

**STATE OF MAINE
ONE HUNDRED AND TWENTY-EIGHTH LEGISLATURE
SECOND SPECIAL SESSION
SENATE ADVANCED JOURNAL AND CALENDAR**

Monday, July 9, 2018

SUPPLEMENT NO. 3

COMMUNICATIONS

(2-1) The Following Communication:

H.C. 552

**STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0001**

July 2, 2018

The 128th Legislature of the State of Maine
State House
Augusta, Maine

Dear Honorable Members of the 128th Legislature:

Under the authority vested in me by Article IV, Part Third, Section 2 of the Constitution of the State of Maine, I am hereby vetoing LD 842, "Resolve, To Support Home Health Services."

This bill provides a rate increase specific to just one type of Home Health services—Section 40 in the Maine Care Benefits Manual. Section 40 services are similar to Home Health services available under Section 96 and Section 19, but are intended to be relatively short-term, such as rehabilitation after a hospital stay. Over the past couple of years, DHHS has done significant work related to rates for Home Health services. It is imperative that an agency with a more than \$3.5 billion budget makes rate adjustments in a thoughtful, rational manner. In setting rates, it is vital that proper rates be determined using information from an outside, unbiased expert in actuarial analysis specializing in Medicaid—not anecdotal information heard by legislators.

The rates for Section 40 Home Health services have had a thorough review by such an outside entity over nearly a two-year period. The result of the review conducted was that the rates should receive a reduction, not an increase. While it would have been appropriate, based on the rate study, to propose a decrease to the rates, the department opted to leave the current rates in place. This bill ignores the review of outside experts and the decision of the department to maintain rates in the face of a recommended decrease. Instead, the bill inappropriately provides an increase to providers who should not receive one.

For this reason, I return LD 842 unsigned and vetoed. I strongly urge the Legislature to sustain it.

Sincerely,

S/Paul R. LePage
Governor

(2-2) The accompanying Resolve, To Support Home Health Services

H.P. 591 L.D. 842

Comes from the House with the **VETO OVERRIDDEN**, notwithstanding the objections of the Governor.

(2-3) The Following Communication:

H.C. 553

**STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0001**

July 2, 2018

The 128th Legislature of the State of Maine
State House
Augusta, Maine

Dear Honorable Members of the 128th Legislature:

Under the authority vested in me by Article IV, Part Third, Section 2 of the Constitution of the State of Maine, I am hereby vetoing LD 843, "An Act to Adjust the Formula for Calculating the Allocation of Moose Permits for Hunting Lodges."

This bill seeks to change the way in which Moose Permits are distributed so as to issue some permits directly to hunting lodges. The biologists determine the annual number of available moose permits. There are always more applicants for Moose Permits than there are permits available, this is why the Department of Inland Fish and Wildlife runs the annual Moose Permit Lottery.

Although current law does set aside a small percentage of permits for hunting lodges, that set-aside is not triggered until a particular threshold of available permits is met. The hunting-lodge set-aside has never been triggered because the Department's biologists have never authorized that threshold of available permits. These experts strictly regulate the available permits each year based on the conditions of the moose herd. This is as it should be.

LD 843 would decrease the number of moose permits issued to nonresidents from 10 percent of the available moose permits each year to 8 percent and allocate 2 percent to hunting lodges. This bill will reduce the chances for individual hunters to obtain a Moose Permit and allow hunting lodges to profit off a dedicated stream of permits.

Right now, if a hunting lodge wants to market a moose hunt, they encourage moose-permit lottery winners to book the hunt with their lodge. Under LD 843, the lodge would market a package deal tied to the Moose Permit, although the permit still must be purchased from the state. This will be a fundamental shift in the Moose hunt, and put outfitters without Moose Permits at a disadvantage to those with Moose permits.

People who want to hunt Moose enter the lottery. This is a fair and simple process. There is no need to reinvent the wheel.

For this reason, I return LD 843 unsigned and vetoed. I strongly urge the Legislature to sustain it.

