

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1999

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Legislative Document

No. 1668

S.P. 588

In Senate, March 4, 1999

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**An Act to Create the Drive ME Wheels-to-work Program.**

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Reference to the Committee on Health and Human Services suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by President LAWRENCE of York.  
Cosponsored by Representative QUINT of Portland and  
Senators: CATHCART of Penobscot, PARADIS of Aroostook, PINGREE of Knox,  
Representatives: BERRY of Livermore, KANE of Saco, POVICH of Ellsworth.

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

2                   **Sec. 1. 5 MRSA §12004-I, sub-§49-C** is enacted to read:

4                   **49-C.**            Drive ME            Not                    22 MRSA  
6                    Human            Wheels-to-        Authorized        §3837  
                      Services            Work Advisory  
8                                    Board

10                   **Sec. 2. 22 MRSA c.1055-B** is enacted to read:

12    CHAPTER 1055-B

14    DRIVE ME WHEELS-TO-WORK PROGRAM

16                    §3831. Definitions

18                    As used in this chapter, unless the context otherwise  
20                    indicates, the following terms have the following meanings.

22                    1. Community action agency. "Community action agency" has  
                      the same meaning as defined in section 5321, subsection 2.

24                    2. Fund. "Fund" means the Drive ME Wheels-to-work  
26                    Revolving Loan Fund established under section 3835.

28                    3. Program. "Program" means the Drive ME Wheels-to-work  
                      Program established under section 3832, subsection 1.

30                    4. TANF. "TANF" has the same meaning as defined in section  
32                    3762, subsection 1, paragraph E.

34                    5. Vehicle. "Vehicle" has the same meaning as defined in  
                      Title 29-A, section 101, subsection 91.

36                    §3832. Drive ME Wheels-to-work Program

38                    1. Program established. Effective July 1, 2000, the Drive  
40                    ME Wheels-to-work Program is established to help people who  
42                    receive welfare assistance become economically self-sufficient by  
44                    providing those people loans through community action agencies at  
                      below-market rates to purchase used vehicles and maintain  
                      vehicles. The commissioner, by July 1, 2000, shall adopt rules  
                      to implement this program.

46                    2. Contracts for local agency control of funds. A loan  
48                    issued through the program must be issued by a community action  
                      agency. The commissioner may contract with a community action  
50                    agency to administer the program and may provide for agency  
                      control of a portion of the fund for a specified period of time.

2 The community action agency may issue loans from the fund for the  
3 purchase of used vehicles that meet the standards under section  
4 3833, subsection 1, paragraph E and for repair and maintenance  
5 of vehicles at facilities certified under section 3833,  
6 subsection 1, paragraph F. A contract with a community action  
7 agency may be renewed upon a showing of continued compliance with  
8 all requirements. A participating community action agency must  
9 accept applications from eligible participants, regardless of  
10 whether an applicant resides in the region normally served by  
11 that agency, unless the applicant resides in a region served by  
12 another participating agency. The commissioner may enter into a  
13 contract with a community action agency upon a showing by the  
14 agency that it complies with each of the following requirements.

15 A. The agency must demonstrate its capacity to originate  
16 prudent loans and to service those loans through:

17 (1) The ability to solicit and screen potential  
18 applicants, provide necessary technical assistance to  
19 help an applicant prepare an application and determine  
20 the viability of the application;

21 (2) The ability to properly document each loan  
22 transaction, including the perfection of the interest  
23 of the agency in all collateral;

24 (3) The ability to access appropriate legal guidance  
25 to ensure adherence to all applicable laws concerning  
26 lending, loan administration and collection;

27 (4) The ability to accurately account for all loan  
28 repayments;

29 (5) The ability to pursue collection actions;

30 (6) The ability to invest and administer the fund; and

31 (7) Such other criteria as the commissioner determines  
32 necessary to ensure the efficient administration of the  
33 program.

34 B. The community action agency must agree to follow each of  
35 the following mechanisms for loan review and approval.

36 (1) The community action agency must designate a  
37 coordinator who is responsible for the program in that  
38 region.

39 (2) The board of directors of the community action  
40 agency must appoint a Drive ME Wheels-to-work review  
41 committee.

2 board, which may consist of a subcommittee of the board  
3 of directors, to review and make recommendations  
4 concerning loan applications. The review board must  
5 consist of 3 members who represent low-income people  
6 and 2 members who are knowledgeable in financial  
7 matters. Members of a Drive ME Wheels-to-work review  
8 board serve for 2-year terms and may be reappointed to  
9 successive terms.

