

Introduced: 2/1/85
Referred: House Special Committee
on State Loans, Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY BINKLEY

2

HOUSE BILL NO. 161

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to student loans; and providing for
7 an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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

10 (f) Interest on a loan given under AS 14.43.090 - 14.43.160 is
11 at the rate of eight [FIVE] percent a year unless the loan is in
12 default. Interest on a loan that is in default is 10 percent a year
13 for the period the loan is in default.

14 * Sec. 2. AS 14.43.125(a) is repealed and reenacted to read:

15 (a) A person may apply for and obtain a scholarship loan if the
16 person

17 (1) is a resident of the state at the time of application
18 for a scholarship loan;

19 (2) meets the requirements of (b) of this section; and

20 (3) has

21 (A) graduated from high school within one year preced-
22 ing the date of application or is scheduled for graduation from a
23 high school within six months after the date of application, with
24 sufficient credits to be admitted to a career education program
25 or to an accredited college or university; or

26 (B) established financial need in accordance with
27 regulations adopted by the Alaska Commission on Postsecondary
28 Education.

29 * Sec. 3. AS 14.43.125 is amended by adding a new subsection to read:

1 (c) The recipient of a scholarship loan may continue to apply
2 for and receive scholarship loans during each year in which the recip-
3 ient remains enrolled as a full-time student in a career education,
4 associate, baccalaureate or graduate degree program. A recipient who,
5 after the date of the initial application, interrupts study as a
6 full-time student for periods totaling more than two years may receive
7 a new loan only if the recipient can establish financial need under
8 (a)(3)(B) of this section.

9 * Sec. 4. AS 14.43.640(b) is amended to read:

10 (b) If a borrower meets the conditions provided in (a) of this
11 section and is employed as a teacher in a rural elementary or second-
12 ary school in the state, a portion of the loan shall be repaid by the
13 state. The [THE] portion of the loan that shall be paid by the state
14 [, NOTWITHSTANDING AS 14.43.120(j),] is the following percentages of
15 the total loan received plus interest up to a total of 100 percent of
16 the total loan:

- 17 (1) one year employment, 15 percent;
18 (2) two years employment, an additional 15 percent;
19 (3) three years employment, an additional 15 percent;
20 (4) four years employment, an additional 25 percent;
21 (5) over four years employment, an additional 30 percent.

22 * Sec. 5. AS 14.43.640 is amended by adding a new subsection to read:

23 (e) Notwithstanding AS 14.43.120(f), interest on a loan made
24 under AS 14.43.600 - 14.43.700 is at the rate of five percent a year
25 unless the loan is in default. Interest on a loan that is in default
26 is 10 percent a year for the period the loan is in default.

27 * Sec. 6. AS 14.43.120(j), (o), and (p) are repealed.

28 * Sec. 7. A student who received a scholarship loan during the school
29 year before the year this Act takes effect may receive a new loan only if

1 the student

2 (1) initially applied for a loan while in high school or within
3 one year after graduation from high school, and has not interrupted study
4 as a full-time student for periods totaling more than two years; or

5 (2) can establish financial need under AS 14.43.125(a)(3)(B), as
6 amended by sec. 2 of this Act.

7 * Sec. 8. This Act takes effect July 1, 1985.