

2018 -- H 7347

LC003906

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

A N A C T

RELATING TO EDUCATION - THE RHODE ISLAND STUDENT LOAN AUTHORITY

Introduced By: Representatives Marszalkowski, Shanley, O'Brien, and Regunberg

Date Introduced: January 31, 2018

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 16-62 of the General Laws entitled "The Rhode Island Student
2 Loan Authority" is hereby amended by adding thereto the following section:

3 **16-62-23. Reduction in interest program.**

4 An individual who meets the requirements established in this section and §§ 16-62-24
5 and 16-62-25 shall be entitled to a two percent (2%) reduction in the interest rate on any eligible
6 loan issued, originated, or serviced by the authority. This reduction in interest shall not reduce the
7 principal due and owing on any eligible loan.

8 **16-62-24. Program requirements.**

9 (a) To be eligible for participation in the reduction in interest program established in this
10 section and in §§ 16-62-23 and 16-62-25 an individual must:

11 (1) Attend a college or university for at least two (2) years and graduate from the college
12 or university;

13 (2) Have eligible student loans due and payable for said college or university which loans
14 were issued, originated, or serviced by the authority;

15 (3) Reside in the state of Rhode Island following graduation from the college or
16 university for a period of at least two (2) continuous years and at all times thereafter while the
17 person is participating in the program;

18 (4) Participate in the federal Pay as You Earn Repayment Program (PAYE), 20 U.S.C.
19 §1098e, if eligible to do so; and

1 (5) Be engaged in full-time employment located or based in Rhode Island during the time
2 the individual is participating in the program. As used herein, the term "full-time employment"
3 means being engaged in work for an employer for a period that averages at least thirty-five (35)
4 hours per week and earning a wage at least equal to the state's prevailing minimum wage. A
5 person who is self-employed may be eligible for the program by showing that the person's gross
6 annual earnings equals the amount calculated by taking the state's prevailing minimum wage,
7 multiplying that figure by thirty-five (35), and then multiplying that figure by fifty-two (52).

8 (b) Any person who obtains a deferment on the payment of a student loan shall not be
9 entitled to participate in the program for so long as the deferment is in effect.

10 **16-62-25. Application and continued eligibility.**

11 (a) Application. Any individual seeking to participate in the program pursuant to the
12 provisions of this section and §§ 16-62-23 and 16-62-24 shall apply to the Rhode Island student
13 loan authority on forms prescribed by the authority containing any information that the authority
14 deems advisable to fulfill the provisions of this program. The authority's executive director, or
15 designee, shall determine the eligibility of each applicant.

16 (b) Continued eligibility. Any individual deemed eligible to participate in the program
17 shall, not less than annually, submit to the authority any information that the authority may
18 prescribe to determine the individual's continued eligibility for the program in regard to their
19 eligible loan(s).

20 (c) Failure to maintain eligibility. In the event the authority determines that an individual
21 is no longer eligible for participation in the program that individual shall be required to pay the
22 holder of their loan in accordance with the terms of the loan, as of the date the authority makes its
23 determination. Such determination shall be in writing and sent by regular U.S. Mail and, if the
24 person maintains an electronic mail account, to the person's electronic mail address. An
25 individual who was eligible to participate in the program who subsequently loses eligibility shall
26 not have any liability for any interest that was reduced and waived while the individual was in the
27 program.

28 **16-62-26. Rules and regulations.**

29 The authority may promulgate any rules and regulations that it deems necessary to
30 implement the provisions of the reduction in interest program.

31 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO EDUCATION - THE RHODE ISLAND STUDENT LOAN AUTHORITY

1 This act would establish a reduction in interest program to be administered by the Rhode
2 Island Student Loan Authority. The program would provide that students with eligible student
3 loans who work and reside in Rhode Island for a period of at least two (2) years after graduating
4 from college or university would be eligible for a two percent (2%) reduction in the interest rate
5 on their eligible student loans. No person would be eligible to participate in the program during
6 any period that payment on the person's loan was deferred.

7 This act would take effect upon passage.

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