

# MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD

OF THE

*Ninety-Ninth Legislature*

OF THE

STATE OF MAINE

VOLUME II

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and  
SPECIAL SESSION  
1960

DAILY KENNEBEC JOURNAL  
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## HOUSE

Tuesday, May 19, 1959

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

Prayer by the Rev. Mr. Andrew Cone of Gardiner.

The journal of yesterday was read and approved.

### Papers from the Senate Senate Reports of Committees Ought to Pass in New Draft

Report of the Committee on Taxation on Bill "An Act Amending the Gasoline Tax Act with Respect to Aviation Fuel" (S. P. 123) (L. D. 271) reporting same in a new draft (S. P. 448) (L. D. 1301) under same title and that it "Ought to pass"

Came from the Senate with the Report read and accepted and the New Draft passed to be engrossed.

In the House, the Report was read and accepted in concurrence, the New Draft read twice and tomorrow assigned.

### Divided Report

Majority Report of the Committee on Appropriations and Financial Affairs reporting "Ought to pass" on Bill "An Act Directing a Study of Property Tax Administration" (S. P. 129) (L. D. 324)

Report was signed by the following members:

Messrs. ROGERSON of Aroostook  
DUQUETTE of York  
— of the Senate.

Messrs. DAVIS of Calais  
BROWN of Ellsworth  
BRAGDON of Perham  
STANLEY of Bangor  
JACQUES of Lewiston  
— of the House.

Minority Report of same Committee reporting "Ought not to pass" on same Bill.

Report was signed by the following members:

Mr. PIERCE of Hancock  
— of the Senate.  
Mrs. SMITH of Falmouth  
Mr. EDWARDS of Raymond  
— of the House.

Came from the Senate with the Majority Report accepted and the

Bill passed to be engrossed as amended by Senate Amendment "A".

In the House: Reports were read.

The SPEAKER: The Chair recognizes the gentleman from Perham, Mr. Bragdon.

Mr. BRAGDON: Mr. Speaker, I move that we accept the Majority Report.

The SPEAKER: The gentleman from Perham, Mr. Bragdon, moves that the House accept the Majority "Ought to pass" Report in concurrence.

The Chair recognizes the gentleman from Raymond, Mr. Edwards.

Mr. EDWARDS: Mr. Speaker and Members of the House: I think perhaps I should give my reason for signing the "Ought not to pass" Report. We have had one bill come before us and we put it out "Ought to pass" and it is on its way toward being enacted — which calls for a tax survey of about \$50,000. And this bill calls for a study of the tax — the administration of the tax, in our different municipalities. It was my feeling where this calls for \$20,000 that perhaps if we had the tax study first and then waited until another session for this study, it would not do any hurt.

We have a lot of bills that have gone through here, they are on the appropriations table in the other side of the House, and this would only be another one that would be piled up with those; and it seems as though to me that this could wait for a couple of years, and that is one reason why I signed the "Ought not to pass" Report.

The SPEAKER: The Chair recognizes the gentleman from Perham, Mr. Bragdon.

Mr. BRAGDON: Mr. Speaker, in defending my position as a signer of the "Ought to pass" Report, it was my feeling that this is a different type of a tax study as it says in the title, it is a study of the municipal tax structure. Possibly it could be taken care of under the other study but to those of us who signed the majority report it seemed that this was entirely a different type of study and should be done separately.

The SPEAKER: The Chair recognizes the gentlewoman from Falmouth, Mrs. Smith.

Mrs. SMITH: Mr. Speaker and Members of the House: I am not going to fight this bill particularly although I seriously question the wisdom of passing this bill, because in the written statement, I think the members of the House should know this, that in the written statement from Mr. Johnson's office, he has explicitly stated what he hopes the survey committee will find. And he also stated that he felt that in order for the people to accept what they have already decided that they get the committee and someone outside the department to carry it out. And the desires of the department are to have assessors, trained assessors. He wants a school set up at the University of Maine. We already have a school whereby different selectmen, as most of you know, can go in and be trained. But this would set up trained assessors and the towns would not be allowed to have their own assessors, if they couldn't afford an assessor on their own they would be hired as superintendents of schools are hired, by a group of towns. In other words, your selectmen would no longer be your assessors if they could put the wishes of this department across.

Now, in my particular town, we have quite a large town, we may very well come to the point where we must have a professional assessor, or it may seem desirable to do so because there is too much work for the selectmen. But I am very skeptical as to whether the small towns would like this idea at all, and I think you ought to think about it as you pass this survey.

The SPEAKER: Is the House ready for the question?

The Chair recognizes the gentleman from Perham, Mr. Bragdon.

Mr. BRAGDON: Mr. Speaker, could I comment again briefly? It seems to me that the great problem that is becoming more acute with the formation of school administrative districts, as we study some of these that there is a great difference, we will say, between the valuation of various towns in a school administrative district. Of course it has applied with state subsidies in the past, but it becomes more acute as these dis-

tricts are formed. And it seems as if this is only a study and it seems that we have got to come up with something that will more nearly equalize the valuation of our various municipalities, so that there won't be the present discrepancies in valuation. It works to a great disadvantage in many instances because they are not equalized. I think that is all that I have to say.

The SPEAKER: The Chair recognizes the gentleman from Raymond, Mr. Edwards.

Mr. EDWARDS: Mr. Speaker, my good friend from Perham, Mr. Bragdon, spoke about the equalization of the tax structure between the municipalities. I think that is already being done now by your State Tax Assessors office. Even our school subsidy is based upon our state valuation and not upon the valuation of our local — that which our local municipal officers have put on their communities. It is based upon the state valuation, and this is based upon the State Tax Assessors office. I feel that this is something that can wait, this means \$20,000, it is a lot of money, we have got a lot of money on the other table piled up there waiting for some sort of a tax measure to pay for it. And I think that this is something that can wait. And I will make a motion that this bill and all its accompanying papers be indefinitely postponed.

The SPEAKER: The question now before the House is the motion of the gentleman from Raymond, Mr. Edwards, that both reports be indefinitely postponed. Is the House ready for the question?

The Chair recognizes the gentleman from Perham, Mr. Bragdon.

Mr. BRAGDON: Mr. Speaker, a division.

The SPEAKER: A division has been requested. Will all those who favor the motion to indefinitely postpone both reports, please rise and remain standing until the monitors have made and returned the count.

Ninety-two having voted in the affirmative and seventeen having voted in the negative, the motion prevailed.

Thereupon, the two Reports and Bill "An Act Directing a Study of Property Tax Administration,"

Senate Paper 129, Legislative Document 324, was indefinitely postponed in non-concurrence and sent up for concurrence.

#### **Non-Concurrent Matter**

An Act relating to Reapportionment of School Directors of School Administrative Districts (S. P. 345) (L. D. 972) which was passed to be enacted in the House on May 15, and passed to be engrossed as amended by Senate Amendment "A" on May 13.

Came from the Senate passed to be engrossed as amended by Senate Amendments "A" and "B" in non-concurrence.

In the House: The House voted to recede and concur with the Senate.

#### **Non-Concurrent Matter**

Bill "An Act Defining Cigarettes under the Cigarette Tax Law" (H. P. 222) (L. D. 313) which was passed to be engrossed as amended by Committee Amendment "A" in the House on April 16.

Came from the Senate indefinitely postponed in non-concurrence.

In the House: On motion of Mr. Cousins of Bangor, the House voted to recede and concur with the Senate.

On motion of the gentlewoman from Yarmouth, Mrs. Knapp, House Rule 25 was suspended for the remainder of today's session in order to permit smoking.

#### **House Reports of Committees Leave to Withdraw**

Mr. Jones from the Committee on Towns and Counties on Bill, "An Act relating to Clerk Hire and Salary of Register of Probate of Franklin County" (H. P. 511) (L. D. 724) reported Leave to Withdraw.

Report was read and accepted and sent up for concurrence.

#### **Ought Not to Pass Covered by Other Legislation**

Mrs. Baker from the Committee on Towns and Counties reported "Ought not to pass" on Bill "An Act Increasing the Salary of the County Attorney of Hancock County" (H. P. 226) (L. D. 321)

as it is covered by other legislation.

Same member from same Committee reported same on Bill "An Act Increasing Salary of Judge of Ellsworth Municipal Court" (H. P. 371) (L. D. 529), as it is covered by other legislation.

Same member from same Committee reported same on Bill "An Act relating to Salaries of Judge and Recorder of Biddeford Municipal Court" (H. P. 373) (L. D. 531), as it is covered by other legislation.

Mr. Doyle from same Committee reported same on Bill "An Act to Increase the Salary of Judge of the Northern Cumberland Municipal Court" (H. P. 18) (L. D. 27), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing the Salary of the Judge of the Norway Municipal Court" (H. P. 48) (L. D. 68), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Salaries of Judge of Calais Municipal Court and Judge and Recorder of Western Washington Municipal Court" (H. P. 623) (L. D. 891), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Salary of Register of Probate of Knox County" (H. P. 824) (L. D. 1165), as it is covered by other legislation.

Mr. Hodgkins from same Committee reported same on Bill "An Act to Increase the Salaries of the Judge and Recorder of the Kennebunk Municipal Court" (H. P. 181) (L. D. 252), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Salary of Sheriff of Somerset County" (H. P. 224) (L. D. 315), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Salaries of County Attorney and Assistant County Attorney of Cumberland County" (H. P. 325) (L. D. 472), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Clerk Hire and Sal-

aries of Judges and Recorders of Municipal Courts in Cumberland County" (H. P. 327) (L. D. 474), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Clerk Hire and Salaries of County Officers of Cumberland County" (H. P. 328) (L. D. 475), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing the Salary of Judge of Probate of York County" (H. P. 455) (L. D. 661), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Salary of Register of Probate of York County" (H. P. 456) (L. D. 662), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Salary of Clerk of Courts of Somerset County" (H. P. 512) (L. D. 725), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Salaries of Certain County Officers of Washington County" (H. P. 624) (L. D. 892), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Salaries of Certain County Officers of Penobscot County" (H. P. 778) (L. D. 1096), as it is covered by other legislation.

Mr. Jones from same Committee reported same on Bill "An Act Providing for Clerk Hire for Norway Municipal Court" (H. P. 49) (L. D. 69), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act to Increase the Salary of the Register of Deeds of Somerset County" (H. P. 51) (L. D. 71), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Salaries of County Officers of Androscoggin County" (H. P. 225) (L. D. 316), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An

Act Increasing the Salary of the Judge of the Livermore Falls Municipal Court" (H. P. 372) (L. D. 530), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act relating to Payment of Expenses, Clerk Hire and Increasing Salary of Judge of Lisbon Municipal Court" (H. P. 414) (L. D. 598), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Salaries of Judge and Recorder of Madawaska Municipal Court" (H. P. 598) (L. D. 844), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Clerk Hire and Salaries of Judge and Recorder of Lewiston Municipal Court" (H. P. 704) (L. D. 1004), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Clerk Hire and Salaries of Judge and Recorder of Auburn Municipal Court" (H. P. 776) (L. D. 1094), as it is covered by other legislation.

Mr. Perry from same Committee reported same on Bill "An Act Increasing Clerk Hire and Salaries of County Officers of Piscataquis County" (H. P. 411) (L. D. 595), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Salaries of Judge and Recorder of Piscataquis Municipal Court" (H. P. 412) (L. D. 596), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Salary of County Attorney of Piscataquis County" (H. P. 413) (L. D. 597), as it is covered by other legislation.

Same gentleman from same Committee reported same on Bill "An Act Increasing Salary of Sheriff of Kennebec County" (H. P. 454) (L. D. 660), as it is covered by other legislation.

Reports were read and accepted and sent up for concurrence.

