

House File 2327 - Introduced

HOUSE FILE 2327
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 570)

A BILL FOR

1 An Act authorizing the college student aid commission to write
2 off certain defaulted student loan debt as uncollectible.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 261.2, Code 2016, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 13. Adopt rules establishing standards
4 for the disposition of uncollectible student loan debt in
5 accordance with this subsection. Under such rules, if the
6 commission is unable to collect a defaulted student loan owed
7 to the commission under a program the commission administers
8 under this chapter and the program has been inactive or
9 unfunded for fifteen or more years, and if any portion of the
10 defaulted student loan remains uncollected after fifteen years
11 from the date the loan was authorized, the commission may write
12 off the defaulted student loan debt as uncollectible. The
13 commission shall prepare a report that includes information
14 on the length of time the student loan debt that meets the
15 criteria established under this subsection has been in default.
16 The report shall include the amounts collected by public
17 and private collection designees, the distribution of those
18 amounts, and the amount of the fee paid to the collection
19 designee. In addition, the report shall include the amounts
20 written off, by program administered. The commission shall
21 submit the report to the general assembly by December 15 of
22 each year.

23

EXPLANATION

24 The inclusion of this explanation does not constitute agreement with
25 the explanation's substance by the members of the general assembly.

26 This bill authorizes the college student aid commission to
27 write off certain defaulted student loan debt as uncollectible
28 and requires the commission to submit a report on the defaulted
29 student loan debt to the general assembly.

30 The commission must adopt rules to establish standards for
31 the disposition of the uncollectible student loan debt that
32 may be written off under the bill. Under the rules, if the
33 commission is unable to collect a defaulted student loan under
34 a program the commission administers and the program has been
35 inactive or unfunded for 15 or more years, and if any portion

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1 of the defaulted student loan remains uncollected after 15
2 years from the date the loan was authorized, the commission
3 may write the debt off as uncollectible. The commission must
4 prepare a report that includes information on the length of
5 time the defaulted student loan debt that meets this criteria
6 has been in default, and include in the report the amounts
7 collected by public and private collection designees, the
8 distribution of those amounts, the amount of the fee paid
9 to the collection designee, and the amounts written off, by
10 program administered. The commission shall submit the report
11 to the general assembly by December 15 of each year.