

## Senate Resolution 624

By: Senators Price of the 56th, Stephens of the 51st, Hamrick of the 30th and Thomas of the 54th

## A RESOLUTION

1 Urging the Governor to issue an executive order requesting EdGeorgia, LLC to establish an  
2 educational loan secondary market in Georgia; and for other purposes.

3 WHEREAS, the further education of Georgia's teachers and the attraction and retention of  
4 nurses in Georgia is beneficial to all Georgians; and

5 WHEREAS, assuring that loans for postsecondary education are accessible in Georgia at  
6 favorable rates of interest and repayment terms is an important objective of Georgia's efforts  
7 to provide adequate opportunities for our citizens to benefit from postsecondary education;  
8 and

9 WHEREAS, pursuant to Title IV, Part B of the Higher Education Act of 1965, as amended,  
10 the "Higher Education Act" (20 U.S.C. Chapter 1071 et seq), and Section 150(d) of the  
11 Internal Revenue Code of 1986, as amended, ("Section 150(d)"), the United States Congress  
12 has provided procedures whereby certain nonprofit corporations may issue tax-exempt  
13 "qualified scholarship funding bonds" for the purpose of obtaining funds to finance the  
14 acquisition of student loans originated under the Higher Education Act; and

15 WHEREAS, the establishment of an additional state-wide secondary market in educational  
16 loans will provide liquidity for investments in such loans, making such loans easier to obtain;  
17 and

18 WHEREAS, a nonprofit organization, EdGeorgia, LLC, which operates exclusively for the  
19 purpose of acquiring student loans originated pursuant to the Higher Education Act, as  
20 described in Section 150(d), has proposed to provide student loan services in the State of  
21 Georgia by providing funding for student loans to all lenders originating student loans under  
22 the Higher Education Act, and such program will increase the availability of student loans  
23 for students who are residents of the State of Georgia or who are attending postsecondary  
24 educational institutions in the State of Georgia; and

1 WHEREAS, this nonprofit organization may apply for an allocation of private activity  
2 tax-exempt bond volume cap in Georgia and upon receipt of such allocation intends to issue  
3 tax-exempt bonds to provide student loan funding programs at lower interest rates to students  
4 who are residents of the State of Georgia or who are attending postsecondary educational  
5 institutions in the State of Georgia; and

6 WHEREAS, EdGeorgia's parent, EdSouth, has already committed some \$160 million to fund  
7 Georgia nexus loans under Title IV since 2000 without requesting any of Georgia's  
8 tax-exempt bond volume cap; and

9 WHEREAS, EdSouth is a proven issuer of bonds and has successfully financed over  
10 \$3 billion of Title IV loans using structures which achieve very high credit ratings; and

11 WHEREAS, EdGeorgia will use proceeds of its tax-exempt bonds to fund Georgia nexus  
12 loans under Title IV but not to fund consolidation loans to old borrowers who have  
13 previously defaulted on their loans using Georgia tax-exempt bond volume cap; and

14 WHEREAS, EdGeorgia has specifically expressed its intention to provide, with part of the  
15 proceeds of tax-exempt bonds, special programs for students in the critical need areas of  
16 teaching and nursing, in which loans to students who remain employed as teachers and  
17 nurses in Georgia will receive favorable terms and repayment rates; and

18 WHEREAS, in order to provide an educational loan secondary market, the State of Georgia  
19 must designate one or more organizations by issuing an executive order pursuant to the  
20 provisions of Part B of Title IV of the Higher Education Act of 1965, as amended (20 U.S.C.  
21 Chapter 1071 et seq) and Section 150(d) of the Internal Revenue Code of 1986, as amended  
22 (25 U.S.C. 150(d)); and

23 WHEREAS, designation of any organization to serve as a secondary market does not  
24 obligate the state to approve any private activity tax-exempt bond cap and does not create a  
25 sole source provider.

26 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE that the members of this body  
27 formally request the Governor and Chief Executive Officer of the State of Georgia, pursuant  
28 to the authority vested in him, issue an Executive Order to read as follows:

29 "EdGeorgia is hereby requested to and designated to provide an educational loan secondary  
30 market in the State of Georgia pursuant to the provisions of Part B of Title IV of the Higher

1 Education Act of 1965, as amended (20 U.S.C., Chapter 1071 et seq) and Section 150(d)  
2 of the Internal Revenue Code of 1986, as amended (26 U.S.C. 150(d))."

3 BE IT FURTHER RESOLVED that the Secretary of the Senate is authorized and directed  
4 to transmit an appropriate copy of this resolution to the Governor.