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Harnessing Maine's Tides of Unruly Revenue

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Harnessing Maine's Tides of Unruly Revenue

by

Peter Mills

On Saturday night, the 28th of the June, 1969, the state of Maine encountered one of the closest showdowns in its history. With the state itself about to shut down for lack of a budget, the issue was whether to pass an income tax that had been designed by Scott Fox, a Falmouth accountant. The bill was sponsored by the Republican floor leader, Harry Richardson, and endorsed by the leaders of both parties. Despite such support, the tax encountered stiff resistance from rank and file members on both sides of the aisle, including powerful members of the Appropriations Committee.

In an emotional roll call, the bill passed by one vote in the House when one of the opponents agreed to vote for passage only after he saw that the 100 other necessary votes were already up on the board. When sent to the Senate, the bill failed of passage on first roll call. During a recess, one member was convinced to switch and it then passed the Senate by only one vote as well.

Because Governor Curtis supported the bill, he had to fight off a primary challenge in 1970 and came within 800 votes of losing the general election that fall.

However, when the income tax by itself was later forced out to referendum in 1971 by citizen petition, it was resoundingly approved by 75% of Maine voters.

The income tax survived because it was fairly structured, simply designed, and easy to administer. Leaders from across the political spectrum were willing to support the tax and to explain its utility. And most importantly, voters had a sense that the money they were sending to Augusta was being put to good use, that they were receiving back something of value for their investment.

I open with this story and highlight its significance because it stands in stark contrast to the present mood of the state and of the nation. To account for this change and trace its history is one purpose of this paper.

1. Why Taxes Matter

We cannot begin to discuss tax policy without first acknowledging that taxes are inseparable from appropriations. Revenue and expense are two sides of one ledger. It is only to support public programs that we must talk about taxes at all.

The past four decades have seen dramatic increases in state programs and major shifts in spending patterns that were made possible only by new sources of revenue. The maturing of the sales tax, the adoption of the income tax and the infusion of federal funds primarily through Medicaid are the three pillars of support that enabled the state to develop in two new and significant roles: first as a dominant provider of social and medical services and second as an equal contributor to the enterprise of K-12 education.

Hard as it is to believe today, for the first two-thirds of the 20th Century, the major function of state government was simply to facilitate use of automobiles. Legislators elected in 1960 saw it as their primary mission and responsibility to build bridges and highways. The Maine DOT and the Turnpike are now truly dwarfed by two other departments whose budgets have outstripped them during the past forty years: the Department of Education and the Department of Human Services.

In terms of economic significance, today's legislator has two primary jobs: first, to raise and distribute taxes as a revenue agent for local schools; and, second, to serve as a co-director of one of the world's largest and most complex health insurers, the American Medicaid system.

As recently as fiscal year 1951, the last year before the Maine sales tax, one-sixth of the state's general fund budget was raised through a statewide property tax collected through the towns, just as had been done since 1820. At the present time, by contrast, the state collects most of its revenue from its own broad-based taxes on sales and income and sends fully 43% of it back to local governments and taxpayers in the form of school aid, revenue sharing, homestead exemptions, property tax circuit breaker rebates, business equipment tax reimbursements, road funding, and general welfare assistance.

While many people regard these intricacies as tedious, dry, and without consequence, we need to remind ourselves that poor tax policy was the reason England lost control over its American colonies. Just a decade ago in Maine, tax upheavals caused another revolution that began with a shutdown in state government and resulted in the imposition of legislative term limits, a complete turnover in political leadership and the election of an independent governor as a rebuff to both warring political parties. Even more recently, it was the deficient tax structure of our largest state that produced the Terminator's takeover of California.

Tax policy is dull stuff but it matters.

2. 1086, 1820, and All That

In the beginning, states like Maine collected most of their money by directing towns to send in a portion of the property tax to the state. While the idea of sending property taxes to Augusta seems foreign to us now, the statewide property tax remained in place until 1954 when revenue from a two cent sales tax supplanted it.

In the year 1086, William the Conqueror sent English public servants out to inventory his nation's property and to create what became the Domesday Book. It's purpose was to equalize the king's property taxes among his subjects after the Norman Conquest. Public employees could well have done very similar work for the state of Maine during our first 130 years of statehood. For in the intervening millenium, the elements of our state tax structure had changed very little from feudal times.

In 1951, the year before the sales tax, the three biggest general fund taxes were the taxes on alcohol, on statewide property assessments and on tobacco; all three were of about equal size.

