

1 IN THE HOUSE

BY SUND, FRANK,
KOPONEN AND NAVARRE

2

HOUSE BILL NO. 363

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to conditions of scholarship loans."

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

8 * Section 1. AS 14.43.120(e) is amended to read:

9 (e) Loans are interest bearing while a student is enrolled under
10 (c) of this section or is receiving a deferment of payments under (k)
11 of this section [; HOWEVER, A STUDENT IS ENTITLED TO HAVE A PORTION OF
12 THE INTEREST PAID IN ACCORDANCE WITH (1) OF THIS SECTION].

13 * Sec. 2. AS 14.43.120(k) is amended to read:

14 (k) Periodic installments of principal and interest shall be
15 deferred [, BUT INTEREST SHALL ACCRUE AND BE PAID UNLESS THE STUDENT
16 IS ELIGIBLE FOR INTEREST PAYMENT BENEFITS UNDER (1) OF THIS SECTION]
17 during any of the following:

18 (1) return to student status as provided in (c) of this
19 section;

20 (2) serving an initial period of up to six years on active
21 duty as a member of the armed forces of the United States;

22 (3) serving, for up to three years, as a full-time volun-
23 teer under the Peace Corps Act;

24 (4) serving, for up to three years, as a full-time volun-
25 teer under the Domestic Volunteer Service Act of 1973;

26 (5) for a one-time period up to 12 months in which the
27 borrower is seeking and unable to find employment in the United
28 States; or

29 (6) if the borrower becomes 50 percent or more disabled as

1 certified by competent medical authority.

2 * Sec. 3. AS 14.43.120 is amended by adding new subsections to read:

3 (s) A portion of a loan shall be paid on behalf of the borrower
4 by the state if the loan is not in default and if, upon completion of
5 the course of study for which the loan was granted, the borrower is a
6 resident of the state for at least two years. The portion of the loan
7 that shall be paid by the state is based on the following percentages
8 of the total loan received plus interest up to a total of 50 percent
9 of the total loan:

10 (1) two - three years residence in the state, 10 percent;

11 (2) three - four years residence in the state, an addition-
12 al 10 percent;

13 (3) four - five years residence in the state, an additional
14 10 percent;

15 (4) five - six years residence in the state, an additional
16 10 percent;

17 (5) over six years residence in the state, an additional 10
18 percent.

19 * Sec. 4. AS 14.43.120(1) is repealed.