

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 655
93RD GENERAL ASSEMBLY

Reported from the Committee on Education, March 9, 2006, with recommendation that the Senate Committee Substitute do pass and be placed on the Consent Calendar.

3404S.05C

TERRY L. SPIELER, Secretary.

AN ACT

To repeal sections 173.355 and 173.385, RSMo, and to enact in lieu thereof two new sections relating to the authorization of the Missouri higher education loan authority to originate certain types of student loans.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 173.355 and 173.385, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 173.355 and 173.385, to read as follows:

173.355. As used in sections 173.350 to 173.450, the following terms mean:

- (1) "Authority", the Missouri higher education loan authority;
- (2) "Board", the Missouri coordinating board for higher education;
- (3) "Bond resolution", any indenture, resolution or other financing document pursuant to which revenue bonds, notes or other forms of indebtedness of the authority are issued or secured;
- (4) "Commissioner", the Missouri commissioner of higher education;
- (5) "Department", the Missouri department of higher education;
- (6) "**Primary and** secondary education loans", loans or notes originated by banks, other financial institutions, **primary and** secondary education institutions or the authority, the proceeds of which are to be used to pay tuition for students enrolling [for either junior or senior year at a secondary school which is] **in courses** accredited in accordance with applicable state law **and remedial, developmental, or test preparation courses**. [Such loans shall be available only to the parents or guardians of those students who undertake courses of

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

17 instruction for which postsecondary school course credit may be awarded.] Loan
18 proceeds will not be available for any **primary or** secondary school instruction
19 which is sectarian in nature.

173.385. The authority shall have the following powers, together with all
2 powers incidental thereto or necessary for the performance thereof:

3 (1) To have perpetual succession as a body politic and corporate;

4 (2) To adopt bylaws for the regulation of its affairs and the conduct of its
5 business;

6 (3) To sue and be sued and to prosecute and defend, at law or in equity,
7 in any court having jurisdiction of the subject matter and of the parties;

8 (4) To have and to use a corporate seal and to alter the same at pleasure;

9 (5) To maintain an office at such place or places in the state of Missouri
10 as it may designate;

11 (6) To issue bonds or other forms of indebtedness to obtain funds to
12 purchase **or finance:** student loan notes or [finance] student loans[, or both],
13 including those which are guaranteed under the provisions of sections 173.095 to
14 173.187, or under the provisions of the federal Higher Education Act of 1965, as
15 amended[.]; **primary** or secondary education loans[, or]; scholarships which have
16 been converted to loans under the Missouri teacher education scholarship
17 program provided for in sections 160.276 to 160.283, RSMo; **or services or**
18 **entities described in subdivisions (10) or (18) of this section.** Such bonds
19 or other forms of indebtedness shall be payable from and secured by a pledge of
20 revenues derived from or by reason of the ownership of student loan notes or
21 financing of student loans, or both, [and] **income from the performance of**
22 **services or entities described in subdivisions (10) or (18) of this section,**
23 **or** investment income, or shall be payable from and secured as may be designated
24 in a bond resolution authorized by the authority. Such bonds or other forms of
25 indebtedness shall not constitute a debt or liability of the state of Missouri or of
26 any political subdivision thereof;

27 (7) To cause proceeds of any bond or any other form of indebtedness to be
28 used to purchase **or finance** student loan notes or [finance] student loans, [or
29 both,] including those which are guaranteed under section 173.110, or guaranteed
30 under the federal Higher Education Act of 1965, as amended[.]; **primary** or
31 secondary education loans, or scholarships which have been converted to loans
32 under the Missouri teacher education scholarship program provided for in sections
33 160.276 to 160.283, RSMo; **or services or entities described in subdivisions**
34 **(10) or (18) of this section;**

35 (8) To sell or enter into agreements to sell student loan notes acquired
36 pursuant to subdivision (7) of this section, and any agreement to sell student loan
37 notes guaranteed under section 173.110 shall be subject to prior approval of the
38 department. Such agreements to sell student loan notes shall be limited only by
39 the terms of the bond resolution authorizing the issue of the bonds or other forms
40 of indebtedness, but shall not be limited by any other provision of law limiting the
41 sale of such student loan notes;

42 (9) To accept appropriations, gifts, grants, bequests, and devises and to
43 utilize or dispose of the same to carry out its purpose;

44 (10) To make **and fund, in whole or in part, any corporate entity or**
45 **program to implement the authority's powers and purposes** and execute
46 contracts, releases, compromises, and other instruments necessary or convenient
47 for the exercise of its powers, or to carry out its purpose;

48 (11) To collect reasonable fees and charges in connection with making and
49 servicing its loans, notes, bonds, obligations, commitments, and other evidences
50 of indebtedness, and in connection with providing technical, consultative and
51 project assistant services. Such fees and charges shall be used to pay the costs
52 of the authority;

53 (12) To invest any funds not required for immediate disbursement in
54 obligations of the state of Missouri or of the United States government or any
55 instrumentality thereof, the principal and interest of which are guaranteed by the
56 state of Missouri, or the United States government or any instrumentality
57 thereof, or certificates of deposit or time deposits of federally insured banks, or
58 federally insured savings and loan associations or of insured credit unions, or,
59 with respect to moneys pledged or held under a trust estate or otherwise available
60 for the owners of bonds or other forms of indebtedness, any investment authorized
61 under the bond resolution governing the security and payment of such obligations
62 or repurchase agreements for the specified investments;

63 (13) To acquire, hold and dispose of personal property for its purposes;

64 (14) To enter into agreements or other transactions with any federal or
65 state agency, any person and any domestic or foreign partnership, corporation,
66 association or organization;

67 (15) To take any necessary actions to be qualified to issue tax-exempt
68 bonds or other forms of tax-exempt indebtedness pursuant to the applicable
69 provisions of the Internal Revenue Code of 1986, as amended;

70 (16) To take any necessary actions to be qualified to issue bonds or other
71 forms of indebtedness, the interest on which is not exempt from federal income

72 taxation;

73 (17) To service student loans, **including but not limited to, primary**
74 **and secondary education loans, including but not limited to, loans for**
75 **remedial, developmental, or test preparation courses**, for any owner
76 thereof, regardless of whether such student loans are originated in this state or
77 out of this state;

78 (18) To create, acquire, contribute to, or invest in any type of
79 **research, or financial aid program, including but not limited to, student**
80 **loans, grants, and scholarships, or other services, or entities that**
81 **provide such services, to improve students' access to or completion of a**
82 **higher education degree or certificate.**

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Bill

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