

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

5
R. of S.

1 L.D. 2616
2 (Filing No. S-462)

3 STATE OF MAINE
4 SENATE
5 113TH LEGISLATURE
6 SECOND REGULAR SESSION

7 COMMITTEE AMENDMENT " A " to S.P. 988, L.D. 2616,
8 Bill, "AN ACT to Create the Maine Educational Loan
9 Authority."

10 Amend the Bill in section 3 in that part
11 designated "§11412." in the first paragraph in the 4th
12 to 6th lines (page 3, lines 10 to 12 in L.D.) by
13 striking out the following: "there is a need to
14 assist institutions of higher education in this State
15 to finance needed facilities at a reasonable cost;"

16 Further amend the Bill in section 3 in that part
17 designated "§11413." by striking out all of
18 subsection 2 (page 4, lines 4 to 10 in L.D.) and
19 inserting in its place the following:

20 '2. Authority loans. "Authority loans" means
21 loans by the authority to institutions of higher
22 education, students or other persons for the purpose
23 of funding, financing or acquiring education loans.'

24 Further amend the Bill in section 3 in that part
25 designated "§11413." by striking out all of
26 subsections 11 and 12 and renumbering the subsections
27 to read consecutively.

28 Further amend the Bill in section 3 in that part
29 designated "§11415." in subsection 1 in the last line
30 (page 6, line 24 in L.D.) by inserting after the

R. of S.

COMMITTEE AMENDMENT " A " to S.P. 988, L.D. 2616

1 underlined word "Governor" the following: ', subject
2 to review by the joint standing committee of the
3 Legislature having jurisdiction over education and
4 confirmation by the Legislature'

5 Further amend the Bill in section 3 in that part
6 designated "§11417." by striking out all of
7 subsections 2 and 3 (page 10, lines 18 to 38 and page
8 11, lines 1 to 4 in L.D.) and inserting in its place
9 the following:

10 '2. Programs. Without limiting the generality of
11 this chapter, the authority is authorized to carry out
12 one or more programs making financial and other
13 assistance available to borrowers, institutions, or
14 both, to finance costs of attendance. The authority
15 is further authorized to issue its bonds, lend the
16 proceeds of the bonds and exercise any other power set
17 forth in this chapter for these purposes.

18 3. Policies. The members of the authority shall
19 have the power and duty to establish and revise, from
20 time to time, rules pertaining to participation in
21 programs of the authority, issuing bonds and borrowing
22 money by the authority, a process for allocation and
23 carryforward of that portion of the state ceiling on
24 issuance of tax-exempt bonds allocated to the
25 authority pursuant to Title 10, chapter 9, servicing
26 and collection of loans made pursuant to programs of
27 the authority and other policies governing the
28 operation of the authority. In addition, the members
29 of the authority may, by resolution of the members,
30 determine that the authority may borrow money in
31 accordance with any such resolution. All other powers
32 and duties of the authority shall be vested in the
33 executive director who shall carry out such powers and
34 duties in accordance with this chapter and the rules
35 of the authority.'

36 Further amend the Bill in section 3 in that part
37 designated "§11420." in subsection 1 by striking out
38 all of the first paragraph (page 12, lines 29 to 37
39 and page 13, lines 1 to 12 in L.D.) and inserting in
40 its place the following:

41 '1. Issuance; purpose; payment; authorization;

COMMITTEE AMENDMENT " A " to S.P. 988, L.D. 2616

1 interim receipts or certificates. The authority may,
2 at any time and from time to time, issue bonds for any
3 corporate purpose, including, without limitation, for
4 the purpose of making authority loans to institutions
5 participating in a program of the authority for the
6 purpose of providing education loans, for acquiring
7 existing portfolios of education loans from
8 institutions or for financing or funding education
9 loans directly or indirectly to borrowers. The bonds
10 of each issue shall be payable from sources specified
11 in the agreement with bondholders, including without
12 limitation, principal and interest on loans; payments
13 by institutions, banks, insurance companies or others
14 pursuant to letters of credit or purchase agreements;
15 investment earnings from funds or accounts maintained
16 pursuant to a trust agreement or other document;
17 insurance proceeds; loan funding deposits; proceeds of
18 sales of education loans; proceeds of refunding bonds;
19 and other fees, charges or revenues of the authority.'

