
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 323F, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§323F- Loans to health professionals; rural areas;
5 rural area health professionals loan fund. (a) The Hawaii
6 health systems corporation shall establish a loan program to
7 provide interest-free home purchase loans to qualified health
8 professionals.

9 (b) Loans made under this section shall be interest-free
10 and used by the qualified health professional exclusively for
11 the purchase of a home, including an apartment, townhouse, and
12 condominium in the State. In addition, loans made under this
13 section shall be:

14 (1) Repaid with a payment plan specified by the
15 corporation; provided that additional payments in any
16 sums, or the payment of the entire principal, may be
17 made at any time within the term of the loan;



- 1 (2) Secured in a manner to be determined by the
2 corporation; and
- 3 (3) Subject to penalties for delinquency or late payments
4 as specified by the corporation, including penalties
5 under subsection (c).

6 The corporation shall negotiate the terms and conditions of each
7 loan to ensure that each loan complies with this section.

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

21 (d) Loans provided under this section shall not exceed
22 \$ _____ per qualified health professional. Each qualified



1 health professional shall receive no more than one loan under
2 this section.

3 (e) There is established in the state treasury a special
4 fund to be known as the rural area health professionals loan
5 fund. The fund shall be administered by the corporation
6 pursuant to this section. The rural area health professionals
7 loan fund shall be funded by:

8 (1) Legislative appropriations;

9 (2) Federal funds, if available; and

10 (3) All principal payments, fees, penalties, and any other
11 proceeds derived by the corporation pursuant to this
12 section.

13 (f) For the purposes of this section:

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

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

21 (1) Has demonstrated difficulty in hiring and retaining
22 licensed physicians or advanced practice registered



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

9 (g) The corporation shall adopt rules in accordance with
10 chapter 91 to carry out the purpose of this section, including
11 rules establishing eligibility requirements for health
12 professionals applying for loans under this section."

13 SECTION 2. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$, for
15 fiscal year 2007-2008, and the same sum, for fiscal year 2008-
16 2009, to be deposited into the rural area health professionals
17 loan fund.

18 SECTION 3. There is appropriated out of the rural area
19 health professionals loan fund the sum of \$, or so
20 much thereof as may be necessary for fiscal year 2007-2008, and
21 the same sum, or so much thereof as may be necessary for fiscal
22 year 2008-2009, to be used for the purposes of the fund.



1 The sums appropriated shall be expended by the Hawaii
2 health systems corporation for the purposes of this Act.

3 SECTION 4. New statutory material is underscored.

4 SECTION 5. This Act shall take effect on July 1, 2007.



Report Title:

Loan Incentives; Rural Areas; Health Professionals

Description:

Establishes interest-free home purchase loan programs to be administered by the Hawaii health systems corporation for physicians and advanced practice registered nurses to provide them with an incentive to work in hard-to-staff rural areas. (SD1)

