

MAINE STATE LEGISLATURE

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Legislative Record
House of Representatives
One Hundred and Twenty-Seventh Legislature
State of Maine

Daily Edition

First Regular Session

beginning December 3, 2014

beginning at page H-1

Came from the Senate with the Minority (5) **OUGHT NOT TO PASS** Report of the Committee on **APPROPRIATIONS AND FINANCIAL AFFAIRS READ** and **ACCEPTED** in **NON-CONCURRENCE**.

The House voted to **INSIST**.

Non-Concurrent Matter

Bill "An Act To Amend the Property Tax Fairness Credit" (S.P. 24) (L.D. 76)

Majority (7) **OUGHT TO PASS AS AMENDED** Report of the Committee on **TAXATION READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (S-202)** in the House on June 22, 2015.

Came from the Senate with that Body having **INSISTED** on its former action whereby the Minority (6) **OUGHT NOT TO PASS** Report of the Committee on **TAXATION** was **READ** and **ACCEPTED** in **NON-CONCURRENCE**.

The House voted to **INSIST**.

Non-Concurrent Matter

Bill "An Act To Promote Equity in Business Opportunity for Tobacco Specialty Stores" (S.P. 295) (L.D. 821)

Minority (6) **OUGHT NOT TO PASS** Report of the Committee on **HEALTH AND HUMAN SERVICES READ** and **ACCEPTED** in the House on June 22, 2015.

Came from the Senate with that Body having **INSISTED** on its former action whereby the Majority (7) **OUGHT TO PASS AS AMENDED** Report of the Committee on **HEALTH AND HUMAN SERVICES** was **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (S-262)** in **NON-CONCURRENCE**.

The House voted to **INSIST**.

Non-Concurrent Matter

Bill "An Act To Authorize a Casino To Benefit Federally Recognized Indian Tribes in the State" (H.P. 990) (L.D. 1446)

Majority (12) **OUGHT TO PASS pursuant to Resolve 2013 chapter 111, section 3** Report of the Committee on **VETERANS AND LEGAL AFFAIRS READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY HOUSE AMENDMENT "A" (H-459)** in the House on June 18, 2015.

Came from the Senate with the Minority (1) **OUGHT NOT TO PASS pursuant to Resolve 2013, Chapter 111, section 3** Report of the Committee on **VETERANS AND LEGAL AFFAIRS READ** and **ACCEPTED** in **NON-CONCURRENCE**.

Speaker EVES of North Berwick moved that the House **INSIST**.

The SPEAKER: The Chair recognizes the Representative from Brooksville, Representative Chapman, and inquires to why the Representative rises.

Representative **CHAPMAN**: Mr. Speaker, I am not sure what the procedure would be and I'm wondering when it would be appropriate, if now or not, to ask for a Committee of Conference.

The SPEAKER: The motion before the House, Shall the House Insist, is the higher precedent to the Insist and Ask for a Committee of Conference.

Representative **CHAPMAN** of Brooksville **REQUESTED** a roll call on the motion to **INSIST**.

More than one-fifth of the members present expressed a desire for a roll call which was ordered.

The SPEAKER: The Chair recognizes the Representative from Brooksville, Representative Chapman.

Representative **CHAPMAN**: Thank you, Mr. Speaker, it seems to me we are trying to move this issue forward. We did that the other day. At this time in the session, things can go quickly and sometimes it's helpful to have an opportunity to try to find a workable solution and I think we ought to try to find a workable solution here. So, I'm suggesting that we vote down the pending motion in order to take up another motion that would call for a Committee of Conference. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Deer Isle, Representative Kumiega.

Representative **KUMIEGA**: Mr. Speaker, may I pose a question through the Chair?

The SPEAKER: The Representative may pose his question.

Representative **KUMIEGA**: So a motion to Insist and Ask for a Committee of Conference would take precedence over the current motion? So if a Member were to make that motion, that would be voted on before the motion?

The SPEAKER: The Chair would clarify the Insist motion is a higher precedent than the Insist and Ask for a Committee of Conference. A roll call is in order. The Insist would need to fail to entertain another motion.

A roll call has been ordered. The pending question before the House is to Insist. All those in favor will vote yes, those opposed will vote no.

