

SENATE BILL NO. 336

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE BY REQUEST

Introduced: 2/22/94  
Referred: HES, FIN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to student loans and to sanctions for defaulting on a student  
2 loan; and providing for an effective date."

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

4 \* Section 1. AS 14.43.120(f) is repealed and reenacted to read:

5 (f) Interest on a loan made under AS 14.43.090 - 14.43.160 is equal to the  
6 interest rate

7 (1) paid in each year on bonds issued by the Alaska Student Loan  
8 Corporation under AS 14.42.220; and

9 (2) necessary to pay a percentage of the administrative cost of the  
10 student loan program that is represented by the loan; in determining a rate of interest  
11 under this paragraph, the commission shall use a method that ensures that the rate of  
12 interest is as low as possible without precluding the ability of the commission to  
13 administer loans made under AS 14.43.090 - 14.43.160.

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

1                   Sec. 14.43.122. CONSOLIDATION OF LOANS. (a) The commission may  
2 offer

3                   (1) a borrower who has received more than one loan under this chapter  
4 the option of consolidating the multiple loans into a single loan; or

5                   (2) to consolidate loans made to married borrowers if the married  
6 borrowers agree to be jointly and severally liable for repayment of the consolidated  
7 loan, regardless of the borrowers' future marital status or the death of one of the  
8 borrowers.

9                   (b) Notwithstanding AS 14.43.120(f), if loans are consolidated under (a) of this  
10 section, the consolidated loan shall bear annual interest equal to the weighted average  
11 of the interest rates on the loans being consolidated, rounded to the nearest whole  
12 percent.

13 \* Sec. 3. AS 14.43.125(a) is amended to read:

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

15                   (1) is

16                   (A) enrolled as a full-time student in a career education,  
17 associate, baccalaureate, or graduate degree program;

18                   (B) enrolled as a half-time student in a career education,  
19 associate, baccalaureate, or graduate degree program in

20                   (i) the state; or

21                   (ii) a career education, associate, baccalaureate, or  
22 graduate degree program and is physically present in the state while  
23 attending the career education, associate, baccalaureate, or graduate  
24 degree program; or

25                   (C) a graduate of a high school or the equivalent, or scheduled  
26 for graduation from a high school within six months, with sufficient credits to  
27 be admitted to a career education program or to an accredited college or  
28 university;

29                   (2) is not delinquent or in default on a previously awarded scholarship  
30 loan; and

31                   (3) is a resident of the state at the time of application for the loan; for

1 purposes of this section, a person qualifies as a resident of the state if at the time of  
2 application for the loan the person

3 (A) has been physically present in the state for at least two  
4 years immediately before the time of application for the loan;

5 (B) is dependent on a parent or guardian for care, the parent or  
6 guardian has been present in the state for at least two years immediately before  
7 the time of application for the loan and the person has been present in the state  
8 for at least one year of the immediately preceding five years except that the  
9 commission may by a two-thirds vote, acting upon a written appeal by the  
10 person, grant an exemption to the requirement that the person has been present  
11 in the state for one year of the immediately preceding five years;

12 (C) has been physically present in the state, or is a dependent  
13 of a parent or guardian who has been physically present in the state, for at least  
14 two years immediately before the applicant was absent from the state and the  
15 absence is due solely to

16 (i) serving an initial period of up to six years on active  
17 duty as a member of the armed forces of the United States;

18 (ii) serving for up to three years as a full-time volunteer  
19 under the Peace Corps Act;

20 (iii) serving for up to three years as a full-time volunteer  
21 under the Domestic Volunteer Service Act of 1973;

22 (iv) required medical care for the applicant or the  
23 applicant's immediate family;

24 (v) being a person who otherwise qualifies as a resident  
25 and is accompanying a spouse who qualifies as a resident under (i) -  
26 (iv) of this paragraph; or

27 (D) has been physically present in the state, or is a dependent  
28 of a parent or guardian who has been physically present in the state, for at least  
29 two years immediately before the applicant or the parent or guardian was  
30 absent from the state and the absence is due solely to

31 (i) participating in a foreign exchange student program

1 recognized by the commission;  
2 (ii) attending a school as a full-time student;  
3 (iii) full-time employment by the state;  
4 (iv) being a member of or employed full-time by the  
5 state's congressional delegation;  
6 (v) being a person who otherwise qualifies as a resident  
7 and is accompanying a spouse who qualifies as a resident under (i) -  
8 (iv) of this paragraph; [AND]  
9 (4) does not have a past due child support obligation established by  
10 court order or by the child support enforcement division under AS 25.27.160 -  
11 25.27.220 at the time of application; and  
12 (5) has not, within the previous five years, had a scholarship loan  
13 discharged or written off by the commission for any reason.

14 \* Sec. 4. AS 14.43 is amended by adding a new section to read:

15 Sec. 14.43.150. ORDER TO ASSIGN WAGES FOR DEFAULTED LOAN.

16 (a) In a court proceeding regarding a defaulted loan under this chapter in which the  
17 court has entered judgment in favor of the commission, the court may, on its own  
18 motion or motion of the commission, after notice and an opportunity for hearing, order  
19 the loan recipient to assign to the commission that portion of salary or wages due the  
20 loan recipient currently and in the future in an amount sufficient to pay the amount  
21 ordered by the court to be repaid to the commission.

22 (b) The order of assignment is binding upon an employer upon service of a  
23 copy of the order upon the employer and until further order of the court. The  
24 employer may, for each payment made under the order, deduct \$1 from other wages  
25 or salary owed to the employee.

26 (c) An assignment of wages made under court order has priority as against an  
27 attachment, execution, or other assignment, except for an assignment of child support  
28 under AS 25.27 or as otherwise ordered by the court.

29 (d) An employer may not terminate an employee's employment because wages  
30 of the employee are subject to an order under this section.

31 \* Sec. 5. AS 14.43.740(b) is amended to read:

1 (b) The provisions of AS 14.43.120(p) apply to a loan made under  
2 AS 14.43.710 - 14.43.790 with respect to the borrower [FAMILY MEMBER ON  
3 WHOSE BEHALF A LOAN IS MADE].

4 \* Sec. 6. AS 14.43.750(a) is amended to read:

5 (a) A person may apply for and obtain a family education loan on behalf of  
6 a family member if

7 (1) the borrower is a resident of the state at the time of application for  
8 the loan; for purposes of this paragraph, a borrower qualifies as a resident of the state  
9 if the borrower has been physically present in the state for at least one year [TWO  
10 YEARS] immediately before the time of application for the loan;

11 (2) the family member [HAS BEEN CLAIMED AS A DEPENDENT  
12 FOR FEDERAL TAX PURPOSES BY THE BORROWER FOR THE TAX YEAR  
13 IMMEDIATELY BEFORE THE TIME OF APPLICATION AND]

14 (A) is enrolled as a full-time student in a career education,  
15 associate, baccalaureate, or graduate degree program; or

16 (B) is a graduate of a high school or the equivalent, or  
17 scheduled for graduation from a high school within six months, with sufficient  
18 credits to be admitted to a career education program or to an accredited college  
19 or university; and

20 (3) neither the borrower nor the family member is delinquent or in  
21 default on a previously awarded student loan from the state.

22 \* Sec. 7. Sections 3, 4, 5, and 6 of this Act take effect July 1, 1994.

23 \* Sec. 8. Except as provided under sec. 7 of this Act, this Act takes effect July 1, 1995.