

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 1040

H.P. 796

House of Representatives, February 20, 2001

An Act to Implement the Recommendation of the Maine Millennium Commission on Hunger and Food Security Concerning Recapitalization of the Vehicle Revolving Fund for Low-Income Families Administered by the Department of Human Services.

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

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative SNOWE-MELLO of Poland. (By Request)
Cosponsored by Representatives: DUGAY of Cherryfield, QUINT of Portland.

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, 2002, 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 January 1, 2002, 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 community action agency must demonstrate its
16 capacity to originate prudent loans and to service those
17 loans through:

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

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

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

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

30 (5) The ability to pursue collection actions;

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

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

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

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

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

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

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

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

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

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

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

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

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

50 **§3833. Loan criteria and procedures**

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

4
5 A. A person is not eligible for a loan from the fund unless
6 that person receives assistance from the TANF program.

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

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

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

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

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

41 **§3834. Administrative costs; community action agencies**

42
43 A community action agency must be reimbursed for its
44 administrative costs associated with implementing the program.
45 The commissioner shall establish by rule a fee on each loan
46 issued by a community action agency to cover the agency's
47 administrative costs.

48
49 **§3835. Drive ME Wheels-to-work Revolving Loan Fund**

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

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

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

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

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

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

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

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

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

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

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

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

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

8
9 D. To pay the costs of the department staff associated with
10 the administration of the fund and projects financed by the
11 fund, except that no more than the lesser of 2% of the
12 aggregate of the highest fund balances in any fiscal year or
13 4% of any capitalization grants provided by the United
14 States for deposit in the fund may be used for these
15 purposes.

16
17 **4. Community action agencies.** The fund may be divided into
18 separate revolving loan funds to be administered by community
19 action agencies upon approval by the commissioner. Each separate
20 fund must contain all repayments of principal and interest for
21 loans made from that fund and interest earned by the fund.
22 Interest and principal payments required by loan defaults are
23 charged to the fund to which repayments are applied. The
24 commissioner has sole responsibility for the allocation and
25 distribution of the original fund and for appropriations and
26 repayments applied to the original fund. Each community action
27 agency has responsibility for the allocation and distribution of
28 the portion of the fund allocated to its separate revolving loan
29 fund.

30
31 **5. Rules.** The commissioner shall develop by rule the terms
32 and repayment of loans and may adopt rules for the administration
33 of the fund.

34 **§3836. Reports**

35
36
37 **1. Regional.** Each community action agency participating in
38 the program shall file reports required by the commissioner.

39
40 **2. Commissioner.** The commissioner shall annually by
41 December 1st report to the joint standing committee of the
42 Legislature having jurisdiction over human services matters on
43 the balance of each community action agency revolving loan fund,
44 the status of all outstanding loans and a report on all other
45 program activities.

46
47 **§3837. Drive ME Wheels-to-work Advisory Board**

48
49 **1. Appointment.** The Drive ME Wheels-to-work Advisory
50 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
11 program. The commissioner shall select the representatives
12 from a list of potential appointees submitted by a statewide
13 organization of interdependent neighborhoods;

16 E. A representative of an organization that provides legal
17 assistance to people with low incomes who has significant
18 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
25 program.

26
27 2. Term. A board member serves for 2 years and continues
28 serving until a successor is duly appointed and qualified. When
29 a vacancy occurs, the commissioner shall fill the vacancy by
30 appointing a member from the same category of members listed in
31 subsection 1 as the member who vacated the board.

32
33 3. Purpose. The board shall make recommendations to the
34 commissioner concerning all aspects of the program, including,
35 but not limited to, program improvements and other methods that
36 may assist people with low incomes to obtain and maintain
37 affordable and reliable transportation.

38
39 4. Chair and officers. The board shall annually choose one
40 of its members to serve as chair for a one-year term. The board
41 may select other officers and designate their duties.

42
43 5. Meetings. The board shall meet at least once each
44 year. The board may also meet at other times at the call of the
45 chair or the chair's designee or the call of the commissioner or
46 the commissioner's designee.

48 **§3838. Rules**

49
50 Rules adopted pursuant to this chapter are major substantive
rules as defined in Title 5, chapter 375, subchapter II-A.

