

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1283

H.P. 954 House of Representatives, April 15, 1987  
Reference to the Committee on Education suggested and  
ordered printed.

EDWIN H. PERT, Clerk  
Presented by Representative BOST of Orono.  
Cosponsored by Senator ESTES of York, Representatives  
HANDY of Lewiston and O'GARA of Westbrook.

STATE OF MAINE

IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND EIGHTY-SEVEN

AN ACT to Create a Maine Post-secondary  
Educational Loan Program.

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

Sec. 1. 20-A MRSA c. 420 is enacted to read:

CHAPTER 420

STUDENT INCENTIVE LOAN PROGRAM

§11701. Legislative intent

It is the intent of the Legislature to:

1. Raise aspirations of the State's high school  
students. Raise the educational aspirations of the

1 State's high school students by providing the oppor-  
2 tunity for qualifying students to pursue  
3 post-secondary educational study at state institu-  
4 tions and encouraging those students to get their de-  
5 gree and to achieve academic success;

6 2. Provide financial assistance. Provide finan-  
7 cial assistance which will enable economically disad-  
8 vantaged students to pursue their post-secondary edu-  
9 cation and which will offset reductions in federal  
10 student financial aid;

11 3. Encourage students to study and work in the  
12 State. Encourage good high school students to attend  
13 post-secondary educational institutions in this State  
14 and improve the State's work force by providing fi-  
15 nanical incentive for those students to work in the  
16 State after graduation; and

17 4. Increase the pool of applicants. Increase  
18 the pool of applicants for the State's post-secondary  
19 educational institutions by encouraging high school  
20 graduates to attend college in the State.

21 §11702. Definitions.

22 As used in this chapter, unless the context oth-  
23 erwise indicates, the following terms have the fol-  
24 lowing meanings.

25 1. Full-time employment performed in the State.  
26 "Full-time employment performed in the State" means  
27 work performed in the State for a private or public  
28 employer located in the State by a loan recipient un-  
29 der this chapter which is of a professional or  
30 semiprofessional nature related directly or indirect-  
31 ly to the undergraduate degree awarded to the recipi-  
32 ent.

33 §11703. Student Incentive Loan Program

34 1. Program. The Student Incentive Loan Program  
35 shall provide no-interest loans to students attending  
36 public and private post-secondary educational insti-  
37 tutions in the State who are residents of the State.  
38 Repayment of the loans shall be canceled upon satis-  
39 faction of the employment in Maine and requirements  
40 of this chapter.

1           2. Award of loan. Any resident of the State en-  
2 rolled in a public or private post-secondary educa-  
3 tional institution in the State shall be eligible for  
4 loans under this chapter as follows:

5           A. Freshman year: Up to 1/4 of the  
6 institution's tuition costs;

7           B. Sophomore year: Up to 1/2 of the  
8 institution's tuition costs;

9           C. Junior year: Up to 3/4 of the institution's  
10 tuition costs; and

11          D. Senior year: Up to the institution's full  
12 tuition costs.

13          3. Eligibility for loans. Only students who  
14 maintain the cumulative grade point average required  
15 by this subsection or its equivalent shall be eligi-  
16 ble for loans under this chapter.

17          A. To be eligible for loans, students enrolled  
18 in post-secondary educational institutions as  
19 freshmen must have attained a cumulative grade  
20 point average of 2.0 during their last year of  
21 high school study.

22          B. To be eligible for loans, students enrolled  
23 in post-secondary educational institutions as  
24 sophomores must have attained a cumulative grade  
25 point average of 2.0 during their previous year  
26 of post-secondary study.

27          C. To be eligible for loans, students enrolled  
28 in post-secondary educational institutions as  
29 seniors must have attained a cumulative grade  
30 point average of 2.25 during their previous year  
31 of post-secondary study.

32          D. To be eligible for loans, students enrolled  
33 in post-secondary educational institutions as  
34 seniors must have attained a cumulative grade  
35 point average of 2.5 during their previous year  
36 of post-secondary study.

1        4. Ranking applicants. Loans under this chapter  
2 shall be awarded, up to money available in the Stu-  
3 dent Incentive Loan Fund, on a competitive basis as  
4 determined by the commission based on a combination  
5 of need and academic success.

6        5. Loan repayment. Except as provided in the  
7 loan forgiveness provisions of subsection 6, a recip-  
8 ient of a loan under this chapter shall be liable for  
9 repayment of the full amount of the loan within 10  
10 years of graduation from or discontinuance of enroll-  
11 ment in an institution of higher education. No in-  
12 terest may be charged by the State.

13        6. Loan forgiveness. A recipient of a loan un-  
14 der this chapter who receives an undergraduate degree  
15 may cancel that loan as provided in this subsection.