However, the biggest tax of all at mid-century was the gasoline tax within the Highway Fund that was legally and administratively segregated from other state finances. Forty and fifty years ago, the Highway Fund regularly accounted for one-third of all state spending.

Fortunately, the extraordinary demands on public infrastructure created by motor vehicles required very little sophistication in tax policy. It was enough to impose a simple user fee like the gas tax without need for broad based general taxes.

3. A Matter of Size: Maine's Great Growth Spurt

From 1963 to 2002, the highway budget, including federal subsidies rose only a little more than the six-fold rate of inflation. During that time, however, the Highway Fund dropped from 32% of the state budget to less than 6% as education and human services mushroomed. Education (both K-12 and higher education) grew six times faster than inflation and human services grew 22 times faster than inflation.

Expansions in these programs occurred only because the state had new general revenue available from three principal sources: the sales tax, the income tax and federal matching funds.

The sales tax became effective on July 1, 1951, at a rate of 2 cents on the dollar. By 1969, the rate was up to 5 cents where it remains today. In spite of the narrowness of its tax base and its failure to tax most services, the sales tax grew from 1963 to 2003 at a rate that exceeded inflation by nearly five times.

The Maine income tax, after its passage in 1969 and its validation by referendum in 1971, grew so fast that it eclipsed the gas tax in 1974. In another four years it exceeded the size of the entire Highway Fund, including federal subsidies. By 1986, combined revenue from corporate and personal income taxes had surpassed the sales tax. Since collections began in 1970, the income tax has grown at 7.6 times the rate of inflation.

As an aside, I might note that the original American income tax was invented in 1861 by a New Hampshire Republican, Salmon P. Chase who helped found the Republican Party and served as Treasury Secretary under President Lincoln. In 1994, Mr. Chase's great, great grandson, Christopher St. John, founded the Maine Center for Economic Policy which has had a major impact on tax policy here in Maine.

The third source of new revenue is federal grant money. Invented in 1965 Medicaid is now a $1.4 billion program in Maine, consisting of 1/3 state money and 2/3 federal. Child protective services are similarly subsidized. 91% of the payroll in our state Department of Labor is federalized. Most major highways and bridges are built with an 80% federal match, as are many sewer plants and other environmental projects. Federal grant money has grown at 6.8 times the rate of inflation since 1963.

Revenue growth from these three major sources has fueled a sea change in people's expectations for state services. We now take for granted that the state is expected to supply:

care for 72% of patients in nursing homes, including many from the middle class who have exhausted their own resources;

personal tutoring for any child with an impediment to learning;

free health insurance for families with household incomes below roughly the median level for all families;

child care vouchers to enable both parents in working class households to enter the workforce;

competent protection for abused and neglected children;

round-the-clock support for the mentally ill and disabled now residing in our communities;

respite for victims of domestic violence; and

environmental protection against a wide array of hazards.

We expected and received little, if any, of this in 1963. The state's footprint on the Maine economy is 70% bigger than it was forty years ago.

Even reactionary observers foresee no likely retreat from such trends. Ours is today a society with great and civilized expectations. In 1963, the sexual abuse of children was simply ignored. It is now recognized as an open and continuing crisis that consumes a wide range of state resources.

Highway building, once the king of state appropriations, has been superseded by Education and Medicaid. No one is comfortable living in a society where children are not well educated or where people might be left to die in crowded charity wards because they cannot afford chemotherapy, coronary by-pass or nursing home care.

4. Staying Alive: Hyperinflation in Health Care

"If you think health care is expensive now, wait until you see what it costs when it's free." P. J. O'Rourke

It is hard to see any end in sight for the continuing escalation of health care costs. It is probably the most persistent and intractable domestic policy issue in America. Not only do high costs reduce access to care, but increased premiums paid by employers retard economic development when we compete against others with lower costs.

Health care inflation impacts state governments in a compound way. In the first instance, the state itself, as a labor-intensive service industry, provides a generous package of health benefits for 41,000 employees, retirees and their dependents. When health care costs escalate, they affect the state as much as they do any private employer.

But the state is also a major purchaser of care for needy citizens. Providing health care to others consumes fully one-fifth of the state's budget. Medicaid supports 72% of all nursing home residents, and one-fifth of all hospital admissions. The state is the dominant provider of care for the mentally ill and the developmentally disabled.

Health care inflation also affects state tax receipts. When employee fringe benefits become more expensive, employers hire fewer workers, wages are crowded out by the added cost of benefits, and there is less taxable income.

