

Terry Hayes Interview

- Linda Cohen: Good morning. Thank you for joining the executive committee, which is the governing body of the Maine Municipal Association, this morning for these interviews. My name is Linda Cohen. I'm the mayor of South Portland. We're happy to have you here.
- We are conducting interviews with all four candidates for governor, and we are wanting to discuss the state/municipal relationship, and forge a relationship with the next governor of the state of Maine. We have allowed an hour for each interview, and that's why we're mentioning the clock is there for you. We are each going to be asking questions, so we would ask that you answer as completely but briefly as possible, so that we can stay within that allotted time.
- This is being videotaped. It will be provided to all of our municipalities. It will, I believe, be a link on the Maine Municipal website for people who would like to watch it there, and it will be available for the general public to watch, as well.
- The people here around these two tables are from Kennebunkport to Easton, and they represent approximately 350 years of municipal experience. At this point, I would ask the board members to introduce themselves.
- James Bennett: Hi. I'm Jim Bennett. I'm the current city manager in Biddeford, Maine. I've had the opportunity to serve eight different communities since 1982, when I first got elected as a selectman in my hometown of Lisbon.
- Laurie Smith: Hi. I'm Laurie Smith. I have been manager in several communities in Maine with about 30 years of service, and currently in Kennebunkport.
- Elaine Aloes: Elaine Aloes. I'm selectman, the town of Solon, for the past 25 years. I've been on the Somerset County Budget Committee for 18 years, and a member of the MMA Legislative Policy Committee for 18 years.
- Christine Landes: Good morning. I'm Christine Landes from the town of Bethel, although in August I'll be making the switch to be the city manager of Gardiner. I have about 20 years of municipal experience starting as a town clerk, moving my way up to manager. Thank you for joining us.
- Jill Duson: Hi. I'm Jill Duson. I have served on Portland City Council 17 years, and served on the School Board three years prior to that. I am a Maine state government retiree, and a member of the MMA LPC. Great to see you.
- Linda Cohen: In addition to serving as the mayor of South Portland, I previously was the city clerk for the city of Portland and the city of South Portland for a combined 21 years. I've also worked in code enforcement, police department, and assessing, and also did a little bit of consulting work for the city of Auburn and in the town of Yarmouth.

Suzannah Heard: I'm Sukey Heard. I'm the chair of the Select Board in the town of Arrowsic. Teeny tiny town. I've also served that for ... This is my 19th year. I've also served on a school committee for nine years.

Rick Bates: Nice to see you again, Terry. Rick Bates, town manager in Rockport. I started my municipal career in 1977, couple years ago, down in New Hampshire, and moved to Maine. It's been great to be here. Thanks for coming.

Mary Sabins: Hi there. I'm Mary Sabins. I'm the town manager in Vassalboro. I started my municipal career in 1988, working in the town of Union as their tax collector and town clerk, and then worked my way up to manager. Have been in several communities, as well.

Gary Fortier: Good morning. Gary Fortier, city councilor in Ellsworth for 23 of the last 26 years. I serve on the Legislative Policy Committee, and 35 years as a volunteer firefighter with my community.

James Gardner: Hi. I'm Jim Gardner, town manager of Easton. I've been in municipal government for 27 years. Started as a code officer. For the last 20 years, I've served as a town manager in three of the communities in The County.

Linda Cohen: Thank you all. Before we get into more specific issues and questions that are important to municipal officials, we would like to give you an opportunity to tell us why you decided to run for governor, and also what your goals are, what you would like to accomplish in the next four years.

Terry Hayes: Thank you. Thank you very much, Mayor Cohen, and all of you. Several of you I've met before, others I've actually lived in your community, but maybe before you were in the roles that you were in.

I think I should start by saying, as you folks did, I'm Terry Hayes. I live in the town of Buckfield in Oxford County. I served 13 years on the School Board prior to my legislative service. I've served on the Town Budget Committee. I have served on the Comprehensive Planning Committee. I chaired the School Budget Committee for a number of years, and chaired the School Board during part of my tenure.

I can't remember the number. It was 300 and something.

Linda Cohen: 350.

Terry Hayes: There we go. You could add mine to that. We've got a lot of experience in this room.

I'm running to be Maine's next governor, because we can do better than what we've been doing. I am an Independent Clean Elections candidate. I am

committed to be beholden to all of Mainers. No subset, no particular party caucus, or party goals.

I served in the legislature for eight years as a partisan. I was a member of the Democratic Party. I unenrolled at the end of my legislative service intentionally because the partisanship was getting in the way.

When the party's priorities supersede what I believe to be in the best interest of Mainers, we've got the accent on the wrong syllable. I worked as a member of leadership inside the party, trying to change that. I was unsuccessful, so I gave up. I decided I would come at this policy work without an affiliation to a political party, because, from my perception, they were getting in the way. They weren't helping us.

They can help. It's not that the concept is wrong, it's the way we're implementing them right now. We don't stop campaigning on election night anymore. We just campaign right on through, just as if there had been no count, and nobody won. I think if you're going to campaign and ask folks to put an X next to your name, you ought to be willing to do the job you ran for. That means putting the partisanship aside, because the competition's over after election night. Now we have the challenge of governing.

