

CHAPTER 574

No. 779, A.

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CHAPTER 574

AN ACT to amend 20.670 (7) as amended by chapter 224, laws of 1963, and 25.17 (3) (bf); to repeal and recreate 20.670 (47) as amended by chapter 413, laws of 1963; and to amend 49.42 (3) of the statutes, relating to student loans, affecting rule-making authority and making an appropriation.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

SECTION 1. 20.670 (7) of the statutes, as amended by chapter 224, laws of 1963, is amended to read:

20.670 (7) Biennially, beginning July 1, 1963, \$100,000 to supplement the appropriation made by sub. (47). The sum appropriated in this subsection shall not become available unless released by the board on government operations. The board on government operations shall release sums from this appropriation when it determines that the appropriation made by sub. (47) is not adequate to make loans to needy students as provided by s. 49.42, or to repay investments *or interest thereon* authorized under s. 25.17 (3) (bf), or to pay the cost of administering the loans to needy students.

SECTION 2. 20.670 (47) of the statutes, as amended by chapter 413, laws of 1963, is repealed and recreated to read:

20.670 (47) LOANS TO NEEDY STUDENTS. (a) The cash balances remaining in s. 20.670 (47) [Stats. of 1961] on June 30, 1963, all moneys repaid on student loans made by the department of public welfare pursuant to s. 49.42 and s. 20.670 (47) [Stats. of 1961], and all proceeds of advances made by the state of Wisconsin investment board pursuant to s. 25.17 (3) (bf) shall within one week of receipt be paid into the general fund and credited to this appropriation to be used for additional loans to students in accordance with s. 49.42 and repayment of advances made by the state of Wisconsin investment board.

(b) It is the intent of the legislature that all loans assigned and physically conveyed to the state of Wisconsin investment board pursuant to s. 25.17 (3) (bf) [1961 Stats.] and s. 20.670 (47) [1961 Stats.] be returned to the state department of public welfare files as of July 1, 1963, and, in lieu thereof, the total of all investment board advances, to July 1, 1963, on the student loan program be covered by one note supported by the certificate of the state department of public welfare, as to the current status of all student loans made to July 1, 1963.

(c) The state auditor shall, annually beginning July 1, 1963, audit the portfolio of student loans and notes thereon in the department of public welfare and report his determination of the current condition of the student notes receivable portfolio to the state of Wisconsin investment board, the department of public welfare and the department of administration.

SECTION 3. 25.17 (3) (bf) of the statutes is amended to read:

25.17 (3) (bf) To invest sums not exceeding \* \* \* \$10,000,000 outstanding at any one time of the balances of the general fund \* \* \* *in advance* to the state department of public welfare \* \* \* *for the purpose of making additional* loans to needy students \* \* \* under s. 49.42. Such loans \* \* \* shall *initially* be made by the state department of public welfare from

the appropriations provided in s. 20.670 (47). Despite the specific provisions of sub. (1), the responsibility for collection of the interest and principal on such loans to students shall rest in the state department of public welfare, and the function of the investment board shall be limited to \* \* \* *advancing funds to the state department of public welfare for not to exceed 95 per cent of such loans \* \* \* outstanding and collectible, based upon the certificates of the state department of public welfare as to the current status of the student loans made, due and collectible under s. 49.42, and to periodically receiving from the appropriations made by s. 20.670 (47) payments of principal and interest \* \* \* on the advances made to the department of public welfare \* \* \*, interest to be computed monthly at 4 per cent per annum on the unpaid principal balance of the advances, payable January 1 and July 1 of each year.*

SECTION 4. 49.42 (3) of the statutes is amended to read:

49.42 (3) Loans shall be made on the student's application indorsed by the principal of the high school from which the student will or has received his diploma or by the authorities of the institution which the applicant desires to attend or is attending. The terms of the loans shall be prescribed by the department, which may adopt and enforce all necessary rules to carry out this section, ~~except that loans shall bear interest at the rate of 2 per cent per annum from the 1st day of the month following the date of execution of the note until the 1st day following the last day of school attendance at which time the rate of interest shall be increased to 5-1/2 per cent per annum, the interest to become due and payable annually on July 1 beginning one year after the date of the last school attendance.~~

Approved in part and vetoed in part May 29, 1964.