

Introduced: 3/25/83
Referred: Health, Education and
Social Services and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 210

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to guaranteed student loan financ-
7 ing; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 14.42.030 is amended by adding a new subsection to
10 read:

11 (d) The commission may execute an agreement with the Alaska In-
12 dustrial Development Authority, as provided in AS 44.88.087, to pro-
13 vide services in conjunction with the guaranteed student loan program.

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

15 Sec. 14.42.032. GUARANTEE AGENCY; STUDENT LOAN GUARANTEE FUND.

16 (a) In addition to the functions specified in this chapter, the com-
17 mission shall serve as the state guarantee agency under the provisions
18 of the Higher Education Act of 1965 (P.L. 89-327), as amended.

19 (b) There is established in the commission a student loan guar-
20 antee fund. The student loan guarantee fund consists of money appro-
21 priated to it and other assets deposited in it by the commission. The
22 commission shall use the student loan guarantee fund only to guarantee
23 loans as the state guarantee agency under the provisions of the Higher
24 Education Act of 1965 (P.L. 89-327), as amended.

25 * Sec. 3. The Alaska Commission on Postsecondary Education (AS 14.42)
26 may sell to the Alaska Industrial Development Authority (AS 44.88) student
27 loans held by the Alaska Commission on Postsecondary Education on January
28 1, 1983. In this section, "student loan" has the meaning set out in
29 AS 44.88.220(19).

1 * Sec. 4. AS 44.88.010 is amended by adding a new subsection to read:

2 (c) In addition to the findings, determinations, and declara-
3 tions made in (a) and (b) of this section, the legislature finds that

4 (1) there is a need in the state to provide financial as-
5 sistance to residents of the state who wish to attend postsecondary
6 education institutions and to students attending postsecondary educa-
7 tion institutions in the state;

8 (2) it is in the state's interest to provide financial as-
9 sistance to the students described in this section through participa-
10 tion in the federal insured student loan program and the guaranteed
11 student loan program under the Higher Education Act of 1965 (P.L.
12 89-329), as amended;

13 (3) the public corporation established in this chapter has
14 the ability and expertise necessary to assist the students described
15 in this section by providing for a guaranteed student loan program in
16 the state under the Higher Education Act of 1965 (P.L. 89-329), as
17 amended.

18 * Sec. 5. AS 44.88.070 is amended by adding a new subsection to read:

19 (b) It is a further purpose of the authority to promote, devel-
20 op, and advance the educational opportunities available to the people
21 of Alaska by providing a means of financing student loans in accor-
22 dance with this chapter and with the Higher Education Act of 1965
23 (P.L. 89-329), as amended.

24 * Sec. 6. AS 44.88.080 is amended by adding a new subsection to read:

25 (b) In addition to the powers described in (a) of this section,
26 the authority has all powers necessary to provide for a guaranteed
27 student loan program in the state under the Higher Education Act of
28 1965 (P.L. 89-329), as amended. The authority may, with regard to the
29 financing of student loans,

1 (1) issue bonds under AS 44.88.090 to finance student
2 loans;

3 (2) purchase or participate in the purchase of student
4 loans from eligible lenders;

5 (3) sell or participate in the sale of student loans to el-
6 igible lenders or to the Student Loan Marketing Association created by
7 20 U.S.C. sec. 1087-2;

8 (4) consent, whenever it considers it necessary or desir-
9 able in the fulfillment of the purposes described in AS 44.88.070(b),
10 to the modification of the rate of interest, time of payment of an in-
11 stallment of principal or interest, or other terms of a student loan
12 to which the authority has an interest unless the consent would obvi-
13 ate insurance coverage with respect to the student loan;

14 (5) collect and pay reasonable fees and charges in connec-
15 tion with the purchase or sale of a student loan;

16 (6) include, in a borrowing authorized under AS 44.88.090
17 to finance student loans, an amount that the authority considers nec-
18 essary to pay financing charges; interest on its obligations for a pe-
19 riod determined by the authority; consulting, advisory, and legal
20 fees; and other expenses necessary or incident to the borrowing;

21 (7) establish capital reserve funds, or other funds and ac-
22 counts, as the authority determines to be appropriate to further the
23 purposes described in AS 44.88.070(b).

24 * Sec. 7. AS 44.88.085(c) is amended by adding a new paragraph to read:

25 (5) implementation of the guaranteed student loan program.

