

129th MAINE LEGISLATURE

FIRST REGULAR SESSION-2019

Legislative Document

No. 149

S.P. 36

In Senate, January 17, 2019

An Act To Authorize a General Fund Bond Issue To Provide Student Debt Forgiveness To Support Workforce Attraction and Retention

Reference to the Committee on Innovation, Development, Economic Advancement and Business suggested and ordered printed.

h GT

DAREK M. GRANT Secretary of the Senate

Presented by Senator LIBBY of Androscoggin. Cosponsored by Representative DAUGHTRY of Brunswick and Senators: BELLOWS of Kennebec, CHENETTE of York, President JACKSON of Aroostook, VITELLI of Sagadahoc, Representatives: FECTEAU of Biddeford, Speaker GIDEON of Freeport, MOONEN of Portland, O'NEIL of Saco. 1 2

3

4

5

6

7

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

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 \$250,000,000 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.

8 Sec. A-2. Records of bonds issued; Treasurer of State. The Treasurer of 9 State shall ensure that an account of each bond is kept showing the number of the bond, 10 the name of the successful bidder to whom sold, the amount received for the bond, the 11 date of sale and the date when payable.

12 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 13 be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the 14 bonds, which must be held by the Treasurer of State and paid by the Treasurer of State 15 upon warrants drawn by the State Controller, are appropriated solely for the purposes set 16 forth in this Part. Any unencumbered balances remaining at the completion of the project 17 in this Part lapse to the Office of the Treasurer of State to be used for the retirement of 18 general obligation bonds. 19

20 Sec. A-4. Interest and debt retirement. The Treasurer of State shall pay 21 interest due or accruing on any bonds issued under this Part and all sums coming due for 22 payment of bonds at maturity.

23 Sec. A-5. Disbursement of bond proceeds from General Fund bond issue. 24 The proceeds of the sale of the bonds authorized under this Part must be expended as 25 designated in the following schedule under the direction and supervision of the agencies 26 and entities set forth in this section.

- 27 FINANCE AUTHORITY OF MAINE
- 29 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.

34 Total

28

\$250,000,000

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.

1 Sec. A-7. Appropriation balances at year-end. At the end of each fiscal year, 2 all unencumbered appropriation balances representing state money carry forward. Bond 3 proceeds that have not been expended within 10 years after the date of the sale of the 4 bonds lapse to the Office of the Treasurer of State to be used for the retirement of general 5 obligation bonds.

6 Sec. A-8. Bonds authorized but not issued. Any bonds authorized but not 7 issued within 5 years of ratification of this Part are deauthorized and may not be issued, 8 except that the Legislature may, within 2 years after the expiration of that 5-year period, 9 extend the period for issuing any remaining unissued bonds for an additional amount of 10 time not to exceed 5 years.

11 Sec. A-9. Referendum for ratification; submission at election; form of 12 question; effective date. This Part must be submitted to the legal voters of the State at 13 a statewide election held in November following passage of this Act. The municipal 14 officers of this State shall notify the inhabitants of their respective cities, towns and 15 plantations to meet, in the manner prescribed by law for holding a statewide election, to 16 vote on the acceptance or rejection of this Part by voting on the following question:

"Do you favor a \$250,000,000 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?"

21 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 22 below the word "Yes" or "No." The ballots must be received, sorted, counted and 23 declared in open ward, town and plantation meetings and returns made to the Secretary of 24 State in the same manner as votes for members of the Legislature. The Governor shall 25 review the returns. If a majority of the legal votes are cast in favor of this Part, the 26 Governor shall proclaim the result without delay and this Part becomes effective 30 days 27 after the date of the proclamation. 28

- The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Part necessary to carry out the purposes of this referendum.
- 32 PART B
 33 Sec. B-1. 10 MRSA §1013, sub-§16, as amended by PL 2001, c. 417, §12 and PL 2017, c. 474, Pt. F, §9, is further amended to read:
 35 16. Maine Education Savings Program. The Maine Education Savings Program, as established in Title 20-A, chapter 417-E; and
 37 Sec. B-2. 10 MRSA §1013, sub-§17, as enacted by PL 2001, c. 417, §13, is amended to read:

1 2	17. Maine Dental Education Loan Program. The Maine Dental Education Loan Program as established in Title 20-A, chapter 426- <u>; and</u>
3	Sec. B-3. 10 MRSA §1013, sub-§18 is enacted to read:
4 5	18. Maine Student Loan Debt Relief Program. The Maine Student Loan Debt Relief Program as established in Title 20-A, chapter 441.
6	Sec. B-4. 20-A MRSA c. 441 is enacted to read:
7	<u>CHAPTER 441</u>
8	MAINE STUDENT LOAN DEBT RELIEF PROGRAM
9 10	<u>§12941. Maine Student Loan Debt Relief Program established; purpose;</u> <u>administration</u>
11 12	The Maine Student Loan Debt Relief Program, referred to in this chapter as "the program," is established. The purposes of the program are to:
13 14	<u>1. Payment of student loan debt.</u> Provide for the payment of student loan debt for individuals who agree to reside and work in this State for at least 5 years; and
15 16 17	2. Reimbursement of student loan debt payments made by employers. Reimburse employers in this State that make student loan debt payments on behalf of their employees who agree to reside and work in this State for 5 years.
18	The Finance Authority of Maine shall administer the program.
19	<u>§12942. Maine Student Loan Debt Relief Fund established</u>
20 21 22 23 24 25	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.
26 27 28 29 30 31 32 33 34 35	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 purposes 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 129th Legislature no later than January 3, 2020.

1	SUMMARY
2	This bill:
3 4 5 6 7	1. Requires a General Fund bond obligation in the amount of \$250,000,000 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 payments on behalf of their employees who agree to live and work in Maine for 5 years; and
8 9 10 11	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 129th Legislature.