

HOUSE BILL 407

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

INTRODUCED BY

Larry A. Larrañaga

AN ACT

RELATING TO HIGHER EDUCATION; DECREASING THE INTEREST REQUIRED ON LOAN-FOR-SERVICE PROGRAMS; ELIMINATING PENALTIES FOR NONSERVICE; RECONCILING MULTIPLE AMENDMENTS TO SECTIONS OF LAW IN LAWS 2005.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 21-22-3 NMSA 1978 (being Laws 1975, Chapter 244, Section 3, as amended) is amended to read:

"21-22-3. DEFINITIONS.--As used in the Medical Student Loan for Service Act:

A. [~~commission~~] "department" means the [~~commission on~~] higher education department;

B. "loan" means a grant of funds to defray the costs incidental to a medical education, under a contract between the [~~commission~~] department and a medical student,

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1 requiring either repayment with interest or repayment in
2 services; and

3 C. "student" means a resident of New Mexico who is
4 a student enrolled in a school of medicine."

5 SECTION 2. Section 21-22-6 NMSA 1978 (being Laws 1975,
6 Chapter 244, Section 6, as amended by Laws 2005, Chapter 321,
7 Section 2 and by Laws 2005, Chapter 323, Section 1) is amended
8 to read:

9 "21-22-6. MEDICAL STUDENT LOANS--CONTRACT TERMS--
10 REPAYMENT.--

11 A. Each applicant who is approved for a loan by the
12 [~~commission~~] department may be granted a loan, in such amounts
13 and for such periods as determined by the [~~commission~~]
14 department, with which to defray expenses incurred in obtaining
15 a medical education at any reputable and accredited medical
16 school in the United States if the applicant files with the
17 [~~commission~~] department a declaration of [~~his~~] intent to
18 practice [~~his profession~~] as a licensed physician or physician
19 assistant in areas of New Mexico designated as not being
20 adequately served by medical practitioners.

21 B. The loans shall not exceed the necessary
22 expenses incurred while attending a medical school or college
23 and shall bear interest at the rate of [~~(1) eighteen percent~~
24 ~~per year~~] the fixed interest rate that the federal government
25 charges for direct subsidized loans for graduate and

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1 professional students plus five percent if the student
2 completes [~~his~~] the student's medical education and no portion
3 of the principal and interest is forgiven pursuant to
4 Subsection F of this section [~~and~~
5 ~~(2) seven percent per year in all other~~
6 ~~eases~~].

7 C. Loans made pursuant to the Medical Student Loan
8 for Service Act shall not accrue interest until the department:

9 (1) [~~the commission~~] determines the loan
10 recipient has terminated the recipient's medical education
11 prior to completion;

12 (2) [~~the commission~~] determines the loan
13 recipient has failed to fulfill the recipient's obligation to
14 serve in a health professional shortage area; or

15 (3) [~~the commission~~] cancels a contract
16 between a student and the [~~commission~~] department pursuant to
17 Section 21-22-9 NMSA 1978.

18 D. The loan shall be evidenced by a contract
19 between the student and the [~~commission~~] department acting on
20 behalf of the state. The contract shall provide for the
21 payment by the state of a stated sum covering the costs of a
22 medical education and shall be conditioned upon the repayment
23 of the loan to the state over a period established by the
24 [~~commission~~] department in consultation with the student after
25 completion of medical school and any period of internship or

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1 residency required to complete the student's education.

2 E. Loans made to students who fail to complete
3 their medical education shall become due immediately upon
4 termination of their medical education. The [~~commission~~
5 department], in consultation with the student, shall establish
6 terms of repayment, alternate service or cancellation terms.

7 F. The contract shall provide that the [~~commission~~]
8 department shall forgive a portion of the loan for each year
9 that a loan recipient practices [~~his profession~~] as a licensed
10 physician or physician assistant in areas approved by the
11 [~~commission~~] department as not being adequately served by
12 medical practitioners. The loan shall be forgiven as follows:

13 (1) loan terms of one year shall require one
14 year of practice in a designated health professional shortage
15 area. Upon completion of service, one hundred percent of the
16 loan shall be forgiven;

17 (2) loan terms of two years shall require one
18 year of practice in a designated health professional shortage
19 area for each year of the loan. Upon completion of the first
20 year of service, fifty percent of the loan shall be forgiven.
21 Upon completion of the second year of service, the remainder of
22 the loan shall be forgiven; and

23 (3) for loan terms of three years or more,
24 forty percent of the loan shall be forgiven upon completion of
25 the first year of service in a designated health professional

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1 shortage area, thirty percent of the loan shall be forgiven
2 upon completion of the second year of service and the remainder
3 of the loan shall be forgiven upon completion of the third year
4 of service.

5 G. Loan recipients shall serve a complete year in
6 order to receive credit for that year. The minimum credit for
7 a year shall be established by the [~~commission~~] department.

8 H. If a loan recipient completes [~~his~~] a
9 professional education and does not serve in a health
10 professional shortage area, the [~~commission~~] department shall
11 assess [~~a penalty of up to three times the principal due, plus~~
12 ~~eighteen percent~~] interest at the fixed interest rate that the
13 federal government charges for direct subsidized loans for
14 graduate and professional students plus five percent, unless
15 the [~~commission~~] department finds acceptable extenuating
16 circumstances for why the student cannot serve. If the
17 [~~commission~~] department does not find acceptable extenuating
18 circumstances for the student's failure to carry out [~~his~~] the
19 declared intent to serve in a health professional shortage area
20 in the state, the [~~commission~~] department shall require
21 immediate repayment of the loan plus the amount of any interest
22 [~~and penalty~~] assessed pursuant to this subsection.

23 I. The [~~commission~~] department shall adopt
24 [~~regulations~~] rules to implement the provisions of this
25 section. The [~~regulations~~] rules may provide for the repayment

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1 of medical student loans in annual or other periodic
2 installments."