From 1960 to 1999, annual health care costs grew from 5.1% of America's gross domestic product to 13.1%. Because health care has such intrinsic value in contrast to everything else we buy, health costs in the future will continue to consume an even greater share of our incomes. Given the amount of money we are willing to spend to relieve heartburn, is there any limit to what we will spend to cure cancer? It is hard to imagine any product or service of higher value than one that keeps us all alive and well on this planet.

Health care has become a lot like public education, electricity, the water supply or safety on airlines. It is a semi-public utility whose services people expect to receive when they are needed regardless of the ability to pay.

5. Why is Education so Costly?

State spending on education has not grown as fast as health care, but it has grown about seven times faster than inflation since 1963. It surpassed the Highway Fund in 1968. The higher education component has grown roughly in proportion to state aid for K-12.

Because student enrollments in K-12 have not grown since 1963 and are now declining, it is pertinent to ask why K-12 education costs have increased so much faster than the rate of inflation since 1963. Part of the reason was the impetus to build new regional high schools under the Sinclair Act, a far-reaching 1957 statute which offered financial incentives for the creation of consolidated school districts.

Another reason was a move to decrease class sizes. Maine has today the lowest pupil-teacher ratios in the United States. As a result, our per pupil costs are much higher than average even though our teacher salaries are lower.

6. The Bungee Cord: Envisioning Volatility

Our present revenue system with its reliance on sales and income taxes encountered a big test in the recession of 1991, and it flunked. Although the recession was by no means severe in historical terms, its effects on the state budget were devastating and the political fallout severe. Sawin Millett, who was state budget officer at the time, recalls that revenues began dropping in November of 1990 and then continued to plummet in a sustained free fall from month to month with no predictable limit to the down side.

The abrupt downturn traumatized our state to the core and permanently altered its politics. Combined with the contemporaneous crisis in Workers Compensation, it even closed down government for three weeks. It brought the downfall of the Martin-Pray legislative era, the enactment of term limits, significant alterations to public pension rights, a number of tax increases and the election of a popular but politically independent governor with only a limited power base.

Muskie School Professor Josephine LaPlante, when asked to study the budget crisis of 1991, laid the blame on hyper-elasticity in the state's tax code. Her use of the "bungee cord" metaphor made it possible for every legislator to envision exactly what volatility means.

She pointed out that one-third of our sales tax revenue comes from sale of automobiles and building supplies. When the economy is depressed, no one buys a new car or constructs additions on the home. When the economy picks up again, these purchases rebound. Because the state does not tax staples like food, home heating fuel and basic electricity, much of the revenue from the sales tax comes from sale of big-ticket items that are most likely to be deferred when incomes are down. This means that sales tax revenue responds in a highly exaggerated way to changes in the economy and the tax lacks an adequate base to carry it through when times are bad.

As LaPlante further explained in her 1993 study, "Dollars and Sense," the state's income tax is also volatile because of its large standard deduction and personal exemption levels, its highly graduated bracket system and its dependence on taxes paid by two-income families.

In 2002, the state encountered another recession and learned that the income tax is volatile for yet another reason: capital gains. The state taxes long term capital gains as ordinary income, much of it subject to the 8.5% top marginal rate. Stock market gains fueled huge surpluses for the state during the last half of the 1990's; but when the markets turned down in 2001, state income taxes for 2002 fell dramatically.

During the winter of 2001-02 our economic forecasters had predicted a large drop in revenue from capital gains precisely because of the recession and stock market drops that were already in progress; but when tax returns came in during the spring of 2002, capital gains had dropped much further than expected. The resulting loss in revenue caused major state budget crises, not only in Maine but in nearly every other state with an income tax that piggy-backs the federal system.

It seems obvious to me that volatility is intrinsic to taxes based on sales or income, particularly since the revenue is drawn from sources that are so intertwined with the economy itself. Trying to stop volatility is like trying to dampen tides in the Bay of Fundy.

William the Conqueror knew how to avoid volatility. He taxed wealth and property. So did the state of Maine from 1820 to 1954. The big three taxes in 1951 (aside from the dominant gas tax) were the taxes on tobacco, property and alcohol. Alcohol and tobacco taxes are notoriously regressive, that is, they are paid disproportionately by poor people; but they are also highly dependable. People continue to buy them in a recession.

The biggest virtue of the property tax is its stability from one year to the next. Californians voted to slash their property taxes under Proposition 13 and place their faith in the income tax instead. They were awash with silicon capital gains in 1999 but got hammered in the 2001 recession.