Sincerely,

S/Paul R. LePage
Governor

(2-4) The accompanying Bill "An Act To Adjust the Formula for Calculating the Allocation of Moose Permits for Hunting Lodges"

H.P. 592 L.D. 843

Comes from the House with the **VETO OVERRIDDEN**, notwithstanding the objections of the Governor.

(2-5) The Following Communication:

H.C. 554

**STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0001**

July 2, 2018

The 128th Legislature of the State of Maine
State House
Augusta, Maine

Dear Honorable Members of the 128th Legislature:

Under the authority vested in me by Article IV, Part Third, Section 2 of the Constitution of the State of Maine, I am hereby vetoing LD 924, "An Act Making Certain Supplemental Appropriations and Allocations and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government," and LD 925, "An Act Making Certain Appropriations and Allocations and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government."

Both of these bills provide significant funding to help ensure adequate treatment and services for many of Maine's most vulnerable. I have no desire to enter into a debate about the details in either of these bills. Truthfully, I largely agree with the Legislature's assessment that something needs to be done. Our seniors and our people with disabilities need more direct care workers, home health services and nursing facilities. Rate changes are necessary to attract and keep quality workers to provide care. However, although some of the need for higher reimbursement rates is being driven by the tight labor market—especially in Southern Maine, much of the demand is caused by the mandated statewide increase in the minimum wage.

Maine's labor markets should be able to set wages according to local demand for the skills each worker brings to the table, not the government. The inflexible, statewide, one-size-fits all minimum wage law has taken the flexibility out of the market.

To keep up with the increases set in the minimum wage law, the State will need to increase reimbursements to non-profit healthcare agencies to compensate for rising wages. These two bills attempt to do that, but they do not address the root cause of the problem, as I asked the Legislature to do.

Increasing the reimbursement rates effective July 1 is a short-term compromise that fails to resolve the ongoing pressure to raise wages. Year after year, these non-profits will need more money to keep pace with the raises required by statute, a dollar next year and another the year after, with permanent, unpredictable, ongoing increases each year thereafter tied to the Consumer Price Index. The wage for January 1 of each year starting in 2021 will not be known until October, forcing the Legislature to come into session and pass retroactive increases to reimbursement rates.

This is no way to budget. It will continue to place these nonprofit healthcare agencies in economic limbo. It will do the same to our businesses.

Not slowing the rise of the minimum wage is having a detrimental effect on our labor shortage. We don't have enough people. Employers need the flexibility to pay market rates to attract workers to Maine and to rural areas. In some cases, because an employer needs a certain specialized skill, that employer may have to pay above-market rates. Having the government dictate what other workers must be paid lessens that employer's flexibility to pay that higher wage.

When employers are forced to provide mandated increases in the minimum wage, this also removes their flexibility to provide other benefits and additional types of compensation. Vacation pay, sick pay and benefits such as health or disability insurance and annual or merit bonuses are additional—and valuable—forms of compensation that employers may offer in lieu of higher hourly wages. Employees at all levels lose out on these benefits when government mandates wages for entry-level workers.

We are beginning to see the impact to our economy. Our economy has been largely able to absorb the increases to \$10 until now because of already rising wages due to our improving economy and tight labor market. But our economy is starting to overheat and the increases to \$11 and \$12 push our labor market into new territory. In 2020, when Maine's minimum wage is \$12, only the states of California, New York, Massachusetts and Washington will have a higher minimum wage than ours, and only Oregon, Arizona and Colorado will be at \$12. Our economy and industry sectors are completely different than those of these states. Maine's businesses will be at a competitive disadvantage on the cost of labor alone, never mind the other detrimental effects of this government mandate.

Wage compression caused by the state's minimum wage increases are putting real pressure on businesses. Workers who've been in jobs for a couple years longer than new hires want raises on par with recent increases in the minimum wage. They rightly believe their experience and loyalty should be reflected in their wages. If an employer cannot keep pace, it has a negative impact on the morale of a workforce.

