

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

SECOND REGULAR SESSION-2002

Legislative Document

No. 1877

S.P. 674

In Senate, December 14, 2001

**An Act to Allow Pledging of Medical Education Loans to Secure Bonds
to Finance Educational Loans.**

Submitted by the Finance Authority of Maine pursuant to Joint Rule 204.
Received by the Secretary of the Senate on December 14, 2001. Referred to the Committee
on Business and Economic Development and ordered printed pursuant to Joint Rule 308.2

A handwritten signature in cursive script that reads "Pamela L. Cahill".

PAMELA L. CAHILL
Secretary of the Senate

Presented by Senator PENDLETON of Cumberland.
Cosponsored by Representative LEDWIN of Holden and
Senator BROMLEY of Cumberland, President Pro Tempore MICHAUD of Penobscot,
Senator SHOREY of Washington, Representatives: CLOUGH of Scarborough, CUMMINGS
of Portland, MARRACHE of Waterville.

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

Sec. 1. 20-A MRSA §12105, sub-§1, as enacted by PL 1991, c. 830, §4 and c. 832, §10, is amended to read:

1. Fund created. A nonlapsing, interest-earning, revolving fund under the jurisdiction of the authority is created to carry out the purposes of this chapter. Any unexpended balance in the fund carries over for continued use under this chapter. The authority may receive, invest and expend, on behalf of the fund, money from gifts, grants, bequests and donations, or other sources in addition to money appropriated or allocated by the State. Loan repayments under this chapter or other repayments to the authority must be invested by the authority, as provided by law, with the earned income to be added to the fund. Money received by the authority on behalf of the fund, except interest income, must be used for ~~the designated purpose~~ such purposes; interest income may be used for ~~the designated purpose~~ such purposes or to pay student financial assistance administrative costs incurred by the authority.

Sec. 2. 20-A MRSA §12105, sub-§4, as enacted by PL 1993, c. 410, Pt. EEEE, §3, is amended to read:

4. Borrowing permitted. The authority may borrow funds pursuant to chapter 417-B for application to the fund established in subsection 1 and may pledge all or part of the fund or any assets or revenues of the fund in connection with any such borrowing.

Sec. 3. Compliance with United States Internal Revenue Code. The Finance Authority of Maine may purchase education loans from lenders to the extent necessary to ensure compliance with the United States Internal Revenue Code requirements regarding the timeliness of the use of proceeds of tax-exempt bonds.

SUMMARY

This bill allows the Finance Authority of Maine to pledge the existing Health Professions Loan Program revolving loan fund, including the revenue stream, when borrowing funds to be applied to the loan fund.

The bill allows the Finance Authority of Maine to purchase loans as necessary to comply with the United States Internal Revenue Code requirement that the proceeds of tax-exempt bonds issued for the funding of loans for higher education be disbursed within 3 years of issuance.