10 (3) Loan applications must be reviewed by the Drive ME  
11 Wheels-to-work review board to determine if the  
12 applicant is creditworthy within the scope of this  
13 program and whether adequate collateral is required  
14 and, if necessary, offered to secure the loan.

15 (4) A majority vote of the Drive ME Wheels-to-work  
16 review board is necessary to approve a loan in  
17 accordance with the policies adopted by the  
18 commissioner. The decision of the loan board is final.

19 (5) Loan applications must be on forms and accompanied  
20 by additional information required under rules adopted  
21 by the commissioner. Loan applicants may be required to  
22 submit personal or business-related financial  
23 information considered necessary to determine  
24 eligibility for the program.

25 (6) The community action agency must provide the  
26 commissioner with an annual report detailing the loan  
27 fund activity in the form and containing the  
28 information required by the contract between the agency  
29 and the commissioner.

30 (7) The community action agency must allow the  
31 commissioner or an agent of the commissioner to perform  
32 an audit of the loan fund and the administration of the  
33 program at the times and in the manner provided in the  
34 contract between the agency and the commissioner.

35 (8) The community action agency must provide loan  
36 recipients training in credit management, budgeting,  
37 driving safety and car seat safety.

38 (9) The community action agency must, to the maximum  
39 extent feasible, contract or arrange for the in-kind  
40 donation of technical and counseling services to assist  
41 program loan applicants.

42 **§3833. Loan criteria and procedures**

2 1. Criteria. The commissioner may adopt rules to implement  
3 the program, which must include, but are not limited to, the  
4 following loan criteria.

5 A. A person is not eligible for a loan from the fund unless  
6 that person receives assistance from the TANF program.

7 B. No loan may be made in an amount in excess of \$10,000 to  
8 any single applicant, nor at an interest rate that is equal  
9 to or greater than a comparable private market loan. The  
10 commissioner may establish by rule interest rates on loans  
11 from the program.

12 C. Loans may not be insured or guaranteed by the State, but  
13 a community action agency may require collateral in the form  
14 of security for the loan and may, in appropriate cases, take  
15 a mortgage on real estate.

16 D. The commissioner must allocate funds under section 3835  
17 to participating community action agencies on the basis of a  
18 formula that takes into consideration both the populations  
19 served by the agencies and the economic conditions of the  
20 regions, as evidenced by unemployment statistics and per  
21 capita income.

22 E. A person may not use a loan from the fund to purchase a  
23 used vehicle unless that vehicle displays a valid inspection  
24 sticker pursuant to Title 29-A, chapter 15, subchapter I and  
25 the person purchases the vehicle from a dealer who offers a  
26 warrantee on that vehicle. The commissioner shall by rule  
27 establish the minimum standards for a warrantee.

28 F. A person may not use a loan from the fund to pay for  
29 repair or maintenance of a vehicle unless the repair or  
30 maintenance is conducted at a facility certified by the  
31 commissioner as a facility with adequately trained mechanics  
32 and appropriate repair and maintenance equipment. The  
33 commissioner shall establish by rule the certification  
34 standards for facilities and the repair and maintenance  
35 procedures to which a loan may be applied.

36 **§3834. Administrative costs; community action agencies**

37 A community action agency must be reimbursed for its  
38 administrative costs associated with implementing the program.  
39 The commissioner shall establish by rule a fee on each loan  
40 issued by a community action agency to cover the agency's  
41 administrative costs.

42 **§3835. Drive ME Wheels-to-work Revolving Loan Fund**

2           1. Fund established. The Drive ME Wheels-to-work Revolving  
Loan Fund is established as a revolving loan fund in the  
4           department.

6           2. Administration. The commissioner shall administer the  
fund. The fund must be invested in the same manner as permitted  
8           for investment of funds belonging to the State or held in the  
State Treasury. The fund is held separate from any other funds  
10           or money of the department and must be used and administered  
exclusively for the purposes under subsection 3. The fund  
12           consists of the following:

14           A. Such sums as may be appropriated by the Legislature or  
transferred to the fund from time to time by the Treasurer  
16           of State. Any funds appropriated for this purpose may not  
lapse, but must remain available for the purposes set forth  
18           in this chapter;

20           B. Principal and interest received from the repayment of  
loans made from the fund;

22           C. Capitalization grants and awards made to the State or an  
instrumentality of the State by the United States for any of  
24           the purposes for which the fund has been established. These  
amounts must be paid directly into the fund without need for  
26           appropriation by the State;

28           D. Interest earned from the investment of fund balances;

30           E. Private gifts, bequests and donations made to the State  
for any of the purposes for which the fund has been  
32           established;

34           F. The proceeds of notes or bonds issued by a bank for the  
purpose of deposit in the fund; and  
36           

38           G. Other funds from any public or private source received  
for use for any of the purposes for which the fund has been  
40           established.

