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

1. Has been operating for more than 50 years in Alabama.
2. Has a significant impact on the community in which it is located.
3. Is experiencing financial hardship which could lead to closure of the institution.
4. Whose governing body has adopted a resolution authorizing the application for a loan from this program to maintain operations as it replenishes its endowment through private gifts.
5. Has assets sufficient to pledge as collateral.

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

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

(d) The State Treasurer is authorized to establish the terms and conditions of any loan made pursuant to this
program, including: the amount of private funds committed
prior to loan funds being drawn; the rate of interest, if any;
the timing and amounts and timing of disbursements; the terms
of repayment; and any necessary collateral.

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

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

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

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

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

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

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