Governing is best done collaboratively. We are all neighbors. Seriously, looking around the room. Mr. Gardner, I've been in your gym twice, watching my son play basketball. I can find every Class D high school in Aroostook County in a snowstorm, now, from having had that experience. He finished up up at the magnet school, and I went to every game he played for two winters.

Now I'm looking around. Ellsworth is a beautiful town. My son worked there for the [KidsPeace 00:07:25] operation. I'd been to there. Vassalboro is right next door. How often do I drive through it? Rockport's beautiful. Arrowsic. How tiny is Arrowsic?

Suzannah Heard: Have you ever been to Reid State Park?

Terry Hayes: I have. I know where it is.

Suzannah Heard: You've been through Arrowsic.

Terry Hayes: What's the population of Arrowsic?

Suzannah Heard: 427.

Terry Hayes: There we go. That's what I was after. When you said "tiny", I thought, "I wonder what tiny is?" That's tiny.

I spent junior high in South Portland. I went to both junior highs, as it happened.

Jill, how long have we known each other? We've crossed paths in so many different ... What's so neat about being from Maine is if you behave yourself, it's best, because you're going to run into the same people years later with entirely different hats on.

Bethel is Oxford County. How long have you been in Bethel?

Christine Landes: Almost four years.

Terry Hayes: Four years. Okay. I'll be in Bethel next week, which will be fun. The sense of community in that town, I think, is remarkable, relative to other neighborhood communities that are struggling, for sure.

Solon's beautiful. My son was a white water rafter, so I've been through town a lot. Saw some of the updates. The medical center and the dentistry that's now been upgraded.

Elaine Aloes: That's Bingham.

Terry Hayes: I'm sorry? Is that Bingham?

Elaine Aloes: That's Bingham.

Terry Hayes: Oh, gosh, look, but it's next door.

Elaine Aloes: Next door.

Terry Hayes: I have to pass through Solon to get there. Thank you for the correction. Sometimes my hardwired gazetteer gets a little awry.

I actually lived in Kennebunkport my senior year in high school with friends, and finished up. Worked there in the summertime so that I had a little bit of spending money when I got to college. But I haven't been back. It's been a long time. It's beautiful. You're fortunate to be there. Jim, I remember when you were in Lewiston.

When I think about it, we are all neighbors. We are all in this together. If we don't get it right, it's not any one group that gets punished or gets left out, it's all of us. Our circumstances are diminished. I'm convinced that how we do things matters, and it matters as much as what we do. If we don't do them together, they don't last. We're riding this pendulum that goes from here, to here, and back again. We interject instability and uncertainty that's not necessary, and it's not helpful.

I want to be your next governor because I want to put Maine's best interest first. I want to work with everybody who's brave enough to play in the public policy pool with me. I respect them, even when we disagree. As a Clean

Elections candidate, I commit that none of your tax dollars will be spent on negative ads in my campaign.

The other part you said was goals. I know that was kind of long winded, but I had to get you on team with me, see? That was part of it. There are three top priorities that I have as I approach this from a policy perspective. They come from my study of the measures of growth over the years. That's a benchmark publication that the Maine Economic Growth Council, as part of the Maine Development Foundation publishes. I'm kind of a data nerd. I think public policy should sit on a foundation of data. Then we should use anecdotes to sell it instead of the reverse, trying to find that data that supports it once we pass it. That seems a little backwards, to me.

The three things are workforce ... It's absolutely at the top of the list. If we don't solve our workforce challenges, we can't afford to pay for anything else. That's the goose that lays the golden egg that we all need. We're doing some pretty phenomenal things, I think, right now, through the Maine Spark program, which is a broad collaboration. You'll notice that I say "collaborate" a lot, because together, we do better than individually.

Workforce starts ... It's our pipeline. It's what we do from early childhood all the way through our college/university system, and our trade schools, and everything in between. It's what we're doing to retrofit existing displaced workers.

At the top of the list is really welcoming folks from away. From away away, and from away. If they come here with the skills and they're willing to participate in our economy, we need to welcome them with open arms. Frankly, we need to solicit them to come here.

I frame these up as making Maine the best state in the country to work in. That's what I want Maine to be, the best state in the country to work in, because people will come. What does that mean? If we're going to bake that cake together, what are the ingredients? I don't know all of them yet, but we're going to discover them together, and I mean that genuinely.

There's only so much we can do on the policy side from government's perspective, at any level. There's a bunch of this that has to come from the private sector. These are the folks that need the workers. I want to tag team with them to figure out what those ingredients are. Which ones belong over here? How can we champion those? Which one belong over here? How do we incentivize those, if we can? That's my goal around workforce.

The second one is broadband, which is the superhighway of today's economy and tomorrow's economy. We have some assets that are considerably under-deployed through the Three Ring Binder Project. We have under-invested in

broadband expansion, in my opinion, in the last eight to ten years, and we need to turn that around.

The third area is healthcare, and health and wellness. We spend a disproportionate amount of our resources on healthcare in Maine, and we don't generate better outcomes than other folks for that investment. We need to figure out what's driving behind that, and how do we adjust it? If we need to expand Medicaid, we need to do it in a fiscally responsible way so that we can pay for it downstream. But, at the end of the day, remember the goose that lays the golden egg, our workers, our people, and their health and wellness determines the extent to which they can generate to that prosperity.

