

JAN 20 2017

A BILL FOR AN ACT

RELATING TO THE HAWAII PUBLIC SERVICE LOAN FORGIVENESS PROGRAM.

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 Public Service Loans**

5 **§304A-A Hawaii public service loans; eligibility; amounts;**

6 **Hawaii public service loan forgiveness program; repayment;**

7 **collection.** (a) There is created the Hawaii public service

8 loan forgiveness program to be administered by the University of

9 Hawaii, in partnership with a financial institution whose

10 operations are principally conducted in Hawaii, to provide

11 financial support to students who:

12 (1) Complete an associate, bachelor, or graduate degree

13 program at a school within the University of Hawaii

14 system; and

15 (2) Agree to work as a full-time employee of the State or

16 county for a period of time to be determined by the

17 university prior to the award of a loan.



1 Eligibility shall be determined by the university on a
2 competitive basis; provided that students or teachers who
3 qualify for the Hawaii educator loan forgiveness program
4 pursuant to section 304A-701 shall not be eligible for the
5 Hawaii public service loan forgiveness program. The amount to
6 be loaned to a student shall be determined by the board of
7 regents based on need for financial aid and proof of acceptance
8 into an associate, bachelor, or graduate degree program at a
9 school within the University of Hawaii system. The maximum
10 amount of loans that a student may receive under this program
11 shall be an aggregate amount equivalent to tuition payments and
12 costs of textbooks and other instructional materials necessary
13 to complete an associate, bachelor, or graduate degree program
14 pursuant to this subsection.

15 (b) All loans made under this subpart shall bear interest
16 at five per cent simple interest. Repayment of principal and
17 interest charges shall commence one year after graduation or
18 three months after a loan recipient ceases to be enrolled in an
19 associate, bachelor, or graduate degree program pursuant to
20 subsection (a) and shall be paid in periodic installments within
21 a seven-year period. The university may charge late fees and



1 all other reasonable costs for the collection of delinquent
2 loans.

3 (c) The university shall adopt rules to implement the
4 Hawaii public service loan forgiveness program. The rules shall
5 be adopted pursuant to chapter 91, but shall be exempt from the
6 public notice and public hearing requirements.

7 (d) Liability for repayment of a loan shall be canceled
8 upon the death or permanent total disability of the borrower.

9 (e) Upon a showing of proof that the loan recipient has
10 completed an associate, bachelor, or graduate degree program and
11 for each year that the loan award recipient is employed by the
12 State or county pursuant to subsection (a), loan forgiveness
13 shall be provided to the recipient as follows:

14 (1) Ten per cent of the total amount of the loan award and
15 interest shall be waived each year for the first five
16 years of repayment; and

17 (2) Twenty-five per cent of the total amount of the loan
18 award and interest shall be waived each year for the
19 sixth and seventh years of repayment.

20 (f) If a loan recipient who is a graduate of an associate,
21 bachelor, or graduate degree program pursuant to subsection (a)



1 and employed by the State or county fails to work as a state or
2 county employee for the minimum number of years, as determined
3 by the university prior to the loan, from the recipient's
4 original date of employment with the State or county, excluding
5 temporary leaves of absence, then the recipient shall repay any
6 remaining loan balance at the rate of ten per cent simple
7 interest.

8 (g) In accordance with chapter 103D, the university may
9 enter into written contracts with collection agencies for the
10 purpose of collecting delinquent loans. All payments collected,
11 exclusive of a collection agency's commissions, shall revert,
12 and be credited, to the Hawaii public service loan program
13 revolving fund. A collection agency that enters into a written
14 contract with the university for the collection of delinquent
15 loans pursuant to this section may collect a commission from the
16 debtor in accordance with the terms of, and up to the amounts
17 authorized in, the written contract.

18 **§304A-B Capacity of minors in qualifying for Hawaii public**
19 **service loans.** Any student otherwise qualifying for a loan
20 under the Hawaii public service loan program revolving fund
21 shall not be disqualified because the student is under the age



1 of eighteen years, and for the purpose of applying for,
2 receiving, and repaying the loan, any such person shall be
3 deemed to have full legal capacity to act and shall have all
4 rights, powers, privileges, and obligations of any adult with
5 respect thereto."

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

9 "§304A-C Hawaii public service loan program revolving
10 fund. There is established the Hawaii public service loan
11 program revolving fund, for the purpose of providing loans
12 pursuant to section 304A-A. Appropriations made by the
13 legislature, private contributions, repayment of loans,
14 including interest and payments received on account of
15 principal, and moneys from other sources shall be deposited into
16 the revolving fund and shall be expended by the university. An
17 amount from the revolving fund not exceeding five per cent of
18 the total amount of outstanding loans may be set by the
19 university to be used for administrative expenses incurred in
20 administering the revolving fund."



S.B. NO. 348

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

5 SECTION 4. New statutory material is underscored.

6 SECTION 5. This Act shall take effect upon its approval.

7

INTRODUCED BY: *ATL*



S.B. NO. 348

Report Title:

Hawaii Public Service Loan Forgiveness Program; Loan Repayment;
State and County Employees

Description:

Creates a public service loan forgiveness program and revolving fund in the University of Hawaii. Establishes eligibility and repayment requirements for individuals who complete an associate, bachelor, or graduate degree program within the University of Hawaii system and agree to work full-time for the State or county for a specified number of years as determined by the university.

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

