

MAINE STATE LEGISLATURE

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Legislative Record

OF THE

Eighty-Eighth Legislature

OF THE

STATE OF MAINE

1937

KENNEBEC JOURNAL COMPANY
AUGUSTA, MAINE

HOUSE

Monday, April 19, 1937.

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

Prayer by the Rev. Mr. Bradford of Hallowell.

Journal of the previous session read and approved.

On motion by Mr. Bird of Rockland the rules were suspended to permit the introduction of a resolution, out of order, and that gentleman presented the following resolution and moved its adoption:

WHEREAS we have learned with profound sorrow of the death of Cleveland Sleeper Sr. of Rockland, father of Cleveland Sleeper Jr., a member of this House:

BE IT THEREFORE RESOLVED that this House of Representatives extend to our fellow member, Cleveland Sleeper Jr. and to his family, our sincere sympathy in their bereavement, and that a copy of this resolution be transmitted to him and to the widow of the deceased, by the Clerk.

Thereupon the House adopted the resolution.

From the Senate: Report of the Committee of Conference on the disagreeing action of the two branches of the Legislature on bill an act relating to uniforms for Deputy Sheriffs (S. P. No. 454) (L. D. No. 849) reporting that the committee has agreed and recommends that the House reconsider its action by which the bill was indefinitely postponed, and pass the bill to be enacted as amended by House Amendments A and B, and that the Senate concur in House Amendments A and B and enact the bill as amended.

(Signed)

Miss Laughlin of Portland
Messrs. Wentworth of York
Goudy of Cumberland
—Committee on part of Senate.

• Ellis of Rangeley
Varney of Berwick
Sleeper of Rockland
—Committee on part of House.

Comes from the Senate with the report read and accepted and the bill passed to be engrossed as amended by House Amendments A and B.

In the House, the report of the committee of Conference was accepted in concurrence.

Thereupon the bill was passed to be engrossed as amended by House Amendment A and House Amendment B in concurrence.

From the Senate: Report of the Committee of Conference on the disagreeing action of the two branches of the Legislature on Memorial to the Congress of the United States urging it to appropriate money for the care of telephone and telegraph cables to Matinicus Island (S. P. No. 311) reporting that they are unable to agree.

(Signed)

Messrs. Fernald of Waldo
Goudy of Cumberland
Miss Martin of Penobscot
—Committee on part of Senate.
Messrs. Crockett of North Haven
Elliot of Thomaston
Dwinal of Camden
—Committee on part of House.

Comes from the Senate read and accepted.

In the House the report of the committee of Conference was accepted in concurrence.

From the Senate: Report of the Committee of Conference on the disagreeing action of the two branches of the Legislature on Resolve proposing an amendment to the Constitution relating to signers on referendum petitions (H. P. No. 1636) (L. D. No. 775) reporting that the committee has agreed, and recommend that the House concur with the Senate in adopting the Committee report ought not to pass

(Signed)

Miss Laughlin of Cumberland
Messrs. Wentworth of York
Ashby of Aroostook
—Committee on part of Senate.

Ellis of Rangeley
Varney of Berwick
Sleeper of Rockland
—Committee on part of House.

Comes from the Senate read and accepted.

In the House, the report of the committee of Conference was accepted in concurrence.

Thereupon the House receded and

concurred with the Senate in the acceptance of the ought not to pass report of the committee.

From the Senate: Final report of the committee on Federal Relations.

Comes from the Senate read and accepted.

In the House, read and accepted in concurrence.

Papers from the Senate disposed of in concurrence.

From the Senate: Majority report of the Committee on Temperance on bill an act relating to local option provisions (S. P. No. 295) (L. D. No. 499) reporting same in a new draft (S. P. No. 515) (L. D. No. 1045) under same title and that it ought to pass.

Report was signed by the following members:

Messrs. Tompkins of Aroostook
Marden of Kennebec
Littlefield of York
—of the Senate.
Meserve of Sebago
Maxell of Orient
Stilphen of Dresden

—of the House.
Minority report of same Committee reporting ought not to pass on same bill.

Report was signed by the following members:

Messrs. Dow of Kennebunkport
Wyman of Benton
Sleeper of Rockland
Hamel of Lewiston

—of the House.
Comes from the Senate with the majority report read and accepted and the bill passed to be engrossed as amended by Senate Amendment A.

In the House, the majority report of the committee was accepted in concurrence, and the bill had its two several readings, and tomorrow assigned.

Senate Bills and Resolves in First Reading

S. P. 516, L. D. 1048: An act relating to production and sale of milk.

S. P. 519, L. D. 1047: Resolve in favor of Anton R. Jordan of Osborne Plantation.

S. P. 518, L. D. 1050: Resolve in favor of certain agricultural societies.

S. P. 517, L. D. 1049: Resolve in favor of Helen Newton Parker.

From the Senate: Report of the committee on Judiciary reporting ought not to pass on bill an act relating to exemption of motor trucks from registration, S. P. 332, L. D. 596.

Comes from the Senate with the bill substituted for the report and passed to be engrossed as amended by Senate Amendment B thereto.

In the House, on motion by Mr. Philbrick of Cape Elizabeth the ought not to pass report of the committee was accepted in non-concurrence.

From the Senate: Resolve relating to smelt fishing in Hancock county, H. P. 1774, L. D. 898, which was passed to be engrossed in the House on April 16 as amended by House Amendment A in non-concurrence.

Comes from the Senate that body voting to insist on its former action whereby the resolve was passed to be engrossed without amendment, and asking for a committee of Conference with the following conferees appointed on its part: Messrs. Lewis of Lincoln, Sewall of Sagadahoc and Wentworth of York.

In the House, on motion by Mr. Noyes of Franklin, that body voted to insist on its former action and join in the committee of Conference.

The SPEAKER: The Chair will name the committee of Conference on the part of the House later.

Bill an act to create the State Aeronautical Commission (S. P. No. 217) (L. D. No. 390)

which was taken from the legislative files by the Senate and passed to be engrossed as amended by Senate Amendment A, and which the House voted on April 16th to return to the files.

Comes from the Senate with that body insisting on its former action and asking for a Committee of Conference; and with the following conferees appointed on its part: Messrs. Willey of Cumberland, Ashby of Aroostook and Spear of Cumberland.

In the House, on motion by Mr. Paul of Portland that body voted, by a viva voce vote, to adhere to its former action.

From the Senate: The following order:

Ordered, the House concurring, that the Personnel bill, L. D. 970, as

amended, be returned to the Senate forthwith. (S. P. 526)

Comes from the Senate read and passed.

In the House:

Mr. PHILBRICK of Cape Elizabeth: Mr. Speaker, I would like to inquire what became of the Personnel bill, so-called, after it was last acted on in this House.

The SPEAKER: The Chair will send for the record.

(Record produced)

The SPEAKER: In answer to the gentleman's question, the Chair will say that it has consulted the record and finds that L. D. 970, bill an act to provide for a system of personnel administration in State employment, and to create a State Personnel Board and a Director of Personnel, and to define the powers, duties and proceedings of such Board and Director was passed to be engrossed in the Senate on Thursday, April 15, and was passed to be engrossed in concurrence in the House on last Friday, April 16. In accordance with the usual practice the bill was sent by the Clerk following adjournment last Friday to the Secretary of the Senate, and was transmitted by him to the Secretary of State for engrossing. The Chair is further informed that, on Saturday, April 17th, when the bill had been engrossed, it was delivered by the Secretary of State's Department to the office of the Clerk of the House after the House had adjourned for the day, between three o'clock and three-thirty in the afternoon. The bill in its regular course comes before the House today on its passage to be enacted. The Chair believes that the bill has been handled expeditiously and properly by the House and by the officers of the House.

