burden; and sometimes those who oppose this policy state that it would be inadvisable to make that change because, if we had that additional revenue, it would merely be spent. Well, you gentlemen are well aware of the uses to which that revenue could be put, but even if expenses were not allowed to increase, then the growth of revenue from that class of property which has been enjoying virtual exemption must operate to reduce the tax upon other forms of property in the State; and it seems to me plain that the tax rate now upon real estate and small homes is as high as it can be held and the State continue to prosper—the average small property owner.

Some talk has been made of such a tax applying to book accounts of mer-

chants. I believe that that is merely an attempt to confuse the issue before us. This resolve merely provides that this Constitutional amendment be submitted to the voters at a State election. If the people should accept this amendment, there would be then the duty devolved upon a succeeding Legislature to draw up a form of tax bill which would actually tax the property. In this amendment there is no power in itself to tax it. It merely authorizes the Legislature to pass such a tax bill. The last part of the words which are added to the Constitution in this resolve would allow the Legislature to give a more favorable rate of taxation to securities which represent industries operating within the State, it would be within the power of the Legislature to grant such companies exemption or a preferential rate, and that would seem to be of great advantage in the interest of the development of the entire State, for one crying need of the State of Maine is capital to encourage her industries and develop her resources, and if a little something can be done in the way of retaining capital at home, the State will be so much the gainer. A citizen who has \$1000 to invest and buys a bond of the Dominion Government, may be secure in his investment, and at the present time he is almost practically secure in his tax exemption. An investment of that \$1000 in the Dominion of Canada does us no good, or if he buys oil stock in Oklahoma companies it does us no good, and he pays no tax on that form of wealth. If, however, he should invest that money in some local industry, it would seem reasonable either to grant him exemption or to give him a preferential rate of tax. I have said that the principle behind this resolve was a fair one. Sometimes it is said that the imposition of such a tax as this would result in double taxation. That also appears to me to be only an argument that is seeking to confuse the issue. In this report of the committee you will find mention of the names of other gentlemen who have maintained that we should take some action in order to impose some form of tax upon this class of property.—back as far as Governors Dingley, Gargelon, Davis, Plaisted, Robie, Bodwell and Burleigh, and in recent times a very distinguished gentleman of a committee appointed by Governor Milliken. They were of the opinion that property such as this should no longer be allowed to escape its fair share of the tax burden. For every dollar which is exempted from taxation there must be

a heavier burden upon the remaining property.

While we have been speaking, of figures of the United States income tax, and speaking of large incomes from stocks and bonds, it is interesting to recall that a large number of our citizens are engaged in agricultural pursuits and to remember that the average tax rate on agricultural property is over 35 mills. The extension department of the University of Maine has been engaged in various surveys, and they have found that on 245 farms, scattered in almost every county in the State, with the exception of Aroostook county, the average labor income of the owner of that farm was \$447,—and remember that tax rate averaging 35 mills—in some towns 50 or 60—a tax bill that cannot be postponed, an obligation certainly which failure to meet means forfeiture of the farm.

I say again that this four hundred and odd million dollars that now escapes taxation should bear some burden of our taxation scheme. It should bear a fair and a just rate, and we believe—the members of this committee and others interested—that the fairest form of tax that can be imposed, and one which no public spirited man would object to paying, is an income tax.

On the motion as now put, a motion to substitute the bill for the report, a vote of yes is for the bill. If we accept the bill this morning, the matter will come up for final enactment later. A vote of yes is in favor of this resolve and in favor of the Legislature having the means to impose a fair and a just rate of tax upon so much property that now escapes any share in the burden. (Applause).

Mr. NICHOLS of Portland: Mr. Speaker: Great is my respect for the proponent of this resolve. Since the opening of this Legislature he has been my seat mate in the committee room, and safely have I followed his leadership in measure after measure before this House. But I cannot now see my duty in the same light. What is the proposition before us? An amendment to the Constitution providing for the granting of power to levy a tax upon income derived from intangible property and to provide for certain exemptions. In 1913 this Legislature added an amendment to the Constitution which provided that the Legislature shall have the power to levy a tax upon intangibles at such a rate as it

