



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB3749

by Rep. Jack D. Franks

SYNOPSIS AS INTRODUCED:

New Act

Creates the Higher Education Employee Loan Act. Provides that if a not-for-profit higher education institution located in this State or its foundation makes a loan to an employee or contractor of either the institution or the foundation, then the annual rate of interest must be equal to the prevailing loan interest rate in effect at the time the institution or foundation approves the loan, except that the institution or its foundation may not make a loan to an employee or contractor of either the institution or the foundation for the purpose of purchasing a non-primary residence. Prohibits such an institution or foundation from forgiving a loan made to an employee or contractor of either the institution or the foundation. Requires the Board of Higher Education to adopt enforcement rules, which may include the imposition of a civil penalty. Effective immediately.

LRB098 14652 NHT 49564 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning education.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Higher
5 Education Employee Loan Act.

6 Section 5. Definitions. In this Act:

7 "Foundation" means the official fundraising and private
8 gift-receiving organization for an institution.

9 "Institution" means a not-for-profit higher education
10 institution, whether public or private, located in this State.

11 "Prevailing loan interest rate" means the prevailing rate
12 of interest on loans as from time to time is publicly announced
13 by the largest commercial banking institution located in this
14 State.

15 Section 10. Limitations on loan making.

16 (a) If an institution or its foundation makes a loan to an
17 employee or contractor of either the institution or the
18 foundation, then the annual rate of interest must be equal to
19 the prevailing loan interest rate in effect at the time the
20 institution or foundation approves the loan. However, an
21 institution or its foundation may not make a loan to an
22 employee or contractor of either the institution or the

1 foundation for the purpose of purchasing a non-primary
2 residence.

3 (b) An institution or its foundation may not forgive a loan
4 made to an employee or contractor of either the institution or
5 the foundation.

6 Section 90. Enforcement. The Board of Higher Education
7 shall adopt rules to enforce this Act, which may include the
8 imposition of a civil penalty.

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.