

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 59th Legislature (2024)

4 HOUSE BILL 3459

By: Moore of the House

5 and

6 **Rader** of the Senate

7
8 AS INTRODUCED

9 An Act relating to the Oklahoma Student Loan Act;
10 amending 70 O.S. 2021, Section 695.2, which relates
to definitions; modifying definition; amending 70
11 O.S. 2021, Section 695.3, which relates to the
authority of Governor and issuance of bonds;
12 modifying requirements; amending 70 O.S. 2021,
Section 695.5, which relates to the Student Loan
Fund; authorizing use of funds for provision of
13 loans; amending 70 O.S. 2021, Section 695.6, which
relates to payments of loan money; modifying
14 requirement; amending 70 O.S. 2021, Section 695.7,
which relates to procedures of the Student Loan
15 Authority; modifying procedures; amending 70 O.S.
2021, Section 695.17, which relates to the authority
16 to make loans from the Student Loan Fund; modifying
to whom loans may be made; amending 70 O.S. 2021,
17 Section 695.18, which relates to supplemental loan
program for qualified students; modifying definition
18 of qualified person; modifying due diligence to
collect; modifying when interest shall be paid on
19 loans; and providing an effective date.

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21 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

22 SECTION 1. AMENDATORY 70 O.S. 2021, Section 695.2, is
23 amended to read as follows:

24 Section 695.2 As used in the Oklahoma Student Loan Act:

1 1. "Authority" means the Oklahoma Student Loan Authority;

2 2. "Participating institution" means any educational
3 institution, public or private, including junior colleges and
4 vocational-technical schools, which qualifies as an eligible
5 institution for the federal insured loan program under the Federal
6 Higher Education Act of 1965, as amended, and participating in
7 student loan programs under the Oklahoma Student Loan Act;

8 3. "Qualified person" means a person who is eligible for a
9 student loan ~~insured by the United States~~ under the Oklahoma Student
10 Loan Act; and

11 4. "Bond" or "Bonds" means revenue bonds and notes issued by
12 the Authority.

13 SECTION 2. AMENDATORY 70 O.S. 2021, Section 695.3, is
14 amended to read as follows:

15 Section 695.3 The Governor is hereby authorized to accept
16 beneficial interest on behalf of the State of Oklahoma in an express
17 trust which shall be an agency of the state for the specific object
18 and purpose of providing student loan funds pursuant to requirements
19 of any appropriate federal agency to qualified persons as provided
20 herein. Said state trust shall be entitled the Oklahoma Student
21 Loan Authority. The Authority shall be created in accordance with
22 the provisions of Section 176 et seq. of Title 60 of the Oklahoma
23 Statutes. It shall issue bonds or other obligations from time to
24 time for and on behalf of the State of Oklahoma as such funds are

1 needed to underwrite loans ~~insured by the United States~~ to qualified
2 persons at participating institutions as provided herein. Bonds
3 issued by the Authority, or interest thereon, shall be paid through
4 funds received by the Authority as provided in Section 695.7 of this
5 title.

6 All bonds issued under the Oklahoma Student Loan Act are legal
7 and authorized investments for banks, savings banks, trust
8 companies, savings and loan associations, insurance companies,
9 credit unions, fiduciaries, trustees and guardians, and for the
10 State of Oklahoma and any of its political subdivisions,
11 departments, institutions and agencies. When accompanied by all
12 unmatured coupons appurtenant thereto, the bonds are sufficient
13 security for all deposits of state funds and of all funds of any
14 board in control at the par value of the bond. The bonds and the
15 income therefrom are free from taxation within this state.

16 SECTION 3. AMENDATORY 70 O.S. 2021, Section 695.5, is
17 amended to read as follows:

18 Section 695.5 There shall be created in the Authority the
19 "Student Loan Fund". The Authority may use the Student Loan Fund to
20 purchase loans insured by the United States made to qualified
21 persons at participating institutions, provide loans under the
22 Oklahoma Student Loan Act, and such other expenses as may be
23 appropriate in connection herewith.

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1 SECTION 4. AMENDATORY 70 O.S. 2021, Section 695.6, is
2 amended to read as follows:

3 Section 695.6 The amount of any loan to a qualified person
4 shall be determined according to regulations promulgated by the
5 Student Loan Authority. No payment shall be made to any qualified
6 person until he has executed a note, ~~insured by the United States~~
7 ~~and~~ payable to a fund which shall be created to be known as the
8 "Student Loan Sinking Fund", for the full amount of the loan and
9 interest thereon. For the purpose of the Oklahoma Student Loan Act,
10 Section 695.1 et seq. of this title, a qualified person has the
11 capacity to contract and is bound by any contract executed by him;
12 the defense that he was a minor at the time he executed a note is
13 not available to him in any action arising on his note. Payments to
14 qualified persons executing notes may be made annually,
15 semiannually, or for each semester as determined by the Authority.
16 The rate of interest charged the student shall ~~not exceed the~~
17 ~~maximum authorized by federal regulations~~ be determined by the
18 Student Loan Authority. Disbursements may be made to a
19 participating institution pursuant to a contract between the
20 Authority and the participating institution executed under the
21 Oklahoma Student Loan Act.

22 SECTION 5. AMENDATORY 70 O.S. 2021, Section 695.7, is
23 amended to read as follows:

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1 Section 695.7 A. ~~The Authority shall accumulate individual~~
2 ~~loan applications from the several participating institutions and~~
3 ~~shall submit these applications to the appropriate federally~~
4 ~~approved guarantor for approval and insurance.~~ The Authority may
5 fix deadlines for the receipt of applications relative to each
6 academic term.