deemed wise and equitable without regard to the rate applied to other classes of property. That law is still in existence, and today it is proposed to tax not only intangibles, but the income on intangibles. "Intangibles" has been defined by the preceding gentleman (Mr. Gardiner) as stocks and bonds. Gentlemen, it includes money at interest, and the very basis upon which he fixes the amount of intangibles in this State is computed from the income from money at interest taken from the United States income tax returns. We have already in our laws a provision for taxing personal estate. "Personal estate for the purposes of taxation includes all goods, chattels, money and effects, wheresoever they are; all vessels, at home or abroad; all obligations for money or other property; money at interest," etc. This is Section five of Chapter 10 of the Revised Statutes. Section 74 of the same Chapter provides that, "Before making an assessment, the assessors shall give reasonable notice in writing to the inhabitants, by posting notifications in some public place in the town," and requires the inhabitants to bring in "true and perfect lists of their polls and all their estates real and personal, not by law exempt from taxation"; and if they fail to do so the local assessors can doom them, and they did doom them in the city of Portland to the extent of nearly \$8,000,000 last year.

What are intangibles? Money at interest, stock and bonds, yes, even the money in loan and building associations is an intangible asset. Now this is a discriminating tax. I am not opposed to a general income tax. I would gladly pay my share of the burden of all incomes, but this is a discriminating tax—a tax upon intangibles. The high rent booster pays no tax; the profiteer in the necessities of life pays no tax under this proposed amendment. The professional man pays no tax under it. Only he who has money at interest comes under this ban.

There has been estimated approximately \$425,000,000 of intangibles in this State, computed from the income tax returns of the United States government, which, bear in mind, Representatives, include money at interest as well as stocks and bonds. How is this \$425,000,000 invested? One hundred and ten million dollars is in the savings banks of this State, and to that sum should be added \$10,000,000 of reserves and undivided profits

which belongs to the depositors, making \$120,000,000 in savings banks. In the trust companies of this State, in the savings department, are \$70,000,000 more. In the United States National Bank at interest are \$50,000,000. This is not including the checking accounts, and there may be some question whether the State of Maine can tax the money in the National Banks at interest. The State of Louisiana recently attempted to tax money in a Farm Loan Bank, and the United States Government held that it could not be done; but in any event if it is taxed, all the men with capital would transfer it to the savings banks. Add to that the money invested in loan and building associations and we have \$250,000,000 of money. Are you going to put a tax upon the money in your savings banks on the income derived from this \$250,000,000. Are you going to tax the widows, the children, the orphans, who have income in those savings banks, as well as the wage earner who placed it there.

Next included in this list is capital stock. Let me illustrate! If three men desire to go into business and form a corporation, each investing \$10,000, making \$30,000 invested in the business, and this corporation buys a stock of goods with the \$30,000 and during the year the average stock of goods is kept at \$30,000, and on the first day of April, the assessors assess that stock of goods under our law, at \$30,000, every cent of the money that has been put in the business is paying a tax and is paying it at a rate of over three and one-half per cent, are you now going to tax the income on that \$30,000 in addition? That is the fair proposition of the gentleman who preceded me. If you tax the capital stock of this State, this State will lose both in revenue and in industry. The United States does not tax the income on capital stock except when the income is in excess of \$5000. If you put a tax on capital stock, your industries will cease. If you put a tax on capital stock, there will be no necessity for a referendum on the Kennebec Reservoir Dam bill.

It is impossible to estimate the number of bonds in this State. The gentleman who preceded me could not estimate it. There is no way of getting at it, but if you tax the bonds of the State and the county and the municipality, what will be the result? The county, the State, or the

municipality will pay just so much more interest for its money. Unless it does, it will be in competition with the Savings Banks. A man will not put his money into municipal bonds if he can get the same rate of interest and protection in the savings bank, and then face an income tax on it.

