

MAINE STATE LEGISLATURE

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M
R.O.S.

L.D. 1043

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DATE: 6-20-01

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
120TH LEGISLATURE
FIRST REGULAR SESSION**

14
16 HOUSE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 799,
L.D. 1043, Bill, "An Act to Increase Access to Higher Education"

18 Amend the amendment by inserting before section 1 the
following:

20 'Sec. 1. 5 MRSA §1520 is enacted to read:

22
24 **§1520. Transfer to Maine Scholarship Endowment Fund**

26 **1. Transfers to Maine Scholarship Endowment Fund.** At the
close of each fiscal year, the State Controller shall transfer
from the unappropriated surplus of the General Fund to the Maine
28 Scholarship Endowment Fund, established in Title 20-A, section
11703, subsection 1, the available balance, not to exceed
30 \$10,000,000 in any fiscal year, remaining after all required
deductions of appropriations and budgeted financial commitments
32 and as the next priority after the transfers required pursuant to
section 1513, section 1517 as it pertains to the retirement plan
34 for game wardens and marine patrol officers and section 1519.

36 **2. Limitation of transfers.** The aggregate amount of
transfers from the unappropriated surplus of the General Fund to
38 the Maine Scholarship Endowment Fund may not exceed the level of
funding necessary for 5% of the corpus of the endowment fund to
40 provide an amount equal to the amount of the tuition for
attendance at the Maine Technical College System of 66% of the
42 eligible students in the State. Transfers from the
unappropriated surplus are required at any time that the amount
44 in the endowment fund falls below this funding level.'

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Further amend the amendment in section 1 in that part designated "§11705." by striking out all of subsection 8 (page 7, lines 28 to 38 in amendment) and inserting in its place the following:

'8. Foundation costs and expenses. Beginning July 1, 2003, fund all costs and expenses incurred in connection with the exercise of powers granted under this chapter as administrative costs of the foundation and the endowment. The foundation may not assess the endowment a fee in excess of 1% of the balance of the endowment for the administrative costs and expenses of the foundation and the endowment; and'

Further amend the amendment by inserting before section 2 the following:

'Sec. 2. 22 MRSA §2052, as amended by PL 1993, c. 390, §1, is further amended to read:

§2052. Declaration of necessity

It is declared that for the benefit of the people of the State, the increase of their commerce, welfare and prosperity and the improvement of their health and living conditions, it is essential that health care facilities within the State be provided with appropriate additional means to expand, enlarge and establish health care facilities and other related facilities; that this and future generations of students be given the fullest opportunity to learn and to develop their intellectual capacities; and that it is the purpose of this chapter to provide a measure of assistance and an alternative method to enable health care facilities and institutions for higher education in the State to provide the facilities and structures needed to accomplish the purposes of this chapter, to assist qualified residents of the State to attend postsecondary educational programs in the State and to provide matching funds for postsecondary professorships, all to the public benefit and good, and the exercise of the powers, to the extent and manner provided in this chapter, is declared the exercise of an essential governmental function.

Sec. 3. 22 MRSA §2053, sub-§3-C is enacted to read:

3-C. Endowment Incentive Fund; Maine Scholarship Endowment Fund; Maine Scholarship Foundation. "Endowment Incentive Fund" means the fund created in Title 20-A, section 10006, "Maine Scholarship Endowment Fund" means the fund established in Title 20-A, section 11703, subsection 1 and "Maine Scholarship Foundation" means the nonprofit corporation established in Title 20-A, section 11701.

