

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

1 IN THE HOUSE BY THE HESS COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 10 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

11 * Section 1. AS 14.43.120(b) is amended to read:

12 (b) Scholarship loans may only be used to attend a

13 (1) career education program that has been approved by the
14 commission before July 1, 1986, or has been operating for at least one
15 year [TWO YEARS] before the borrower attends; or

16 (2) a college or university that

17 (A) has been approved by the commission before July 1,
18 1986, or has been operating for at least two years before the
19 borrower attends;

20 (B) is accredited by a national or regional accredita-
21 tion association recognized by the Council on Postsecondary
22 Accreditation or is approved by the commission; and

23 (C) if the loans are federally insured, is approved by
24 the United States Secretary of Education.

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

26 (s) If a borrower meets the conditions provided in this section,
27 meets the condition imposed under AS 14.43.950, if the borrower has
28 received a tuition differential subsidy, and is employed as a health
29 care professional in a geographical area of the state determined to

1 have a health care professional shortage for the borrower's profession
2 by the Department of Health and Social Services under AS 44.29.020(b),
3 a portion of the loan shall, subject to appropriation by the legisla-
4 ture, be paid by the state equal to the following percentages of the
5 total loan received plus interest up to a total of 70 percent of the
6 total loan: (1) one year employment, 10 percent; (2) two years em-
7 ployment, an additional 12 percent; (3) three years employment, an
8 additional 14 percent; (4) four years employment, an additional 16
9 percent; (5) five years employment, an additional 18 percent. In this
10 subsection, "health care professional" means a person who is licensed
11 as a physician or osteopath under AS 08.64.230, as a physical thera-
12 pist or occupational therapist under AS 08.84, as a registered nurse
13 under AS 08.68.190 or 08.68.200, a person practicing medicine as a
14 physician's assistant, or a person employed as a medical technician.

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

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

22 * Sec. 3. AS 14.43 is amended by adding a new section to read:

23 Sec. 14.43.950. EMPLOYMENT CONDITION FOR PARTICIPANTS IN CERTAIN
24 EDUCATION PROGRAMS. As a condition of eligibility for receiving a
25 tuition differential subsidy under a program offered by the Western
26 Interstate Commission for Higher Education or the Alaska Commission on
27 Postsecondary Education under AS 14.42.030(d), a program participant
28 shall agree to be employed in the state for a period of at least six
29 months for each school year of participation in the program. A person

1 who does not meet the employment requirements of this section within
2 four years after completing the person's subsidized education shall
3 pay to the state 50 percent of the tuition differential subsidy re-
4 ceived by the person plus interest at the rate provided for scholar-
5 ship loans under AS 14.43.120(f). Interest under this section begins
6 to accrue one year after the person completes the subsidized education
7 program.

8 * Sec. 4. AS 44.29.020 is amended by adding a new subsection to read:

9 (b) The department shall, by September 30 of each year, prepare
10 a report that (1) lists by profession those geographic areas of the
11 state that have a health care professional shortage, (2) identifies
12 the number of health care professionals employed in each area of
13 shortage, and (3) recommends changes to the health care professional
14 loan forgiveness program under AS 14.43.120(s). The report prepared
15 under this subsection shall be provided to the Alaska Commission on
16 Postsecondary Education. The commissioner of health and social ser-
17 vices shall adopt regulations regarding the determination of geo-
18 graphic areas with a health care professional shortage. In this
19 subsection "health care professional" has the meaning given in AS 14.-
20 43.120(s).

21 * Sec. 5. APPLICABILITY. (a) Sections 2 and 4 of this Act apply to a
22 person's employment as a health care professional that occurs after July 1,
23 1990.

24 (b) Section 3 of this Act applies to a person who begins an education
25 program and who receives a tuition differential subsidy on or after
26 January 1, 1991.

27 * Sec. 6. This Act takes effect July 1, 1990.