

SB278 INTRODUCED



1 1FKNLL-1
2 By Senators Waggoner, Smitherman
3 RFD: Finance and Taxation Education
4 First Read: 02-May-23
5
6 2023 Regular Session



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SYNOPSIS:

This bill would create the Distressed Institutions of Higher Education Revolving Loan Program to be administered by the State Treasurer for the purpose of providing loans to eligible higher education institutions who are experiencing financial hardship.

A BILL
TO BE ENTITLED
AN ACT

Relating to education; to create the Distressed Institutions of Higher Education Revolving Loan Program to be administered by the State Treasurer; to define "eligible institutions"; to authorize the State Treasurer to establish terms and conditions of loans; to require reporting of contract terms and on the operation of the program; to establish the Distressed Institutions of Higher Education Loan Program Fund in the State Treasury to receive appropriations from the Legislature for funding loans and loan repayments; and to provide for recovery of amounts due.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. There is created the Distressed Institutions of Higher Education Revolving Loan Program to be administered



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29 by the State Treasurer.

30 Section 2. (a) The term "eligible institution" as used
31 in this section shall mean any public or private college or
32 university in Alabama that meets all of the following
33 criteria:

34 (1) Has been operating for more than 50 years in
35 Alabama.

36 (2) Has a significant impact on the community in which
37 it is located.

38 (3) Is experiencing financial hardship which could lead
39 to closure of the institution.

40 (4) Whose governing body has adopted a resolution
41 authorizing the application for a loan from this program to
42 maintain operations as it replenishes its endowment through
43 private gifts.

44 (5) Has assets sufficient to pledge as collateral.

45 (b) An eligible institution seeking a loan from this
46 program shall make application on forms prescribed by the
47 State Treasurer. The institution shall certify that it meets
48 all criteria provided by this section.

49 (c) The State Treasurer shall review all applications
50 for loans and shall make a careful and thorough investigation
51 of the ability of each applicant to repay a loan under the
52 program. Any institution applying for a loan shall provide any
53 information requested by the State Treasurer relevant to the
54 determination of ability to repay.

55 (d) The State Treasure is authorized to establish the
56 terms and conditions of any loan made pursuant to this



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57 program, including: the amount of private funds committed
58 prior to loan funds being drawn; the rate of interest, if any;
59 the timing and amounts and timing of disbursements; the terms
60 of repayment; and any necessary collateral.

61 (e) The State Treasurer may, in his or her judgment,
62 award a loan to any eligible institution that meets the
63 requirements provided in this section and shall be responsible
64 for the administration of the loan, subject to the provisions
65 of this section.

66 (f) As a condition of approval by the State Treasurer
67 of a loan under the program, each applicant shall enter into a
68 written contract with the State Treasurer. Breach of contract
69 by the recipient shall make the recipient immediately liable
70 for the unpaid balance of the loan.

71 (g) The State Treasurer shall forward copies of
72 executed loan contracts to the Chairs of the Senate Finance
73 and Taxation-Education Committee and the House Ways and
74 Means-Education Committee, the Finance Director, and
75 Legislative Fiscal Officer.

76 Section 3. Annually, on or before the first day of
77 December, the State Treasurer shall file a report regarding
78 the operation of the program, including all loans issued and
79 the status of any repayments, to the Governor, Lieutenant
80 Governor, Speaker of the House of Representatives, President
81 Pro Tempore of the Senate, the Chairs of the House and Senate
82 Health Committees, the Chairs of the Senate Committee on
83 Finance and Taxation-Education and the House Ways and
84 Means-Education Committee, the Legislative Fiscal Officer, and



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85 the Finance Director.

86 Section 4. The "Distressed Institutions of Higher
87 Education Loan Program Fund" is created in the State Treasury
88 to receive appropriations from the Legislature for the funding
89 of loans and to be administered by the State Treasurer, as
90 provide by this section. Proceeds from loan repayments shall
91 be deposited into this fund and may be used in the same manner
92 as any other funds provided for this program. Any monies
93 remaining in the fund at the end of a fiscal year shall not
94 revert but shall remain in the fund and are reappropriated for
95 the purposes authorized by this section.

96 Section 5. The Attorney General of Alabama, upon
97 request of the State Treasurer, shall institute proceedings in
98 the name of the state for the purpose of recovering any amount
99 due the state under the provisions of this section. All
100 proceedings involving default or dispute of the contract shall
101 be brought in the appropriate court of jurisdiction in
102 Montgomery County, Alabama.

103 Section 6. This act shall become effective immediately
104 upon its passage and approval by the Governor, or its
105 otherwise becoming law.