**Ought to Pass with  
Committee Amendment  
Indefinitely Postponed**

Mrs. Baker from the Committee on Towns and Counties on Bill "An Act relating to Effective Date for Salary Increase for County Officers and Judges and Recorders of Municipal Courts" (H. P. 869) (L. D. 1237), which was recommitted, reported "Ought to pass" as amended by Committee Amendment "A" submitted therewith.

Report was read.

The SPEAKER: The Chair recognizes the gentleman from Rockland, Mr. Knight.

Mr. KNIGHT: Mr. Speaker, at this time I would request to withdraw House Amendment "A" which is filing number 327.

The SPEAKER: Would the gentleman approach the rostrum, please.

(Conference at rostrum)

The Chair recognizes the gentleman from Rockland, Mr. Knight.

Mr. KNIGHT: Mr. Speaker and Ladies and Gentlemen of the House: As you know, there are many amendments before you concerning this report and there are many in the House who feel that these salary matters are a matter for the individual counties involved and not a matter for the entire Legislature. And due to this fact I would now move that this report be indefinitely postponed, and when the vote is taken I would request a division.

The SPEAKER: The question now before the House is the motion of the gentleman from Rockland, Mr. Knight, that the report be indefinitely postponed. A division has been requested. Is the House ready for the question?

Will all those who favor the motion to indefinitely postpone the Committee Report, please rise and remain standing until the monitors have made and returned the count.

A division of the House was had.

Ninety-seven having voted in the affirmative and nine having voted in the negative, the motion prevailed and the Report and Bill were indefinitely postponed and sent up for concurrence.

**Divided Report**

Majority Report of the Committee on Labor on Bill "An Act relating to Compensation for Injuries under Workmen's Compensation Law" (H. P. 649) (L. D. 940) reporting "Ought to pass" as amended by Committee Amendment "A" submitted therewith.

Report was signed by the following members:

Messrs. ROSS of Sagadahoc  
BATES of Penobscot  
MacDONALD of Oxford  
— of the Senate.

Messrs. HANCOCK of Nobleboro  
WINCHENPAW  
— of Friendship  
TREWORY of Orono  
LETOURNEAU of Sanford  
MILLER of Portland  
— of the House.

Minority Report "A" of same Committee on same Bill reporting "Ought to pass" as amended by Committee Amendment "B" submitted therewith.

Report was signed by the following member:

Mr. KARKOS of Lisbon  
— of the House.

Minority Report "B" of same Committee reporting "Ought not to pass" on same Bill.

Report was signed by the following member:

Mr. HARDY of Hope  
— of the House.

Reports were read.

The SPEAKER: The Chair recognizes the gentleman from Portland, Mr. Miller.

Mr. MILLER: Mr. Speaker, Ladies and Gentlemen of the House: We have before us today L. D. 940, a very worthy piece of legislation, and I hope before many more minutes that this is on the road to passage.

It is doubtful if there would be a member of this House who does not know what Workmen's Compensation is. The principle of Workmen's Compensation came into being over a century ago. Today there is not a state in the union that does not provide some sort of compensation for workers injured on the job. Maine's law is forty-four years old. There have been many changes incorporated in our law since its

adoption in 1915 in an attempt to keep abreast of the times, changes in industry and commerce, changes in the standards of living and changes in the needs of people.

L. D. 940 recognizes the need of keeping up with the times and provides for increases based upon the original concept of our Workmen's Compensation law and the increased costs that the worker faces in his daily living of today. Two years ago the 98th Legislature recognized the need for change and adopted amendments to our law that allowed for the increased needs of the injured worker. Since then costs of living have increased so that it becomes necessary to again ask the Legislature to increase the benefits.

L. D. 940 provides that the benefits be increased from the present \$35 to \$39, that the overall amount available for total incapacity be increased from the present \$14,000 to \$19,500 to fit the increase from \$35 to \$39, and that the death benefits be increased from \$10,500 to \$11,700.

There are several factors involved that I sincerely believe will convince the members of this House that the increases are justified. First and very important, the cost of living has increased 5 points, equivalent to \$4.00 per week in the past two years. That we must surely recognize as justification for a benefit increase. Secondly, we must recognize the fact that in the legislative maneuverings of the past we lost sight of the original concept of the law — that two-thirds of the injured worker's pay should be restored to him as just compensation. In order to restore our present law to its original concept, we therefore must accept the \$39 figure as equitable in that it provides for nearly two-thirds of the average worker's pay in the State of Maine. The average pay for the State of Maine today is \$69.37.

It might be well to make a few comparisons as to the percentage of his pay the injured worker received in the last twenty years. As an example, in 1940 he received 85.8 per cent of his pay. Twelve years later he only received 41.5 per cent of his pay. Two years ago he received one-half of his pay.

We also state in our law that if a worker is permanently incapacitated because of an injury, he should be allowed 500 weeks of compensation. This, too, has been lost sight of and L. D. 940 attempts to restore it.

Now consider this fact. The 500 weeks provided by our law actually does not mean that the worker received the full amounts as stated by the weekly benefit. Again let me make comparisons, and we find that because of the limitation of the total amounts provided in our law the actual amount received by an injured worker in 1940 was 57 per cent; in 1952, 31 per cent, in 1957, 40 per cent. Transferred into dollars and cents — in 1940 the weekly benefit amount was \$18 per week. The injured worker who was totally incapacitated only received \$12 a week. In 1952 the benefit amount by law was \$24 a week. The actual amount received was \$18 a week. In 1957 the law provided for \$35 as a benefit amount. Actually the worker received \$28 a week.

If some would say that if we grant increases we are jeopardizing our industry because of increased costs, let me point out to you that in a recent study by our Insurance Department, we found that Workmen's Compensation premium costs have steadily declined. As an example, in the poultry industry in the last five years, it declined from \$1.17 per hundred dollars of payroll to 97 cents; in the textile industry, from 40 cents per hundred dollars of payroll to 37 cents; for the paper industry, from 69 cents per hundred dollars of payroll to 41 cents; in the shoe industry, from a high of 31 cents per hundred dollars of payroll to 25 cents. In the construction industry from a high of \$2.29 per hundred dollars of payroll, it decreased to \$2.10 per hundred dollars of payroll. Our experience in this field has been good. So good that in 1957, when the 98th Legislature increased the benefit amounts and increased the number of weeks allowed for specific types of injuries, it did not increase the cost of Workmen's Compensation. A further reduction of two per cent took place.



In another study by our Insurance Department, we also find that we are in a very favorable position competitive-wise with our neighboring states. We find there that our Workmen's Compensation costs are anywhere from 25 to 50 per cent lower than in the states of Vermont, New Hampshire, New Jersey, Massachusetts, Rhode Island, Connecticut and New York. If anything, this would indicate that the industrial climate in the State of Maine is advantageous for industry to settle here. The estimated cost of L. D. 940 as computed by our Insurance Department, based upon the experience of last year, would be an increase amounting to \$124,000. Again I am informed that the Insurance Department estimates that there will be another reduction in premium cost based upon last year's experience between two and three per cent. So that by the adoption of L. D. 940 it will cost \$62,000 to insure our more than 300,000 workers covered by the Workmen's Compensation Act, or approximately two cents per worker per year. I believe this to be a reasonable request and justified.

Mr. Speaker, Ladies and Gentlemen of the House, I move that we accept the Majority Report "Ought to pass."

The SPEAKER: The question before the House is the motion of the gentleman from Portland, Mr. Miller, that the House accept the Majority "Ought to pass" Report. Is this the pleasure of the House?

The motion prevailed.

Thereupon, the Bill "An Act relating to Compensation for Injuries under Workmen's Compensation Law" was given its two several readings.

Committee Amendment "A" was read by the Clerk as follows:

COMMITTEE AMENDMENT "A" to H. P. 649, L. D. 940, Bill, "An Act Relating to Compensation for Injuries Under Workmen's Compensation Law."

Amend said Bill in the 7th line of section 1 by striking out the stricken out figure "~~\$35~~" and the underlined figure "\$42" and inserting in place thereof the figure '\$39'; and by striking out the underlined figure "\$21,000" in the last line and inserting in place thereof the underlined figure '\$19,500'

Further amend said Bill in the 10th line of section 2 by striking out the stricken figure "~~\$35~~" and the underlined figure "\$42" and inserting in place thereof the figure '\$39'.

Further amend said Bill in the 8th line of section 3 by striking out the stricken figure "~~\$35~~" and the underlined figure "\$42" and inserting in place thereof the figure '\$39'; and by striking out the underlined figure "\$12,600" in the last line and inserting in place thereof the underlined figure '\$11,700'

Further amend said Bill by adding at the end thereof the following section:

'Sec. 4. Effective Date. The provisions of this act shall take effect on November 30, 1959.'

Committee Amendment "A" was adopted and the Bill assigned for third reading tomorrow.

#### Divided Report

Report "AA" of the Committee on Labor on Bill "An Act relating to Weekly Benefits for Total Unemployment under Employment Security Law" (H. P. 651) (L. D. 942) reporting same in a new draft (H. P. 969) (L. D. 1378) under same title and that it "Ought to pass".

Report was signed by the following members:

Messrs. BATES of Penobscot  
MacDONALD of Oxford  
— of the Senate.

Messrs. WINCHENPAW of  
Friendship  
MILLER of Portland  
LETOURNEAU of Sanford  
— of the House.

Minority Report "A" of same Committee reporting "Ought not to pass" on same Bill.

Report was signed by the following members:

Mr. ROSS of Sagadahoc  
— of the Senate.

Messrs. TREWORGY of Orono  
HARDY of Hope  
HANCOCK of Nobleboro  
— of the House.

Minority Report "B" of same Committee reporting "Ought to pass" on same Bill.

Report was signed by the following member.

Mr. KARKOS of Lisbon  
— of the House.

Reports were read.

The SPEAKER: The Chair recognizes the gentleman from Madison, Mr. Hendsbee.

Mr. HENDSBEE: Mr. Speaker, this legislative document which we have before us now is a new draft of Legislative Document 942, and it has been very carefully considered, gone over by the Labor Committee, if you will note it is from the original bill to the new draft that this calls for benefits all along the line of \$2 but only for twenty-six weeks. The original bill called for thirty-nine. As the Labor Committee has gone over this bill very carefully and they have looked into it comparable to other states, and even though our benefit weekly rate is lower, it represents a slight raise to the unemployed people of the State of Maine.

And I do now hereby request your acceptance of the Majority Report of the Committee, Legislative Document 1378 as under new draft.

The SPEAKER: The Chair would advise the House that the Clerk in reading the report identified what is journalized as the Majority Report as Report "AA" because a report signed by five members of the Committee cannot properly be called a Majority Report, five is not a majority of the Committee. So the Majority Report that has been journalized as such has been identified as Report "AA" by the Clerk. And the Chair understands the gentleman from Madison, Mr. Hendsbee, to move that the House accept Report "AA". Is the House ready for the question?

Will those who favor the acceptance of Report "AA" please say aye; those opposed, no.

A viva voce vote being taken, the motion prevailed.

Thereupon, the New Draft was given its two several readings and tomorrow assigned.

### Divided Report

Majority Report of the Committee on Labor reporting "Ought not to pass" on Bill "An Act to Permit Supplemental Unemployment Benefits under Employment Security Law" (H. P. 756) (L. D. 1074)

Report was signed by the following members:

Messrs. ROSS of Sagadahoc

BATES of Penobscot

— of the Senate.

Messrs. WINCHENPAW

of Friendship

HARDY of Hope

HANCOCK of Nobleboro

TREWORGY of Orono

KARKOS of Lisbon

— of the House.

Minority Report of same Committee reporting "Ought to pass" on same Bill.

Report was signed by the following members:

Mr. MacDONALD of Oxford

— of the Senate.

