

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 942

A bill to amend 1975 PA 222, entitled
"Higher education loan authority act,"
by amending sections 2 and 4 (MCL 390.1152 and 390.1154), section 2
as amended by 1987 PA 206 and section 4 as amended by 2007 PA 34,
and by adding section 8a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Authority" means the Michigan higher education student
3 loan authority created by section 3.

4 (b) "Bonds" means the bonds authorized to be issued by the
5 authority under this act, which may consist of bonds, notes, term
6 loans, commercial paper, or other debt obligations evidencing an
7 obligation to repay borrowed money and payable solely from revenues
8 and other money pledged by the authority.

1 (c) "Bond resolution" or "resolution", when used in relation
2 to the issuance of bonds, means either the resolution or trust
3 agreement securing the bonds.

4 (d) "Eligible institution" means ~~an~~ an institution of higher
5 education; a vocational school; or, with respect to students or
6 their parents who are citizens or nationals of the United States,
7 an institution outside the United States comparable to an
8 institution of higher education or to a vocational school ~~which~~
9 **THAT** is approved by the state board of education and by the United
10 States secretary of education for purposes of the guaranteed loan
11 program.

12 (e) "National of the United States" means a person who, though
13 not a citizen of the United States, owes permanent allegiance to
14 the United States, as ~~defined~~ **DESCRIBED** in section ~~101(a)(22)~~
15 **101 (A) (22) (B)** of the immigration and nationality act, 8 U.S.C. ~~USC~~
16 1101.

17 (f) "Obligations" or "borrower obligations" means loan notes
18 and other debt obligations evidencing loans to students or parents
19 of students ~~which~~ **THAT** the authority may take, acquire, buy, sell,
20 or indorse under this act and may include a direct or indirect
21 interest in whole or part of the notes or obligations.

22 (g) "Parent" means a biological or adoptive parent or legal
23 guardian.

24 (h) "Standard rating service" means a service recognized in
25 the investment profession ~~which~~ **THAT** evaluates and measures
26 securities investment and credit risk.

27 (i) "Student" means a person who is enrolled or accepted for

1 enrollment at an eligible institution and who is making suitable
2 progress in his or her education toward obtaining a degree or other
3 appropriate certification in accordance with standards acceptable
4 to the authority.

5 **(J) "TALENT INVESTMENT FUND" MEANS THE TALENT INVESTMENT FUND**
6 **AS DEFINED IN SECTION 8A.**

7 Sec. 4. The authority ~~shall have~~ **HAS** the powers necessary to
8 carry out and effectuate the purposes of this act, including, but
9 not limited to, the following powers:

10 (a) The power to sue and be sued; to have a seal and alter the
11 seal at pleasure; to have perpetual succession; to make, execute,
12 and deliver contracts, conveyances, bonds, and other instruments
13 necessary in the exercise of its powers; and to make and amend
14 bylaws.

15 (b) The power to accept gifts, grants, loans, and other aids
16 or amounts from a person, corporation, or governmental agency.

17 (c) The power to loan money to students and parents of
18 students for the purpose of assisting students in obtaining an
19 education beyond or in addition to obtaining a high school
20 education by attending an eligible institution, including
21 refinancing or consolidating borrower obligations previously
22 incurred by a student or parent of a student with other lending
23 sources for this purpose and participating in loans to students and
24 parents of students for this purpose with other lending sources.

25 (d) The power to enforce its rights under a contract or
26 agreement including the commencement of a court action.

27 (e) The power to acquire, hold, and dispose of real and

1 personal property necessary for the accomplishment of the purposes
2 of this act.

3 (f) The power to procure insurance against losses that may be
4 incurred in connection with its property, assets, activities, or
5 the exercise of the powers granted under this act.