On motion by Mr. Philbrick, the order was tabled, pending passage in concurrence.

Reports of Committees

Mr. Viles from the Committee on Appropriations and Financial Affairs on resolve in favor of Knox Memorial Association Inc., for support and maintenance of "Montpelier" (H. P. No. 660) reported same in a new draft (H. P. No. 1886) under same title and that it ought to pass

Report read and accepted and the new draft ordered printed under the Joint Rules.

Mr. Donahue from the Committee on Appropriations and Financial Affairs and Sea and Shore Fisheries jointly reported ought to pass on resolve in favor of the propagation of lobsters, shad, etc. (H. P. No. 1613) (L. D. No. 766)

Report read and accepted and the resolve, having already been printed, was read once under suspension of the rules and tomorrow assigned.

First Reading of a Printed Bill

(H. P. No. 1882) (L. D. No. 1061)
An act relating to the State Racing Commission

Passed to Be Engrossed

(H. P. No. 1878) (L. D. No. 1055)
An act relating to construction of State Aid roads in Indian Township

(H. P. No. 1879) (L. D. No. 1056)
An act relating to the establishment and maintenance of stations or police barracks for weighing trucks

(H. P. No. 1874) (L. D. No. 1051)
Resolve in favor of Arthur Liberty of North Yarmouth

(H. P. No. 1875) (L. D. No. 1052)
Resolve in favor of R. Earle Haley of Rangeley

(H. P. No. 1876) (L. D. No. 1053)
Resolve in favor of George A. Johnson of East Machias

(H. P. No. 1877) (L. D. No. 1054)
Resolve in favor of Manzie I. Rogers of Bangor, Maine

S. P. 493, L. D. 1031, An act relating to agricultural societies, as amended.

Passed to be Enacted

(S. P. No. 179) (L. D. No. 254)
An act relating to Emergency Municipal Finance Board

(S. P. No. 391) (L. D. No. 732)
An act relative to bounties

S. P. 408, L. D. 796: An act to provide for annual audits in cities, towns, plantations and village corporations.

Mr. WYMAN of Benton: Mr. Speaker, I move that item 3, an act to provide for annual audits in cities, towns, plantations and village corporations, Legislative Document 796, be indefinitely postponed.

My reason for doing this is that I believe the way the act is worded that it is compulsory for the towns, and I believe it should be an optional matter.

The SPEAKER: The gentleman from Benton, Mr. Wyman, moves that item 3, an act to provide for

annual audits in cities, towns, plantations and village corporations, Senate Paper 408, Legislative Document 796, be indefinitely postponed.

The Chair recognizes the gentleman from Ellsworth, Mr. Higgins.

Mr. HIGGINS of Ellsworth: Mr. Speaker, I move that Legislative Document 796 be laid upon the table.

The motion prevailed, and the bill was tabled, pending the motion of Mr. Wyman of Benton that the same be indefinitely postponed.

Passed to be Enacted

(Continued)

(S. P. No. 457) (L. D. No. 850)
An act relating to terms and salaries of City of Lewiston officials

(S. P. No. 485) (L. D. No. 970)
An act to provide for a system of personnel administration in State employment; to create a State Personnel Board, and a Director of Personnel; and to define the powers, duties and proceedings of such Board of Directors

Finally Passed

(S. P. No. 300) (L. D. No. 498)
Resolve relating to a State Highway Planning Survey and Planning Survey Committee

(S. P. No. 512) (L. D. No. 1936)
Resolve providing for the payment of certain pauper claims

(H. P. No. 653) (L. D. No. 1038)
Resolve to reimburse the town of Rome for burial expenses of Lester A. Brown, a veteran of the Spanish War

Passed to be Enacted

(H. P. No. 1484) (L. D. No. 562)
An act to permit Loan and Building Associations to consolidate or transfer assets

(H. P. No. 1822) (L. D. No. 1039)
An act relating to support of dependents of soldiers, sailors and marines of the World War

Finally Passed

(H. P. No. 1842) (L. D. No. 1001)
Resolve in favor of Guy M. Babcock of West Gardiner

(H. P. No. 1852) (L. D. No. 1004)
Resolve creating a Recess Committee on compensation for occupational diseases

Orders of the Day

The SPEAKER: There are several matters on the table. If any of them can be taken from the table and acted upon this after-

noon, it will expedite the business of the House.

Mr. ELLIS of Rangeley: Mr. Speaker, in order to give the members a chance to look over the tax bills, I move that we recess until eight o'clock this evening when I shall take these matters off the table.

The motion prevailed, and the House recessed until 8 P. M.

Evening Session

8:15 P. M.

The Speaker in the Chair.

The SPEAKER: The Chair recognizes the gentleman from Rangeley, Mr. Ellis.

Mr. ELLIS: Mr. Speaker, I move to take from the table the ninth unassigned matter, report A of the committee on Taxation, reporting consolidated bill A, report B, reporting consolidated bill B, and report C, reporting consolidated bill C, tabled on April 17th, pending acceptance of any of the three reports.

The motion prevailed, and the bills and reports were taken from the table.

Mr. ELLIS of Fairfield, Mr. Speaker, I would move that the House accept the report, ought to pass, on L. D. 1060, being bill and report C, and in support of this motion I would like briefly to say that I believe that every member of the House has made up his mind as to how he will vote on these bills, and I think that any lengthy speech would be out of order. However, I believe it is right that we should briefly state our opinions upon these bills and our reasons for them.

My position is this: I am not a tax expert, but in common with every member of this House I have considered this proposition to the best of my ability, and I have made up my mind that the fairest and best proposition to secure the money needed for our State expenses and to make a beginning for a change in our tax program in the State, of which we have heard so much in the last few years, is a combined sales and income tax. Knowing that I represented a sizable group who believed in this, I have, from the outset, maintained my position on the committee and in public, and for that reason I now present this bill for your consideration, according to the wishes of this group and according to the decision of our

House caucus. These bills are lengthy and no doubt there are many items in them which may not be according to the wishes of some members of the House. Those who wish to make changes will have opportunity to do so, and for these reasons I hope the motion to adopt the ought to pass report of the committee on this bill will prevail.

The SPEAKER: The gentleman from Fairfield, Mr. Ellis, moves that report C be accepted. The Chair recognizes the gentleman from Readfield, Mr. Newton.

Mr. NEWTON: Mr. Speaker and Members of the 88th Legislature: I am very glad of the suggestion made by the gentleman from Fairfield, Mr. Ellis, that no very long speeches be made. I think you will all echo that sentiment and I will try and not weary you with any extended remarks tonight. We have been discussing this question here during all these weeks in caucus and have endorsed the measure which we are now discussing. I think we all have our minds made up pretty nearly as to how we are going to vote on these different questions and we ought not take so very much time in discussing them.

