

MAINE STATE LEGISLATURE

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**STATE OF MAINE
119TH LEGISLATURE**

SECOND REGULAR SESSION

**BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BUSINESS AND ECONOMIC DEVELOPMENT**

JULY 2000

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ONE HUNDRED NINETEENTH LEGISLATURE
SECOND REGULAR SESSION

Summary Of Legislation Before The Joint Standing Committees
July 2000

We are pleased to provide this summary of bills that were considered by the Joint Standing and Select Committees of the Maine Legislature this past session. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this session for the Legislature and each of its joint standing and select committees.

The document is organized for convenient reference to information on bills considered by the committees. It is organized by committees and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet (www.state.me.us/legis/opla).

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

<i>CON RES XXX</i>	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
<i>CONF CMTE UNABLE TO AGREE</i>	<i>Committee of Conference unable to agree; bill died</i>
<i>DIED BETWEEN BODIES</i>	<i>House & Senate disagree; bill died</i>
<i>DIED IN CONCURRENCE</i>	<i>One body accepts ONTP report; the other indefinitely postpones the bill</i>
<i>DIED ON ADJOURNMENT</i>	<i>Action incomplete when session ended; bill died</i>
<i>EMERGENCY</i>	<i>Enacted law takes effect sooner than 90 days</i>
<i>FAILED EMERGENCY ENACTMENT/FINAL PASSAGE</i>	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED ENACTMENT/FINAL PASSAGE</i>	<i>Bill failed to get majority vote</i>
<i>FAILED MANDATE ENACTMENT</i>	<i>Bill imposing local mandate failed to get 2/3 vote</i>
<i>NOT PROPERLY BEFORE THE BODY</i>	<i>Ruled out of order by the presiding officers; bill died</i>
<i>INDEF PP</i>	<i>Bill Indefinitely Postponed</i>
<i>ONTP</i>	<i>Ought Not To Pass report accepted</i>
<i>OTP ND</i>	<i>Committee report Ought To Pass In New Draft</i>
<i>OTP ND/NT</i>	<i>Committee report Ought To Pass In New Draft/New Title</i>
<i>P&S XXX</i>	<i>Chapter # of enacted Private & Special Law</i>
<i>PUBLIC XXX</i>	<i>Chapter # of enacted Public Law</i>
<i>RESOLVE XXX</i>	<i>Chapter # of finally passed Resolve</i>
<i>UNSIGNED</i>	<i>Bill held by Governor</i>
<i>VETO SUSTAINED</i>	<i>Legislature failed to override Governor's Veto</i>

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is August 11, 2000.

David E. Boulter, Director
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potential for agriculturally derived fuel production in Maine. It also proposed to add the chief executive officer of the Finance Authority of Maine to the commission membership and add a requirement to report to the joint standing committee of the Legislature having jurisdiction over business and economic development matters. The provisions of Part H were incorporated into the Part II Budget, Public Law 1999, chapter 731, section VVV-3.

Part I proposed to appropriate funds to the Maine Technical College System for a pilot program for the Aroostook County Machine Tool Program. The provisions of Part I were incorporated into the Part II Budget, Public Law 1999, chapter 731, section VVV-21.

LD 2684

An Act to Improve Oversight and Accountability of Student Loan Programs Funded with an Allocation of the State Ceiling on Private Activity Tax-exempt Bonds

PUBLIC 728

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP MAJ	
	OTP-AM MIN	

LD 2684 was reported out by the Joint Standing Committee on Business and Economic Development pursuant to Public Law 1999, chapter 443 in response to the report of the Commission on the Ceiling on Tax-Exempt Bonds.

LD 2684 proposed to enact the following provisions to increase the state's oversight of student loan programs funded through an allocation of the state ceiling on private activity tax-exempt bonds.

The bill proposed to add the Commissioner of Economic and Community Development or the commissioner's designee as a nonvoting member of the group that makes recommendations for the allocation of the state ceiling and provide that the Treasurer of State will no longer be a voting member of that group. It would require that bond cap allocation must be done with the written agreement of 4 of the 5 voting members of the bond cap allocation group. It would require that the State Planning Office conduct an annual analysis related to allocation of the state ceiling. It would require that recipients of an allocation of the state ceiling provide annual audited financial statements and demonstrate the benefits of their programs to the Legislature. The bill proposed to clarify that any further allocation or reallocation of the state ceiling from one eligible issuer to another issuer must be done with the agreement of a super majority of the bond cap allocation group. The bill also would make the meetings and records of the bond allocation group subject to the freedom of access laws.

The bill proposed to prohibit interlocking directors between the Finance Authority of Maine, "FAME," the Maine Educational Loan Authority, "MELA" and the Maine Educational Loan Marketing Corporation, "MELMAC."

The bill would retain the requirement that recipients of an allocation of the state ceiling for the issuance of student loans use FAME as the sole guarantor for student loan notes.

The bill proposed to prohibit MELMAC from originating student loans or extending credit and from discriminating against financial institutions or credit unions authorized to do business in this State with respect to the acquisition of loans. It would retain the requirement that MELMAC use FAME as the sole

guarantor for student loan notes acquired on the secondary market. It proposed to add 4 public members appointed by the Governor and confirmed by the Legislature to the MELMAC board. It would make MELMAC's books and records subject to the freedom of access laws. The bill would require MELMAC to use competitive bidding for its loan servicing and administrative services contracts. The bill also would require that MELMAC demonstrate that its use of bond proceeds is consistent with a public purpose and submit copies of IRS files and returns with the Attorney General and the Legislature on an annual basis. The bill also proposed to add language allowing the Governor to request that one or more state agencies acquire student loans on the secondary market if MELMAC fails to comply with the new statutory requirements.