I quote from the report of the committee to this Legislature at Page 15, wherein it says: "The committee is of the opinion that just and fair provisions properly enforced would produce a revenue at least in excess of that at present derived from intangible property; and would afford a means whereby the revenue from such property would increase gradually in keeping with the actual increase in the total value of intangible property owned in the State. A maximum tax of six per cent upon the income received would seem a fair rate." That is the report of your committee on Page 15 of House Bill 154. This opinion of the committee is not supported by reference to any facts which have been disclosed by the experience of other States where income taxes have been in force. In Massachusetts there has been since 1916 an income tax which has provided for a normal tax of six per cent on intangibles. This is the same rate which the committee recommends. I believe no other State has such a law. What is the effect in Massachusetts? The figures from Massachusetts show that there is no reasonable expectation that the revenue from such a tax would increase in keeping with the actual total value of the intangible property owned in the State. The amount assessed on income from intangibles in Massachusetts for the year 1916 at the rate of six per cent was 8,697,503.31, but instead of gradually increasing in keeping with the increase in the value of property, both tangible and intangible, during the period from 1916 to 1920, there was in Massachusetts an actual decrease in the amount of income of over \$600,000. In the five years from 1916 to 1920, in Massachusetts, where this law has been in force, the income from intangibles decreased \$617,548.05, or seven and one-tenth per cent, while the income from the other sources increased \$1,574,630.15 from \$2,577,000, in 1916 to \$4,151,691.71 in 1920, or 37 9-10 per cent.

Now what about the present system of taxation in this State? The gentleman who preceded me stated

that the amount of intangibles in 1917 and 1918 was approximately, if I remember him correctly, \$20,000,000, and he attempted to show that there had been a decrease in intangible property. I must confess that I think that his method of reasoning is hardly fair, because in 1917 and 1918 the bank stock was taxed as intangible property, and not until last year was the bank stock taken out of intangible property and placed in a separate class by itself; so that in 1917 and 1918, when the intangibles were assessed at \$20,000,000, there was included in that amount practically \$10,000,000 of bank stock, and it was assessed at par while there was only 10,000,000 other intangibles during that period. But, our State Assessors assessed the last year the bank stock par value of \$10,000,000 at \$15,000,000, so that at present our intangible property stands approximately at \$30,000,000, of which \$15,000,000 is bank stock and \$15,000,000 in other intangibles, so the intangibles have increased in this State during the past five years from \$10,000,000 to \$15,000,000 or \$5,000,000 since 1918.

The value of intangibles other than bank stock last year was \$14,863,000. The average tax rate in the State was 35.77, which produced income of \$531,654. The amount collected on our bank stock last year was \$237,438, making a total from intangibles—this is in the State of Maine—last year of \$769,092. The amount received from intangibles in 1916, the year the Honorable Representative who preceded me mentioned was \$573,299, making an increase of tax in the State of Maine on our intangible property under our present method of taxation of \$195,793, or an increase of 34.14 per cent. Where, then, is our danger from lessened taxation if our assessors do their duty? Right here in Augusta you are assessing the leading hotel on the valuation books for taxation at one hundred dollars, and this hotel I am informed pays a tax of \$4.00 a year to the city of Augusta. Bring in your proper valuation and you have no need of taxing the income from any source.

The State of New Hampshire has recently voted upon this question and I read the editorial as follows:

"New Hampshire people voting in town meetings and at city elections have defeated a proposition to strike the word 'proportional' from the tax provisions of the State constitution.

The adverse verdict is given in emphatic terms. The vote stands three to one against the adoption of the amendment." * * * *

"The adoption of the amendment would have made possible the imposition of a State income tax. The New Hampshire folk may not have been unmindful of the fact that in Massachusetts with such a tax, local tax rates on real estate are higher than ever before. The New Hampshire farmers and other property owners, if they regard the prospect of an income tax as meaning more taxation rather than less, are not without reason for apprehension.

"The New Hampshire decision is fairly to be regarded as a protest against further increase in taxes. It is an exhibition of the spirit that is apparent elsewhere, and is finding expression in many ways. The general public is coming to share with the experts the opinion that the high cost of government is already taking from the people great sums of money that are needed in the development of the resources and industries of the country."

No, Representatives, do not accept this bill. Do not put an additional burden upon the people of this State. It is the opening wedge of triple taxation. Already two methods are now on our Statute books. Do not add a third. No one can predict where it will end. When you overtax, you destroy. We are now holding out inducements to foreign as well as our own capital to develop the industries of our State, but with two methods of taxation, and another added, industries will stifle. Representatives, in after years, when on the declining side of life, you are sitting by your own firesides reviewing the events of the 81st Legislature of which you were members, as you recall the laws which had been voted upon by you, may there be no lingering thought in the minds of any one of you that by your act or deed you have put about the necks of your fellow citizens the unbreakable shackles of an unjust and discriminating income tax. (Applause).