About this time of year the assessors in our various towns and cities come around to see us, to see what they can see. A man has a small farm or a laborer has a small house; he is never forgotten. The assessor may be unwelcome but he always comes just the same. They are not the forgotten men when the assessor comes around. The forgotten men are the holders of intangibles and the man of large salary. If he has nothing that can be seen, he does not get very much of a tax assessed to him. I suppose it is pretty well understood that half the wealth of this State is in intangibles. It is also true that the intangibles, and incomes from them, pretty largely escape taxation. Now in this bill, it is our intent to reach that other half, the half that is not paying its proportionate share of the cost of governmental activities. We are not asking for all that a man has, if he is a wealthy man. If a man is poor and has a small house, a small cottage or a small farm, perhaps he keeps enough for at least a decent living, but everything else is taken by the tax collector. We are not asking to take all that our more fortunate citizens have, but we sub-

mit that it is only fair that they help the poor fellow in the support of the government. We do not ask anything which is not fair.

The rates which we have in this bill may not be satisfactory to you all; that is a matter that can be adjusted; but they are not high. We are not asking for sixty per cent, we are not asking for forty per cent. The highest bracket is only four per cent.

Now whenever any measure comes before this House, it has been my custom to look and see who was behind the bill or what interests are behind the bill; and as I go through the corridors of this building, I meet, quite frequently, some very fine gentlemen. I like them very much. They are not members of the 88th Legislature, but they are frequently with us. They are very fine, pleasant gentlemen and I am always glad to meet them. I notice that they almost always are wearing a sort of a pleasant smile as though they were anticipating success or as though they were very glad to see me. I have no doubt they are. They have a perfectly legal right to be here in the interests of their clients and I am not questioning that at all; but in whose interests are they here? I do not believe they are here in the interests of the small farmer who lives in Readfield or in South Hope,—I do not believe so. I do not believe they are here in the interests of the great mass of the people who work in our shops and factories. I do not believe so. I have not asked them whether they are here in their interests or not, but I infer that they are here in the interest of some other class of people.

I have an idea that the everyday sort of folks, the men who are just making a living, who are spending all of their income, the everyday sort of folk back home,—I have an idea that we do not see very much of them here. They do not have the money to pay for these fine gentlemen who we are very glad to meet out here in the lobby, but they have us here and they are expecting that we will act as their agents in looking after their interests.

Now I say that the taxes, as we are laying them now, mostly on real estate, are unfair. They are unfair to the rural sections. If you will bear with me just a moment, the average of the tax in the State

in the rural sections is \$47.39; the average in the cities is \$43.90. In some of our towns the rate is \$50.00 a thousand, \$60.00 a thousand, \$70.00 a thousand, \$80.00 a thousand. Real estate needs relief. Now I believe that the taxes proposed in this measure can be made to give some relief to these over-burdened real estate taxes.

Even the City Manager of Portland, when he was here, professed himself to be somewhat astounded that the tax rate could be as high as sixty dollars. He said he did not see how people could live and stand a tax rate of sixty dollars, and yet there are some that run from ninety dollars to a hundred dollars in this State. Fifty dollars, sixty dollars and seventy dollars are altogether too common. Well, my answer to the City Manager's remarks is that we cannot, and the long list of delinquent taxpayers simply shows that real estate cannot stand any such taxes as these.

Now all the taxes that have been proposed in this Legislature, about all of them, bear more heavily on the under dog. We have a liquor tax. Well, I hold no brief to speak for the liquor interests at all, and if a poor man must have his liquor, I suppose he will have to have it. As I go into these places, I find that the men there are a good deal like myself; they have not very much money. I have been into several of them, like the fellow who went to jail just as a visitor, to see who it is that is coming in to patronize those places, and I infer that the lower half of the population, those in moderate circumstances or lower, are largely patrons of the liquor places. We have put a good big tax on that in one of the bills that we shall have before us in addition to the high tax that we have already put upon liquor. Then we have the selective sales tax, the luxury tax, the amusement tax, which seems to me bears more heavily on those of small incomes than it does on the large incomes. Now the real estate tax, as I have already said, bears more heavily on those of small incomes.

In one of the bills that will be presented to us is the head tax which, it seems to me, is unthinkable—four dollars on every man and woman over twenty-five years of age. A man who hasn't got ten dollars to his name is confronted with that four-dollar head tax, and

if he is worth five million dollars, he has a four-dollar head tax put on. There is no justice in that at all.

The income tax, then, hits the more fortunate. It is fair to the more fortunate, it is fair to the less fortunate. If a man has no income, he does not pay any tax. That is perfectly fair. The sales tax is an excellent tax. It distributes the tax and that is what we have been talking about—distributing the tax, getting a proper base—and I subscribe to the sales tax because the more money a man has, the more he spends, and the more tax he pays. That, along with the income tax, it seems to me, makes a very fine scheme.

Now a few moments more. I simply believe in an income tax because it is fair and reasonable; nothing unreasonable about it at all. It depends upon the ability to pay and that is the best criterion by which you can lay taxes, anyway. No principle can be sounder than that. The administration of the income tax is low, averaging about three per cent. It costs you ten per cent to collect your real estate tax. The average cost of administration of this income tax is only about three per cent in the other states. We need to consider that. Again, it has been found feasible in more than half the states. Now it is barely possible that some of my friends feel that if we adopt that method, we will be too much like other states, that we will be knocked off our pedestal of,—well, splendid isolation, perhaps we will call it.

Another thing! Most taxes are shifted. It is more difficult to shift the income tax than any other tax which we have. It does not tax new business that may be getting established. If there is no income, there is no tax. Someone has criticized it because it has a tendency to drive business out of the State. The experiences of other states is that it does not do this. There have been committees that have been appointed in various states to see whether this is so or not, and it has been found that it is not so.

Another thing I like about it is that it does relieve, or can be made to relieve, property tax. It does not burden those who are unable to pay a liberal exemption, what we call a liberal exemption here in the State of Maine, of one thousand dollars and two thousand dollars

that one can live on decently in this State.

With increasing tax burdens we need every source of revenue. Again, income itself is property and it ought to be taxed. Now except to those who have to pay the tax the skies of Maine will be just as blue if we should pass this tax bill as they were before. Our hills, valleys, ponds and rivers, our shores and mountains, will be just as beautiful as they were before such a tax was laid. Bar Harbor will still remain the most beautiful spot in Maine and Mt. Cadillac's view will still remain the best of any that can be found anywhere in this country. Our friends, the tourists, I believe, will still come to "Vacationland." (Applause)

Mr. SEABURY of Yarmouth: Mr. Speaker and Members of the 88th Legislature: I will try to be brief, and if I am not, it will be the first time I have failed in this respect.

Now this tax problem of course is our biggest problem, and I suppose it is just as big as we think it is; but with me it does not seem to be a particularly difficult task but that may be because of my incapacity to measure the thing in all its significance. But here are three choices, so to speak, and they are quite alike in some respects in what they attempt to accomplish. There are to my mind two distinct channels of approaching this problem which are not possible to compromise. Of course all legislation is compromise, but at least there are two particulars in this tax problem which do not lend themselves to a compromise result, and as I visualize it, it is simply this: There are those of us who may have good reason for their position, who believe we should raise the least possible money to meet the demands which we are willing to undertake. That is one school of thought. Now the other school of thought are those of us, with whom I happen to agree, who are willing to go along with the combination bill, who are willing to go a point further than that and accomplish, beside the point at hand, the problem which must be solved in one way or another; we go one step farther and assume a tax reform proposition.