6 (g) The power to borrow money and to issue its bonds and
7 provide for the rights of the holders of the bonds and to secure
8 the bonds by assignment, pledge, or granting a security interest in
9 its property including all or a part of a borrower obligation. ~~The~~
10 **THIS** state shall not be liable for the repayment of bonds issued by
11 the authority, the bonds issued by the authority shall not be a
12 debt of ~~the~~**THIS** state, and each bond shall contain on its face a
13 statement to this effect. The authority may, at its option,
14 authorize the issuance of bonds for the purposes described in
15 section 5 that are subject to federal income taxation,
16 notwithstanding any intergovernmental immunity from federal
17 taxation under the constitution of the United States for bonds of
18 the authority, but any waiver of intergovernmental immunity,
19 expressed or implied in this act, shall extend only to bonds
20 specifically authorized by the authority as bonds that are subject
21 to federal income taxation.

22 (h) The power to invest funds not required for immediate use
23 or disbursement in obligations of ~~the~~**THIS** state or the United
24 States, in obligations the principal and interest of which are
25 guaranteed by ~~the~~**THIS** state or the United States, in United States
26 government or federal agency obligation repurchase agreements, in
27 mutual funds and common trust funds composed of investment vehicles

1 that are legal for direct investment by the authority, in bankers'
2 acceptances of United States banks, in certificates of deposit,
3 savings accounts, deposit accounts, or depository receipts of a
4 bank that is a member of the federal deposit insurance corporation
5 or a savings and loan association that is a member of the federal
6 savings and loan insurance corporation or a credit union that is
7 insured by the national credit union administration, or up to 50%
8 of the funds in commercial paper rated at the time of purchase
9 within the 3 highest rating classifications established by not less
10 than 2 standard rating services and that matures not more than 270
11 days after the date of purchase.

12 (i) Subject to a contract with the holders of its bonds, an
13 applicable bond resolution, or a contract with the recipient of a
14 loan, when the authority considers it necessary or desirable, the
15 power to consent to the modification, with respect to security,
16 rate of interest, time of payment of interest or principal, or
17 other term of a bond contract or agreement between the authority
18 and a recipient of a loan, bondholder, or agency or institution
19 guaranteeing the repayment of a borrower obligation.

20 (j) The power to engage the services of private consultants to
21 render professional and technical assistance and advice in carrying
22 out the purposes of this act.

23 (k) The power to appoint officers, agents, and employees,
24 describe their duties, and fix their compensation subject to rules
25 promulgated by the ~~department of~~ civil service **COMMISSION**.

26 (l) The power to solicit grants and contributions from a
27 government, or an agency of government, or from the public, and, at

1 its discretion, to arrange for the guaranteeing of the repayment of
2 borrower obligations by other agencies of ~~the~~**THIS** state or
3 agencies of the United States.

4 (m) The power to promulgate rules consistent with this act and
5 necessary to carry out the purpose of this act pursuant to the
6 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
7 24.328.

8 (n) The power to collect fees and charges in connection with
9 its loans, commitments, and servicing, including reimbursement of
10 the costs of financing by the authority, service charges, and
11 insurance premiums the authority determines are reasonable and as
12 approved by the authority.

13 (o) The power to sell borrower obligations held by the
14 authority for a price and at a time and pursuant to other terms,
15 including undertakings or options to repurchase borrower
16 obligations, as the authority may determine, if the sale will not
17 impair the rights or interests of holders of bonds issued by the
18 authority.

19 (p) The power to participate in federal programs supporting
20 loans to eligible students and parents of students, and to agree to
21 and comply with the conditions of those programs.

22 (q) The power to purchase or otherwise acquire notes or debt
23 obligations evidencing loans to students or parents of students.

24 (r) The power to purchase, sell, or exchange borrower
25 obligations securing a series of bonds of the authority with, or
26 for the proceeds of, or the borrower obligations securing a
27 separate series of bonds of the authority, but only to the extent

1 permitted by the respective bond resolutions for the affected
2 series of bonds.