Messrs. LETOURNEAU of Sanford

MILLER of Portland

— of the House.

Reports were read.

The SPEAKER: The Chair recognizes the gentleman from Friendship, Mr. Winchenpaw.

Mr. WINCHENPAW: Mr. Speaker, I move that we accept the "Ought not to pass" Report of the Committee.

The SPEAKER: The gentleman from Friendship, Mr. Winchenpaw, moves that the House accept the Majority "Ought not to pass" Report.

The Chair recognizes the gentleman from Portland, Mr. Miller.

Mr. MILLER: Mr. Speaker, I don't like to state my position on this, but I believe that the rule of the House is that the gentleman who asks for the Chair properly is the one to be recognized first. I believe I was the only one to address the Chair and ask for the Floor. I am very sorry that this has happened.

Mr. Speaker, Ladies and Gentlemen of the House: It gives me a great deal of satisfaction to appear before you today and present to you what L. D. 1074 means. I have gone into a great deal of research on this matter and feel that it has much merit and deserves the blessings of this honorable body. The reason that I have introduced this bill is to write into our Unemployment Compensation Laws the right of a person to receive supplemental benefits once he has qualified under the State Employment Commission law.

Under our present law, it has been interpreted by the Commis-

sion that supplemental benefits are wages and, therefore, disqualifies a person from state unemployment compensation. Essentially what the plans say is this: The state has provided a system of insurance against the hazards of unemployment just as it has provided workmen's compensation and the federal government has provided for social security. The parties to the plan agree to supplement the basic benefits if so provided; to add additional private insurance benefits against the risk of unemployment. Of course, it is impossible to buy insurance against unemployment as you buy life insurance or accident insurance. The incidence of unemployment is too unpredictable and too subject to control by the employer to permit the issuance of unemployment insurance policies by commercial carriers. So the parties establish self - insurance systems. Under these systems the employer usually contributes five cents per hour worked into a fund from which unemployment benefits are paid. This five cents contribution is continued until the fund is built up to a predetermined figure, called "Maximum funding," believed sufficient to weather any anticipated heavy incidence of unemployment. Once the fund reaches that figure, no further employer contributions are required except to replenish the fund as benefits are paid out again with a maximum contribution of five cents per hour worked.

In essence then, the SUB plans represent insurance. Instead of paying premiums on a policy issued by an insurance company, however, the employer pays its "premium" in a form of contribution based on hours worked, into a fund from which benefits are paid as in other forms of insurance, this "premium" is used to pay benefits and build up a reserve. Once the reserve is built up, the premium costs are dependent upon the actual claims experience. As in other forms of insurance, provisions are made to limit the potential liability to any claimant.

One characteristic of any insurance program, of course, is a careful definition of the risk insured against. SUB plans insure against the risk of involuntary unemploy-

ment. They do not provide for payment of wages by the employer, even in reduced amount, for periods in which no work is provided by him. They pay benefits to employees who become truly and involuntarily unemployed.

It is clear that no services are performed in return for SUB payments during the period in which they are made. The applicant neither works nor performs services of a stand-by nature. SUB plans do require certain action by an applicant for benefits: He must register at the state unemployment office, and he must keep himself available for work. But they are not services for the employer. They are, rather, methods of implementing the plans requirement that he genuinely be unemployed and not simply in a stand-by status.

Since no services are performed in the week, then the question of whether the applicant is unemployed comes down to the question of whether SUB payments are wages or remuneration.

An employee is not entitled to SUB because he has been laid off. He is entitled to SUB because after he has been laid off he has remained able and available for work, has registered at his state unemployment office, has followed up referrals to other employers and has not refused suitable work from such employers and has, nevertheless, removed himself from the unemployed list.

Above and beyond the technical questions of the definition of wages, there stands the policy of the state unemployment status. Many of the states which have been called upon to decide this question have looked to the policy of the statutes. Almost all who have looked have agreed that policy considerations also dictate the conclusion that SUB payments should not be considered as wages. As of September 1, 1957, 40 jurisdictions have approved supplementation. Since that date the State of Ohio and the State of Indiana have also approved SUB payments.

The gentleman from Friendship, Mr. Winchenpaw, has moved for the majority "Ought not to pass." I hope that when the vote is taken

on this measure that you will vote against the "Ought not to pass" Report, and I ask for a roll call vote.

Before signing off I would like to read to you Ladies and Gentlemen of the House two letters I have received; one is from the American Can Company, the Atlantic Division in Lubec, Maine. The letter is from W. B. Owen, the Plant Manager, addressed to "The Honorable Edward C. Miller, House of Representatives, Augusta, Maine — Dear Sir:

"At the recent Labor Committee hearing of Legislative Document 1074 the American Can Company expressed its support of this proposed legislation which you presented. By means of this letter we wish to reaffirm our support of these proposed amendments.

"As you know, in 1955 we negotiated a Supplemental Unemployment Benefit Plan with the International Association of Machinists, who represented our hourly paid employees at our Lubec Plant. This plan was negotiated in good faith and for the purpose of assisting eligible employees who are laid off for reasons beyond their control. The benefits of this plan supplement State Unemployment Benefits and in no way replace them.

"The plan prohibits payment of benefits for the same reasons set forth by the State Employment Security Law. In fact, in several respects the plan prohibits payment of benefits under conditions not imposed by the State Employment Security Law.

"While our efforts have been and will continue to be directed toward steady employment insofar as possible, we recognize that layoffs cannot be wholly eliminated. We do believe, however, that by supplementing State Unemployment Benefits we are not only assisting our employees, but at the same time are assisting the community of which we are a part.

"We believe your proposed legislation, if enacted, will make it possible for Supplemental Unemployment Benefit Plans to operate in the manner in which they are intended."

This is signed by W. B. Owen the Plant Manager. I have another letter here from the American Can Company, H. G. Smith, Plant Manager of the American Can Company in Portland. I will not bother to read this because it goes along on the same line that they endorse this worthy piece of legislation.

Now, also from Lubec I have here a petition which has been signed by every businessman in the Town of Lubec: grocers, poultrymen, merchants, grocery stores, restaurants, hardware stores, department stores, Chevrolet dealers, merchants, farmers, shoe stores, garages, general stores, they are all here and if anybody cares to scrutinize the same for proof, they are at your disposal.

Also I would like to point out to you that at a meeting of the Maine Employment Security Commission Advisory Council held on January the 23rd, 1957, I have a copy of the minutes of that meeting, at that meeting — present at the meeting were council members, Eusis, Hormel, Farnham, Peat, Burke, Dorsky, Blais and Commission members Fortier, Cote and George. In the minutes of this meeting, this group went on record, a motion was made and seconded and passed to accept the principle of not classifying as wages payment made under the supplemental unemployment benefit program of any employer for unemployed workers in order to permit the receipt by unemployed workers of said payment in addition to unemployment benefits under the Maine law. This report was signed by the secretary and this also is available for anybody in the House if they wish to look at it.

Ladies and Gentlemen, this has been a long time coming, but I think that we must be ready to accept legislation that means much to our people in the State of Maine. It seems to me that if forty-four states have been willing to write in their laws — to clarify their laws, the acceptance of supplemental payments, that we of this Maine legislature should be ready and willing. I know there has been a great lobby against the passage of this bill, and I hope that you people will be responsible as members of

this Legislature and be responsive to the people of the State of Maine and not to the lobbyists of the State of Maine, and I hope that when the vote is taken, it be taken by roll call and that you vote against the indefinite postponement of this bill, the "Ought not to pass" Report.

The SPEAKER: The Chair recognizes the gentleman from Orono, Mr. Treworgy.

Mr. TREWORGY: Mr. Speaker, Ladies and Gentlemen of the House: Of all the labor bills that the labor committee has dealt with and this House passed judgment on, this bill L. D. 1074 is probably the most subtle of all as to cost and effect.

A few weeks ago, this House placed itself on record as being wholeheartedly for a resolution supporting a favorable business climate in the State of Maine. The passage of this bill and the very probable subsequent insistence of unions that all unionized companies adopt such a plan at a cost to said companies of about five cents per hour per employee would be in direct contradiction to that stand. With today's keen competition among manufacturers throughout the country and abroad, a seemingly insignificant added expense to his cost of production could mean the difference between a Maine manufacturer's winning or losing very valuable contracts.

The employer is already paying for the entire cost of the Maine Unemployment Insurance program. The employee pays nothing from his wages toward the cost of this program. This bill could mean that in addition to supporting the unemployment insurance program, the manufacturer could be forced into the added expense of paying unemployment funds into a second program.

It should be pointed out that proponents of this bill say they are only trying to make SUB payments legal, the point being that the American Can Company already has such a plan. Such payments are legal under existing law. Their real point is to have such payments non-deductible from benefit amounts payable under the Unemployment Security Law which treats them as wages.

SUB discriminates against employees who are non-union or who work for employers who cannot or will not pass on the high cost of SUB to the ultimate consumer. Many SUB contracts provide an amount which, when added to the employee's weekly benefit amount will equal 65 per cent of his normal take-home pay, or more. Other laid-off employees, not under such a plan, may be entitled to the maximum of \$33 per week. Imagine the pressure that will be brought on future legislatures to raise benefit amounts, out of the Unemployment fund which shrank by \$11,000,000 in 1958.

Mr. Speaker, I hope the motion to accept the Majority "Ought not to pass" Report will prevail.

The SPEAKER: The Chair recognizes the gentleman from Sebago, Mr. Good.

Mr. GOOD: Mr. Speaker and Ladies and Gentlemen of the House: We have just had the second and third readings on Item 32 increasing the weekly benefits for unemployment from \$35 to \$39 per week, which could raise the total amount paid over a period of 500 weeks by the employer or the insurance company from \$14,000 to \$19,500 for any one particular individual. That could increase the insurance premium, and probably will, for the employer for which he must pay. We have had Item 33 which has just had its first and second readings increasing the unemployment weekly benefits from \$33 to \$35 per week. This must be wholly contributed to by the employer which is going to increase the cost of his goods produced. It may put the employer in an unfavorable position in competing with other manufacturers outside of the state.

We have a similar situation in our fishing industry today. One of the factors entering our fishing industry today is the cost of wages, and which puts the fishing industry in an unfavorable position in competing with fishing operators of foreign countries. Consequently a lot of these fish that is being brought to this country today is being brought in foreign ships because the fishermen of this particular country are not able to compete with the foreign fishers. This could happen to your

industries in the State of Maine if their cost of producing articles became so high that they are not able to compete with manufacturers in other states, then your industry will move out into your other states; your employees will move along with them and the State of Maine will continue to be in an unfavorable position.

I have before me here a list of the bills that have been presented before this Legislature this year, to increase unemployment benefits. There is one, two, three, four, five, six, seven, eight, nine, ten, eleven, twelve, thirteen bills at least that have been presented to this Legislature to increase the employment benefits. Now, the employers in this particular state last year contributed approximately \$8,000,000 to the unemployment fund. If all of these bills here before me had been enacted, it is estimated that the cost would have been an additional \$23,000,000, almost \$24,000,000 more, almost three times what was contributed by labor the last year.

It seems to be, the slogan used to be of political parties "a full dinner pail," "two cars in every garage." The philosophy behind this sort of thinking seems to be a hammock. Now we know that we can't put the State of Maine in a favorable economic production position by laying in a hammock. It should be "the full dinner pail." I think that if labor wants an increase in the productivity of the industry which they are entitled to, it should be an increase in wages, that they earn through the full dinner pail, not the empty dinner pail.

This is unemployment, this is compensation for not working, but labor wants I believe, and it should have, compensation for working so that we are able to reestablish our favorable position with foreign countries and with industries outside the State of Maine. Therefore, I hope that the motion before the House, which I believe is "Ought not to pass", does prevail.