3 SECTION 3. Section 21-22A-3 NMSA 1978 (being Laws 1978,
4 Chapter 109, Section 3, as amended) is amended to read:

5 "21-22A-3. DEFINITIONS.--As used in the Osteopathic
6 Medical Student Loan for Service Act:

7 A. [~~commission~~] "department" means the
8 [~~commission on~~] higher education department;

9 B. "loan" means a grant of funds to defray the
10 costs incidental to an osteopathic medical education, under a
11 contract between the [~~commission~~] department and an osteopathic
12 medical student, requiring either repayment with interest or
13 repayment in services;

14 C. "osteopathic medical education" means the
15 education required to be an osteopathic physician or
16 osteopathic physician's assistant; and

17 D. "student" means a resident of New Mexico who is
18 a student enrolled in a school of osteopathic medicine or an
19 osteopathic physician's assistant program."

20 SECTION 4. Section 21-22A-6 NMSA 1978 (being Laws 1978,
21 Chapter 109, Section 6, as amended by Laws 2005, Chapter 321,
22 Section 4 and by Laws 2005, Chapter 323, Section 2) is amended
23 to read:

24 "21-22A-6. OSTEOPATHIC MEDICAL STUDENT LOANS--CONTRACT
25 TERMS--REPAYMENT.--

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1 A. Each applicant who is approved for a loan by the
2 ~~[commission]~~ department may be granted a loan, in such amounts
3 and for such periods as determined by the ~~[commission]~~
4 department, with which to defray expenses incurred in obtaining
5 an osteopathic medical education at any reputable and
6 accredited osteopathic medical school in the United States if
7 the applicant files with the ~~[commission]~~ department a
8 declaration of ~~[his]~~ intent to practice ~~[his profession]~~ as a
9 licensed osteopathic physician or osteopathic physician's
10 assistant in areas of New Mexico designated as not being
11 adequately served by osteopathic medical practitioners.

12 B. The loan shall not exceed the necessary expenses
13 incurred while attending an osteopathic medical school or
14 college or osteopathic physician's assistant program and shall
15 bear interest at the rate of ~~[(1) eighteen percent per year]~~
16 the fixed interest rate that the federal government charges for
17 direct subsidized loans for graduate and professional students
18 plus five percent if the ~~[student]~~ loan recipient completes
19 ~~[his]~~ an osteopathic medical education and no portion of the
20 principal and interest is forgiven pursuant to Subsection F of
21 this section ~~[and~~

22 ~~(2) seven percent per year in all other~~
23 ~~eases]~~.

24 C. Loans made pursuant to the Osteopathic Medical
25 Student Loan for Service Act shall not accrue interest until

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1 the department:

2 (1) [~~the commission~~] determines the loan
3 recipient has terminated the recipient's osteopathic medical
4 education prior to completion;

5 (2) [~~the commission~~] determines the loan
6 recipient has failed to fulfill the recipient's obligation to
7 serve in an area of New Mexico designated as not being
8 adequately served by osteopathic medical practitioners; or

9 (3) [~~the commission~~] cancels a contract
10 between a [~~student~~] loan recipient and the [~~commission~~]
11 department pursuant to Section 21-22A-9 NMSA 1978.

12 D. The loan shall be evidenced by a contract
13 between the [~~student~~] loan recipient and the [~~commission~~]
14 department acting on behalf of the state. The contract shall
15 provide for the payment by the state of a stated sum covering
16 the costs of an osteopathic medical education and shall be
17 conditioned upon the repayment of the loan to the state over a
18 period established by the [~~commission~~] department in
19 consultation with the [~~student~~] loan recipient after the
20 completion of osteopathic medical school or an osteopathic
21 physician's assistant program and any period of internship or
22 residency required to complete the [~~student's~~] loan recipient's
23 education.

24 E. Loans made to [~~students~~] loan recipients who
25 fail to complete their osteopathic medical education shall

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1 become due immediately upon termination of their osteopathic
2 medical education. The [~~commission~~] department, in
3 consultation with the [~~student~~] loan recipient, shall establish
4 terms of repayment, alternate service or cancellation terms.

5 F. The contract shall provide that the [~~commission~~]
6 department shall forgive a portion of the loan for each year
7 that a loan recipient practices [~~his profession~~] as a licensed
8 osteopathic physician or osteopathic physician's assistant in
9 areas approved by the [~~commission~~] department as not being
10 adequately served by osteopathic medical practitioners. The
11 loan shall be forgiven as follows:

12 (1) loan terms of one year shall require one
13 year of practice in a designated health professional shortage
14 area. Upon completion of service, one hundred percent of the
15 loan shall be forgiven;

16 (2) loan terms of two years shall require one
17 year of practice in a designated health professional shortage
18 area for each year of the loan. Upon completion of the first
19 year of service, fifty percent of the loan shall be forgiven.
20 Upon completion of the second year of service, the remainder of
21 the loan shall be forgiven; and

22 (3) for loan terms of three years or more,
23 forty percent of the loan shall be forgiven upon completion of
24 the first year of service in a designated health professional
25 shortage area, thirty percent of the loan shall be forgiven

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1 upon completion of the second year of service and the remainder
2 of the loan shall be forgiven upon completion of the third year
3 of service.

4 G. Loan recipients shall serve a complete year in
5 order to receive credit for that year. The minimum credit for
6 a year shall be established by the [~~commission~~] department.