The SPEAKER: The gentleman from Pittsfield, Mr. Stitham.

Mr. STITHAM of Pittsfield: Mr. Speaker and members of the House: I am not going to say but just a few words on this subject. The gentlemen who have preceded me have shown such flowery oratory that it would be

hard for me to give or carry any weight or impress you very much at this time, I am sure; so I will confine myself to just a few statements.

You will remember that I called your attention a short time ago to this document, and I trust the members have given it reading and study. I will now only touch upon the question, and briefly go over this document and freshen your minds at this time by quoting from parts of the document. As has been stated by the first speaker, this has been prepared and presented to this House by the joint select committee appointed by this Legislature to consider the recommendations in the report for 1922 of the Board of State Assessors, charged with the duty of reporting to the Legislature by bill or otherwise, and they beg leave to submit the following report:

"Your committee has met with the Board of State Assessors and, as far as possible within the time available, has examined into the history and present aspect of taxation problems. A partial report has already been rendered covering the recommendations of the Board except those pertaining to exemptions and the taxation of intangible property."

Now the State Assessors recommended that "the laws exempting property from taxation should be carefully revised, stating that some of the laws should be repealed and others amended so that the amount exempted should be fixed and certain."

The committee reports and recommends "to the consideration of the Legislature the matter of taxing intangible property; that is, bonds, notes, money at interest, shares of stock in corporations within or without the State, or other obligations for money or other property. It is pointed out that the present evasion of the taxation of intangibles is not authorized by law, but is tolerated because the imposition of a local tax rate would confiscate the income of such property."

Now the history that this committee has placed in this document, the history of this tax question, I just want to quote one or two sentences from the report of the Special Tax Commissioners of 1890—just one short sentence, as follows: "That all taxable property is not equally assessed under our present laws, and that land and houses and cattle, visible

and tangible property, are bearing an unequal share of the public burdens; and that farmers especially, as a prominent stock raiser concisely puts it, are 'drawing at the short end of the yoke,' all concede. That this complaint of the escape of much personal estate from taxation, and the demand for a remedy, has not been a mere partisan cry, but a well-founded desire for a much needed reform."

Now just a sentence from the report of 1908: "Great emphasis is given to the necessity of equalization of values throughout the State, and a new method of apportionment of the State tax is strongly recommended."

The report of the Commission on Taxation of Intangible Property, 1917, printed as appendix E to budget message of Governor Milliken in February, 1917, contained the following:

"A committee was informally requested by Governor Milliken to consider the question of taxing intangible property. The committee reviewed the tax situation with particular reference to the escape from taxation of intangible property, and recommended a listing law with a tax of three mills."

Now, gentlemen, the only thing that comes before us at this time is the recommendation from this committee and a resolve which I feel will not burden anyone if it is passed at this time. Section eight of the resolve is the part we act upon, and is as follows: "All taxes upon real and personal estate, assessed by authority of this State, shall be apportioned and assessed equally, according to the just value thereof; but the Legislature shall have power to levy a tax upon intangible personal property at such rate as it deems wise and equitable without regard to the rate applied to other classes of property, including the power to levy a tax upon the income derived from intangible property, and shall have power to grant reasonable exemptions and to prescribe a rate of tax upon the income from intangibles based upon property which is subject to other forms of taxation in the State, or upon income from bonds issued by the State or by any county, municipality, village corporation or water district therein, different from the rate upon income from other forms of intangible property."

Future Legislatures should have

the right to vote as they see fit, and use their own judgment in the matter. I hope the motion of the gentleman from Gardiner, Mr. Gardiner, will prevail.

The SPEAKER: The Chair recognizes the gentleman from Augusta, Mr. Maher.

Mr. MAHER of Augusta: Mr. Speaker, I can assure you and the gentlemen of the House that I shall be extremely brief. I am very much interested in the subject under discussion, and I believe that the bill under consideration should not receive your favorable consideration for three reasons that I will submit to you.

In the first place, it seems to me to be a bit in line with modern procedure in reference to legislation to start out for something comprehensive, and, failing to get that, to start along on the line indicated in the measure, but not as broad as the first, and, failing in that, come along to the last analysis, all of which were included in the original. I do not like that method of procedure.