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2 **Sec. 4. 22 MRSA §2053, sub-§6, ¶B**, as enacted by PL 1979, c.
4 680, §6, is amended to read:

6 B. In the case of a participating institution for higher
8 education, the acquisition, construction, improvement,
10 reconstruction or equipping of, or construction of an
12 addition or additions to, any structure designed for use as
14 a dormitory or other housing facility, dining facility,
16 student union, academic building, administrative facility,
18 library, classroom building, research facility, faculty
20 facility, office facility, athletic facility, health care
22 facility, laboratory, maintenance, storage or utility
24 facility or other building or structure essential, necessary
26 or useful for instruction in a program of education provided
28 by an institution for higher education, or any multi-purpose
30 structure designed to combine 2 or more of the functions
32 performed by the types of structures enumerated in this
34 paragraph or, in the case of the Maine Scholarship
36 Foundation, the funding of the Maine Scholarship Endowment
38 Fund or, in the case of the Endowment Incentive Fund, the
 funding of the Endowment Incentive Fund to provide matching
 gifts and grants pursuant to Title 20-A, section 10006.
 "Project" includes all real and personal property, lands,
 improvements, driveways, roads, approaches, pedestrian
 access roads, rights-of-way, utilities, easements and other
 interests in land, machinery and equipment, and all
 appurtenances and facilities either on, above or under the
 ground which that are used or usable in connection with any
 of the structures mentioned in this paragraph, and also
 includes landscaping, site preparation, furniture,
 machinery, equipment and other similar items necessary or
 convenient for the operation of a particular facility or
 structure in the manner for which its use is intended, but
 does not include such items as books, fuel, supplies or
 other items which that are customarily considered as a
 current operating charge.

40 **Sec. 5. 22 MRSA §2055, sub-§16**, as amended by PL 1999, c. 231,
 §1, is further amended to read:

42 **16. Bulk purchases.** To purchase, lease or otherwise
44 acquire, finance, sell and transfer for, to or on behalf of
46 itself and any eligible entities organized pursuant to the United
48 States Internal Revenue Code, Section 501 or in partnership with
50 any of its eligible entities organized pursuant to the United
 States Internal Revenue Code, Section 501 commodities necessary
 for the daily operation of the facilities of the eligible
 entities, including, but not limited to, electricity, petroleum
 products, fuel oil and natural gas. For purposes authorized in

2 this subsection, the University of Maine System and its colleges
and universities are eligible participating institutions under
the definition of eligible participant for the authority; and

4
6 **Sec. 6. 22 MRSA §2055, sub-§17**, as enacted by PL 1997, c. 385,
§4, is amended to read:

8 **17. Nonprofit corporation.** In accordance with the
limitations and restrictions of this chapter, to cause any of its
10 powers, duties, programs or operations to be carried out by one
or more nonprofit corporations. Nonprofit corporations acting at
12 the direction of the authority must be organized and operated
under the Maine Nonprofit Corporation Act. For the purposes
14 authorized in this section the University of Maine System and its
colleges and universities are eligible participating institutions
16 under the definition of eligible participant for the authority;
and

18
20 **Sec. 7. 22 MRSA §2055, sub-§18** is enacted to read:

22 **18. Bonds for grants to Maine students and postsecondary**
professorships and other endowed faculty positions. To borrow
24 money and issue bonds, notes, bond anticipation notes and other
obligations of the authority for the purpose of making loans and
26 grants to foundations or programs that in turn make or match
grants to the State's high school graduates or other students or
28 postsecondary professors or other endowed faculty positions for
postsecondary education or study and to fund and refund the
30 same. These high school graduates or other students must be
eligible students under Title 20-A, section 11702, subsection 6.
32 The professors or other endowed faculty must be eligible under
Title 20-A, section 10006. The provisions of section 2061 are
34 not applicable to any obligations described in this subsection.
The authority at no time may have bonds outstanding, excluding
36 refunding bonds, for the purposes of this subsection in an amount
in excess of \$15,000,000.