7 H. If a loan recipient completes [~~his~~] a
8 professional education and does not serve in a health
9 professional shortage area, the [~~commission~~] department shall
10 assess [~~a penalty of up to three times the principal due, plus~~
11 ~~eighteen percent~~] interest at the fixed interest rate that the
12 federal government charges for direct subsidized loans for
13 graduate and professional students plus five percent, unless
14 the [~~commission~~] department finds acceptable extenuating
15 circumstances for why the [~~student~~] loan recipient cannot
16 serve. If the [~~commission~~] department does not find acceptable
17 extenuating circumstances for the [~~student's~~] loan recipient's
18 failure to carry out [~~his~~] the declared intent to serve in a
19 health professional shortage area in the state, the
20 [~~commission~~] department shall require immediate repayment of
21 the loan plus the amount of any interest [~~and penalty~~] assessed
22 pursuant to this section.

23 I. The [~~commission~~] department shall adopt
24 [~~regulations~~] rules to implement the provisions of this
25 section. The [~~regulations~~] rules may provide for the repayment

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1 of osteopathic medical student loans in annual or other
2 periodic installments."

3 SECTION 5. Section 21-22B-3 NMSA 1978 (being Laws 1987,
4 Chapter 299, Section 3, as amended) is amended to read:

5 "21-22B-3. DEFINITIONS.--As used in the Nursing Student
6 Loan for Service Act:

7 A. [~~commission~~] "department" means the
8 [~~commission on~~] higher education department;

9 B. "loan" means a grant of funds to defray the
10 costs incidental to a nursing education, under a contract
11 between the [~~commission~~] department and a nursing student,
12 requiring repayment with services or repayment with interest;

13 C. "student" means a resident of New Mexico who is
14 a student enrolled in a program of nursing; and

15 D. "program of nursing" means a nursing education
16 program in a New Mexico institution accredited by a member of
17 the council on post-secondary accreditation or a nursing
18 education program approved by the New Mexico board of nursing."

19 SECTION 6. Section 21-22B-6 NMSA 1978 (being Laws 1987,
20 Chapter 299, Section 6, as amended by Laws 2005, Chapter 321,
21 Section 6 and by Laws 2005, Chapter 323, Section 3) is amended
22 to read:

23 "21-22B-6. NURSING STUDENT LOANS--CONTRACT TERMS--
24 REPAYMENT.--

25 A. Each applicant who is approved for a loan by the

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1 ~~[commission]~~ department may be granted a loan, in such amounts
2 for such periods as determined by the ~~[commission]~~ department,
3 with which to defray expenses incurred in obtaining a nursing
4 education; provided that the applicant files with the
5 ~~[commission]~~ department a declaration of intent to practice as
6 a licensed nurse in areas of New Mexico designated as
7 underserved.

8 B. The loans shall not exceed the necessary
9 expenses incurred while attending a program of nursing and
10 shall bear interest at the rate of [~~(1) eighteen percent per~~
11 ~~year~~] the fixed interest rate that the federal government
12 charges for direct subsidized loans for graduate and
13 professional students plus five percent if the ~~[student]~~ loan
14 recipient completes ~~[his]~~ a nursing education and no portion of
15 the principal and interest is forgiven pursuant to Subsection F
16 of this section [~~and~~

17 ~~(2) seven percent per year in all other~~
18 ~~cases~~].

19 C. Loans made pursuant to the Nursing Student Loan
20 for Service Act shall not accrue interest until the department:

21 (1) ~~[the commission]~~ determines the loan
22 recipient has terminated the recipient's nursing education
23 prior to completion;

24 (2) ~~[the commission]~~ determines the loan
25 recipient has failed to fulfill the recipient's obligation to

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1 practice nursing in areas approved by the health profession
2 advisory committee; or

3 (3) [~~the commission~~] cancels a contract
4 between a [~~student~~] loan recipient and the [~~commission~~]
5 department pursuant to Section 21-22B-9 NMSA 1978.

6 D. The loan shall be evidenced by a contract
7 between the [~~student~~] loan recipient and the [~~commission~~]
8 department acting on behalf of the state. The contract shall
9 provide for the payment by the state of a stated sum covering
10 the costs of a nursing education and shall be conditioned upon
11 the repayment of the loan to the state over a period negotiated
12 between the [~~student~~] loan recipient and the [~~commission~~]
13 department after completion of a nursing program.

14 E. Loans made to [~~students~~] loan recipients who
15 fail to complete their nursing education shall become due
16 immediately upon termination of nursing education. The
17 [~~commission~~] department, in consultation with the [~~student~~]
18 loan recipient, shall establish terms of repayment, alternate
19 service or cancellation terms with the [~~commission~~] department.

20 F. The contract shall provide that the [~~commission~~]
21 department may forgive a portion of the loan for each year that
22 a loan recipient practices nursing in areas approved by the
23 [~~commission~~] department. The loan shall be forgiven as
24 follows:

25 (1) loan terms of one year shall require one

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1 year of practice in a designated health professional shortage
2 area. Upon completion of service, one hundred percent of the
3 loan shall be forgiven;

4 (2) loan terms of two years shall require one
5 year of practice in a designated health professional shortage
6 area for each year of the loan. Upon completion of the first
7 year of service, fifty percent of the loan shall be forgiven.
8 Upon completion of the second year of service, the remainder of
9 the loan shall be forgiven; and

10 (3) for loan terms of three years or more,
11 forty percent of the loan shall be forgiven upon completion of
12 the first year of service in a designated health professional
13 shortage area, thirty percent of the loan shall be forgiven
14 upon completion of the second year of service and the remainder
15 of the loan shall be forgiven upon completion of the third year
16 of service.

17 G. Loan recipients shall serve a complete year in
18 order to receive credit for that year. The minimum credit for
19 a year shall be established by the [~~commission~~] department.

20 H. The [~~commission~~] department shall adopt
21 [~~regulations~~] rules to implement the provisions of this
22 section. The [~~regulations~~] rules may provide for the repayment
23 of nursing student loans in annual or other periodic
24 installments."

