F2, I4 0lr0754 CF 0lr0755

By: Delegates Hettleman, Acevero, Bridges, Crosby, Forbes, J. Lewis, Lopez, McIntosh, Metzgar, Solomon, Valentino-Smith, Wells, and P. Young

Introduced and read first time: January 24, 2020

Assigned to: Appropriations

## A BILL ENTITLED

1 AN ACT concerning

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## Institutions of Postsecondary Education - Disorderly School Closures

FOR the purpose of authorizing the Secretary of Higher Education to require certain institutions of postsecondary education to refund all tuition and fees to certain students under certain circumstances; authorizing the Secretary to file an injunction under certain circumstances; establishing that an institution that closes programs in a certain manner is in violation of a certain agreement; requiring certain students to be reimbursed for certain tuition and fees under certain circumstances; requiring certain institutions to provide the Commission with a certain school closure plan; requiring a certain agreement to contain certain provisions; establishing that certain actions be considered as unfair, abusive, or deceptive trade practices; requiring certain institutions to file certain records with the Commission before discontinuing academic or administrative operation; prohibiting a certain obligation from being discharged in bankruptcy; requiring that certain records filed with the Commission present certain financial information; requiring certain records to be accompanied by an affidavit on behalf of certain individuals; authorizing the Commission to issue a replacement transcript to a certain student under certain circumstances; requiring a certain replacement transcript to be signed by a certain individual and contain certain information; requiring that a certain institution accept a certain replacement transcript as an official transcript; authorizing a certain institution or a certain program to accept a certain transcript; requiring the Commission to adopt certain regulations; specifying the contents of the Education Trust Fund; defining certain terms; making the provisions of this Act severable; and generally relating to disorderly closures of institutions of postsecondary education.

25 BY renumbering

26 Article – Education

27 Section 11–203(e)

28 to be Section 11–203(f)

29 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1	(2018 Replacement Volume and 2019 Supplement)				
2 3	BY repealing and reenacting, with amendments, Article – Commercial Law Section 13–301(14)(xxxii)				
4	, , , , , ,				
5 c	Annotated Code of Maryland				
6	(2013 Replacement Volume and 2019 Supplement)				
7	BY repealing and reenacting, without amendments,				
8	Article – Commercial Law				
9	Section 13–301(14)(xxxiii)				
0	Annotated Code of Maryland				
1	(2013 Replacement Volume and 2019 Supplement)				
$^{12}$	BY adding to				
13	Article – Commercial Law				
L4	Section 13–301(14)(xxxiv)				
L <b>4</b>	Annotated Code of Maryland				
16	(2013 Replacement Volume and 2019 Supplement)				
LO	(2013 Replacement Volume and 2013 Supplement)				
<b>7</b>	BY repealing and reenacting, with amendments,				
8	Article – Education				
9	Section 11–107 and 11–401				
20	Annotated Code of Maryland				
21	(2018 Replacement Volume and 2019 Supplement)				
22	BY adding to				
23	Article – Education				
24	Section 11–203(e) and 11–210				
25	Annotated Code of Maryland				
26	(2018 Replacement Volume and 2019 Supplement)				
10	(2016 Replacement Volume and 2018 Supplement)				
27	BY repealing and reenacting, with amendments,				
28	Article – State Government				
29	Section 9–1A–30				
30	Annotated Code of Maryland				
31	(2014 Replacement Volume and 2019 Supplement)				
32	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,				
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34	renumbered to be Section(s) 11–203(f).				
35	SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read				
36	as follows:				

1	13–301.				
2	Unfair, abusive, or deceptive trade practices include any:				
3	(14)	Violation of a provision of:			
4		(xxxi	i) The	e federal Military Lending Act; [or]	
5		(xxxi	ii) The	e federal Servicemembers Civil Relief Act; or	
6		(XXX	IV) § 1	1–210 OF THE EDUCATION ARTICLE; OR	
7			A	article – Education	
8	11–107.				
9 10 11	General, to seek a	Commission may authorize the Secretary, acting through the Attorney an injunction or other judicial remedy for any violation of this title or of gulations adopted under this title.			
12 13 14	certificate of approval from the Commission and is operating without a certificate of				
15		(i)	Issue an o	order to cease and desist;	
16 17	and	(ii)	Issue a no	otice of violation and impose a penalty of up to \$5,000;	
18 19	judicial remedy.	(iii)	Acting the	rough the Attorney General, seek an injunction or other	
20 21	(2) consider:	In imposing a penalty under this subsection, the Secretary shall			
22		(i)	The serio	usness of the violation;	
23		(ii)	The harm	caused by the violation;	
24		(iii)	The good	faith of the institution and any corrective actions taken;	
25		(iv)	Any histo	ry of previous violations; and	
26		(v)	Other per	rtinent circumstances.	
27	(c) For a	any ins	titution of	postsecondary education required to have Commission	

approval before offering a program, if the institution offers an unapproved program, the

