

1 SB227
2 173628-1
3 By Senators Reed and Melson
4 RFD: Finance and Taxation Education
5 First Read: 11-FEB-16

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8 SYNOPSIS: This bill would create a loan-repayment
9 program for advanced-practice nurses and would
10 provide for the administration of the program by
11 the Board of Nursing. This bill would authorize
12 appropriations from the Education Trust Fund for
13 the program and would provide for a state income
14 tax credit for participants in the program.

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16 A BILL
17 TO BE ENTITLED
18 AN ACT

19
20 To add a new Article 6 to Title 34, Chapter 21, Code
21 of Alabama 1975, relating to the Board of Nursing; to create a
22 Loan Repayment Program for Advanced-Practice Nursing; to
23 establish and describe the program, to be run by the Board of
24 Nursing; to state that the program shall be funded by direct
25 appropriation from the Education Trust Fund; to provide
26 definitions; to outline the procedure for the Board to award
27 loans to applicants and to require loan repayment through work

1 in medically underserved areas, called areas of critical need;
2 to establish provisions for default or other failure to honor
3 loan-repayment contracts between applicants and the Board; to
4 provide a state income-tax credit for participants; and to
5 further provide other requirements and powers of the Board for
6 running the program.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

8 Section 1. A new Article 6 of Chapter 21 of Title 34
9 is added to the Code of Alabama, 1975, to read as follows:

10 ARTICLE 6. Loan-Repayment Program for
11 Advanced-Practice Nursing

12 §34-21-94. Loan Repayment Program Established.

13 There is hereby created and established the Alabama
14 Loan-Repayment Program for Advanced-Practice Nursing. The
15 program shall be administered by the Alabama Board of Nursing.
16 The Loan Repayment Program shall be funded by direct
17 appropriation from the Education Trust Fund.

18 §34-21-95. Definitions

19 As used in this article, the following terms shall
20 have the following meanings, respectively, unless the context
21 clearly indicates otherwise:

22 (1) AREA OF CRITICAL NEED. An area with a critical
23 need for more advanced-practice nurses, as determined by the
24 Board.

25 (2) BOARD. The Alabama Board of Nursing.

26 (3) PARTICIPANT. Any person who applies for and is
27 awarded a loan as provided in this article.

1 (4) PROGRAM. The Alabama Loan-Repayment Program for
2 Advanced-Practice Nursing.

3 §34-21-96. Awarding of loans and terms of repayment.

4 (a) (1) The Board shall establish and award,
5 according to the judgment of the Board, loans to provide for
6 the training of qualified applicants for admission or students
7 in accredited nursing education programs approved by the Board
8 who are pursuing a graduate degree to become a certified
9 registered nurse practitioner (CRNP), a certified nurse
10 midwife (CNM), or a certified registered nurse anesthetist
11 (CRNA), but only for people who have signed contracts as
12 provided in subsection (b). The Board may permit eligible
13 people to apply for a loan under the Alabama Loan-Repayment
14 Program for Advanced-Practice Nursing in any scholastic year
15 and for any previously completed scholastic year.

16 (2) The Board may award to an eligible person, for
17 as many as three years for a person pursuing a master's degree
18 and as many as four years for a person pursuing a doctorate,
19 an annual loan not to exceed \$15,000, except that the Board in
20 each succeeding year may raise the maximum amount allowed for
21 an annual loan by the average percentage increase for that
22 year, compared to the previous year, in in-state tuition for
23 graduate programs in advanced-practice nursing charged by
24 public colleges or universities in Alabama.

25 (3) The Board shall make a careful and thorough
26 investigation of the ability, character and qualifications of
27 each applicant for loans under the Program, and shall in its

1 judgment award a loan or loans under the requirements of the
2 Program.

3 (b) A loan or loans under this Program may be
4 awarded only to people who have signed contracts with the
5 Board to repay amounts received under the Program by working
6 following graduation in full-time practice as a CRNA, CRNP, or
7 CNM in an area of critical need for eighteen (18) months for
8 each year he or she received a loan under the Program.

