
A BILL FOR AN ACT

RELATING TO LOANS FOR HEALTH PROFESSIONALS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 321, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§321- Loans to health professionals; rural areas;
5 rural area health professionals loan fund. (a) The department
6 of health shall establish a loan program to provide interest-
7 free home purchase loans to qualified health professionals.

8 (b) The department may adopt rules pursuant to chapter 91
9 to establish eligibility requirements for health professionals
10 applying for a loan under this section.

11 (c) Loans made under this section shall be interest-free
12 and used by the qualified health professional exclusively for
13 the purchase of homes, including apartments, townhouses, and
14 condominiums. In addition, loans made under this section shall
15 be:

16 (1) Repaid with a payment plan specified by the
17 department; provided that additional payments in any



1 sums, or the payment of the entire principal, may be
2 made at any date within the time period of the loan;

3 (2) Secured in a manner to be determined by the
4 department; and

5 (3) Subject to penalties for delinquency or late payments
6 as specified by the department and including
7 subsection (d).

8 The department shall negotiate the terms and conditions of each
9 loan to ensure that each loan complies with the provisions of
10 this section.

11 (d) During the time period of the loan, if at any time a
12 person receiving the loan fails to comply with the requirements
13 established in the definition of "qualified health professional"
14 under this section, the loan shall be considered forfeit and all
15 principal amounts outstanding, plus penalties, shall become due
16 and payable. If the principal amounts outstanding and penalties
17 are not remitted, the department may initiate foreclosure
18 proceedings on the home purchased through the proceeds from the
19 loan. This section shall not apply in cases where the qualified
20 health professional fails to comply with the requirements
21 because of circumstances beyond the qualified health
22 professional's control, as determined by the department.



1 (e) Loans provided under this section shall not exceed
2 \$ _____ per qualified health professional. Each qualified
3 health professional shall receive no more than one loan under
4 this section.

5 (f) There is established in the state treasury a special
6 fund to be known as the rural area health professionals loan
7 fund. Moneys in this fund shall be loaned by the department
8 pursuant to this section. The rural area health professionals
9 loan fund shall be funded by:

- 10 (1) Legislative appropriations;
11 (2) Federal funds if available; and
12 (3) All principal payments, fees, penalties, and any other
13 proceeds derived by the department pursuant to this
14 section.

15 (g) For the purposes of this section:

16 "Qualified health professional" means a licensed physician
17 or an advance practice registered nurse working at least forty
18 hours per week in a qualified rural area health facility who
19 fulfills the eligibility requirements, if any, specified under
20 subsection (b).

21 "Qualified rural health facility" means a public or private
22 hospital, medical clinic, or physician's office that:



1 (1) Has demonstrated difficulty in hiring and retaining
2 licensed physicians or advanced practice registered
3 nurses, according to standards and criteria specified
4 by the department; and

5 (2) Is located in a rural area that is characterized by a
6 low population density and the absence of "city-like"
7 concentration of structures, streets, and urban
8 services; provided that the department may establish
9 more specific criteria and standards to further define
10 "rural area".

11 SECTION 2. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$ or so much
13 thereof as may be necessary for fiscal year 2006-2007 to be
14 deposited into the rural area health professionals loan fund.

15 The sum appropriated shall be expended by the department of
16 budget and finance for the purposes of this Act.

17 SECTION 3. There is appropriated out of the rural area
18 health professionals loan fund the sum of \$ or so much
19 thereof as may be necessary for fiscal year 2006-2007 to be used
20 for the purposes of the fund.

21 The sum appropriated shall be expended by the department of
22 health for the purposes of this Act.

H.B. NO. 2438

1 SECTION 4. New statutory material is underscored.

2 SECTION 5. This Act shall take effect on July 1, 2006.

3

INTRODUCED BY:



JAN 23 2006



Report Title:

Loan Incentives; Rural Areas; Health Professionals

Description:

Establishes interest-free home purchase loan programs for physicians and advanced practice registered nurses to provide them with an incentive to work in hard-to-staff rural areas.