25 SECTION 7. Section 21-22C-6 NMSA 1978 (being Laws 1994,

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1 Chapter 57, Section 8, as amended by Laws 2005, Chapter 321,
2 Section 9 and by Laws 2005, Chapter 323, Section 4) is amended
3 to read:

4 "21-22C-6. ALLIED HEALTH STUDENT LOANS--CONTRACT
5 TERMS--REPAYMENT.--

6 A. Prior to receiving a loan, each applicant
7 approved for a loan shall file with the [~~commission~~] department
8 a declaration of intent to practice as a licensed allied health
9 professional in areas of New Mexico designated as underserved.

10 B. The loans shall not exceed the necessary
11 expenses incurred while attending an allied health profession
12 program and shall bear interest at the rate of [~~(1) eighteen~~
13 ~~percent per year~~] the fixed interest rate that the federal
14 government charges for direct subsidized loans for graduate and
15 professional students plus five percent if the [~~student~~] loan
16 recipient completes [~~his~~] an allied health profession education
17 and no portion of the principal and interest is forgiven
18 pursuant to Subsection F of this section [~~and~~

19 ~~(2) seven percent per year in all other~~
20 ~~eases~~].

21 C. Loans made pursuant to the Allied Health Student
22 Loan for Service Act shall not accrue interest until the
23 department:

24 (1) [~~the commission~~] determines the loan
25 recipient has terminated the recipient's allied health

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1 profession education prior to completion;

2 (2) [~~the commission~~] determines the loan
3 recipient has failed to fulfill the recipient's obligation to
4 practice as a licensed allied health professional in areas of
5 New Mexico designated as underserved; or

6 (3) [~~the commission~~] cancels a contract
7 between a [~~student~~] loan recipient and the [~~commission~~]
8 department pursuant to Section 21-22C-9 NMSA 1978.

9 D. The loan shall be evidenced by a contract
10 between the [~~student~~] loan recipient and the [~~commission~~]
11 department acting on behalf of the state. The contract shall
12 provide for the payment by the state of a stated sum covering
13 the costs of an allied health profession education and shall be
14 conditioned on the repayment of the loan to the state over a
15 period negotiated between the [~~student~~] loan recipient and the
16 [~~commission~~] department after completion of an allied health
17 profession education.

18 E. Loans made to [~~students~~] loan recipients who
19 fail to complete their allied health profession education shall
20 become due immediately upon termination of that education. The
21 [~~commission~~] department, in consultation with the [~~student~~]
22 loan recipient, shall establish repayment terms, alternate
23 service or cancellation terms.

24 F. The contract shall provide that the [~~commission~~]
25 department shall forgive a portion of the loan for each year

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1 that a loan recipient practices an allied health profession in
2 areas approved by the [~~commission~~] department. The loan shall
3 be forgiven as follows:

4 (1) loan terms of one year shall require one
5 year of practice in a designated health professional shortage
6 area. Upon completion of service, one hundred percent of the
7 loan shall be forgiven;

8 (2) loan terms of two years shall require one
9 year of practice in a designated health professional shortage
10 area for each year of the loan. Upon completion of the first
11 year of service, fifty percent of the loan shall be forgiven.
12 Upon completion of the second year of service, the remainder of
13 the loan shall be forgiven; and

14 (3) for loan terms of three years or more,
15 forty percent of the loan shall be forgiven upon completion of
16 the first year of service, thirty percent of the loan shall be
17 forgiven upon completion of the second year of service and the
18 remainder of the loan shall be forgiven upon completion of the
19 third year of service.

20 G. Loan recipients shall serve a complete year in
21 order to receive credit for that year. The minimum credit for
22 a year shall be established by the [~~commission~~] department.

23 H. If a loan recipient completes [~~his~~] a
24 professional education and does not serve the required number
25 of years in a health professional shortage area, the

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1 ~~[commission]~~ department shall assess ~~[a penalty of up to three~~
2 ~~times the principal due, plus eighteen percent]~~ interest at the
3 fixed interest rate that the federal government charges for
4 direct subsidized loans for graduate and professional students
5 plus five percent, unless the ~~[commission]~~ department finds
6 acceptable extenuating circumstances for why the student cannot
7 serve. If the ~~[commission]~~ department does not find acceptable
8 extenuating circumstances for the ~~[student's]~~ loan recipient's
9 failure to carry out ~~[his]~~ the declared intent to serve in a
10 health professional shortage area in the state, the
11 ~~[commission]~~ department shall require immediate repayment of
12 the loan plus the amount of any interest ~~[and penalty]~~ assessed
13 pursuant to this subsection.

14 I. The ~~[commission]~~ department shall adopt
15 ~~[regulations]~~ rules to implement the provisions of this
16 section. The ~~[regulations]~~ rules may provide for the repayment
17 of allied health student loans in annual or other periodic
18 installments."

19 SECTION 8. Section 21-22D-3 NMSA 1978 (being Laws 1995,
20 Chapter 144, Section 18) is amended to read:

21 "21-22D-3. DEFINITIONS.--As used in the Health
22 Professional Loan Repayment Act:

23 A. ~~["commission"]~~ "department" means the
24 ~~[commission on]~~ higher education department;

25 B. "health professional" means a primary care

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1 physician, optometrist, podiatrist, physician's assistant,
2 dentist, nurse, member of an allied health profession as
3 defined in the Allied Health Student Loan for Service Act or a
4 licensed or certified health professional as determined by the
5 [~~commission~~] department; and

6 C. "loan" means a grant of money to defray the
7 costs incidental to a health education, under a contract
8 between the federal government or a commercial lender and a
9 health professional, requiring either repayment of principal
10 and interest or repayment in services."

