
A BILL FOR AN ACT

RELATING TO PUBLIC SERVICE LEGAL LOAN REPAYMENT ASSISTANCE.

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 IV to be appropriately
3 designated and to read as follows:

4 " . **Public Service Legal Loan Repayment**

5 **Assistance Program**

6 **§304A-A Short title.** This subpart shall be known as the
7 "Public Service Legal Loan Repayment Assistance Program Act".

8 **§304A-B Findings and purpose.** It is the intent of the
9 legislature to increase access to legal education and to meet
10 the needs of the State in areas of law related to public
11 service, more specifically, to provide direct and indirect
12 services to indigent persons. Given the high cost of law school
13 and the debt that law school graduates often incur to finance
14 their legal education, the legislature finds that few lawyers
15 can afford to provide legal services to the indigent because the
16 compensation associated with these services can be substantially
17 lower than the pay in other areas of practice, including legal



1 employment in government agencies. The legislature also finds
2 that encouraging law students and lawyers to provide legal
3 services to indigent persons is essential to ensuring access to
4 the justice system by the indigent. Therefore, it is the
5 purpose of this subpart to provide assistance to law school
6 graduates who work in areas where they will provide those
7 services.

8 **§304A-C Public service legal loan repayment assistance**
9 **program; established.** The public service legal loan repayment
10 assistance program is established to provide loan repayment
11 assistance to licensed lawyers who practice in public service
12 positions. The program shall provide grants to participants for
13 the purpose of assisting in the repayment of law school
14 educational loans. The Hawaii justice foundation and the
15 William S. Richardson school of law at the University of Hawaii
16 shall jointly administer the program.

17 **§304A-D Definitions.** As used in this subpart, the
18 following terms shall mean as follows:

19 "Applicant" means an individual who applies for assistance
20 from the public service legal loan repayment assistance program.



1 "Eligible educational debt" means school-approved law
2 school loans owed to government and commercial lending
3 institutions or educational institutions. "Eligible educational
4 debt" does not include educational loans extended by a private
5 individual or family.

6 "Eligible employment" means those legal positions providing
7 direct legal assistance to indigent persons through a nonprofit
8 organization.

9 "Licensed lawyer" means a lawyer licensed to practice law
10 in the State.

11 "Participant" means a lawyer who is receiving loan
12 repayment assistance through the public service legal loan
13 repayment assistance program.

14 "Program" means the public service legal loan repayment
15 assistance program.

16 "Public service legal loan repayment assistance fund" or
17 "fund" means the fund created in section 304A-H and established
18 in the treasury of the State to support the public service legal
19 loan repayment assistance program.

20 **§304A-E Guidelines.** (a) The Hawaii justice foundation
21 and the William S. Richardson school of law shall adopt



1 guidelines necessary to implement this Act. The guidelines
2 shall not be deemed rules that are subject to chapter 91. Upon
3 creation of the public service legal loan repayment assistance
4 program, the Hawaii justice foundation and the William S.
5 Richardson school of law shall appoint an advisory board, whose
6 members shall include at least:

- 7 (1) One representative from the Hawaii state bar
8 association;
- 9 (2) One representative from the Hawaii access to justice
10 commission;
- 11 (3) One representative from the Hawaii justice foundation;
12 and
- 13 (4) One representative from the William S. Richardson
14 school of law;

15 provided that Hawaii justice foundation and the William S.
16 Richardson school of law may each appoint up to two additional
17 members as each entity deems necessary.

18 (b) Within ninety days after July 1, 2016, the Hawaii
19 justice foundation and the William S. Richardson school of law
20 shall appoint the advisory board with whom they shall work to
21 establish guidelines to administer the program, including:



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- 1 (1) Eligibility criteria for participation in the program
2 based upon the following:
- 3 (A) The applicant's need, which shall be based upon
4 salary and eligible educational debt;
 - 5 (B) The applicant's eligible employment; and
 - 6 (C) The applicant's good standing in the Hawaii state
7 bar association; and
- 8 (2) Guidelines pertaining to:
- 9 (A) The maximum amount of annual assistance to be
10 provided to each participant, which shall be no
11 greater than \$10,000 per year, adjusted for
12 inflation;
 - 13 (B) The maximum amount of cumulative total assistance
14 for each program participant, which shall be no
15 greater than \$50,000, adjusted for inflation;
 - 16 (C) A procedure and schedule for the provision of
17 program assistance to participants; and
 - 18 (D) An annual review of the eligibility of each
19 participant.
- 20 (c) The Hawaii justice foundation and the William S.
21 Richardson school of law shall adopt any other guidelines



1 necessary to implement this subpart, and may expend those moneys
2 placed at their disposal pursuant to the provisions and purposes
3 of the program.

