

1 H.408

2 Introduced by Representatives Buxton of Tunbridge, Krowinski of Burlington,
3 McCarthy of St. Albans City, Ram of Burlington, Trieber of
4 Rockingham, Young of Glover, and Zagar of Barnard

5 Referred to Committee on

6 Date:

7 Subject: Education; grants and scholarships; education loan programs; student
8 loans

9 Statement of purpose of bill as introduced: This bill proposes to allow the
10 State of Vermont to purchase student loan debt from eligible Vermont students
11 and to create a State of Vermont student loan forgiveness program.

12 An act relating to creating a Vermont Student Loan Consolidation and
13 Forgiveness Program

14 It is hereby enacted by the General Assembly of the State of Vermont:

15 Sec. 1. 16 V.S.A. chapter 87 is amended to read:

16 CHAPTER 87. GRANTS, SCHOLARSHIP, AND EDUCATION LOAN
17 PROGRAMS

18 * * *

1 Subchapter 6. ~~Part-Time Student Grants~~ Vermont Student Loan

2 Consolidation and Forgiveness Program

3 § 2870. DEFINITIONS

4 In this subchapter:

5 (1) “Eligible loan” means a public or private loan:

6 (A) that was obtained by an eligible participant or by his or her
7 parents to pay for attendance at an approved postsecondary education
8 institution; and

9 (B) that is in good standing at the time the loan is purchased under
10 the Program.

11 (2) “Eligible participant” means:

12 (A) a student; or

13 (B) a graduate of an approved postsecondary education institution
14 located in Vermont.

15 (3) “Program” means the Vermont Student Loan Consolidation and
16 Forgiveness Program created in this subchapter.

17 § 2871. CREATION OF THE VERMONT STUDENT LOAN

18 CONSOLIDATION AND FORGIVENESS PROGRAM

19 (a) Program created.

20 (1) There is created within the Office of the Vermont State Treasurer the
21 Vermont Student Loan Consolidation and Forgiveness Program.

1 (2) The Treasurer shall have the authority to adopt rules and procedures
2 to design and implement the Program consistent with the provisions of this
3 subchapter, and to delegate all or a portion of his or her authority under this
4 subchapter to the corporation or to another department or instrumentality of the
5 State as he or she determines in his or her discretion to be in the best interests
6 of the State.

7 (b) Loan consolidation. The Treasurer may purchase and refinance an
8 eligible loan for a period not to exceed 30 years, at a fixed interest rate that
9 equals or is lower than the current interest rate on the loan.

10 (c) Loan forgiveness.

11 (1) Subject to subdivision (2) of this subsection, the Treasurer shall
12 forgive the outstanding principal and interest of an eligible loan that is
13 financed under the Program if the eligible participant:

14 (A) makes 84 separate monthly payments on the loan;

15 (B) is a full-time resident of Vermont when he or she makes no fewer
16 than 72 of the 84 payments; and

17 (C) is a full-time resident of Vermont when he or she makes the final
18 12 of the 84 payments.

19 (2) If an eligible participant enrolls at an approved postsecondary
20 education institution located outside Vermont after an eligible loan is
21 purchased under the Program on his or her behalf:

