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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 473

01/28/2021 Authored by Huot and Bernardy
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; expanding eligibility for the student loan refinancing
1.3 program; appropriating money; amending Minnesota Statutes 2020, sections
1.4 136A.1701, subdivision 10; 136A.1704.

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

1.6 Section 1. Minnesota Statutes 2020, section 136A.1701, subdivision 10, is amended to
1.7 read:

1.8 Subd. 10. Prohibition on use of state money. Except as provided in ~~section~~ sections
1.9 136A.1704, subdivision 2, and 136A.1787, paragraph (a), no money originating from state
1.10 sources in the state treasury shall be made available for student loans under this section and
1.11 all student loans shall be made from money originating from nonstate sources.

1.12 Sec. 2. Minnesota Statutes 2020, section 136A.1704, is amended to read:

1.13 136A.1704 STUDENT LOAN REFINANCING.

1.14 Subdivision 1. Refinancing permitted. The office may refinance student and parent
1.15 loans as provided by this section and on other terms and conditions the office prescribes.
1.16 The office may establish credit requirements for borrowers and determine what types of
1.17 student and parent loans will be eligible for refinancing. The refinanced loan need not have
1.18 been made through a loan program administered by the office. Loans shall be made with
1.19 available funds in the loan capital fund under section 136A.1785. The maximum amount
1.20 of outstanding loans refinanced under this section may not exceed \$100,000,000.
1.21 \$125,000,000. The maximum loan under this section may not exceed \$70,000.

2.1 Subd. 2. Higher education bad debt reserve account; appropriation. (a) A higher  
2.2 education bad debt reserve account is established in the special revenue fund.  
2.3 Notwithstanding section 16A.28, funds appropriated or transferred to the account do not  
2.4 lapse but remain in the account for use in accordance with this subdivision.

2.5 (b) Amounts in the account are appropriated to the commissioner for the purposes  
2.6 described in this section.

2.7 (c) The commissioner must use amounts in the account to expand eligibility for the  
2.8 student loan refinancing program offered under this section. Eligible uses of funds include,  
2.9 but are not limited to, reducing the credit score and debt-to-income requirements for the  
2.10 program. The amount of additional loans refinanced under this subdivision may vary based  
2.11 upon the amount available in the account and the rate of loss experience.

2.12 (d) If insufficient funds are available in the bad debt reserve account to offer expanded  
2.13 eligibility, the commissioner may adjust the eligibility criteria for the program accordingly.

2.14 Sec. 3. TRANSFER; STUDENT LOAN REFINANCING.

2.15 \$5,000,000 in fiscal year 2022 and \$5,000,000 in fiscal year 2023 are transferred from  
2.16 the general fund to the bad debt reserve account in the special revenue fund.