

CS FOR HOUSE BILL NO. 43(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 3/12/01

Referred: Finance

Sponsor(s): REPRESENTATIVES GREEN, Kerttula

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to forgiveness of certain student loans; and providing for an effective**
2 **date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 14.43 is amended by adding a new section to read:

5 **Sec. 14.43.142. Loan forgiveness of loans made to borrowers employed as**
6 **school teachers.** (a) Except as provided under (b) of this section, the state shall
7 forgive a loan made to a borrower who (1) has complied with AS 14.43.120, (2) has
8 received a teaching degree or credit hours necessary to obtain a teaching certificate or
9 endorsement from a college or university located in this state, (3) is employed as a
10 teacher at an elementary or secondary school in this state, and (4) is employed within a
11 geographically underserved area of the state, employed in the state to teach a subject
12 for which there is a shortage of teachers, or employed in the state in another
13 educational capacity in which a shortage has been identified. The amount to be
14 forgiven under this section is the payments to be made by the borrower for a loan

1 made under AS 14.43.110 equal to the following percentages of the total loan received
2 plus interest up to a total of 100 percent of the total loan plus interest:

3 (1) one year employment as described in this subsection, 15 percent;

4 (2) two years employment as described in this subsection, an
5 additional 17.5 percent;

6 (3) three years employment as described in this subsection, an
7 additional 20 percent;

8 (4) four years employment as described in this subsection, an
9 additional 22.5 percent;

10 (5) five years employment, an additional 25 percent.

11 (b) This section does not apply to a loan under AS 14.43.110 given to a
12 borrower who has fewer than 60 hours of credit at a college or university.

13 (c) The loan amount forgiven under this section may not exceed the loan
14 balance due to the state. Notwithstanding any other provision of law, while

15 (1) a person's loan is being forgiven by the state under (a) of this
16 section, that person may not receive forgiveness of a loan under any other provision of
17 this chapter; and

18 (2) a person is qualified for forgiveness under this section a borrower's
19 obligation to commence repayment of the principal and interest on the loan is
20 suspended.

21 (d) For purposes of (a) of this section, the commission shall determine the
22 areas in this state that are geographically underserved, the subject areas that have a
23 shortage of teachers, and other employment in which a shortage is identified.

24 (e) Forgiveness under (a) of this section is subject to appropriation by the
25 legislature. Money obtained from the sale of bonds by the Student Loan Corporation
26 under AS 14.42.220 may not be appropriated for the payment of forgiveness of loans.

27 (f) In this section, "teacher" includes a librarian, counselor, or other person
28 who possesses a valid teacher certificate issued under AS 14.20.020.

29 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
30 read:

31 **APPLICABILITY.** This Act applies to loans entered into on or after July 1, 2001, and

1 to a person's employment that occurs on or after July 1, 2001.

2 * **Sec. 3.** This Act takes effect July 1, 2001.