AN ACT Relating to a loan repayment endowment program for attorneys who provide legal services in public interest areas of the law; reenacting and amending RCW 43.79A.040; and adding a new chapter to Title 28B RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec. 1. INTENT. The legislature intends to provide affordable access to legal education and meet the legal needs of the state of Washington in public interest areas of the law. The high cost of attending law school requires that attorneys command high incomes to repay the financial obligations incurred in obtaining the required training. As a result of the need for high incomes, few attorneys are able to practice in public interest areas of the law, which traditionally pay substantially less than other areas. The legislature finds that encouraging outstanding law students and attorneys to practice in public interest areas of the law is essential to assuring access to legal services in areas of public interest.
NEW SECTION. Sec. 2. DEFINITIONS. Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Board" means the higher education coordinating board.

(2) "Eligible education and training programs" means education and training programs approved by the board that lead to eligibility for a license to practice law as a licensed attorney.

(3) "Eligible expenses" means reasonable expenses associated with the costs of acquiring an education such as tuition, books, equipment, fees, room and board, and other expenses determined by the board.

(4) "Eligible participant" means an eligible licensed attorney who is a resident of the state of Washington, and who can provide proof of residency including, but not limited to:

(a) Registration or payment of Washington taxes or fees on a motor vehicle, mobile home, travel trailer, boat, or any other item of personal property owned or used by the person for which state registration or the payment of a state tax or fees is required;

(b) Permanent full-time employment in the state of Washington; or

(c) Registration to vote for state officials in the state of Washington.

(5) "Forgiven" or "to forgive" or "forgiveness" means to render legal services in a public interest area of the law in the state of Washington in lieu of monetary repayment.

(6) "Licensed attorney" means an attorney who has successfully passed the Washington state bar exam and been admitted to practice in the state of Washington or has otherwise been licensed to practice law in the state of Washington by the Washington state bar association and who resides in the state of Washington.

(7) "Loan repayment" means a loan that is paid in full or in part if the participant renders legal services in Washington in a public interest area of the law.

(8) "Participant" means a licensed attorney who has received a loan repayment award and has commenced practice as a licensed attorney in Washington in a public interest area of the law.

(9) "Program" means the public interest attorney loan repayment program.

(10) "Public interest area of the law" means those areas of the law determined by the board in consultation with the advisory committee to serve the public interest including, but not limited to:
(a) Providing direct legal service at a legal services organization, the attorney general’s office, prosecuting attorneys’ offices, or criminal public defender association or program; (b) Providing indirect legal services at a legal services organization, the attorney general’s office, prosecuting attorneys’ association, or criminal public defender association or program; or (c) Practicing in some other capacity that the advisory committee determines serves the public interest.

(11) "Required service obligation" means an obligation by the participant to provide legal services in Washington in a public interest area of the law for a period of time to be established as provided for in this chapter.

(12) "Satisfied" means paid in full.

NEW SECTION. Sec. 3. PROGRAM--DUTIES OF BOARD. The public interest attorney loan repayment program is established for licensed attorneys who practice or agree to practice in public interest areas of the law in the state of Washington. The board may adopt rules necessary to implement this chapter. No state funds shall be used by the board in administering the program. Administrative costs incurred before establishment of the public interest attorney loan repayment endowment account may be reimbursed. In administering this program, once the balance in the public interest attorney loan repayment endowment account is five hundred thousand dollars from private sources, the board shall establish an advisory committee. The committee may include, but is not limited to, one representative from the Washington state bar association, one representative from the access to justice board, and up to two representatives from each of the law schools located in the state of Washington. The advisory committee shall also include one law student representative from each law school in the state.

(1) The advisory committee shall advise the board in performing the following duties:
    (a) Adopting rules and developing guidelines to administer the program;
    (b) Collecting and managing repayments from participants who do not meet their service obligations under this chapter; and
(c) Developing criteria for a contract for service in lieu of the service obligation where appropriate, that may be a combination of service and payment.

(2) The advisory committee shall publicize the program and solicit grants and donations from nonstate and private sources for the program, to be accepted by the board and deposited into the public interest attorney loan repayment endowment account.

(3) The advisory committee shall select licensed attorneys to participate in the loan repayment program. In selecting eligible participants, the committee may consider the following criteria:
   (a) A demonstrated commitment on the part of the applicant to practice in public interest areas of the law;
   (b) The financial need of the applicant;
   (c) The demand for the type of public interest work the applicant seeks to perform;
   (d) A declared interest by the applicant to practice in rural areas of the state of Washington where the need for public interest attorneys is high;
   (e) The scholastic achievements of the applicant; and
   (f) Any other criteria the committee deems relevant to the selection process.

NEW SECTION. Sec. 4. LOAN REPAYMENT--REQUIRED SERVICE OBLIGATION. The board shall establish loan repayments for licensed attorneys who practice in a public interest area of the law. The amount of the loan repayment shall not exceed fifteen thousand dollars per year for a maximum of five years per individual. Participants incur an obligation to repay the loan under section 6 of this act unless they practice for one year in a public interest area of the law for each year of loan repayment received.