Those are the three priorities that I bring, and a willingness to focus. It doesn't mean there aren't other issues that we'll need to address. I think the biggest part of this is leading with our assets and not with our liabilities, which is how we get people to come. What we say matters. How we tell our own story matters.

I've been here for 60 years, so far, and I love it. I'm really, really anxious to be in a position to invite everybody that wants to come figure out why, to come give it a try. Those are my goals.

Linda Cohen: Thank you. We're going to start to get into the specific questions.

When you think about it, everyone who lives, works, plays in the state of Maine, are all of our constituents. Local government, state government. We're very interested in finding a way of working with state government to serve all of those constituents.

In prior administrations, there was a Municipal Advisory Council. It hasn't existed for a while, and what we would be very interested in finding out if you would be interested in reconstituting that Municipal Advisory Council, what you think is the appropriate relationship between state and local government? We would like to be a resource to the governor's office, and vice versa. Like your thoughts on that, please.

Terry Hayes: Thank you. I was unaware of the Municipal Advisory Council until you mentioned it. I did my homework, but I don't remember it being in the literature that I read, so I'm thinking ... I'll have to look it up.

Linda Cohen: [inaudible 00:15:16]

Terry Hayes: I got it. I'm not sure that I can answer your question in detail, because I don't know how it was structured and what role that it did fill. But, given that, at my core, I really believe that I don't know everything I need to know, but there are people all around me who bring pieces to the puzzle that we're going to need in

order to move us where we want to be. I will find a way to solicit your input, and the resources that you have.

I value the relationship. I was struck when I read the beginning of the publication that said at the top of the list is to reestablish a collaboration between municipal government and state government. I would say I'm all in on that one. If this is a vehicle that we can use to do that, I'm more than willing to look at the history and see how we could revive it, so we are continually reminded that we're all in this together. What we do here impacts what's going on here.

Linda Cohen: Thank you.

Terry Hayes: You're welcome.

James Bennett: From our perspective, the key foundation of that state/municipal relationship is the revenue sharing program. It was created in 1972. The program recognized and understood that municipal services are being provided on behalf of and at the direction of the state. It uses a formula based on both population and the full value tax rate. The program provides the greatest benefits to those communities that have the highest tax rate in particular, our service center communities.

On the other hand, conversely, when it's under-funded, it impacts those communities the worse. Municipal leaders are really interested in your vision for the fiscal relationship between the state and local government. Do you believe that the revenue-sharing program is a vital element to that relationship, and, specifically, can you tell how your first proposed state budget would treat revenue sharing?

Terry Hayes: Good question. I'm a fan of the concept and the way that it is written in statute, and I'm not a fan of the way it has been administered or implemented. The notwithstanding language is ... I tend to look things, say, "If you're not going to do it, change the law and don't do it," but don't say, "The law's not going to apply to us for this circumstance."

My understanding is that there have been, and I was trying to think of the totals, because I read through the charts, that this has been more of a challenge in the last decade than it was previously. Not that there weren't other times that money was redirected, but it's been happening habitually. We've under-funded our commitment. At the state level, we haven't given you folks the capacity to supplement your property tax revenues with any other tools, including no revenue coming from the new legalized cannabis program. My intent would be to see what it's going to take to fully fund it, and to meet that commitment. I think it's an obligation.

If not, I get the ... From my years on the School Board, especially, I should tell you that the first time I ever testified in Augusta, I was a School Board member. I went up to testify in front of Appropriations. I wait until last. I like to go last. I like to listen to what everybody else has to say, and then figure out what needs to be repeated to have an impact.

All the suits went ahead of me. All the professionals, the superintendents, and everything. I was last. They were all, the Legislature, patting themselves on the back, because they didn't raise taxes. Of course they didn't. They were going to make me do it, and I needed to tell them that. "Don't go home thinking your taxes aren't going up, because they are. You're just not going to do it. You're going to make me do it, and you're going to say, 'We didn't raise taxes.' Your decision has that impact."

I see the relationship as integral. I do not like, "We have a commitment. We're not going to meet it. By the way, we're not going to tell you until your budgets are already well underway." Systemically, we have to respect the fact that we are in this together. My hope is that we would be able to fully fund it, and, if not, you'd know about it ahead of time and be part of, "How do we scale back up if we can't do it in one fell swoop?" What does that look like to get there? I would look for your input on that.

James Bennett: Thank you.

Terry Hayes: You're welcome.

Laurie Smith: I want to talk a little bit about workforce development. You've already mentioned it. As you know, the state unemployment rate is at 2.8%, which is a healthy economy, but, unfortunately, it means both public and private sector are struggling to find people to fill jobs. On top of that, Maine has a very aging population. The oldest state in the nation. Finding young people to help fill the gap of retiring people is a challenge.

Right now, if you look at our Maine Municipal job bank, you'll see us looking for jobs for individuals from police officer to wastewater, snowplow drivers, IT managers, accountants. The last year we have focused on our own hometown career campaign to really educate people about public service and about the many opportunities there are statewide.

As governor, what policies would your administration implement to address workforce support and development?

Terry Hayes: First, I want to share with you, Laurie, that I talk about us being the wisest state in the nation, because it sounds better. It's all in the packaging. I mean that genuinely, because there are attributes that come with the wisdom we've acquired. It doesn't deny the demographics, though.

