

JAN 21 2011

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 the section will permit Secondary
15 Market Services Corp. -- Hawaii to continue to serve the people
16 of Hawaii in other educational and charitable activities
17 authorized for tax-exempt organizations under section 501(c)(3)
18 of the Internal Revenue Code.



1 The purpose of this Act is to repeal section 309-1.5,
2 Hawaii Revised Statutes, relating to the authorization to
3 establish a corporation to acquire 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5 repealed.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 ~~These 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~~



Report Title:

Student Loan Funds; Secondary Market Services Corp. -- Hawaii

Description:

Repeals state authorization to allow a private not-for-profit corporation to acquire student loan notes.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

