



General Assembly

January Session, 2001

**Raised Bill No. 7020**

LCO No. 5177

Referred to Committee on Judiciary

Introduced by:  
(JUD)

**AN ACT ESTABLISHING A LOAN REPAYMENT ASSISTANCE PROGRAM.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (a) For the purposes of this section:

2 (1) "Eligible loan" means a loan for undergraduate or law school  
3 study from a college or university, government or commercial source  
4 that is based on the financial need of the recipient and on which the  
5 payments are current and not in default.

6 (2) "Eligible income" means the greater of (A) a participant's annual  
7 adjusted gross income, or (B) if a participant has filed a joint tax return,  
8 one-half of the annual adjusted gross income indicated on such return,  
9 provided such income shall not exceed forty thousand dollars, which  
10 amount shall be adjusted annually to reflect any changes in the cost of  
11 living.

12 (3) "Law-related public service job" means the practice of law in a  
13 position of employment with (A) a federal, state or local government  
14 or Native American tribal government, (B) an organization, institution,

15 association, society or corporation that is exempt from taxation under  
16 Section 501(c)(3), (4) or (5) of the Internal Revenue Code of 1986, or any  
17 subsequent corresponding internal revenue code of the United States,  
18 as from time to time amended, or (C) an organization that provides  
19 legal services to indigent or disabled persons.

20 (b) There is established a law school loan repayment assistance  
21 program under the supervision of the State Loan Repayment  
22 Assistance Board to provide grants to persons determined to be  
23 eligible under subsection (c) for reimbursement of payments made on  
24 eligible loans.

25 (c) A person may file an application for participation in such  
26 program with the State Loan Repayment Assistance Board in such  
27 form as the board may prescribe. In order to be eligible for such  
28 program an applicant shall: (1) Have graduated from a law school in  
29 this state, (2) have an eligible loan, (3) have eligible income, (4) not be  
30 in default on any loan and be current in payments on all educational  
31 loans, (5) not be entitled to loan repayment assistance from another  
32 loan repayment assistance program including, but not limited to, a  
33 loan repayment assistance program administered by such person's law  
34 school or by a fellowship program, and (6) have secured full-time  
35 employment in a law-related public service job.

36 (d) There is established a State Loan Repayment Assistance Board  
37 which shall administer the loan repayment assistance program. The  
38 board shall be comprised of nine members appointed as follows: On or  
39 before July 1, 2001, the Governor shall appoint three members, one of  
40 whom shall be a faculty member of a law school in this state, one of  
41 whom shall be a person with experience in student financing of higher  
42 education and one of whom shall be a student at a law school in this  
43 state; and the president pro tempore of the Senate, the speaker of the  
44 House of Representatives, the majority leader of the Senate, the  
45 majority leader of the House of Representatives, the minority leader of  
46 the Senate and the minority leader of the House of Representatives

47 shall each appoint one member. Of the members appointed by the  
48 legislative leaders, one member shall represent a federal, state or local  
49 government or Native American tribal government, one member shall  
50 represent an organization, institution, association, society or  
51 corporation that is exempt from taxation under Section 501(c)(3), (4) or  
52 (5) of the Internal Revenue Code of 1986, or any subsequent  
53 corresponding internal revenue code of the United States, as from time  
54 to time amended, one member shall represent an organization that  
55 provides legal services to indigent or disabled persons, and the  
56 remaining three members shall have knowledge, expertise or  
57 experience in the practice of pro bono or public service law. Of the  
58 members initially appointed, the member who is a faculty member of a  
59 law school in this state shall serve for a term of four years, the member  
60 with experience in student financing shall serve for a term of four  
61 years, and the remaining members shall serve for a term of two years.  
62 Thereafter, all members shall be appointed to serve for a term of two  
63 years. Any vacancy on the board shall be filled for the unexpired  
64 portion of the term by the appointing authority having the power to  
65 make the original appointment. Members of the board shall serve  
66 without compensation for their services. The Governor shall appoint a  
67 chairperson from among the membership. The board shall meet at  
68 least quarterly and at such other times as the chairperson deems  
69 necessary or upon the request of a majority of the members. Five  
70 members of the board shall constitute a quorum. The board shall  
71 operate under the supervision of the Department of Higher Education.

72 (e) The loan repayment assistance program shall provide loan  
73 repayment assistance to any person determined to be eligible for  
74 participation in the program for a period of ten years after such  
75 person's graduation from law school or until such person's eligible  
76 loans are repaid in full, whichever occurs first. A participant in the  
77 program shall contribute between six and ten per cent of the  
78 participant's adjusted gross income toward the participant's repayment  
79 obligation on the eligible loans. The amount of the contribution  
80 required to be made by the participant shall be determined by the

81 board and be based on the availability of funding and the financial  
82 need of the participant. The board shall distribute funds quarterly to a  
83 participant for the amount needed to satisfy the participant's  
84 repayment obligation on the eligible loan or loans in an amount not to  
85 exceed four thousand dollars per year. A participant in the program  
86 shall keep all loans current by the payment of the required amounts in  
87 full and on time. The participant shall notify the board of any  
88 exceptional circumstances that prevents the participant from making  
89 the loan payments in full and on time, and the continuing eligibility for  
90 the program of the participant shall be at the discretion of the board.

91 Sec. 2. This act shall take effect from its passage.

***JUD***      *Joint Favorable C/R*

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