Now in 1926 there was submitted to the people of the State of Maine a resolve for a general income tax. That general income tax which should have been a matter of such great moment and of such instant appeal to all the people, certainly enlisted but very scant consideration, and the people have within the short space of three years emphatically passed upon that law in the negative. Now the only thing that appeals to me is that the next Legislature, if we submit this proposition to the people, would be asked to again submit that Constitutional amendment to the people to vote upon in striking out the clause about exemptions. In short, the matter has been too recently passed upon by the people of the State, or, at least, they have had the opportunity to pass upon this very measure which was necessarily included in the measure that was submitted to them to warrant at this time a further submission of the same proposition.

Secondly, this measure is itself defective, to my mind and seriously defective. Now I recognize the absolute sincerity of purpose of the distinguished gentleman from Gardiner (Mr. Gardiner) and I have no doubt that he is touching upon what is a real need. I presume there is need, if it can be done, of equalizing values for the purposes of taxation; but does that bill help you do it? I am not following along at all in the argument of the

gentleman from Portland, Mr. Nichols, but I do believe that this measure is aimed at just what the gentleman from Gardiner (Mr. Gardiner) said it was, namely, stocks and bonds—income producing securities. Will that add what you desire? It will, provided you have a definite premise, if you have income bearing securities on the same basis, if there is no distinguishing feature; but unfortunately that is not the case. Income producing securities are very sharply separated and separated into tax exempt and non-tax exempt. Now, if you are going to impose an income tax by virtue of this upon securities, those securities certainly are going to absorb the cost of the tax. It is passed on and the security has to absorb in its interest charge in some way the tax. What is the result? Inevitably you are going to find these securities turned into tax exempt securities, whether they be Federal, State, county or municipal, simply to avoid paying their just proportion of the expenses of government. The tax exempt securities in the year 1922, as I have it from authoritative sources, in the year 1922 amounted to over a billion dollars, and there are at present in the United States exempted from taxation securities amounting to sixteen billion dollars; and by "exempted" I mean exempted because they are not reachable—because when they were born there was put on them the legislative sanction that they should be free from taxes.

Well, now, by measures like this, if they were universal they result in what? In the depreciation of the securities of industrial enterprises that are seeking capital. I do not mean that this particular bill would do this, but the principle of it, the depreciation of securities, of industries that are needing capital in the development of a particular section, of a particular industry, would have this effect. Then if that does not follow you come to the next objection. If you will turn to House 184, and you have it in front of you, you will see that future Legislatures shall have the power to grant reasonable exemptions. The Legislature shall have the power, it says at the outset, to levy a tax upon intangible personal property at such rate as it deems wise and equitable without regard to the rate. I will say that that language is so comprehensive that I

should like an expression of opinion from some authority on the subject. It seems to me, at least, that that language is so comprehensive that it could reach to every tax exempt security in Maine today. Now I do not know whether that would be impairment of the obligations of contract or not, but it seems to me that it is drawn so broad that every county bond, every State bond, every tax exempt bond, if the Legislature should see fit to do it, a tax could be imposed thereon. Now, I do not believe this Legislature desires a law so loose as that to be passed; and, if it cannot be done because of impairment of the obligations of contract, you then come to the next clause "and shall have power to grant reasonable exemptions," and you are going to assume that the people of the State of Maine, you are going to see the purposes that you see fit to accomplish more honored in the breach than in the observance, because you are going to have the Legislature dominated by those who are interested in seeking tax exempt profits under that very amendment. Now it seems to me, gentlemen, that if you desire to get at this in a fair and equitable way, and if you believe that the time has come, submit again a broad, comprehensive, inclusive, Constitutional amendment, if you think the people of the State of Maine are ready to again pass upon that question. For my part, I believe that it would be exercising a sound discretion for this Legislature to refrain from submitting any Constitutional amendment to the people at this time other than such as may be necessary to carry on the functions of government.

Mr. WING of Auburn: Mr. Speaker, although it is getting late, I wish to intrude for a few minutes upon your patience and upon your time, and I will begin with a confession. Two years ago the distinguished gentleman from Gardiner (Mr. Gardiner) and I sat on opposite sides of the House and he presented a similar measure. I heard him and he did not convince me and I voted against him. Two years have gone by and I have grown older, and I hope more wise, and I have changed my mind.