26 * Sec. 8. AS 44.88 is amended by adding a new section to article 2 to
27 read:

28 Sec. 44.88.087. SERVICE AGREEMENTS. The authority may execute
29 an agreement with the Alaska Commission on Postsecondary Education

1 (AS 14.42) to provide for servicing student loans and for other assis-
2 tance which the authority determines to be necessary to implement the
3 guaranteed student loan program.

4 * Sec. 9. AS 44.88.090(h) is amended to read:

5 (h) The authority may combine, for the purposes of a single of-
6 fering, bonds financing more than one project or more than one student
7 loan under AS 44.88.010 -- 44.88.220.

8 * Sec. 10. AS 44.88.090 is amended by adding new subsections to read:

9 (i) The provisions of (e) and (g)(2) of this section do not ap-
10 ply to bonds issued to finance student loans.

11 (j) The principal of and interest on bonds issued to finance
12 student loans are payable from principal and interest payments on stu-
13 dent loans, federal interest subsidies and special allowance payments
14 made under the Higher Education Act of 1965 (P.L. 89-327), amounts
15 available from the enterprise development fund under AS 44.88.155(c),
16 other money and receipts obtained in connection with student loans,
17 and, to the extent determined appropriate by the authority, from the
18 proceeds of bonds issued to finance student loans.

19 * Sec. 11. AS 44.88.130 is amended to read:

20 Sec. 44.88.130. PLEDGE OF THE STATE. The state pledges to and
21 agrees with the holders of bonds issued under this chapter and with
22 the federal agency which loans or contributes funds in respect to a
23 project or student loan, that the state will not limit or alter the
24 rights and powers vested in the authority by this chapter to fulfill
25 the terms of a contract made by the authority with the holders or fed-
26 eral agency, or in any way impair the rights and remedies of the hold-
27 ers until the bonds, together with the interest on them with interest
28 on unpaid installments of interest, and all costs and expenses in con-
29 nection with an action or proceeding by or on behalf of the holders,

1 are fully met and discharged. The authority is authorized to include
2 this pledge and agreement of the state, insofar as it refers to hold-
3 ers of bonds of the authority, in a contract with the holders, and in-
4 sofar as it relates to a federal agency, in a contract with the feder-
5 al agency.

6 * Sec. 12. AS 44.88.155(c) is amended to read:

7 (c) Money and other assets of the enterprise development fund
8 may be used to secure bonds of the authority other than bonds de-
9 scribed in AS 44.88.080(b)(1), and shall be held and invested by the
10 authority in the types of investments described in AS 37.10.070(a) and
11 AS 39.35.110(a)(9) and (14) or shall be used to purchase loans for
12 projects and student loans [AS DEFINED IN AS 44.88.220]. The authori-
13 ty may use up to \$1,000,000 in money and other assets of the enter-
14 prise development fund for student loans or to assist in the financing
15 of student loans or otherwise as it considers appropriate to further
16 the purposes described in AS 44.88.070(b).

17 * Sec. 13. AS 44.88.155 is amended by adding a new subsection to read:

18 (g) The provisions of (d) of this section do not apply to stu-
19 dent loans.

20 * Sec. 14. AS 44.88.160 is amended by adding a new subsection to read:

21 (b) This section does not apply to student loans.

22 * Sec. 15. AS 44.88.165 is amended by adding a new subsection to read:

23 (b) This section does not apply to student loans. The authority
24 may not consider student loans in determining delinquency under (a) of
25 this section.

26 * Sec. 16. AS 44.88.220 is amended by adding new paragraphs to read:

27 (17) "eligible institution" means an educational institu-
28 tion described as an eligible institution in the Higher Education Act
29 of 1965 (P.L. 89-329), as amended;

1 (18) "eligible lender" means the authority, the Alaska Com-
2 mission on Postsecondary Education (AS 14.42), and other entities de-
3 scribed as eligible lenders in the Higher Education Act of 1965 (P.L.
4 89-329), as amended;

5 (19) "student loan" means a student loan which is guaran-
6 teed and reinsured, or directly insured, and qualified to receive in-
7 terest subsidies and special allowance payments under the Higher Edu-
8 cation Act of 1965 (P.L. 89-329), as amended.

9 * Sec. 17. This Act takes effect immediately in accordance with
10 AS 01.10.070(c).