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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 535

02/13/2013 Authored by Morgan, Poppe, Hortman, Dorholt and Lien
The bill was read for the first time and referred to the Committee on Higher Education Finance and Policy

1.1 A bill for an act
1.2 relating to higher education; requiring the study of a state loan program to
1.3 refinance student loans.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. DIRECTOR OF THE OFFICE OF MINNESOTA HIGHER
1.6 EDUCATION STUDENT LOAN REFINANCING ANALYSIS.

1.7 The director of the Minnesota Office of Higher Education, in consultation with
1.8 the higher education finance and policy committees of the legislature, shall analyze the
1.9 feasibility and appropriate components of a program that would assist Minnesota residents
1.10 in refinancing student loans for higher education. Without limitation, the outlines of the
1.11 program could include the issuance of bonds by the Minnesota Office of Higher Education
1.12 to provide a pool of money that could be lent at a lower rate to student loan debtors than is
1.13 charged on their existing student loan debt, thereby reducing borrowing costs.

1.14 In addition to any other issues the director determines necessary to analyze, the
1.15 director shall analyze:

1.16 (1) whether there would be a sufficient spread between interest that could be charged
1.17 by the office on its refinancing loans and the current interest on existing student loans to
1.18 make the loans from the office attractive and sufficiently beneficial to student loan debtors;

1.19 (2) the amount of bonds that need to be issued to make them marketable;

1.20 (3) the eligibility requirements for student loan debtors seeking to refinance,
1.21 including whether a debtor must be employed, the sort of education received, and whether
1.22 the education received was completed; and

1.23 (4) the appropriate cap on the amount of a refinancing loan and other loan program
1.24 specifics.

2.1 The director shall report on the analysis under this section and make
2.2 recommendations to the higher education finance and policy committees of the legislature
2.3 by January 15, 2014.

2.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.