NEW SECTION. Sec. 5. LOAN REPAYMENT AWARDS. (1) The board may grant loan repayment awards to eligible participants from the public interest attorney loan repayment endowment account.

(2) Funds appropriated for the program, including reasonable administrative costs, may be used by the board for the purposes of loan repayments. The board shall annually establish the total amount of funding to be awarded for loan repayments and such allocations shall be established based upon the best use of funding for that year.
NEW SECTION. Sec. 6. PARTICIPANT OBLIGATION--REPAYMENT

OBLIGATION. Participants in the public interest attorney loan repayment program who are awarded loan repayments shall receive payment from the program for the purpose of repaying educational loans secured while attending a program of legal training that led to a license to practice law in the state of Washington.

(1) Participants shall agree to meet the required service obligation in a designated public interest area of the law.

(2) Repayment shall be limited to eligible educational and living expenses as determined by the board and shall include principal and interest.

(3) Loans from both government and private sources may be repaid by the program. Participants shall agree to allow the board access to loan records and to acquire information from lenders necessary to verify eligibility and to determine payments. Loans may not be renegotiated with lenders to accelerate repayment.

(4) Repayment of loans under this chapter shall begin no later than ninety days after the individual has become a participant. Payments shall be made quarterly, or more frequently if deemed appropriate by the board, to the participant or the lender until the loan is repaid or until the required service obligation is fulfilled and eligibility discontinues, whichever comes first.

(5) Should the participant discontinue practicing in a public interest area of the law, payments against the loans of the participant shall cease to be effective on the date that the participant discontinues service.

(6) Except for circumstances beyond their control, participants who serve less than the required service obligation shall be obligated to repay to the program an amount equal to twice the total amount paid by the program on their behalf in addition to any payments on the unsatisfied portion of the principal and interest. The board shall determine the applicability of this subsection.

(7) The board is responsible for the collection of payments made on behalf of participants from the participants who discontinue service before completion of the required service obligation. The board shall exercise due diligence in collection, maintaining all necessary records to ensure that the maximum amount of payment made on behalf of the participant is recovered. Collection under this section shall be
pursued using the full extent of the law, including wage garnishment if necessary.

(8) The board is not responsible for any outstanding payments on principal and interest to any lenders once a participant’s eligibility expires.

NEW SECTION.  Sec. 7. PUBLIC INTEREST ATTORNEY LOAN REPAYMENT ENDOWMENT ACCOUNT. (1) The public interest attorney loan repayment endowment account is created in the custody of the state treasurer. The account shall be a nontreasury account retaining its interest earnings in accordance with RCW 43.79A.040.

(2) The board shall deposit in the account all money received for the program. The account shall be self-sustaining and consist of nonstate and private contributions to the program and receipts from participant repayments. No state funds shall be deposited in the account or otherwise expended therefor.

(3) With the exception of the operating costs associated with the management of the account by the treasurer’s office as authorized in chapter 43.79A RCW, the account shall be credited with all investment income earned by the account.

(4) Disbursements from the account, except for purposes of program administration, are exempt from appropriations and the allotment provisions of chapter 43.88 RCW. Money used for program administration is subject to the allotment and budgetary controls of chapter 43.88 RCW, and an appropriation is required for expenditures.

(5) Disbursements from the account shall be made only on the authorization of the board.

NEW SECTION.  Sec. 8. TRANSFER OF PROGRAM ADMINISTRATION. After consulting with the board, the governor may transfer the administration of this program to another agency with an appropriate mission.

Sec. 9. RCW 43.79A.040 and 2001 c 201 s 4 and 2001 c 184 s 4 are each reenacted and amended to read as follows:

(1) Money in the treasurer’s trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury.
(2) All income received from investment of the treasurer’s trust fund shall be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer’s trust funds, including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4)(a) Monthly, the state treasurer shall distribute the earnings credited to the investment income account to the state general fund except under (b) and (c) of this subsection.

(b) The following accounts and funds shall receive their proportionate share of earnings based upon each account’s or fund’s average daily balance for the period: The public interest attorney loan repayment endowment account, the college savings program account, the Washington advanced college tuition payment program account, the agricultural local fund, the American Indian scholarship endowment fund, the basic health plan self-insurance reserve account, the Washington international exchange scholarship endowment fund, the developmental disabilities endowment trust fund, the energy account, the fair fund, the game farm alternative account, the grain inspection revolving fund, the juvenile accountability incentive account, the rural rehabilitation account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the sulfur dioxide abatement account, and the children’s trust fund. However, the earnings to be distributed shall first be reduced by the allocation to the state treasurer’s service fund pursuant to RCW 43.08.190.

(c) The following accounts and funds shall receive eighty percent of their proportionate share of earnings based upon each account’s or fund’s average daily balance for the period: The advanced right of way revolving fund, the advanced environmental mitigation revolving account, the city and county advance right-of-way revolving fund, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.
(5) In conformance with Article II, section 37 of the state Constitution, no trust accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

NEW SECTION. Sec. 10. CAPTIONS NOT LAW. Captions used in this chapter are not any part of the law.

NEW SECTION. Sec. 11. Sections 1 through 8 and 10 of this act constitute a new chapter in Title 28B RCW.

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