20 Further amend the Bill in section 3 in that part
21 designated "§11423." in subsection 4 in the 2nd
22 paragraph in the next to last line (page 19, line 11
23 in L.D.) by inserting after the underlined word
24 "institution" the following: 'or borrower'

25 Further amend the Bill in section 3 in that part
26 designated "§11427." in the first paragraph by
27 striking out all of the 5th line (page 22, line 22 in
28 L.D.) and inserting in its place the following:
29 'Speaker of the House, the President of the Senate and
30 the joint standing committee of the Legislature having
31 jurisdiction over education.'

32 Further amend the Bill in section 3 in that part
33 designated "§11428." by striking out all of subsection
34 2 and inserting in its place the following:

35 '2. Institutions of higher education.
36 Notwithstanding any other provision of law or charter,
37 institutions of higher education may borrow money from
38 the authority, make education loans and take all other
39 actions necessary or convenient to consummate the
40 transactions contemplated under this chapter. The
41 authority may establish, contract for, charge and
42 collect any amount or rate of interest or compensation

COMMITTEE AMENDMENT "A " to S.P. 988, L.D. 2616

1 with respect to authority loans and participating
2 institutions of higher education may contract for,
3 charge and collect any amount or rate of interest or
4 compensation with respect to education loans. Neither
5 the authority nor any institution of higher education
6 participating in a loan program under this chapter may
7 be subject to any licensing provisions relating to
8 financial institutions or any credit regulations of
9 the State.'

10 Further amend the Bill in section 3 by inserting
11 at the end the following:

12 '§11435. Sunset review

13 For purposes of the Maine Sunset Act, Title 3,
14 chapter 23, the authority shall be considered an
15 independent agency, with its first justification
16 report in accordance with Title 3, section 504, due in
17 1991, and the evaluation and analysis in accordance
18 with Title 3, section 505, by the joint standing
19 committee of the Legislature having jurisdiction over
20 audit and program review due no later than December
21 31, 1992, but notwithstanding Title 3, sections 506
22 and 507, the authority shall not terminate.'

23 Further amend the Bill by inserting after section
24 3 the following:

25 'Sec. 4. PL 1987, c. 668, §3 is amended to read:

26 Sec. 3. Allocation to the Finance Authority of
27 Maine. The \$25,000,000 in state ceiling for calendar
28 year 1988 previously allocated to the Finance
29 Authority of Maine, plus an additional \$~~83,000,000~~
30 \$48,000,000 of the state ceiling for calendar year
31 1988, is allocated to the Finance Authority of Maine
32 to be used in accordance with the Maine Revised
33 Statutes, Title 10, section 363, subsection 6.
34 Twenty-five million dollars of the state ceiling for
35 calendar year 1989 is allocated to the Finance
36 Authority of Maine to be used in accordance with Title
37 10, section 363, subsection 6.'

38 Further amend the Bill by renumbering the sections
39 to read consecutively.

H. of S.

COMMITTEE AMENDMENT "A " to S.P. 988, L.D. 2616

1 Further amend the Bill by inserting at the end
2 before the statement of fact the following:

3 'FISCAL NOTE

4 The authority created by this bill is authorized
5 to issue bonds which are not a liability of the
6 State. Capital reserve funds, however, are created to
7 secure payment of the bonds and a process is created
8 enabling the authority to obtain an appropriation if
9 the reserve funds fall below minimum requirements.
10 This newly created "moral obligation" represents a
11 potential future cost to the General Fund.'

12 STATEMENT OF FACT

13 The original bill established the Maine
14 Educational Loan Authority to provide supplemental
15 loan assistance for post-secondary study and to assist
16 post-secondary institutions in financing expansion of
17 their facilities. This amendment makes several
18 necessary changes in the bill. First, it deletes
19 reference to expansion of facilities to avoid
20 competition with the already existing Maine Health and
21 Higher Education Facilities Authority. The amendment
22 also provides for the legislative review and
23 confirmation of public members appointed to the
24 authority, requires an annual report to the Joint
25 Standing Committee on Education and establishes a
26 sunset review cycle for the authority. The original
27 bill provided for the allocation of \$35,000,000 of the
28 1988 state bond ceiling limit to the authority. The
29 amendment clarifies that the \$35,000,000 is derived
30 from the state ceiling previously granted to the
31 Finance Authority of Maine. The amendment makes other
32 technical changes and adds a fiscal note.

33

5562041388

Reported by Senator Gauvreau for the Committee on Human
Resources. Reproduced and Distributed Pursuant to
Senate Rule 12.
(4/14/88)

(Filing No. S-462)