In this tight labor market, wage compression is making it harder for employers to keep workers. When employers cannot match those pay increases, they adjust their operations to decrease labor costs. By shifting responsibilities, an employer with 10 employees may now get by with eight, or the employer may decrease the number of hours the shop is open or may close one day a week. As a result, workers lose jobs, hours and pay.

A study that came out just a year ago looked at the labor market in Seattle and found that workers' paychecks were more than \$100 smaller on average because of lost hours as the minimum wage increased. Maine does not have the economy of Seattle, so expect the effects to be worse, especially in our rural areas.

Maine employers have testified to LCRED that they'll cut hours and raise prices if the minimum wage increases. The Legislature ignores this testimony at the peril of our economy.

Maine's overly complicated labor laws also tie the paychecks of salaried overtime-exempt workers to the minimum wage. As of January 1 of this year, any worker classified as salary exempt must be making at least \$30,000; next January that will climb to \$33,000, and January of 2020 it will climb to \$36,000. This will put further pressure on employers because the federal requirement for a salaried overtime-exempt worker is about \$24,000, as it was in Maine until 2017. Although this likely only affects overtime-exempt workers in the lower salary ranges, this is one more governmental requirement that makes Maine a more difficult place to do business and decreases our competitiveness. This tie to the salary range also affects the health care non-profits these bills are intended to help.

The Speaker is insistent on sending our economy into a recession from the compounding headaches caused by the minimum wage. She is more concerned about votes than protecting the jobs and paychecks of the people of Maine.

For this reason, I return LD 924 and 925 unsigned and vetoed. I strongly urge the Legislature to sustain it.

Sincerely,

S/Paul R. LePage
Governor

(2-6) The accompanying Bill "An Act Making Certain Supplemental Appropriations and Allocations and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government" (EMERGENCY)

H.P. 652 L.D. 924

Comes from the House with the **VETO OVERRIDDEN**, notwithstanding the objections of the Governor.

(2-7) The Following Communication:

H.C. 555

**STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0001**

July 2, 2018

The 128th Legislature of the State of Maine
State House
Augusta, Maine

Dear Honorable Members of the 128th Legislature:

Under the authority vested in me by Article IV, Part Third, Section 2 of the Constitution of the State of Maine, I am hereby vetoing LD 924, "An Act Making Certain Supplemental Appropriations and Allocations and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government," and LD 925, "An Act Making Certain Appropriations and Allocations and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government."

Both of these bills provide significant funding to help ensure adequate treatment and services for many of Maine's most vulnerable. I have no desire to enter into a debate about the details in either of these bills. Truthfully, I largely agree with the Legislature's assessment that something needs to be done. Our seniors and our people with disabilities need more direct care workers, home health services and nursing facilities. Rate changes are necessary to attract and keep quality workers to provide care. However, although some of the need for higher reimbursement rates is being driven by the tight labor market—especially in Southern Maine, much of the demand is caused by the mandated statewide increase in the minimum wage.

Maine's labor markets should be able to set wages according to local demand for the skills each worker brings to the table, not the government. The inflexible, statewide, one-size-fits all minimum wage law has taken the flexibility out of the market.

To keep up with the increases set in the minimum wage law, the State will need to increase reimbursements to non-profit healthcare agencies to compensate for rising wages. These two bills attempt to do that, but they do not address the root cause of the problem, as I asked the Legislature to do.

Increasing the reimbursement rates effective July 1 is a short-term compromise that fails to resolve the ongoing pressure to raise wages. Year after year, these non-profits will need more money to keep pace with the raises required by statute, a dollar next year and another the year after, with permanent, unpredictable, ongoing increases each year thereafter tied to the Consumer Price Index. The wage for January 1 of each year starting in 2021 will not be known until October, forcing the Legislature to come into session and pass retroactive increases to reimbursement rates.

This is no way to budget. It will continue to place these nonprofit healthcare agencies in economic limbo. It will do the same to our businesses.

