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H.767

SHORT FORM

Introduced by Representatives Buxton of Tunbridge, Campion of Bennington,  
Christie of Hartford, Clarkson of Woodstock, Crawford of  
Burke, Donovan of Burlington, Gilbert of Fairfax, Lorber of  
Burlington, Pearson of Burlington, Peltz of Woodbury, Ram of  
Burlington, Sweaney of Windsor, Trieber of Rockingham and  
Young of Glover

Referred to Committee on

Date:

Subject: Education; grants, scholarship, and education loan programs; student  
loans

Statement of purpose: This bill proposes to allow the state of Vermont to buy  
student loan debt from Vermont students and then make the loan available to  
them at a lower interest rate, and to create a state of Vermont student loan  
forgiveness program. This program, modeled on the federal public service  
loan forgiveness program, would function as follows:

(1) The state of Vermont would be given the authority to purchase  
public or private education loans not in default from an eligible participant.

1 The state would become the loan holder, and would then make the loan  
2 available to the student borrower at an interest rate that was fixed at a  
3 percentage lower than the student had been paying to the previous loan holder.

4 (2) Any person who graduated from a high school, college, or university  
5 accredited by the state of Vermont would be an eligible participant.

6 (3) A participant in the student loan forgiveness program would have to  
7 agree to live in Vermont for ten consecutive years after the state has purchased  
8 his or her loans. A participant would have to make 120 monthly loan  
9 payments to have his or her debt forgiven and would not be subject to the  
10 Vermont capital gains tax. A participant may reside in another state for up to  
11 12 months during this time, provided the participant resides in Vermont for the  
12 final 12 months of the program.

13 (4) Tax on the loan forgiveness could be paid in monthly installments  
14 that did not exceed the previous monthly payments of the loan.

15 (5) A participant who reenrolled in an accredited college or university  
16 located outside Vermont would continue to make loan payments under the  
17 terms of the state loan, but the payments would not count toward the final  
18 forgiveness. The participant may resume qualifying payments when the  
19 participant returns to Vermont or is no longer enrolled.