9 (c) A participant, subject to approval by the Board,
10 may change the area of critical need where he or she will work
11 to repay loans under this Program, but in no case shall the
12 applicant work in full-time practice for less than three years
13 in the new area of critical need.

14 (d) A participant working in full-time clinical
15 practice in an area of critical need to repay a loan or loans
16 from the Program shall be allowed a credit against the tax
17 imposed by Section 40-18-2 in the sum of \$5,000 per tax year.
18 After a participant has repaid his or her loan through work in
19 an area of critical need, he or she may continue to claim the
20 tax credit as long as he or she continues to work in full-time
21 clinical practice in the same area of critical need, except
22 that the tax credit may not be used in more than 10 total tax
23 years. The Department of Revenue shall promulgate any rules
24 and regulations necessary to implement and administer the
25 provisions of this subsection.

26 §34-21-97. Areas of Critical Need.

1 (a) An area of critical need shall be defined by the
2 Board, shall be in Alabama, and shall be:

3 (1) Within a primary care health professional
4 shortage area (HPSA) for a geographic area, recognized by the
5 Health Resources and Services Administration, or its successor
6 organization, and by the Alabama Office of Primary Care and
7 Rural Health, or its successor organization, or

8 (2) A Federally Qualified Health Center (FQHC)
9 anywhere in Alabama if the FQHC has a primary care HPSA score
10 of 14 or more.

11 §34-21-98. Provisions for default or other failure
12 to honor a contract with the Board.

13 (a) In the event that the participant defaults on or
14 otherwise fails to honor a loan-repayment contract with the
15 Board for any reason, the individual shall be liable for
16 immediate repayment of the total principal loan amount plus
17 interest at the rate of 8 percent, or the prime lending rate,
18 whichever is greater, accruing from the date of default or
19 other failure to honor the contract. In addition, the
20 participant shall pay an additional penalty as specified:

21 (1) For default or other failure to honor a contract
22 under which a year's worth of loans have been received, a
23 penalty equal to 20 percent of the total principal amount of
24 the loan.

25 (2) For default or other failure to honor a contract
26 under which two years' worth of loans have been received, a

1 penalty equal to 30 percent of the total principal amount of
2 the loan.

3 (3) For default or other failure to honor a contract
4 under which three or more years' worth of loans have been
5 received, a penalty equal to 40 percent of the total principal
6 amount of the loan.

7 (4) If default or other failure to honor a contract
8 occurs after graduation with a graduate degree in
9 advanced-practice nursing but prior to completion of the
10 repayment obligation set forth in Section 34-21-96, a penalty
11 equal to 100 percent of the total principal amount of all
12 loans received by the participant from the program.

13 (b) The failure of a participant to honor his or her
14 contract with the Board or to pay the amount he or she is
15 liable for under this article shall constitute a ground for
16 the revocation of his or her license to practice nursing.

17 (c) The Board may excuse repayment of a loan, in
18 whole or in part, upon the death of a participant, or upon the
19 participant becoming disabled to the extent that he or she is
20 no longer able to engage in the practice of nursing, or upon
21 some other extreme hardship not the fault of the participant.

22 §34-21-99. Other requirements and powers of the
23 Board.

24 (a) The Board annually shall report on the condition
25 and accomplishments of the Program to the Governor, lieutenant
26 governor, speaker of the House, president pro-tem of the
27 Senate and the chairs of the House and Senate health

1 committees. The report shall include for the reporting year
2 the locations where participants agreed to serve or where they
3 were serving to repay loans.

4 (b) The Board shall make reasonable rules and
5 regulations to implement and administer the Program.

6 (c) The Board shall use any monies it receives from
7 or for the operation of the Program, including repayments,
8 interest and penalties paid because of default or other
9 failure to honor a contract, to fund loans.

10 Section 2. This act shall become effective
11 immediately following its passage and approval by the
12 Governor, or its otherwise becoming law.