11 SECTION 9. Section 21-22D-6 NMSA 1978 (being Laws 1995,
12 Chapter 144, Section 21, as amended) is amended to read:

13 "21-22D-6. AWARD CRITERIA--CONTRACT TERMS--PAYMENT.--

14 A. Prior to receiving an award, the health
15 professional shall file with the [~~commission~~] department a
16 declaration of intent to practice as a health professional in
17 areas of New Mexico designated as underserved by the
18 [~~commission~~] department.

19 B. Award criteria shall provide that:

20 (1) amounts shall be dependent upon the
21 location of the practice, the applicant's total health
22 professional education indebtedness and characteristics of the
23 practice;

24 (2) preference in making awards shall be to
25 individuals who have graduated from a New Mexico public post-

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1 secondary educational institution;

2 (3) recruitment awards shall be made to
3 eligible participants who agree to relocate to an approved
4 designated area;

5 (4) highest priority shall be given to
6 participants in practices in which health profession vacancies
7 are difficult to fill, practices that require after hours call
8 at least every other night and practices that have heavy
9 obstetrical responsibilities;

10 (5) award amounts may be modified based upon
11 available funding or other special circumstances; and

12 (6) an award shall not exceed the total
13 medical education indebtedness of any participant.

14 C. The following education debts are not eligible
15 for repayment pursuant to the Health Professional Loan
16 Repayment Act:

17 (1) amounts incurred as a result of
18 participation in state loan-for-service programs or other state
19 programs whose purpose states that service be provided in
20 exchange for financial assistance;

21 (2) scholarships that have a service component
22 or obligation;

23 (3) personal loans from friends or relatives;
24 and

25 (4) loans that exceed individual standard

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1 school expense levels.

2 D. The loan repayment award shall be evidenced by a
3 contract between the health professional and the [~~commission~~]
4 department acting on behalf of the state. The contract shall
5 provide for the payment by the state of a stated sum to the
6 health professional's debtors and shall state the obligations
7 of the health professional under the program, including a
8 minimum two-year period of service, quarterly reporting
9 requirements and other policies established by the [~~commission~~]
10 department.

11 E. Loan recipients shall serve a complete year in
12 order to receive credit for that year. The minimum credit for
13 a year shall be established by the [~~commission~~] department.

14 F. If a health professional does not comply with
15 the terms of the contract, the [~~commission~~] department shall
16 assess [~~a penalty of up to three times the amount of award~~
17 ~~disbursed plus eighteen percent~~] interest at the fixed rate
18 that the federal government charges for direct subsidized loans
19 for graduate and professional students plus five percent,
20 unless the [~~commission~~] department finds acceptable extenuating
21 circumstances for why the health professional cannot serve or
22 comply with the terms of the contract. If the [~~commission~~]
23 department does not find acceptable extenuating circumstances
24 for the health professional's failure to comply with the
25 contract, the [~~commission~~] department shall require immediate

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1 repayment plus the amount of the [~~penalty~~] interest.

2 G. The [~~commission~~] department shall adopt
3 [~~regulations~~] rules to implement the provisions of this
4 section. The [~~regulations~~] rules may provide for the
5 disbursement of loan repayment awards to the lenders of health
6 professionals in annual or other periodic installments."

7 SECTION 10. Section 21-22E-3 NMSA 1978 (being Laws 2001,
8 Chapter 288, Section 3, as amended) is amended to read:

9 "21-22E-3. DEFINITIONS.--As used in the Teacher Loan for
10 Service Act:

11 A. [~~"commission"~~] "department" means the
12 [~~commission-on~~] higher education department;

13 B. "loan" means a payment of money under contract
14 between the [~~commission~~] department and a student that defrays
15 the costs incidental to a teacher preparation program offered
16 in a regionally accredited post-secondary educational
17 institution in New Mexico and that requires repayment in
18 services;

19 C. "student" means a United States citizen who is
20 enrolled in or accepted by an undergraduate or graduate teacher
21 preparation program at a regionally accredited post-secondary
22 educational institution in New Mexico; and

23 D. "teacher preparation program" means a program
24 that has been formally approved as meeting the requirements of
25 the public education department and that leads to initial

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1 licensure or to additional licensure endorsements, including a
2 program in a two-year post-secondary educational institution
3 that meets the requirements for a teacher education transfer
4 module established pursuant to Subsection C of Section 21-1B-4
5 NMSA 1978."

6 SECTION 11. Section 21-22E-6 NMSA 1978 (being Laws 2001,
7 Chapter 288, Section 6, as amended) is amended to read:

8 "21-22E-6. TEACHER LOANS--CONTRACT TERMS--REPAYMENT.--

9 A. Each applicant who is approved for a loan by the
10 [~~commission~~] department may be granted a loan in such amounts
11 and for such periods as the [~~commission~~] department determines.
12 The loan shall not exceed the necessary expenses incurred while
13 attending a teacher preparation program.

14 B. A loan shall bear interest at the rate of [~~(1)~~
15 ~~eighteen percent per year~~] the fixed interest rate that the
16 federal government charges for direct subsidized loans for
17 graduate and professional students plus five percent if the
18 loan recipient completes [~~his~~] a teacher preparation program
19 and no portion of the principal and interest is forgiven
20 pursuant to Subsection F of this section [~~or~~

21 ~~(2) seven percent per year in all other~~
22 ~~eases~~].

23 C. Loans made pursuant to the Teacher Loan for
24 Service Act shall not accrue interest until the department:

25 (1) [~~the commission~~] determines the loan

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1 recipient has terminated the recipient's teacher preparation
2 program prior to completion;

3 (2) [~~the commission~~] determines the loan
4 recipient has failed to fulfill the loan recipient's obligation
5 to practice as a licensed teacher in New Mexico; or

6 (3) [~~the commission~~] cancels a contract
7 between a [~~student~~] loan recipient and the [~~commission~~]
8 department pursuant to Section 21-22E-9 NMSA 1978.

