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SENATE BILL 263

43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998

INTRODUCED BY

JOSEPH J. CARRARO

AN ACT

RELATING TO HIGHER EDUCATION; ADDING A LOAN CONDITION FOR
RECIPIENTS OF FINANCIAL ASSISTANCE THROUGH THE WESTERN
INTERSTATE COMMISSION ON HIGHER EDUCATION; AMENDING A SECTION
OF THE NMSA 1978.

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

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

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

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

B. A student may receive a loan of tuition

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1 assistance on the following terms:

2 (1) the loan shall not exceed an amount
3 equivalent to the negotiated support fee for the graduate or
4 professional program; and

5 (2) the loan shall bear interest at the rate
6 of:

7 (a) eighteen percent per year if the
8 student completes his education and no portion of the
9 principal and interest is forgiven pursuant to Subsection E of
10 this section; and

11 (b) seven percent per year in all other
12 cases.

13 C. The loan shall be evidenced by a contract
14 between the student and the commission acting on behalf of the
15 state. The contract shall provide for the payment by the
16 state of a stated sum covering the cost of tuition assistance
17 and shall be conditioned on the repayment of the loan to the
18 state, together with interest, over a period established by
19 the commission. The contract shall provide further that
20 immediately upon completion or termination of the student's
21 education, all interest then accrued shall be capitalized.

22 D. Loans made to a student who fails to complete
23 his education shall become due, together with interest,
24 immediately upon termination of his education. The commission
25 shall establish terms of repayment, alternate service or

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1 cancellation terms.

2 E. The contract shall provide that the commission
3 shall forgive a portion of the loan principal and interest for
4 each year that a loan recipient practices his profession in
5 New Mexico. A loan recipient shall practice his profession
6 with a nonprofit organization or a community-service-based
7 organization engaged in that profession for a period of one
8 year as a condition of receiving his loan. A loan recipient
9 required to practice his profession for more than one year in
10 New Mexico and who has fulfilled the initial one-year
11 requirement may practice with an organization of his choice.

12 Loan principal and interest shall be forgiven as follows:

13 (1) loan terms of one year shall require one
14 year of practice for each year of the loan. Upon completion
15 of service, one hundred percent of the principal plus accrued
16 interest shall be forgiven;

17 (2) loan terms of two years shall require one
18 year of practice for each year of the loan. Upon completion
19 of the first year of service, fifty percent of the principal
20 plus accrued interest shall be forgiven; upon completion of
21 the second year of service, the remainder of the principal
22 plus accrued interest shall be forgiven;

23 (3) for loan terms of three years or more,
24 forty percent of the principal plus accrued interest shall be
25 forgiven upon completion of the first year of service, thirty

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1 percent of the principal plus accrued interest shall be
2 forgiven upon completion of the second year of service and the
3 remainder of the principal plus accrued interest shall be
4 forgiven upon completion of the third year of service; and

5 (4) the commission may establish other
6 forgiveness terms for professionals providing service in
7 serious shortage areas.

8 F. Loan recipients shall serve a complete year in
9 order to receive credit for that year. The minimum credit for
10 a year shall be established by the commission.

11 G. If a student completes his professional
12 education and does not return to New Mexico to practice his
13 profession, the commission shall assess a penalty of up to
14 three times the principal due, plus eighteen percent interest,
15 unless the commission finds acceptable extenuating
16 circumstances for why the student cannot serve. If the
17 commission does not find acceptable extenuating circumstances
18 for the student's failure to carry out his declared intent to
19 practice his profession in New Mexico, the commission shall
20 require immediate repayment of the unpaid principal amount of
21 the loan plus accrued interest owed the state plus the amount
22 of any penalty assessed pursuant to this subsection.

23 H. The commission may provide by regulation for
24 the repayment of student exchange program loans in annual or
25 other periodic installments. "

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1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998
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6 February 4, 1998
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8 Mr. President:
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10 Your COMMITTEES' COMMITTEE, to whom has been referred
11

12 SENATE BILL 263
13

14 has had it under consideration and finds same to be GERMANE, in
15 accordance with constitutional provisions, and thence referred to the
16 EDUCATION COMMITTEE.
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19 Respectfully submitted,
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Manny M. Aragon, Chairman

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(Chief Clerk)

(Chief Clerk)

Date _____

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1 FORTY-THIRD LEGISLATURE

2 SECOND SESSION, 1998

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5 February 11, 1998

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7 Mr. President:

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9 Your EDUCATION COMMITTEE, to whom has been referred

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11 SENATE BILL 263

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13 has had it under consideration and reports same with recommendation
14 that it DO PASS, and thence referred to the FINANCE COMMITTEE.
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16 Respectfully submitted,

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22 Cynthia Nava, Chairman
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Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

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The roll call vote was 5 For 1 Against

Yes: 5

No: Nava

Excused: Duran, Garcia, Gorham, Maloof

Absent: None

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