Martha Spiess

Good evening.

I would like to raise two issues about whether trade treaties interfere with our ability to generate more revenues in Maine to fund essential services.

The first question concerns revenues from State water licenses.

The State of Maine has granted a 30-50-year license to Nestle for water drawn from under Range Pond State Park. It charges a half-a-penny-per-gallon for this water,which is then sold for more than we pay for gasoline.

My question is this:
Do the investment rules contained in
CAFTA chapter 10 and NAFTA chapter 11
get in the way of us re-negotiating the terms of this license?

What if Maine decided to increase its fee to a penny a gallon—thereby raising another 17-million-dollars-a-year for the State?...

Could Nestle mount a CAFTA or NAFTA investment challenge?...

Could it bypass Maine law to seek more generous compensation under trade treaty investment rules?

My second question is about gambling.

Maine is trying to use gambling to gain additional revenues for the state.. It considering emergency legislation that would obscure basic information from the public about the key executives and employees of Penn National--the developer of the Bangor racino.

The World Trade Organization recently ruled that U.S. laws restricting ***internet*** gambling violate the GATS services treaty. This sets the stage for off-shore Web-based gambling companies to operate freely throughout the U.S.—which is now illegal under federal law.

The U.S. has appealed this WTO ruling, but it seems unlikely that it will win. An unfavourable ruling means global internet gambling businesses reach into Maine These offshore companies could 'skim off' the gambling 'cream'….reducing state revenues.

I hope the Commission considers these issues in its deliberations.

SPRING WATER USE AGREEMENT AND LICENSE

This Spring Water Use Agreement and License ("Agreement") is entered into this 24th day of August 1999 between Great Spring Waters of America, Inc., a Delaware corporation, having a place of business in Poland Spring, Maine and doing business as Poland Spring Water Co. ("Poland Spring") and the State of Maine, by and through the Bureau of Parks and Lands of the Department of Conservation, a Maine State agency with a principal place of business in Augusta, Maine ("BPL").

WHEREAS, Poland Spring owns property, including a commercial bottled-water facility, in Poland Spring, Maine, and BPL owns and manages Range Ponds State Park on property adjacent to Poland Spring's property, all as shown on Exhibit A attached hereto and incorporated herein; and

WHEREAS, Poland Spring desires to extract spring water from drilled wells at certain sites in Range Ponds State Park that are in close proximity to the property of Poland Spring, as shown on the attached Exhibit A; and

WHEREAS, Poland Spring and BPL entered into a Memorandum of Understanding, dated August 4, 1998, ("Memorandum of Understanding") in contemplation of this Agreement, certain provisions of which are incorporated herein and made a part hereof as hereinafter provided; and

WHEREAS, pursuant to P.L. 1996, c. 641, sec. 3 (the "Act"), the Maine Legislature authorized the Director of BPL to grant a license to Poland Spring for the extraction of spring water under such terms and conditions as the Director considers appropriate in order to make the licensed operation compatible with public uses of the State Park and with the public interest; and

Exhibit B

Compensation for Water Withdrawals- At the time of initiation of the agreement Poland Spring will compensate the State at a rate of $0.005 per gallon of spring water. The term of the agreement will be for 30 years with an option by Poland Spring for two 10-year extensions. The rates will be adjusted every ten years based on the Producer Price Index for Commodities from the Bureau of Labor Statistics (Item: All Commodities; Area: U.S. City Average), ("Index") for the preceding 10 years. The rates will reflect average increases per year adjusted in five year increments. The following rates (including a provision for increases over the length of the lease) will be used for the first 10 years of the Agreement and were determined based on the Index, which for the years 1987-1996 was 124.9 or an average of 102.767 per year during this period. The table reflects an average increase of 2.767% a year adjusted in five-year increments. Please note that the numbers have been rounded up to the nearest four places.

Year/s	Prior Interval $/gal	Increase $/gal	New Interval $/gal	% Increase
2 thru 5	0.005	0.0006	0.0056	11.1%
6 thru 10	0.0056	0.0008	0.0063	13.8%