The Chair recognizes the Representative from South Portland, Representative Hamann, and inquires to why the Representative rises.

Representative **HAMANN**: Thank you, Mr. Speaker, could you please clarify what we're voting on? There seems to be some confusion.

The SPEAKER: The Chair would clarify the Insist and Ask for the Committee of Conference are companion motions. You would need to Insist if you would like a Committee of Conference. So we need to Insist. So the Insist motion needs to pass and then a Member needs to ask for a Committee of Conference. If the motion fails, then you cannot ask for a Committee of Conference. If you would like a Committee of Conference, you would like to vote green.

The SPEAKER: A roll call has been ordered. The pending question before the House is to Insist. All those in favor will vote yes, those opposed will vote no.

ROLL CALL NO. 335

YEA - Alley, Austin, Babbidge, Bates, Battle, Beavers, Beck, Beebe-Center, Bickford, Blume, Brooks, Bryant, Burstein, Campbell J, Campbell R, Chace, Chapman, Chenette, Chipman, Cooper, Corey, Daughtry, Davitt, DeChant, Dillingham, Dion, Doore, Duchesne, Dunphy L, Dunphy M, Edgecomb, Espling, Evangelos, Farnsworth, Farrin, Fecteau, Foley, Fowle, Fredette, Gattine, Gerrish, Gideon, Gilbert, Gillway, Ginzler, Golden, Grant, Grohman, Guerin, Hamann, Hanington, Harlow, Head, Herbig, Herrick, Hickman, Higgins, Hobbins, Hogan, Hubbell, Hymanson, Kinney J, Kumiega, Lajoie, Longstaff, Luchini, Maker, Marean, Martin J, Martin R, Mastraccio, McCabe, McClellan, McCreight, McElwee, McLean, Monaghan, Moonen, Morrison, Nadeau, Nutting, O'Connor, Parry, Peterson, Picchiotti, Pierce J, Pierce T, Powers, Prescott, Reed, Rotundo, Russell, Rykerson, Sanderson, Saucier, Sawicki, Shaw, Sherman, Short, Sirocki, Skolfield, Stanley, Stetkis, Stuckey, Sukeforth, Tepler, Tipping-Spitz, Tucker, Tuell, Turner, Vachon, Verow, Ward, Warren, Welsh, White, Wood, Mr. Speaker.

NAY - Black, Buckland, Crafts, Devin, Frey, Greenwood, Hanley, Hawke, Hilliard, Hobart, Kinney M, Kornfield, Kruger, Lockman, Long, Lyford, Melaragno, Pickett, Pouliot, Schneck, Seavey, Stearns, Timberlake, Wadsworth, Wallace, Winsor.

ABSENT - Goode, Jorgensen, Malaby, Noon, Sanborn, Theriault, Timmons.

Yes, 118; No, 26; Absent, 7; Excused, 0.

118 having voted in the affirmative and 26 voted in the negative, with 7 being absent, and accordingly the House voted to **INSIST**.

On motion of Representative CHAPMAN of Brooksville, the House voted **ASK** for a **COMMITTEE OF CONFERENCE**. Sent for concurrence.

Non-Concurrent Matter

Bill "An Act Regarding Timber Harvesting on Land Managed by the Bureau of Parks and Lands"

(H.P. 254) (L.D. 388)

Unanimous **OUGHT TO PASS AS AMENDED** Report of the Committee on **AGRICULTURE, CONSERVATION AND FORESTRY READ** and the Bill and accompanying papers **INDEFINITELY POSTPONED** in the House on June 22, 2015.

Came from the Senate with the Unanimous **OUGHT TO PASS AS AMENDED** Report of the Committee on **AGRICULTURE, CONSERVATION AND FORESTRY READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-297)** in **NON-CONCURRENCE**.

The House voted to **RECEDE AND CONCUR**.

By unanimous consent, all matters having been acted upon were **ORDERED SENT FORTHWITH** with the exception of matters being held.

The Chair laid before the House the following item which was **TABLED** earlier in today's session:

SENATE DIVIDED REPORT - Majority (7) **Ought to Pass as Amended by Committee Amendment "A" (S-294)** - Minority (6) **Ought to Pass as Amended by Committee Amendment "B" (S-295)** - Committee on **LABOR, COMMERCE, RESEARCH AND ECONOMIC DEVELOPMENT** on Bill "An Act To Increase Allowed Investments under the Maine New Markets Capital Investment Program"

(S.P. 112) (L.D. 297)

Which was **TABLED** by Representative HERBIG of Belfast pending **ACCEPTANCE** of either Report.

