

Original sponsors(s): REP. ELLIS, Koponen, Gruenberg, Boucher

1 IN THE HOUSE

BY THE HESS COMMITTEE

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CS FOR HOUSE BILL NO. 10 (HESS) am

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTEENTH LEGISLATURE - SECOND SESSION

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A BILL

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For an Act entitled: "An Act relating to forgiveness of student loans  
of certain health care professionals, to taxation of  
student loans, and to student financial assistance;  
and providing for an effective date."

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

11 \* Section 1. AS 14.43.120 is amended by adding new subsections to read:

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(s) If a borrower meets the conditions provided in this section,

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meets the condition imposed under AS 14.43.950, if the borrower has  
received a tuition differential subsidy, and is employed as a health  
care professional in a geographical area of the state determined to  
have a health care professional shortage for the borrower's profession

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by the Department of Health and Social Services under AS 44.29.020(b),  
a portion of the loan shall, subject to appropriation by the legisla-

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ture, be paid by the state equal to the following percentages of the  
total loan received plus interest up to a total of 70 percent of the

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total loan: (1) one year employment, 10 percent; (2) two years em-

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ployment, an additional 12 percent; (3) three years employment, an  
additional 14 percent; (4) four years employment, an additional 16

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percent; (5) five years employment, an additional 18 percent. In this  
subsection, "health care professional" means a person who is licensed

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as a physician or osteopath under AS 08.64.230, as a physical thera-  
pist or occupational therapist under AS 08.84, as a registered nurse  
under AS 08.68.190 or 08.68.200, or a person practicing medicine as a

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physician's assistant.

1 (t) Notwithstanding any other provision of law, while a person's  
2 loan is being paid by the state under (s) of this section, that person  
3 may not receive forgiveness of a loan under any other section of this  
4 chapter.

5 (u) The commission shall adopt regulations that permit a borrow-  
6 er to exclude a forgiven portion of a loan from the gross income of  
7 the borrower as allowed under the Internal Revenue Code.

8 \* Sec. 2. AS 14.43 is amended by adding a new section to read:

9 Sec. 14.43.950. EMPLOYMENT CONDITION FOR PARTICIPANTS IN CERTAIN  
10 EDUCATION PROGRAMS. As a condition of eligibility for receiving a  
11 tuition differential subsidy under a program offered by the Western  
12 Interstate Commission for Higher Education or the Alaska Commission on  
13 Postsecondary Education under AS 14.42.030(d), a program participant  
14 shall agree to be employed in the state for a period of at least six  
15 months for each school year of participation in the program. A person  
16 who does not meet the employment requirements of this section within  
17 four years after completing the person's subsidized education shall  
18 pay to the state 50 percent of the tuition differential subsidy  
19 received by the person plus interest at the rate provided for scholar-  
20 ship loans under AS 14.43.120(f). Interest under this section begins  
21 to accrue one year after the person completes the subsidized education  
22 program.

23 \* Sec. 3. AS 44.29.020 is amended by adding a new subsection to read:

24 (b) The department shall, by September 30 of each year, prepare  
25 a report that (1) lists by profession those geographic areas of the  
26 state that have a health care professional shortage, (2) identifies  
27 the number of health care professionals employed in each area of  
28 shortage, and (3) recommends changes to the health care professional  
29 loan forgiveness program under AS 14.43.120(s). The report prepared

1 under this subsection shall be provided to the Alaska Commission on  
2 Postsecondary Education. The commissioner of health and social ser-  
3 vices shall adopt regulations regarding the determination of geo-  
4 graphic areas with a health care professional shortage. In this  
5 subsection "health care professional" has the meaning given in AS 14.-  
6 43.120(s).

7 \* Sec. 4. APPLICABILITY. (a) Sections 1 and 3 of this Act apply to a  
8 person's employment as a health care professional that occurs after July 1,  
9 1990.

10 (b) Section 2 of this Act applies to a person who begins an  
11 education program and who receives a tuition differential subsidy on or  
12 after January 1, 1991.

13 \* Sec. 5. This Act takes effect July 1, 1990.