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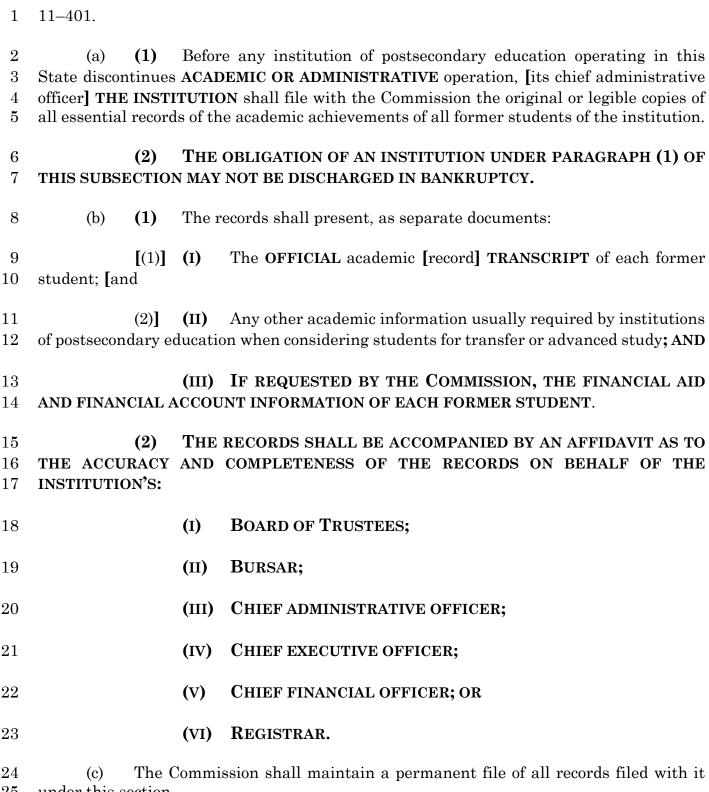
- 1 Secretary may require the institution to refund all tuition and fees paid by students who
- 2 enrolled in the program, and may revoke the certificate of approval of any institution that
- 3 fails to make a required refund within the time specified by the Secretary.
- 4 (D) IF AN INSTITUTION OF POSTSECONDARY EDUCATION DOES NOT FILE
- 5 ALL ESSENTIAL RECORDS OF THE ACADEMIC ACHIEVEMENT OF A FORMER STUDENT
- 6 WITH THE COMMISSION IN ACCORDANCE WITH § 11-401 OF THIS TITLE, THE
- 7 SECRETARY MAY:
- 8 (1) REQUIRE THE INSTITUTION TO REFUND ALL TUITION AND FEES
- 9 PAID BY THE FORMER STUDENT WHOSE RECORDS WERE NOT FILED IN ACCORDANCE
- 10 WITH § 11–401 OF THIS TITLE; OR
- 11 (2) SEEK AN INJUNCTION IN ACCORDANCE WITH SUBSECTION (A) OF
- 12 THIS SECTION.
- 13 [(d)] (E) The remedies provided in this section are in addition to any other
- 14 remedies provided by law.
- 15 11–203.
- 16 (E) (1) AN INSTITUTION THAT CLOSES ONE OR MORE PROGRAMS IN A
- 17 MANNER THAT IS A DISORDERLY CLOSURE AS DEFINED IN § 11–210 OF THIS
- 18 SUBTITLE IS IN VIOLATION OF THE ENROLLMENT AGREEMENT OR OTHER CONTRACT
- 19 WITH A STUDENT ENROLLED AT THE TIME OF THE CLOSURE.
- 20 (2) (I) A MARYLAND STUDENT ENROLLED IN AN INSTITUTION
- 21 WITHIN 120 DAYS BEFORE THE DATE OF THE DISORDERLY CLOSURE SHALL BE
- 22 ENTITLED TO REIMBURSEMENT FROM THE PERFORMANCE BOND OR IRREVOCABLE
- 23 LETTER OF CREDIT OF ALL NON-TITLE IV TUITION AND FEES PAID TO THE
- 24 INSTITUTION.
- 25 (II) REIMBURSEMENT MADE UNDER SUBPARAGRAPH (I) OF
- 26 THIS PARAGRAPH SHALL BE ISSUED TO ALL MARYLAND STUDENTS, INCLUDING
- 27 THOSE WHO TRANSFER TO ANOTHER INSTITUTION.
- 28 (3) THE COMMISSION SHALL ADOPT REGULATIONS TO CARRY OUT
- 29 THE PROVISIONS OF THIS SUBSECTION.
- 30 **11–210.**
- 31 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
- 32 INDICATED.