Now those two ideas are not propositions of compromise, to my way of thinking.—I mean as a basic proposition. You would not expect people entertaining those two di-

vergent points of view to be able to compromise successfully. I do not think it would be reasonable to suppose we could compromise successfully because the points of view are entirely different.

Now I will try and be just as brief as I can and make my position as clear as I can.

It seems to be a recognized fact that we all agree that the real estate taxation scheme of things has long since been entirely out of joint. It has certainly outworn its usefulness. We cannot expect to go on indefinitely on the present tax setup. We would like to be several years accomplishing the amount of reform that is in this Legislative Document 1060; but it seems as if we are not privileged to do this in just the way we would like to do it. It looks to me as though we must take two steps at once,—you might say the two first steps. We would like to take a part of this now and a part of it a little later, perhaps a couple of years later, but we do not have the privilege of doing this. We have got to go a step farther than we would like to, in this prudent and conservative State of ours. However, I am convinced that now is the time to take that second step along with the first step, and I believe that his combined revenue measure will be a real step in that direction,—not the final step. It is not all that is to be desired but it will be a real definite step in the right direction.

I have very little patience with those people who say that that amount of money distributed back to the town does not amount to anything. Even the single sales tax was said to yield at least \$2,235,000 for such a purpose. The combined taxes will probably yield approximately \$4,000,000 for such a purpose. Now \$4,000,000 is \$4,000,000. Now there is no sense in trying to say that that is not a substantial contribution toward that objective because it certainly is a very substantial contribution toward that objective. I believe the sales tax is a fair enough tax. I have no quarrel with the sales tax philosophy. Everyone pays under the sales tax and I am not unmindful that the rich pay a good deal more than the poor—of course they do—they earn more and spend more and pay more tax, and that is all right; but in order to make this sales tax stick I am willing to go along and add

the income tax to it so that it may be said that we have treated the entire problem in a fair manner, that we have taken in all classes of people. Certainly no one will argue that an income tax is unfair. That is already an established fact among the most of us, I believe.

Now I believe that if we take the combined tax measure that we will have a very much more defensible position to justify our action. There is never very much satisfaction in doing the least thing that will get you by, although it sometimes is the thing that we have to do, especially in our private affairs; but there is very little satisfaction in doing just the very least that will get us by. There is no satisfaction in it, there is no glory in it and there is certainly no statesmanship in it.

I believe the thing to do now is to take the second step and do a good job. We wish that we did not have to go that far, but I believe we have got to go that far before we can get a reasonable answer to this problem. I believe that all these tax measures have their merits. I have no quarrel with anybody who wants to tax luxuries and there are all kinds of taxes here—head taxes and clear down to your feet, I guess—everything but your nose has got some kind of a tax on it—everything that one can think of there is some kind of a tax hooked on to it and they all have considerable merit. But I think, all things considered, that the combination tax is the best solution of our problem that I have heard and I want to repeat, because it is the gist of my feeling in the matter, that it is the best answer to the problem. I do not claim it is the only answer but I feel it is the best. I feel like going the whole way, if you might see it that way, and do the job right and I think this method is the best that has been suggested yet. The details of this combination bill may be found fault with and the details of any of these bills. We certainly have got to compromise when it comes to that point; but these details can be worked out and I certainly think that the combination bill is the answer to our problem.

Mr. PAYSON of Brooks: Mr. Speaker, for my own information, I would like to ask the gentleman

from Readfield, Mr. Newton, a question through the Chair.

The SPEAKER: The gentleman from Brooks, Mr. Payson, wishes to ask through the Chair a question of the gentleman from Readfield, Mr. Newton. The gentleman from Brooks, Mr. Payson, may ask the question and the gentleman from Readfield, Mr. Newton, may answer if he wishes.

Mr. PAYSON: I would like to ask Mr. Newton just how much he estimates the combined sales and income tax would give us for each of the next two years.

Mr. NEWTON: Mr. Speaker, I hardly think it is just the time to take these matters up but I would suggest that perhaps \$5,000,000. That is merely a guess, however.

Mr. MAXIM: Mr. Speaker and Members of the House: First, I want to explain why I signed two reports in connection with this matter of taxation. Ever since I came to Augusta and became a member of this House, I have spoken on various occasions in behalf of a combined income and sales tax as the best method of meeting the present situation. I am not at all opposed to meeting it in this way now. It is true that of late there is some doubt entered my mind as to whether the public is ready for the adoption of the taxes together, the two taxes and I think it entirely likely that they are. There is a certain amount to be said, with justice, with regard to balancing of the sales tax with a low rate income tax. It is entirely possible to make too much of this argument, however. I am therefore ready to go ahead either on the two taxes together or on the two per cent retail tax by itself, in accordance with what may prove to be the desire of this body and the entire Legislature. Now I have chosen to present my argument for the sales tax at this time in order to get before the members of this body some salient tax and pertinent facts in regard to the operation of the sales tax.

This matter of taxing people according to their actual expenditures for tangible personal property is not a new thing. It originated in this country virtually in 1929, when West Virginia and one other state enacted retail sales taxes of a very low rate. Following the depression or the collapse of the stock market and the inflationary movement of 1929, many states enacted sales

taxes as an emergency measure. These states, all told, have run to the number of twenty-nine, of which the tax still stands in twenty-two. In the other states, two, New Jersey and one other I have forgotten for the moment, repealed their taxes, in New Jersey because it became very quickly after enactment a political football. The Kentucky act was repealed by the Supreme Court because of unconstitutionality resulting from a graduation in the tax at a million dollars of sales. Twenty-two states, however, still have the tax, and in about ten or eleven states the tax has become a permanent part of the fiscal system. In the states of Illinois, Michigan, California, and some others, the tax runs into a great amount of money, replacing entirely the general property tax formerly levied in the state. In North Carolina it has taken care of the schools of the state, with some local contribution, but taking the lion's share. In these ten or eleven states it is regarded as such a valuable part of their tax set-up that there is not the slightest chance that these taxes will be abandoned. Now I would like to call your attention to this phase of the matter, which seems to me to be pertinent, before we consider just how much money we ought to raise. It seems to me that we ought to look at the whole situation, in order to get a view of the entire problem, before we can act with fairness and wisdom as to the two or several taxes proposed.

Enough has been said already in this assembly as to the situation of general property and the fact that the valuation of the State is steadily declining. The State property tax, or, I should say, the average property tax through the State, has risen in about six years from forty-four dollars a thousand to almost forty-eight dollars a thousand, and there is every sign that it will still go up. We, therefore, in enacting any new tax legislation, ought to take into account relief for real estate. We ought also to look at the phase of the business cycle in which we find ourselves. On a declining cycle or declining phase, it might be perfectly proper to adopt a tax which would not produce a large over-lay of money, for the reason that when prices are declining it is possible for State departments and institutions to get along with less

money than on the upward swing of the business cycle in which we now find ourselves. It has come to my attention recently that the cost of woolen goods such as are used for garments in some of our State institutions has recently gone up as much as fifty per cent, and it is a fair supposition that the general upswing of prices is going to make our departments and institutions cost considerably more to run. Now it is not the time in the business cycle to enact any niggardly tax measure. We must take into consideration costs are going to be higher and prices are going to be much higher. I think most economists are agreed that we are headed toward a vortex of credit inflation, possibly mixed with currency inflation—we do not know yet. But ultimately in any inflationary movement, both in this country and abroad, when prices go up the demand for tax money becomes more and more urgent, and taxes have to be levied more heavily on real property and other sources wherever possible.