38 **Sec. 8. 22 MRSA §2061, sub-§1**, as amended by PL 1993, c. 390,
§23, is further amended to read:

40
42 **1. Assistance.** Such project will enable or assist a health
care facility to fulfill its obligation to provide health care
44 facilities or an institution for higher education to provide
educational facilities within the State or, in the case of the
46 Maine Scholarship Foundation or similar eligible institution, the
opportunity for state residents to attend postsecondary
48 educational programs in the State;

50 **Sec. 9. Maine Health and Higher Educational Facilities Authority;**
issuance of securities. Pursuant to the Maine Revised

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2 Statutes, Title 22, section 2060, subsection 3, the Maine Health
and Higher Educational Facilities Authority may issue securities
4 in its own name in an amount up to \$7,100,000, the proceeds of
which must be used to provide funds to the Office of the
6 Treasurer of State. The total proceeds must be deposited as
follows:

8 1 With the Maine Scholarship Foundation, established in
Title 20-A, section 11701, \$6,000,000; and

10 2. With the Endowment Incentive Fund, established in Title
12 20-A, section 10006, \$1,100,000, which must be used in the
following manner:

14 A. One million dollars must be used to match private
16 donations to provide scholarships and financial assistance
to residents of the State to attend a postsecondary
18 educational program at the University of Maine System and
each of its universities, the Maine Technical College System
20 and each of its colleges or the Maine Maritime Academy; and

22 B. One hundred thousand dollars must be used to match
private donations to fund professorships or other endowed
24 faculty positions at the University of Maine System and each
of its universities, the Maine Technical College System and
26 each of its colleges or the Maine Maritime Academy.

28 **Sec. 10. Transfer of funds.** Notwithstanding any other
provision of law, the State Controller shall transfer \$1,500,000
30 by June 30, 2001 from the Abandoned Property Fund to the
unappropriated surplus of the General Fund.

32 **Sec. 11. State Controller; postclosing.** The State Controller is
34 authorized to keep open the official system of general accounts
of State Government for fiscal year 2000-01 in order to make
36 post-closing entries and adjustments to carry out the provisions
of this Act requiring the transfer of funds from the Abandoned
38 Property Fund.

40 **Sec. 12. Retroactivity.** That section of this Act that requires
the State Controller to transfer funds from the Abandoned
42 Property Fund to the General Fund applies retroactively to June
30, 2001.'

44 Further amend the amendment by inserting after section 2 the
46 following:

48 '**Sec. 3. Appropriation.** The following funds are appropriated
from the General Fund to carry out the purposes of this Act.

	2001-02	2002-03
2		
4	FINANCE AUTHORITY OF MAINE	
6	Maine Scholarship Foundation	
8	All Other	\$100,000
10	Provides funds for the first	
12	2 years of administrative	
14	costs and expenses of the	
	Maine Scholarship Foundation.	
16	FINANCE AUTHORITY OF MAINE	
	TOTAL	<u>\$100,000</u>
18		<u>\$100,000</u>
20	MAINE HEALTH AND HIGHER	
22	EDUCATIONAL FACILITIES AUTHORITY	
24	Maine Health and Higher Educational	
	Facilities Authority	
26	All Other	\$145,043
28	Provides funds for the first	
30	2 years of an estimated 10	
32	years of debt service	
34	payments on \$7,100,000 of	
	securities to be issued in	
36	fiscal year 2001-02 for the	
38	Maine Scholarship Foundation	
40	and the Endowment Incentive	
	Fund.	
42	MAINE HEALTH AND HIGHER	
	EDUCATIONAL FACILITIES AUTHORITY	
44	TOTAL	<u>\$145,043</u>
		<u>\$882,429</u>
46	OFFICE OF THE TREASURER OF STATE	
48	Maine Scholarship Endowment Fund	
50	All Other	\$272,528
	Provides funds to capitalize	
	the Maine Scholarship	
	Endowment Fund.	

R. of S.

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2	OFFICE OF THE TREASURER OF STATE		
4	TOTAL	<u>\$272,528</u>	
6	TOTAL APPROPRIATIONS	<u>\$517,571</u>	<u>\$982,429'</u>

8 Further amend the amendment by relettering or renumbering
10 any nonconsecutive Part letter or section number to read
consecutively.

