

Short Rants on Nine Issues

Energy

The Democrats' idea of an energy policy is to borrow \$100 million to insulate our trailer skirts so that we can better afford to shiver through the winter. Conservation has its merits, but I personally think the answer is cheap power.

Although Maine people can't seem to buy any of it at reasonable rates, there are plenty of sources within easy reach:

- Hydro Quebec is expanding its current surplus of river power.
- Irving plans to double the size of its St. John refinery.
- Wind power is just taking hold in Maine and the Maritimes.
- New Brunswick is planning a second bigger reactor at Point Lepreau.
- A new LNG port is nearly open in St. John; others are proposed for Maine.
- Because Portland shares its latitude with Monaco, some argue that Maine has enough sunshine to support grid scale solar power (in contrast to the cloudy "lake effect" states to our west).

Maine is in the center of an energy sandwich. There are plenty of cheap power sources, both here and to our north, that might cost as little as a nickel per KWH. But we in Maine are paying 10¢, the same price paid by residents of Boston and New York who are charged more than anyone else in America.

Maine uses 12 billion KWHs per year, a mere 8% sliver of the New England market. If we are paying a nickel too much, that means the sellers of that power are sucking \$600 million per year out of our economy, equal to half the burden of Maine's state income tax.

There are many smart and rich people thinking deeply about how to move cheap power through the belly of Maine to the enormous markets to our south. There are several ways to get it through: an energy corridor down the median of I-95; a new 345 KV line in the CMP right of way; a buried side-saddle line next to railroads or natural gas pipes; or a DC power line in the ocean.

But what will be the tangible benefit to Maine residents? We as a caucus should solicit answers to this question from:

- Sara Burns, the president of CMP, who has a crisp 15 minute energy overview that she has been delivering to Rotary Clubs around the state.
- Sharon Reishus and Jack Cashman from the PUC.
- Kurt Adams or David Wilby from FirstWind.
- Robert Moore, president of Dead River (former counsel to Governor McKernan).
- Rich Silkman, former head of the State Planning Office under McKernan and now a prominent energy broker.
- Gordon Van Welie, President of ISO-NE, who will visit Maine on Feb 26.
- Gordon Weil, a Harpswell economist and energy author.
- Tony Buxton, Maine's pre-eminent energy lobbyist.
- Richard Davies, the Public Advocate, whose consultants have concluded that CMP's \$1.4B Reliability project is unjustified.
- Peter Vigue who has many ideas about how to re-engineer the state to better exploit our geographic and energy partnerships with the Maritimes.

The North Woods

Most of the north woods is all but closed to future development except for lumbering, tourism, wind power and those activities still permitted in population pockets like Rangeley, Jackman, Greenville and Millinocket. The closing of the north woods is only partly the product of 36 years of LURC zoning; a more significant cause is the sale by large land owners of their development rights to the Maine Forest Society, the Nature Conservancy and the state.

The scale of these transactions is huge and has redefined the future of the region forever. The question is what to do now.

The "rim counties" are Republican territory. Many of us in the GOP caucus represent segments of the UT. These areas are poor and underdeveloped. Yet few of us have a clear vision of how to chart the future of the UT's 10 million acres and the people who live in and around them.

Some of the people who can best describe the policy alternatives are:

Peter Triandifillou from Huber Resources
Marcia McKeague from Katahdin Timberlands
Alan Hutchinson from the Forest Society of Maine
Bruce Kidman from the Nature Conservancy
Larry Warren from Maine Huts & Trails
Matt Polstein, rafting and tourism entrepreneur from Millinocket
Fred Todd who worked for LURC from 1972 until 2008
David Vail, Bowdoin economist and an expert on high-end tourism.

Drugs

About 12 years ago, the U.S. medical profession made a strategic blunder. With encouragement from drug companies, a number of researchers published questionable studies stating that it was OK to use narcotics as a routine treatment for chronic non-cancerous pain and to by-pass traditional non-addictive analgesics like aspirin, acetaminophen and ibuprofen. This was a big-time screw-up many times more devastating than the infamous thalidomide scandal of the 1960's. The profession is now busily - but unsuccessfully - trying to re-stopper the bottle by re-educating its members to the hazards of narcotics.

In the meantime, here in Maine the narcotics epidemic is contributing each year to 150 deaths and 340 drug addicted babies. It is a major source of family dysfunction and criminal activity. The social and economic costs are incalculable. Just ask your local probation officer or any child protective worker. A guardian ad litem attorney in Somerset County recently reported that among her 82 open files all but 10 involve drugs as a factor in deciding what to do with the children.

Most of these drugs are pharmaceuticals bought or diverted by people on Medicaid. We have power as a state to put a lid on this epidemic but we have yet to take strong and deliberate action. Even when we do, it will take decades to repair the damage. Meanwhile new addicts are being created every day. Researchers at UMO have attracted a federal CDC grant to study downeast families in which as many as three successive generations have been addicted to Oxy-contin or other drugs acquired through prescription or diversion.

