
By: **Delegate Gladden**

Introduced and read first time: February 11, 2000

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Higher Education - Lawyers - Student Financial Assistance**

3 FOR the purpose of requiring the State Scholarship Administration to assist in the
4 repayment of certain loans by certain lawyers under the Loan Assistance
5 Repayment Program; requiring the Administration to provide additional debt
6 repayment assistance to certain lawyers under the Program; requiring the
7 trustees of the Clients' Security Trust Fund to distribute certain funds to the
8 Administration for a certain purpose; providing that funds that are transferred
9 to the Administration by the trustees may not revert to the General Fund of the
10 State; and generally relating to debt repayment assistance for certain lawyers
11 under the Loan Assistance Repayment Program.

12 BY repealing and reenacting, with amendments,
13 Article - Business Occupations and Professions
14 Section 10-312
15 Annotated Code of Maryland
16 (1995 Replacement Volume and 1999 Supplement)

17 BY repealing and reenacting, without amendments,
18 Article - Education
19 Section 18-1501 and 18-1503 through 18-1505
20 Annotated Code of Maryland
21 (1999 Replacement Volume)

22 BY repealing and reenacting, with amendments,
23 Article - Education
24 Section 18-1502
25 Annotated Code of Maryland
26 (1999 Replacement Volume)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
28 MARYLAND, That the Laws of Maryland read as follows:

Article - Business Occupations and Professions

10-312.

(a) The trustees appointed under § 10-311 of this subtitle shall:

(1) receive contributions to the Fund; and

(2) manage the assets of the Fund.

(b) (1) THE TRUSTEES SHALL DISTRIBUTE 7 PERCENT OF THE FUND TO MAKE GRANTS UNDER THE LOAN ASSISTANCE REPAYMENT PROGRAM UNDER § 18-502(D) OF THE EDUCATION ARTICLE TO LAWYERS WHO AGREE TO PROVIDE LEGAL SERVICES TO LOW INCOME RESIDENTS IN THE STATE WHO CANNOT AFFORD LEGAL SERVICES FOR AT LEAST 2 YEARS.

(2) [To] WITH THE BALANCE OF THE FUND, TO the extent the trustees consider reimbursement proper and reasonable, the trustees may use the Fund to reimburse a person for a loss that was caused by a defalcation of a lawyer if:

[(1)] (I) the lawyer caused the loss while acting for the person as an attorney at law or a fiduciary; and

[(2)] (II) the person cannot recover the money under a bond.

(c) The trustees may enforce a claim for restitution arising by subrogation, assignment, or otherwise against any person whose actions gave rise to a claim that the Fund pays.

Article - Education

18-1501.

(a) In this subtitle the following words have the meanings indicated.

(b) (1) "Eligible field of employment" means employment in the State by an organization, institution, association, society, or corporation that is exempt from taxation under § 501(c)(3) or (4) of the Internal Revenue Code of 1986.

(2) "Eligible field of employment" includes employment by the State or any local government in the State, but does not include being employed as a judicial clerk in any court.

(c) "Higher education loan" means any loan for undergraduate or graduate study that is obtained for tuition, educational expenses or living expenses from:

(1) A college or university, government, or commercial source; or

(2) An organization, institution, association, society, or corporation that is exempt from taxation under § 501(c) (3) or (4) of the Internal Revenue Code of 1986.

1 18-1502.

2 (a) There is a program of loan assistance repayment in the State.

3 (b) Subject to the provisions of subsection (c) of this section, the State
4 Scholarship Administration shall assist in the repayment of the amount of any higher
5 education loan owed by an individual who:

6 (1) Receives a graduate, professional, or undergraduate degree from:

7 (i) A college or university in the State of Maryland; [or]

8 (ii) A school of medicine; OR

9 (III) A SCHOOL OF LAW;

10 (2) Obtains eligible employment;

11 (3) Receives an income that is less than the maximum eligible total
12 income levels established by the Administration, including any additional sources of
13 income; and

14 (4) Satisfies any other criteria established by the Administration.

15 (c) (1) Notwithstanding the provisions of subsection (b) of this section, the
16 Administration shall assist in the repayment of the amount of any higher education
17 loan owed by a physician who engages in primary care in the State or by a medical
18 resident specializing in primary care who agrees to practice for at least 2 years as a
19 primary care physician in a geographic area of the State that has been designated by
20 the Secretary of Health and Mental Hygiene as being medically underserved with the
21 funds transferred to the Administration by the Comptroller under § 14-207(c)(2)(i) of
22 the Health Occupations Article.