Now this combination of sales and income tax, to my mind, meets the situations very squarely. Enough has been said about the income tax for the present. You have a good idea of what the Newton bill includes. No estimate has been made here, and nobody can tell with any great accuracy how much it will yield, but on the rates proposed in the Newton bill, for the last five months of this bill, assuming this tax measure may become effective some time before the first of August, there should be raised, I think, in the neighborhood of half a million dollars, which money, however, will not be available for the State until that period running from March of next year to December of next year. Therefore, it is necessary to enact some measure of major means which will furnish the immediate funds, or as immediately as may be, to carry the State through to such time as the income tax may help out. In other words, the income tax alone could not meet the present situation because the yield will not be large enough for the first full year of the income tax under the Newton bill. I admit this is only my estimate of what the yield might be, but I have estimated it might be as high as \$1,750,000. So much for the income tax.

Now I would like to devote a few moments to the sales tax, to show you how it would work out, in my opinion, if this Legislature should enact it. To begin with, the bill calls for a two per cent tax on tangible personal property and services, the services meaning only amusements, as defined in one of the first sections. Tangible personal property includes what we commonly think of as tangible personal property, but gas, electricity and water, all of which would be taxable under this bill at the rate of two per cent, including municipal companies. The justice of that is simply in this: That the municipal companies, like the private companies, will pass on the tax to the consumer and make it possible for the collecting agencies of the State to obtain the tax fund from the consumer.

Now under this set-up, the first thing a merchant now about to go into business would have to do would be to obtain a license to do business or to continue in business, for which license he would pay the sum of one dollar, which, of course, is purely an administrative device to make him amenable to the rules and regulations, and, if necessary, disciplinary measures of the Tax Department at the end of the first quarter and every subsequent quarter. The merchant would make his return on a form to be furnished by the Commissioner, in which he would state, first, gross income, then taxable deductions under Section three of the act to which I shall refer briefly in a moment, and the balance, after deducting unpaid installments on installment sales, if he runs his books on an accrual basis, the difference would be the amount which would be subject to a tax of two per cent. Now nothing could be more simple and less expensive to make out than such forms. They are very simple, occupying only a small sheet, and do not occasion any extra bookkeeping or much extra bookkeeping on the part of the merchant. If he adapts his bookkeeping to the provisions in the bill, he can hardly say it requires any appreciable increase in his bookkeeping expense.

Now this tax at two per cent would apply on tangible personal property generally, but with these exemptions: To begin with, the gross receipts from all sales of mo-

tor fuel, which are already taxed under another law in this State. Secondly, the gross receipts from sales of commercial fertilizers, grains and stock foods. Now this is by no means a sop to the farmer; it is just pure justice in refusing to tax sales of commodities which are essential ingredients or factors in a taxable crop. The sales of commercial fertilizer and so forth by good rights should be as fairly exempt as sales of materials going to a manufacturer. Third, the gross receipts from materials, fuel and power when used wholly in the manufacture or processing of tangible personal property, are exempt. Fourth, the gross receipts from the sales of tangible personal property to the Federal government or any of its agencies, or to the State of Maine or any of its subdivisions, including public welfare and relief work. Fifth, the gross receipts from all other retail sales of tangible personal property which are already subject to a tax under the gross receipts law and some special laws of the State—for instance, the sales of liquor made by the State stores, which are already taxed under another law would not be taxable under this general retail sales tax measure. And the same thing would apply to beer—and there are many other things like cosmetics, I assume, which would not come under this law.

Now there are one or two things I want to point out here about this measure as they seem to be subject to many questions. One of them is found on page thirteen of Legislative Document 1059, the fourth paragraph down on the page. I would like to read it: "The isolated or occasional sale of tangible personal property at retail by a person who does not hold himself out as engaging in the business of selling such tangible personal property at retail does not constitute engaging in such business." Now that has been put in there, copied from the Illinois law, which has stood the test of Supreme Court decision, one or more in Illinois, in order to rule out any occasional sales of tangible property which you or I might make, not being in the business of selling such property as a regular thing.

Now in the services I include only one class, and that is admission to theaters, recreational parks and other places of recreation and

amusement, excepting, however, admissions to amusements, or to athletic contests or exhibitions managed by and for the benefit of elementary and secondary schools. I think that covers the features which I separately wish to discuss in the act itself.

Now let me devote a moment to Section sixteen on page eighteen of the same document, which reads as follows: "The commissioner is authorized to make, promulgate and enforce such reasonable rules and regulations relating to the administration and enforcement of the provisions of this act as may be deemed expedient."

Now in most sales tax states the collection of the tax in stores other than five and ten cent stores is made under a bracket system—and I bring this into the discussion because it is a question asked me several times every day, and evidently it needs some explaining. In the ordinary store, the prices of which run through a considerable range, it is the custom in most sales tax states to exempt sales of articles of less than thirteen cents or seventeen cents—thirteen is the most common. Then, under a two per cent tax, the first zone runs from thirteen to sixty-three cents, on which one cent is collected. The second zone will run from sixty-three cents to one dollar and thirteen cents, in which zone an extra cent, another cent, will be collected, and so on all the way up as high as the article may run in price.

Under this system it is found that a merchant doing business over this considerable range will, at the end of the day, have collected enough money in the lower part of this bracket to have made up to him the tax on all sales coming under thirteen cents. The reason for it is perfectly obvious: If a merchant sells ten articles at twenty-five cents each, on which a tax of one cent each is collected, he has sold two dollars and a half's worth of merchandise and obtained a tax of ten cents, which is twice the amount of tax he will eventually have to pay the State at the end of the quarter. Now at the end of the day, the excess he takes in on the lower half of each bracket will compensate him for the sales without tax made below thirteen cents.

In a five and ten cent store you cannot work the bracket system, and the custom in such stores is to take

the fast-selling articles, the leading articles of merchandise which, let us say, are selling ordinarily for ten cents, and price them up to fifteen cents—perhaps have them re-finished in a different color or of a different appearance. It has been found that by pricing a few articles up an extra five cents that the average equivalent of two per cent on the entire stock can be realized at the end of the day. I will call your attention to the statement in section four on page fourteen of this document to this expression: "It is the purpose and intent of this act and it is hereby expressly provided that the average equivalent of the tax levied hereunder shall be added to the sales price of merchandise and services, and thereby be passed on to the consumer instead of being absorbed by the vendor." Under this section it is not necessary to add the tax to every single article of merchandise, as I have previously explained, and this section gives the legal authority for passing on the tax, which is, to start with, a privilege tax for the privilege of selling tangible personal property and services at retail to the consumer. So much for the act itself.

In 1935, according to the reports of the United States Department of Commerce, the total retail sales in the State of Maine were estimated at \$232,000,000. Two years have gone by, or a part of the second year, and while we have not any figures yet available for 1936, it is a fair assumption that there was an increase of from ten to twelve per cent from 1935. I think it is another fair assumption that in 1937 there will be at least a ten per cent increase from 1936. I therefore fully believe that I am quite conservative in my estimate of four million dollars a year to be realized from this two per cent tax. I really think that in the first year, due to some lag of time necessary to get the act into full swing from an administrative point of view, we may not greatly exceed four million dollars, but I feel perfectly confident that in the second year of the biennium the tax will bring in about four and one-half million dollars. Now, without wearying you with figures, I just want to say that under this set-up of two million dollars the first year to be required for schools and old age assistance, and \$2,500,000 for the second year, there should

be, averaged over the biennium, something around two and a quarter million dollars available each year, more the second than the first, to apply to the reduction of the State property tax.