The SPEAKER: The Chair recognizes the gentleman from Portland, Mr. Miller.

Mr. MILLER: Mr. Speaker, this seems to be getting a little bit confusing. Maybe there is purpose in the confusing remarks made by

many of my colleagues here today. I in the first place in regard to a statement made by Representative Treworgy that such payments are now legal, I might say that if he checks the law and checks with the Employment Commission he will find that such payments are not now legal under the laws of the State of Maine.

My friend, Mr. Good, says that this is going to be a great cost to the fund, the companies. This is going to cost nothing. Nothing comes from the unemployment fund under this particular bill. The companies only pay whenever they negotiate such a plan between their employees and management, only when that takes place. All this law says is what forty-four other states have corrected, and if the company wishes to pay supplemental benefits, they shall not be deemed wages because the purpose of that is to help the person out who has been laid off by this company, and when he is laid off they supplement it so that he will have a decent week's pay to support his family and remain in the locality because the company might at some future date call these people back. This enables them to stay in the community, to stay within that area.

Yesterday I placed in the mail slots of each and every member of the House and Senate a copy of the statement as presented to the Labor Committee by a gentleman named Carl Huhndorff who is a research director of the International Association of Machinists. If any of you people, Members of the House, were present at that meeting, you would know that this gentleman is a fine gentleman and did a commendable job. The other copy I placed in your mailbox was a statement from Donald Gardiner, an attorney for the American Can Company. He appeared at the Committee meeting as a proponent of this measure. I think that if you members of the House, and I believe that each and every one of you are intelligent enough to read a document when it is placed before you instead of listening to some of the confusing statements that might be made on the Floor

of this House this morning. My purpose in placing this in your mailbox is so that you would read it so that when you cast your vote you would be able to vote intelligently and not in confusion. Believe me it is all there in black and white, and again I hope that you vote against the "Ought not to pass" Report. Thank you.

The SPEAKER: Is the House ready for the question? The question before the House is the motion of the gentleman from Friendship, Mr. Winchenpaw, that the House accept the Majority "Ought not to pass" Report on Bill "An Act to Permit Supplemental Unemployment Benefits under Employment Security Law." A roll call has been requested.

The Chair must have the expression of a desire of one-fifth of the members of the House for the Chair to order a roll call. Will those who desire a roll call please rise and remain standing until the monitors have made and returned the count.

A sufficient number arose.

The SPEAKER: Obviously a sufficient number having arisen, a roll call is ordered. The question before the House is the motion of the gentleman from Friendship, Mr. Winchenpaw, that the House accept the Majority "Ought not to pass" Report. If you favor the acceptance of the "Ought not to pass" Report you will say 'yes' when your name is called, if you oppose the acceptance of the "Ought not to pass" Report you will say 'no' when your name is called. The Clerk will call the roll.

### ROLL CALL

YEA — Bacon, Baker, Berman, Bragdon, Brockway, Brown, Cape Elizabeth; Brown, Ellsworth; Carter, Carville, Caswell, Chapman, Gardiner; Chapman, Norway; Choate, Christie, Cousins, Cox, Crockett, Danes, Dean, Dennison, Dodge, Dow, Dumaine, Edgerly, Edmunds, Edwards, Stockton Springs; Emmons, Frazier, Good, Graves, Hancock, Hanson, Bradford; Hanson, Lebanon; Hardy, Harrington, Heald, Hobbs, Hodgkins, Hughes, Jewell, Jewett, Karkos, Knapp, Lindsay, Linnell, Mathews, Mathieson, Maxwell, Mayo, Monroe, Morse,

Perry, Easton; Philbrick, Rowe, Limerick; Sanborn, Smith, Exeter; Smith, Falmouth; Stanley, Treworgy, Trumbull, Walls, Walter, Weston, Wheaton, Whiting, Whitman, Williams, Winchenpaw.

NAY — Aliberti, Beane, Boone, Briggs, Cahill, Call, Caron, Cormier, Cote, Couture, Coyne, Cyr, Augusta; Cyr, Fort Kent; Davis, Calais; Davis, Westbrook; Desmarais, Dostie, Doyle, Dudley, Dufour, Dumais, Earles, Edwards, Raymond; Gallant, Harris, Healy, Hendricks, Hendsbee, Hilton, Jacques, Jalbert, Johnson, Jones, Kellam, Kilroy, Kinch, Knight, Lacharite, Lancaster, Lane, Lantagne, Lebel, Lemelin, Letourneau, Lowery, Miller, Nadeau, Pert, Pike, Pitts, Plante, Prue, Rankin, Reed, Rowe, Madawaska; Russell, Saunders, Storm, Tardiff, Turner, Walsh, Warren, Young.

ABSENT — Barnett, Baxter, Brown, Bangor; Clark, Curtis, Dennett, Dunn, Ervin, Haughn, Hutchinson, Kennedy, Maddox, Moore, Parsons, Perry, Hampden; Porell, Rollins, Wade.

Yes 68, No 63, Absent 18.

The SPEAKER: Sixty-eight having voted in the affirmative, sixty-three having voted in the negative, with eighteen absentees, the motion to accept the Majority "Ought not to pass" Report does prevail.

Sent up for concurrence.

### Passed to Be Engrossed

Bill "An Act to Reactivate the State Committee on Educational Television" (S. P. 493) (L. D. 1371)

Was reported by the Committee on Bills in the Third Reading, read the third time, passed to be engrossed and sent to the Senate.

### Amended Bills

Bill "An Act to Revise the General Laws Relating to Sea and Shore Fisheries" (H. P. 174) (L. D. 255)

Was reported by the Committee on Bills in the Third Reading and read the third time.

On motion of Mr. Emmons of Kennebunk, the House voted to reconsider its action whereby it previously adopted Committee Amendment "A".

Thereupon, the same gentleman offered House Amendment "A" to Committee Amendment "A" and moved its adoption.

House Amendment "A" to Committee Amendment "A" was read by the Clerk as follows:

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H. P. 174, L. D. 255, Bill, "An Act to Revise the General Laws Relating to Sea and Shore Fisheries."

Amend said Amendment, in the 27th and 28th lines, by striking out the underlined figures and word "110 or 111" and inserting in place thereof the underlined figures and word '63 or 64'

House Amendment "A" to Committee Amendment "A" was adopted. Committee Amendment "A" as amended by House Amendment "A" was adopted and the Bill passed to be engrossed as amended and sent to the Senate.

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Bill "An Act to Revise Private and Special Laws and Resolves Relating to Sea and Shore Fisheries" (H. P. 175) (L. D. 256)

Bill "An Act to Enact Private and Special Laws Related to the Revision of the General Laws Concerning Sea and Shore Fisheries" (H. P. 176) (L. D. 257)

Were reported by the Committee on Bills in the Third Reading, read the third time, passed to be engrossed as amended by Committee Amendment "A" and sent to the Senate.

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#### Passed to Be Enacted Emergency Measure

An Act Providing for an Executive Secretary for the Highway Safety Committee (H. P. 369) (L. D. 536)

Was reported by the Committee on Engrossed Bills as truly and strictly engrossed. This being an emergency measure and a two-thirds vote of all the members elected to the House being necessary, a division was had. 116 voted in favor of same and 7 against, and accordingly the Bill was passed to be enacted, signed by the Speaker and sent to the Senate.

#### Emergency Measure

An Act Establishing a State Committee on Children and Youth (H. P. 516) (L. D. 751)

Was reported by the Committee on Engrossed Bills as truly and strictly engrossed. This being an emergency measure and a two-thirds vote of all the members elected to the House being necessary a division was had. 121 voted in favor of same and 3 against, and accordingly the Bill was passed to be enacted, signed by the Speaker and sent to the Senate.

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#### Emergency Measure

An Act relating to Non-lapsing Funds of Present Biennium for Armory Repairs and Expansion (H. P. 827) (L. D. 1178)

Was reported by the Committee on Engrossed Bills as truly and strictly engrossed. This being an emergency measure and a two-thirds vote of all the members elected to the House being necessary a division was had. 121 voted in favor of same and 3 against, and accordingly the Bill was passed to be enacted, signed by the Speaker and sent to the Senate.

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#### Passed to Be Enacted

An Act Concerning Liability of Parents for Damage by Children (S. P. 58) (L. D. 91)

An Act to Authorize the County Commissioners of Cumberland County to Issue Bonds for Construction of a County Jail (S. P. 264) (L. D. 677)

An Act Affecting Certain Statutes Relating to Court Process and Procedure and to Kindred Matters (S. P. 486) (L. D. 1366)

An Act Providing for Mental Health Services (S. P. 490) (L. D. 1367)

An Act Reactivating the Committee to Review the Settlement Laws (H. P. 381) (L. D. 564)

An Act relating to National Defense Education Program (H. P. 383) (L. D. 566)

An Act relating to Disposition of Income on Public Administrator's Funds (H. P. 431) (L. D. 637)

An Act relating to Contributions under Maine Employment Security Law (H. P. 500) (L. D. 713)



An Act Appropriating Moneys for Municipal Planning Assistance (H. P. 737) (L. D. 1056)

**Finally Passed**

Resolve in favor of Grand Falls Hospital, Grand Falls, New Brunswick (H. P. 483) (L. D. 701)

Resolve Appropriating Funds to Public Utilities Commission for Water Resources Investigation (H. P. 713) (L. D. 1018)

Were reported by the Committee on Engrossed Bills as truly and strictly engrossed, Bills passed to be enacted, Resolves finally passed, all signed by the Speaker and sent to the Senate.

The SPEAKER: The Chair recognizes the gentleman from Kennebunk, Mr. Emmons.

Mr. EMMONS: Mr. Speaker, I ask unanimous consent that when the House adjourns today, that it adjourn to meet at nine o'clock tomorrow morning.

The SPEAKER: The gentleman from Kennebunk, Mr. Emmons, requests unanimous consent that when the House adjourns today it adjourn to meet at nine o'clock tomorrow morning. Is there objection? The Chair hears none.

**Orders of the Day**

Under suspension of the rules, Mr. Walter of Waldoboro presented the following Order out of order and moved its passage:

WHEREAS, on May 12, lobsters were presented to the Speaker of the House from Lincoln County, and;

WHEREAS, the Gentleman from St. Albans, the Honorable Representative Kenneth Hughes, was appointed sole unbiased Judge to sample one of the choicest lobsters taken from Lincoln County waters and also one of the choicest lobsters taken from Bar Harbor waters, and;

WHEREAS, two lobsters are to be presented the Gentleman from St. Albans, he is required to render an unbiased decision. Any interference from a legislator or a lobbyist is hereby strictly prohibited;

AND BE IT ORDERED, that the Speaker of the House or the Representatives from Lincoln County reserve the right to question the

qualifications of Representative Hughes and to demand that he submit to a lie detector test if deemed necessary;

AND BE IT FURTHER ORDERED, that he shall report to the House his decision as to the best lobster within 24 hours.

Thereupon, the Order received passage.

The SPEAKER: Will the gentleman from St. Albans, Mr. Hughes, kindly approach the rostrum.

It gives the Chair a great deal of pleasure to present to the gentleman from St. Albans, Mr. Hughes, this lobster which is the Lincoln County lobster and which, on the basis of past experience, the Speaker can assure the gentleman is of an excellent variety. Now, there's your Lincoln lobster.

Now, it is with especial pride that the Chair presents to the gentleman from St. Albans, Mr. Hughes, this lobster clearly marked Bar Harbor. The Chair has very little doubt in his mind as to which of the two the gentleman friend from St. Albans will find the better although we must admit that the Bar Harbor lobster will have to be very good to beat the Lincoln County lobster.