23 (2) A physician who engages in primary care is not precluded from
24 receiving assistance from the Administration under subsection (b) of this section.

25 (3) Any unspent portions of the money that is transferred to the
26 Administration for use under this section from the Physician Quality Assurance Fund
27 may not be transferred to or revert to the General Fund of the State, but shall remain
28 in the Fund maintained by the Administration to administer these programs to assist
29 physicians engaged in primary care as specified in paragraph (1) of this subsection.

30 (d) (1) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (B) OF THIS
31 SECTION, THE ADMINISTRATION SHALL ASSIST IN THE REPAYMENT OF THE AMOUNT
32 OF ANY HIGHER EDUCATION LOAN OWED BY A LAWYER WHO AGREES TO PROVIDE
33 LEGAL SERVICES TO LOW INCOME RESIDENTS IN THE STATE WHO CANNOT AFFORD
34 LEGAL SERVICES FOR AT LEAST 2 YEARS WITH THE FUNDS TRANSFERRED TO THE
35 ADMINISTRATION BY THE COMPTROLLER UNDER § 10-312(B)(1) OF THE BUSINESS
36 OCCUPATIONS ARTICLE.

1 (2) A LAWYER WHO AGREES TO PROVIDE LEGAL SERVICES AS SPECIFIED
2 IN PARAGRAPH (1) OF THIS SUBSECTION IS NOT PRECLUDED FROM RECEIVING
3 ASSISTANCE FROM THE ADMINISTRATION UNDER SUBSECTION (B) OF THIS SECTION.

4 (3) ANY UNSPENT PORTION OF THE MONEY THAT IS TRANSFERRED TO
5 THE ADMINISTRATION FOR USE UNDER THIS SECTION FROM THE CLIENTS'
6 SECURITY TRUST FUND MAY NOT BE TRANSFERRED TO OR REVERT TO THE GENERAL
7 FUND OF THE STATE, BUT SHALL REMAIN IN THE FUND MAINTAINED BY THE
8 ADMINISTRATION TO ADMINISTER THESE PROGRAMS TO ASSIST LAWYERS WHO
9 PROVIDE LEGAL SERVICES AS SPECIFIED IN PARAGRAPH (1) OF THIS SUBSECTION.

10 (E) An applicant for assistance in the repayment of a commercial loan shall
11 demonstrate to the Administration that the commercial loan was used for tuition,
12 educational expenses, or living expenses for graduate or undergraduate study.

13 [(e)] (F) Assistance in the repayment of a loan from an entity set forth in §
14 18-1501(c)(2) of this subtitle shall require the approval of the Administration.

15 18-1503.

16 (a) The State Scholarship Administration shall adopt regulations to establish:

17 (1) The maximum starting income for eligibility in the Loan Assistance
18 Repayment Program;

19 (2) The maximum total income for eligibility in the Loan Assistance
20 Repayment Program, including any additional sources of income;

21 (3) That priority for participation in the Program shall be given to an
22 individual who:

23 (i) Graduated from an institution of higher education in the last 3
24 years;

25 (ii) Is a resident of the State;

26 (iii) Is employed on a full-time basis; and

27 (iv) Provides, as the principal part of the individual's employment,
28 legal services to low income residents in the State who cannot afford legal services,
29 nursing services in nursing shortage areas in the State as defined in § 18-802 of this
30 article, or other services in an eligible field of employment in which there is a
31 shortage of qualified practitioners to low income or underserved residents or areas of
32 the State;

33 (4) A limit on the total amount of assistance provided by the State
34 Scholarship Administration in repaying the loan of an eligible individual, based on
35 the individual's total income and outstanding higher education loan balance;

1 (5) A procedure and schedule for the payment of the amount of loan
2 assistance provided by the State Scholarship Administration to the eligible
3 individual; and

4 (6) An annual review of the eligibility of each individual participating in
5 the Program.

6 (b) The State Scholarship Administration shall adopt any other regulations
7 necessary to implement this subtitle.

8 18-1504.

9 (a) Funds for the Loan Assistance Repayment Program shall be provided on
10 an annual basis in the State budget.

11 (b) If a federal matching grant loan program furnishes professional services in
12 an eligible field of employment to low income or underserved residents of the State,
13 the Administration may apply not more than 50 percent of the funds provided in the
14 State budget for the Loan Assistance Repayment Program to the State's participation
15 in the federal program.

16 18-1505.

17 Subject to § 2-1246 of the State Government Article, the State Scholarship
18 Administration shall report to the General Assembly by January 1 of each year on the
19 implementation of the Loan Assistance Repayment Program.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 July 1, 2000.