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

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

17 (2) Secured in a manner to be determined by the
18 department; and



1 (3) Subject to penalties for delinquency or late payments
2 as specified by the department, including penalties
3 under subsection (c).

4 The department shall negotiate the terms and conditions of each
5 loan to ensure that each loan complies with this section.

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

19 (d) Loans provided under this section shall not exceed
20 \$ _____ per qualified health professional. Each qualified
21 health professional shall receive no more than one loan under
22 this section.



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

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

11 (f) For the purposes of this section:

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

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

- 19 (1) Has demonstrated difficulty in hiring and retaining
20 licensed physicians or advanced practice registered
21 nurses, according to standards and criteria specified
22 by the department; and



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

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

11 SECTION 2. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$ or so
13 much thereof as may be necessary for fiscal year 2009-2010 and
14 the same sum or so much thereof as may be necessary for fiscal
15 year 2010-2011 to be deposited into the rural area health
16 professionals loan fund.

17 The sums appropriated shall be expended by the department
18 of budget and finance for the purposes of this Act.

19 SECTION 3. There is appropriated out of the rural area
20 health professionals loan fund the sum of \$ or so much
21 thereof as may be necessary for fiscal year 2009-2010 and the
22 same sum or so much thereof as may be necessary for fiscal year



Report Title:

Loan Incentives; Rural Areas; Health Professionals

Description:

Establishes interest-free home purchase loan programs for physicians and advanced practice registered nurses as incentives to work in hard-to-staff rural areas.

