

---

---

# 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. The legislature finds that offering assistance  
2 and support to attorneys who provide direct legal assistance to  
3 or policy advocacy on behalf of indigent persons through a  
4 nonprofit organization in Hawaii is a matter of statewide  
5 concern.

6           SECTION 2. Chapter 304A, Hawaii Revised Statutes, is  
7 amended by adding a new subpart to part IV to be appropriately  
8 designated and to read as follows:

9                       "     . Public Service Legal Loan Repayment

10   Assistance Program

11           §304A-A Short title. This subpart shall be known as the  
12 "Public Service Legal Loan Repayment Assistance Program Act".

13           §304A-B Findings and purpose. It is the intent of the  
14 legislature to increase access to legal education and to meet  
15 the needs of the State in areas of law related to public  
16 service, more specifically, to provide direct and indirect  
17 services to indigent persons. Given the high cost of law school



1 and the debt that law school graduates often incur to finance  
2 their legal education, the legislature finds that few lawyers  
3 can afford to provide legal services to the indigent, because  
4 the compensation associated with these services can be  
5 substantially lower than the pay in other areas of practice,  
6 including legal employment in government agencies. The  
7 legislature also finds that encouraging law students and lawyers  
8 to provide legal services to indigent persons is essential to  
9 ensuring access to the justice system by the indigent.  
10 Therefore, it is the purpose of this subpart to provide  
11 assistance to law school graduates who work in areas in which  
12 they will provide those services.

13 §304A-C Definitions. As used in this subpart:

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

16 "Eligible educational debt" means school-approved law  
17 school loans owed to government and commercial lending  
18 institutions or educational institutions. "Eligible educational  
19 debt" does not include educational loans extended by a private  
20 individual or family.



1 "Eligible employment" means those positions providing  
2 direct legal assistance to or policy advocacy on behalf of  
3 indigent persons through a nonprofit organization in Hawaii.

4 "Licensed lawyer" means a lawyer licensed to practice law  
5 in the State.

6 "Participant" means a lawyer who is receiving loan  
7 repayment assistance through the public service legal loan  
8 repayment assistance program.

9 "Program" means the public service legal loan repayment  
10 assistance program.

11 "Public service legal loan repayment assistance fund" or  
12 "fund" means the fund created in section 304A-H and established  
13 in the treasury of the State to support the public service legal  
14 loan repayment assistance program.

15 §304A-D Public service legal loan repayment assistance  
16 program; established. There is established the public service  
17 legal loan repayment assistance program to provide loan  
18 repayment assistance to licensed lawyers who practice in public  
19 service positions. The program shall provide grants to  
20 participants for the purpose of assisting in the repayment of  
21 law school educational loans. The Hawaii Justice Foundation and



1 the William S. Richardson school of law at the University of  
2 Hawaii shall jointly administer the program.

3 §304A-E Guidelines. (a) The Hawaii Justice Foundation  
4 and the William S. Richardson school of law shall adopt  
5 guidelines necessary to implement this subpart. The guidelines  
6 shall not be deemed rules that are subject to chapter 91. Upon  
7 establishment of the public service legal loan repayment  
8 assistance program, the Hawaii Justice Foundation and the  
9 William S. Richardson school of law shall appoint an advisory  
10 board, whose members shall include at least:

- 11 (1) One representative from the Hawaii State Bar  
12 Association;
- 13 (2) One representative from the Hawaii access to justice  
14 commission;
- 15 (3) One representative from the Hawaii Justice Foundation;  
16 and
- 17 (4) One representative from the William S. Richardson  
18 school of law;

19 provided that the Hawaii Justice Foundation and the William S.  
20 Richardson school of law may each appoint up to two additional  
21 members as each entity deems necessary.



1           (b) Within ninety days after July 1, 2016, the Hawaii  
2 Justice Foundation and the William S. Richardson school of law  
3 shall appoint the advisory board with whom they shall work to  
4 establish guidelines to administer the program, including:

5           (1) Eligibility criteria for participation in the program  
6 based upon the following:

7           (A) The applicant's need, which shall be based upon  
8 the applicant's salary and eligible educational  
9 debt;

10           (B) The applicant's eligible employment; and

11           (C) The applicant's good standing in the Hawaii State  
12 Bar Association; and

13           (2) Guidelines pertaining to:

14           (A) The maximum amount of annual assistance to be  
15 provided to each participant, which shall not  
16 exceed \$10,000 per year, adjusted for inflation;

17           (B) The maximum amount of cumulative total assistance  
18 for each program participant, which shall not  
19 exceed \$50,000, adjusted for inflation;

20           (C) A procedure and schedule for the provision of  
21 program assistance to participants; and



1 (D) An annual review of the eligibility of each  
2 participant.