12 **FISCAL NOTE**

14
16 The amendment increases General Fund revenue as an offset to
18 General Fund appropriations required in order to provide
20 capitalization for the Maine Scholarship Endowment Fund and the
Endowment Incentive Fund and clarifies that the Finance Authority
of Maine may not assess the 1% fee for administrative costs until
fiscal year 2003-04.

22 The amendment includes General Fund appropriations to the
24 Finance Authority of Maine of \$100,000 in each of fiscal years
2001-02 and 2002-03 for the first 2 years of administrative costs
and expenses of the Maine Scholarship Foundation.

26 The amendment also includes a General Fund appropriation of
28 \$272,528 in fiscal year 2001-02 for the Maine Scholarship
30 Endowment Fund, which is administered by the Office of the
Treasurer of State, to provide capitalization for the endowment.

32 The amendment also includes General Fund appropriations of
34 \$145,043 and \$882,429 in fiscal years 2001-02 and 2002-03,
36 respectively, to the Maine Health and Higher Educational
38 Facilities Authority for the first 2 years of an estimated 10
years of debt service payments on bonds that will be issued by
the authority for additional capitalization of the Maine
Scholarship Endowment Fund and for the Endowment Incentive Fund.

40 The amendment increases General Fund revenue by \$1,500,000
42 in fiscal year 2000-01 by requiring the transfer of that amount
44 to the unappropriated surplus of the General Fund from the
Abandoned Property Fund by June 30, 2001.

46 The requirement that the State Controller annually transfer
48 available balances of the unappropriated surplus of the General
50 Fund to the Maine Scholarship Endowment Fund as the next priority
after the transfer to the Maine Rainy Day Fund or the Retiree
Health Insurance Internal Services Fund will reduce amounts that
might otherwise have been transferred for other programs such as

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2 the Governor's Contingent Account, the Reserve for General Fund
Operating Capital and the Loan Insurance Reserve. The impact of
4 this transfer on these or other programs can not be determined at
this time.

6

SUMMARY

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10 This amendment provides capital to the Maine Scholarship
Endowment Fund by authorizing an annual transfer from the
unappropriated surplus of the General Fund of up to \$10,000,000
12 annually as the next priority after the transfer to the Maine
Rainy Day Fund and the Retiree Health Insurance Internal Service
14 Fund. It provides a limitation for the aggregate amount of
transfers to the endowment fund and a process for transfers from
16 the unappropriated surplus when the balance of the endowment
falls below a certain level.

18

20 The amendment also reduces the amount of funding available
for the administrative costs and other expenses of the Maine
Scholarship Foundation for fiscal years 2001-02 and 2002-03 to
22 \$100,000 annually and provides General Fund appropriations to the
Finance Authority of Maine for these costs.

24

26 The amendment also amends the laws of the Maine Health and
Higher Educational Facilities Authority to allow the authority to
issue bonds to provide additional capitalization for the Maine
Scholarship Endowment Fund. It authorizes the authority to issue
28 up to \$7,100,000 in securities of which \$1,100,000 will be
provided to the Endowment Incentive Fund and \$6,000,000 will be
30 provided to the Maine Scholarship Endowment Fund. Of the
\$1,100,000 provided to the Endowment Incentive Fund, \$1,000,000
32 must be used to match private donations for scholarships and
financial assistance for students and the remaining \$100,000 must
34 be used to match private donations to fund professorships or
other endowed faculty positions at the University of Maine
36 System, the Maine Technical College System or the Maine Maritime
Academy. It provides General Fund appropriations to the
38 authority for the first 2 years of debt service payments
associated with that issuance.

40

42 Finally, the amendment requires the transfer of \$1,500,000
to the unappropriated surplus of the General Fund from the

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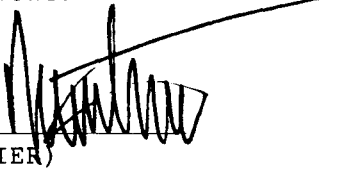
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abandoned Property Fund to offset the General Fund appropriations
included in the amendment.

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SPONSORED BY: 
(Representative ETNIER)

8

TOWN: Harpswell

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