

# SENATE BILL No. 942

April 12, 2018, Introduced by Senator HANSEN and referred to the Committee on Appropriations.

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.

9       (c) "Bond resolution" or "resolution", when used in relation

1 to the issuance of bonds, means either the resolution or trust  
2 agreement securing the bonds.

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

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

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

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

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

26 (i) "Student" means a person who is enrolled or accepted for  
27 enrollment at an eligible institution and who is making suitable

1 progress in his or her education toward obtaining a degree or other  
2 appropriate certification in accordance with standards acceptable  
3 to the authority.

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

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

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

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

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

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

26 (e) The power to acquire, hold, and dispose of real and  
27 personal property necessary for the accomplishment of the purposes

1 of this act.

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

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

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

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

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

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

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

25 (l) The power to solicit grants and contributions from a  
26 government, or an agency of government, or from the public, and, at  
27 its discretion, to arrange for the guaranteeing of the repayment of

1 borrower obligations by other agencies of ~~the~~**THIS** state or  
2 agencies of the United States.

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

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

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

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

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

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

1 series of bonds.

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

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

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

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

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

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

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

27 (iv) The Michigan work-study program established in 1986 PA

1 303, MCL 390.1321 to 390.1332.

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

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

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

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

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

15 (2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM  
16 ANY SOURCE FOR DEPOSIT INTO THE TALENT INVESTMENT FUND. THE STATE  
17 TREASURER SHALL DIRECT THE INVESTMENT OF THE TALENT INVESTMENT  
18 FUND. THE STATE TREASURER SHALL CREDIT TO THE TALENT INVESTMENT  
19 FUND INTEREST AND EARNINGS FROM TALENT INVESTMENT FUND INVESTMENTS.

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

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

25 (5) THE DEPARTMENT OF TREASURY SHALL EXPEND MONEY FROM THE  
26 FUND, UPON APPROPRIATION, ONLY FOR THE PURPOSE OF ENHANCING THE  
27 ECONOMIC TALENT OF MICHIGAN RESIDENTS, INCREASING ACCESS TO



- 1 ACADEMIC AND TECHNICAL CREDENTIALS OR CERTIFICATIONS, IMPROVING
- 2 EDUCATIONAL OPPORTUNITIES, OR OTHER PURPOSES AS PROVIDED BY LAW.