

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIFTH LEGISLATURE

Legislative Document

No. 845

S. P. 285

In Senate, February 18, 1971

Referred to Committee on Appropriations and Financial Affairs. Sent down for concurrence and ordered printed.

HARRY N. STARBRANCH, Secretary

Presented by Senator Katz of Kennebec.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-ONE

RESOLUTION, Proposing an Amendment to the Constitution Pledging Credit of the State and Providing for the Issuance of Bonds not Exceeding Four Million Dollars for Loans for Maine Students in Higher Education.

Constitutional amendment. Resolved: Two-thirds of each branch of the Legislature concurring, that the following amendment to the Constitution of this State be proposed:

Constitution, Article VIII, Section 2, amended. The 2nd sentence of Section 2 of Article VIII of the Constitution, as enacted by chapter 73 of the resolves of 1967, is amended to read as follows:

Funds shall be obtained by the issuance of state bonds, when authorized by the Governor and Council, but the amount of bonds issued and outstanding shall not at one time exceed in the aggregate ~~one~~ four million dollars.

Form of question and date when amendment shall be voted upon. Resolved: That the aldermen of cities, the selectmen of towns and the assessors of the several plantations of this State are empowered and directed to notify the inhabitants of their respective cities, towns and plantations to meet in the manner prescribed by law for calling and holding biennial meetings of said inhabitants for the election of Senators and Representatives at the next general election in the month of November or special state-wide election on the Tuesday following the first Monday of November following the passage of this resolution to give in their votes upon the amendment proposed in the foregoing resolution, and the question shall be:

“Shall the Constitution be amended as proposed by a resolution of the Legislature pledging credit of the State and providing for the issuance of

bonds not exceeding four million dollars for loans for Maine students in higher education?"

The inhabitants of said cities, towns and plantations shall vote by ballot on said question, and shall indicate by a cross or check mark placed against the words "Yes" or "No" their opinion of the same. The ballots shall be received, sorted, counted and declared in open ward, town and plantation meetings, and returns made to the office of the Secretary of State in the same manner as votes for Governor and Members of the Legislature, and the Governor and Council shall review the same, and if it shall appear that a majority of the inhabitants voting on the question are in favor of the amendment, the Governor shall forthwith make known the fact by his proclamation, and the amendment shall thereupon, as of the date of said proclamation, become a part of the Constitution.

Secretary of State shall prepare ballots. Resolved: That the Secretary of State shall prepare and furnish to the several cities, towns and plantations ballots and blank returns in conformity with the foregoing resolution, accompanied by a copy thereof.

STATEMENT OF FACT

The intent of this amendment is to expand the guaranty capacity of the Guaranteed Student Loan Program. As it was originally adopted the Maine loan program allowed for the guarantee against defaults up to \$12½ million. Since the enactment, amendments to the federal law have provided for reinsurance up to 80% of all loans. This increased the Maine guaranty capacity to \$42 million. At the end of December 1970, \$17,595,996.34 had been loaned to 19,154 students leaving an unused guaranty capacity of approximately \$24½ million. The Student Loan Program is expanding and consideration should be given to increasing the state guaranty capacity. None of the original bond issue of \$1 million has been issued and defaults to date are only approximately \$41,000. If the proposed amendment is adopted, the guaranty capacity will take care of the future demands on the program.