42           3. Purposes. The fund may be used for the following  
purposes:

44           A. To provide a person who receives assistance from the  
TANF program a loan at below-market rates for the purchase  
46           of a used vehicle, in accordance with the loan criteria  
established under section 3833;  
48

2 B. To provide a person who receives assistance from the  
4 TANF program a loan at below-market rates for the repair and  
maintenance of a used vehicle, in accordance with the loan  
criteria established under section 3833;

6 C. To invest available fund balances and to credit the net  
8 interest income on those balances to the fund; and

10 D. To pay the costs of the department staff associated with  
12 the administration of the fund and projects financed by the  
14 fund, except that no more than the lesser of 2% of the  
16 aggregate of the highest fund balances in any fiscal year or  
4% of any capitalization grants provided by the United  
States for deposit in the fund may be used for these  
purposes.

18 4. Community action agencies. The fund may be divided into  
20 separate revolving loan funds to be administered by community  
22 action agencies upon approval by the commissioner. Each separate  
24 fund must contain all repayments of principal and interest for  
26 loans made from that fund and interest earned by the fund.  
28 Interest and principal payments required by loan defaults are  
30 charged to the fund to which repayments are applied. The  
commissioner has sole responsibility for the allocation and  
distribution of the original fund and for appropriations and  
repayments applied to the original fund. Each community action  
agency has responsibility for the allocation and distribution of  
the portion of the fund allocated to its separate revolving loan  
fund.

32 5. Rules. The commissioner shall develop by rule the terms  
34 and repayment of loans and may adopt rules for the administration  
of the fund.

#### 36 §3836. Reports

38 1. Regional. Each community action agency participating in  
the program shall file reports required by the commissioner.

40 2. Commissioner. The commissioner shall annually by  
42 December 1st report to the joint standing committee of the  
44 Legislature having jurisdiction over human services matters on  
46 the balance of each community action agency Drive ME  
Wheels-to-work revolving loan fund, the status of all outstanding  
loans and a report on all other program activities.

#### 48 §3837. Drive ME Wheels-to-work Advisory Board

50 1. Appointment. The Drive ME Wheels-to-work Advisory  
Board, referred to in this section as the "board," established by



2 Title 5, section 12004-I, subsection 49-C, consists of 13  
3 members. The commissioner shall appoint the members as follows:

4 A. Two representatives from the vehicle sales industry;

6 B. Two representatives from the vehicle service and repair  
7 industry;

8 C. Three representatives of community action agencies;

10 D. Two representatives who receive assistance from the TANF  
12 program. The commissioner shall select the representatives  
14 from a list of potential appointees submitted by a statewide  
15 organization of interdependent neighborhoods;

16 E. A representative of an organization that provides legal  
18 assistance to people with low incomes who has significant  
19 knowledge of public assistance programs;

20 F. One person who is knowledgeable in consumer affairs;

22 G. One person who is knowledgeable in consumer lending; and

24 H. One person with experience in administering the TANF  
26 program.

28 2. Term. A board member serves for 2 years and continues  
29 serving until a successor is duly appointed and qualified. When  
30 a vacancy occurs, the commissioner shall fill the vacancy by  
31 appointing a member from the same category of members listed in  
32 subsection 1 as the member who vacated the board.

34 3. Purpose. The board shall make recommendations to the  
35 commissioner concerning all aspects of the program, including,  
36 but not limited to, program improvements and other methods that  
37 may assist people with low incomes to obtain and maintain  
38 affordable and reliable transportation.

40 4. Chair and officers. The board shall annually choose one  
41 of its members to serve as chair for a one-year term. The board  
42 may select other officers and designate their duties.

44 5. Meetings. The board shall meet at least once each  
45 year. The board may also meet at other times at the call of the  
46 chair or the chair's designee or the call of the commissioner or  
47 the commissioner's designee.

48 **§3838. Rules**

2 Rules adopted pursuant to this chapter are major substantive  
3 rules as defined in Title 5, chapter 375, subchapter II-A.

4  
5  
6 **SUMMARY**

7 This bill establishes the Drive ME Wheels-to-work Program  
8 and requires the Commissioner of Human Services to adopt rules to  
9 implement the program, which will provide loans for the purchase  
10 of used vehicles and for the purchase of repair and maintenance  
11 services to people who receive assistance through the federal  
12 Temporary Assistance for Needy Families program. The loans will  
13 be provided through community action agencies at below-market  
14 rates. The bill also creates a revolving loan fund to finance  
the program.