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SENATE BILL 264

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

RICHARD M ROMERO

FOR THE HEALTH CARE REFORM COMMITTEE

AN ACT

RELATING TO EDUCATION; AMENDING A SECTION OF THE NURSING STUDENT  
LOAN FOR SERVICE ACT TO PROVIDE LOAN REPAYMENT PENALTIES FOR  
FAILURE TO SERVE.

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

Section 1. Section 21-22B-6 NMSA 1978 (being Laws 1987,  
Chapter 299, Section 6, as amended) is amended to read:

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

A. Each applicant who is approved for a loan by the  
commission may be granted a loan, in such amounts for such  
periods as determined by the commission, with which to defray  
expenses incurred in obtaining a nursing education; provided  
that the applicant files with the commission a declaration of  
intent to practice as a licensed nurse in areas of New Mexico

Underscored material = new  
[bracketed material] = delete

1 designated as underserved.

2 B. The loans shall not exceed the necessary expenses  
3 incurred while attending a program of nursing and shall bear  
4 interest at the rate of:

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

9 (2) seven percent per year in all other cases.

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

20 D. Loans made to students who fail to complete their  
21 nursing education shall become due, together with interest,  
22 immediately upon termination of nursing education. The  
23 commission, in consultation with the student, shall establish  
24 terms of repayment, alternate service or cancellation terms with  
25 the commission.

Underscored material = new  
[bracketed material] = delete

1           E. The contract shall provide that the commission  
2 may forgive a portion of the loan principal and interest for  
3 each year that a loan recipient practices nursing in areas  
4 approved by the health profession advisory committee. Loan  
5 principal and interest shall be forgiven as follows:

6           (1) loan terms of one year shall require one  
7 year of practice in a designated health professional shortage  
8 area. Upon completion of service, one hundred percent of the  
9 principal plus accrued interest shall be forgiven;

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

17           (3) for loan terms of three years or more,  
18 forty percent of the principal plus accrued interest shall be  
19 forgiven upon completion of the first year of service in a  
20 designated health professional shortage area, thirty percent of  
21 the principal plus accrued interest shall be forgiven upon  
22 completion of the second year of service and the remainder of  
23 the principal plus accrued interest shall be forgiven upon  
24 completion of the third year of service.

25           F. Recipients shall serve a complete year in order

Underscored material = new  
[bracketed material] = delete

1 to receive credit for that year. The minimum credit for a year  
2 shall be established by the commission.

3 G. If a loan recipient completes his professional  
4 education and does not serve in a designated health professional  
5 shortage area, the commission shall assess a penalty of up to  
6 three times the principal due, plus eighteen percent interest,  
7 unless the commission finds acceptable extenuating circumstances  
8 for why the student cannot serve. If the commission does not  
9 find acceptable extenuating circumstances for the student's  
10 failure to carry out his declared intent to serve in a health  
11 professional shortage area in the state, the commission shall  
12 require immediate repayment of the unpaid principal amount of  
13 the loan plus accrued interest owed the state and the amount of  
14 any penalties assessed pursuant to this section.

15 [~~G.~~] H. The commission shall adopt regulations to  
16 implement the provisions of this section. The regulations may  
17 provide for the repayment of nursing student loans in annual or  
18 other periodic installments. "

1 FORTY-THIRD LEGISLATURE  
2 FIRST SESSION, 1997

3  
4  
5 March 10, 1997

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7 Mr. President:

8  
9 Your PUBLIC AFFAIRS COMMITTEE, to whom has been  
10 referred

11  
12 SENATE BILL 264

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

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18 Respectfully submitted,

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23 Shannon Robinson, Chairman  
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Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

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Date \_\_\_\_\_

The roll call vote was 5 For 0 Against

Yes: 5

No: 0

Excused: Adair, Boitano, Vernon, Smith

Absent: None

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[bracketed material] = delete