Venture Capital

A few people, including the Governor, doubt that we have enough smart people in Maine to create new businesses. Others like Brunswick's Karen Mills (no relation), recently appointed by Obama as the nation's SBA chief, argues that deals are available to put Maine people to work if the money were here. Her views are vigorously supported by TechMaine and other entrepreneurial groups.

Last year, Chris Rector, Jon Courtney and a unanimous BRED Committee helped to pass a Fund of Funds bill designed to attract tens of millions of dollars into Maine at a small risk to the state. After sailing through on the consent calendar, it was stopped by a pocket veto from the Governor. I have introduced the bill again this year.

Whether or not the Fund of Funds is the right way to attract capital, we need to find more aggressive ways to bring it here.

School Costs

Maine taxpayers are paying far too much for K-12 education and we're not getting results. We are tied with Vermont for having the smallest class sizes in the United States (11 to 1) which drives our per pupil costs well above the national average; but our comparative test scores are dropping. Despite the high cost of K-12, we have one of the shortest school years in the world. Even though enrollments are steadily decreasing, the State Planning Office has found for the third year in a row that many school districts persist in exceeding LD1 spending limits by wide margins.

While the 2007 school consolidation plan was defective, politically inept and ultimately not very successful, the state itself has now run out of new money to support K-12. School budgets will drive property taxes through the roof this summer in the middle of the recession. Yet we still have no coherent answer as to why costs should be allowed to rise in the face of diminishing performance, a short school year and ever fewer students.

Higher Education

Eliot Cutler, an international lawyer from Cape Elizabeth, lit up the Portland Chamber recently by explaining how impossible it is to move Maine out of its doldrums without an overhaul of higher education. His speech, reduced for publication in the Sunday Telegram, is attached with a selection of his slides.

Public Employees

Over many years, we have allowed a destructive longevity bias to corrupt the state's relationship to its employees and teachers. Maine's collective bargaining contracts resemble those from General Motors. The attached resolve outlines the problem. The answer is to re-write some badly outdated contract provisions and to overhaul the pension system for new hires by integrating it with Social Security.

Tax Reform

John Piotti and Joe Perry are on the road selling a tax reform package to reduce capital gains and marginal income tax rates by about 30%. Although they propose to pay for it by raising consumption and transaction taxes, the business community is beginning to think that lower income taxes may be worth an expanded sales tax. Reducing marginal income tax rates creates a stronger incentive for business development than all the other gimmicks like BETR, TIFs and Pine Tree Zones put together.

The basic tax reform package was developed in 2007 with the initial participation of Republicans on the Tax Committee; but many GOP members drifted away from it after the bill encountered resistance from constituents adversely affected by the new revenue sources.

The editorial pages have since picked up on tax reform and the public is tuning in as well. If the broader business community comes to accept a package of reforms, it will be a mistake for the GOP caucus to sit this out in a posture of reflexive opposition.

Gay Marriage

Gay marriage is a distracting issue that will not be decided by the legislature. We are the publicity gateway to the voters. Assuming that the bill passes the legislature -- as it likely will, either now or in some future year -- the measure will go directly to people's veto or to referendum.

Voters will eventually decide the question for themselves after the two sides have thrashed each other in the media as we saw in California. The PR campaign will attract lots of money from out of state. The financial stimulus of full page ad revenue may even stave off bankruptcy for the Portland Press Herald.

Peter Mills
February 2009

Such issues are important, to be sure, but we as legislators cannot afford to lose focus on matters where elected leadership can make a fundamental difference to the welfare of Maine citizens.

Concluding thoughts -- the forces of distraction

The effectiveness of our institution - the Maine Legislature - hangs on our ability to achieve focus in the midst of myriad distractions. The minute we arrive in January, the business community through MDF puts us on buses to get us out of town. Upon our return, the calendar is clogged with hundreds of sentiments. For the first three months, little is accomplished but the routine reference of bills, an exercise to test whether majority committee chairs can read in public.

When the governor's budget is printed, state bureaucrats distract us from the larger picture while helping to busy ourselves in the pit of Appropriations flipping pages back and forth like hamsters in a treadmill chasing series of disconnected numbers that are often without meaning.

We form budgets by passively listening first to the department heads and then to hundreds of three-minute stories orchestrated by lobbyists who understand the adage that "The plural of anecdote is policy."

Meanwhile, newspapers find it easier to write about cell phones and road rage rather than the fundamentals. Important issues don't sell papers.

With the advent of term limits, the Maine Legislature is in greater danger than ever of becoming a passive, reactive and impotent body. Our strength is in our caucuses where we can set an agenda, develop issues, gather information and struggle toward consensus.

This is not a job easily done, but our failure to do it is to abdicate the power of our institution that is crucial to the future of Maine.

Peter Mills
Cornville
February 19, 2009

Attachments:

Op Ed & NY Times article on narcotics
Resolve on longevity bias
Eliot Cutler on Higher Ed