



**Substitute Senate Bill No. 103**

**Public Act No. 22-41**

**AN ACT CONCERNING THE CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY AND THE CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (k) of section 10a-179 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(k) (1) The authority may form one or more subsidiaries to carry out the public purposes of the authority and may transfer to any such subsidiary or to any subsidiary established by the General Assembly through public or special act any moneys and real or personal property of any kind or nature. Any such subsidiary may be organized as a stock or nonstock corporation or a limited liability company. Each such subsidiary shall have and may exercise such powers of the authority as are set forth in the resolution of the authority prescribing the purposes for which such subsidiary is formed and such other powers provided to it by law. Each such subsidiary shall be deemed a quasi-public agency for purposes of chapter 12 and shall have all the privileges, immunities, tax exemptions and other exemptions of the authority, including the privileges, immunities, tax exemptions and other exemptions provided under the general statutes for special capital reserve funds. Each such

***Substitute Senate Bill No. 103***

subsidiary shall be subject to suit provided its liability shall be limited solely to the assets, revenues and resources of the subsidiary and without recourse to the general funds, revenues, resources or any other assets of the authority. Each such subsidiary is authorized to assume or take title to property subject to any existing lien, encumbrance or mortgage and to mortgage, convey or dispose of its assets and pledge its revenues in order to secure any borrowing, for the purpose of refinancing, rehabilitating or improving its assets, provided each such borrowing or mortgage shall be a special obligation of the subsidiary, which obligation may be in the form of bonds, bond anticipation notes and other obligations to the extent permitted under this chapter to fund and refund the same and provide for the rights of the holders thereof, and to secure the same by pledge of revenues, notes and other assets and which shall be payable solely from the assets, revenues and other resources of the subsidiary. The authority shall have the power to assign to a subsidiary any rights, moneys or other assets it has under any governmental program including the nursing home loan program.

(2) Each such subsidiary shall act through its board of directors at least one-half of which shall be members of the board of directors of the authority, or their designees or officers or employees of the authority. A resolution of the authority shall prescribe the purposes for which each such subsidiary is formed.

(3) The provisions of section 1-125, subsection (e) of section 10a-185 and this subsection shall apply to any officer, director, designee or employee appointed as a member, director or officer of any such subsidiary. Any such persons so appointed shall not be personally liable for the debts, obligations or liabilities of any such subsidiary as provided in said section 1-125. The subsidiary shall and the authority may provide for the indemnification to protect, save harmless and indemnify such officer, director, designee or employee as provided by said section 1-125.

**Substitute Senate Bill No. 103**

(4) The authority or such subsidiary may take [,] such actions as are necessary to comply with the provisions of the Internal Revenue Code of 1986 or any subsequent corresponding internal revenue code of the United States, as from time to time amended, to qualify and maintain any such subsidiary as a corporation exempt from taxation under said internal revenue code.

(5) The authority may make loans to each such subsidiary or to any subsidiary established by the General Assembly through public or special act, following standard authority procedures, from its assets and the proceeds of its bonds, notes and other obligations, provided the source and security for the repayment of such loans is derived from the assets, revenues and resources of the subsidiary.

Sec. 2. Section 10a-221 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

It is declared that, for the benefit of the people of the state, the increase of their commerce, welfare and prosperity and the improvement of their health and living conditions, it is essential that this and future generations of youths be given the fullest opportunity to learn and to develop their intellectual capacity and skills. It is recognized that costs connected with collegiate or postsecondary education are increasingly burdensome and that it is essential that students attending institutions for higher education or postsecondary education programs, and parents and others responsible for paying the costs thereof, be provided with lower cost financial assistance in order to help such students to achieve higher levels of learning and development of their intellectual capacity and skills. It is also recognized that Connecticut institutions for higher education should be provided with appropriate additional means to assist qualified students financially to achieve the required levels of learning and development of their intellectual capacity and skills. It is the purpose of this chapter and policy of the state to provide a measure of financial assistance to

**Substitute Senate Bill No. 103**

students in or from the state, their parents and others responsible for the costs of their education and an alternative method to enable Connecticut institutions for higher education to assist qualified students to attend such institutions, all to the public benefit and good, to the extent and manner provided herein.