Now this proposed Constitutional amendment rests on the sound development of public law, namely, that development which is best described as the socialization of our law—the leading exponent of which is Dean Roscoe Pound, the head and dean of the leading and most conservative

law school in our country. Now to many of us, are only view of codified law, and that is the law about which we are talking, especially of a law involving a tax, is in terms of our own mental development and our own selfish interests. We are apt to view rights and duties as of the past, as fixed and made certain by the experience of the past without a just consideration of the demand the future has. We must look to the future as well as to the past to make the present properly understandable. We fail, to see that the twentieth century is different from the nineteenth century. The problem of the twentieth century is not so much to reconcile the rights of individuals as to reconcile the rights between individuals and groups of individuals and between groups of individuals themselves, between accumulation of the past and the necessities of the present. Already it is in the minds of men that property may be taken in the exercise of police for esthetic purposes. Liability as in the Workmen's Compensation laws is being imposed without fault. We are familiar with the idea that property devoted to public uses must submit to public regulations. The law of public utilities and their regulation by utility commissions is an admitted fact. This Legislature has passed a co-operative marketing act. Taxation laws are being based on the principle of ability to pay, not on the principle of equality between individuals. To prove this assertion I call your attention to our graduated Federal income and our own inheritance tax laws.

As society grows and develops into groups, and groups and organizations seek to express themselves in purely social activities property accumulated under ancient and admittedly wise and sound rules must yield its part for the common good. If by accumulation and inheritance and by means of law large sums are held and large incomes vest in the hands of citizens, they must hold such property subject to the great social interest back of it, and such property must give way before this principle that the ability to pay is subservient to the right to inherit and accumulate, that in the right of the State to regulate the activities of grouped individuals is also the right to regulate by a tax grouped and accumulated property.

Now this Legislature has had be-

fore it and has tried to provide revenue for teacher's pensions, for old age pensions, for State Piers, for the University of Maine, for third-class roads, for the European corn borer, State insurance, for the operation of motor trucks and vehicles, for advertising purposes, for an expensive building at Springfield. Now, if we are to provide for all these social necessities—and our citizens demand them and seek to have them—we must provide the revenue; and the only revenue that the State has, the only source of its income, is the power to tax. And as I have said before, I believe that this Amendment rests upon a sound principle, and I shall support the motion of the gentleman from Gardiner, Mr. Gardiner. (Applause)

Mr. BARLETT of Waterville: Mr. Speaker—

Mr. WINN of Lisbon: Mr. Speaker, we have been here since nine o'clock this morning. We have consumed four hours, and I think this is a matter to which we should give our careful consideration. I move you that we adjourn until tomorrow morning at nine o'clock.

Cries of "No, No."

The SPEAKER: A motion to adjourn is not debatable, and the Chair will first put the motion. The gentleman from Lisbon, Mr. Winn, moves that we adjourn until tomorrow morning at nine o'clock. As many as are in favor of adjournment will say aye, those opposed no.

A viva voce vote being taken, the motion to adjourn was lost.

The SPEAKER: The Chair recognizes the gentleman from Waterville, Mr. Bartlett.

Mr. BARTLETT of Waterville: Mr. Speaker and gentlemen; I will ask your attention for but three or four minutes. I wish to take up some of the things that entered into my consideration in forming the opinion which I hold.

Under the Constitution as at present the Legislature has the power to tax all property, real and personal to the fair value thereof. In 1911 there was submitted an amendment to the bill that intangible property might be taxed at a different rate than the other classes of property. Under that amendment the Legislature of this State has taken no action until two years ago when the so-called Bank Stock Tax was, I presume,

passed under that amendment, reducing the rate from a local to a state rate on the taxation of bank stock. Now under the general power the Legislature having more exemptions under this income tax amendment than it had before, what is the condition today under previous actions of the Legislature. There is a general provision of the constitution and we have certain classes of exemptions. Savings banks are exempt, deposits in savings banks are exempt, so the statute says, and then there is another provision under which the deposits in savings banks are taxed, an intangible tax in the form of a franchise tax which yields today \$212,019 and some odd cents. Deposits in trust companies are taxed in the same way. The state, municipal and county bonds are exempt today from taxation, in the hands of individual holders. And the reason is, I presume, that these municipalities need to raise money for public use, and others have appropriated money from the institutions because that was a public use. Other forms of real and personal estate are at this time exempt from taxation.

