

MAINE STATE LEGISLATURE

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5/29/15
R. of S.

L.D. 784

Date: 5/29/15

Majority

(Filing No. H-228)

EDUCATION AND CULTURAL AFFAIRS

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
127TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 533, L.D. 784, Bill, "An Act To Authorize a Revenue Bond for a Student Loan Reduction Plan"

Amend the bill by striking out the title and substituting the following:

'An Act To Authorize a General Fund Bond Issue for a Student Loan Reduction Plan'

Amend the bill by striking out everything after the title and before the summary and inserting the following:

Preamble. Two thirds of both Houses of the Legislature deeming it necessary in accordance with the Constitution of Maine, Article IX, Section 14 to authorize the issuance of bonds on behalf of the State of Maine to provide funds as described in this Act,

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

Sec. 1. Authorization of bonds. The Treasurer of State is authorized, under the direction of the Governor, to issue bonds in the name and on behalf of the State in an amount not exceeding \$5,000,000 for the purposes described in section 5 of this Act. The bonds are a pledge of the full faith and credit of the State. The bonds may not run for a period longer than 10 years from the date of the original issue of the bonds.

Sec. 2. Records of bonds issued; Treasurer of State. The Treasurer of State shall ensure that an account of each bond is kept showing the number of the bond, the name of the successful bidder to whom sold, the amount received for the bond, the date of sale and the date when payable.

Sec. 3. Sale; how negotiated; proceeds appropriated. The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no bond may be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the bonds, which must be held by the Treasurer of State and paid by the Treasurer of State upon warrants drawn by the State Controller, are appropriated solely for the purposes set forth in this Act. Any unencumbered balances remaining at the completion of the project

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1 in this Act lapse to the Office of the Treasurer of State to be used for the retirement of
2 general obligation bonds.

3 **Sec. 4. Interest and debt retirement.** The Treasurer of State shall pay interest
4 due or accruing on any bonds issued under this Act and all sums coming due for payment
5 of bonds at maturity.

6 **Sec. 5. Disbursement of bond proceeds from General Fund bond issue.**
7 The proceeds of the sale of the bonds authorized under this Act must be expended as
8 designated in the following schedule under the direction and supervision of the agencies
9 and entities set forth in this section.

10 **FINANCE AUTHORITY OF MAINE**

11

12 **Higher Education Loan and Loan**
13 **Insurance Program**

14 Provides funds to implement a student loan reduction plan that will allow residents of
15 the State to refinance or consolidate student loans.

16 Total \$5,000,000

17 **Sec. 6. Contingent upon ratification of bond issue.** Sections 1 to 5 do not
18 become effective unless the people of the State ratify the issuance of the bonds as set
19 forth in this Act.

20 **Sec. 7. Appropriation balances at year-end.** At the end of each fiscal year, all
21 unencumbered appropriation balances representing state money carry forward. Bond
22 proceeds that have not been expended within 10 years after the date of the sale of the
23 bonds lapse to the Office of the Treasurer of State to be used for the retirement of general
24 obligation bonds.

25 **Sec. 8. Bonds authorized but not issued.** Any bonds authorized but not issued
26 within 5 years of ratification of this Act are deauthorized and may not be issued, except
27 that the Legislature may, within 2 years after the expiration of that 5-year period, extend
28 the period for issuing any remaining unissued bonds for an additional amount of time not
29 to exceed 5 years.

30 **Sec. 9. Referendum for ratification; submission at election; form of**
31 **question; effective date.** This Act must be submitted to the legal voters of the State at
32 a statewide election held in the month of November following passage of this Act. The
33 municipal officers of this State shall notify the inhabitants of their respective cities, towns
34 and plantations to meet, in the manner prescribed by law for holding a statewide election,
35 to vote on the acceptance or rejection of this Act by voting on the following question:

36 "Do you favor a \$5,000,000 bond issue to provide funds to implement a
37 student loan reduction plan that will allow residents of the State to
38 refinance or consolidate student loans?"

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1 The legal voters of each city, town and plantation shall vote by ballot on this question
2 and designate their choice by a cross or check mark placed within a corresponding square
3 below the word "Yes" or "No." The ballots must be received, sorted, counted and
4 declared in open ward, town and plantation meetings and returns made to the Secretary of
5 State in the same manner as votes for members of the Legislature. The Governor shall
6 review the returns. If a majority of the legal votes are cast in favor of this Act, the
7 Governor shall proclaim the result without delay and this Act becomes effective 30 days
8 after the date of the proclamation.

9 The Secretary of State shall prepare and furnish to each city, town and plantation all
10 ballots, returns and copies of this Act necessary to carry out the purposes of this
11 referendum.

12 **SUMMARY**

13 This amendment, which is the majority report of the committee, strikes the bill's
14 proposal to provide \$40,000,000 in funds from a revenue bond and replaces the bill with
15 a proposal to provide \$5,000,000 by a General Fund bond issue to implement a student
16 loan reduction plan administered by the Finance Authority of Maine that will allow
17 residents of the State to refinance or consolidate student loans.

18 **FISCAL NOTE REQUIRED**

19 (See attached)



127th MAINE LEGISLATURE

LD 784

LR 295(02)

An Act To Authorize a Revenue Bond for a Student Loan Reduction Plan

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-228)

Committee: Education and Cultural Affairs

Fiscal Note Required: Yes

Fiscal Note

Current biennium cost increase - General Fund

Bond Issues	Term (years)	Principal	Rate (%)	Interest	Total Cost
General Fund - Taxable	10	\$5,000,000	4.5%	\$1,237,500	\$6,237,500

Referendum Costs	Month/Year	Election Type	Question	Length
	Nov-15	General	Bond Issue	Standard

The Secretary of State's budget includes sufficient funds to accommodate one ballot of average length for the general election in November. If the number or size of the referendum questions requires production and delivery of a second ballot, an additional appropriation of \$107,250 may be required.