



**Written Testimony by William Norbert
Governmental Affairs and Communications Manager**

Neither For Nor Against L.D. 1978

An Act to Promote Home Ownership by Reducing Education Debt

February 22, 2022

**Joint Standing Committee on Innovation, Development,
Economic Advancement, and Business**

Senator Curry, Representative Roberts, and Distinguished Members of the Joint Standing Committee on Innovation, Development, Economic Advancement, and Business:

My name is Bill Norbert. I am the Governmental Affairs and Communications Manager at the Finance Authority of Maine (FAME). I live in Brunswick and am submitting this written testimony Neither for Nor Against L.D. 1978, *An Act to Promote Home Ownership by Reducing Education Debt*.

This bill would provide one-time funds totaling \$10 million for student debt forgiveness for first-time home buyers through a program of the Maine State Housing Authority (MaineHousing). MaineHousing needs no additional statutory authority to undertake the program, but does need funding in order to make the student debt forgiveness portion of the program work. Under the contemplated program, qualifying first-time homebuyers could purchase a home while enjoying student debt forgiveness up to \$40,000 total over five years. FAME would work to collect on any loans owed by participants who do not comply with the terms of the program, i.e. those who do not actually live in the home or who sell the home prior to the required five-year period of habitation.

As we briefed you in early January, MaineHousing and FAME worked collaboratively last fall as directed by the Legislature pursuant to Senate President Jackson's LD 1709, *Resolve, Directing the Maine State Housing Authority to Examine and Develop a Program Promoting Home Ownership by Reducing Education Debt*. We submitted a report to and briefed this committee regarding an off-session work group we were part of to study a possible program to encourage first-time homebuyers by forgiving a portion of their student debt. As we noted then, we would be pleased to partner with MaineHousing to help administer this program should the Legislature decide to fund it.

The Governor's recently proposed Supplemental General Fund Budget for FY 22-23 includes an initiative FAME has long supported: funding for a simplified and expanded Educational Opportunity Tax Credit (EOTC). This is major and welcome development that will make Maine's program one of the most generous student debt relief programs in the nation. Under her proposal, up to \$2,000 in tax credits will be available for an individual's repayment of student loans for taxable years beginning on or after January 1, 2022, provided they live and work in Maine. Similarly, the Taxation Committee recently voted to support an amended version of Senator Pouliot's LD 798, *An Act to Improve the Educational Opportunity Tax Credit*. We supported that legislation, as well.

Thank you for your consideration of my comments.