

HB

135

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HB 135

Revision Date: _____ Dept. Affected: EDUCATION
 Title: An Act relating to student loans; and providing BRU: ACPE
for an effective date. Component: Student Loan Operations

Sponsor: House HESS Committee
 Requestor: House HESS Committee COMPONENT SERIAL NO. 213

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES					
TRAVEL					
CONTRACTUAL					
SUPPLIES					
EQUIPMENT					
LAND & STRUCTURES					
GRANTS, CLAIMS					
MISCELLANEOUS					
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0

CAPITAL					
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REVENUE FUND SOURCE:					
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts					
1003 GF Match					
1004 GF	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts					
1006 GF/MHTIA					
Other:					
TOTAL	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

Estimate of current year (FY95) impact: \$ _____ \$0

ANALYSIS: (Attach a separate page if necessary)

Zero (0) fiscal impact.

Prepared by: Gillian R. Hays
 Division: Alaska Commission on Postsecondary Education
 Approved by Executive Director: Joe F. McCormick
 Agency: ACPE

Phone: 465-6740
 Date: 1-Feb-95
 Date: 2-1-95

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HOUSE COMMITTEE REPORT

(7)

Date Referred: January 30, 1995

FURTHER REFERRALS:

Finance

Date of Committee Action: 2/7/95

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 135

HOUSE BILL NO. 135

STUDENT LOANS

"An Act relating to student loans; and providing for an effective date."

recommends it be replaced with the following committee substitute _____ the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____
 zero fiscal note(s) Education zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Alan Robly</i>	✓	✓		
<i>Paul Denny</i>	✓			
<i>Carla Bunker</i>	✓			
<i>Carroll Jensen</i>	✓			
<i>Non-Grice</i>			✓	

CHAIR'S SIGNATURE *Car Bunker*

BILL ANALYSIS

Section 1. The current interest rate of 8% for Alaska Student Loans is repealed effective July 1, 1995. Before the Commission can enter into student loans for the summer and 1995-96 terms, it must set an interest rate. This transitional language will allow the Commission to adopt regulations to implement the new interest rate under ch. 112, SLA 1994. In the absence of this authority, the Commission has been advised by the Department of Law that it will not be able to set the interest rate for money disbursed after July 1, 1995, and no new loans could be made. Under the Federal Truth in Lending law, student loan applicants must be informed of the interest rate at which they are borrowing money. The applications/promissory notes are printed each spring, and must be distributed before the summer 1995 term stating interest rate information. In order to meet the Commission's schedule for printing and distribution of loan packets for loans disbursed after July 1, 1995, the regulations must be adopted as early as possible.

Provides transitional language to allow adoption of regulations to implement loans default procedures and consolidation of loans. Regulations under this section may not take effect until July 1, 1995.

Section 2 Provides for an immediate effective date of this Act.

MEMORANDUM

State of Alaska

Department of Law

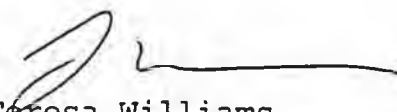
TO: Gillian Hays
Alaska Commission on
Postsecondary Education

DATE: January 13, 1995

FILE NO.:

TEL NO: 269-5200

SUBJECT: Transition provisions
regarding ch. 112, SLA 1994


FROM: Teresa Williams
Assistant Attorney General
Commercial Section -- Anchorage

I am writing to explain the necessity for the legislature to immediately adopt transition provisions regarding ch. 112, SLA 1994.

The current interest rate of 8% for Alaska Student Loans is repealed effective July 1, 1995, and the commission has the duty to set the interest rate for money disbursed after that time. Ch. 112, SLA 1994. Before the commission can enter into student loans for the summer and 1995-96 terms, it must set an interest rate. The commission attempted to begin that process in November, 1994. However, the Department of Law's Regulation Attorney has determined that, in the absence of transitional regulation authority, the commission cannot move forward to adopt regulations to establish the elements of the new interest rate until the new legislation becomes effective July 1, 1995.

Commission staff have advised me that loan packets are sent to students and schools in the spring of each year, and students sign promissory notes for student loans during that time for the following school year. However, this year, the students cannot be advised of the interest rate. Under the Federal Truth in Lending law, student loan programs are required to notify students of the interest rate at which they are borrowing money. Additionally, in making decisions about which loan programs to pursue, students need to know the cost of each.

This office has drafted the attached bill language to correct the problem. Section 1 gives the commission authority to immediately begin the adoption process for regulations that will give the commission authority to set the interest rate for money disbursed after July 1, 1995. The bill would allow the regulations to take effect as soon as that project could be completed under the APA, even if that date is before July 1, 1995. In order to meet the commission's schedule for printing and distribution of loan packets for loans disbursed after July 1, 1995, the regulations must be adopted as early as possible.

Gillian Hays
Alaska Commission on
Postsecondary Education

January 13, 1995
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Section 2 of the bill gives the commission standard transition regulatory authority to immediately begin the process to adopt regulations for other provisions of ch. 112, SLA 1994, relating to loan default procedures and consolidation of loans. Regulations adopted under section 2 may not take effect before July 1, 1995, when the enabling statute becomes effective.

I will be out of the country from January 15 - February 11 and April 1 - 20. If any questions arise during that time about this problem or other issues, please direct them to AAG Linda Kesterson or to AAG Linda O'Bannon, my supervisor.

TEW:mh

Attachment



Alaska State Legislature

House of Representatives

COMMITTEE ON HEALTH, EDUCATION
AND SOCIAL SERVICES

DATE: FEB 07, 1995

PLACE: Capitol Room 106

SUBJECT OF MEETING:
HB 135: STUDENT LOANS

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
Joe M ^c Cormick	ACPE					<input checked="" type="radio"/> Y	<input type="radio"/> N	HB 135
						<input type="radio"/> Y	<input type="radio"/> N	HB 135
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
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