Now you will notice that in this bill there is—I do not know that I can at once find the page on which that comes—yes, it is on page two of the documents bound together. There is this simple statement having to do with the distribution of funds resulting from any of these taxes that may be passed by this Legislature. It reads as follows: "The balance, if any, to be credited annually on the State tax of the several cities, towns and plantations is hereinafter provided."

In the hurry of getting this triple act ready for your consideration, it was not possible to frame a section which would specify in great detail the exact method of redistributing this tax. I think the Revisor of Statutes has been working on it and possibly has that—and I am not sure but it may be on your desks now—I think I saw something of it. But let me say it is the intention of the author of this bill, and also the income tax measure, that the Legislature appropriate the balance to the reduction of the property tax of the organized cities, towns and plantations, which may be collected from whatever taxes are imposed after deducting from the appropriation made for education and old age assistance.

Now it seems to me pertinent in a discussion of this sort to inquire, in a triple proposal such as we have, what are the alternatives if we do not enact this particular tax. Let me say, to begin with, that the gentleman from Yarmouth (Mr. Seabury) was quite right in saying, on the average, if we enact the income and sales tax jointly, after they get into full swing and the administrative set-up has been perfected, I think it is most likely there will be a balance of approximately four million dollars to apply on the general property tax. I have already stated the amount that should be available if we enact only the sales tax. Now inasmuch as we cannot make up our minds as to the desirability of enacting either income or sales tax together or sales tax alone, without saying what else there may be we might fall back on, I think it is pertinent to this discussion that I should refer to another

schedule which has been presented by my associates on the tax committee. These gentlemen I have worked with, and I esteem them very highly. I do not agree with the results which they have obtained in the matter of estimates. I do not agree with the fairness and equitableness of some of these taxes, and I think that this may be an appropriate time to compare the possible yield under this third alternative to the yield under the income and sales taxes either separately or combined. May I refer, therefore, to a calculation which I have made on these taxes—and I will say that this is just my opinion; it may not be worth any more, and probably is not, than the opinion of those who devised these taxes. On the amusement tax, the Federal tax, based on taxation at the rate of ten per cent in 1935, was apparently about \$500,000. This included both amusements and club dues, the collection for 1935 being \$45,138 annually. Testimony before the Taxation committee while the hearings were in progress showed that the total receipts from movies, theater admissions, as near as could be adjudged, the outside figures were about a million and a half, which added to the \$500,000 taxed by the Federal government in 1935—and my figures are based upon 1935, makes about two million dollars.

Now you will notice this act is quite inclusive. The first document, Legislative Document 1058, covers all sorts of amusements which is possibly a little broader than the definition in my sales tax bill. I have, therefore, estimated the amount we might reasonably expect to obtain under this amusement tax is approximately \$300,000. I think it would be very unsafe for this Legislature to appropriate against that tax with the expectation of deriving more than \$300,000.

Now an error has been made in the liquor tax, which I will explain—it is purely an error, I assure you, but under the set-up the plan now is, subject to any change that this Legislature may invoke, to set up an emergency aid for the biennium amounting to about \$550,000, appropriations for special acts and resolves, amounting to about \$300,000, claims amounting to something like \$55,000, and possibly some other things, amounting, all told, to about a million dollars, in a deficiency appropriation bill, the

plan being to use the present ten per cent tax on liquor to liquidate that over a period of two years. Now it is perfectly obvious if you use ten per cent out of this fifteen per cent proposed to liquidate these things which are not included in this old age assistance and education, you have available only five per cent for the biennium, or, based upon sales of five million dollars, about \$250,000 that may be used for this purpose. My estimate on that—and I think it is fairly accurate—is \$250,000. The next item under that tax is the retail store tax, which this year brought in about \$43,000, with administration expense of about \$7,000 coming out of it. Laying aside, for the moment, the matter of the administration expense, and figuring five times sixteen thousand dollars for retail store licenses, we have a total of \$80,000, of which approximately \$40,000 is already being used and going into the general fund, so only \$40,000 is available from that tax, as I understand the situation, to apply against the two measures for which we are appropriating money under this combination bill. The least defensible of all these taxes, it seems to me—and I will say I think the amusement tax and the liquor tax and the retail store tax are sound taxes to the amounts I have estimated—but the least defensible of all these taxes it seems to me, is this head tax of four dollars. Now if any of you gentlemen have been assessors—and I know that many of you are or have been in your respective towns—you know just how hard it is to collect money under the present poll tax on men only. In my city of Portland we are assessed about 22,000 poll taxes by the State, and we collect on about 20,000 of them. There is more grief in collecting the approximately \$60,000 on that poll tax—and I think this is a fair statement—than there is in collecting all of the general property tax running up to four million dollars. You have to go to bat every other thing with men to ascertain or prove their domicile is in Portland and not somewhere else. The net result of it is that it is a tax that is collected only at a high expense, running, for the most part, around ten per cent, and the yield is so small that it does not compensate for the amount of time and effort involved.

Now under this miscellaneous tax

head it is proposed to assess both men and women four dollars each in addition to the present three dollars levied on men only. May I say that this is really wished on the selectmen and the city managers of the various towns and cities, and I think it would be about as welcome to them as a skunk would be at a lawn party. They are offered the munificent sum of five per cent for collecting it, which is probably far less than the actual cost of collecting, and, in spite of sincere efforts, which I fancy may not always be made, should this tax go through, to collect it to the fullest extent, you will find that a very considerable portion of the men when they have to cough up an additional four dollars after paying a tax of four dollars through the nose is going to result in a very substantial reduction in the total return. Now I admit that this is just my best judgment, and I do not claim to have any unusual foresight in regard to this, but my best judgment is that on the 230,000 assessed poll taxes on men, of which about 200,000 are at present collected, you will find a shrinkage of about twenty-five per cent. If you will multiply 150,000 by four dollars you will have \$600,000. I am guessing that the women will stage in these days of sit-down strikes, something that they staged back in New Hampshire before the sit-down strike had been invented, something that will look to the collector very much like a little rebellion. One of our assessors in Portland went to New Hampshire several years ago and was talking with a State official there about the poll tax there. New Hampshire has a tax of two dollars a head. The State Assessor there said: "Whatever you do down in Maine, be sure you do not tax women, because you will have a problem on your hands and a continual headache, which you will do very well to side step." They said: "Up here in New Hampshire the women will simply refuse to pay the tax and will dare you to do your worst and get away with it. You cannot put them in jail, because there is a legal question whether you can jail a married woman for non-payment of taxes, and if you could put them in jail the public would rise up against you, so it would be politically impossible to enforce the tax."

Now it is proposed seriously, I am sorry to say, under this head tax to

tax women four dollars a head, and I have estimated that the shrinkage on women would be even greater than on men. I have estimated that two-thirds only of the women of the State would actually pay the tax of four dollars, and most of them would be paid by the husbands, but that is just as bad. The sum of the two amounts to \$1,000,140. Adding up all these taxes we get \$1,730,000, which, if my estimates and figures are correct, is about all we could hope to realize under that tax for each year of the biennium. Now in the first year we are going to net two million dollars. If my estimates are correct, you run a deficit for the first year of about \$270,000. For the second year of the biennium you are going to need two million and a half. Again, if my figures are correct, you are going to run a deficit for the second year of the biennium amounting to about \$770,000. For the two years, the deficit under this should be about a million dollars.

