

MAINE STATE LEGISLATURE

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R. O. S.

Date: 7/20/2017 Report A

(Filing No. S-336)

APPROPRIATIONS AND FINANCIAL AFFAIRS

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STATE OF MAINE

SENATE

128TH LEGISLATURE

FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 384, L.D. 1163, Bill, "An Act To Authorize a General Fund Bond Issue To Provide Funding for a Program of Student Debt Cancellation and Refinancing"

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

'An Act To Authorize a General Fund Bond Issue To Provide Funding for a Program of Student Debt Payment and To Provide for the Establishment of That Program'

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

'PART A

Sec. A-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 \$40,000,000 for the purposes described in section 5 of this Part. 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. A-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. A-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 Part. Any unencumbered balances remaining at the completion of the project in this Part lapse to the Office of the Treasurer of State to be used for the retirement of general obligation bonds.

COMMITTEE AMENDMENT

ROFS

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

Sec. A-5. Disbursement of bond proceeds from General Fund bond issue. The proceeds of the sale of the bonds authorized under this Part must be expended as designated in the following schedule under the direction and supervision of the agencies and entities set forth in this section.

FINANCE AUTHORITY OF MAINE
Maine Student Loan Debt Relief Fund

Provides funds to provide payments for student loan debt cancellation for individuals who agree to work and reside in this State for 5 years and to reimburse employers in this State that make student loan debt payments on behalf of their employees who agree to work and reside in this State for 5 years.

Total \$40,000,000

Sec. A-6. Contingent upon ratification of bond issue. Sections 1 to 5 do not become effective unless the people of the State ratify the issuance of the bonds as set forth in this Part.

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

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

Sec. A-9. Referendum for ratification; submission at election; form of question; effective date. This Part must be submitted to the legal voters of the State at a statewide election held in June 2018. The municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Part by voting on the following question:

"Do you favor a \$40,000,000 bond issue to provide funds for payment of student loan debt of individuals who agree to work and reside in Maine for 5 years and for reimbursement of employers that make student loan repayments on behalf of such individuals?"

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within a corresponding square

COMMITTEE AMENDMENT

ROFS

1 below the word "Yes" or "No." The ballots must be received, sorted, counted and
2 declared in open ward, town and plantation meetings and returns made to the Secretary of
3 State in the same manner as votes for members of the Legislature. The Governor shall
4 review the returns. If a majority of the legal votes are cast in favor of this Part, the
5 Governor shall proclaim the result without delay and this Part becomes effective 30 days
6 after the date of the proclamation.

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

10 **PART B**

11 **Sec. B-1. 10 MRSA §1013, sub-§16**, as amended by PL 2001, c. 417, §12, is
12 further amended to read:

13 **16. Maine College Savings Program.** The Maine College Savings Program, as
14 established in Title 20-A, chapter 417-E; and

15 **Sec. B-2. 10 MRSA §1013, sub-§17**, as enacted by PL 2001, c. 417, §13, is
16 amended to read:

17 **17. Maine Dental Education Loan Program.** The Maine Dental Education Loan
18 Program as established in Title 20-A, chapter 426; and

19 **Sec. B-3. 10 MRSA §1013, sub-§18** is enacted to read:

20 **18. Maine Student Loan Debt Relief Program.** The Maine Student Loan Debt
21 Relief Program as established in Title 20-A, chapter 441.

22 **Sec. B-4. 20-A MRSA c. 441** is enacted to read:

23 **CHAPTER 441**

24 **MAINE STUDENT LOAN DEBT RELIEF PROGRAM**

25 **§12941. Maine Student Loan Debt Relief Program established; purpose;**
26 **administration**

27 The Maine Student Loan Debt Relief Program, referred to in this chapter as "the
28 program," is established. The purpose of the program is to:

29 **1. Payment of student loan debt.** Provide for the payment of student loan debt for
30 individuals who agree to reside and work in this State for at least 5 years; and

31 **2. Reimbursement of student loan debt payments made by employers.**
32 Reimburse employers in this State that make student loan debt payments on behalf of
33 their employees who agree to reside and work in this State for 5 years.

34 The Finance Authority of Maine shall administer the program.

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§12942. Maine Student Loan Debt Relief Fund established

The Maine Student Loan Debt Relief Fund, referred to in this chapter as "the fund," is established as a nonlapsing fund administered by the Finance Authority of Maine. All money received by the fund from any source, including a General Fund bond obligation, must be deposited with the authority and credited to the fund. Money credited to the fund must be used for the purposes of the program, including reimbursement of the authority's administrative costs for operating the program.

Sec. B-5. Rulemaking. The Finance Authority of Maine shall adopt major substantive rules, as provided in the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A, to implement the Maine Student Loan Debt Relief Program established in Title 20-A, chapter 441. Rules adopted by the authority must comply with the purpose of the program as specified in Title 20-A, section 12941 and must include, but are not limited to, the application and verification process and penalties for failing to fulfill the requirements of the program and the use of the Maine Student Loan Debt Relief Fund established in Title 20-A, section 12942. The authority shall submit the major substantive rules to the Second Regular Session of the 128th Legislature no later than January 5, 2018.'

SUMMARY

This amendment strikes the bill and instead:

- 1. Requires a General Fund bond obligation in the amount of \$40,000,000 for a program administered by the Finance Authority of Maine to provide funds for payment of student loan debt for individuals who agree to live and work in Maine for 5 years and to reimburse employers that make student loan debt repayments on behalf of their employees who agree to live and work in Maine for 5 years; and
- 2. Establishes the Maine Student Loan Debt Relief Program and the Maine Student Loan Debt Relief Fund and requires the Finance Authority of Maine to adopt major substantive rules to implement the program and submit the rules to the Second Regular Session of the 128th Legislature.

FISCAL NOTE REQUIRED

(See attached)



128th MAINE LEGISLATURE

LD 1163

LR 145(02)

An Act To Authorize a General Fund Bond Issue To Provide Funding for a Program of Student Debt Cancellation and Refinancing

Fiscal Note for Bill as Amended by Committee Amendment "A" (S-336)

Committee: Appropriations and Financial 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	\$40,000,000	4.75%	\$10,450,000	\$50,450,000

Referendum Costs	Month/Year	Election Type	Question	Length
	Jun-18	General	Bond Issue	Standard

The Secretary of State's budget does not include funding for the June 2018 election. The department would require a General Fund appropriation of \$155,000 to cover the costs of producing and delivering the ballots and the Citizen's Guide to the Referendum Election.

Fiscal Detail and Notes

The Finance Authority of Maine estimates its cost to establish and operate the Student Debt Cancellation and Refinance Program to be between \$120,000 and \$160,000 per year, or between 3% and 4%, assuming annual bond activity of \$4,000,000 per year over the 10 year period. Because this legislation provides that a portion of the bond monies may be used for administrative costs, no General Fund appropriations are required.