

JAN 26 2011

S.B. NO. 1170

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# A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

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

1           SECTION 1. Chapter 304A, Hawaii Revised Statutes, is  
2 amended by adding a new subpart to part II to be appropriately  
3 designated and to read as follows:

4                                 "       . HAWAII MEDICAL DOCTOR LOANS

5           §304A-A Hawaii medical doctor loans; eligibility; amounts.

6 There is created the Hawaii medical doctor loan program to be  
7 administered by the University of Hawaii, to provide financial  
8 support to:

9           (1) Students who complete a state-approved medical school  
10                 program at the University of Hawaii; or

11           (2) Graduates of a medical school who have received  
12                 medical training from a Hawaii-based medical program,

13 and who agree to practice in rural areas of the State, as  
14 designated by the University of Hawaii. Loans shall be awarded

15 by the university to students on a competitive basis. The  
16 amount to be loaned to a student shall be determined by the

17 board of regents based upon need for financial aid and proof of  
18 acceptance into a state-approved medical school program at the



1 university. The maximum aggregate amount of loans that a  
2 student may receive under this program shall be an amount  
3 equivalent to tuition payments and costs of textbooks and other  
4 instructional and laboratory materials necessary to complete a  
5 state-approved medical school program.

6 §304A-B Repayment of loans; late fees; rural area practice  
7 and loan repayment waiver; collection agency. (a) All loans  
8 made under this subpart shall bear interest at five per cent  
9 simple interest. Repayment of principal and interest shall  
10 commence one year after graduation or three months after a loan  
11 recipient ceases to:

- 12 (1) Be enrolled in a state-approved medical school program  
13 at the university; or  
14 (2) Receive medical training from a Hawaii-based medical  
15 program, and

16 shall be paid in periodic installments within a six-year period.

17 (b) The university shall charge late fees and all other  
18 reasonable costs for the collection of delinquent loans.

19 (c) Upon a showing of proof that the loan recipient has  
20 completed a state-approved medical school program or has  
21 received medical training from a Hawaii-based medical program  
22 and is practicing as a medical doctor in a rural area of the



1 State, as designated by the university, one-tenth of the total  
2 amount of the loan and interest shall be waived for every year  
3 of the first five years, and the remaining balance shall be  
4 waived after the sixth year that a loan recipient practices  
5 medicine in a rural area of the State, as designated by the  
6 University of Hawaii.

7 (d) A loan recipient subject to this section who fails to  
8 practice medicine in a rural area of the State, as designated by  
9 the university, for a minimum of six consecutive years from the  
10 loan recipient's original date of employment, excluding  
11 temporary leaves of absence, shall be subject to a withdrawal of  
12 any waiver of future repayments, and shall repay any remaining  
13 loan balance at the rate of ten per cent simple interest.

14 (e) In accordance with chapter 103D, the university shall  
15 enter into written contracts with collection agencies for the  
16 purpose of collecting delinquent student loans. All payments  
17 collected by a collection agency, including late fees and all  
18 other reasonable costs, exclusive of the collection agency's  
19 commissions, shall revert and be credited to the Hawaii medical  
20 doctor loan program revolving fund. A collection agency that  
21 enters into a written contract with the university for the  
22 collection of delinquent student loans, pursuant to this



1 section, shall collect a commission from the debtor in  
2 accordance with the terms of, and up to the amounts authorized  
3 in, the written contract.

4 (f) Liability for repayment of a loan shall be canceled  
5 upon the death or permanent total disability of the loan  
6 recipient.

7 §304A-C Capacity of minors in qualifying for Hawaii  
8 medical doctor loans. Any student otherwise qualifying for a  
9 loan under the Hawaii medical doctor loan program shall not be  
10 disqualified because the student is under the age of eighteen  
11 years, and for the purpose of applying for, receiving, and  
12 repaying the loan, the student shall be deemed to have full  
13 legal capacity to act and shall have all rights, powers,  
14 privileges, and obligations of an adult with respect to the  
15 loan.

16 §304A-D Rules governing Hawaii medical doctor loan  
17 program. The university may adopt rules to implement the Hawaii  
18 medical doctor loan program. The rules shall be adopted  
19 pursuant to chapter 91 but shall be exempt from the public  
20 notice and public hearing requirements."



1 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is  
2 amended by adding a new section to part V to be appropriately  
3 designated and to read as follows:

4 "§304A- Hawaii medical doctor loan program revolving  
5 fund. There is established a revolving fund to be known as the  
6 Hawaii medical doctor loan program revolving fund. The fund  
7 shall be a revolving fund and all interest and payments received  
8 on account of principal shall be credited to the fund. The fund  
9 shall be administered by the board of regents and shall be  
10 disbursed to qualified students who meet eligibility  
11 requirements under section 304A-A pursuant to rules adopted by  
12 the board."

13 SECTION 3. There is appropriated out of the general  
14 revenues of the State of Hawaii the sum of \$ or so  
15 much thereof as may be necessary for fiscal year 2011-2012 and  
16 the same sum or so much thereof as may be necessary for fiscal  
17 year 2012-2013 for deposit into the Hawaii medical doctor loan  
18 program revolving fund established by this Act.

19 SECTION 4. There is appropriated out of the Hawaii medical  
20 doctor loan program revolving fund the sum of \$ or so  
21 much thereof as may be necessary for fiscal year 2011-2012 and  
22 the same sum or so much thereof as may be necessary for fiscal



1 year 2012-2013 for deposit into the Hawaii medical doctor loan  
2 program revolving fund established by this Act.

3 The sums appropriated shall be expended by the University  
4 of Hawaii for the purposes of this Act.

5 SECTION 5. In codifying the new sections added by section  
6 1 of this Act, the revisor of statutes shall substitute  
7 appropriate section numbers for the letters used in designating  
8 the new sections in this Act.

9 SECTION 6. New statutory material is underscored.

10 SECTION 7. This Act shall take effect on July 1, 2011.

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INTRODUCED BY: Jim

Michelle Kidani

Clementine

David

Erzanne Chun



**Report Title:**

University of Hawaii; Loan Repayments

**Description:**

Establishes the Hawaii medical doctor loan repayment program for University of Hawaii medical school graduates and medical school graduates with training from Hawaii based medical programs working in rural areas of the State.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

