FLOOR

02/05/2016-REASSIGNED TO THE COMMITTEE ON FINANCE

BILL NO. 31-0289

Thirty-first Legislature of the Virgin Islands

December 9, 2015

An Act amending Title 3 Virgin Islands Code, section 717 and section 766 relating to personal loans issued to GERS members by requiring the GERS to issue personal loans to members in an amount not to exceed $10,000 and requiring that the personal loans issued not exceed the aggregate amount of $5 million per annum per district and by making a technical amendment

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PROPOSED BY: Senators Kenneth L. Gittens and Kurt A. Vialet

Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. Title 3 Virgin Islands Code, chapter 27, section 717 is amended in the following instances:

(1) subsection (b) is amended--

(A) by striking paragraphs (11) and (14) in their entirety; and

(B) by striking the phrase, "Notwithstanding any other provision of law" at the beginning of paragraph (19) inserting "; Except that the loan lending limits for personal loans are as prescribed in subsection (c)".

(2) The affected paragraphs are renumbered according accordingly.

(3) Subsection (c) is added and reads as follows:

"(c) The System shall make personal loans to members of the System, as provided in this subsection. Subject to such regulations that the Board may prescribe, any member of the system who has contributed for at least 2 years shall have the privilege of borrowing from the retirement system, provided that a member shall not have more than 2 loans in a fiscal year.

The amount which any member may borrow shall not exceed seventy-five (75%) percent of the member's contribution credits in the system and shall not, in any event, exceed the sum of $10,000. In case of separation from service for any reason, including death or disability of the member, the balance due on the loan and any accrued interest thereon, shall be deducted from any refund of contributions, annuity, death benefit or any other benefit due to the member or to his beneficiary. This rate shall include a charge for insurance on loans against death or total and permanent disability, which development shall effect a cancellation of any unpaid balance of a loan and any accrued interest thereon. The principal amount, together with interest thereon, shall be repaid to the system in instalments at least equal to 5 percent of the member's salary and at a rate that will effect repayment of the loan before the member attains the retirement age. Such repayments shall be deducted from the salary of the member at the same time and in the same manner as the member's contributions to the system are deducted.

Personal loans shall carry interest rates which shall be set in advance, from time to time, by the Board.

(1) The System shall make personal loans to members who have retired and are entitled to annuities as provided in this subsection, provided such loans do not exceed $50,000, and that the recipient has no other outstanding personal loan from the system. The Board shall prescribe rules and regulations for the issuance of such

loans which insure a reasonable repayment schedule, at least three collateral options, and rate of interest not less favorable to the recipient as the rate charged for personal loans to members who are not retired. No member who has retired shall be denied a personal loan because of his or her age, race, sex, color, creed, national origin or political affiliation. This payments shall include a charge for insurance on loans against death which developments shall effect a cancellation of any unpaid balance of a loan and accrued interest thereon. The loan authorized under this paragraph shall be payable within a 10 year period. "Personal loans issued under this section shall not exceed the aggregate amount of $2.5 million dollars per annum per district."

(2) The personal loans issued pursuant to this section are not be subject to the provisions of subsection (b) paragraph (18)."

SECTION 2. Title 3 Virgin Islands Code, chapter 28A, section 766 is amended in the following instances:

(a) Re-designate subsection (b), paragraph (10) as subsection (c), re-designate subsection (b), paragraph (13) as subsection (c) paragraph (1), and insert a new subsection (c) paragraph (2) to read as follows:

"The personal loans issued pursuant to this section shall not be subject to the provisions of subsection (b) paragraph (17)."

(b) Subsection (b) is amended as follows:

(1) Paragraph (10) is amended by striking "$50,000" and inserting "$10,000", and by inserting the following language after the last sentence:

"Personal loans issued under this section shall not exceed the aggregate amount of $2.5 million dollars per annum per district."

(2) Paragraph (18) is amended by inserting "; except that the loan lending limits for personal loans shall be as described in subsection (c)"

(3) Re-designate the remaining sections accordingly.

BILL SUMMARY

An bill amends Title 3 Virgin Islands Code, section 717 and section 766 relating to personal loans issued to GERS members by requiring the GERS to issue personal loans to members in an amount not to exceed $10,000 and requiring that the personal loans issued not exceed the aggregate amount of $5 million per annum per district and by making a technical amendment.

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