

**CS FOR HOUSE BILL NO. 54(EDU)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON EDUCATION

Offered: 2/16/01

Referred: Health, Education and Social Services, Finance

Sponsor(s): REPRESENTATIVES DAVIES, Kerttula

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the rate of interest applicable to student loans; and providing for an  
2 effective date."

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

4 \* **Section 1.** AS 14.43.120(f) is amended to read:

5 (f) Except as provided under (v) and (w) of this section, interest  
6 [INTEREST] on a loan made under AS 14.43.090 - 14.43.160 is equal to the interest  
7 rate

8 (1) paid in each year on bonds issued by the Alaska Student Loan  
9 Corporation under AS 14.42.220; and

10 (2) necessary to pay the administrative cost of the student loan  
11 program that is represented by the loan.

12 \* **Sec. 2.** AS 14.43.120(t) is amended to read:

13 (t) Payment of interest under (l) of this section, [AND] forgiveness under (s)  
14 of this section, and a reduction of interest under (w) of this section are subject to

1 appropriation by the legislature. Money obtained from the sale of bonds by the  
2 Student Loan Corporation under AS 14.42.220 may not be appropriated for the  
3 payment of interest or the forgiveness of loans.

4 \* **Sec. 3.** AS 14.43.120 is amended by adding a new subsection to read:

5 (w) If a borrower has graduated from a career education program or received  
6 an undergraduate degree from a college or university, is employed within the state,  
7 and has complied with this section, the rate of interest calculated under (f) of this  
8 section for a loan to that borrower shall be reduced by at least 50 basis points (one-half  
9 of one percent) but not more than 100 basis points (one percent). The interest rate  
10 reduction required under this subsection applicable to a loan shall be determined by  
11 the commission. The commission may not grant an interest rate reduction under this  
12 subsection if the reduced rate of interest would preclude the commission from  
13 administering loans under AS 14.43.090 - 14.43.160.

14 \* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to  
15 read:

16 **APPLICABILITY.** This Act applies to loans entered into on or after July 1, 2001, and  
17 to a person's employment that occurs on or after July 1, 2001.

18 \* **Sec. 5.** This Act takes effect July 1, 2001.