

CS FOR HOUSE BILL NO. 43(FIN) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 4/30/01

Offered: 4/29/01

Sponsor(s): REPRESENTATIVES GREEN, Kerttula, Murkowski, Stevens, Meyer

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 **public school teachers.** (a) Except as provided under (b) of this section, the state
7 shall forgive a loan made to a borrower who has received a teaching degree or credit
8 hours necessary to obtain a teaching certificate or endorsement from a college or
9 university located in this state, is employed as a teacher at a public elementary or
10 secondary school, is employed within a geographically underserved area of the state or
11 is employed in the state to teach a subject for which there is a shortage of teachers, and
12 has complied with AS 14.43.120. The amount to be forgiven under this section is the
13 payments to be made by the borrower for a loan made under AS 14.43.110 equal to
14 the following percentages of the total loan received plus interest up to a total of 100

1 percent of the total loan plus interest:

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

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

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

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

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

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

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

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

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

20 (d) For purposes of (a) of this section, the State Board of Education and Early
21 Development shall determine the areas in this state that are geographically
22 underserved or the subject areas that have a shortage of teachers.

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

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

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

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