



GOV. MSG. NO. 1120

April 27, 2011

The Honorable Shan Tsutsui, President
and Members of the Senate
Twenty-Sixth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

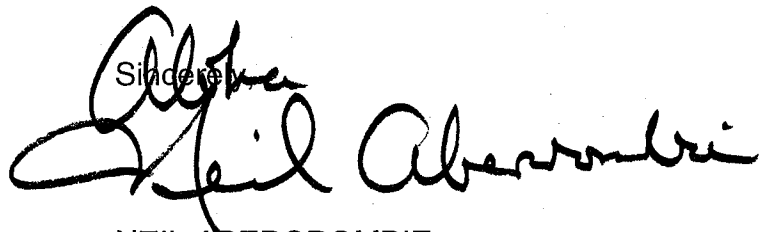
The Honorable Calvin Say, Speaker
and Members of the House
Twenty-Sixth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Tsutsui, Speaker Say and Members of the Legislature:

This is to inform you that on April 27, 2011, the following bill was signed into law:

SB675 SD1

RELATING TO STUDENT LOAN FUNDS
ACT 020 (11)

Sincerely,


NEIL ABERCROMBIE
Governor, State of Hawaii

A BILL FOR AN ACT

RELATING TO STUDENT LOAN FUNDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Secondary Market
2 Services Corp. – Hawaii was formed as a Hawaii not-for-profit
3 corporation in 1992 pursuant to section 309-1.5, Hawaii Revised
4 Statutes, to provide liquidity to banks participating in the
5 Federal Family Education Loan Program as a secondary market
6 student loan purchaser in Hawaii. As of June 30, 2010, the
7 federal Health Care and Education Reconciliation Act of 2010
8 (Public Law 111-152) terminated new student loan originations by
9 private entities under the Federal Family Education Loan
10 Program. Instead, the federal government will originate all
11 federally guaranteed student loans under the Federal Direct Loan
12 Program. Therefore, Secondary Market Services Corp. – Hawaii's
13 original purpose under section 309-1.5, Hawaii Revised Statutes,
14 has expired, and the repeal of this section will permit
15 Secondary Market Services Corp. – Hawaii to continue to serve
16 the people of Hawaii in other educational and charitable
17 activities authorized for tax-exempt organizations under section
18 501(c)(3) of the Internal Revenue Code.



1 The purpose of this Act is to repeal section 309-1.5,
2 Hawaii Revised Statutes, which establishes a not-for-profit
3 corporation to acquire certain educational loan notes.

4 SECTION 2. Section 309-1.5, Hawaii Revised Statutes, is
5 repealed.

6 ~~["§309-1.5 Authorization of corporation to acquire~~
7 ~~educational loan notes. The governor is authorized to request~~
8 ~~the organization of a private not for profit corporation to be~~
9 ~~affiliated with United Student Aid Funds, Inc., which~~
10 ~~corporation shall be established and operated exclusively for~~
11 ~~the purpose of acquiring student loan notes under the federal~~
12 ~~Higher Education Act of 1965, as amended. The governor is~~
13 ~~authorized to request that United Student Aid Funds organize a~~
14 ~~single private not for profit corporation known as the Secondary~~
15 ~~Market Services Corp. Hawaii to be established and operated~~
16 ~~exclusively for the purpose of acquiring student loan notes~~
17 ~~under the federal Higher Education Act of 1965, as amended. The~~
18 ~~corporation:~~

19 (1) ~~Shall be a not for profit corporation organized under~~
20 ~~the laws of the State and authorized to do business~~
21 ~~within the State and shall be the only not for profit~~



1 ~~corporation organized within the State requested to~~
2 ~~conduct a program of acquiring student loan notes,~~
3 ~~(2) Shall be required by its articles of incorporation and~~
4 ~~bylaws to devote any income (after payment of~~
5 ~~expenses, debt service, and the creation of reserves~~
6 ~~for the same) to the purchase of additional student~~
7 ~~loan notes or to pay over any income to the United~~
8 ~~States; and~~
9 ~~(3) Is authorized to issue obligations pursuant to section~~
10 ~~103 of the Internal Revenue Code of 1986, as amended.~~
11 ~~Those obligations shall be payable solely from the~~
12 ~~revenues and assets of the corporation pledged thereto~~
13 ~~and shall not constitute a general, limited, or moral~~
14 ~~obligation of the State, or any department, agency, or~~
15 ~~political subdivision thereof under any~~
16 ~~constitutional, statutory, or other provision.~~
17 ~~Neither the full faith and credit of the State nor~~
18 ~~that of any department, agency, or political~~
19 ~~subdivision thereof shall be pledged to the payment of~~
20 ~~the principal of, or interest on, those obligations~~
21 ~~and those obligations shall so state on their face.~~
22 ~~Bonds, notes, and other obligations of the corporation~~



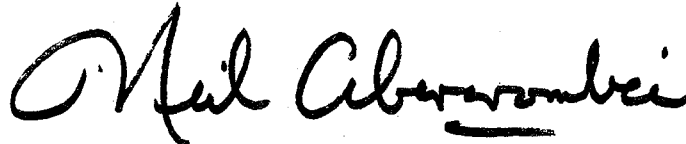
1 ~~are declared to be issued for a public purpose and to~~
2 ~~be public instrumentalities and, together with the~~
3 ~~income therefrom, shall be exempt from all state,~~
4 ~~county, and municipal taxation, except inheritance,~~
5 ~~transfer, and estate taxes."]~~

6 SECTION 3. Statutory material to be repealed is bracketed
7 and stricken.

8 SECTION 4. This Act shall take effect upon its approval.

9

APPROVED this 27 day of APR, 2011



GOVERNOR OF THE STATE OF HAWAII