Now here is the condition in the towns and between the individuals. In some places intangibles are taxed by the assessors and in other places they are not. The main idea before the committee was, I think, an equalization of the laws of revenue so that each class would bear its own proportionate part, and in submitting this amendment it does not provide for any specific form of tax on anything but what is under provision of the constitution is now already taxable.

The SPEAKER: The question is on the motion of the gentleman from Gardiner, Mr. Gardiner, that the bill be substituted for the report.

Mr. GARDINER: Mr. Speaker I ask for the yeas and nays.

The SPEAKER: The gentleman from Gardiner, Mr. Gardiner, calls for the yeas and nays and they are ordered. The Chair believes it is proper to state at this time what substituting the bill for the report means inasmuch as many members are new. It means identically the same as if the bill had been reported ought to pass from the committee. We have heard the report of the committee ought not to pass. The motion of the gentleman from Gardiner, Mr. Gardiner, is that

the bill be substituted for the report. Is the House ready for the question.

On motion by Mr. Wing of Auburn, the messenger and assistant messenger were ordered to page the corridors.

Mr. OAKES of Portland: Mr. Speaker, may we have read the majority and minority report?

The SPEAKER: There is no majority and minority report. There is an unanimous report of the committee ought not to pass. The motion of the gentleman from Gardiner, Mr. Gardiner, is to substitute the bill for the report, obtaining the same result as if the report of the committee had been ought to pass. Is the question plain? As many as are in favor of substituting the bill for the report on the motion of the gentleman from Gardiner, Mr. Gardiner, will answer "yes" when their names are called. Those who wish not to substitute the bill for the report will answer "no" when their names are called. Is the House ready for the question? The clerk will call the roll.

YEA--Adams, Liberty; Adams, Litchfield; Archibald, Ayer, Baker, Bartlett, Waterville; Belliveau, Bickford, Bisbee, Blaisdell, Boman, Brett, Cates, Cherry, Clarke, Conant, Crowley, Dudley, Dunn, Farley, Pinnell, Foss, Gagne, Gagnon, Gamage, Gardiner, Gauvin, Gile, Gillespie, Gilmour, Goldthwaite, Gordon, Hamilton, Hayes, Chelsea; Hayes, Gorham; Hayford, Hobbs, Holmes, Jewett, Johnson, Jones, Jordan, Cape Elizabeth; Jordan,

Westbrook; Keef, Lamson, Leathers, Leland, McIlheron, Newcomb, Nickerson, Overlock, Palmer, Pendleton, Perkins, Phillips, Pinkham, Ramsdell, Ranney, Ray, Rogers, Rowell, Saunders, Sayward, Small, Sparrow, Stitham, Storm, Stratton, Sturgis, Thomas, Leeds; White, Whitney, Williams, Wills, Wing, Winn, Winslow, Wood--78.

NAY--Atwood, Barwise, Beckett, Benoit, Boulter, Bradbury, Brewster, Brown, Chalmers, Crafts, Cummings, Curtis, Dain, Downing, Fickett, Granville, Hallett, Hammond, Hodgkins, Houghton, Hutchinson, Keene, Knight, Littlefield, Lord, Wells; Ludgate, Macomber, Maher, Martin, Melcher, Morrison, Morse, Bath; Nichols, Oakes, O'Connell, Pierce, Piper, Plummer, Rounds, Sanders, Siddall, Staples, Tarr, Thomas, Chesterville; Tilden, Towne--46.

ABSENT--Bartlett, Hanover; Burns, Dilling, Douglas, Drake, Dunbar, Edwards, Greenleaf, Hale, Heal, Jacobs, Kitchen, Lord, South Portland; McDonald, Moody, Morse, Greene; Nadeau, Nevins, Owens, Perry, Reed, Smith, Stevens, Story, Teague, Weeks--26.

Seventy-eight having voted in the affirmative and 46 in the negative the bill was substituted for the report.

On motion by Mr. Gardiner of Gardiner, the rules were suspended and the bill received its two several readings and was passed to be engrossed.

On motion by Mr. Blaisdell of Sullivan,

Adjourned until tomorrow morning at 9 o'clock.