

LC00742

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2004

A N A C T

RELATING TO EDUCATION

Introduced By: Senators Pichardo, McCaffrey, Paiva-Weed, and F Caprio

Date Introduced: February 11, 2004

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 16 of the General Laws entitled "Education" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 62.2

4 REPAYMENT OF CERTAIN EDUCATION LOANS OWED BY STATE ATTORNEYS

5 **16-62.2-1. Legislative findings.** – The purpose of this chapter is to provide assistance to
6 attorneys who are employed in state service. The general assembly has found that a law student
7 will often incur high education loan debt, and as a result may feel compelled to accept higher
8 paying private sector employment to pay off his or her debt, rather than working for the state of
9 Rhode Island. The general assembly determines that it is in the public interest that the state
10 provide assistance to attract and retain the most qualified attorneys.

11 **16-62.2-2. Definitions.** – For the purposes of this chapter, the following terms shall have
12 the following meanings unless the context clearly requires otherwise:

13 (1) "Authority" means the governmental agency and public instrumentality authorized,
14 created and established pursuant to this chapter.

15 (2) "Eligible state attorney" or "attorney" means an individual who holds a valid Rhode
16 Island license to practice law and is a full-time employee of the state of Rhode Island. An
17 attorney must perform the service obligation under section 16-62.2-4 and document that the
18 attorney meets additional requirements set forth by the authority pursuant to section 16-62.2-7.

19 (3)(i) "Eligible loan" may be any education loan received by the eligible state attorney

1 through any lender, other than a private individual for: (A) education at a school of law
2 authorized to award a degree that satisfies the law study requirements for licensure as an attorney
3 in this state; or (B) undergraduate education at an institution of higher education or an accredited
4 private or independent institution of higher education.

5 (ii) An eligible loan may not be an education loan that is in default at the time of the
6 attorney's application.

7 (iii) Eligible loan may be further defined by the regulations of the authority promulgated
8 pursuant to section 16-62.2-7.

9 (4) "Eligible employment" means employment by the state of Rhode Island, including,
10 but not limited to, any state board, division, department or commission.

11 (5) "Repayment assistance" means that the authority may provide, in accordance with this
12 chapter and authority regulations, assistance in the repayment of loans in the form of loan
13 forgiveness for attorneys who apply and qualify for the assistance.

14 (6) "Total income" is the amount to be considered by the authority when allocating the
15 annual amount of loan forgiveness to an applicant. Total income shall be determined by
16 examining the applicant's most recent year's tax returns and, if married, the most recent year's tax
17 returns of the applicant's spouse.

18 **16-62.2-3. Forgiveness of loans.** – An attorney shall be eligible to have a portion of the
19 attorney's loans forgiven for each year that the attorney has eligible employment. An attorney
20 may receive repayment assistance under this chapter in an amount not to exceed ten thousand
21 dollars (\$10,000) annually. The authority shall promulgate regulations pursuant to section 16-
22 62.2-7 to create a formula in order to compute the amount of loan forgiveness. In its regulations,
23 the authority may consider total educational debt versus total income.

24 **16-62.2-4. Service obligation.** – (a) For each year of repayment assistance, the attorney
25 will be required to sign an agreement in the nature of a contract under which the attorney agrees
26 to remain employed by the state for twelve (12) months for each year that repayment assistance is
27 awarded.

28 (b) If the attorney does not fulfill the terms of the agreement then the repayment
29 assistance becomes a loan and must be repaid. The agreement must include a promissory note
30 acknowledging the conditional nature of the repayment assistance and promising to repay the
31 amount of the loan forgiveness, applicable interest and reasonable collection costs if the attorney
32 does not satisfy the applicable conditions. The authority shall determine the terms of the
33 promissory note.

34 (c) The authority shall cancel the attorney's service obligation if the authority determines

1 that the attorney: (1) has become permanently disabled so that attorney is not able to serve as an
2 attorney with the state; or (2) has died.

3 (d) The authority shall grant the attorney additional time to complete the service
4 obligation for good cause.

5 **16-62.2-5. Funds.** – (a) The general assembly shall transmit funds to the authority for the
6 purposes of providing repayment assistance under this chapter.

7 (b) The authority may accept additional funds for purposes of repayment assistance from
8 any school of law authorized to award a degree that satisfies the law study requirements for
9 licensure as an attorney in this state or any other public or private source.

10 **16-62.2-6. Repayment assistance.** – (a) The authority shall deliver any repayment
11 assistance made under this chapter in a lump sum payable to the lender and the attorney and in
12 accordance with any applicable federal law.

13 (b) Repayment assistance received under this chapter may be applied to the principal
14 amount of the loan and to interest that accrues.

15 **16-62.2-7. Regulations.** – The authority shall promulgate regulations necessary to
16 implement the provisions of this repayment assistance program including additional eligibility
17 criteria.

18 **16-62.2-8. No adverse effect on authority's bond or rating.** – Notwithstanding any
19 provision of this chapter to the contrary, to the extent, if any, that this repayment assistance
20 program shall have any material adverse effect on the authority's ability to issue negotiable bonds
21 and notes, the authority shall be empowered to suspend this program on a prospective basis,
22 provided that any individual who has previously been determined to be eligible for the program's
23 benefits shall retain their eligibility.

24 **16-62.2-9. Severability of provisions.** – The provisions of this chapter are severable. If
25 any provisions are deemed invalid by a court of competent jurisdiction, that determination shall
26 not affect the validity of the remaining provisions.

27 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO EDUCATION

- 1 This act would create a loan forgiveness program for attorneys employed by the state of
- 2 Rhode Island.
- 3 This act would take effect upon passage.

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