Now just remember your orders are to report back within twenty-four hours.

Thereupon, Mr. Hughes returned to his seat on the Floor of the House.

The SPEAKER: At this time, the Chair would request the Sergeant-at-Arms to escort to the rostrum the gentleman from Augusta, Mr. Barnett, to serve as Speaker pro tem.

Thereupon, Mr. Barnett assumed the Chair as Speaker pro tem amid the applause of the House and Speaker Edgar retired from the Hall.

The SPEAKER pro tem: Under Orders of the Day, the Chair now lays before the House the first tabled and today assigned matter, Bill "An Act relating to Augmenting of Stored Water," Senate Paper 467, Legislative Document 1363, tabled on May 14 by the gentleman from Rumford, Mr. Aliberti, pend-

ing third reading; and the Chair recognizes that gentleman.

Mr. ALIBERTI: Mr. Speaker and Ladies and Gentlemen of the House: I have made inquiries into this particular bill and I was assured by the representative of the Central Maine Power Company that they have had pleasant negotiations with the people involved in this particular section of the bill, which bothered me first. And I wanted to be sure that that would go on the record so if anything should come up in the future that we would have a matter of public record.

I therefore now move that this be given its third reading.

The Bill was then given its third reading, passed to be engrossed and sent to the Senate.

The SPEAKER pro tem: The Chair now lays before the House the second tabled and today assigned matter, An Act to Continue the Citizens Committee on Survey of State Government, Senate Paper 321, Legislative Document 897, tabled on May 15 by the gentleman from Lewiston, Mr. Jalbert, pending further consideration; and the Chair recognizes the gentleman.

Mr. JALBERT: Mr. Speaker and Members of the House: This bill has previously failed by once, four votes; once, six votes; and once, seven votes of enactment on an emergency basis. The other branch reconsidered it and enacted it and it is now before us again.

This committee — I attended some meetings, I am not on the committee, I do not intend to serve on the committee; and when I look around at the timber of the people that serve on the committee it behooves me that they would have nothing but the best interests of the State at heart. This stems from the Jacobs report which is being studied. There are some things in it now that the committee did take up, something could conceivably have been of a controversial nature, there is a great deal more work to be done, there are those who would strike the emergency clause from it so that it would take effect ninety days after we adjourn, this would stymie the committee drastically. There are also those who feel maybe the measure has

been lobbied rather wrong, when you are sold on something you fight for it with every weapon at your command.

I fervently hope that this House will go along with the enactment of the measure.

The SPEAKER pro tem: Does the gentleman wish to make a motion at this time?

Mr. JALBERT: That we pass this measure to be finally enacted.

The SPEAKER pro tem: The Chair understands that the gentleman from Lewiston, Mr. Jalbert, moves that the House recede and pass this bill to be enacted.

The Chair recognizes the gentleman from Rumford, Miss Cormier.

Miss CORMIER: Mr. Speaker, I would ask for a roll call.

The SPEAKER pro tem: A roll call has been requested.

The Chair recognizes the gentleman from Bowdoinham, Mr. Curtis.

Mr. CURTIS: Mr. Speaker and Ladies and Gentlemen of the House: I agree with my good friend from Lewiston, the gentleman from Lewiston, Mr. Jalbert, that the timber of these people who made up this survey on State Government is okay, but what concerns me is that I do not believe, regardless of the timber and the well-thought of the people who are making this survey, that it is needed. I think it is unnecessary and a waste of the people's money.

Now we have surveys being made all the time, and whatever becomes of them? Whatever becomes of the Legislative Research Reports that are brought in here? Very little. And I think this is just another thing whereby we would be wasting taxpayers money and not getting any good out of it.

The SPEAKER pro tem: The Chair recognizes the gentleman from Old Orchard Beach, Mr. Plante.

Mr. PLANTE: Mr. Speaker, Ladies and Gentlemen of the House: Certainly to have interested citizens to participate in the formulation or the eventual formulation of legislation and studies in government is not a waste of money to the citizens of this State. Everyone seems to concur that the individuals on the committee, now that most of

you have been aware of who the members are, that they are men of a high caliber. To name just a few in case some of you have not had an opportunity to read who the individuals are, there is for example, Mr. Bradford Hutchins of Waterville, the Republican National Committeeman; there is our respected and well-liked Speaker of the House, Joseph Edgar; there is the former President of the Senate, Robert N. Haskell; there is Mr. Samuel Collins from Aroostook County, and the Chairman, Mr. Frank Hussey, another respected individual. Certainly, if we were today, what possibly may be our final chance to either pass or defeat this piece of legislation, if we were to not support the motion of the gentleman from Lewiston to recede with the other body, we would be doing not only an injustice to the people in the State of Maine, but also we will be showing that we do not wish to give some of the individuals which I have mentioned a vote of confidence for the work that they have given towards what we hope eventually will be a more streamlined form of government. I certainly hope that the motion to recede does prevail.

The SPEAKER pro tem: Is the House ready for the question? The question before the House is the motion of the gentleman from Lewiston, Mr. Jalbert, that the House recede and pass this Bill to be enacted. A roll call has been requested by the gentlewoman from Rumford, Miss Cormier. In order for the Chair to order a roll call, there has to be a desire on the part of at least one-fifth of the members of the House present. Will those who favor a roll call please rise and remain standing until the monitors have made and returned the count.

A sufficient number arose.

The SPEAKER pro tem: Obviously more than one-fifth having arisen, a roll call is ordered.

The question before the House is on the motion of the gentleman from Lewiston, Mr. Jalbert, that the House recede and pass to be enacted Bill "An Act to Continue the Citizens Committee on Survey of State Government". This being an emergency measure, it requires the vote of two-thirds of the entire

elected membership of the House. All those in favor of receding and passing this Bill to be enacted will say "yes" when their name is called, those opposed will answer "no". The Clerk will call the roll.

### ROLL CALL

YEA — Aliberti, Bacon, Beane, Berman, Boone, Briggs, Brown, Cape Elizabeth; Brown, Ellsworth; Cahill, Caron, Carter, Chapman, Norway; Clark, Cormier, Cote, Cousins, Couture, Cox, Coyne, Cyr, Augusta; Cyr, Fort Kent; Davis, Westbrook; Dean, Desmarais, Dostie, Doyle, Dudley, Dufour, Dumais, Earles, Edwards, Raymond; Emmons, Frazier, Gallant, Good, Hanson, Lebanon; Harrington, Harris, Haughn, Heald, Healy, Hendricks, Hendsbee, Hilton, Jacques, Jalbert, Jewell, Johnson, Jones, Karkos, Kellam, Kilroy, Kinch, Knapp, Knight, Lacharite, Lancaster, Lane, Lantagne, Lebel, Lemelin, Letourneau, Linnell, Lowery, Mathews, Maxwell, Mayo, Miller, Morse, Nadeau, Perry, Easton; Pert, Pike, Pitts, Plante, Prue, Reed, Rowe, Limerick; Rowe, Madawaska; Russell, Saunders, Smith, Falmouth; Stanley, Tardiff, Treworgy, Trumbull, Walls, Walsh, Warren, Wheaton, Whiting, Young.

NAY — Baker, Brockway, Call, Carville, Caswell, Chapman, Gardiner; Choate, Christie, Crockett, Curtis, Danes, Dennett, Dennison, Dodge, Dow, Dumaine, Edgerly, Edmunds, Edwards, Stockton Springs; Graves, Hancock, Hanson, Bradford; Hardy, Hobbs, Hodgkins, Hughes, Jewett, Kennedy, Lindsay, Mathieson, Monroe, Philbrick, Rankin, Smith, Exeter; Storm, Turner, Walter, Weston, Whitman, Williams, Winchenpaw.

ABSENT — Baxter, Bragdon, Brown, Bangor; Davis, Calais; Dunn, Ervin, Hutchinson, Maddox, Moore, Parsons, Perry, Hampden; Porell, Rollins, Sanborn, Wade, Speaker.

Yes 92, No 41, Absent 16.

The SPEAKER pro tem: Ninety-two having voted in the affirmative, forty-one having voted in the negative, with sixteen absentees, the Bill fails of passage to be enacted.

Thereupon, on motion of Mr. Weston of Farmingdale, the House

voted to adhere and to communicate the action of the House to the Senate by the Clerk of the House.

The SPEAKER pro tem: The Chair at this time would like to acknowledge the presence in the gallery of the House of a group of high school students from St. Joseph High School in Biddeford, Maine accompanied by Sister Eugenie and Sister Theresa. Also a group of high school students from Cony High School in Augusta from the History and Government classes accompanied by their teachers, Miss Ann Webster and Mr. Charles Arbor. On behalf of the House, we welcome you ladies and gentlemen here today and hope that you enjoy and profit by your experience here. (Applause)

The SPEAKER pro tem: The Chair now lays before the House the third tabled and today assigned matter, Resolve Opening Long Lake, Aroostook County, to Smelt Fishing, House Paper 720, Legislative Document 1025, tabled on May 15 by the gentleman from Kennebunk, Mr. Emmons, pending final passage; and the Chair recognizes that gentleman.

Thereupon, on motion of that gentleman, the Resolve having been reported by the Committee on Engrossed Bills as truly and strictly engrossed, being an emergency measure and a two-thirds vote of all the members elected to the House being necessary, a division was had. 112 voted in favor of same and 3 against, and accordingly the Resolve was finally passed, signed by the Speaker and sent to the Senate.

The SPEAKER pro tem: The Chair now lays before the House the fourth tabled and today assigned matter, "An Act Permitting the Building of Marinas in Lake Maranacook, Kennebec County, House Paper 944, Legislative Document 1336, tabled on May 15 by the gentleman from Readfield, Mr. Dumaine, pending passage to be enacted; and the Chair recognizes that gentleman.

Thereupon, on motion of that gentleman, the Bill was passed to be enacted, signed by the Speaker and sent to the Senate.

The SPEAKER pro tem: The Chair now lays before the House the fifth tabled and today assigned matter, Bill "An Act relating to the Amount of the Annual Excise Tax on Railroads," House Paper 254, Legislative Document 365, tabled on May 18 by the gentleman from Bridgton, Mr. Haughn, pending passage to be engrossed; and the Chair recognizes that gentleman.

Mr. HAUGHN: Mr. Speaker, Ladies and Gentlemen of the House: As you know yesterday I asked for the privilege of retabling this bill until today for one purpose, to give a fair and proper consideration of this bill that is now before us. Due to the fact of the absence of many members of this House, I didn't think it was feasible at that time, just namely yesterday, to bring such an important issue up without everybody being fully informed and concerned with this issue.

As you realize, this issue before us is one of importance, it not only concerns the interest of the railroads, it concerns the interest of the State of Maine, its economy and its industry, but to refresh those members who were here yesterday and those who were absent, I will very lightly review what I said yesterday, it may not be in the same words, but in essence it will be the same.

One major problem before us in this bill, I think it is the only one major problem, should this House consider to pass legislation which would in turn give — to make the gentleman from Exeter much happier, I will use the word relief rather than subsidy which he complained about yesterday — for the Bangor and Aroostook, but I will place the word subsidy in here again for the remaining railroads, if it will make him any happier, but the rolling stock property as I expressed yesterday was \$68,000,000 for the Bangor and Aroostook Railroad, it was \$77,000,000 for the Maine Central Railroad, and it was \$277,000,000 for the Boston and Maine. Now as I expressed yesterday, each one of these companies has subsidiaries which are either owned or controlled by these respective companies. The Bangor and Aroostook has four, the Maine Cen-

tral has three, and the Boston and Maine has twelve. I was partially condemned in the Hall of the House this morning for using the word 'guarantee' on the 5½ per cent return that is in this bill. I will explain what I meant by 'guarantee.' To clarify the point which would be that if they did not earn up to a certain amount of 5½ per cent they would only have to pay one per cent, therefore I still say they were getting a certain guarantee. They were getting the guarantee to the extent that if they did not make this, they would not have to pay the full excise tax until it reached a certain proportion of gross income.