When I say I want to make Maine the best state in the country to work because people will come ... We have some natural assets already that there are a segment of the talent that exists across this country would find appealing, but they don't know about us. Part of that is in, as I said, how we tell our story.

I've met with and talked with folks that are focused on this. LiveAndWorkInMaine.com ... That website, and so forth. They're telling me, "Terry, what we really need you to do is to be a cheerleader." Here's the inside scoop. I couldn't be a cheerleader when I was in school, because I had ... Let's just say I couldn't do it. But I'm ready to be that cheerleader for Maine, and, as I said, to lead with our assets and not with our liabilities.

There are folks that are going to come because what we already have, and then help us build the other pieces that we need. That will make it easier for young families to be here.

I've been asked specifically, "Do you favor general obligation bond funding to help reduce student debt?" I'll tell you. It's one of the pieces that might be in the recipe, but the other pieces ... There's not a limitless pot of state money that we can use, so we have to be strategic about how we deploy that. Deciding what that dollar figure is and how we split it up.

But we might be looking at how to ... Is there a public value in subsidizing affordable quality daycare, because we want young families? Who's going to care for their kids? Does that include picking up and funding or encouraging more school systems to include four-year-old programs? That's an investment in the future workforce, but for right now, we're really talking about, "How do we get folks here in the next 12 months," and the 12 months after that?

It starts with telling our story and focusing on ... Why is IDEXX here? Why is WEX here? Why is Jackson Labs still investing in Maine? They know things. How come we're not promoting that part? That's why I say I see it as a collaboration. It is Job Number One. If we don't do that, we can't do anything else. We just can't afford it.

The other part that I think is going to be the hardest is the folks that we entice to come here from away away, international immigrants that come to Maine. There's been media lately that explains how difficult we make that without even realizing it. How people who come here with skills and training from their countries of origin, how difficult it is for them to contribute in our economy. That's on the policy side of things where we can make some changes that make that easier. That's an example where I say, "Some of it happens here in the private sector, and some of it here." I need to know more about that, and I want to work with folks that will help us figure out how to do that.

One thing, I'm not going to get in the way of what's already going on, I think is a plus. I want to cheerlead those efforts, and truly drill down to where the policy

pieces that we can do at the state level that make it easier for people to come here and contribute to our economy.

Laurie Smith: Great. Thank you.

Terry Hayes: Sure.

Elaine Aloes: Okay. In keeping with the workforce recruitment and development theme, the need for reliable, high speed, broadband internet is a key component of economic development in the 21st century. While some areas of the state benefit from ever-improving internet capacity and speed, the infrastructure available in rural areas of Maine has not advanced much beyond the speed of dial-up. Internet providers are not making the needed improvements to provide internet access in the rural areas of Maine because of the cost. It's not cost effective, because of the few people.

With expanded broadband service in place, rural Maine could become a destination for a younger workforce. Do you believe in the expansion of broadband access to underserved areas of the state is vital to the Maine economy, and if so, what will you do to improve access?

Terry Hayes: It's essential. More than for attracting people, it's essential for people who are already there. I've met with some of the folks at organizations that are supporting rural farmers, and learned more about how integral broadband is to their success. Not just for reaching their markets, but for running their equipment, depending upon what they're doing. We need it for the people that are already there, as well as in order to supplement and attract additional folks to those areas.

The Department of Economic and Community Development produced a broadband report and recommendations, under the current administration, around how we would move forward and build out from the Three Ring Binder network or backbone that the feds paid for during the recovery from the Great Recession. There are parts of that ... It basically says it's going to be a combination of financial resources. There's going to be some state money in it. There's going to be some local money in it. There's going to be federal money in it, and there's going to be private sector money in it.

I read the publication that your organization put together. I agree it should be open access so that this competition ... I'm not sure whether that means that it's publicly owned and then we lease it, if you will, to operators. I'm still working on that model in my head. But, as I said, it's one of my three priorities. That's why it's a challenge around those limited resources.

This is a place where I think we need to ante up some state dollars. I see that coming from a general obligation bond investment, because this is infrastructure. I suspect it may require ... I don't know if you're aware of this,

but right now, most years, we bond for transportation at about somewhere close to \$100 million a year. I'm looking at broadband investment so that we know what there's going to ... Maybe it's \$20 or \$25 million a year that we may have to do over a four or five-year period of time, to make sure that the state is anteing up the part that it needs in order to make the rest of those pieces fall into place.

That's an investment that I'm willing to champion, because it has an impact all across the state. I think it's something that all of us, because we value and we live in Maine, we should help pay for it. That's how you do it. A general ob bond is paid back by all of us through the general fund. I don't know what the number is, so I don't want to be quoted on that, but I see this again as a stepped process. That we have a plan, we know what we're going to need, and we tell folks ahead of time we're going to implement that plan in stages.

That's the way I see us doing it.

Elaine Aloes: Thank you.

Terry Hayes: You're welcome.

Christine Landes: Maine's road and bridge system is the most important component of its transportation network. It is estimated that nearly 90% of all passenger movement and freight is shipped over this infrastructure. 60% of the total road inventory is owned and maintained by municipalities, accounting for the third-largest municipal expenditure.

