



## Update from the Statehouse:

By now you probably know that the Maine State Legislature failed to reach an agreement on a biennial budget. In failing to do so, their action (or inaction) triggered a state government shutdown. Thus Maine has the dubious distinction of joining New Jersey as one of two states in a shutdown situation.

The mechanics of how and why we got to this position are, at this point, irrelevant. What we at the Maine State Chamber want you to know about is: what does it mean for our members, and where do things go from here?

First, the shut down may have implications for individual businesses across the state. This link provided by the Governor's office - <http://www.maine.gov/tools/whatsnew/index.php?topic=Gov+News&id=759332&v=article2011> - outlines which state services and departments have been designated "essential," and thus remain open. Furthermore, the following agencies have been highlighted for the public's notice as open:

- Law enforcement agencies, state psychiatric hospitals, all state correctional facilities, Maine Revenue Services, IT for emergency infrastructure needs, and ferry services.
- State-run parks and campgrounds would be "adequately staffed," in the event of a shutdown
- Tourist Visitor Centers will be opened and staffed by the Maine Tourism Association
- Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (food stamps), and MaineCare will continue to receive assistance via DHHS (<http://bangordailynews.com/2017/06/30/politics/dhhs-welfare-benefits-will-be-paid-applications-processed-in-shutdown/>).

So where do we go from here? First, the "compromise" budget developed by the Committee of Conference failed in the House due to Republican opposition shortly before midnight. While not perfect, that budget totally removed the 3% surtax to fund K-12 education passed by the voters in November, while at the same time, provided a significant increase in education spending thus meeting the 55% state funding requirement. It was for this reason that we supported the proposal, albeit with significant reservations over the increase in the lodging tax.

That budget appears to be history this morning. Today, July 1, 2017, legislators await the arrival of yet another version of the budget, this time provided by the Chief Executive, and apparently supported by House Republicans. According to media reports, this budget is supposed to meet the policy goals of Democrats and Republicans without raising additional taxes. But coming at this late date, combined with the *significant* animosity exhibited by Democrat legislators over where we are and how we got here, describing its future as "in doubt" is being charitable.

The legislature has approved its second extension of five legislative days. When they meet today, they will have used two of them. Thus they must use their days wisely, or risk requiring a "special" session.

What our members should be aware of is that, because of the failure of the compromise budget, and the very hard feelings associated with that failure, the debate of full repeal of the 3% tax starts from scratch. Does this mean the goal of eliminating the surtax is beyond reach - no, we do not believe so. But it is critical you once again reach out to your local House and Senate members and urge them in the strongest terms to **fully eliminate the 3%** in any compromise budget document which may go into law.

The most obvious question is how long the shutdown will last. The answer to that question is: as long as it takes for them to come to a compromise budget - and there is really no way to know how long that may take. I think at least 5 days is likely just given the logistics of preparing a brand new budget document from whole cloth for them to vote on. But make no mistake; it may go significantly longer.

You should know that the Chamber advocacy team and I were at the statehouse to the bitter end last evening. It wasn't pretty to watch, and to say it was a disappointing outcome is an understatement. Be that as it may, we will continue to work with both Democrats, Republicans and the Governor's office, and we will re-double our efforts and that of the Keep Maine Competitive Coalition to repeal the 3% tax. If members have questions they should contact me or the chamber advocacy team for updates. We can be reached at:

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Thanks and a happy and safe 4<sup>th</sup> of July to everyone!

**Dana F. Connors, President**

**Maine State Chamber of Commerce**