

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 2037

(SENATE AUTHORS: REINERT, Pederson, J., Eken, Pratt and Kent)

DATE	D-PG	OFFICIAL STATUS
04/09/2015	1504	Introduction and first reading Referred to Finance

1.1 A bill for an act
 1.2 relating to higher education; providing student loan forgiveness to certain pilots;
 1.3 appropriating money; proposing coding for new law in Minnesota Statutes,
 1.4 chapter 136A.

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

1.6 Section 1. **[136A.1791] AVIATION DEGREE LOAN FORGIVENESS PROGRAM.**

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

1.9 (b) "Qualified education loan" means a government, commercial, or foundation loan
 1.10 used by an individual for actual costs paid for tuition to a postsecondary institution located
 1.11 in Minnesota for a professional flight training degree.

1.12 (c) "Qualified pilot" means an individual who (1) earned an associate's or bachelor's
 1.13 degree in professional flight training from a postsecondary institution located in Minnesota
 1.14 after January 1, 2014, and (2) is in the process of obtaining or has obtained an airline
 1.15 transport pilot certificate.

1.16 Subd. 2. **Creation of account.** (a) An aviation degree loan forgiveness program
 1.17 account is established to provide qualified pilots with financial assistance in repaying
 1.18 qualified education loans. The commissioner shall use money from the account to
 1.19 establish and administer the aviation degree loan forgiveness program.

1.20 (b) Appropriations made to the aviation degree loan forgiveness program account do
 1.21 not cancel and are available until expended.

1.22 Subd. 3. **Eligibility.** To be eligible to participate in the loan forgiveness program
 1.23 under this section, an individual must:

1.24 (1) be a qualified pilot;

- 2.1 (2) have qualified education loans; and
2.2 (3) submit an application to the commissioner in the form and manner prescribed by
2.3 the commissioner.

2.4 Subd. 4. **Loan forgiveness.** (a) The commissioner may select eligible applicants
2.5 each year for participation in the aviation degree loan forgiveness program, within the
2.6 limits of available funding. Applicants are responsible for securing their own qualified
2.7 education loans.

2.8 (b) The commissioner must make annual disbursements directly to the eligible
2.9 participant of \$5,000 or the balance of the participant's qualified education loans,
2.10 whichever is less, for each year that the participant meets the eligibility requirements
2.11 under subdivision 3, up to a maximum of five years.

2.12 (c) The participant must provide the commissioner with verification that the full
2.13 amount of the loan repayment disbursement received by the participant has been applied
2.14 toward the designated qualified education loan. After each disbursement, verification must
2.15 be received by the commissioner and approved before the next repayment disbursement
2.16 is made.

2.17 (d) If the participant receives a disbursement in the participant's fifth year of
2.18 eligibility, the participant must provide the commissioner with verification that the full
2.19 amount of the participant's final loan repayment disbursement was applied toward the
2.20 designated qualified education loan. If a participant does not provide the verification as
2.21 required under this paragraph within six months of receipt of the final disbursement, the
2.22 commissioner must collect from the participant the amount of the final disbursement. The
2.23 commissioner must deposit the money collected in the aviation degree loan forgiveness
2.24 program account.

2.25 **Sec. 2. LOAN FORGIVENESS; APPROPRIATION.**

2.26 \$..... in fiscal year 2016 and \$..... in fiscal year 2017 are appropriated from
2.27 the general fund to the commissioner of the Office of Higher Education for the loan
2.28 forgiveness program under section 1, to be deposited in the aviation degree loan
2.29 forgiveness program account.