

Offered: 4/8/87  
Referred: Finance

5-0533L

Original sponsors: Pearce, Larson,  
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1 IN THE HOUSE BY THE HEALTH, EDUCATION AND  
2 CS FOR HOUSE BILL NO. 133 (HESS) SOCIAL SERVICES COMMITTEE  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to the scholarship loan program and  
7 the collection of scholarship loans; and providing  
8 for an effective date."  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
10 \* Section 1. AS 14.43.120(b) is amended to read:  
11 (b) Scholarship loans may only be used to attend a  
12 (1) career education institution [PROGRAM] that has been  
13 approved by the commission before July 1, 1986, or has been operating  
14 for at least two years before the borrower attends; or  
15 (2) college or university that  
16 (A) has been approved by the commission before July 1,  
17 1986, or has been operating for at least two years before the  
18 borrower attends;  
19 (B) is accredited by a national or regional accredita-  
20 tion association recognized by the Council on Postsecondary  
21 Accreditation or is approved by the commission; and  
22 (C) if the loans are federally insured, is approved by  
23 the United States Commissioner of Education.  
24 \* Sec. 2. AS 14.43.120(i) is amended to read:  
25 (i) If a loan is in default, the commission shall notify the  
26 borrower that repayment of the remaining balance is accelerated and  
27 due, by sending the borrower a notice by registered or certified mail.  
28 The permanent fund dividend of a defaulted borrower may be taken under  
29 AS 43.23.065(b)(4) to satisfy the balance due on the defaulted loan.

1 \* Sec. 3. AS 14.43.120(1) is amended to read:

2 (1) The state will pay the interest on that portion of a loan  
3 that is not federally insured during

4 (1) the period in which a borrower is a full-time student  
5 [BEFORE THE BEGINNING OF THE REPAYMENT PERIOD OF THE LOAN]; [AND]

6 (2) deferments under (k) of this section; and

7 (3) the 12 months after the borrower ceases to be a full-  
8 time student if the borrower has paid an amount equal to 10 percent of  
9 the total loan balance before the end of the 12-month period.

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

11 (r) Each loan shall include a notice to the loan applicant of  
12 the provisions of (i) of this section and the provisions of AS 43.23.-  
13 067.

14 \* Sec. 5. AS 43.23 is amended by adding a new section to read:

15 Sec. 43.23.067. CLAIMS OF DEFAULTED SCHOLARSHIP LOANS. (a)  
16 AS 09.38 does not apply to permanent fund dividends taken under  
17 AS 14.43.120(i). Notwithstanding AS 09.35, execution on a claim under  
18 AS 14.43.120(i) is accomplished by delivering a certified claim to the  
19 department containing the following information:

20 (1) the name and social security number of the individual  
21 whose dividend is being claimed;

22 (2) the amount the individual owes on the scholarship loan;  
23 and

24 (3) a statement that

25 (A) the debt has not been contested, or, if contested,  
26 that the issue has been resolved in favor of the Alaska Commis-  
27 sion on Postsecondary Education; and

28 (B) if the debt has been contested and resolved in  
29 favor of the Alaska Commission on Postsecondary Education, no

1            appeal is pending, the time limit for filing an appeal has ex-  
2            pired, or the appeal has been resolved in favor of the commis-  
3            sion.

4            (b) Upon receipt of a claim under (a) of this section the de-  
5            partment shall notify the individual of the claim. The notice shall  
6            be sent to the address provided in the individual's permanent fund  
7            dividend application and must provide the following information:

8                    (1) the amount of the claim; and

9                    (2) notice that the amount of the permanent fund dividend  
10            that does not exceed the amount of the claim shall be paid to the  
11            Alaska Commission on Postsecondary Education unless the commission  
12            releases the claim or the individual requests a hearing within 30 days  
13            after the date the notice is sent by the department.

14            (c) AS 44.62.330 - 44.62.630 apply to a hearing requested by an  
15            individual under (b)(2) of this section. If a request for a hearing  
16            is not received by the department within the required time limit, the  
17            department shall pay to the Alaska Commission on Postsecondary Educa-  
18            tion the amount of the permanent fund dividend that does not exceed  
19            the amount of the claim.

20            \* Sec. 6. This Act takes effect immediately under AS 01.10.070(c).