One can certainly reduce volatility in sales and income taxes by making them more regressive, for example by taxing food or by eliminating personal exemptions from the income tax. But even if poor people were willing to be taxed in this way, these taxes will still be highly sensitive to small swings in the economy.

This is unfortunate because the need for most governmental services, such as those provided by school teachers, firemen and judges, is persistent. In a serious recession, the demands for many safety net services, such as welfare and Medicaid, actually go up substantially. They are counter-cyclical to the economy and to the taxes that support them.

7. Reaching Our Limits

Our present tensions over tax issues are not fully explained by volatility alone. We seem really to be confronting limits on what our present systems will support, not only in Maine but in most other states. It may not be a matter of what we are able to do so much as what we are willing to do. People are simply in no mood to continue raising state and local taxes.

Our present Democratic governor captured that mood in his budget speech to the legislature on February 5, 2003. when he compared our current plight to "an economic and financial ice storm--unavoidable and unrelenting."

Contrast his speech with one given by Governor Ken Curtis in 1969. He spoke of Maine as a "Sleeping Giant," then awakening. The preceding year had a set a record for industrial expansion.

Curtis confidently laid out a menu of new taxes to enhance programs like Medicaid, the most significant product of Lyndon Johnson's Great Society. He listed half a dozen different ways in which new taxes might be combined to enhance revenue substantially over the year before.

If Governor Baldacci had given such a speech to launch his governorship in 2003, he would have been shouted down.

During the long runup in state revenues from 1950 to 1990, people seemed more tolerant of taxation. The availability of new taxes, often leveraged with federal matching money, made possible some astonishing changes in the role of state government, primarily in education and social services. But people's willingness to be taxed now seems exhausted.

It is not the purpose of this paper to add even one more voice to the interminable debate over the proper size of state government. As a Republican I have my own views on a host of things that the government does badly; but my present concern is the lack of stability in state & local revenue. Instability breeds chaos and chaos leads people to adopt radical and thoughtless remedies to complex problems, remedies that are truly pernicious to our society.

Clearly, the states have no new sources of revenue on the horizon and the two major sources they have developed over the past 40 years -- sales and income taxes -- have proven unstable and unpredictable. In this climate, what policies should we pursue?

8. Do not Flee from Taxing Wealth

William the Conqueror knew a thing or two about raising revenue. In 1086, he taxed his subjects according to their wealth and did appraisals to tax them fairly. In his day, wealth was tangible and therefore easier to assess.

Because most of our wealth today is intangible, because it exists in the form of patents, copyrights, credits at banks and shares of stock, and because such intangible wealth flows so freely from one jurisdiction to another, people argue that it is no longer fair to tax real estate for anything except the raw cost of the government services that real estate requires -- for example, the plowing of roads that lead up to it. It is argued that if we cannot tax all wealth fairly, then we should tax none of it except for the associated service fees.

People who make this argument ignore the fact that taxation is first and foremost a question of power and control. The state can tax only that which it controls. A prime example of a tax that failed for lack of power to collect it is the use tax that was passed in 1951 to complement the sales tax. Its purpose was to create symmetry and fairness by imposing a substitute for the sales tax on purchases made in other states and brought into Maine. But states have little ability to enforce a use tax on most items. To this day the use tax is seldom paid except on those products like motor vehicles and boats where the state has asserted power to enforce collection through mandatory registration.

The fact that Maine cannot effectively collect a use tax on clothing bought in North Conway should not be used as an argument to abandon nearly a billion dollars worth of revenue produced each year by the sales taxes that we do collect in places like Freeport and the Maine Mall. By the same token, we should not give up taxing real estate just because we lack power to tax other forms of wealth.

Continuing to tax real estate is also justified because the value of real property is largely created by the state. Land would be worth little without access to a public road or to a fire department. Think about owning real estate in a jurisdiction without police protection. How much would one pay to buy a dude ranch in Afghanistan outside of

Kabul? Its price would have to be discounted by what it costs to hire a standing army to protect it. The collective presence of a well-ordered state adds value that far exceeds the cost of any services provided.

Every state can only tax what it controls. The people of this state have to tax something to support themselves; and what else is Maine known for if not for highly desirable real estate? It has been our most important attribute since English fishermen opened a store at Damariscove in the summer of 1608. We don't have Alaska's oil, Connecticut's insurance companies, New York's stock exchanges, Wyoming's coal, or California's silicon capitalists; but we do have some of the finest real estate on earth and lots of it. It is perhaps the biggest reason people move here.

