

**Senate File 2118 - Introduced**

SENATE FILE 2118  
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SF 2011)

**A BILL FOR**

1 An Act relating to loan repayment for refinanced student loans  
2 under the rural physician loan repayment program, the health  
3 care professional recruitment program, and the health care  
4 loan repayment program, and including effective date and  
5 retroactive applicability provisions.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 261.113, subsection 5, paragraph a, Code  
2 2020, is amended to read as follows:

3 a. The amount of loan repayment an eligible student who  
4 enters into an agreement pursuant to subsection 3 shall receive  
5 if in compliance with obligations under the agreement shall not  
6 exceed be forty thousand dollars annually for an eligible loan  
7 if the total loan amount equals or exceeds two hundred thousand  
8 dollars. Payments under this section may be made for each year  
9 of eligible practice during a period of five consecutive years  
10 and shall not exceed a total of two hundred thousand dollars.  
11 If the total amount of an eligible student's eligible loan  
12 upon graduation is less than two hundred thousand dollars,  
13 the commission shall divide the total amount of the eligible  
14 student's eligible loan by five to determine the annual amount  
15 of loan repayment the loan recipient is eligible to receive.

16 Sec. 2. Section 261.113, subsection 5, paragraph b, Code  
17 2020, is amended by striking the paragraph.

18 Sec. 3. Section 261.113, Code 2020, is amended by adding the  
19 following new subsections:

20 NEW SUBSECTION. 5A. *Refinanced loans.* A loan repayment  
21 recipient who refinances an eligible loan by obtaining a  
22 private educational loan may continue to receive loan repayment  
23 under this section if the amount of loan repayment does not  
24 exceed the lesser of the amount specified in subsection 5 or  
25 the balance of the loan repayment amount the loan repayment  
26 recipient qualified to receive with the eligible loan.

27 NEW SUBSECTION. 5B. *Program agreement limitation.* The  
28 commission shall not enter into more than twenty program  
29 agreements annually. The percentage of agreements entered  
30 into by students attending eligible universities shall be  
31 evenly divided. However, if there are fewer applicants at  
32 one eligible university, eligible student applicants enrolled  
33 in other eligible universities may be awarded the remaining  
34 agreements.

35 Sec. 4. Section 261.115, Code 2020, is amended by adding the

1 following new subsection:

2 NEW SUBSECTION. 2A. A loan repayment recipient who  
3 refinances an eligible loan by obtaining a private educational  
4 loan may continue to receive loan repayment under this section.

5 Sec. 5. Section 261.115, subsection 3, Code 2020, is amended  
6 to read as follows:

7 3. A health care professional recruitment fund is created in  
8 the state treasury as a separate fund under the control of the  
9 commission for deposit of moneys appropriated to or received  
10 by the commission for use under the program. Notwithstanding  
11 section 8.33, any balance in the fund on June 30 of any fiscal  
12 year shall not revert to the general fund of the state but  
13 shall remain in the fund and be continuously available for  
14 loan ~~forgiveness~~ repayment under the program. Notwithstanding  
15 section 12C.7, subsection 2, interest or earnings on moneys  
16 deposited in the fund shall be credited to the fund.

17 Sec. 6. Section 261.116, Code 2020, is amended by adding the  
18 following new subsection:

19 NEW SUBSECTION. 4A. *Refinanced loans.* A loan repayment  
20 recipient who refinances a qualified student loan by obtaining  
21 a private educational loan may continue to receive loan  
22 repayment under this section if the amount of loan repayment  
23 does not exceed the lesser of the amount specified in  
24 subsection 4 or the balance of the loan repayment amount  
25 the loan repayment recipient qualified to receive with the  
26 qualified student loan.

27 Sec. 7. EFFECTIVE DATE. This Act, being deemed of immediate  
28 importance, takes effect upon enactment.

29 Sec. 8. RETROACTIVE APPLICABILITY. This Act applies  
30 retroactively to January 1, 2019, for recipients of loan  
31 repayment under sections 261.113, 261.115, and 261.116.

32 EXPLANATION

33 The inclusion of this explanation does not constitute agreement with  
34 the explanation's substance by the members of the general assembly.

35 This bill permits a loan repayment recipient under the rural

1 physician loan repayment program, the health care professional  
2 recruitment program, or the health care loan repayment program  
3 to continue to receive loan repayment under the program after  
4 refinancing a federal student loan with a private educational  
5 loan. However, the loan repayment amount cannot exceed the  
6 lesser of the amount of loan repayment allowed under the  
7 program or the balance of the loan repayment amount the loan  
8 repayment recipient qualified to receive with the federal  
9 student loan.

10 The bill amends language limiting the amount of loan  
11 repayment available to a recipient under the rural physician  
12 loan repayment program to direct that the college student aid  
13 commission, upon an eligible student's graduation, divide the  
14 student's total eligible loan amount by five to determine the  
15 annual amount of loan repayment for which the loan recipient  
16 is eligible.

17 The bill includes a technical correction and a technical  
18 change that moves to a new subsection language limiting the  
19 commission to entering into not more than 20 program agreements  
20 annually.