

HOUSE BILL NO. 229

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES JOSEPHSON, Drummond, Story, Schrage, Tarr, Wool, Spohnholz

Introduced: 1/18/22

Referred: Education, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska higher education investment fund; and relating to the**
2 **Alaska Student Loan Corporation."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 14.42.200 is amended to read:

5 **Sec. 14.42.200. General powers.** In addition to other powers granted in this
6 chapter, the corporation may

7 (1) sue and be sued in its own name;

8 (2) adopt an official seal;

9 (3) adopt regulations under AS 44.62 (Administrative Procedure Act)

10 to carry out the purposes of this chapter;

11 (4) make and execute agreements, contracts, and other instruments
12 necessary or convenient in the exercise of the powers and functions of the corporation,
13 including contracts with a person or governmental entity;

14 (5) receive, take, hold, and administer, on behalf of the corporation and

1 for any of its purposes, any appropriation, gift, grant, bequest, devise, or donation of
 2 real property or personal property; in this paragraph, "property" includes

3 (A) money; and

4 (B) life estates, leases, or other interests in property;

5 (6) borrow money as provided in this chapter to carry out its corporate
 6 purposes and issue its obligations as evidence of the borrowing, if that obligation of
 7 the corporation is not a debt of the state;

8 (7) include in a borrowing the amounts to pay financing charges,
 9 interest on the obligations for a period not exceeding one year after the date on which
 10 the corporation estimates funds will otherwise be available to pay the interest,
 11 consultant, advisory, and legal fees, and other expenses necessary or incident to the
 12 borrowing;

13 (8) invest or reinvest, subject to its contracts with noteholders and
 14 bondholders, money held by the corporation as set out in AS 37.10.071;

15 (9) set and collect interest, fees, and charges in connection with
 16 education loans or repayment obligations held by the corporation and its servicing
 17 agents; in this paragraph, "charges" includes costs of financing by the corporation,
 18 service charges, insurance premiums, and other costs incurred by the corporation in
 19 carrying out its corporate purposes;

20 (10) gather information on postsecondary education financial resources
 21 available to residents of this state and disseminate the information to reasonably assure
 22 that qualified residents are aware of those financial resources;

23 (11) service education loans and repayment obligations held by the
 24 corporation;

25 (12) finance, purchase, or participate in the financing or purchasing of
 26 education loans;

27 (13) contract in advance for the financing, purchasing, or sale of
 28 education loans;

29 (14) sell or participate in the sale, either public or private and on terms
 30 authorized by the board, of education loans to the Student Loan Marketing Association
 31 or to other purchasers;

1 (15) collect and pay reasonable fees and charges in connection with the
2 financing, purchase, sale, and servicing of education loans and repayment obligations;

3 (16) enter into agreements with the federal government, including
4 guaranty agreements and supplemental guaranty agreements as described in 20 U.S.C.
5 1001 - 1155, as amended, as necessary to provide for the receipt by the corporation of
6 administrative allowances and other benefits available under 20 U.S.C. 1001 - 1155,
7 as amended;

8 (17) administer federal money allotted to the state involving insured
9 education loans and related administrative costs and other matters;

10 (18) enter into agreements with the commission relating to education
11 loans and repayment obligations, the administration of the financial aid and loan
12 programs under AS 14.42.033, AS 14.43.091 - 14.43.849 [AS 14.43.091 - 14.43.750],
13 14.43.990, and AS 14.44, and the payment of and security for bonds of the
14 corporation;

15 (19) to the extent permitted under contracts with bondholders, consent
16 to the modification of the rate of interest, time of payment of an installment of
17 principal or interest, or other terms of an education loan or repayment obligation held
18 by the corporation;

19 (20) procure insurance against any loss in connection with the
20 operation of its programs;

21 (21) provide advisory services to borrowers and other participants in
22 the corporation's programs;

23 (22) enter into credit facility agreements and make pledges, covenants,
24 and agreements with respect to the repayment of borrowings under the credit facility
25 agreements;

26 (23) develop and implement education financing programs; in this
27 paragraph, "programs" includes

28 (A) programs listed in AS 14.42.030(b)(1);

29 (B) programs for the guaranteeing, servicing, originating, and
30 financing of education loans for borrowers located both inside and outside the
31 state; and

(C) federal financial aid programs made under federal law; and
 (24) perform acts that may be necessary or appropriate to carry out effectively the general objectives and purposes of the corporation under AS 14.42.100 - 14.42.990.