9 D. The loan shall be evidenced by a contract
10 between the loan recipient and the [~~commission~~] department
11 acting on behalf of the state. The contract shall provide for
12 the payment by the state of a stated sum covering the costs of
13 a teacher preparation program and shall be conditioned on the
14 repayment of the loan to the state over a period established by
15 the [~~commission~~] department after the completion of the teacher
16 preparation program and any postgraduate study or internship
17 required to complete the loan recipient's education.

18 E. A loan made to a recipient who fails to complete
19 [~~his~~] a teacher preparation program shall become due
20 immediately upon termination of [~~his~~] the teacher preparation
21 program. The [~~commission~~] department, in consultation with the
22 loan recipient, shall establish terms of repayment, alternate
23 service or cancellation terms.

24 F. The contract shall provide that the [~~commission~~]
25 department shall forgive a portion of the loan for each year

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1 that the loan recipient practices [~~his profession~~] as a
2 licensed teacher in New Mexico. The loan shall be forgiven as
3 follows:

4 (1) loan terms of one year shall require one
5 year of practice. Upon completion of service, one hundred
6 percent of the loan shall be forgiven;

7 (2) loan terms of two years shall require one
8 year of practice for each year of the loan. Upon completion of
9 the first year of service, fifty percent of the loan shall be
10 forgiven. Upon completion of the second year of service, the
11 remainder of the loan shall be forgiven; and

12 (3) for loan terms of three years or more,
13 forty percent of the loan shall be forgiven upon completion of
14 the first year of service, thirty percent of the loan shall be
15 forgiven upon completion of the second year of service and the
16 remainder of the loan shall be forgiven upon completion of the
17 third year of service.

18 G. A loan recipient shall serve a complete contract
19 year in order to receive credit for that year. The minimum
20 credit for a year shall be established by the [~~commission~~]
21 department.

22 H. If a loan recipient completes [~~his~~] a teacher
23 preparation program and does not serve in a New Mexico public
24 school, the [~~commission~~] department shall assess [~~a penalty of~~
25 ~~up to three times the principal due, plus eighteen percent~~]

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1 interest at the fixed interest rate that the federal government
2 charges for direct subsidized loans for graduate and
3 professional students plus five percent, unless the
4 [~~commission~~] department finds acceptable extenuating
5 circumstances that prevent the loan recipient from serving. If
6 the [~~commission~~] department does not find acceptable
7 extenuating circumstances for the loan recipient's failure to
8 carry out [~~his~~] the recipient's declared intent to serve, the
9 [~~commission~~] department shall require immediate repayment of
10 the loan plus the amount of any interest [~~and penalty~~] assessed
11 pursuant to this section.

12 I. The [~~commission~~] department shall adopt and
13 promulgate rules to implement the provisions of this section.
14 The rules may provide for the repayment of loans in annual or
15 other periodic installments."

16 SECTION 12. Section 21-22F-6 NMSA 1978 (being Laws 2005,
17 Chapter 83, Section 6) is amended to read:

18 "21-22F-6. LOAN REPAYMENT CONTRACT TERMS--PAYMENT.--

19 A. The loan repayment award shall be evidenced by a
20 contract between the participating attorney and the
21 [~~commission~~] department acting on behalf of the state. The
22 contract shall state the amount of the award and the
23 obligations of the participating attorney under the public
24 service law loan repayment program, including a minimum three-
25 year period of service, quarterly reporting requirements and

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1 other policies established by the [~~commission~~] department.

2 B. A participating attorney shall serve a complete
3 year in order to receive credit for that year. The minimum
4 credit for a year shall be established by the [~~commission~~]
5 department. The maximum credit for a year shall not exceed
6 seven thousand two hundred dollars (\$7,200).

7 C. If a participating attorney does not comply with
8 the terms of the contract, the [~~commission~~] department shall
9 require immediate repayment of the award plus [~~eighteen percent~~
10 ~~interest and may assess a penalty of up to three times the~~
11 ~~amount of award disbursed~~] the fixed interest rate that the
12 federal government charges for direct subsidized loans for
13 graduate and professional students plus five percent, unless
14 the [~~commission~~] department finds acceptable extenuating
15 circumstances for why the participating attorney cannot serve
16 or comply with the terms of the contract. If the [~~commission~~]
17 department does not find acceptable extenuating circumstances
18 for the participating attorney's failure to comply with the
19 contract, the [~~commission~~] department shall require immediate
20 repayment of the award plus [~~the amount of the penalty~~]
21 interest.

22 D. The [~~commission~~] department, in consultation
23 with the committee, shall adopt rules to implement the
24 provisions of this section. The rules may provide for the
25 disbursement of loan repayment awards in annual or other

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1 periodic installments."

2 SECTION 13. Section 21-22G-3 NMSA 1978 (being Laws 2009,
3 Chapter 225, Section 3) is amended to read:

4 "21-22G-3. PRIMARY CARE PHYSICIAN CONDITIONAL TUITION
5 WAIVER PROGRAM CREATED--ADMINISTRATION--RULEMAKING--SELECTION
6 PROCESS--REPAYMENT.--

7 A. The "primary care physician conditional tuition
8 waiver program" is created and shall be administered by the
9 department. The department shall:

10 (1) promulgate rules for implementing the
11 program in consultation with the university;

12 (2) publicize the program to medical students
13 and to prospective medical students;

14 (3) collect and manage repayments from
15 students who do not meet their obligations under the program;
16 and

17 (4) solicit and accept funds for the program,
18 including grants and donations.

19 B. A participant shall be a New Mexico resident and
20 either a graduate of a New Mexico high school or a graduate of
21 a New Mexico college or university.

22 C. The department shall select participants
23 according to rules it promulgates and, in consultation with the
24 university, shall create a standard process for medical
25 students to declare their intentions to be primary care

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1 physicians and to apply to participate in the program.