As you know, I expressed yesterday the major part of this bill, and I call it a sleeper or a gimmick in the bill, is the 5½ per cent, because we are subsidizing non-being railways in other states with state money and funds which belong to the taxpayers and the people of Maine. As I expressed yesterday, I certainly appreciate and commend the lobbyists who represent these special interests because they have done a fine upright job, been gentlemen about it. As I said the Bangor and Aroostook Railway management I think has done an excellent job to the point as far as they can go. The Maine Central has done the same, but I cannot say the same for the Boston and Maine.

I expressed yesterday what Mr. McGinnis was doing, what he has done to four other railroads, that he has only one thought in mind that is to liquidate to get hold of assets, but you don't see them published too much, because in the City of Boston there was a real estate company which has the inside track of purchasing so-called abandoned railroad properties. There is one in particular on the south shore in the City of — in the State of Massachusetts named the Town of Peabody which has become quite an industrial and shopping center, there is one piece of property there, an abandoned railway station which was at a premium price if they so sought to get it. They did not, this particular holding company or real estate company in Boston bought this property

for a song and over night turned this property into a vast margin of profit. Now if that is good management of a railroad, it certainly to my mind is not on the B & M under Mr. McGinnis.

I was asked not to bring the Boston and Maine into this subject because it concerns Maine railroads, the Bangor and Aroostook and the Maine Central. I will agree to my knowledge the Bangor and Aroostook is a full Maine operated railway; the Maine Central is as far as within its directors and so forth or the officials of the company, but they do travel into other states. When they travel that part of the cost is being asked to be borne by you people here in the State of Maine, and I as one legislator cannot stand here and vote for a bill of this nature which calls for us to subsidize out-of-state operations of the railroads. I think those problems lie within the state and within the federal government and they do have recourse to the federal government to get some of this relief if they saw fit to do so. I cannot once again as a legislator representing the people who elected and sent me here as well as the interest of the State of Maine wholeheartedly support a bill of this nature once again to give this kind of relief and then impose a tax upon the people of the State of Maine to give away that type of money. It is just in my opinion robbing Peter to pay Paul and taking care of special and private interests.

Now I did yesterday suggest a solution to this problem. I approached certain ones representing the railways which at that time was not fully authorized to give me a full answer, but one did, to take the law as it now stood and to take and reduce that amount within that law to give them some portion of relief. I was given a flat 'no.' Now this morning I had an opportunity to go in a little farther in the I.C.C. Reports, and these facts and figures I am giving you people, ladies and gentlemen of this House, are not my own interpretation or words from anybody but from the actual records of the I.C.C. Report which is the authentic and official one accepted by the

State, the P.U.C. and the Sales Tax Division.

Here are just a few and I will give totals because I do not want to embarrass anybody in my attempt to bring out these facts because I say if they are getting these salaries they must be worth it or maybe they are not, I don't know, but that is what the directors and the company allows them, and for the Boston and Maine Company for the top officials for the President of the system and the President of Personnel and so forth down the line, I might name the top ones, Mr. Pat McGinnis, \$75,000 salary plus \$50,000 expense account, but their total cost is \$227,600 for salaries plus Mr. McGinnis's \$50,000 for expense account. The Maine Central Railroad the salaries are \$126,000 combined for five officials, allowing \$3,600 more for directors for the part that I could obtain this morning, there are more on that list, but I did not have the time to obtain them. Bangor and Aroostook for six officials a total of \$106,000 for salaries. That is not counting the board of directors salaries, I did not obtain those because I didn't have time.

Now these are just some of the expenditures that have been made and some of the conditions under which they are asking you to give them relief within Maine and subsidies without the State of the peoples' money which I justly believe belongs here, and if we give it to this type of operation, what is to prevent the truckers from coming in asking for relief? What is to prevent all the utilities and telephone companies coming in here asking similar relief? Now this is the problem before you today and it is real serious. The railroads within Maine do have a problem. If within the wisdom of this body they can find a solution to help them, that is up to you to decide. I am not trying to kill this bill but I do want the facts brought before you, to take the sleeper out of this bill which is in here.

I do not like the ethics of presenting a report from a committee such as was done, to let it slide through here and say let's give it a couple or three readings and get it into the other body and see

what their decision will be. We have a problem before us to settle here before it gets there because the rumors are if it gets by here it will certainly get on the money table at the other end of the Hall. There will be available funds made I have been told through rumors, even to the extent of using the wildland tax in northern Maine to apply toward that relief.

Now when you hear these kind of rumors, those often times can be discounted, sometimes it is just somebody trying to aggravate or agitate or defeat a bill, I do not accept them fully but I do not discount them fully either, because we had the Sinclair Act two years ago put through in similar fashion, just give it three readings and get it out of the House. It was done. You bought the Sinclair Act and you are still puzzled with it yet and you will be for the next five years. This same method is being approached and being done on this particular bill, and if that is allowed, we are going to look awful foolish to go back to our people and say 'I didn't know what it was all about.' I had it two years ago on the Sinclair Bill, and I don't intend to on this particular bill. I want the facts regardless of whether they are good or bad, whether for or against; I think this House is entitled to know those whole facts and the true picture and what it will mean to the economy of the State of Maine, what it will do to your tax revenue, and what it will mean for future taxes on the people of Maine. I know there are others who are interested in this bill, and I will probably be back at this thing once again before it is completed.

The SPEAKER pro tem: The Chair recognizes the gentleman from Lubec, Mr. Pike.

Mr. PIKE: Mr. Speaker, I have been very much interested in this debate and overnight took the trouble to read the bill quite carefully and read the speech of my friend Mr. Haughn, the gentleman from Bridgton, also quite carefully. I am quite puzzled since my interpretation of the provisions of the bill don't quite jibe with the ones which he has given us. Now we are all anxious for the facts, and it may

be that I am mistaken as to my interpretation.

The bill, the part that is really not amended much of any, takes the old method of taxation and has a certain level when the net revenues from transportation are ten percent or less of the gross revenues and then raises the tax as the net take increases, so that when it is up to twenty-five per cent of the gross revenues, the tax gets over five per cent. None of the railroads have in the last twenty or twenty-five years ever got so close to any of those figures that that method of taxation has ever been used.

The other one takes effect when the net revenues are less than ten per cent of the gross revenues, and that is the one where we have had this  $3\frac{1}{4}$  per cent tax. Almost all of our taxation on operating entities is based very largely on net revenue unless they are on fixed property. This tax has got out of line and recognizing that the state needs the revenue, it has got to be quite unrealistic. I am unable also to find anything approaching or even vaguely resembling a guarantee of 5% per cent return on the property. It happens that 5% was the sum I believe, the rate of return which the Interstate Commerce Commission was directed to set by the Congress as a fair and reasonable return. None of our Maine Railroads have got it for many, many years, and I doubt if there are more than three or four railroads in the country that have got it for many years. I believe some of the coal-carrying railroads have either got it or approached it. The only reference to 5% per cent in this bill is that when the net shall not reach 5% per cent of the property, the tax shall be decreased by the difference down to, as this bill would have it, one per cent. The present law has it at  $3\frac{1}{4}$  per cent.

Then I took a look at some of the figures given in the speech yesterday and I find things which I cannot check. This may have been an oversight in giving rolling stock as \$66,000,000 for one road; \$77,000,000 for another and \$277,000,000 for a third. As I read it, they are not rolling stock, they are the gross total property of the railroads including track and all buildings, from

which of course depreciation would be deducted to leave a smaller sum.

The point was made that a good deal of that property for two of these roads is out of the State. Now for the Boston and Maine, that is certainly true, they only have a stub into this state running from the state line to Portland. If you look at the last provision of the present law where there is no arrangement for changing, you will find that the tax is assessed based on the mileage in this state as compared to their total mileage, and the revenue is worked out in that proportion, so that as far as the Boston and Maine is concerned, my memory, and I can be checked on it, is that the total tax paid by the Boston and Maine in this State is only about six per cent of the tax in question. The Maine Central has, as I am sure you all know, the Mountain Division which does cross New Hampshire and I think it gets over to St. Johnsbury in Vermont. That mileage out of state of course is deducted, and the tax is proportionalized the same way. B & A has no mileage outside of the State.

Now the one or two other items that I couldn't check, one, that of subsidiaries. My best understanding is that the Boston and Maine no longer has any interest whatsoever in the Portland Terminal, so that Portland Terminal is not a subsidiary of the Boston and Maine. I believe all three of the railroads in question do own a piece of Railway Express Agency, probably I think it is around five shares altogether out of a very much larger number of shares, a minority interest so small that Railway Express Agency could hardly be called a subsidiary of those roads.

I don't want to defend the — and I don't want to defend Mr. McGinnis either, I don't think he is a very good manager, I don't want to defend the exact wording of the tax, but I was left in a fog yesterday because some of the statements didn't quite agree with some of the facts as I understood them, and I may not be exactly correct in my somewhat hasty summary, but I find myself in considerable disagreement with my friend from Bridgton on first some of these

facts, and second what they mean. Thank you very much.

The SPEAKER pro tem: The Chair recognizes the gentleman from Rockland, Mr. Knight.

Mr. KNIGHT: Mr. Speaker, I was absent last week and this question undoubtedly has been asked, and if it has I beg your indulgence, but I have two questions I would like to ask of any member of the House through the Chair if they care to answer. The first question is, how much will this bill in its present form cost the State in loss of revenue, and once answering that, the second question is, how is it proposed that this loss of revenue be made up?

The SPEAKER pro tem: The gentleman from Rockland, Mr. Knight, has addressed two questions through the Chair to any member of the House who may answer if he so chooses.

The Chair recognizes the gentleman from Bangor, Mr. Cousins.

Mr. COUSINS: Mr. Speaker, as I have stated before, I do not intend to vote on this bill, but I am taking the liberty of answering the question of the gentleman from Rockland, Mr. Knight, because I think I know the answer. The bill as proposed now will apply only to one year of the biennium, and the cost based on 1957 figures is approximately \$1,250,000. My own opinion is that it will be a little less than that because the years have since then been not as good years as 1957.

As to how this is going to be paid, that is a good question and what the railroad industry hopes is that this bill will pass to the Senate as the good gentleman from Bridgton, Mr. Haughn suggested, and that it will lay upon the table there pending determination of the financial picture here in the State, and if there is money available to offer the relief, that it will be used for that purpose, and if not then we certainly will not get any relief if there is no money.

The SPEAKER pro tem: Does the gentleman from Rockland, Mr. Knight, consider his questions answered?

Mr. KNIGHT: Yes, thank you.

The SPEAKER pro tem: The Chair recognizes the gentleman from Fort Fairfield, Mr. Edmunds.

Mr. EDMUNDS: Mr. Speaker and Members of the House: It seems to me that the air needs a little clearing up here with respect to this bill, the provisions that this bill makes with respect to taxation of railroads. The gentleman from Bridgton, Mr. Haughn, has requested some facts, and I would like at this time to give the gentleman some of those facts.

The problems that are facing railroads in this country today are two-headed in nature, one on the federal level and another on the state level. At the present time progress is being made on the federal level to correct the situation which has made most of the railroads especially in the east approach financial insolvency. The Smather's Bill, other legislation, has corrected certain antiquated legislation under the I.C.C. Act and has offered some measure of relief to the railroads.

