

HOUSE BILL NO. 363

INTRODUCED BY M. FUNK

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A BILL FOR AN ACT ENTITLED: "AN ACT REPEALING LAWS PROVIDING FOR THE SUSPENSION OF STATE-ISSUED LICENSES OF DEBTORS WHO HAVE DEFAULTED ON STUDENT LOANS; AMENDING SECTION 20-26-1101, MCA; REPEALING SECTIONS 20-26-1115, 20-26-1116, 20-26-1117, 20-26-1118, 20-26-1119, 20-26-1120, AND 20-26-1121, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 20-26-1101, MCA, is amended to read:

"20-26-1101. Definitions. As used in this part, unless the context clearly indicates otherwise, the following definitions apply:

(1) "Agency" means the entity designated by the board to administer student loans.

(2) "Board" means the board of regents of higher education.

~~(3) "Delinquency" means the failure of a debtor to abide by the terms of payment on a promissory note or other obligation created in return for an educational student loan, which failure has existed for at least 6 months and has resulted in an arrearage equal to or greater than six monthly payments called for by the note or obligation.~~

~~(4)~~(3) "Eligible educational institution" means any institution approved by the United States secretary of education as eligible to participate in the student loan program pursuant to Title IV of the Higher Education Act of 1965, as amended.

~~(5)~~(4) "Eligible lender" means any lender as defined under Title IV of the Higher Education Act of 1965, as amended.

~~(6) "License" means a license, certificate, registration, or authorization issued by an agency of the state of Montana granting a person a right or privilege to engage in a business, occupation, or profession or any other privilege that is subject to suspension, revocation, forfeiture, or termination by the licensing authority prior to its date of expiration.~~

~~(7) "Licensing authority" means any department, division, board, agency, or instrumentality of this state that issues a license.~~



1 ~~(6) "Order suspending a license" means an order issued by the agency to suspend a license. The order~~
2 ~~must contain the name of the debtor, the type of license, and the social security number of the debtor.~~

3 ~~(9) "Payment plan" includes but is not limited to a plan approved by the agency that provides sufficient~~
4 ~~security to ensure compliance with Title IV of the Higher Education Act of 1965, as amended, and that~~
5 ~~incorporates voluntary or involuntary income withholding or a similar plan for periodic payment of the debt~~
6 ~~outstanding.~~

7 ~~(10)(5)~~ "Student loan program" means the program established by the board pursuant to this part."
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9 **NEW SECTION. Section 2. Repealer.** The following sections of the Montana Code Annotated are
10 repealed:

- 11 20-26-1115. Notice of intent to suspend license.
- 12 20-26-1116. Hearing -- order suspending license.
- 13 20-26-1117. Suspension, denial, and nonrenewal of licenses.
- 14 20-26-1118. Nondisciplinary suspension for failure to pay on defaulted student loan.
- 15 20-26-1119. Stay of suspension of license -- payment plan -- hardship.
- 16 20-26-1120. Termination of order to suspend license.
- 17 20-26-1121. Fees.

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19 **NEW SECTION. Section 3. Effective date.** [This act] is effective on passage and approval.

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