

HOUSE BILL 447

**56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023**

INTRODUCED BY

Art De La Cruz

AN ACT

RELATING TO HIGHER EDUCATION; ENACTING THE GRADUATE STUDENT  
LOAN ACT; PROVIDING DEFINITIONS; PROVIDING FOR STUDENT LOANS  
FOR CERTAIN GRADUATE STUDENTS; PROVIDING LOAN TERMS; CREATING  
THE GRADUATE STUDENT LOAN FUND; REQUIRING REPORTS; MAKING AN  
APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be  
cited as the "Graduate Student Loan Act".

SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the  
Graduate Student Loan Act:

A. "department" means the higher education  
department;

B. "fund" means the graduate student loan fund;

C. "loan" means a disbursement of funds to defray

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1 the costs incidental to a graduate level education, under a  
2 contract between the department and a student, requiring  
3 repayment with interest;

4 D. "loan program" means the graduate student loan  
5 program; and

6 E. "student" means a resident of New Mexico who is  
7 a student enrolled in a post-baccalaureate-level course of  
8 study at an institution of higher education that is located  
9 within the state."

10 SECTION 3. [NEW MATERIAL] GRADUATE STUDENT LOAN PROGRAM--  
11 LOANS--TERMS.--

12 A. The "graduate student loan program" is created  
13 and shall be administered by the department. The department  
14 shall:

15 (1) promulgate rules for implementing the loan  
16 program in accordance with the Graduate Student Loan Act;

17 (2) publicize the loan program to students and  
18 prospective students, including those nearing completion of a  
19 baccalaureate-level course of study;

20 (3) collect and manage repayment of loans;

21 (4) solicit and accept funds for the loan  
22 program, including grants and donations; and

23 (5) award loans subject to the provisions of  
24 the Graduate Student Loan Act.

25 B. A loan made pursuant to the loan program shall

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1 be evidenced by a contract between the student and the  
2 department. The contract shall provide for the repayment of a  
3 loan and shall include terms for the potential discharge of a  
4 loan in the event of the bankruptcy, death, default or total  
5 and permanent disability of the student borrower. A loan  
6 shall:

7 (1) be in an amount determined by the  
8 department subject to available funding; provided that the  
9 amount shall not be for more than the cost of attendance as  
10 calculated by the institution for the student;

11 (2) include a rate interest of two percent per  
12 year; provided that interest shall not begin to accrue until  
13 after the student completes or discontinues the student's  
14 course of study;

15 (3) require that a loan recipient annually  
16 certify to the department that the loan recipient is employed  
17 in the state of New Mexico and, in the event that the loan  
18 recipient is unable or fails to certify, the outstanding  
19 balance of principal of and interest on the loan shall become  
20 due;

21 (4) be for a period of repayment of not more  
22 than ten years, commencing six months from the date the student  
23 completes or discontinues the student's course of study; and

24 (5) include any other terms as required by  
25 department rule.

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1           SECTION 4.   [NEW MATERIAL] OUT-OF-STATE MEDICAL STUDENTS--  
2   LOAN REFINANCING--TERMS.--If a student attended an out-of-state  
3   medical school and is currently providing medical services in  
4   New Mexico, the student shall be eligible to refinance an  
5   existing out-of-state medical school loan through the  
6   department with the same loan terms as otherwise provided in  
7   the Graduate Student Loan Act; provided that the loan recipient  
8   shall annually certify to the department that the loan  
9   recipient is employed in the state of New Mexico to provide  
10   medical services.  If the loan recipient is unable or fails to  
11   certify, the outstanding balance of principal of and interest  
12   on the loan shall become due.

13           SECTION 5.   [NEW MATERIAL] CONTRACT FOR SERVICES.--The  
14   department may contract with another public or private entity  
15   to assist the department with administering, making and  
16   collecting repayment on loans made pursuant to the loan  
17   program.

18           SECTION 6.   [NEW MATERIAL] GRADUATE STUDENT LOAN FUND.--  
19   The "graduate student loan fund" is created in the state  
20   treasury.  The fund consists of appropriations, distributions,  
21   transfers, gifts, grants, donations, bequests, fees collected,  
22   payments of principal and interest on loans made pursuant to  
23   the loan program and any other money distributed or otherwise  
24   allocated to the fund.  Balances in the fund at the end of a  
25   fiscal year shall not revert to the general fund.  Money in the

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1 fund is appropriated to the department to carry out and to  
2 administer the provisions of the Graduate Student Loan Act.  
3 All payments made from the fund shall be made on warrant of the  
4 secretary of finance and administration pursuant to vouchers  
5 signed by the secretary of higher education or the secretary's  
6 designee.

7 SECTION 7. [NEW MATERIAL] REPORTS.--The department shall  
8 make annual reports to the governor and to the legislature,  
9 prior to each regular session, on loans disbursed, information  
10 on the repayment of loans and degrees earned as a result of the  
11 loan program.

12 SECTION 8. APPROPRIATION.--Fifteen million dollars  
13 (\$15,000,000) is appropriated from the general fund to the  
14 graduate student loan fund for expenditure in fiscal year 2024  
15 and subsequent fiscal years to carry out and administer the  
16 provisions of the Graduate Student Loan Act. Any unexpended or  
17 unencumbered balance remaining at the end of a fiscal year  
18 shall not revert to the general fund.

19 SECTION 9. EFFECTIVE DATE.--The effective date of the  
20 provisions of this act is July 1, 2023.