* **Sec. 2.** AS 14.42 is amended by adding a new section to read:

Sec. 14.42.203. Creation of subsidiary. (a) The corporation may create a subsidiary corporation for the purpose of financing or facilitating the financing of medical education under AS 14.42.033, the Alaska education grant program under AS 14.43.400 - 14.43.420, and the Alaska performance scholarship program under AS 14.43.810 - 14.43.849. A subsidiary corporation created under this section may be incorporated under AS 10.20.146 - 10.20.166. The corporation may transfer assets of the corporation to a subsidiary created under this section.

(b) Notwithstanding AS 14.42.300(a), a subsidiary created under this section is subject to AS 37.

(c) Unless otherwise provided by the corporation, the debts, liabilities, and obligations of a subsidiary corporation created under this section are not the debts, liabilities, or obligations of the corporation.

* **Sec. 3.** AS 14.43.915(a) is amended to read:

(a) The Alaska education grant account is created as an account of [IN] the Alaska Student Loan Corporation [GENERAL FUND]. Money may be appropriated to the account from the Alaska higher education investment fund under AS 37.14.750 and from other sources. The commission may use the money in the account without further appropriation to pay grants awarded under AS 14.43.400 - 14.43.420 and to pay the cost of administration of the Alaska education grant program created under AS 14.43.400.

* **Sec. 4.** AS 14.43.915(b) is amended to read:

(b) The Alaska performance scholarship award account is created as an account of [IN] the Alaska Student Loan Corporation [GENERAL FUND]. Money may be appropriated to the account from the Alaska higher education investment fund under AS 37.14.750 and from other sources. The commission may use the money in the account without further appropriation to pay scholarships awarded to students

1 under AS 14.43.810 - 14.43.849.

2 * **Sec. 5.** AS 37.14.750(a) is amended to read:

3 (a) The Alaska higher education investment fund is established **as a separate**
 4 **fund of** [IN] the **Alaska Student Loan Corporation** [GENERAL FUND] for the
 5 purpose of making grants awarded under AS 14.43.400 - 14.43.420 by appropriation
 6 to the account established under AS 14.43.915(a), [AND OF] making scholarship
 7 payments to qualified postsecondary institutions for students under AS 14.43.810 -
 8 14.43.849 by appropriation to the account established under AS 14.43.915(b), **and**
 9 **funding agreements for medical education under AS 14.42.033**. Money in the fund
 10 does not lapse. The fund consists of

- 11 (1) money appropriated to the fund;
- 12 (2) income earned on investment of fund assets;
- 13 (3) donations to the fund; and
- 14 (4) money redeposited under AS 14.43.915(c).

15 * **Sec. 6.** AS 37.14.750(c) is amended to read:

16 (c) As soon as is practicable after July 1 of each year, the **Alaska Student**
 17 **Loan Corporation** [COMMISSIONER OF REVENUE] shall determine the market
 18 value of the fund established in this section on June 30 for the immediately preceding
 19 fiscal year. The **corporation** [COMMISSIONER] shall identify seven percent of that
 20 amount as available for appropriation as follows:

- 21 (1) one-third for the grant account established under AS 14.43.915(a),
 22 from which the Alaska Commission on Postsecondary Education may award grants;
 23 and
- 24 (2) two-thirds for the scholarship account established under
 25 AS 14.43.915(b), from which the Alaska Commission on Postsecondary Education
 26 may award scholarships.