On motion of Representative HERBIG of Belfast, the Majority **Ought to Pass as Amended** Report was **ACCEPTED**.

The Bill was **READ ONCE**. **Committee Amendment "A" (S-294)** was **READ** by the Clerk and **ADOPTED**.

Under suspension of the rules, the Bill was given its **SECOND READING WITHOUT REFERENCE** to the Committee on **Bills in the Second Reading**.

Representative HERBIG of Belfast **REQUESTED** a roll call on **PASSAGE TO BE ENGROSSED as Amended by Committee Amendment "A" (S-294)**.

More than one-fifth of the members present expressed a desire for a roll call which was ordered.

The **SPEAKER**: The Chair recognizes the Representative from Sanford, Representative Mastraccio.

Representative **MASTRACCIO**: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House, the intent of the

New Markets program was to provide tax incentives to private investors so that \$250 million of private capital would be invested in Maine businesses. The statute is very clear: "The Maine New Markets Capital Investment Program is established to encourage new investment in economically distressed areas of the state." The state was willing to give a 39 percent refundable tax credit to investors. A reasonable person would infer that private investors would be risking \$152.5 million of their own capital in new investments in Maine businesses.

By now, we all know that has not been the case and that we have big problems with this program. I want to quote from one of Whit Richardson's *Portland Press* articles: "A *Press Herald* examination showed that nearly half of what has so far been invested in low-income communities—about \$91 million on paper—never made it to the designated companies for new upgrades or expansions. Instead, the money was used to pay off old loans or stayed on the books for less than 24 hours through the use of a financial tool known as a one-day loan." And that was in the *Portland Press Herald* on May 28, 2015.

Based on that \$91 million that was never invested, Maine taxpayers will be paying out more than \$35 million. That's the real kicker here: even though out-of-state financiers misused this program, abused one-day loans, and in many cases made no real new investments, Maine taxpayers will be paying out millions of dollars to them for phony investments for years to come—millions of dollars that might have been used to reduce the Section 21 waitlist we have heard so much about. Clearly, something is wrong and something needs to be done.

So the bill before you seeks to address this situation. It does a few commonsense things. It cracks down on the types of phony financial maneuvers that were used to extract tax credits—and taxpayer dollars—without making any real investments. It puts stronger taxpayer and consumer protections in place in this program, such as eliminating one-day loans and puts stronger consumer protection definitions in the law. It requests that the Government Oversight Committee decide if a review of this program is necessary. We need to press pause and really look at what has happened. Finally, the bill ensures that we seek taxpayer's money back in the cases of sham transactions—defined by the IRS as a transaction where the economic activities that give rise to the tax benefit do not occur. Given what has happened under this program, this amendment is exactly the kind of remedy we should be pursuing. I hope you will support this measure. Thank you, Mr. Speaker.

The **SPEAKER**: The Chair recognizes the Representative from Biddeford, Representative Fecteau.

Representative **PECTEAU**: Thank you, Mr. Speaker, Ladies and Gentlemen of the House, I want to be crystal clear this evening with my remarks concerning LD 297. I initially and most adamantly supported, even despite the initial *Portland Press Herald* article, a cap increase to the New Markets Capital Investment, or NMCI. I still believe that the state has much to gain from NMCI. So, what is the Majority Report before us this evening? The Majority Report aims to press "pause" on NMCI.

NMCI is a program that has been largely successful on many accounts in attracting business to Maine. It is a program that has been largely used by entities with good intentions such as CEI, a facilitator of these investments. However, over the course of this legislative session, it became clear that a number of inefficiencies existed in NMCI. As these inefficiencies surfaced, my conviction to support a \$250 million increase in the program's cap eroded. \$16 million of taxpayer money lost during the Great Northern Paper Mill transaction. \$3.9 million of taxpayer money lost during the Nova Seafood Ltd. transaction. \$9.6 million of taxpayer money lost during the JSI Store Fixtures Inc. transaction. \$3.9