3 (s) The power to grant and pay money to the Michigan higher
4 education assistance authority established by 1960 PA 77, MCL
5 390.951 to 390.961, for its loan guaranty fund whenever the
6 authority determines the grant and payment is necessary or
7 beneficial in order to effectuate and carry out the powers, duties,
8 and functions of the authority under this act.

9 (t) The power to enter into contracts with other authorities,
10 governmental agencies, private persons, firms, or corporations in
11 connection with any transaction relating to any indebtedness
12 incurred by the authority in the providing of funds for the
13 achievement of its purposes under this act.

14 (u) The power to competitively contract for services including
15 consulting services as needed to carry out the purposes of this
16 act.

17 (v) In the state fiscal year ending September 30, 2007, the
18 power to grant and pay money to the Michigan merit award trust fund
19 established by section 9 of the Michigan trust fund act, 2000 PA
20 489, MCL 12.259, to provide funding only for 1 or more of the
21 following:

22 (i) State competitive scholarships under 1964 PA 208, MCL
23 390.971 to 390.981.

24 (ii) Tuition grants under 1966 PA 313, MCL 390.991 to
25 390.997a.

26 (iii) The Michigan work-study program established in 1986 PA
27 288, MCL 390.1371 to 390.1382.

1 (iv) The Michigan work-study program established in 1986 PA
2 303, MCL 390.1321 to 390.1332.

3 ~~(v) The tuition incentive program described in section 310 of~~
4 ~~2006 PA 340.~~

5 ~~(vi) Michigan merit award scholarships under the Michigan~~
6 ~~merit award scholarship act, 1999 PA 94, MCL 390.1451 to 390.1459.~~

7 (v) ~~(vii)~~ The Michigan nursing scholarship program established
8 in the Michigan nursing scholarship act, 2002 PA 591, MCL 390.1181
9 to 390.1189.

10 (W) IN THE STATE FISCAL YEAR ENDING SEPTEMBER 30, 2019, THE
11 POWER TO GRANT AND PAY MONEY TO THE TALENT INVESTMENT FUND
12 ESTABLISHED UNDER SECTION 8A, TO PROVIDE \$100,000,000.00 TO THE
13 TALENT INVESTMENT FUND.

14 SEC. 8A. (1) THE TALENT INVESTMENT FUND IS CREATED WITHIN THE
15 STATE TREASURY.

16 (2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM
17 ANY SOURCE FOR DEPOSIT INTO THE TALENT INVESTMENT FUND. THE STATE
18 TREASURER SHALL DIRECT THE INVESTMENT OF THE TALENT INVESTMENT FUND
19 IN ACCORDANCE WITH SECTION 4(H). THE STATE TREASURER SHALL CREDIT
20 TO THE TALENT INVESTMENT FUND INTEREST AND EARNINGS FROM TALENT
21 INVESTMENT FUND INVESTMENTS.

22 (3) MONEY IN THE TALENT INVESTMENT FUND AT THE CLOSE OF THE
23 FISCAL YEAR SHALL REMAIN IN THE TALENT INVESTMENT FUND AND SHALL
24 NOT LAPSE TO THE GENERAL FUND.

25 (4) THE DEPARTMENT OF TREASURY MAY BE THE ADMINISTRATOR OF THE
26 TALENT INVESTMENT FUND FOR AUDITING PURPOSES.

27 (5) THE DEPARTMENT OF TREASURY SHALL EXPEND MONEY FROM THE

1 FUND, UPON APPROPRIATION, ONLY FOR THE PURPOSE OF ENHANCING THE
2 ECONOMIC TALENT OF MICHIGAN RESIDENTS, INCREASING ACCESS TO
3 ACADEMIC AND TECHNICAL CREDENTIALS OR CERTIFICATIONS, IMPROVING
4 EDUCATIONAL OPPORTUNITIES, OR OTHER PURPOSES AS PROVIDED BY LAW.