

(LIMITED RUN SHOWING ALL ADDITIONAL SPONSORSHIPS)

SENATE CS FOR CS FOR HOUSE BILL NO. 18(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 3/16/07

Referred: Rules

Sponsor(s): REPRESENTATIVES MEYER, Lynn, Kawasaki, Kelly, Crawford, Gara, Harris, LeDoux, Stoltze, Buch, Dahlstrom, Roses, Johnson, Gardner, Seaton, Olson, Neuman, Johansen, Guttenberg

SENATORS Wilken, Davis, Wagoner, Dyson, Ellis, Therriault, Stevens, Wielechowski, McGuire, French, Thomas, Olson, Elton

A BILL**FOR AN ACT ENTITLED**

1 "An Act amending the functions and powers of the Alaska Commission on
 2 Postsecondary Education; and relating to the repayment provisions for medical
 3 education and postsecondary degree program participants."

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

5 * **Section 1.** AS 14.42.030(d) is amended to read:

6 (d) The commission **shall** [MAY] enter into agreements with government or
 7 postsecondary education officials of this state or other states to provide postsecondary
 8 educational services and programs to Alaska residents pursuing a medical education
 9 degree **sufficient to accommodate at least 20 new program participants each year.**
 10 An agreement with another state must be limited to services and programs that are
 11 unavailable in Alaska. The commission shall require a person participating in a
 12 medical education program offered under this subsection to agree to the repayment
 13 condition imposed under AS 14.43.510.

14 * **Sec. 2.** AS 14.43.510(a) is amended to read:

1 (a) Except as provided under (b) and (c) of this section, as a condition of
 2 participating in a medical education program under AS 14.42.030(d), a program
 3 participant shall agree to **either return to the state and actively engage in**
 4 **professional medical practice or** repay [THE] financial support provided by the state
 5 on behalf of the **program participant** [STUDENT]. The financial support to be
 6 repaid is equal to **50 percent of the amount paid for each program participant by**
 7 **the state to the contracting postsecondary institution, plus interest** [THE
 8 DIFFERENCE BETWEEN RESIDENT AND NONRESIDENT TUITION AT THE
 9 CONTRACTING POSTSECONDARY INSTITUTION, PLUS INTEREST,
 10 INCLUDING ANY DIFFERENTIAL FOR THE FIRST YEAR OF THE PROGRAM
 11 DELIVERED AT THE UNIVERSITY OF ALASKA, ANCHORAGE]. The rate of
 12 interest is equal to the 12th Federal Reserve District discount rate in effect on March 1
 13 of the year in which the financial support is provided plus two percentage points.
 14 Interest imposed under this subsection begins to accrue when the person terminates
 15 studies under the medical education program. Accrued interest shall be added to the
 16 principal balance of the repayment obligation at the time the borrower is obligated to
 17 commence repayment and at the end of a deferment period.

18 * **Sec. 3.** AS 14.43.510(b) is amended to read:

19 (b) If a program participant under (a) of this section has graduated from the
 20 medical education program for which the financial support was received and is
 21 employed in the state in the field for which the person received the financial support,
 22 including employment in the state in a medical residency program, the repayment
 23 obligation shall be forgiven and considered a grant in an amount equal to the
 24 following percentages plus accrued interest:

25 **(1) for employment in rural areas of the state,**

26 **(A) one year employment, 33 1/3 percent;**

27 **(B) two years employment, an additional 33 1/3 percent;**

28 **(C) three years employment, an additional 33 1/3 percent;**

29 **(2) for employment in areas of the state that are not rural,**

30 **(A) [(1)] one year employment, 20 percent;**

31 **(B) [(2)] two years employment, an additional 20 percent;**

- 1 (C) [(3)] three years employment, an additional 20 percent;
2 (D) [(4)] four years employment, an additional 20 percent;
3 (E) [(5)] five years employment, an additional 20 percent.

4 * **Sec. 4.** AS 14.43.510(c) is amended to read:

5 (c) Repayment under (a) of this section is required to begin not later than six
6 months after the person terminates studies under the medical education program
7 except that repayment shall be deferred for a person who (1) qualifies for forgiveness
8 under (b) of this section for as long as the person remains qualified for forgiveness
9 under (b) of this section; (2) is employed in a medical residency program [IN THE
10 STATE] for as long as the person remains in the medical residency program; or (3) is
11 performing a service obligation imposed by the National Health Service Corps, the
12 Indian Health Service, or the Uniformed Service Scholarship Program for as long as
13 the person is performing the service. Forgiveness under (b) of this section only applies
14 to that portion of the repayment obligation that has not been repaid to the state.

15 * **Sec. 5.** AS 14.43.510 is amended by adding a new subsection to read:

16 (i) In this section, "rural" means a community with a population of 7,500 or
17 less that is not connected by road or rail to Anchorage or Fairbanks or with a
18 population of 3,500 or less that is connected by road or rail to Anchorage or Fairbanks.