The bill proposed to replace MELMAC's president as a member of the MELA board with a representative from technical colleges appointed by the Governor. The bill would provide that the Treasurer of State will no longer be a voting member of the MELA board. It would require MELA to use competitive bidding for administrative and clerical services. It would add language clarifying that MELA has authority to issue supplemental education loans only. It would require MELA to provide public notice of its activities and demonstrate that its use of bond proceeds is consistent with a public purpose. The bill would add a sunset of March 15, 2001 to the statutory provision allowing MELA to delegate its powers and duties to a nonprofit corporation and ask the MELA board to recommend whether the statutory provision should be retained. The bill also would require that the MELA board study the issue of whether to move the functions of MELA to FAME and report back to the First Regular Session of the 120th Legislature.

The bill proposed to remove language authorizing an allocation of the state ceiling to FAME for the Loans to Lenders Pilot Program.

The bill proposed to change the timing of required disclosures to a time before any loans using bond cap money are issued.

The bill proposed to clarify that the provisions in the bill are not intended to impair any outstanding bond obligations or contracts of MELMAC or MELA or adversely impact the exclusion from gross income of interest on outstanding tax-exempt bonds previously issued by MELMAC or MELA.

The bill also includes a fiscal note.

Committee Amendment "A" (S-683) is the minority report of the committee. The amendment differs from the bill because it proposed to require the Governor to appoint 3 public members to the board of the Maine Educational Loan Marketing Corporation. The bill required the Governor to appoint 4 public members. Committee Amendment "A" was not adopted.

Senate Amendment "A" (S-694) proposed to provide that, as a condition of its receipt of an allocation of the state ceiling for the issuance of education loans after the effective date of the bill, a nonprofit corporation formed under the provisions of the bill include 4 public members appointed by the Governor on its board of directors. Senate Amendment "A" was not adopted.

Enacted law summary

Public Law 1999, chapter 728 addresses state oversight of student loan programs funded through allocation of the state ceiling on private activity tax-exempt bonds.

The law makes the following changes to the process and structure of the group that recommends allocations of the state ceiling to the Legislature:

1. It adds the Commissioner of Economic and Community Development or the Commissioner's designee as a non-voting member and provides that the State Treasurer will no longer be a voting member of the bond cap allocation group;
2. It requires that any allocation of the state ceiling must be done with the written agreement of 4 of the 5 voting members of the bond cap allocation group;
3. It requires that the State Planning Office conduct an annual analysis related to the allocation of the state ceiling;
4. It requires that recipients of an allocation provide annual audited financial statements and demonstrate the benefits of their programs to the Legislature;
5. It clarifies that any further allocation or reallocation of the state ceiling from one eligible issuer to another issuer must be done with the agreement of 4 or 5 members of the bond cap allocation group; and
6. It makes the meetings and records of the bond cap allocation group subject to the freedom of access laws.

Public Law 1999, chapter 728 prohibits interlocking directors between the Finance Authority of Maine (FAME), the Maine Educational Loan Authority (MELA) and the Maine Educational Loan Marketing Corporation (MELMAC). The law requires that MELMAC and MELA use FAME as its sole guarantor for student loan notes acquired through an allocation of the state ceiling on private activity tax-exempt bonds. The law prohibits MELMAC from originating student loans or extending credit for the purpose of originating student loans. It also prohibits MELMAC from discriminating against financial institutions or credit unions authorized to do business in this state with respect to the acquisition of student loans.

The law adds 4 public members to the MELMAC board to be appointed by the Governor and confirmed by the Legislature. The law makes MELMAC's books and records subject to the freedom of access laws and requires MELMAC to use competitive bidding for its loan servicing and administrative contracts. It also requires that MELMAC demonstrate that its use of bond proceeds is consistent with a public purpose and submit copies of its IRS returns and filings to the Attorney General and the Legislature on an annual basis.

In the event that MELMAC fails to comply with the statutory requirements included in Public Law 1999, chapter 728, the law gives the Governor the authority to request that one or more state agencies acquire student loan notes on the secondary market in place of MELMAC.

Public Law 1999, chapter 728 also clarifies that MELA has statutory authority to issue supplemental education loans only. It requires that MELA use competitive bidding for its administrative and clerical services contracts. It replaces the MELMAC president as a member of the MELA board with a member representing the technical college system that will be appointed by the Governor and also provides that the Treasurer of State will no longer be a voting member of the MELA board. The law requires MELA to provide public notice of its activities and demonstrate that its use of bond proceeds is consistent with a public purpose.

The law requires that the MELA board conduct a study and recommend whether or not to move the functions of MELA to FAME to the First Regular Session of the 120th Legislature.

Public Law 1999, chapter 728 removes language authorizing FAME to administer the Loans to Lenders Program.

Finally, Public Law 1999, chapter 728 clarifies that the law is not intended to impair any outstanding bond obligations or contracts of MELMAC or MELA or adversely impact the exclusion from gross income of interest on outstanding tax-exempt bonds previously issued by MELMAC or MELA.