

ACT 20

S.B. NO. 675

A Bill for an Act Relating to Student Loan Funds.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that Secondary Market Services Corp. — Hawaii was formed as a Hawaii not-for-profit corporation in 1992 pursuant to section 309-1.5, Hawaii Revised Statutes, to provide liquidity to banks participating in the Federal Family Education Loan Program as a secondary market student loan purchaser in Hawaii. As of June 30, 2010, the federal Health Care and Education Reconciliation Act of 2010 (Public Law 111-152) terminated new student loan originations by private entities under the Federal Family Education Loan Program. Instead, the federal government will originate all federally

guaranteed student loans under the Federal Direct Loan Program. Therefore, Secondary Market Services Corp. — Hawaii's original purpose under section 309-1.5, Hawaii Revised Statutes, has expired, and the repeal of this section will permit Secondary Market Services Corp. — Hawaii to continue to serve the people of Hawaii in other educational and charitable activities authorized for tax-exempt organizations under section 501(c)(3) of the Internal Revenue Code.

The purpose of this Act is to repeal section 309-1.5, Hawaii Revised Statutes, which establishes a not-for-profit corporation to acquire certain educational loan notes.

SECTION 2. Section 309-1.5, Hawaii Revised Statutes, is repealed.

SECTION 3. Statutory material to be repealed is bracketed and stricken.¹

SECTION 4. This Act shall take effect upon its approval.

(Approved April 27, 2011.)

Note

1. Edited pursuant to HRS §23G-16.5.