Now as I say, the problem has been recognized on the national level; to me it is high time that it be recognized on a state level, and to me the biggest problem on the state level is inequitable taxation. Now to me the problem in essence is this. We are arguing the future of Maine railroads, and by the same token I believe we are arguing the future of industry in the State of Maine. The rails today are forced to keep abreast of modern transportation trends, even to anticipate those trends. They have got to be financially able to provide faster schedules, new equipment, more services, anything that industry asks of them in order for them to share in industry's portion of the transportation business.

I am particularly familiar with only one phase of industry in the State of Maine, the potato business. As I said on this Floor when this bill was debated last week, we in the potato industry have gone to the Bangor and Aroostook Railroad, with which I am most familiar, three times and asked them for special services. First, to have our rates lowered so that we could be in more active competition with other producing areas in the United



States. The B & A at a great expense to the railroad, and at a tremendous expenditure of time and effort, pursued this very vigorously and the resulting freight rate reductions were able to keep Maine in the market competitively in the past year. I believe we shipped the highest volume to market that we ever shipped in our history. Secondly, we went to the B & A and we said: "We want part of the summer market for our potato crop, and for that we've got to have free ice." This cost the Bangor & Aroostook Railroad another \$50,000, but they recognized that our industry needed it, and they immediately provided that service. We went to them within the past year and said: "We've got to have faster schedules. If you cannot give us schedules which will match truck competition then we are going to be forced to use trucks." Within two months the B & A was able to instigate an overnight service into the Boston market for our potato crop. I bring these points out for one reason; to indicate to this group, to this body, the demand that industry is continually making upon the railroads for these services, and to point out that only a financially sound, a financially able railroad is in a position to make these services.

At the present time I know of two problems which again are facing B & A. I am not qualified to discuss the problems facing the Maine Central Railroad. But they have a fleet of reefer cars, approximately 1,200, which are known as standard reefers. In other words ice is put in the bunkers, fans are operated while the car is in transit. When the car is sitting in the yard, there is no way to ventilate these potatoes or other crops which are carried in these reefers. The B & A within six months is going to have to spend \$2,000,000 to add diesel units so that these cars when they are not in transit will still have adequate ventilation from fans operated by these diesel motors on each car. That is just one example of an anticipated expense that is going to be required of this railroad. In addition to that, and this is far more important, the B & A at this time has got to consider a venture into piggy-backing of potatoes, apparent-

ly it is the coming thing. If they should embark on that venture, the expense to the B & A will approximate \$50,000,000, possibly \$100,000,000. Now, unless these railroads are solvent, money is not going to be available to provide these services for the industries of the State of Maine, potato industries and whatever other industries you want to consider.

I don't know if the gentleman from Bridgton, Mr Haughn, has ever had to go to a bank and borrow money. Unfortunately I have in my business many times. No banker looks at my frozen assets. No banker says: "What are you worth?" A banker says to you: "What can you earn?" If you are not in a position to earn money, the banker is forced to deny your loan because he can see no conceivable way that you can repay what you borrow from him. He is not interested in cashing up your property. That is your problem. So unless we provide some type of relief to the railroads so that they are financially able to make these expenditures, then in my opinion the rails will not be able to provide the services that we need and are going to continue to demand from them in the future.

Now, as to what the fair return of a railroad is — there were a number of remarks made here the other day with respect to the fact that railroads were making excellent money here in the State of Maine at the present time. I believe it was noted that the dividends were still being paid on the common stock of the Bangor & Aroostook Railroad. I believe that is true. I believe as a matter of fact they initiated a dividend in 1955 after being able to retire some preferred stock which had prevented dividends in the past. Since that time the annual dividend of the B & A Railroad has decreased every year. Now with respect to the dividends being paid by the Maine Central Railroad, it was alleged that they were making money because they had paid dividends on their preferred stock. The preferred stock of the Maine Central represents about 20 per cent of their capitalization; the balance is in common stock, 80 per cent. To the best of my knowledge there has been no divi-

dend paid on the common stock of the Maine Central Railroad since the depression in the early thirties. In addition to that, there is at the present time an arrearage on the preferred stock of the Maine Central Railroad of \$55.00 per share. In other words, they have had to forfeit payment of their dividend in eleven of the past seventeen years.

Now, with respect to the value of that stock, I would like to throw these figures out. Three years ago when the Dow-Jones average, which is the accepted barometer of the stock market, stood at about 425, the Bangor & Aroostook stock was priced at \$67.00 per share. Since that time, the Dow-Jones average for industrials has increased by approximately 50 per cent, to approximately 630 on today's quotations. At the same time the price of a common share of Bangor & Aroostook Railroad has declined from \$67.00 to \$35.00. The same figures are true with respect to the Maine Central. Three years ago their stock was selling at \$43.00. Today it is selling at approximately \$32.00. Now to me that is a very good indication of what the people of this country think of making an investment in the railroads of this country today.

Now, figures were quoted yesterday and testimony was offered with respect that the New England Railroads would benefit or the other New England states would benefit by this proposed change in the taxation formula for railroads, and that Maine would bear the burden of subsidizing railroad operations in other states. I would like at this time to present some figures to you for your consideration. These involve the Maine Central Railroad which you all know operates in three states: Maine, New Hampshire and Vermont. At the present time for a mile of track, the Maine Central Railroad is paying \$1,135 in taxes in the State of Maine. In the State of Vermont, they are paying \$292.00. In the State of New Hampshire, they are paying \$486.00. So they are paying from three to six times as much for the privilege of operating a railroad in the State of Maine as they are in these other states. This tax, a gross receipts tax is, I think, on the books in only two other states in the Union; Maine and two

other states are the only two states which are using this tax at the present time.

I would like to comment briefly on this tax as to what is a gross receipts tax. Now on the statutes of the State of Maine, a gross receipts tax is defined as an excise tax for the privilege of operating a franchise. Now, the quickest way that you can sum up what that well-rounded phrase states, is that it is a monopoly tax. At the present time no other industry in the State of Maine is paying a monopoly tax at the present time, with the exception of your telephone and telegraph companies which have a true monopoly. Now to me, if no other industry is paying this tax; if no other form of transportation is paying this tax, then why is it fair for rails alone to pay a gross receipts or monopoly tax here in the State of Maine? Why isn't it just as fair for trucks? Why isn't it just as fair for tractors? Why isn't it just as fair for agriculture of which I personally am a part? To me the rails are being discriminated against. They are paying local property taxes in pretty near every one of our communities. Up until the time of the adoption of the sales tax, they also paid a state tax as well which was added into the valuation on the local level. Now, as far as I know they are more than willing to pay their fair share of taxes, but they are not willing to pay an unfair tax which is being indiscriminately imposed upon them.

I think we should look at one other thing. I don't think there is any question that rails in this country are in trouble today. What is going to happen if no relief is offered to the railroads? I think that the answer is a simple one. Eventually, you will have nationalization of your railroads in this country, the same as has partially taken place in Canada, and a number of other places in the world today. I don't think I need to remind this group that a nationalized railroad system will pay no taxes or contribute no money whatsoever to the State of Maine.

Now, in conclusion I would just like to make this comment. I have heard the expression from a number

of people, including my good friend from Bridgton, Mr. Haughn, that railroads need relief, that they are sympathetic to the problem that the railroads are facing here today. Now, to me that is the first consideration. It is not a question that they should have relief if we can find a source of income by which we can provide them relief. To me the question of paramount importance is, are they entitled to it? That then becomes the first consideration. I personally feel that they are entitled to such relief and I believe it is the duty of this legislature to enact the provisions of L. D. 365 as amended in order to give us here in the State of Maine for industry, for our people for our economy a sound financial system.

The SPEAKER pro tem: The Chair now recognizes the gentleman from Bridgton, Mr. Haughn.

Mr. HAUGHN: Mr. Speaker, Ladies and Gentlemen of the House: First I want to thank the gentleman from Lubec, Mr. Pike, for his comments and I would ask him through the Chair if while serving as Public Utility Commissioner he ever approved a rate base case as written in the black printing on bottom of L. D. 365, if he cares to answer me that question.

The SPEAKER pro tem: The gentleman from Bridgton, Mr. Haughn, has addressed a question through the Chair to the gentleman from Lubec, Mr. Pike, who may answer if he chooses.

Mr. PIKE: Mr. Speaker, I would like to have the question stated again. I'm not quite sure that I got it.

Mr. HAUGHN: I would ask the gentleman from Lubec, Mr. Pike, if while serving as PUC Chairman that he took all these problems in consideration arriving at a rate base case to determine the rate, which is listed on the bottom of L. D. 365 in black printing and I will read it: "When net railway operating income for the preceding year is less than 5¼ per cent of investment in transportation property, less depreciation and plus cash, including temporary cash investments and special deposits, and material and supplies," I can stop

there I think, without reading the rest of it.

Mr. PIKE: I am afraid the gentleman is not too well acquainted with the limited jurisdiction that the Maine State Public Utilities Commission has over rates of any sort in this state. I don't suppose most of us realize how far the jurisdiction of the Interstate Commerce Commission has gone in rate setting. About the only rates that the Maine Public Utilities Commission can set are on purely local movements, wholly within the state, and a good many of those are not within its jurisdiction. In addition to that, my answer to the gentleman is no, the question never came up while I was on the Commission.

The SPEAKER pro tem: Does the gentleman consider his question answered?

Mr. HAUGHN: I do partially, and I wish to thank the gentleman from Lubec, Mr. Pike, for his explanation because to me it is not still clarified, but just partially, but I will say this bill arrived at one destination to set in the Commission in my thinking. As a layman, not as a legal mind, but looking this over and after serving three terms now on the Public Utilities Committee, my little knowledge that I have gained now over those three terms inform me that under this bill as I read it and understand it would place them under a rate base on this bill. Secondly, the gentleman from Lubec, Mr. Pike, has brought out that within the bill contains as to how they shall pay from out of state, within the state on their proportional share of costs, or their share of the excise tax as written in the bill, it would take a Philadelphia lawyer and probably a room full of financial men to break this down, the amount the state will receive on mileage base within the State of Maine. That has been confirmed by me this morning within the P. U. C. Department. They would hate to attempt the job. It can be done, as they stated but it would take so long that this Legislature would not be in session even as late as it is anticipated we will be. To the gentleman from Fort Fairfield, Mr. Edmunds, he has brought out about the piggy-back service which I am happy he did.

field in regards to the high cost in the State of Maine in comparison it is a fine gesture and shows good management in giving thought to advancement and for correction of the ills within railroads problems, but they have not gone far enough and I believe it is in the making that these railroads can consolidate and merge within the State of Maine and cut their operating expenses tremendously. They have things within their manageable powers that they can accomplish and help to solve part of their own problems instead of the taxpayers of the State of Maine paying the full burden and cost.

We might say at that time two years ago they only allowed freights, at least they only hauled freights up to a certain length which required so many men. They have been able to lay those men off now due to the fact that they put 150 to 200 trains on a freight train, which in old days they did not which cut their operating costs and expenses, which certainly, as far as railroads are concerned was a step in the right direction for — to bring them within the profit making part of which they should be as an operating railroad.

As you people all know, ladies and gentlemen of this House, that from newspaper write-ups, from the publicity it has been given, they disposed of their transportation problem of passengers when they got rid of their holdings they had in the bus lines. They would like evidently from all these passenger trains that have been discontinued to evidently, probably like to get out of the passenger service entirely. At least that is the way it looks to me on the surface from what is happening in the State of Maine and all New England states, without regards to the needs of the communities, the service to the communities. They holler about the fact they would like to progress, keep industry, etc. The passenger service is just as important as freight service to help to keep those communities up. They have certainly taken that away from the people and forced the bus companies to go into areas to service the people now. All I hear about is taxes in different states from the gentleman from Fort Fair-

He has brought forth the point which I was going to express. I think with other states. Maybe it is true. Maybe they have other sources of income for that state to take care of the problem and these railroads may not have the length and the services rendered in those states as much as may be in the State of Maine.

