

HOUSE No. 5408

The Commonwealth of Massachusetts



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To the Honorable Senate and House of Representatives,

Pursuant to Article LVI, as amended by Article XC, Section 3 of the Amendments to the Constitution of the Commonwealth of Massachusetts, I am returning to you for amendment House Bill No. 4339, “An Act Prohibiting License Revocation for Student Loan Default.”

This bill eliminates a statutory requirement that boards of registration operating under Chapter 112 of the General Laws deny issuance of a professional or occupational license to any applicant who has defaulted on an educational loan. Of note, neither the Division of Occupational Licensure nor the Department of Public Health, which oversee the boards covered by Chapter 112, has any record of ever denying a license, registration, certificate, or authority to any individual based on educational loan default.

Nevertheless, in order to align the statute with this long-standing practice of not considering student loan default in connection with the issuance of professional or occupational licenses, I support the elimination of that statutory requirement.

This bill also includes a provision restricting not only boards of registration operating under Chapter 112, but all agencies from denying, revoking, or refusing to renew any professional or occupational certificate, registration, license, or authority of an individual based on the individual’s default on an educational loan. I have concerns about extending this restriction to the Division of Banks.

The Division of Banks, as the state's regulator for financial service providers in the Commonwealth, is statutorily required to evaluate the financial responsibility of certain licensees. The Division does so by reviewing credit reports that may include information on past loan defaults, including student loan defaults. Precluding the Division of Banks from reviewing credit reports as part of its evaluation of an individual's financial responsibility for a financial services license could ultimately result in harm to consumers. Accordingly, I am proposing an amendment to the bill that would exempt the Division of Banks from a statutory prohibition on considering student loan defaults in order to ensure that the Division will retain the discretion it has always applied when assessing an applicant's fitness to provide consumer financial services to prospective borrowers.

For these reasons, I recommend that the bill be amended by striking out Section 1 and inserting in place thereof the following section;-

SECTION 1. Section 13 of chapter 30A of the General Laws, as appearing in the 2020 Official Edition, is hereby amended by striking out the last paragraph and inserting in place thereof the following paragraph:-

No board of registration operating pursuant to chapter 112 or agency shall deny issuance of, revoke or refuse to renew any professional or occupational certificate, registration, license or authority of an individual based on an individual's default on an educational loan. This paragraph shall not apply to the division of banks.

Respectfully submitted,

Charles D. Baker,
Governor