2 D. The department shall award no more than ten new
3 waivers a year, in addition to renewing existing waivers for
4 eligible participants, subject to the availability of funding.

5 E. Participation in the program shall be evidenced
6 by a contract between the participant and the department. The
7 contract shall provide for the payment of a participant's
8 medical school tuition, fees and a reasonable stipend at the
9 university from the fund and shall be conditioned upon the
10 participant fulfilling the program obligations. An applicant
11 whom the department offers to accept for enrollment in the
12 program shall sign the contract before being accepted into the
13 program. The department shall award a waiver to a medical
14 student upon accepting the student into the program.

15 F. The department shall promulgate rules setting
16 the maximum amount of the reasonable living stipend. The
17 department shall determine the maximum amount of the living
18 stipend based upon the availability of funds and information
19 provided by the university regarding the current cost of
20 attendance at the school of medicine.

21 G. For a period of no more than five years, the
22 department shall allow participants to remain in the program
23 and receive continued waivers in accordance with the
24 availability of funds and the department's finding that the
25 participant is meeting the university's standards for

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1 satisfactory academic progress.

2 H. The department shall award waivers to
3 participants from the fund. The department shall approve the
4 amount of the waiver granted to a participant. The amount of
5 the waiver awarded to a participant shall not exceed a
6 reasonable living stipend plus the amount of resident tuition
7 and fees that a participant incurs. A student may receive a
8 waiver on the following terms:

9 (1) interest shall accrue upon termination of
10 the participant's course of study; the waiver amount shall bear
11 interest at the rate of [~~(a) eighteen percent per year~~] the
12 fixed interest rate that the federal government charges for
13 direct subsidized loans for graduate and professional students
14 plus five percent if the participant completes a course of
15 study and no portion of the principal and interest is forgiven
16 pursuant to Subsection J of this section [~~and~~

17 ~~(b) seven percent per year in all other~~
18 ~~cases~~]; and

19 (2) the maximum period for repayment shall be
20 ten years, commencing six months from the date the participant
21 completes or discontinues the course of study, including a
22 residency.

23 I. The department shall promulgate rules to
24 implement the provisions of the Conditional Tuition Waiver for
25 Primary Care Medical Students Act.

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1 J. The contract shall provide that the department
2 forgive a portion of the waiver for each year that a
3 participant practices as a primary care physician in an
4 underserved area of New Mexico as defined in the Rural Primary
5 Health Care Act.

6 K. The waiver shall be forgiven as follows:

7 (1) a waiver term of one year shall require
8 one year of practice as a primary care physician in an
9 underserved area of the state for the one-year term of the
10 waiver received. Upon completion of service, one hundred
11 percent of the waiver and accrued interest shall be forgiven;

12 (2) a waiver term of two years shall require
13 two years of practice as a primary care physician in an
14 underserved area of the state for the two-year term of the
15 waiver received. Upon completion of the first year of service,
16 fifty percent of the waiver and accrued interest shall be
17 forgiven; upon completion of the second year of service, the
18 remainder of the waiver and accrued interest shall be forgiven;

19 (3) a waiver term of three years shall require
20 three years of practice as a primary care physician in an
21 underserved area of the state for the three-year term of the
22 waiver received. Upon completion of the first year of service,
23 twenty-five percent of the waiver and accrued interest shall be
24 forgiven; upon completion of the second year of service, fifty
25 percent of the waiver and accrued interest shall be forgiven;

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1 and upon completion of the third year of service, the remainder
2 of the waiver and accrued interest shall be forgiven;

3 (4) a waiver term of four years shall require
4 four years of practice as a primary care physician in an
5 underserved area of the state for the four-year term of the
6 waiver received. Upon completion of the first year of service,
7 thirty percent of the waiver and accrued interest shall be
8 forgiven; upon completion of the second year of service, forty
9 percent of the waiver and accrued interest shall be forgiven;
10 upon completion of the third year of service, fifty percent of
11 the waiver and accrued interest shall be forgiven; and upon
12 completion of the fourth year of service, the remainder of the
13 waiver and accrued interest shall be forgiven; or

14 (5) a waiver term of five years shall require
15 five years of practice as a primary care physician in an
16 underserved area of the state for the five-year term of the
17 waiver received. Upon completion of the first year of service,
18 ten percent of the waiver and accrued interest shall be
19 forgiven; upon completion of the second year of service, twenty
20 percent of the waiver and accrued interest shall be forgiven;
21 upon completion of the third year of service, thirty percent of
22 the waiver and accrued interest shall be forgiven; upon
23 completion of the fourth year of service, fifty percent of the
24 waiver and accrued interest shall be forgiven; and upon
25 completion of the fifth year of service, the remainder of the

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1 waiver and accrued interest shall be forgiven.

2 L. In the event that a participant completes the
3 participant's course of study and does not meet the program
4 obligation to serve as a primary care physician in an
5 underserved area of the state, the department shall assess [~~a~~
6 ~~penalty of up to three times the principal due, plus eighteen~~
7 ~~percent]~~ interest at the fixed interest rate that the federal
8 government charges for direct subsidized loans for graduate and
9 professional students plus five percent, unless the department
10 finds acceptable extenuating circumstances for why the
11 participant cannot serve. [~~The department shall collect the~~
12 ~~penalty and remit it to the state treasury for deposit in the~~
13 ~~fund.~~]

14 M. The department is authorized to cancel any
15 contract made between it and any participant pursuant to the
16 Conditional Tuition Waiver for Primary Care Medical Students
17 Act, or set terms of alternative service in lieu of monetary
18 repayment, for any cause the department deems reasonable.