As far as why don't we give the same tax on trucks, we might say that the overall tax structure of trucks, I think in my mind of the total taxes paid of all nature is equal if not greater than paid by the railroads.

As far as the national control of railroads goes, I will agree I think that day may be coming that that may happen, but until it does happen, it has no bearing on this particular bill within the State of Maine. I think our major problem this bill concerns is the sleeper that is in it, and I advised it once before and offered suggestions as to how they may at least in my opinion as one which would go along with it to a certain degree, to take the present law and a law that everybody could read and understand and not have all these gimmicks as I call them that is in this bill that only a man of legal intelligence can really absorb because this bill is of such a broad scope it takes a long time to study and understand it.

As I have said, I am not pushing against railroads. I would like to see them helped if there is possibly help within the State of Maine, but not to take state money and help to support it in other states. Let those states solve their problems along with the federal government. Let us take care of our own, and in this bill it does support and subsidize without outside the state of some Maine railroads, so how are we going to arrive at a decision on this thing? I do not know, but I will say this, that at this time, I would move for the indefinite postponement of Committee Report "A" as amended by House Amendment "A" and I will make a motion after that and request a roll call when the vote is so taken.

The SPEAKER pro tem: The gentleman's motion is not in order.

The Chair recognizes the gentleman from Fort Fairfield, Mr. Edmunds.

Mr. EDMUNDS: Mr. Speaker and Member of the House: I have worked out an example here. The gentleman from Bridgton, Mr. Haughn, has kept referring to this bill guaranteeing a 5¼ per cent return to railroads. I have worked out an example here using figures with respect to the B & A and projecting their gross revenues and net income for the current year. Now at the present time the net depreciated value of the transportation property owned by the Bangor & Aroostook Railroad is approximately \$57,000,000. The projected net income of the Bangor & Aroostook Railroad for the year 1959, and I am informed that it appears the projections are substantially correct, is \$600,000. In other words, the earnings of the Bangor & Aroostook Railroad this year expressed as a percentage of their net investment are 1.05 per cent which I think we will agree is a long ways from 5¼ per cent. Now, under the present statutes the Bangor & Aroostook Railroad will pay to the State of Maine in 1959, under this gross receipts tax, \$600,000. Should this bill be enacted, and had the amendment to postpone the effective date one year not been offered, which it has, then under this bill the Bangor & Aroostook Railroad would pay to the State of Maine \$140,000. In other words, a net tax saving to the Bangor & Aroostook Railroad of somewhere in the neighborhood of \$400,000, slightly more. Now if we add this difference in tax money paid to the projected net income of the Bangor & Aroostook Railroad, we come up with the figure of \$1,060,000 as a total net income which the railroad will enjoy which again expressed as a percentile of their investment in transportation property works out to be 1.86 per cent, not 5¼ per cent as alleged by the gentleman from Bridgton, Mr. Haughn.

The SPEAKER pro tem: The Chair recognizes the gentlewoman from Falmouth, Mrs. Smith.

Mrs. SMITH: Mr. Speaker and Members of the House: I think all of us at this point are a bit confused by all the figures that we have been given, but I think there

are a few things that perhaps we ought to bear in mind. The Boston and Maine has a relatively small amount of track in Maine, approximately ninety miles, although other railroads do depend upon it for the connection with the rest of the nation. We are concerned here with railroads which serve the greatest bulk of the state's industry, to wit: the Bangor and Aroostook and the Maine Central. Unless these two Maine railroads are kept in sound financial condition, the industrial economy will suffer. We are not voting to subsidize railroads; we are voting in a larger sense to give a needed assist to Maine's overall economy. The amount of money saved according to some figures by the Boston and Maine would only be \$54,971 against \$400,000 for the B & A and a half a million for the Maine Central, so perhaps if this small piece of road is confusing us, we might consider the larger matter that we are going to vote upon.

The SPEAKER pro tem: The Chair recognizes the gentleman from Union, Mr. Heald.

Mr. HEALD: Mr. Speaker, Ladies and Gentlemen of the House: I object to this bill being referred to as a subsidy or tax release. I look upon this bill as being the only vehicle by which we can correct a tax injustice, and I think we should get with it and get it through here and get going.

Mr. HAUGHN: Mr. Speaker?

The SPEAKER pro tem: For what purpose does the gentleman arise?

Mr. HAUGHN: I have spoken twice. I rise to ask for a roll call vote on the pending question.

The SPEAKER pro tem: A roll call has been requested. The Chair recognizes the gentlewoman from Patten, Mrs. Harrington.

Mrs. HARRINGTON: Mr. Speaker and Members of the House: I want to go on record as being in favor of the enactment of this bill. I shudder to think what would happen to industry in northern Maine if railroad services were to be curtailed.

The SPEAKER pro tem: The Chair recognizes the gentleman from Hodgdon, Mr. Williams.

Mr. WILLIAMS: Mr. Speaker and Members: It seems to be that we in Aroostook need a reasonably healthy railroad. We ship out a large volume of potatoes and a large part of them go by truck, but it is impossible for the trucks to handle all of our potatoes. It seems to me the railroads need some relief, and this is the only vehicle in this Legislature through which the relief can be worked out. It would be a bad thing for us, I should say, if we found ourselves of necessity pushing wheelbarrow loads of potatoes across the Maine-Quebec highway to reach tidewater on the St. Lawrence Seaway.

The SPEAKER pro tem: The Chair recognizes the gentleman from Readfield, Mr. Dumaine.

Mr. DUMAINE: Mr. Speaker pro tem, Ladies and Gentlemen of the House: One thing that you must keep in mind when you make your vote today is whether or not you are interested in keeping at least a thousand or two thousand people in the State of Maine working. That to me is the relief that we are giving the State of Maine.

The SPEAKER pro tem: Is the House ready for the question? The question before the House is whether or not this bill should be passed to be engrossed. A roll call has been requested. In order for the Chair to entertain a roll call, there has to be a desire of at least one-fifth of the membership present. Will those who are in favor of a roll call please rise and remain standing until the monitors have made and returned the count.

An insufficient number arose.

The SPEAKER pro tem: Obviously less than one-fifth having arisen, a roll call is not ordered. The Chair recognizes the gentleman from Perham, Mr. Bragdon.

Mr. BRAGDON: Mr. Speaker, I ask for a division.

The SPEAKER pro tem: A division has been requested. The question before the House is on the passage to be engrossed of Bill "An Act relating to the Amount of the Annual Excise Tax on Railroads," House Paper 254, Legislative Document 365. This Bill, having had its three several readings and having been reported by the Committee on Bills in the Third Reading, is it

now the pleasure of the House that it be passed to be engrossed as amended? Those who favor the passage to be engrossed of this Bill, please rise and remain standing until the monitors have made and returned the count.

A division of the House was had.

Ninety-one having voted in the affirmative and thirty having voted in the negative, the Bill was passed to be engrossed as amended and sent to the Senate.

At this point, Speaker Edgar returned to the rostrum.

SPEAKER EDGAR: The Chair would like to thank the gentleman from Augusta, Mr. Barnett, for his excellent job as Speaker pro tem.

Thereupon, the Sergeant-at-Arms conducted the gentleman from Augusta, Mr. Barnett, to his seat on the Floor amid the applause of the House, and Speaker Edgar resumed the Chair.

The SPEAKER: The House may be at ease for five minutes.

#### House at Ease

Called to order by the Speaker.

The SPEAKER: The Chair now lays before the House the sixth tabled and today assigned matter, Bill "An Act to Appropriate Monies for the Expenditures of State Government and for Other Purposes for the Fiscal Years Ending June 30, 1960 and June 30, 1961," Senate Paper 461, Legislative Document 1313, tabled on May 18 by the gentleman from Lewiston, Mr. Jacques, pending the motion of the gentleman from South Portland, Mr. Linnell, that the House adopt House Amendment "A" to Senate Amendment "A"; and the Chair recognizes that gentleman.

Mr. JACQUES: Mr. Speaker and Members of the House: I have been going around here in circles this morning trying to get the proper amendment drawn, and it seems that most of the amendments that are already presented and the other one which is going to be adopted in a few minutes are inconsistent to each other. One of the reasons is that you are providing money, you are telling Dean Fisher that he has to move within a month, and

that means that he has to move the equipment out of the Hebron San within one month and install it into Fairfield and whatever else has to be done. Under the law now, Dean Fisher has no orders to do this. So this is one of the reasons I wish we could get together here and draw the proper amendment and come back and get this thing ironed out, and I would move that this lie on the table until Thursday morning, May 21.

The SPEAKER: The question now before the House is the motion of the gentleman from Lewiston, Mr. Jacques, that this bill be retabled and specially assigned for Thursday next pending the motion of the gentleman from South Portland, Mr. Linnell, that the House adopt House Amendment "A" to Senate Amendment "A". Will those who favor the motion to retable, please say aye; those opposed, no.

A viva voce vote being doubted, a division of the House was had.

Sixty-three having voted in the affirmative and forty-four having voted in the negative, the motion to table did prevail.

The SPEAKER: The Chair now lays before the House the seventh tabled and today assigned matter, Bill "An Act to Authorize the Construction of a Causeway Connecting Cousins Island with Littlejohns Island, and a Bridge and Causeway Connecting Littlejohns with Chebeague Island," House Paper 145, Legislative Document 201, tabled on May 18 by the gentleman from Cumberland, Mr. Call, pending passage to be enacted; and the Chair recognizes that gentleman.

Mr. CALL: Mr. Speaker, I now move passage to be enacted.

The SPEAKER: The Chair recognizes the gentleman from Bangor, Mr. Cousins.

Mr. COUSINS: Mr. Speaker, because of the name 'Cousins Island' I certainly want to join Mr. Call, the gentleman from Cumberland, in his motion.

The SPEAKER: This Bill, having had its three several readings in the House and having been passed to be engrossed, and having had its two several readings in the Senate and having been passed to be engrossed, and the Committee on En-

grossed Bills having reported it as being truly and strictly engrossed, is it now the pleasure of the House that this Bill be passed to be enacted?

This being a bond issue, in accordance with the provisions of Section 14, Article IX of the Constitution, it requires a two-thirds vote of the House. Will those who favor the passage for enactment of this measure, please rise and remain standing until the monitors have made and returned the count.

A division of the House was had. 87 voted in favor of same and 26 against, and accordingly the Bill was passed to be enacted, signed by the Speaker and sent to the Senate.

On motion of Mr. Brown of Ellsworth, out of order, and under suspension of the rules, the following Resolution:

STATE OF MAINE  
99th LEGISLATURE  
HOUSE RESOLUTIONS

May 19, 1959

WHEREAS, the members of the House of Representatives of the Ninety-ninth Legislature have learned with profound sorrow of the death yesterday of an esteemed colleague, Honorable Myron F. Shepard, Representative from Stonington, and a member of the House of Representatives in 1957;

AND WHEREAS, in his association with the members of this House he was ever honorable and kindly, being highly regarded for his character and sterling qualities of mind and heart;

AND WHEREAS, the members of the House of Representatives sense in his passing a personal loss and a genuine grief;

NOW, THEREFORE, BE IT RESOLVED: That the State of Maine mourns the loss of a faithful and valued public servant, and the members of the House of Representatives lament the departure of an esteemed and trusted friend;

AND BE IT FURTHER RESOLVED: That these Resolutions be entered in the Journal of the House and an engrossed copy of these Resolutions be sent to the family of the deceased;

AND BE IT FURTHER RESOLVED: That as a further token of respect the House do now stand adjourned.

The Resolution was read and adopted.

Thereupon, pursuant to the provisions of the Resolution, the House stood adjourned.