

JAN 23 2015

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 Act 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 of Hawaii in areas of law related to
11 public service, more specifically, to provide direct and
12 indirect services to indigent persons. Given the high cost of
13 law school and the debt that law school graduates often incur to
14 finance their legal education, the legislature finds that few
15 lawyers can afford to provide legal service to the indigent
16 because the compensation associated with these services can be
17 substantially lower than the pay in other areas of practice,



1 including legal employment in government agencies. The
2 legislature also finds that encouraging law students and lawyers
3 to provide legal services to indigent persons is essential to
4 ensuring access to the justice system by the indigent.

5 Therefore, it is the purpose of this Act to provide assistance
6 to law school graduates who work in areas where they will
7 provide those 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 loans 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 Act, the following
18 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
7 determined by the Hawaii justice foundation and the William S.
8 Richardson school of law as being within the parameters set
9 forth in this Act, to serve the public interest, including
10 providing legal assistance to indigent persons through a
11 nonprofit organization or as an employee of a local, state, or
12 federal governmental entity.

13 "Licensed lawyer" means a lawyer licensed to practice law
14 in the State.

15 "Participant" means a lawyer who is receiving loan
16 repayment assistance through the public service legal loan
17 repayment assistance program.

18 "Program" means the public service legal loan repayment
19 assistance program.

20 "Public service legal loan repayment assistance fund" or
21 "fund" means the fund created in section 304A-H and established



1 in the treasury of the State to support the public service legal
2 loan repayment assistance 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 Act. The guidelines
6 shall not be deemed rules that are subject to chapter 91. Upon
7 creation of the public service loan repayment assistance
8 program, the Hawaii justice foundation and the William S.
9 Richardson school of law shall appoint an advisory board, whose
10 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 representatives from the Hawaii justice
16 foundation; and

17 (4) One representative from the William S. Richardson
18 school of law,

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



1 (b) Within ninety days after July 1, 2015, 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 salary and eligible educational debt;

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

10 (C) The applicant's good standing in the Hawaii state
11 bar association;

12 (2) Guidelines pertaining to:

13 (A) The maximum amount of annual assistance to be
14 provided to each participant, which shall be no
15 greater than \$10,000 per year, adjusted for
16 inflation;

17 (B) The maximum amount of cumulative total assistance
18 for each program participant, which shall be no
19 greater than \$50,000, adjusted for inflation;

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



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

(c) The Hawaii justice foundation and the William S. Richardson school of law shall adopt any other guidelines necessary to implement this Act.

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

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

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

(d) Payment of loan repayment assistance under this Act shall begin no later than ninety days after an individual is approved as a participant by the program. Unless there is a lack of sufficient funding in the public service legal loan



1 repayment assistance fund, assistance payments shall be made
2 quarterly to the participant until the earlier of:

3 (1) The eligible educational debt is repaid;

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

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

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

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

13 (f) Applicants shall present evidence that they have
14 participated in loan counseling.

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



1 (b) No law student or graduate may apply to the program
2 for assistance in repaying the balance of the student's or
3 graduate's eligible educational debt unless the student or
4 graduate has received no loan repayment assistance, or only
5 partial assistance, from other sources.

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

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

18 (b) The Hawaii justice foundation and the William S.
19 Richardson school of law shall deposit in the fund all money
20 received for the program. The fund shall be self-sustaining and



1 shall consist of funds appropriated by the legislature for the
2 program and private contributions to the program.

3 (d) If the program's mission changes or the legislature
4 terminates the program, all private contributions in the fund
5 shall be transferred to a nonprofit organization with a mission
6 similar to the program or returned to the private donors.

7 (e) With the exception of the operating costs associated
8 with the management of the fund by the comptroller, the fund
9 shall be credited with all investment income earned by the fund.

10 (f) Money in the fund may be spent only for the purposes
11 of the program. Disbursements from the fund shall be made only
12 upon the authorization of the Hawaii justice foundation and the
13 William S. Richardson school of law.

14 (g) The comptroller shall routinely consult and
15 communicate with the Hawaii justice foundation and the William
16 S. Richardson school of law on the investment policy, earnings
17 of the fund, and related needs of the program."

18 SECTION 2. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$ or so
20 much thereof as may be necessary for fiscal year 2015-2016 and
21 the same sum or so much thereof as may be necessary for fiscal



1 year 2016-2017 for deposit into the public service legal loan
2 repayment assistance fund.

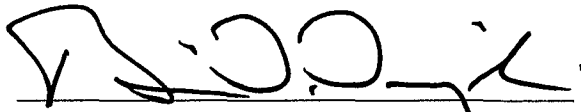
3 The sums appropriated shall be expended by the University
4 of Hawaii for the purposes of this Act.

5 SECTION 3. In codifying the new sections added by section
6 1 of this Act, the revisor of statutes shall substitute
7 appropriate section numbers for the letters used in designating
8 the new sections in this Act.

9 SECTION 4. This Act shall take effect on July 1, 2015.

10

INTRODUCED BY:


by request



S.B. NO. 635

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.

