

Senate Study Bill 1058 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED COLLEGE STUDENT
AID COMMISSION BILL)

A BILL FOR

1 An Act relating to the disposition or modification of
2 uncollectible student debt owed to the college student aid
3 commission.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 261.2, Code 2017, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 13. Adopt rules pursuant to chapter 17A
4 establishing standards for the disposition or modification of
5 uncollectible student debt owed to the commission, including
6 but not limited to the restructuring of troubled debt,
7 settlement of debt for an amount less than the amount of debt
8 owed, selling of debt to a third-party debt collector, and
9 charging off uncollectible debt. The commission shall not
10 charge off a debt under this subsection until the commission
11 does all of the following:

12 a. Attempts to collect the debt for not less than five
13 years after the student defaulted on an obligation owed to or
14 collected by the commission.

15 b. Determines, in its discretion, either that no person
16 liable for the debt has the present or prospective ability to
17 pay the debt or that the cost of collecting the debt is likely
18 to exceed the amount recoverable.

19 EXPLANATION

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

22 This bill directs the college student aid commission to
23 adopt administrative rules establishing standards for the
24 disposition or modification of uncollectible student debt
25 owed to the commission, including but not limited to the
26 restructuring of troubled debt, settlement of debt for an
27 amount less than the amount of debt owed, selling of debt to
28 a third-party debt collector, and charging off uncollectible
29 debt.

30 The commission is prohibited from charging off debt until it
31 has attempted to collect the debt for at least five years after
32 the student defaulted on the obligation and until after, in its
33 discretion, the commission determines either that no person
34 liable for the debt has the present or prospective ability to
35 pay the debt or that the cost of collecting the debt is likely

S.F. _____ H.F. _____

1 to exceed the amount recoverable.