- 1 (2) "CLOSING INSTITUTION" MEANS A PRIVATE CAREER SCHOOL OR
- 2 AN INSTITUTION OF POSTSECONDARY EDUCATION THAT CLOSES AT LEAST ONE
- 3 PROGRAM IN A MANNER THAT IS A DISORDERLY CLOSURE.
- 4 (3) "DISORDERLY CLOSURE" MEANS THE CESSATION OF
- 5 EDUCATIONAL INSTRUCTION, AS DETERMINED BY THE COMMISSION, OF A PROGRAM
- 6 IN WHICH:
- 7 (I) A MARYLAND STUDENT IS UNABLE TO COMPLETE THE
- 8 PROGRAM PRIOR TO THE CESSATION OF EDUCATIONAL INSTRUCTION; AND
- 9 (II) THE INSTITUTION DID NOT ENTER INTO AT LEAST ONE
- 10 SCHOOL-TO-SCHOOL TEACH-OUT AGREEMENT.
- 11 (4) "ELIGIBLE TRANSFER INSTITUTION" MEANS A PRIVATE CAREER
- 12 SCHOOL OR AN INSTITUTION OF POSTSECONDARY EDUCATION THAT:
- 13 (I) 1. HAS A CERTIFICATE OF APPROVAL FROM THE
- 14 COMMISSION IN ACCORDANCE WITH § 11–202 OF THIS SUBTITLE;
- 2. IS REGISTERED WITH THE COMMISSION IN
- 16 ACCORDANCE WITH § 11–202.2 OF THIS SUBTITLE; OR
- 3. IS EXEMPT FROM REGISTERING WITH THE
- 18 COMMISSION IN ACCORDANCE WITH § 11–202.2 OF THIS SUBTITLE;
- 19 (II) IS IN GOOD STANDING WITH ITS ACCREDITOR AND, IF
- 20 APPLICABLE, ITS LICENSING BODY;
- 21 (III) IF APPLICABLE, HAS COHORT LOAN DEFAULT RATES, AS
- 22 MOST RECENTLY REPORTED BY THE U.S. DEPARTMENT OF EDUCATION, THAT ARE
- 23 LESS THAN OR EQUAL TO THE COHORT LOAN DEFAULT RATES OF THE CLOSING
- 24 INSTITUTION:
- 25 (IV) IS NOT CURRENTLY UNDER FINANCIAL AID RESTRICTIONS
- 26 BY THE U.S. DEPARTMENT OF EDUCATION; AND
- 27 (V) WITHIN THE PREVIOUS 5 YEARS:
- 28 1. HAS NOT ENTERED INTO ANY SETTLEMENT
- 29 AGREEMENTS RELATED TO A CONSUMER PROTECTION LAW WITH A LAW
- 30 ENFORCEMENT AGENCY; AND