Sec. 3. Section 10a-223 of the 2022 supplement to the general statutes, as amended by section 273 of public act 21-2 of the June special session, is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

In this chapter, the following words and terms shall have the following meanings unless the context indicates another or different meaning or intent:

(1) "Authority" means the Connecticut Higher Education Supplemental Loan Authority constituted as a subsidiary of the Connecticut Health and Educational Facilities Authority as provided in section 10a-179a;

(2) "Authorized officer" means an employee of the Connecticut Health and Educational Facilities Authority or of the authority who is authorized by the board of directors of the authority to execute and deliver documents and papers and to act in the name of and on behalf of the authority;

(3) "Authority loans" means education loans by the authority, or loans by the authority from the proceeds of bonds for the purpose of funding education loans;

(4) "Board" means the board of directors of the authority;

(5) "Bonds" or "revenue bonds" means revenue bonds or notes of the authority issued under the provisions of this chapter, including revenue refunding bonds or notes;

**Substitute Senate Bill No. 103**

(6) "Bond resolution" means the resolution or resolutions of the authority and the trust agreement, if any, authorizing the issuance of and providing for the terms and conditions applicable to bonds;

(7) "Borrower" means (A) an individual who has an outstanding loan from the authority, (B) an individual who attends a Connecticut institution for higher education, enrolls in a Connecticut high-value certificate program, enrolls in a Connecticut postsecondary education program or currently resides in the state, and has received or agreed to pay an education loan, or (C) any parent who has received or agreed to pay an education loan on behalf of an individual who attends a Connecticut institution for higher education, enrolls in a Connecticut postsecondary education program or currently resides in the state;

(8) "Connecticut Health and Educational Facilities Authority" means the quasi-public authority established pursuant to section 10a-179, as amended by this act;

(9) "Connecticut institution for higher education" means an institution for higher education within the state;

(10) "Default insurance" means insurance insuring education loans, authority loans or bonds against default;

(11) "Default reserve fund" means a fund established pursuant to a bond resolution for the purpose of securing education loans, authority loans or bonds;

(12) "Education loan" means a loan which is made to a student in or from the state or a parent of such student to finance attendance at an institution for higher education, [or] enrollment in a high-value certificate program or enrollment in a postsecondary education program, or to a borrower to refinance one or more eligible loans;

(13) "Loan funding deposit" means moneys or other property

**Substitute Senate Bill No. 103**

deposited by a Connecticut institution for higher education with the authority, a guarantor or a trustee for the purpose of (A) providing security for bonds, (B) funding a default reserve fund, (C) acquiring default insurance, or (D) defraying costs of the authority, such moneys or properties to be in such amounts as deemed necessary by the authority or guarantor as a condition for such institution's participation in the authority's programs;

(14) "Institution for higher education" means a degree-granting educational institution within the United States authorized by applicable law to provide a program of education beyond the high school level and (A) described in Section 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, and exempt from taxation under Section 501(a) of said code with respect to a trade or business carried on by such institution which is not an unrelated trade or business, determined by applying Section 513(a) of said code to such organization or a foundation established for its benefit, or (B) exempt from taxation under said code as a governmental unit;

(15) "Participating institution for higher education" means a Connecticut institution for higher education which, pursuant to the provisions of this chapter, undertakes the financing directly or indirectly of education loans as provided in this chapter;

(16) "Parent" means any parent, legal guardian or sponsor of a student at an institution for higher education, [or] enrolled in a high-value certificate program or enrolled in a postsecondary education program;

(17) "Education loan series portfolio" means all education loans made by the authority or by or on behalf of a specific participating institution for higher education which are funded from the proceeds of a related specific bond issue of the authority;

**Substitute Senate Bill No. 103**

(18) "Education assistance program" means a program to assist in financing the costs of education through education loans or education grants [, or both] or any other form of financial assistance;

(19) "Education grant" means a grant, scholarship, fellowship or other nonrepayable assistance awarded by the authority to a student currently residing in the state to finance the attendance of the student at a Connecticut institution for higher education, [or] enrollment in a Connecticut high-value certificate program or enrollment in a Connecticut postsecondary education program, or a grant, scholarship, fellowship or other nonrepayable assistance awarded by or on behalf of a Connecticut institution for higher education from the proceeds of funds provided by the authority to a student from the state to finance the student's attendance at such institution;

(20) "Eligible loan" means any loan that is in repayment that was (A) made by the authority, or (B) made to a borrower by any other private or governmental lender to finance attendance at an institution for higher education, [or] enrollment in a high-value certificate program or enrollment in a postsecondary education program;

(21) "High-value certificate program" means a noncredit sub-baccalaureate certificate program offered by an institution of higher education or a private occupational school that the Chief Workforce Officer determines to meet the needs of employers in the state; [and]

(22) "Connecticut high-value certificate program" means a high-value certificate program offered by an institution of higher education or a private occupational school in the state; [.]

(23) "Postsecondary education program" means a high-value certificate program that is approved by the authority; and

(24) "Private occupational school" has the same meaning as provided in section 10a-22a.

**Substitute Senate Bill No. 103**

Sec. 4. Subdivision (9) of section 10a-204 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(9) To distribute excess corporation funds to the Connecticut Health and Educational Facilities Authority or any subsidiary of said authority for the purpose of such recipient's provision of financial assistance to qualified students attending institutions of higher education or enrolled in postsecondary education programs, including, without limitation, loans, scholarships or grants and financial literacy education.

Approved May 17, 2022