3 (c) The Hawaii Justice Foundation and the William S.  
4 Richardson school of law shall adopt any other guidelines  
5 necessary to implement this subpart, and may expend those moneys  
6 placed at their disposal pursuant to the provisions and purposes  
7 of the program.

8 §304A-F Obligations of recipients. (a) Participants in  
9 the program who are awarded loan repayment assistance shall  
10 receive amounts from the program for the purpose of repaying  
11 both the principal and interest on participants' eligible  
12 educational debt.

13 (b) Participants shall agree to meet the required service  
14 obligation by providing legal services in eligible employment  
15 for a minimum of two years.

16 (c) Participants shall agree to allow the Hawaii Justice  
17 Foundation and the William S. Richardson school of law to review  
18 their loan records and to obtain information from lenders that  
19 is necessary to verify eligibility and to determine assistance  
20 payment amounts.



1 (d) Payment of loan repayment assistance under this  
2 subpart shall begin no later than ninety days after an applicant  
3 is approved as a participant by the program. Unless there is a  
4 lack of sufficient funding in the public service legal loan  
5 repayment assistance fund, assistance payments shall be made  
6 quarterly to the participant until:

- 7 (1) The eligible educational debt is repaid;
- 8 (2) The participant is no longer engaged in eligible  
9 employment; or
- 10 (3) The end of the fifth year after the first payment,  
11 whichever occurs first.

12 (e) Assistance payments under the program shall cease on  
13 the date that the participant discontinues eligible employment.  
14 The Hawaii Justice Foundation and the William S. Richardson  
15 school of law shall determine the amount, if any, that is owed  
16 to the program by participants who discontinue eligible  
17 employment before the end of two years.

18 (f) Applicants shall present evidence that they have  
19 participated in loan counseling.

20 §304A-G Participant obligations. (a) The program is  
21 intended to enhance, and not to replace, existing loan repayment



1 programs from other sources, such as law schools and the federal  
2 government. An applicant shall first apply for any educational  
3 loan assistance from the applicant's educational institution,  
4 the federal government, the applicant's employer, or other  
5 sources for which the applicant may qualify.

6 (b) No law student or graduate may apply to the program  
7 for assistance in repaying the balance of the student's or  
8 graduate's eligible educational debt, unless the student or  
9 graduate has received no loan repayment assistance, or only  
10 partial assistance, from other sources.

11 (c) A participant shall contribute at least five per cent  
12 of the participant's gross monthly income toward the repayment  
13 of the participant's loans. The exact percentage obligation  
14 shall be determined by the Hawaii Justice Foundation and the  
15 William S. Richardson school of law.

16 **§304A-H Public service legal loan repayment assistance**  
17 **fund; established.** (a) There is established the public service  
18 legal loan repayment assistance fund in the treasury of the  
19 State to fund the public service legal loan repayment assistance  
20 program. Moneys in the fund may be expended without legislative





1 appropriation and may be expended only to fund the program and  
2 its administration.

3 (b) The Hawaii Justice Foundation and the William S.  
4 Richardson school of law shall deposit in the fund all moneys  
5 received for the program. The fund shall be self-sustaining and  
6 shall consist of funds initially appropriated by the legislature  
7 for the program as well as private contributions to the program.

8 (c) If the program's mission changes or the legislature  
9 terminates the program, all private contributions in the fund  
10 shall be transferred to a nonprofit organization with a mission  
11 similar to the program or returned to the private donors.

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

15 (e) Money in the fund may be spent only for the purposes  
16 of the program. Disbursements from the fund shall be made only  
17 upon the authorization of the Hawaii Justice Foundation and the  
18 William S. Richardson school of law.

19 (f) The comptroller shall routinely consult and  
20 communicate with the Hawaii Justice Foundation and the William



1 S. Richardson school of law on the investment policy, earnings  
2 of the fund, and related needs of the program."

3 SECTION 3. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$ or so much  
5 thereof as may be necessary for fiscal year 2016-2017 for  
6 deposit into the public service legal loan repayment assistance  
7 fund.

8 The sum appropriated shall be expended by the University of  
9 Hawaii for the purposes of this Act.

10 SECTION 4. In codifying the new sections added by section  
11 1 of this Act, the revisor of statutes shall substitute  
12 appropriate section numbers for the letters used in designating  
13 the new sections in this Act.

14 SECTION 5. This Act shall take effect on July 1, 2525.



**Report Title:**

Attorneys; Public Service; Loan Repayment; Appropriation

**Description:**

Establishes a student loan repayment program for attorneys who practice in an area of law that provides legal assistance and policy advocacy for indigent persons. Makes an appropriation.  
(HB1531 HD1)

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