To account for that burden, the state shares roughly 9% of the highway fun revenues with municipalities, yielding about \$20 million annually. This has been chronically flat funded, causing costly delays in much-needed repairs and improvements. Do you believe the current system of paying for the maintenance of all Maine's highway and bridges is working, and what changes, if any, will you recommend to address this funding issue?

Terry Hayes: I don't know and I don't know, which is the honest answer to your question. I'm not sure that I am sufficiently versed on what the current system consists of, other than your brief comments, Christine. I understand we're trying to fit this into a 90-second response. The fastest thing for me to say is ... I need to be educated on what the current system is and where it's coming up short, and listen to ideas from folks of, "What's the best way to fix it?" I don't know the answer.

Until you framed the question, I think I would say I was unaware of even the 9% from the highway fund. Although I served in the Legislature, I wasn't on transportation. I was on state and local government for the bulk of ... In terms of a policy committee that I served on. Instead of just trying to BS my way through that one, I have to tell you, I'm in a learning mode. You help me understand the

status quo and how it's not working, and we'll look at the systemic fixes that can make it work.

Christine Landes: Okay. Thank you.

Jill Duson: Although municipal officials recognize that local government units are better suited than the state to provide certain services, the cost of providing legislatively required municipal services comes at a cost to property taxpayers. The cost of state mandates such as appointing code enforcement offices, managing solid waste, mandated training for firefighters, and new requirements related to marijuana legalization place additional burdens on already-strained municipal budgets.

In some cases, funding for local services that citizens want takes a backseat to those mandated by the state. Are there additional services you believe municipalities should provide? If yes, how should those services be funded? Are there services currently provided by municipalities that could be provided by another public or private entity?

Terry Hayes: I don't come here with anything in particular that I would ask of you be added to your job descriptions, or purview, or list of responsibilities. Nothing had occurred to me from that perspective. Doesn't mean that there might not be, but I wouldn't go about implementing it without coming back and having a conversation for you to understand better why I think you might be the best folks to do it, and how we make sure the resources are available.

I have to say that reading the publication in preparation for coming to talk with you was eye-opening for me, because I hadn't thought about ... One of the interesting questions that it asked was ... Why would we put the requirement around the code enforcement, it was the Unified Building Code, I think, and not even provide routine access to training? Which was like, "That doesn't make any sense. That's a darn good question."

Why don't we use the infrastructure that we're already paying for around education to train folks who do that? The community college system or outreach through the university centers? Places that are closer to where you folks are than Orono, necessarily, or Portland.

It was eye opening. I guess what I would say is that I've learned ... It will be more sensitive. I feel like I should've learned that already, because, as I said, I spent six years on the State and Local Government Committee. I was paying attention, but I hadn't thought about the follow through. The communication is really important not just when the policies are being considered, but as they're being implemented. I'm looking forward to an open communication ring that makes sure that unintended consequences are minimized, or managed, if we will, better than maybe they have been in the past.

Nothing specific to add, and continuing to learn about the current challenges and how to wrestle those back a bit.

Suzannah Heard: Can we switch to education? Our children are our future, and although the legislature has made strides towards meeting the statutory requirement to fund K-12 education at 55%, the state funding continues to fall short. Do you support that law that calls for the state to cover the 55% for the cost of K-12? Please describe what actions you'll take to either honor the commitment, or to amend the law.

Terry Hayes: My recollection is that law passed at referendum in 2004. I believe it was on the ballot in November of 2004. I remember that, because I was on the ballot in 2004, and I lost. That's burned into my memory. I believe that's correct, which means that we're 18 years into this. I think it was supposed to begin being effective two years after it was passed. It was an expectation that the Legislature would implement it in the next biennium. We haven't done it yet.

How come we haven't done it? Which of your taxes do you want to go up? That's where the state gets its money from, is from taxpayers. Nobody wants their taxes to go up. We have that initial argument, if you will, at the front end. Then the bottom fell out of the economy in 2008/2009/2010, and there wasn't enough money for anything. Despite a plan that I think had been put in place by Governor Baldacci in the legislature, we backslid on that. There was a commitment not to raise state taxes during that time period, because you all had to do it. That's a piece of the timeframe that I'm talking with you about.

Do I support the law? I voted against it in 2004, because I don't think that these questions belong in the ballot box. This is the work that needs to be done by the Legislature. It doesn't mean that I don't think I'm bound by it if I'm Maine's governor. If it's the law of the land, I feel like I have an obligation. If I can't get you there in the first biannual budget I propose, I should be able to tell you how that budget, lined up with my future proposals, is going to get us there.

I think I would actually favor changing the law, but I don't know what I would change it to. I'm not here to propose something specific, but I've thought a lot about this. Why leave it out there? If nothing else, it creates a structural gap that, with my state treasurer hat on, I have to explain to the rating agencies every year that we're not doing it even though it's the law, and when are we going to do it? I've only had to tell that story four times. It's been 14 years that we haven't done it, so my predecessors were telling it, as well.

Realistically, I don't think we're going to do it. Why not have an honest conversation about it and say, "Okay, this wasn't the fix to the problem"? If it was the fix, we wouldn't be talking about it now. What is the fix? I don't know the answer, but I'm willing to have the conversation.

Suzannah Heard: Thank you.

Terry Hayes: You're welcome.