Not slowing the rise of the minimum wage is having a detrimental effect on our labor shortage. We don't have enough people. Employers need the flexibility to pay market rates to attract workers to Maine and to rural areas. In some cases, because an employer needs a certain specialized skill, that employer may have to pay above-market rates. Having the government dictate what other workers must be paid lessens that employer's flexibility to pay that higher wage.

When employers are forced to provide mandated increases in the minimum wage, this also removes their flexibility to provide other benefits and additional types of compensation. Vacation pay, sick pay and benefits such as health or disability insurance and annual or merit bonuses are additional—and valuable—forms of compensation that employers may offer in lieu of higher hourly wages. Employees at all levels lose out on these benefits when government mandates wages for entry-level workers.

We are beginning to see the impact to our economy. Our economy has been largely able to absorb the increases to \$10 until now because of already rising wages due to our improving economy and tight labor market. But our economy is starting to overheat and the increases to \$11 and \$12 push our labor market into new territory. In 2020, when Maine's minimum wage is \$12, only the states of California, New York, Massachusetts and Washington will have a higher minimum wage than ours, and only Oregon, Arizona and Colorado will be at \$12. Our economy and industry sectors are completely different than those of these states. Maine's businesses will be at a competitive disadvantage on the cost of labor alone, never mind the other detrimental effects of this government mandate.

Wage compression caused by the state's minimum wage increases are putting real pressure on businesses. Workers who've been in jobs for a couple years longer than new hires want raises on par with recent increases in the minimum wage. They rightly believe their experience and loyalty should be reflected in their wages. If an employer cannot keep pace, it has a negative impact on the morale of a workforce.

In this tight labor market, wage compression is making it harder for employers to keep workers. When employers cannot match those pay increases, they adjust their operations to decrease labor costs. By shifting responsibilities, an employer with 10 employees may now get by with eight, or the employer may decrease the number of hours the shop is open or may close one day a week. As a result, workers lose jobs, hours and pay.

A study that came out just a year ago looked at the labor market in Seattle and found that workers' paychecks were more than \$100 smaller on average because of lost hours as the minimum wage increased. Maine does not have the economy of Seattle, so expect the effects to be worse, especially in our rural areas.

Maine employers have testified to LCRED that they'll cut hours and raise prices if the minimum wage increases. The Legislature ignores this testimony at the peril of our economy.

Maine's overly complicated labor laws also tie the paychecks of salaried overtime-exempt workers to the minimum wage. As of January 1 of this year, any worker classified as salary exempt must be making at least \$30,000; next January that will climb to \$33,000, and January of 2020 it will climb to \$36,000. This will put further pressure on employers because the federal requirement for a salaried overtime-exempt worker is about \$24,000, as it was in Maine until 2017. Although this likely only affects overtime-exempt workers in the lower salary ranges, this is one more governmental requirement that makes Maine a more difficult place to do business and decreases our competitiveness. This tie to the salary range also affects the health care non-profits these bills are intended to help.

The Speaker is insistent on sending our economy into a recession from the compounding headaches caused by the minimum wage. She is more concerned about votes than protecting the jobs and paychecks of the people of Maine.

For this reason, I return LD 924 and 925 unsigned and vetoed. I strongly urge the Legislature to sustain it.

Sincerely,

S/Paul R. LePage
Governor

(2-8) The accompanying Bill "An Act Making Certain Appropriations and Allocations and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government" (EMERGENCY)

H.P. 653 L.D. 925

Comes from the House with the **VETO OVERRIDDEN**, notwithstanding the objections of the Governor.

(2-9) The Following Communication:

H.C. 557

**STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0001**

July 2, 2018

The 128th Legislature of the State of Maine
State House
Augusta, Maine

Dear Honorable Members of the 128th Legislature:

Under the authority vested in me by Article IV, Part Third, Section 2 of the Constitution of the State of Maine, I am hereby vetoing LD 1133, "An Act Regarding Access to Appropriate Residential Services for Individuals Being Discharged from Psychiatric Hospitalization."

