

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FOURTH LEGISLATURE

Legislative Document

No. 974

S. P. 294

In Senate, February 25, 1969

Referred to Committee on Education. Sent down for concurrence and 1,000 ordered printed.

JERROLD B. SPEERS, Secretary

Presented by Senator Stuart of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-NINE

AN ACT Creating the Maine Higher Education Loan Authority Act.

Be it enacted by the People of the State of Maine, as follows:

R. S., T. 20, c. 327, additional. Title 20 of the Revised Statutes is amended by adding a new chapter 327, to read as follows:

CHAPTER 327

MAINE HIGHER EDUCATION LOAN AUTHORITY ACT

§ 2930. Title

This chapter shall be known as the "Maine Higher Education Loan Authority Act."

§ 2931. Purpose

It is declared that for the benefit of the people of the State, the increase of their commerce, welfare and prosperity and the improvement of their health and living conditions, it is essential that this and future generations of youth be given the fullest opportunity to learn and to develop their intellectual and mental capacities; that it is essential that institutions for higher education within the State be provided with appropriate additional means to assist such youth in achieving the required levels of learning and development of their intellectual and mental capacities and that it is the purpose of this chapter to provide a measure of assistance and an alternative method to enable institutions for higher education in the State to provide the facilities and structures which are sorely needed to accomplish the purposes of this chapter, all to the public benefit and good, to the extent and manner provided in this chapter.

§ 2932. Definitions

As used in this chapter, the following words and terms shall have the following meanings unless the context shall indicate another or different meaning or intent:

1. Authority. "Authority" shall mean the Maine Higher Education Loan Authority.

2. College. "College" shall mean a private institution of higher learning located in the State of Maine authorized by the Legislature to grant educational, literary or academic degrees.

3. Cost of construction projects. "Cost of construction projects" shall mean the cost of construction, expansion, relocation or modernization of college buildings and facilities, including real estate improvements, lands, property rights, engineering, architectural and legal services, plans, specifications, surveys, cost estimates, studies, equipment including the installation thereof as may be necessary or incidental to the development, construction, renovation or placing in operation a building or buildings, including physical education and athletic plants, for purposes of a college, and including the refinancing of indebtedness incurred for construction purposes even though such construction has been completed.

§ 2933. Organization

The Maine Higher Education Loan Authority is created and established as a public instrumentality of the State, and the exercise by the authority of the powers conferred shall be deemed and held to be the performance of essential governmental functions. The authority shall consist of 5 members, at least one of whom shall be in the investment and banking business, appointed by the Governor with advice and consent of the Council for a period of 5 years, provided that of the members first appointed one shall be appointed for a term of one year, one for a term of 2 years, one for a term of 3 years, one for a term of 4 years and one for a term of 5 years. A vacancy other than by expiration of a term shall be filled in a like manner for the remainder of the term. Members may be removed by the Governor with the advice and consent of the Council for a cause after notice and hearings. The authority shall elect a chairman, vice-chairman and secretary. Four members shall constitute a quorum. The affirmative vote of 3 members present and voting shall be necessary for any action taken by the authority.

The members of the authority shall be reimbursed for their expenses necessarily incurred in the performance of their duties on the same basis as state employees.

The Treasurer of State shall furnish necessary clerical assistance to the authority.

§ 2934. Powers

The authority is authorized and empowered:

1. Regulations. To adopt necessary regulations for the conduct of its business;

2. **Governmental services.** To utilize the services of other governmental agencies as may be necessary.

3. **Applications.** To receive, investigate, approve or disapprove applications for loans covering the cost of construction projects for colleges;

A. In considering applications for loan funds, the authority shall consider, ascertain and determine that:

(1) The applicant is, in fact, a college located in the State of Maine;

(2) The applicant has sufficient financial integrity and is in such financial condition that it can reasonably be expected to meet its obligations to the State in the repayment of the principal and interest on the said loan;

(3) The applicant cannot reasonably obtain from other sources that portion of the cost of construction projects which it seeks to finance through the use of state funds at comparable rates and comparable terms and conditions. In the application of this subparagraph, endowment funds and other loan funds shall not be considered as other sources for financial aid.

4. **Loans.** To loan proceeds of bond issues to colleges to cover the cost of construction projects approved by it;

5. **Bonds.** To request the Governor and Council, in writing, to provide funds by the issuance of state bonds for loans to colleges for construction purposes. If bonds are to be issued, the Governor and Council shall order the Treasurer of State to issue bonds in the amount requested, but not exceeding in the aggregate at any one time outstanding the amount of \$25,000,000 to mature serially or made to run for such periods as the Governor and Council may determine, and not in excess of such rates of interest as the State finds necessary to pay in its sale of the bond issue for the specified loan. The bonds so issued shall be a pledge of the full faith and credit of the State;

6. **Agreements.** To enter into agreements with a college for the repayment of any loans on such terms and conditions as will enable the State to redeem the bonds issued and pay the interest thereon at no cost to the State. Such agreements shall require the college to pay the State a sum not in excess of actual expenses incurred by the State.

§ 2935. Records

The authority shall keep records of its meetings and votes taken. The Treasurer of State shall keep proper records of the accounts of the authority and the status of the loans. He shall make an annual report to the authority as soon after July 1st as possible. Upon receipt of the report from the Treasurer of State, the authority shall make a complete report of its activities during the previous fiscal year to the Governor and Council.