

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 2587

(SENATE AUTHORS: FRENTZ)

DATE
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Introduction and first reading
Referred to Higher Education Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to higher education; creating a rural attorney loan repayment program;
1.3 appropriating money; proposing coding for new law in Minnesota Statutes, chapter
1.4 136A.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[136A.1788] RURAL ATTORNEY LOAN REPAYMENT PROGRAM.**

1.7 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
1.8 the meanings given.

1.9 (b) "Attorney" means an individual who has been awarded a Juris Doctor degree from
1.10 any ABA-accredited law school in the United States and who has been admitted to practice
1.11 before the courts of the state of Minnesota.

1.12 (c) "Designated rural location" means any county in Minnesota having a population of
1.13 less than 30,000.

1.14 (d) "Emergency circumstances" means those conditions that make it impossible for the
1.15 participant to fulfill the service commitment, including death, total and permanent disability,
1.16 or temporary disability lasting more than two years.

1.17 (e) "Qualified educational loan" means a government, commercial, or foundation loan,
1.18 including refinanced or consolidated loans for the actual costs paid for tuition, reasonable
1.19 education expenses, and reasonable living expenses related to the education of an attorney.

1.20 Subd. 2. **Establishment; administration.** (a) The commissioner shall establish and
1.21 administer a loan repayment program for attorneys who apply to the program and agree to:

1.22 (1) practice law in a designated rural location for at least five years; and

2.1 (2) devote at least 50 percent of the attorney's time to representing individual residents
2.2 of the designated rural location who have an income below 400 percent of the federal poverty
2.3 guidelines.

2.4 (b) A rural attorney loan repayment account is established in the special revenue fund.
2.5 Money in the account is appropriated to the commissioner to establish and administer the
2.6 program under this section. Appropriations for the program are for transfers to the account.
2.7 Appropriations from the account do not cancel and are available until expended.

2.8 Subd. 3. **Eligibility.** (a) To be eligible to participate in the loan repayment program an
2.9 individual must:

2.10 (1) be an attorney who is admitted to practice before the courts of the state of Minnesota;

2.11 (2) have obtained qualified educational loans; and

2.12 (3) submit an application to the commissioner in the form and manner prescribed by the
2.13 commissioner.

2.14 (b) An applicant selected to participate in the program must sign a contract agreeing to
2.15 complete a five-year service obligation to practice as required under subdivision 2, paragraph
2.16 (a).

2.17 Subd. 4. **Loan repayment.** (a) The commissioner may select a maximum of ten applicants
2.18 each year to participate in the loan repayment program, within the limits of available funding.

2.19 (b) The commissioner must select participants based on their suitability for practice
2.20 serving the designated rural location, as indicated by experience and training. To encourage
2.21 the selection of a diverse set of attorneys to receive funding from the rural loan repayment
2.22 fund, the commissioner may consider applicants based on gender, gender identification,
2.23 race, color, religion, and other related criteria.

2.24 (c) The commissioner may consider the Minnesota State Bar Association's
2.25 recommendations of applicants for participation in the loan repayment program.

2.26 (d) The commissioner must make annual disbursements directly to the participant of
2.27 \$15,000 or the balance of the participant's qualifying educational loans, whichever is less,
2.28 for each year that a participant meets the service obligation required under subdivision 3,
2.29 paragraph (b), up to a maximum of five years.

2.30 (e) Before receiving loan repayment disbursements and as requested, the participant
2.31 must complete and return to the commissioner a confirmation of practice form provided by
2.32 the commissioner verifying that the participant is practicing as required under subdivision

3.1 2, paragraph (a). The participant must provide the commissioner with verification that the
3.2 full amount of loan repayment disbursement received by the participant has been applied
3.3 toward the qualified educational loans. After each disbursement, verification must be received
3.4 by the commissioner and approved before the next loan repayment disbursement is made.

3.5 Subd. 5. **Penalty for nonfulfillment.** If a participant does not fulfill the required
3.6 minimum commitment of service required under subdivision 3, paragraph (b), the
3.7 commissioner must collect from the participant the total amount paid to the participant
3.8 under the loan repayment program plus interest at a rate established according to section
3.9 270C.40. The commissioner must deposit the money collected in the rural attorney loan
3.10 repayment account in the special revenue fund. The commissioner must allow waivers of
3.11 all or part of the money owed the commissioner as a result of a nonfulfillment penalty if
3.12 emergency circumstances prevent fulfillment of the service obligation.

3.13 Subd. 6. **Office policies.** Policies necessary to implement this section are not rulemaking
3.14 under chapter 14, including section 14.386.

3.15 Sec. 2. **APPROPRIATION.**

3.16 \$..... in fiscal year 2020 and \$..... in fiscal year 2021 are appropriated from the general
3.17 fund to the commissioner of the Office of Higher Education for deposit into the rural attorney
3.18 loan repayment account in the special revenue fund under Minnesota Statutes, section
3.19 136A.1788, subdivision 2.