

Act No. 228
Public Acts of 2018
Approved by the Governor
June 26, 2018
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June 27, 2018
EFFECTIVE DATE: June 27, 2018

**STATE OF MICHIGAN
99TH LEGISLATURE
REGULAR SESSION OF 2018**

Introduced by Senators Hansen and Bieda

ENROLLED SENATE BILL No. 942

AN ACT to amend 1975 PA 222, entitled “An act to establish the Michigan higher education student loan authority for the purpose of providing loans to eligible students and to parents of students; to prescribe its powers and duties; to authorize the authority to borrow money and issue bonds which are subject to or exempt from federal income taxation and to provide for the disposition of those funds; to exempt the bonds from taxation; to authorize the authority to acquire loans made to eligible students or to parents of students; and to authorize persons, corporations, and associations to make gifts to the authority,” 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:

Sec. 2. As used in this act:

- (a) “Authority” means the Michigan higher education student loan authority created by section 3.
- (b) “Bonds” means the bonds authorized to be issued by the authority under this act, which may consist of bonds, notes, term loans, commercial paper, or other debt obligations evidencing an obligation to repay borrowed money and payable solely from revenues and other money pledged by the authority.
- (c) “Bond resolution” or “resolution”, when used in relation to the issuance of bonds, means either the resolution or trust agreement securing the bonds.
- (d) “Eligible institution” means an institution of higher education; a vocational school; or, with respect to students or their parents who are citizens or nationals of the United States, an institution outside the United States comparable to an institution of higher education or to a vocational school that is approved by the state board of education and by the United States secretary of education for purposes of the guaranteed loan program.
- (e) “National of the United States” means a person who, though not a citizen of the United States, owes permanent allegiance to the United States, as described in section 101(a)(22)(B) of the immigration and nationality act, 8 USC 1101.
- (f) “Obligations” or “borrower obligations” means loan notes and other debt obligations evidencing loans to students or parents of students that the authority may take, acquire, buy, sell, or indorse under this act and may include a direct or indirect interest in whole or part of the notes or obligations.
- (g) “Parent” means a biological or adoptive parent or legal guardian.
- (h) “Standard rating service” means a service recognized in the investment profession that evaluates and measures securities investment and credit risk.
- (i) “Student” means a person who is enrolled or accepted for enrollment at an eligible institution and who is making suitable progress in his or her education toward obtaining a degree or other appropriate certification in accordance with standards acceptable to the authority.
- (j) “Talent investment fund” means the talent investment fund as defined in section 8a.

Sec. 4. The authority has the powers necessary to carry out and effectuate the purposes of this act, including, but not limited to, the following powers:

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

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

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

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

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

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

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

(h) The power to invest funds not required for immediate use or disbursement in obligations of this state or the United States, in obligations the principal and interest of which are guaranteed by this state or the United States, in United States government or federal agency obligation repurchase agreements, in mutual funds and common trust funds composed of investment vehicles that are legal for direct investment by the authority, in bankers' acceptances of United States banks, in certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank that is a member of the federal deposit insurance corporation or a savings and loan association that is a member of the federal savings and loan insurance corporation or a credit union that is insured by the national credit union administration, or up to 50% of the funds in commercial paper rated at the time of purchase within the 3 highest rating classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.

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

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

(k) The power to appoint officers, agents, and employees, describe their duties, and fix their compensation subject to rules promulgated by the civil service commission.

(l) The power to solicit grants and contributions from a government, or an agency of government, or from the public, and, at its discretion, to arrange for the guaranteeing of the repayment of borrower obligations by other agencies of this state or agencies of the United States.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(w) In the state fiscal year ending September 30, 2018, the power to grant and pay money to the talent investment fund established under section 8a, to provide \$100,000,000.00 to the talent investment fund.

Sec. 8a. (1) The talent investment fund is created within the state treasury.

(2) The state treasurer may receive money or other assets from any source for deposit into the talent investment fund. The state treasurer shall direct the investment of the talent investment fund in accordance with section 4(h). The state treasurer shall credit to the talent investment fund interest and earnings from talent investment fund investments.

(3) Money in the talent investment fund at the close of the fiscal year shall remain in the talent investment fund and shall not lapse to the general fund.

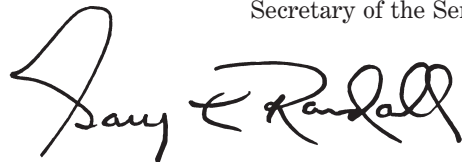
(4) The department of treasury may be the administrator of the talent investment fund for auditing purposes.

(5) The department of treasury shall expend money from the fund, upon appropriation, only for the purpose of enhancing the economic talent of Michigan residents, increasing access to academic and technical credentials or certifications, improving educational opportunities, or other purposes as provided by law.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved.....

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Governor