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# 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 for

16                                 a period of time to be determined by the university

17                                 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 pursuant to subsection (a), loan forgiveness shall be  
13 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 fails to work as a state employee for  
2 the minimum number of years, as determined by the university  
3 prior to the loan, from the recipient's original date of  
4 employment with the State, excluding temporary leaves of  
5 absence, then the recipient shall repay any remaining loan  
6 balance at the rate of ten per cent simple interest.

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

17 **§304A-B Capacity of minors in qualifying for Hawaii public**  
18 **service loans.** Any student otherwise qualifying for a loan  
19 under the Hawaii public service loan program revolving fund  
20 shall not be disqualified because the student is under the age  
21 of eighteen years, and for the purpose of applying for,



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

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

8 "§304A-C Hawaii public service loan program revolving  
9 fund. There is established the Hawaii public service loan  
10 program revolving fund, for the purpose of providing loans  
11 pursuant to section 304A-A. Appropriations made by the  
12 legislature, private contributions, repayment of loans,  
13 including interest and payments received on account of  
14 principal, and moneys from other sources shall be deposited into  
15 the revolving fund and shall be expended by the university. An  
16 amount from the revolving fund not exceeding five per cent of  
17 the total amount of outstanding loans may be set by the  
18 university to be used for administrative expenses incurred in  
19 administering the revolving fund."

20 SECTION 3. There is appropriated out of the general  
21 revenues of the State of Hawaii the sum of \$ or so



1 much thereof as may be necessary for fiscal year 2017-2018 and  
 2 the same sum or so much thereof as may be necessary for fiscal  
 3 year 2018-2019 for the Hawaii public service loan program within  
 4 the University of Hawaii System for one full-time equivalent  
 5 (1.0 FTE) program specialist position to administer the program.

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

8 SECTION 4. Any balances remaining in the Hawaii public  
 9 service loan program revolving fund at the conclusion of the  
 10 fiscal year shall not lapse to the general fund and shall  
 11 continue to be available to service loans, for administrative  
 12 costs, or for other expenses related to the program in future  
 13 years.

14 SECTION 5. In codifying the new sections added by section  
 15 sections 1 and 2 of this Act, the revisor of statutes shall  
 16 substitute appropriate section numbers for the letters used in  
 17 designating the new sections in this Act.

18 SECTION 6. New statutory material is underscored.

19 SECTION 7. This Act shall take effect on May 12, 2059.

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**Report Title:**

Hawaii Public Service Loan Forgiveness Program; Loan Repayment;  
State 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 for a specified number of years as determined by the university. Appropriates funds for the Hawaii public service loan program for one full-time equivalent (1.0 FTE) program specialist position. Effective 5/12/2059. (SD1)

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

