House Study Bill 557 - Introduced

A BILL FOR

1 An Act relating to programs and accounts administered by the
2   college student aid commission.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 8A.504, subsection 1, paragraph c,
2 subparagraph (2), Code 2014, is amended to read as follows:
3 (2) An amount that is due because of a default on a
4 ~~guaranteed student or parental~~ loan under chapter 261.
5 Sec. 2. Section 8A.504, subsection 4, Code 2014, is amended
6 to read as follows:
7 4. The director shall have the authority to enter into
8 reciprocal agreements with the departments of revenue of other
9 states that have enacted legislation that is substantially
10 equivalent to the setoff procedure provided in this section
11 for the recovery of an amount due because of a default on a
12 ~~guaranteed student or parental~~ loan under chapter 261. A
13 reciprocal agreement shall also be approved by the college
14 student aid commission. The agreement shall authorize the
15 department to provide by rule for the setoff of state income
16 tax refunds or rebates of defaulters from states with which
17 Iowa has a reciprocal agreement and to provide for sending
18 lists of names of Iowa defaulters to the states with which Iowa
19 has a reciprocal agreement for setoff of that state's income
20 tax refunds.
21 Sec. 3. Section 261.9, unnumbered paragraph 1, Code 2014,
22 is amended to read as follows:
23 When used in this ~~division~~ part, unless the context
24 otherwise requires:
25 Sec. 4. Section 261.37, subsection 7, Code 2014, is amended
26 to read as follows:
27 7. To establish an effective system for the collection
28 of delinquent loans, including the adoption of an agreement
29 with the department of administrative services to set off
30 against a defaulter's income tax refund or rebate the amount
31 that is due because of a default on a ~~guaranteed or parental~~
32 loan made under this division. The commission shall adopt
33 rules under chapter 17A necessary to assist the department of
34 administrative services in the implementation of the student
35 loan setoff program as established under section 8A.504.

1 The commission shall apply administrative wage garnishment
2 procedures authorized under the federal Higher Education Act of
3 1965, as amended and codified in 20 U.S.C. § 1071 et seq., for
4 all delinquent loans, including loans authorized under section
5 261.38, when a defaulter who is financially capable of paying
6 fails to voluntarily enter into a reasonable payment agreement.
7 In no case shall the commission garnish more than the amount
8 authorized by federal law for all loans being collected by the
9 commission, including those authorized under section 261.38.
10   Sec. 5. Section 261.38, subsections 1, 3, and 4, Code 2014,
11 are amended to read as follows:
12   1. The commission shall establish ~~a loan reserve account~~
13 ~~and~~ an agency operating account as authorized by the federal
14 Higher Education Act of 1965. The commission shall credit to
15 ~~these accounts~~ the agency operating account all moneys provided
16 for the state student loan program by the United States, the
17 state of Iowa, or any of their agencies, departments, or
18 instrumentalities, as well as any funds accruing to the program
19 which are not required for current administrative expenses.
20 The commission may expend moneys in the ~~loan reserve and~~ agency
21 operating ~~accounts~~ account as authorized by the federal Higher
22 Education Act of 1965.
23   3. Notwithstanding section 8.33, funds on deposit in the
24 ~~loan reserve and~~ agency operating ~~accounts~~ account shall not
25 revert to the state general fund at the close of any fiscal
26 year.
27   4. The treasurer of state shall invest any funds~~, including~~
28 ~~those~~ in the ~~loan reserve and~~ agency operating ~~accounts~~
29 account, and, notwithstanding section 12C.7, the interest
30 income earned shall be credited back to the ~~appropriate~~ agency
31 operating account.
32   Sec. 6. Section 261.38, subsection 2, Code 2014, is amended
33 by striking the subsection.
34   Sec. 7. REPEAL. Sections 261.17A, 261.22, 261.39, 261.41,
35 261.44, 261.48, 261.54, 261.81A, and 261.82, Code 2013, are

1 repealed.

2   Sec. 8.   CODE EDITOR DIRECTIVES.

3   1.   The Code editor shall do all of the following:

4   a.   Create three new parts in chapter 261 as follows:

5   (1)   Part 1 shall be entitled "Iowa Tuition Grants" and shall

6 include sections 261.9 through 261.16.

7   (2)   Part 2 shall be entitled "Vocational-Technical Tuition

8 Grants" and shall include section 261.17.

9   (3) Part 3 shall be entitled "Administration" and shall

10 include sections 261.20 and 261.25.

11   b.   (1)   Transfer and renumber sections 261.18, 261.19,

12 261.23, and 261.24 as follows:

13   (a)   Section 261.18 as section 261.61.

14   (b)   Section 261.19 as section 261.115.

15   (c)   Section 261.23 as section 261.116.

16   (d)   Section 261.24 as section 261.62.

17   (2)   Correct internal references as necessary.

18   2.   The Code editor may renumber sections within division

19 II of chapter 261 and shall correct internal references as

20 necessary.

21   EXPLANATION

22   *The inclusion of this explanation does not constitute agreement with*

23   *the explanation's substance by the members of the general assembly.*

24   This bill makes changes to Code chapter 261 in response to

25 recent changes in the federal Higher Education Act of 1965,

26 as amended.   The bill eliminates references to guaranteed

27 student or parental loans and to the loan reserve account, and

28 repeals related Code provisions.   The bill also repeals Code

29 sections relating to the Iowa hope loan program, accelerated

30 career education grant program, guaranteed loan payment

31 program, minority teacher loan payments, repayment of science

32 and mathematics loans, the Iowa heritage corps, and other

33 obsolete Code sections, and directs the Code editor to transfer

34 Code sections 261.18, 261.19, 261.23, and 261.24 to new Code

35 sections within the Code chapter to improve readability.