- 6 HAS NOT HAD ANY JUDGMENTS RELATED TO A 1 2. 2CONSUMER PROTECTION LAW ENTERED AGAINST IT IN FAVOR OF A LAW 3 ENFORCEMENT AGENCY. "FULLY ONLINE DISTANCE EDUCATION PROGRAM IN THE STATE" 4 **(5)** HAS THE MEANING STATED IN § 11–202.2 OF THIS SUBTITLE. 5 6 **(6)** "INSTITUTIONAL DEBT" MEANS: 7 THE AMOUNT OUTSTANDING ON ANY CREDIT, INCLUDING (I)UNPAID CHARGES, EXTENDED BY OR ON BEHALF OF THE INSTITUTION THAT A 8 STUDENT IS OBLIGATED TO REPAY, WHETHER THE AMOUNT HAS BEEN REDUCED TO 9 JUDGMENT OR THE INSTITUTION CLASSIFIES IT AS A LOAN; OR 10 11 (II)A NONFEDERAL LOAN OR DEBT AGREEMENT THAT IS 12ISSUED EXPRESSLY FOR POSTSECONDARY EDUCATION EXPENSES AND THAT IS 13 **GUARANTEED BY:** 14 1. A PRIVATE CAREER SCHOOL; 15 2. AN INSTITUTION OF POSTSECONDARY EDUCATION; 16 OR 17 3. A PRIVATE EDUCATIONAL LENDER  $\mathbf{IS}$ THAT AFFILIATED WITH A PRIVATE CAREER SCHOOL OR AN INSTITUTION OF 18 POSTSECONDARY EDUCATION. 19 "INSTITUTIONAL FINANCIAL AID AGREEMENT" MEANS ANY 20 CONTRACT, PROMISSORY NOTE, PART OF AN ENROLLMENT AGREEMENT, OR OTHER 21AGREEMENT IN WHICH A STUDENT AGREES TO PAY AN INSTITUTIONAL DEBT. 2223 THIS SECTION APPLIES TO A PRIVATE CAREER SCHOOL OR AN 24INSTITUTION OF POSTSECONDARY EDUCATION, AS DEFINED IN § 10-101 OF THIS ARTICLE, THAT: 25
- 26 **OPERATES IN THE STATE; OR (1)**
- 27**(2)** ENROLLS AT LEAST 25 STUDENTS IN A FULLY ONLINE DISTANCE 28EDUCATION PROGRAM IN THE STATE AND THAT HAS TOTAL TUITION REVENUE FROM 29 MARYLAND STUDENTS GREATER THAN \$100,000 IN THE IMMEDIATELY PRECEDING 30 ACADEMIC YEAR.
- (C) **(1)** 31 **(I)** IN ADDITION TO ANY OTHER REQUIREMENT OF THIS TITLE,

- 1 AN INSTITUTION IDENTIFIED IN SUBSECTION (B) OF THIS SECTION SHALL PROVIDE
- 2 TO THE COMMISSION A CLOSE-OUT PLAN.
- 3 (II) A CLOSE-OUT PLAN PROVIDED UNDER THIS PARAGRAPH
- 4 SHALL BE UPDATED AS REQUIRED BY THE COMMISSION.
- 5 (2) A CLOSE-OUT PLAN UNDER THIS SUBSECTION SHALL INCLUDE
- 6 ANY INFORMATION REQUIRED BY THE COMMISSION AND SHALL STATE THAT:
- 7 (I) THE INSTITUTION WILL MAKE ALL REASONABLE EFFORTS
- 8 TO ENSURE THAT ANY CLOSURE OF A PROGRAM THAT ENROLLS MARYLAND
- 9 STUDENTS IS NOT A DISORDERLY CLOSURE;
- 10 (II) UNLESS EXEMPTED BY THE COMMISSION, THE CHIEF
- 11 EXECUTIVE OFFICER AND THE MEMBERS OF THE GOVERNING BODY OF THE
- 12 INSTITUTION WERE NEVER IN AN EXECUTIVE POSITION OR A MEMBER OF A
- 13 GOVERNING BODY OF AN INSTITUTION IN WHICH A DISORDERLY CLOSURE
- 14 **OCCURRED**;
- 15 (III) IF THE INSTITUTION IS A FOR-PROFIT INSTITUTION OF
- 16 HIGHER EDUCATION AS DEFINED IN § 10-101 OF THIS ARTICLE, THE CHIEF
- 17 EXECUTIVE OFFICER AND THE MEMBERS OF THE GOVERNING BODY AGREE TO BE
- 18 JOINTLY AND SEVERALLY PERSONALLY LIABLE FOR AN AMOUNT DETERMINED BY
- 19 THE COMMISSION, PAYABLE TO THE EDUCATION TRUST FUND ESTABLISHED
- 20 UNDER § 9-1A-30 OF THE STATE GOVERNMENT ARTICLE, NOT TO EXCEED \$1,000
- 21 FOR EACH MARYLAND STUDENT WHO WAS ENROLLED AT THE TIME OF THE
- 22 DISORDERLY CLOSURE; AND
- 23 (IV) ANY INSTITUTIONAL FINANCIAL AID AGREEMENT OFFERED
- 24 TO A MARYLAND STUDENT SHALL CONTAIN LANGUAGE STATING THAT, IN THE
- 25 EVENT OF A DISORDERLY CLOSURE, THE INSTITUTIONAL DEBT IS VOID AND MAY NOT
- 26 BE RECOVERED, COLLECTED, OR ENFORCED.
- 27 (3) A SCHOOL-TO-SCHOOL TEACH-OUT AGREEMENT SHALL:
- 28 (I) BE ARRANGED BY THE CLOSING INSTITUTION;
- 29 (II) BE BETWEEN AN ELIGIBLE TRANSFER INSTITUTION, THE
- 30 CLOSING INSTITUTION, AND THE COMMISSION; AND
- 31 (III) UNLESS WAIVED FOR GOOD CAUSE BY THE COMMISSION,
- 32 SPECIFY THAT THE ELIGIBLE TRANSFER INSTITUTION:

- 1. If the closing institution has a physical
- 2 PRESENCE IN THE STATE, IS LOCATED WITHIN A REASONABLE DISTANCE OF THE
- 3 CLOSING INSTITUTION;
- 4 SHALL ACCEPT THE TRANSFER OF ALL COMPLETED
- 5 CREDITS FROM STUDENTS AFFECTED BY THE DISORDERLY CLOSURE;
- 6 3. SHALL ALLOW A MARYLAND STUDENT AFFECTED BY
- 7 THE DISORDERLY CLOSURE TO COMPLETE THE STUDENT'S PROGRAM WITH
- 8 SUBSTANTIALLY THE SAME NUMBER OF CREDIT HOURS AS WAS REQUIRED BY THE
- 9 INSTITUTION OPERATING THE CLOSING PROGRAM; AND
- 10 4. MAY NOT CHARGE A MARYLAND STUDENT TUITION
- 11 OR FEES IN EXCESS OF THE LESSER OF:
- 12 A. THE REMAINING AMOUNT THAT A MARYLAND
- 13 STUDENT AFFECTED BY THE DISORDERLY CLOSURE WOULD HAVE PAID TO THE
- 14 CLOSING INSTITUTION TO COMPLETE THE PROGRAM; OR
- B. THE TRANSFER INSTITUTION'S APPLICABLE TUITION
- 16 AND FEES; AND
- 17 (IV) SPECIFY THAT, ON REQUEST BY A MARYLAND STUDENT
- 18 AFFECTED BY THE DISORDERLY CLOSURE, THE CLOSING INSTITUTION SHALL
- 19 PROVIDE A COMPLETE ACADEMIC RECORD AND AN OFFICIAL TRANSCRIPT TO THE
- 20 MARYLAND STUDENT AT NO COST TO THE MARYLAND STUDENT OR THE STATE.
- 21 (D) IT SHALL BE AN UNFAIR, ABUSIVE, OR DECEPTIVE TRADE PRACTICE AS
- 22 DEFINED IN § 13–301 OF THE COMMERCIAL LAW ARTICLE FOR ANY INSTITUTION,
- 23 PERSON, OR ENTITY TO COLLECT ON A MARYLAND STUDENT'S INSTITUTIONAL DEBT
- 24 IF:
- 25 (1) THE INSTITUTIONAL FINANCIAL AID AGREEMENT DOES NOT
- 26 CONTAIN THE LANGUAGE REQUIRED UNDER SUBSECTION (C)(2)(IV) OF THIS
- 27 SECTION; OR
- 28 (2) AN INSTITUTION COLLECTS ON AN INSTITUTIONAL DEBT OF A
- 29 MARYLAND STUDENT WHO ATTENDED A PROGRAM IN WHICH A DISORDERLY
- 30 CLOSURE OCCURRED.
- 31 (E) THE COMMISSION SHALL ADOPT REGULATIONS TO CARRY OUT THE
- 32 PROVISIONS OF THIS SECTION.



- 24under this section. 25
- 26 (D) **(1)** IF A STUDENT WHO ATTENDED AN INSTITUTION THAT CLOSED IN 27 ACCORDANCE WITH THIS TITLE REQUESTS A COPY OF THE STUDENT'S OFFICIAL 28ACADEMIC TRANSCRIPT FROM THE COMMISSION AND THE COMMISSION 29 DETERMINES THAT THE REQUESTED TRANSCRIPT IS MISSING, INCOMPLETE, OR IN