Rick Bates: Terry, this is kind of a common theme going through these questions, that comes down to who's paying for what.

Terry Hayes: Absolutely.

Rick Bates: As municipal officials, we're often called on to go to Augusta and advocate for restoration of state funding for really important programs to municipalities. Municipal programs, and other mandated services that are problems for us. The common response we get is, is that property tax burden is high because of out-of-control local government spending.

This is a three-part question. Do you believe that local government spending is out of control? Why or why not? What policies would you advance to reduce the cost of providing local government services?

Terry Hayes: It is not my observation that out-of-control local spending is causing a problem.

I could go back to my School Board service. The other thing that I learned was that administrative costs were going up in our local school systems, and we were going crazy hiring administrators. That was the talking point in Augusta. What was interesting, I'm thinking, "Sure. Let's see. I'm on the Board. I'm on the Budget Committee, and we go home at night trying to figure out how we can add positions to our school budget routinely." No, we were adding the positions. We added a Curriculum Coordinator because we had to, because the Department of Education was driving that increase. We had to add social work services, and counseling access.

What I'm saying to you is, no. My perception is that is not what's happening ... In fact, at the local level, that's where, generally, the decisions are made closest to the people paying for them. I'm an avid participant in Town Meeting. I moderate Town Meeting for four communities adjacent to where I live when I can. That's where the rubber meets the road. There might only be 50 folks that show up in Sumner in August, but, by golly, they're going to make the decision. If they raise their taxes, they're the ones that are doing it.

It is not my perception that there's out-of-control local spending. I do think that, as you compare Maine to other rural states, we have a different expectation around local control. Why can't I think of that word? We have more institutions of government, maybe. Geographically, we have 400 and some odd ... I can't ever remember the number. Is that best serving us? It's not a decision I would get to make as governor. It's a decision that needs to be made at the local level.

I don't think that that's driving the cost. I think we set up expectations. We don't meet them. That's part of what drives up your cost, because we're not covering the pieces that we said we were going to. If we were consistently funding

revenue sharing, my answer on the 55% wouldn't've hurt so much. I understand that. We're not meeting our commitments.

At the end of the day, what we do in Augusta is decide how much of your money to take and then who to give it to. That's what I tell eighth-grade Social Studies students. That's what we do. I want them to pay attention to that, because eventually it's going to be their money we're taking, and I want them invested enough that they're going to vote. I don't care who they vote for, but I want them to vote. I want them to participate.

Policies to reduce ... I can't reduce the talking points. We have trouble. Once we hear something enough, we repeat it even whether we know it's true or not. Or when we don't want it to be true, we still repeat it, which makes it still true. How do we change that? We have to see each other as partners, and not as enemies. Not as competitors. I think that's a paradigm difference that makes a difference overall, but it doesn't necessarily ... I can't say a policy outcome that would come from that, but I know they'll be better.

If we're looking at this from the perspective as you started with, mayor, saying that we share constituents, and our decisions impact, and being cognizant of that ... Doing it knowingly, and taking responsibility for it to the extent that it happens.

Rick Bates: Thank you.

Mary Sabins: Hi, Terry.

Terry Hayes: Hi, Mary.

Mary Sabins: My topic is homestead exemption. The homestead exemption is an important element of a comprehensive property tax relief package that provides direct relief to Maine homeowners.

In 2016, over 350,000 Maine residents participated in the program. The current program provides a \$20,000 exemption, with 62.5% of the lost property tax revenue associated with the exemption reimbursed by the state. As a result, in Vassalboro, where I am the town manager, the property taxes paid on a \$150,000 owner-occupied home are reduced by nearly \$300 this year.

The question is, if elected, will you recommend retaining, repealing, or significantly amending the program? If you would amend the program, then how?

Terry Hayes: I don't have a particular proposal to make any changes to it. One of the things I learned in my legislative service ... Systemic tax reform is on the "got to do" list, and despite efforts to do it ... We've approached it a number of different ways from a public policy perspective in Augusta. This is a piece of what we would

need to consider, but I don't have a plan specific to that that I want to pull it out here and tweak it.

I would tell you that it's not one of my top three, but from a systemic perspective, we haven't been successful at modifying our tax code. It's out of whack. It's inconsistent. We now know some things. We have some other sources of revenue that we can consider just recently, knowing that online sales tax is an example. There's going to be an increase in revenue that can come from that source. We've got money coming in from cannabis sales, eventually, when that stuff gets underway.

I'm looking at this, saying, "This is an opportunity for us to do it." Why have we failed when we've tried before? I was part of the Legislature that passed comprehensive tax reform that was then repealed by the voters. You remember that campaign. "105 new taxes". That was the tagline from the folks that wanted to repeal it.

Fascinatingly enough, at that time, which was 2009, the Democrats were pushing for the tax reform. The Republicans were reticent, and subsequently led the campaign to repeal it because ... It did. It shifted. It expanded the sales tax and decreased the income tax. Anyway.

Fast forward to Governor LePage's third biannual budget. What did he do in his budget? He's going after tax reform. He broadens the sales tax, and he reduces the income tax. Watch what happened. The Democrats were against it, and the Republicans thought it was a good idea, with the exception of the senate president. Seriously.

The partisanship just flipped because the frame that we're choosing to participate in is "us versus them". I reject an "us versus them" frame. We are all in this together. There is no "us versus them".