9. Repairing the Property Tax

It is my long-standing, heretical thesis that Maine's property taxes, in the aggregate, are not so much too high as they are dreadfully uneven. The current average municipal tax rate of 18 mills is the same as it was 30 years ago when the state first began systematically tracking all realty sales.

While it is true that revenue from the property tax has gone up substantially in recent years, this is primarily because property values themselves have risen so much faster than inflation. The total value of all taxable real estate in Maine rose from $7 billion in 1975 to $85 billion in 2001, a rate of growth that was more than three times inflation. York County alone grows every year by an amount that equals the total value of all of Piscataquis County.

Hyper-inflation in real estate has aggravated unevenness in the property tax from one town to another. But this unevenness can be relieved by improving three tools that are already familiar to us: general purpose aid under the school funding formula; circuit breaker homestead relief; and municipal revenue sharing. All three are feedback systems that employ state revenue to relieve inequities in the property tax; but all three are in need of intelligent refinement to work better.

For the school funding formula, we are on the verge of adopting a system that defines essential programs and services. For the first time, local citizens will be empowered to know from an objective source what it should reasonably cost to provide an adequate education for K-12 students and to achieve the learning results.

Our so-called "circuit breaker" system by which the state refunds property taxes to people with limited capacity to pay should be expanded to provide better relief to people with middle incomes and burdensome tax bills, for example the fishermen on Chebeague and retired people on lake front property. Finally, our municipal revenue sharing system should be converted to what we call "revenue sharing II," which targets state money to service center towns where tax rates are highest.

With refinements, there is no legitimate reason to abandon or limit the property tax which is a stable source of locally controlled revenue for our towns and cities. Furthermore, 20% of our residential property taxes are paid by out of staters. This is probably the highest ratio in the nation.

10. Much Greater Reserves

Preserving the property tax as the base of our local revenue system is an important stabilizing measure; but the ultimate weapon against volatility is to create adequate reserves. It is a myth that volatility can be cured through tax reform alone. Spreading the base of the sales tax or reducing our dependence on capital gains will help only a little. Volatility is here to stay because deep swings are intrinsic to our new support systems.

Volatility is also in tension with regressivity. Structural volatility cannot easily be addressed without creating a more regressive tax, for example by decreasing the standard deduction or by imposing a sales tax on food. We can diminish volatility, but we can't come close to eliminating it. The best remedy is to plan for it through adequate reserves. States that succeed in managing volatility are happier places in which to live and enjoy more stable politics.

Maine entered the last recession with reserves of about $140 million, roughly 6% of one year's General Fund revenue. When the recession hit, the reserve was gone overnight.

It is a commonly held belief that politicians in a poor state like Maine lack the willpower to set aside adequate reserves to weather recessions; but we have succeeded in doing so in other contexts. In the mid-1990's our unemployment compensation fund had been in crisis for two decades. Reserves had fallen far below safety levels. Benefits were higher than we could afford. The supporting tax system was dysfunctional, and the burdens of the tax were unfairly distributed among employers.

Over several sessions of the legislature, a remarkably gifted bureaucrat in the Department of Labor, Gail Thayer, kept peppering the Labor Committee with suggestions for reform, together with graphs, printouts and numerous financial projections. After working on the problem for two years, the Labor Committee finally adopted a plan that reformed the system from top to bottom. Organized labor agreed to reduce certain benefits; the Chamber of Commerce agreed not to oppose a tax increase; and the burden of the tax was thoroughly redistributed.

Within a short while, reserves rose from $80 million to $400 million; taxes on employers were then reduced to historically low levels; and the state now has the benefit of a well-funded system to protect workers against recession and layoff. This was one of the most remarkable and unheralded achievements of the King administration.

The state has achieved a similar sense of resolve in paying off the unfunded liability for the pension systems of state employees and teachers. Over several decades the state has accumulated $5 billion in retirement reserves and the Legislature continues to contribute $244 million annually, about 10% of the general fund budget, toward fully reserving the state's pension obligations. These payments are now being made under the compulsion of a constitutional amendment created by the Legislature and endorsed by the public.

If we can create reserves of $400 million to protect the unemployed and $5 billion to protect retiree pensions, it makes no sense to say that the best we could do for the General Fund at the peak of the 1999 boom was to save $140 million in a Rainy Day account. Such a small amount might as well have been a Christmas Club.