Now I submit to you, in this rising tide of prices, when we know that our State departments and institutions must have more money and not less, it would be a very unwise thing to enact any such inadequate taxes as are represented in that schedule of miscellaneous taxes. It seems to me that, considering the position of general property, which everybody admits is bearing more than its share of the tax burden, and in view of this rising tide of general prices, which may run to fantastic heights if we get into an inflation similar to that in France, which is entirely possible, although I sincerely hope not, it is more than probable that we shall have considerable or fairly heavy deficits in these departments, especially those which have to do with public health and the care of the institutions. It therefore seems to me simply common sense that we forget any effort to try to sidestep this situation temporarily by enacting a few miscellaneous taxes of doubtful validity or strength of yield, and give our attention to either one or the other of these revenue measures, which, beyond any doubt, will raise all the money that we need for our current expenses to finance these two proposed projects and have a substantial sum left over to either gradually reduce or practically wipe out the general property tax. I therefore hope that

you may support this measure which is now before you in the form of a motion. (Applause)

Mr. BIRD of Rockland: Mr. Speaker and Members of the House: I arise in my feeble way to attempt to enlighten you concerning the income tax. I understand we are discussing now bill L. D. 1060, that has to do with the combination of sales and income taxes. I also understand that this Legislature must raise taxes sufficient for the State of Maine to carry on. My understanding also is that this is not a party matter, a Republican party matter, nor is it a Democratic party matter. It is both a Republican and Democratic matter, so that both the Republicans and the Democrats must look at this measure together.

Beginning in the early session of this House I happened to be appointed to the committee of fifteen. You may call it the notorious fifteen, if you may, and of course that committee had committees and committees and committees. We gave a great deal of study as to how we were going to raise the money, and we reported that in our best judgment the best way to raise the money was by a sales tax, but we have now before us a combination sales and income tax.

You well know that three bills were reported out by the Taxation Committee. I assume that there were ten members on that committee. Only three signed this report, a combination sales and income tax, which was signed by Blanchard, Ellis and Maxim.

Now we have not heard very much about the income tax, but it is my duty, fellow members, to debate against the income tax, the reasons being that the coastal towns support, to a large extent, the State of Maine. My jurisdiction runs from Boothbay Harbor to Belfast.

We have had a great deal of conversation about the rich man. If you will study the income tax report, the statistics of incomes for the year 1934, you will learn that there are not very many rich men in the State of Maine. Now the reason why I oppose the income tax is that I sincerely believe that the State of Maine will be the loser in the long run. From the 1934 report of the Federal income tax, you will find that the State of Maine—the average from 1931 to 1934—the income taxes, reckoned on the basis

of the Newton tax bill, all that the State of Maine would receive would be \$787,000, from which you must subtract the intangibles. Therefore the income that the State of Maine would receive from the income tax would be less than \$500,000.

Now it has been mentioned at different times about the State of Vermont. The State of Vermont had a Commission some years ago to report upon the income tax. That Commission reported that the income tax from the State of Vermont would yield the State a million dollars; but after they enacted the income tax law, the figures show that there was less than half of that returned into the State of Vermont.

Now there is great merit in the argument about persons from out of the State coming here to locate. It is a real fact with the towns on the coast. The gentleman from Readfield (Mr. Newton) is not blest with a coast line, and he evidently has no idea as to what the summer man and the man moving from the big city means to the cities on the coast. I have been in practice for thirty years and have had an opportunity to know and learn what it means to the State of Maine for these men to come to Maine and establish their residence. We want to advertise the State of Maine; we pay to advertise the State of Maine; we have the Maine Development Commission and we urge everybody to come to the State of Maine. Now I say that if we urge these people to come here and maintain their residence, we will receive, when they die, much more money than we will receive yearly on their incomes.

Now I have a few figures that I know about, a few persons I know about personally who have located near my locality solely for the purpose of living here a part of the year and travelling in Florida and elsewhere during other parts of the year. These persons who have located down in my locality have a business in Boston, New York and elsewhere. I will not weary you very long with figures, but I want to say that there are eight persons who have located within the last five years in Thomaston, Maine, whose estimated wealth is \$565,000; that there are in Rockland and vicinity those who did business out of the State but who resided in Maine, who died and paid to the State in inheritance taxes \$130,000.

There are other towns, particularly North Haven, where five persons from outside of the State have located, with wealth aggregating a million dollars; Vinalhaven, one, \$1,000,000; Rockport, five, \$8,500,000; Warren, four, \$225,000; Cushing, one, \$1,000,000; Rockland, four, \$800,000; Camden, thirty-seven, \$10,525,000.

Now I am sure if you enact an income tax, these persons will move out of the State. You may hear that laughed about but I believe that to be so. Furthermore, if you enact a sales tax, you will get the advantage of the summer traffic and I have given this a great deal of consideration and for your information I will tell you this: There are two hundred boys and girls camps in this State with an enrollment of 13,000 and five hundred thousand guests visit those camps during the summer season. Isn't there a good chance for your sales tax?

The tourist business in Maine, in new money, amounts to one hundred million dollars, and this does not include moneys spent by summer guests owning large estates. The total tax valuation of the summer property in Maine is \$45,000,000; the assessed valuation on boys and girls camps, \$7,000,000; the taxes paid on summer property, \$2,000,000. Not only do these men come here to reside, but anyone who is familiar with the situation knows that they spend a great deal of money. They contribute toward all the charities. I had the honor last year to head our Community Chest drive in Rockland and I can frankly state to you that in raising that money for the charities in Rockland, the summer residents, the persons who came there to establish their residence, contributed three-quarters of the money. Not only that but these men and women spend money in help on their estates the year around.

Now I think that if you see fit to enact an income tax law that this law probably will work in a similar manner as did the yachting law some few years ago. If I remember correctly, they had a yachting law that when the yachts came to the State of Maine and were here on April first, they were subject to a tax. What was the result? Those yachts floated away from the State of Maine and the result was that this Legislature changed the law so that it now

leaves it discretionary with the assessors of the town to determine, on the first day of April, whether or not the yacht is there for repairs. This means, in the yachting business, that invariably the assessors of the town find that the yachts are there for repairs. This yachting item alone, in the town of Camden, by reason of the assessors finding that the yachts are there for repairs, supports forty-nine families—in that town alone.

My personal opinion and my sincere belief is that if you attempt to tax these incomes, it is going to react against the State of Maine.

I take issue with the gentleman from Portland, Mr. Maxim, as to the figures. I believe that the State of Maine will not receive \$500,000 a year if they tax incomes, and I sincerely believe that, if you attempt to tax incomes, you will be killing the goose that lays the golden egg.

Take the report that I cited before, and if anybody sees fit to study this report, I again tell you, fellow members, that there is no wealth, what can be called wealth, in the State of Maine. Everybody is pretty nearly on the same basis, and the wealthy men whom we have in the State of Maine are the men who come in here and locate. Out of the total taxes paid in the State of Maine there are only fourteen who pay \$70,000 or over, one hundred and twenty-three who pay \$250,000 and over, and only one hundred and ninety-four who pay \$20,000 and over. So you will see that this is not a wealthy State, and when you come to deduct the value of the intangibles, you are going to be disappointed on the income tax; and, due to the fact that you will have to set up a separate organization to collect the tax, I believe that there will be a loss to the State of Maine.