My answer to you, Mary, is I am more than willing to tackle systemic tax code overhaul with everybody at the table. Everybody.

I'll tell you a little story, only because I have time. I like to know how much time I got. Gentlemen, I know you're still teed up.

When I was on the School Board, and I was asked to chair the Budget Committee, one of my dearest friends had taken over the responsibility of chairing the board. She asked me if I would chair the Budget Committee, and I said, "Under one condition." She said, "What's that?" I said, "I want to go to three towns ... " Buckfield, Hartford, and Sumner were the three towns in the school system ... This was in the smallest SAD north of Portland, or something. Everything else was up in the woods. We were the Class D school system.

I said, "I want to be able to include municipal officials on the Budget Committee," because every year when we took the budget to a vote, the selectmen from the various towns stood up and rallied against it. She said, "How is that going to work?" I said, "I want to make them part of the process. The Budget Committee only makes recommendations to the Board. They don't make decisions. The School Board is the deciders." She said, "How do you see it working?" I said, "I want to go to the selectmen, each three towns, and say, "You have two seats. You can appoint anybody you want to the School Budget Committee," because the Town Budget Committee isn't just a subset of the selectmen. At least, not in our towns. It's a whole separate group of people. Why wouldn't we think outside the box, here?"

The superintendent, I thought, was going to crawl out of his skin. He really didn't want to do it. I said to Frannie, "I'll do it, but you got to let me have that." She supported me, so we did.

I invited each of the three boards to appoint ... We ended up with, I think three, maybe four selectmen and two other citizens from the other towns. We only had five School Board members on the Budget Committee, because you couldn't be ... There were 11 on the Board. You had to be less than half. We were outnumbered. I really thought the superintendent was going to retire.

I said, "It's okay. It's all right." By the time we got done, every single one of them voted for the budget. They stood up at the budget meeting and supported the budget, because they knew what was in there. They understood the constraints we were working under.

I tell you that inclusion, to me, generates better outcomes. It takes longer, and you have to approach it differently. There can't be an "us versus them" frame. It doesn't work. I will tell you what. We're all paying these taxes. They have an impact on business. They have an impact on nonprofits, maybe not as much as they might under some circumstances. They have an impact on wage-earners, and on government.

What I would say to you, Mary, is I'm ready to tackle that, but I want to do it my way, which is inclusion. Which is not presuming the outcome before we get there, but knowing that things are going to change, because, at the end of the day, I want all of those interests to help support it. I don't want it repealed by the voters.

The voters aren't going to do that on their own. There's got to be some group willing to go out and get those signatures. I want them to have enough skin in the game and the outcome that that's not going to happen. It might take four years to do it, but this position's a four-year job. If it takes that much runway to get off, I'm willing to do it.

Mary Sabins:

There you go. Thank you.

Terry Hayes: You're welcome, Mary.

Gary Fortier: Think you've answered most of this, but I'm going to go through it anyway.

State tax codes are often described in terms of the balance, progressivity, and the fit with the current economy. In Maine, state, municipal and school county services are funded primarily with property, sales, and income tax revenues. Of the nearly \$6 billion raised through the assessment of local and state taxes, 45% of those revenues are generated by the property tax, with income and sales tax generating 30% and 25%, respectively.

How would you characterize Maine's overall tax code? Do you think there's a need for comprehensive or structural tax reform, or is the state's tax code generally adequate?

Terry Hayes: There is a need for comprehensive overhaul of the state tax code. We have to decide if we have the collective chutzpah to do it, and if we're going to respect each other in the process. I'm happy to throw down that gauntlet and say, "What do you think? Who needs to be at the table, and how do we do this?" We don't want to do it to people, want to do it with people.

Part of the challenge with this is you don't get elected when you say you want to reform taxes, so it doesn't mean that we don't need to do it, it just means ... You know what I said about leading with your assets and not with your liabilities? That's part of what I'm trying to do here, is to tell you, "Yeah, I know we need this," and we need to go at it in a way that is inclusive and that has buy-in across the impact areas. I agree with the goals, progressivity and fitting with the economy.

I think, when we do that, we will have positive impacts on the vast majority of Maine taxpayers, wherever category they fit in, but we have to have the courage to have the conversation in a way that allows us to listen with respect to people who see the world differently, and work at it until we can find those intersections of interest. We can get there, we just have to be willing to do it with each other and not necessarily in the press.

Gary Fortier: Thank you.

Terry Hayes: You're welcome.

James Gardner: I'm going to talk a little bit about county jail operations, as we see that as an issue in the current legislation. Counties spend \$90 million annually to fund jail operations. Of that total, roughly \$65 million is funded by property taxpayers, and \$15 million from state appropriations. Taking into account that the state implements the policies dictating who is in prison for what length of time, and whether housed in a state prison or county jail, municipal officials believe the state should fund a larger portion of the jail operations' cost.

Do you believe the current process for funding county jails is working? What changes, if any, will you recommend to address the ongoing funding issues?

Terry Hayes: Thank you. I don't think it can work. My understanding is that we had a law that established an oversight group that the governor didn't even appoint people to. If you don't fund it and you don't fill the positions ... The obvious answer to me is, "No, it's not working." We're not even sure what direction we're heading.