19 N. The department shall be responsible for
20 collecting repayments made pursuant to this section and shall
21 exercise due diligence in collecting repayments and maintaining
22 all necessary records to ensure that full repayments are made.
23 The department shall collect and service repayments under this
24 section to the full extent of the law, including wage
25 garnishment where practicable. The department shall forgive

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1 all or parts of repayments under the criteria established in
2 this section and shall maintain all necessary records of
3 repayments it forgives.

4 O. When a participant makes payment of principal or
5 interest to the department pursuant to the provisions of this
6 section, the department shall deposit these payments into the
7 fund and shall use these payments to cover the costs of
8 granting waivers and the administrative expenses associated
9 with the program and collection activity on its behalf. The
10 department shall maintain accurate records of these expenses,
11 and all receipts beyond those necessary to pay these expenses
12 shall be used to grant waivers to participants."

13 SECTION 14. Section 21-29-2 NMSA 1978 (being Laws 1997,
14 Chapter 126, Section 2, as amended) is amended to read:

15 "21-29-2. DEFINITIONS.--As used in the WICHE Loan for
16 Service Act:

17 A. [~~commission~~] "department" means the
18 [~~commission on~~] higher education department; and

19 B. "student" means a New Mexico resident who is a
20 graduate of a New Mexico high school or has resided in New
21 Mexico for three consecutive years immediately preceding
22 application to the program and who attends or is about to
23 attend a graduate or professional program of education through
24 the auspices of the Compact for Western Regional Cooperation in
25 Higher Education."

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1 SECTION 15. Section 21-29-3 NMSA 1978 (being Laws 1997,
2 Chapter 126, Section 3, as amended) is amended to read:

3 "21-29-3. STUDENT EXCHANGE PROGRAM--TERMS OF STUDENT
4 LOANS--PAYBACK REQUIREMENTS.--

5 A. Financial assistance by the state for the
6 student exchange program of the western interstate commission
7 for higher education shall be through a loan program
8 established pursuant to this section.

9 B. A student may receive a loan of tuition
10 assistance on the following terms:

11 (1) the loan shall not exceed an amount
12 equivalent to the negotiated support fee for the graduate or
13 professional program; and

14 (2) the loan shall bear interest at [~~the rate~~
15 ~~of (a) eighteen percent per year~~] the fixed interest rate that
16 the federal government charges for direct subsidized loans for
17 graduate and professional students plus five percent if the
18 student completes [~~his~~] the student's education and no portion
19 of the principal and interest is forgiven pursuant to
20 Subsection F of this section [~~and~~

21 ~~(b) seven percent per year in all other~~
22 ~~eases~~].

23 C. Loans made pursuant to the WICHE Loan for
24 Service Act shall not accrue interest until:

25 (1) the [~~commission~~] department determines the

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1 loan recipient has terminated the recipient's professional
2 education program prior to completion;

3 (2) the [~~commission~~] department determines the
4 loan recipient has failed to fulfill the recipient's obligation
5 to practice the recipient's profession in New Mexico; or

6 (3) the [~~commission~~] department cancels a
7 contract between a student and the [~~commission~~] department
8 pursuant to Section 21-29-6 NMSA 1978.

9 D. The loan shall be evidenced by a contract
10 between the student and the [~~commission~~] department acting on
11 behalf of the state. The contract shall provide for the
12 payment by the state of a stated sum covering the cost of
13 tuition assistance and shall be conditioned on the repayment of
14 the loan to the state over a period established by the
15 [~~commission~~] department.

16 E. Loans made to a student who fails to complete
17 [~~his~~] the student's education shall become due immediately upon
18 termination of [~~his~~] the student's education. The [~~commission~~]
19 department shall establish terms of repayment, alternate
20 service or cancellation terms.

21 F. The contract shall provide that the [~~commission~~]
22 department shall forgive a portion of the loan for each year
23 that a loan recipient practices [~~his~~] the recipient's
24 profession in New Mexico. The loan shall be forgiven as
25 follows:

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1 (1) loan terms of one year shall require one
2 year of practice for each year of the loan. Upon completion of
3 service, one hundred percent of the loan shall be forgiven;

4 (2) loan terms of two years shall require one
5 year of practice for each year of the loan. Upon completion of
6 the first year of service, fifty percent of the loan shall be
7 forgiven; upon completion of the second year of service, the
8 remainder of the loan shall be forgiven;

9 (3) for loan terms of three years or more,
10 forty percent of the loan shall be forgiven upon completion of
11 the first year of service, thirty percent of the loan shall be
12 forgiven upon completion of the second year of service and the
13 remainder of the loan shall be forgiven upon completion of the
14 third year of service; and

15 (4) the [commission] department may establish
16 other forgiveness terms for professionals providing service in
17 serious shortage areas.

18 G. Loan recipients shall serve a complete year in
19 order to receive credit for that year. The minimum credit for
20 a year shall be established by the [commission] department.

21 H. If a student completes [his] a professional
22 education and does not return to New Mexico to practice [his]
23 the profession, the [commission] department shall assess [~~a~~
24 ~~penalty of up to three times the principal due, plus eighteen~~
25 ~~percent]~~ interest at the fixed interest rate that the federal

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1 government charges for direct subsidized loans for graduate and
2 professional students plus five percent, unless the
3 ~~[commission]~~ department finds acceptable extenuating
4 circumstances for why the student cannot serve. If the
5 ~~[commission]~~ department does not find acceptable extenuating
6 circumstances for the student's failure to carry out ~~[his]~~ the
7 student's declared intent to practice ~~[his]~~ the profession in
8 New Mexico, the ~~[commission]~~ department shall require immediate
9 repayment of the loan plus the amount of any interest ~~[and~~
10 ~~penalty]~~ assessed pursuant to this subsection.

11 I. The ~~[commission]~~ department may provide by
12 ~~[regulation]~~ rule for the repayment of student exchange program
13 loans in annual or other periodic installments."