

STATE OF ALASKA

ALASKA STUDENT LOAN CORPORATION

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Sectional Analysis

HB172 – An Act relating to an investment in the education loan fund; relating to authority for the commissioner of revenue to enter into a bond purchase agreement and letter of credit with the Alaska Student Loan Corporation; and providing for an effective date.

Section 1 Provides authority to the state to loan funds and provide a letter of credit to the Alaska Student Loan Corporation under certain conditions for certain purposes.

Section 2 Authorizes the Commissioner of Revenue to enter into an agreement, not to exceed a five-year term, to provide a secured investment in the Alaska Student Loan Corporation's education loan fund, not to exceed \$100 million, to finance certain education loans when the Corporation is unable to finance loan demand due to market conditions that would result in uneconomical issuance of tax-exempt bonds. Interest paid to the state on the investment may not exceed the five-year average return on the state's general fund. The Commissioner is also authorized to enter into an agreement, not to exceed a five-year term, to provide credit enhancement to the Corporation, not to exceed \$106 million, when it would otherwise be uneconomical for the Corporation to issue bonds, absent such an agreement, due to market conditions. The Corporation is responsible for associated costs and an annual fee, not to exceed 15 basis points. In the event of a draw on the credit facility, the state may be paid interest by the Corporation not to exceed 3%. The Commissioner is authorized to adopt regulations to implement the bill.

Section 3 provides the Act takes place the day after the Governor's signature or the day after permitted to become law without her signature.