7 B. The Authority may disburse to each of the participating
8 institutions funds sufficient only to enable payments to those
9 participating students whose loans have been approved ~~and insured.~~
10 Any funds not so disbursed shall be returned to the Authority by the
11 participating institution. The Authority may also disburse loan
12 funds directly to participating students and through institutional
13 officials.

14 C. The Authority shall collect interest payments and interest
15 subsidies paid on behalf of the qualified person by the United
16 States and shall also collect all interest and principal payments
17 made by the student under the terms of his obligation to the Student
18 Loan Fund. When any person who has received a loan fails to make
19 payments due in accordance with an executed note, the Authority may
20 declare the full amount of remaining principal and interest due and
21 payable immediately. In the event of default of payment, the
22 Authority shall undertake collection and, in the event of failure to
23 collect on a guaranteed loan after such reasonable efforts as are
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1 prescribed by federal regulations, shall file a claim for payment
2 under the terms of the federal insurance.

3 D. ~~The Authority is authorized to designate the president of~~
4 ~~each participating institution, or an official of the institution~~
5 ~~designated by the president, as a representative for the purpose of~~
6 ~~facilitating and processing loan applications, disbursement and~~
7 ~~delivery of loan funds to participating students and the receipt of~~
8 ~~executed notes and payments thereon by participating students.~~ The
9 Authority may promulgate such rules and regulations as shall be
10 deemed necessary and proper to carry out the duties imposed upon the
11 Authority and any institutional representative under the provisions
12 of the Oklahoma Student Loan Act.

13 SECTION 6. AMENDATORY 70 O.S. 2021, Section 695.17, is
14 amended to read as follows:

15 Section 695.17 The Oklahoma Student Loan Authority and the
16 Oklahoma State Regents for Higher Education functioning as the
17 fiscal agent for the Authority in the administration of the Oklahoma
18 Student Loan Act (Chapter 125, Oklahoma Session Laws 1972; 70 O.S.
19 Supp. 1975, Sections 695.1 to 695.16) shall have authority to make
20 loans to qualified ~~students~~ persons under provisions of ~~said act if~~
21 ~~the loans are insured or coinsured by the United States under either~~
22 ~~Title IV-A or Title IV-B of the Higher Education Act of 1965, as~~
23 ~~amended~~ the Oklahoma Student Loan Act.

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1 SECTION 7. AMENDATORY 70 O.S. 2021, Section 695.18, is
2 amended to read as follows:

3 Section 695.18 The Oklahoma Student Loan Authority shall
4 establish and operate a supplemental loan program for qualified
5 students who are not eligible for loans under the federally insured
6 student loan program, pursuant to the following:

7 A. "Qualified ~~students~~ person" shall be those students enrolled
8 in ~~collegiate education~~ a participating institution or a biological
9 or adoptive parent of such student who ~~have completed federal needs~~
10 ~~analysis and require additional financial assistance as certified by~~
11 ~~the institution of enrollment but are ineligible for a Guaranteed~~
12 ~~Student Loan sufficient to meet that need, provided that in no~~
13 ~~instance shall a supplemental loan be made to any student whose~~
14 ~~family income, if dependent, or whose personal income, if~~
15 ~~independent, exceeded Eighty Thousand Dollars (\$80,000.00), or the~~
16 ~~income limitation as adjusted pursuant to this subsection, in the~~
17 ~~previous tax year~~ meets the eligibility requirements set by the
18 Oklahoma Student Loan Authority. ~~Beginning with the fiscal year~~
19 ~~ending June 30, 2002, the Authority shall prescribe a cost-of-living~~
20 ~~adjustment to the income limitation provided in this section. The~~
21 ~~adjustment shall be based on the maximum percentage increase, if~~
22 ~~any, not to exceed the previous year's Consumer Price Index for All~~
23 ~~Urban Consumers (CPI-U) as prepared by the United States Bureau of~~
24 ~~Labor Statistics.~~

1 B. The Authority may enter into agreements with the
2 Commissioners of the Land Office for funding this loan program or
3 may obtain funding through authorized procedures as provided for in
4 the Oklahoma Student Loan Act.

5 C. The Authority may enter into agreements with the State
6 Guarantee Agency or any nationally recognized guarantor approved by
7 the United States Secretary of Education for the insurance of such
8 loans.

9 D. The Authority shall collect its loans when due; and, in the
10 event of a possible default after due diligence has been performed
11 to collect on a guaranteed loan, a claim shall be filed with the
12 State Guarantee Agency for collection under the insurance program,
13 which guarantor shall pay the claim for the Authority, following
14 which it shall take whatever action may be necessary to collect from
15 the borrower in order to assure that the State of Oklahoma will not
16 suffer any loss in connection with default payments; and if
17 insurance of the loan is with a nationally recognized guarantor, the
18 same procedure shall apply.

19 E. The Authority shall establish the rate of interest to be
20 paid on loans, which shall be paid by the borrowers to the Authority
21 ~~on a quarterly basis~~, which rate shall be as modest as possible for
22 the benefit of the student but shall be at sufficient level to
23 assure repayment of the debt incurred to underwrite the loans and
24 expenses incurred by the Authority in administration of the program.

1 F. The Authority shall promulgate rules as may be necessary and
2 appropriate for the full and effective administration of the loan
3 program provided for in the Oklahoma Student Loan Act, and it shall
4 be the sole state agency for providing loans to eligible persons
5 under the federal and state student loan programs.

6 G. As in the case of other trust agencies, the State of
7 Oklahoma is not obligated to support with state-appropriated funds
8 the loan program provided for in the Oklahoma Student Loan Act.

9 SECTION 8. This act shall become effective November 1, 2024.

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11 COMMITTEE REPORT BY: COMMITTEE ON HIGHER EDUCATION AND CAREER TECH,
12 dated 02/19/2024 - DO PASS, As Coauthored.

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