11. Curbing Binge Borrowing

The Legislature also avoids responsibility by borrowing money through bonds. State borrowing has become a gimmick to relieve legislators from having to raise money they do not have. Issuing bonds is a way of transferring the revenue decision onto the shoulders of successive legislators who are not yet elected. With the advent of term limits, legislators have the lifespan of a fruit fly. No wonder we like to borrow money and pass on the burden of raising taxes.

In the spring of 2000, when we still had surplus funds on hand at the height of the recent stock boom, we were unable to close the state budget without agreeing to borrow $33 million to build a state hospital in Augusta. It was not a new facility. It was a building to replace one that had been in service for 150 years.

The state had no sinking funds or capital reserves from which to contribute money to the cause. The state has reserve systems on paper but does not permit department heads to put them to use. When revenues drop off, the Legislature drains all the money from such accounts as it did during the recessions of 1991 and 2002.

We have fallen into the habit of putting out a bond referendum each year to fund the entire capital program for highways and bridges. As these bonds have accumulated from prior legislatures, those of us in current service find ourselves debating interminably over whether to raise the gas tax to pay for what our predecessors spent. In the meantime, we send out bonds of our own for future legislators to fund.

If we want the public to validate our capital programs, then the Legislature should put such issues on the ballot in a bill that includes the taxes that must be raised to pay for the proposed improvements. We should simply include the tax increase in the question itself and invite voters themselves to decide whether they would rather pay more for gas or else run around on bad roads and spend their money on tires and tie rods. There is no right or wrong answer to this perennial question; it is simply a matter of choice that the public ought to be allowed to make.

12. Our Town, Regionalism and Avuncular Federalism

It is good politics for leaders to include voters in the decision making. The referendum process is as underused by the Legislature as it is overused by special interest groups with an axe to grind.

At the present time, there is widespread disaffection with our tax systems at all levels of government. Congress is responding by cutting taxes of all kinds, the good ones along with the bad, and these cuts are being made without any regard for their effect on the states whose own tax systems are keyed to the federal.

The popularity of the estate tax repeal (which is also an important source of revenue to the states) has been especially confusing to people like Warren Buffett and Bill Gates who are highly affected by the tax but who also believe it is based on sound policy. As James Carville, the "raging Cajun," recently complained, "If we Democrats can't even tax a few dead Republicans, we may as well give up and call ourselves the 'Pro Choice Party' 'cause dat's de only dam issue we got left."

What is true of Congress's behavior with regard to the states is also true of the states' behavior with regard to municipalities. During the 1990's the Legislature was constantly reminded by the Maine Municipal Association and by property owners of the need for further reforms in the complex revenue systems shared by state and local governments. Because those of us who espoused incremental reforms were not able to carry the day, the MMA has recently by-passed the Legislature in order to present voters directly with a radical and inappropriate proposal that is now pending on the November ballot.

If we in the Legislature contend that consolidation at the municipal level is crucial to our future, we need to ask why there have been no new school districts created since 1969 when incentives under the Sinclair Act expired. If we complain that there are too many fire houses within five miles of Augusta, we need to ask what the state has done to encourage merger and inter-local participation. To avoid political cataclysms we have to show people good progress, even if only in small doses, and be willing to reward victory at each stage.

Taxes of any kind do not long survive except by consent of those who pay them, even under a monarchy. I believe that William the Conqueror conducted his enormous Domesday inventory in 1086 precisely because it was such good politics for him to do so. Compiling a list of everything in the kingdom was a way of assuring his subjects that they would be taxed even-handedly.

Voters are far more sophisticated than they are given credit for. Collectively, they have a pretty good idea of whether they are receiving fair value for the money they invest in the machinery of government; but the choices presented to them are too often limited and inappropriate. Those whom they entrust as political leaders assume a very special burden. I believe that burden includes not only a duty to frame appropriate choices for public decision but also a duty to propose changes to our laws in timely ways that are responsive to the constant fluidity of our social, economic and political lives.

The Hon. Peter Mills is a graduate of Harvard College and the University of Maine Law School, and a veteran of the United States Navy. He has been a practicing attorney in Maine since 1973, and is past president of the Maine Trial Lawyers Association. He served as State Senator from Somerset County from 1994 to 2002, when he was term-limited out of that seat; since then, he has served as Skowhegan's representative in the Maine House of Representatives. During this decade of service, Mill has chaired the Legislature's Judiciary Committee and served on the Taxation, Appropriations, and Labor Committees, as well as on numerous task forces including those on Education Funding Reform and on Learning Results. He is known among his colleagues in Augusta as a singularly thoughtful, articulate, and tenacious advocate for educational excellence, fiscal responsibility, social justice, and common sense.