16        A. The full amount of any loan granted under  
17 this chapter shall be canceled upon completion of  
18 4 years of full-time employment performed in the  
19 State as defined in section 11702.

20        B. Full-time employment performed in Maine may  
21 also cancel the loan on a proportional basis, re-  
22 ducing the total amount of the debt by 1/4 for  
23 each full year of such employment. Employment  
24 for this purpose shall be completed within 5  
25 years following graduation, except that an addi-  
26 tional year may be allowed for each year the re-  
27 recipient is enrolled full-time in a degree grant-  
28 ing graduate program.

29        §11704. Student Incentive Loan Fund

30        There is created the Student Incentive Loan Fund  
31 to implement this chapter. The fund shall be a non-  
32 lapsing, interest earning, revolving fund and may re-  
33 ceive, invest and expend money from gifts, grants,  
34 bequests and donations in addition to money appropri-  
35 ated by the Legislature. Funds returned through loan  
36 repayments and interest earned on investments shall  
37 be added to the fund.

38        §11705. Administration

1           This chapter shall be administered by the commis-  
2           sioner, including promulgation of rules, in accord-  
3           ance with the Maine Administrative Procedure Act, Ti-  
4           tle 5, chapter 375, necessary for implementation.

5           Sec. 2. 32 MRSA §3269, sub-§10, as amended by PL  
6           1981, c. 239, is further amended to read:

7           10. Powers. The power to mandate, conduct and  
8           operate or contract with other agencies, persons,  
9           firms or associations for the conduct and operation  
10          of programs of medical education, including statewide  
11          programs of health education for the general public  
12          and to disburse funds accumulated through the receipt  
13          of licensure fees for this purpose, provided that no  
14          such funds may be disbursed for this purpose for out-  
15          of-state travel, meals or lodging for any physician  
16          being educated under this program. The power to con-  
17          duct and operate or contract with other agencies or  
18          nonprofit organizations for the conduct and operation  
19          of a program of financial assistance to medical stu-  
20          dents indicating an intent to engage in family prac-  
21          tice in rural Maine, under which program said stu-  
22          dents may be provided with interest-free grants or  
23          interest-bearing loans in an amount not to exceed  
24          \$5,000 per student per year on such terms and condi-  
25          tions as the board may determine.

26          Notwithstanding any other provision of this subsec-  
27          tion, if the board contracts with the Commissioner of  
28          Educational and Cultural Services to provide funds  
29          for the costs of any positions for which the State  
30          has contracted at the University of Vermont College  
31          of Medicine, or the Tufts University School of Medi-  
32          cine, the terms of the contract between the board and  
33          the commissioner shall be in accordance with the re-  
34          quirements of Title 20 20-A, chapter ~~304~~ 421.

35          Sec. 3. 36 MRSA §5217 is enacted to read:

36          §5217. Credit for participation in Student Incentive  
37          Loan Program

38          1. Credit allowed. A taxpayer constituting an  
39          employing unit is allowed credit against the tax im-  
40          posed by this Part for each taxable year equal to  
41          \$100 for each employee qualifying under the loan for-

1 giveness provisions of Title 20-A, section 11703, who  
2 is employed full time throughout the taxable year,  
3 or, in the first year of employment, who is employed  
4 full time during the last month of the taxable year.

5 2. Definition. As used in this section, unless  
6 the context otherwise indicates, the following terms  
7 have the following meanings.

8 A. "Employing unit" has the same meaning as in  
9 Title 26, section 1043.

10 **Sec. 4. Appropriation.** The following funds are  
11 appropriated from the General Fund to carry out the  
12 purposes of this Act.

	<u>1987-88</u>	<u>1988-89</u>
13		
14	<u>EDUCATIONAL AND CULTURAL</u>	
15	<u>SERVICES, DEPARTMENT OF</u>	
16		
	All Other	
	\$87,500	\$87,500

17 STATEMENT OF FACT

18 Maine has one of the lowest percentages of high  
19 school graduates going on to college - 38%. Raising  
20 the aspirations of high school students to attend  
21 college could have a positive effect on the State's  
22 economy and the well-being of many of its citizens.  
23 In addition, many of Maine's "best and brightest"  
24 have traditionally left the State for employment and  
25 professional advancement elsewhere.

26 This bill encourages Maine students to pursue a  
27 college education; provides financial assistance for  
28 economically needy, bright students to do so; pro-  
29 vides an incentive for academic success at college;  
30 encourages Maine students to work in the State after  
31 graduation; encourages Maine businesses to hire such  
32 students; and increases the pool of applicants for  
33 state post-secondary educational institutions.

34 The bill accomplishes those ends by creating a  
35 no-interest loan program for economically needy,

1 bright students with loan forgiveness provisions for  
2 those students who work in Maine after graduation and  
3 by establishing an income tax credit for Maine busi-  
4 nesses which hire those students.

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