I have many other figures that I might offer to you here at this time but I do not propose to weary you. I will say this, however, that the gentleman from Readfield, Mr. Newton, referred to South Hope. We have a distinguished member that was born and reared in South Hope and his town has blossomed out with summer residents and boys and girls camps. You know what some of these country towns are. But I want to tell you that these summer camps and these persons who have come there to establish

their residence have been a God-send to the town of South Hope and they have been a God-send to all the towns along the Maine coast.

I trust that you will consider my remarks and I trust that I have given you certain information and valuable information; but, of course, when you vote, vote as you please. (Applause)

Mr. McGLAUFILIN of Portland: Mr. Speaker, I wish to discuss this question briefly from perhaps a little different angle from what has been already said. If I were asked to name the chief qualifications of a member of the Legislature, I should name four. First, honesty. I have not heard the honor of any member of the House questioned. Therefore I take it that we can all pass the test of honesty. The second would be ability. This House is recognized as a House of unusual ability. Therefore we probably can pass that test. The third would be courage. I have not heard the courage of any member of this House questioned. Therefore I think we can well qualify on these three points. But the last one that I would name would be that we should have a realization that we are working for the State of Maine, and on that qualification I think some of us fail to make the grade. I want to make this point because I think it may be helpful in solving the problem that we have before us tonight.

Some of us have the opinion that we represent the section from which we come, only. I say that is a mistake. We are paid by the State of Maine, we are employed by the State of Maine. We were sent here from our various communities with the full understanding that we were representing the State of Maine. Now I agree with anyone who says that we should look after the interests of our community. That is right and that is proper. The only point that I want to make is that if we come to a point where the welfare of the State conflicts with the wishes of the people in our locality, it is our duty to look to the interests of the State of Maine first. I say that because I have heard it remarked in this House that the people of my locality do not want this tax or they do not want that tax, and therefore I will not vote for that tax. I say, fellow members, we have got to realize, if we

are going to do this job, that the State of Maine comes first.

Some years ago a party undertook to climb Pike's Peak and they set up a motto, "Pike's Peak or bust," and a few days afterward they came back with a sign, "Busted, by gosh."

Now we have come here, all of us, with a feeling that we were big enough and able enough to meet the issue of raising the necessary taxes that are required at this time, and surely we are not going back home "busted, by gosh." We have got to do this job.

We have here various taxes under consideration. I, myself, feel that the most just tax that has been proposed here is a joint sales and income tax, and I think that tax is more likely to meet with satisfaction throughout the State than any other taxes that we are likely to raise. I think that for these reasons: One thing is that the Grange, a tremendously strong institution, an institution made up of men and women of intelligence and influence, stand for this combination; and if, perchance, we should fail to pass these taxes on an emergency measure and it should go to a referendum, that body is pretty likely to support us very strongly.

Another reason why I think this tax would be more likely to go over to the satisfaction of the people than others is that it is my opinion that some of our Democratic friends will support this measure if you give them an income tax for I understand it is in their platform, put there for that very purpose.

I was interested to hear the remarks of my friend from Rockland, Mr. Bird, in regard to the income tax and to notice that he estimates that less than \$500,000 would come into the treasury of the State from the income tax, and yet he figures that all the rich men of the State are going to leave the State, the combined number only being \$500,000. I was talking with Ex-Chief Justice Pattangall a short time ago, and he told me of two of the wealthiest families in this State. He said they came from Maine originally, went away and made their money, and then came back here to live in Maine because they thought Maine was the best place on the face of the earth. They never thought of the income tax one way or the other, and they had not the slightest thought of leaving this

State because there might be an income tax imposed.

Another thing to which I will call your attention on that line is that a great many of these people who have come to this State have established summer homes that have cost them many thousands of dollars. Do you imagine for one moment that those people who have valuable homes in this State, because they have to pay a few hundred dollars of income tax, are going to pull up root and branch and strike off to Florida when they are living in the State that they prefer to all the States in the Union? I think there is nothing to this argument at all, that men are going to leave this State on account of an income tax, especially if that income tax imposed upon all of the rich men who come here amounts to only \$500,000.

I have tried to make the point clear, first, that we are here to represent the State of Maine; and, if we once have that thought settled in our mind, the next point is that we are here for the purpose of doing something worth while. President Taft once said, "To do things worth while, be in the thick of it. That is to live." We certainly have been in the thick of it. We certainly have passed some constructive legislation this year that has been worth while. We have now the chief job left to do, and that is, in some way, to get this money.

In conclusion I want to say this: That after we have discussed this question fairly, and if we take a vote or if it is found that some tax measure, whichever one it may be, seems to stand out ahead of the others, then I say, fellow legislators, let us all have in mind that we are working for the State first, and put our shoulders to the wheel and all get together and put that tax over. (Applause)

The SPEAKER: The pending question is on the motion—

Mr. GOSS of Poland: Mr. Speaker and my Fellow Members: It is only because I deem this matter of taxation a most vital problem to the poorer class of citizens of Maine that I rise to take your time in the closing hours of the Eighty-eighth Legislature.

More near and dear to my heart are the rural homes of Maine, and I feel that this occasion warrants such action on my part, and I will rise in their defense.

Perhaps I do not need to tell you of the conditions which exist in rural Maine today. Are you aware that when a set of farm buildings burns that it is very seldom they are ever rebuilt? Are you aware that farmers are letting their buildings go without paint, without roofing, and, in some instances, to an extent that some of them are rotting and falling into the cellar? Are you aware that many of these poor farmers are cutting off their wood and lumber, if they are fortunate to have any, and are paying the money for taxes? This means that each year the value of farm property in Maine is being lowered to a serious extent.

My friends, these statements are not exaggerations; they are facts, and there are many within the hearing distance of my voice to-night who will vouch for their truth. In view of these facts is it any wonder that we cannot induce the young people to stay on the farms and carry on that most noble occupation which has been a large contributing factor in making this State of ours the great State of Maine?

My friends, I am not just standing here and pleading poverty; I am urging you not to add to the heavy burden that these people are under. The farmer pays a tax on everything he has because it is visible: his horses, his cows, and now even his hens—and the last straw, a proposal of a tax on women, whereby

the farmer will have to pay a tax on his wife. My friends, in all sincerity could we not have passed some economy measure at this session; could we not have reduced the expenditures, at least to some extent. I am not speaking for the rural people alone, but for the home owner. The young people who are getting married today should be encouraged to buy and own a home, so that in the event of a calamity such as the depression they at least will not be out in the cold.

In closing: I honestly feel that reductions could have been made that would have enabled us to pay a reasonable old age pension and improved our educational conditions without the necessity of imposing upon our people a sales tax. (Applause)

Mr. NEWTON of Readfield: Mr. Speaker, I move that when the vote is taken, it be taken by a division of the House.

The SPEAKER: The pending question is on the motion of the gentleman from Fairfield, Mr. ELLIS. The Chair recognizes the gentleman from Rangeley, Mr. ELLIS.

Mr. ELLIS of Rangeley: Mr. Speaker, as the hour is getting late and I believe there are a number of others who would like to speak on this question, I move that we adjourn until ten o'clock tomorrow morning.

The motion prevailed, and the House so adjourned.