This bill authorizes a residential service provider to apply to the Department of Health and Human Services for temporary services in order to meet the needs of patients that are ready for discharge from psychiatric hospitalization, but need reasonable accommodations or a higher level of care. The bill also states that if those services are reimbursable by the MaineCare program, the provider must seek MaineCare reimbursement first and directs the Department to provide technical assistance.

This bill is completely unnecessary for three reasons. First, existing MaineCare policy provides for a rate increase for instances in which reasonable accommodation or a higher level of care is necessary. It is unclear whether the intent of the bill is to supplement the existing increase.

Second, it is also existing policy that if a service is eligible for reimbursement under MaineCare, then MaineCare shall be billed instead of paying for that service with General Funds. This already accomplishes the MaineCare reimbursement component of the bill.

Third, the Department already provides technical assistance to providers regarding MaineCare billing and other issues with which the provider may need support.

Another state law simply reiterating current policy and practice is duplicative and superfluous. For these reasons, I return LD 1133 unsigned and vetoed. I strongly urge the Legislature to sustain it.

Sincerely,

S/Paul R. LePage
Governor

(2-10) The accompanying Bill "An Act Regarding Access to Appropriate Residential Services for Individuals Being Discharged from Psychiatric Hospitalization"

H.P. 796 L.D. 1133

Comes from the House with the **VETO OVERRIDDEN**, notwithstanding the objections of the Governor.

(2-11) The Following Communication:

H.C. 558

**STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0001**

July 2, 2018

The 128th Legislature of the State of Maine
State House
Augusta, Maine

Dear Honorable Members of the 128th Legislature:

Under the authority vested in me by Article IV, Part Third, Section 2 of the Constitution of the State of Maine, I am hereby vetoing LD 1190, "An Act Regarding Driver's License Suspensions for Nondriving-related Violations."

Actions have consequences. Failing to pay a fine for a non-moving violation is just as serious as failing to pay fines for speeding. The suspension of a driver's license is a long-standing and well-known consequence for this behavior and serves as a strong motivator to pay fines when they are due. LD 1190 would substantially undercut that motivation, leaving violators with no sense of urgency to pay these fines when due.

For this reason, I return LD 1190 unsigned and vetoed. I strongly urge the Legislature to sustain it.

Sincerely,

S/Paul R. LePage
Governor

(2-12) The accompanying Bill "An Act Regarding Driver's License Suspensions for Nondriving-related Violations"

H.P. 827 L.D. 1190

Comes from the House with the **VETO OVERRIDDEN**, notwithstanding the objections of the Governor.

(2-13) The Following Communication:

H.C. 562

**STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0001**

July 2, 2018

The 128th Legislature of the State of Maine
State House
Augusta, Maine

Dear Honorable Members of the 128th Legislature:

Under the authority vested in me by Article IV, Part Third, Section 2 of the Constitution of the State of Maine, I am hereby vetoing LD 1696, "An Act to Provide Funding for the Maine Bicentennial Commission."

Maine's bicentennial is an important milestone, and one that should be celebrated. It deserves to be properly funded. Unfortunately, when we do not prioritize—and instead try to please everyone—we are left with bills that are an embarrassment.

The Legislature cannot please everyone. This legislation should have demonstrated a commitment to honoring Maine's 200 years of statehood with a proper investment that serves as a jumping-off point for those seeking to raise private funds in support of this milestone. Instead, the Legislature's desire to be all things to all people rendered its commitment to this historic moment meaningless.

For this reason, I return LD 1696 unsigned and vetoed. I strongly urge the Legislature to sustain it.

Sincerely,

S/Paul R. LePage
Governor

(2-14) The accompanying Bill "An Act To Provide Funding for the Maine Bicentennial Commission"

H.P. 1176 L.D. 1696

Comes from the House with the **VETO OVERRIDDEN**, notwithstanding the objections of the Governor.
