

HB 388

WAIVED BY SFC

CS FOR HOUSE BILL NO. 388 (HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 4/6/92

Referred: Finance

Sponsor(s): REPRESENTATIVE BOYER

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing a loan guarantee and interest rate subsidy program for assistive
2 technology."

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

4 * Section 1. AS 23.15 is amended by adding a new section to read:

5 Sec. 23.15.125. ASSISTIVE TECHNOLOGY LOAN GUARANTEE AND INTEREST
6 SUBSIDY PROGRAM. (a) An assistive technology loan guarantee fund is established in the
7 agency. The fund consists of money appropriated to it.

8 (b) Subject to (c) of this section, the agency may use money in the fund established
9 under this section to guarantee 90 percent of the principal amount of a loan or to subsidize the
10 interest rate of a loan guaranteed by the agency for appropriate assistive technology that is best
11 suited for enabling

12 (1) a handicapped individual to obtain or maintain employment; or
13 (2) an individual having a physical or mental disability to live more
14 independently.

1 (c) The agency may guarantee a loan or subsidize the interest rate of a loan guaranteed
2 under this section if

3 (1) the loan is made to a handicapped or disabled person, a member of the
4 person's family, or the employer or prospective employer of a handicapped or disabled person;

5 (2) the term of the loan does not exceed four years if the loan amount is less than
6 \$10,000 and does not exceed six years if the loan amount is \$10,000 or greater;

7 (3) the loan is originated and serviced by a state or federally chartered financial
8 institution located in the state;

9 (4) the agency determines that the person requesting the loan guarantee or subsidy
10 is not able to obtain the needed assistive technology from a less costly source;

11 (5) the agency determines that the person or the family of a child reasonably can
12 be expected to repay the loan given their expected income or other resources; and

13 (6) for a loan to purchase or modify a vehicle to provide transportation for a
14 handicapped person, the applicant has been steadily employed for the 90 days immediately
15 preceding the date of the loan application.

16 (d) In this section, "assistive technology" means durable equipment, adaptive aids, and
17 assistive devices.

STATE OF ALASKA
1992 LEGISLATIVE SESSION

FISCAL NOTE

No. 1
Bill Version: CSHB 388 (HES)
(H) Publish Date: 4-6-92

Revision Date: 3-11-92
Title: An Act establishing a loan guarantee and interest rate subsidy program for assistive technology.
Sponsor: Representative Boyer
Requestor: (H) HESS

Department Affected: Education
BRU: Vocational Rehabilitation
Component: Assistive Technology

COMPONENT SERIAL NO.

1	2	0	2
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Stan Ridgeway
Division: Vocational Rehabilitation

Phone: 465-2814
Date: 3-11-92

Approved by Commissioner: *Jerry Covey*
Agency: Education

Date: 3-12-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).
Rev 10/07/91

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FN & DOE

Alaska State Legislature

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March 27, 1992

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ASSISTIVE TECHNOLOGY LOAN GUARANTEE PROGRAM

The Assistive Technology Loan Guarantee Program would be established to assist persons with disabilities, their families, or their employers to purchase durable equipment, adaptive aids, assistive devices, and vehicles, in order to obtain or maintain employment or to live more independently.

The program would allow the Division of Vocational Rehabilitation (DVR) to guarantee 90% of loans from private institutions so that persons with disabilities, their families, or their employers who cannot qualify for other assistance or private loans can obtain necessary adaptive technology. DVR would work with financial institutions to extend the time period during which a loan is paid back, as well as buy down interest rates, to make payments more manageable for consumers. An applicant's permanent fund dividend could be used as collateral.

HOW IT WORKS

The person with the disability in need of the assistive technology, or the person's family or employer, must be unable to obtain the needed equipment through DVR, Medicare, Medicaid, or other funding sources such as insurance companies. In making decisions about eligibility, DVR would also determine that the applicant was unable to obtain the equipment or device from a free or less costly source. In addition, the division would review the request to determine that the device or equipment would be appropriate or best-suited to the applicant's disability. The DVR office that does the initial screening would document its determinations.

FAIRBANKS 20B

Assuming the division's determinations indicate the applicant would be an appropriate candidate for this program, a loan application would be completed and signed by the applicant and forwarded to a local cooperating financial institution for review. The financial institution would evaluate the applicant's ability to make loan payments based on income and general credit history and return its recommendation to DVR. The division would then determine whether or not to guarantee 90% of the loan. They would also determine whether or not to subsidize the interest.

Conditions for vehicle loan:

A person with a disability, or that person's family, could apply for a vehicle loan. The loan program could be used for the purchase or modification of a vehicle to provide transportation for the individual with a disability. To be eligible, the person would have to be living independently or with a parent or guardian. An income limit would be set, and the applicant would have to be steadily employed a minimum of 90 days prior to the date of the initial loan request. This employment requirement is only for a vehicle loan.

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ASSISTIVE TECHNOLOGY LOAN GUARANTEE PROGRAM

Step-by-step procedures for an assistive technology loan guarantee and interest subsidy:

1. The consumer (disabled individual or his/her family or employer) approaches DVR for loan guarantee to purchase assistive technology (durable equipment, an adaptive aid, an assistive device, or vehicle) in order to obtain or maintain employment or to live more independently.
2. DVR determines whether the desired assistive technology is appropriate to the disability. They also determine if there is another source of funding, such as Medicaid, Medicare, other federal programs or grants.
3. DVR has the consumer complete a loan application.
4. DVR forwards the application to a cooperating bank (or credit union).
5. The bank completes the credit check and makes a recommendation regarding the consumer's ability to repay the loan.
6. Based on the information provided by the bank, DVR decides whether or not to guarantee 90% of the loan. DVR may also choose to subsidize all or part of the interest to make the payments affordable for the consumer.
7. DVR informs the bank when they will guarantee a loan. The bank makes the loan, if they agree, to the consumer.
8. The state will hold in reserve a percentage of the total amount of guarantees. The actual percentage would be determined based on the risk of the loans and, as the program progresses, the history of defaults. (Note: similar programs in other states have shown very low default rates.)