Again, I'm watching from the sidelines, because it doesn't directly impact treasury. My hope is that I don't end up in jail as a result of being the treasurer, of course, so ... No, it's not working, and do I have a specific fix or a change to offer at this point? I do not.

But I know that the Sheriffs' Association has. I know that the County Commissioners have been looking at this. I just haven't read and don't know ... I'm not up to speed on how they would propose we would fix it. I'm still in a learning mode. I'm aware of the problem, but I don't have something specific to offer. I'm hoping that you'll help me figure that out.

James Gardner: Thank you.

Terry Hayes: You're welcome.

Gary Fortier: Comes back to me.

Terry Hayes: Oh, my goodness. Are we doing all the way back around? I was going to say, we're not going to have time.

Gary Fortier: We're going to talk about tax exempt properties. State policy provides a blanket property tax exemption to all charitable corporations such as hospitals, nursing homes, research facilities, land trusts, and literary and scientific institutions, including private colleges. Although the benefits these institutions provide are regional or statewide in nature, the property taxpayers in each host municipality are held solely responsible for funding those services, such as snowplowing, fire, police, provided to the exempt institutions.

Should tax-exempt institutions be required to make some level of financial contribution to cover the municipal services they receive?

Terry Hayes: What I will tell you is that tax-exempt institutions should be at the table when we have our comprehensive overhaul discussion, and come up with strategies. What we said initially when we asked the question was that the taxes have to be progressive and have to fit the current circumstances. This is a really good example of a place in our tax code where we need to update it, but I'm not going to presume the outcome of that conversation.

I'm reluctant to do that, because if you're going to invite people to come and work on it collaboratively, you can't tell them the outcome before they get there. It's not that I don't have thoughts on it, it's just that my thoughts don't need to be the controlling piece of the outcome, for me. I would rather work with the group, and I think that they need to be at the table.

Linda Cohen:

Thank you for being here, for answering all of our questions. We really appreciate it. In the few moments that we've got left, we're going to provide you with an opportunity to make some closing remarks. We also want to encourage you to reach out to any of us on the Board, any of the staff at MMA, or any other municipal officials you feel comfortable reaching out to as you progress through your campaign.

We also want to wish you the best of luck, and tell you that we would look forward to working with you and your administration, should you be successful in November.

Terry Hayes:

Thank you very much. I appreciate that. I appreciate the opportunity to come, and the fact that not only have you posed questions, but you've listened thoughtfully to my responses. No one jumped out of their chair when I said I didn't know.

That was one of the most challenging aspects of thinking about doing this. I'm not one of these folks that, in third grade, decided this is what I was going to be when I grew up, and I've just been waiting for this opportunity. Two years ago, if you told me I was going to do it, I'd laughed you out of the room. Now, this is my passion. This is when I'm not in my State Treasurer role, this is what I do. This is my second full-time job, trying to earn this opportunity to lead Maine.

One of the bigger challenges that I'm up against in this, right now, and this'll be my pitch to you, is that I'm the only candidate on the ballot in November that chose to use the Clean Elections Program to fund my campaign. As of right now, I will be limited, significantly limited, because Legislature is not funding the program. Because of the way the not-funding is happening, I won't be able to raise money in a traditional sense even if I chose to do that.

All along, I've committed to the program specifically because I think money is poison in our political system. If there's an opportunity not to have to go that route, I was willing to take that on. As of today, over 5,500 Mainers have made \$5 qualifying contributions to support my campaign as a Clean-Elections-funded candidate. Which doesn't necessarily mean that you're going to vote for me, but it means that you favor my being able to be competitive in the process.

I'm after earning your vote by November 6th, and I'm going to ask you not to vote early unless you absolutely have to, because, again, I need the whole runway to get off. That's the date, November 6th.

I want to tell you if you go to HaysForMaine.com/5, and you haven't done a \$5 qualifying contribution, you could do so today. The deadline is midnight tonight to qualify for whatever money the ethics commission has left before the end of the fiscal year on Saturday. I would appreciate that immensely. I have to think about what else. I had to make sure I said that, only because the timing is everything in this. Even though I might only get 50,000 more dollars instead of \$175,000, I don't even get that if I don't make the \$1200. We're within striking distance today. I tell everybody I meet. If I'm going to buy a sandwich at the store, I'm going to hand a card to the clerk and say, "Hey ... "

I look forward to working with you folks as Maine's next governor. I've been criticized for not quitting my job in order to pursue this job. Like most of you, I'm going to assume you probably use your paychecks to pay your bills, and so do I. I'm not a person of means. Another reason for running as a Clean Elections candidate. It wasn't like I could loan myself money to do this.

I think it's time for someone to be in the second floor of the statehouse that gets that, that is like everybody else. That's paying her bills, making sure her grandkids are healthy and happy, and making sure that opportunity exists for other Mainers. I'm hoping to earn your support.

I suspect the organization probably doesn't endorse, and I wouldn't, if I were you, because you want to work with whomever is successful. I understand that. I look forward to working with you. We can do this better, and we're all in it together. The how really matters. At the end of the day, I'm going to cross paths with you another time, and I don't want you not to want to shake my hand. I want to do what I say I'm going to do, to the extent that I can. If I don't know, I'm going to tell you.

Thank you for the opportunity.