- 1 A FORMAT INACCESSIBLE TO THE STUDENT, THE COMMISSION MAY ISSUE A
- 2 REPLACEMENT TRANSCRIPT FOR THE STUDENT BASED SOLELY ON THE MOST
- 3 RECENT INFORMATION PROVIDED BY THE INSTITUTION THAT THE STUDENT
- 4 ATTENDED.
- 5 (2) A REPLACEMENT TRANSCRIPT ISSUED IN ACCORDANCE WITH
- 6 PARAGRAPH (1) OF THIS SUBSECTION SHALL:
- 7 (I) BE SIGNED BY A DESIGNEE OF THE SECRETARY OF HIGHER
- 8 EDUCATION;
- 9 (II) CONTAIN AN EXPLANATION OF THE CLOSURE OF THE
- 10 INSTITUTION; AND
- 11 (III) CONTAIN AN EXPLANATION OF THE SOURCE OF ALL
- 12 INFORMATION CONTAINED IN THE REPLACEMENT TRANSCRIPT.
- 13 (E) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A
- 14 REPLACEMENT TRANSCRIPT ISSUED IN ACCORDANCE WITH THIS SECTION SHALL BE
- 15 ACCEPTED AS AN OFFICIAL TRANSCRIPT BY:
- 16 (I) ANY INSTITUTION OF POSTSECONDARY EDUCATION
- 17 OPERATING IN THE STATE; AND
- 18 (II) ANY INSTITUTION REGISTERED TO PROVIDE A FULLY
- 19 ONLINE DISTANCE EDUCATION PROGRAM IN THE STATE.
- 20 (2) FOR PURPOSES OF STUDENT TRANSFER, AN INSTITUTION OF
- 21 POSTSECONDARY EDUCATION OR A FULLY ONLINE DISTANCE EDUCATION PROGRAM
- 22 IN THE STATE MAY CONSIDER, INSTEAD OF OR IN ADDITION TO A REPLACEMENT
- 23 TRANSCRIPT, AN UNOFFICIAL TRANSCRIPT OR OTHER TRANSCRIPT INFORMATION
- 24 PROVIDED BY THE STUDENT THAT THE RECEIVING INSTITUTION OR PROGRAM
- 25 DEEMS RELEVANT.
- 26 (F) (1) THE COMMISSION SHALL ADOPT REGULATIONS NECESSARY TO
- 27 CARRY OUT THE PROVISIONS OF THIS SECTION.
- 28 (2) THE REGULATIONS ADOPTED IN ACCORDANCE WITH THIS
- 29 SUBSECTION SHALL INCLUDE:
- 30 (I) A SPECIFICATION OF THE MANNER AND FORMAT IN WHICH
- 31 STUDENT RECORDS ARE TO BE FILED WITH THE COMMISSION; AND

- 1 A DESCRIPTION OF THE CIRCUMSTANCES UNDER WHICH AN (II)2 INSTITUTION OF POSTSECONDARY EDUCATION OR A FULLY ONLINE DISTANCE 3 EDUCATION PROGRAM IN THE STATE MAY DISCONTINUE ACADEMIC OR 4 ADMINISTRATIVE OPERATION. Article - State Government 5 6 9-1A-30. 7 (a) There is an Education Trust Fund which is a special, nonlapsing fund that is 8 not subject to § 7–302 of the State Finance and Procurement Article. 9 (b) (1)There shall be credited to the Education Trust Fund all proceeds 10 allocated to the Fund under § 9–1A–27 of this subtitle AND ALL JUDGMENTS PAID TO THE FUND UNDER § 11–210 OF THE EDUCATION ARTICLE. 11 12 Money in the Education Trust Fund shall be invested and reinvested (2) 13 by the Treasurer, and interest and earnings shall accrue to the Fund. 14 Money in the Education Trust Fund shall be used to: (c) 15 (1) provide funding for public elementary and secondary education, through continuation of the funding and formulas established under the programs 16 commonly known as the Bridge to Excellence in Public Schools Act, first enacted by Chapter 17 288 of the Acts of the General Assembly of 2002, including the funding for regional 18 differences in the cost of education under § 5–202(f) of the Education Article; 19 20 (2)provide funds to construct public school buildings and provide public 21school capital improvements in accordance with Title 5. Subtitle 3 of the Education Article: 22 (3)provide funds for capital projects at community colleges and public senior higher education institutions; and 23 24**(4)** provide funds to expand public early childhood education programs in the State. 2526 Expenditures from the Education Trust Fund shall be made each fiscal year (d) 27in accordance with the State budget. 28 SECTION 3. AND BE IT FURTHER ENACTED, That, if any provision of this Act or
- 29the application thereof to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other 30 31 application of this Act that can be given effect without the invalid provision or application, 32and for this purpose the provisions of this Act are declared severable.

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1 1, 2020.