4 **§304A-F Obligations of recipients.** (a) Participants in
5 the program who are awarded loan repayment assistance shall
6 receive amounts from the program for the purpose of repaying
7 both the principal and interest on eligible educational debt.

8 (b) Participants shall agree to meet the required service
9 obligation by providing legal services in eligible employment.

10 (c) Participants shall agree to allow the Hawaii justice
11 foundation and the William S. Richardson school of law to review
12 their loan records and to obtain information from lenders that
13 is necessary to verify eligibility and to determine assistance
14 payment amounts.

15 (d) Payment of loan repayment assistance under this
16 subpart shall begin no later than ninety days after an
17 individual is approved as a participant by the program. Unless
18 there is a lack of sufficient funding in the public service
19 legal loan repayment assistance fund, assistance payments shall
20 be made quarterly to the participant until the earlier of:

21 (1) The eligible educational debt is repaid;



1 (2) The participant is no longer engaged in eligible
2 employment; or

3 (3) The end of the fifth year after the first payment.

4 (e) Assistance payments under the program shall cease on
5 the date that the participant discontinues eligible employment.

6 The Hawaii justice foundation and the William S. Richardson
7 school of law shall determine the amount, if any, that is owed
8 to the program by participants who serve less than the required
9 service obligation period.

10 (f) Applicants shall present evidence that they have
11 participated in loan counseling.

12 **§304A-G Participant obligations.** (a) The program is
13 intended to enhance, and not to replace, existing loan repayment
14 programs from other sources, such as law schools and the federal
15 government. An applicant shall first apply for any educational
16 loan assistance from the applicant's educational institution,
17 the federal government, the applicant's employer, or other
18 sources for which the applicant may qualify.

19 (b) No law student or graduate may apply to the program
20 for assistance in repaying the balance of the student's or
21 graduate's eligible educational debt unless the student or



1 graduate has received no loan repayment assistance, or only
2 partial assistance, from other sources.

3 (c) A participant shall contribute at least five per cent
4 of the participant's gross monthly income toward the repayment
5 of the participant's loans. The exact percentage obligation
6 shall be determined by the Hawaii justice foundation and the
7 William S. Richardson school of law.

8 **§304A-H Public service legal loan repayment assistance**
9 **fund; established.** (a) The public service legal loan repayment
10 assistance fund is established in the treasury of the State to
11 fund the public service legal loan repayment assistance program.
12 Moneys in the fund may be expended without legislative
13 appropriation and may be expended only to fund the program and
14 its administration.

15 (b) The Hawaii justice foundation and the William S.
16 Richardson school of law shall deposit in the fund all moneys
17 received for the program. The fund shall be self-sustaining and
18 shall consist of funds initially appropriated by the legislature
19 for the program and private contributions to the program.

20 (c) If the program's mission changes or the legislature
21 terminates the program, all private contributions in the fund



1 shall be transferred to a nonprofit organization with a mission
2 similar to the program or returned to the private donors.

3 (d) With the exception of the operating costs associated
4 with the management of the fund by the comptroller, the fund
5 shall be credited with all investment income earned by the fund.

6 (e) Money in the fund may be spent only for the purposes
7 of the program. Disbursements from the fund shall be made only
8 upon the authorization of the Hawaii justice foundation and the
9 William S. Richardson school of law.

10 (f) The comptroller shall routinely consult and
11 communicate with the Hawaii justice foundation and the William
12 S. Richardson school of law on the investment policy, earnings
13 of the fund, and related needs of the program."

14 SECTION 2. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$ or so much
16 thereof as may be necessary for fiscal year 2016-2017 for
17 deposit into the public service legal loan repayment assistance
18 fund.

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

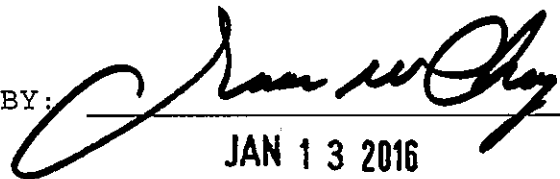


1 SECTION 3. In codifying the new sections added by section
2 1 of this Act, the revisor of statutes shall substitute
3 appropriate section numbers for the letters used in designating
4 the new sections in this Act.

5 SECTION 4. This Act shall take effect on July 1, 2016.

6

INTRODUCED BY:



JAN 13 2016



H.B. NO. 1531

Report Title:

Attorneys; Public Service; Loan Repayment; Appropriation

Description:

Establishes a loan repayment program for attorneys who practice in an area of law related to public service. Makes an appropriation.

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

