

Senate Bill 673

Sponsored by Senator PROZANSKI (at the request of Jonathan Manton)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes Oregon Public Interest Professional Loan Repayment Program administered by Oregon Student Assistance Commission. Allows commission to enter into agreements with individuals employed in specified areas for repayment of educational loans.

Appropriates moneys from General Fund to Oregon Student Assistance Commission to provide loan repayments.

Declares emergency, effective July 1, 2009.

A BILL FOR AN ACT

Relating to loan repayment programs; appropriating money; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) **As used in this section:**

(a) **"Public interest attorney" means a person who is admitted to practice law in this state and who is practicing law in:**

(A) **An organization that provides legal services that qualify for tax exempt status under Internal Revenue Code section 501(c)(3), (4) or (5); or**

(B) **An organization that includes, but is not limited to:**

(i) **A legal aid or legal services organization;**

(ii) **A public defender's office;**

(iii) **A private nonprofit organization that has a primary purpose of providing legal services for persons or organizations that are unable to obtain similar services; or**

(iv) **A human rights organization.**

(b) **"Social worker" means an individual who is licensed under ORS 675.530.**

(c) **"Teacher" means an individual who teaches in a kindergarten through grade 12 public school.**

(2) **The Oregon Public Interest Professional Loan Repayment Program is created. The loan repayment program is administered by the Oregon Student Assistance Commission to assist in the repayment of loans of an individual who:**

(a) **Is a graduate of a post-secondary institution in Oregon;**

(b) **Has obtained employment in Oregon as a public interest attorney, social worker or teacher;**

(c) **Has loans from a post-secondary institution, government entity, commercial source or nonprofit organization that were obtained for undergraduate or graduate study if the loans were used for tuition, education expenses or living expenses;**

(d) **Does not have a loan that is in default status;**

(e) **Has agreed to serve for at least three years as a public interest attorney, social worker or teacher; and**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (f) Has an annual gross income from eligible employment that is not more than \$55,000.

2 (3) Subject to available resources and subject to the condition that loans be distributed
3 equally among the qualifying professions, the commission may enter into loan repayment
4 agreements with up to 150 eligible individuals as follows:

5 (a) Up to 50 public interest attorneys;

6 (b) Up to 50 social workers; and

7 (c) Up to 50 teachers.

8 (4)(a) Any individual receiving funds under this section who fails to serve for at least
9 three years as a public interest attorney, social worker or teacher, shall repay the amount
10 received by the individual to the commission. Ten percent interest shall be charged on the
11 amount to be repaid, accrued from the date the amount was distributed. Additionally, a
12 penalty fee equal to 25 percent of the total amount of funds received shall be assessed
13 against the individual. No interest shall accrue on the penalty.

14 (b) The commission shall use any funds received under paragraph (a) of this subsection
15 for the purpose of carrying out the provisions of this section.

16 (c) The commission may waive any interest or penalty assessed under this subsection in
17 case of undue hardship.

18 (5) The commission may adopt rules necessary to administer the loan repayment pro-
19 gram.

20 **SECTION 2.** There is appropriated to the Oregon Student Assistance Commission, for the
21 biennium beginning July 1, 2009, out of the General Fund, the amount of \$700,000 for the
22 purposes of the loan repayment program established under section 1 of this 2009 Act.

23 **SECTION 3.** This 2009 Act being necessary for the immediate preservation of the public
24 peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect
25 July 1, 2009.