

## No. 357

## AN ACT

## HB 2247

Amending the act of August 7, 1963 (P.L.549, No.290), entitled, as amended, "An act creating the Pennsylvania Higher Education Assistance Agency; defining its powers and duties; conferring powers and imposing duties on the Governor, President Pro Tempore of the Senate, Speaker of the House of Representatives, Superintendent of Public Instruction and the Department of Auditor General; and making appropriations," further providing for powers and duties of the agency, and making appropriations.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Clause (1) of section 4, act of August 7, 1963 (P.L.549, No.290), entitled, as amended, "An act creating the Pennsylvania Higher Education Assistance Agency; defining its powers and duties; conferring powers and imposing duties on the Governor, President Pro Tempore of the Senate, Speaker of the House of Representatives, Superintendent of Public Instruction and the Department of Auditor General; and making appropriations," amended October 18, 1972 (P.L.953, No.233), is amended, and said section is also amended by adding clauses to read:

Section 4. Powers and Duties.—In furtherance of the purposes set forth in this act, the board of directors shall have the following powers:

(1) To guarantee loans of money upon such terms and conditions as the board may prescribe within the limitations contained herein, **[and at a uniform rate of interest to be]** *at such rates of interest as are* determined by the agency, to persons who are residents of this State and who plan to attend or are attending any approved institution of higher education eligible under this act in this State or elsewhere to assist them in meeting their expenses of higher education. No such person shall receive any loan guarantee in excess of one thousand five hundred dollars (\$1500) for any academic year and no such person shall receive a total loan guarantee of more than seventy-five hundred dollars (\$7500) except if such loans are guaranteed or reinsured under Federal laws. Such loan guarantees shall become due and payable at the direction of the board of directors and the board of directors may extend the repayment period not to exceed fifteen years from the date of execution of the note or other written evidence of the loan or as allowed under Federal law when the loan is guaranteed or reinsured under Federal laws.

*(1.1) As a public corporation and body politic subject to examination by the Auditor General of the Commonwealth, the agency shall be deemed an "eligible lender" as defined in Part B of Title IV of the Federal Higher Education Act of 1965 and pursuant to the provisions of the act be entitled to all the authority, rights and privileges of an "eligible*

*lender.” Such authority, rights and privileges shall include but not be limited to the following:*

*(i) To do whatever is necessary to enable students with whom the agency makes an insured loan to qualify for Federal interest subsidy and special allowance.*

*(ii) To charge premiums for insurance on loans.*

*(iii) To enter into contracts with schools, lenders and the Student Loan Marketing Association and other agencies of the Commonwealth, other states and the Federal Government to service student loans.*

*(iv) To purchase stocks, securities, and obligations issued by the Student Loan Marketing Association.*

*(1.2) To pay such interest and costs or any parts thereof as may be established by the agency and on loans guaranteed for individual students who are unable to qualify for payment of interest in their behalf by the Federal Government or other sources of interest subsidy until such time as the individual student qualifies for payment of interest in his behalf by the Federal Government or other sources of interest subsidy or over a period and in a manner to be determined by the agency or as allowed under Federal law when the loan is guaranteed or reinsured under Federal law, graduates, withdraws, is expelled or dismissed, or otherwise ceases to be enrolled on at least a half-time basis at an approved institution.*

\* \* \*

Section 2. Clause (6) of section 4 of the act, amended January 18, 1968 (1967, P.L.952, No.424), is amended to read:

Section 4. Powers and Duties.—In furtherance of the purposes set forth in this act, the board of directors shall have the following powers:

\* \* \*

*(6) To adopt rules and regulations not inconsistent with law governing matters relating to its activities **and to adopt such other rules and regulations and to perform such other acts as may be necessary or appropriate to comply with applicable Federal legislation.***

\* \* \*

Section 3. Section 7 of the act is amended to read:

Section 7. Tax Exemption of Corporation.—The property, income, and activities of the Pennsylvania Higher Education Assistance Agency shall be exempt from all taxes and assessments *and the loans guaranteed under this act, their transfer and the income therefrom (including any profit made on the sale thereof) and for the purpose of determining the actual value of shares under Article VII and Article VIII, act of March 4, 1971 (P.L.6, No.2), known as the “Tax Reform Code of 1971,” the value thereof, shall be at all times free from taxation, other than inheritance or gift taxes, imposed by the Commonwealth or any of its political subdivisions.*

Section 4. Section 7.1 of the act, amended October 29, 1969 (P.L.283, No.116), is amended to read:

Section 7.1. Banks, etc., Authorized to Invest in Loans.—All banks, bank and trust companies, trust companies, savings banks, private banks, building and loan associations, credit unions and saving and loan associations organized under the laws of this Commonwealth *or the United States* and all [national banks and] insurance companies, pension funds and trusts, the State Employes' Retirement Fund, the Public School Employes' Retirement Fund, and corporations and associations approved by the board of directors, may invest in loans guaranteed by the agency and made for the payment of expenses incurred or to be incurred in acquiring an education at a postsecondary institution of higher learning.

Section 5. The program provided by this amending act may be established, managed and begun with such funds as have been or are appropriated to the Pennsylvania Higher Education Assistance in its annual appropriations or other moneys available to the agency from other sources.

Section 6. (a) The sum of seven million six hundred thousand dollars (\$7,600,000) is hereby specifically appropriated to the Pennsylvania Higher Education Assistance Agency for the fiscal year July 1, 1974 to June 30, 1975 to be transferred at the request of the agency, upon the approval by the Governor, and deposited in the Higher Education Assistance Fund for the payment to veterans of State scholarships to be called State Higher Education Grants under the provisions of the act of January 25, 1966 (P.L.1546, No.541), and the act of October 11, 1972 (P.L.909, No.216) and the payment to regular scholarship recipients.

(b) The agency is hereby authorized to expend the sum of one million one hundred thousand dollars (\$1,100,000) for the purpose specified in subsection (a) from moneys available in the fund which were previously appropriated for assisting approved institutions of higher learning or students attending such institutions in securing or distributing Federal funds to be used as financial aid to students in meeting their costs of attendance at such institutions under the provisions of the act of January 25, 1966 (P.L.1546, No.541).

Section 7. This act shall take effect immediately.

APPROVED—This 30th day of December, A. D. 1974, except for the following item, Section 6 subsection (a) which provides as follows:“(a) The sum of seven million six hundred thousand dollars (\$7,600,000) is hereby specifically appropriated to the Pennsylvania Higher Education Assistance Agency for the fiscal year July 1, 1974 to June 30, 1975 to be transferred at the request of the agency, upon the approval by the Governor, and deposited in the Higher Education Assistance Fund

for the payment to veterans of State scholarships to be called State Higher Education Grants under the provisions of the act of January 25, 1966 (P.L.1546, No.541), and the act of October 11, 1972 (P.L.909, No.216) and the payment to regular scholarship recipients." I approve this item in the amount of three million dollars (\$3,000,000). I withhold my approval from the remainder of said appropriations because of insufficient revenues. I most strongly recommend, however, that priority be given to Viet Nam veterans and hardship applicants within the funds approved.

MILTON J. SHAPP