

FIRST REGULAR SESSION

# HOUSE BILL NO. 693

## 94TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES QUINN (7) (Sponsor), JETTON, ROBB, DAY, RUZICKA, FISHER, MUNZLINGER, DENISON, SCHAD, CUNNINGHAM (145), LOEHNER, AULL, THRELKELD, FRANZ, JONES (117), NANCE, DEEKEN, PARSON, WRIGHT, KINGERY, MOORE, WELLS, SCHLOTTACH, DETHROW, COOPER (158) AND SANDER (Co-sponsors).

Read 1st time February 1, 2007 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

1759L.011

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### AN ACT

To repeal sections 340.335, 340.337, 340.339, 340.341, 340.343, 340.345, and 340.347, RSMo, and to enact in lieu thereof seventeen new sections relating to large animal veterinary student loan assistance.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 340.335, 340.337, 340.339, 340.341, 340.343, 340.345, and  
2 340.347, RSMo, are repealed and seventeen new sections enacted in lieu thereof, to be known  
3 as sections 340.335, 340.337, 340.339, 340.341, 340.343, 340.345, 340.347, 340.378, 340.381,  
4 340.384, 340.387, 340.390, 340.393, 340.396, 340.399, 340.402, and 340.405, to read as  
5 follows:

340.335. 1. Sections 340.335 to 340.350 establish a loan repayment program for  
2 graduates of approved veterinary medical schools who practice in areas of defined need and shall  
3 be known as the "Large Animal Veterinary Medicine Loan Repayment Program".

4 2. The "Large Animal Veterinary Medicine Loan Repayment Program Fund" is hereby  
5 created in the state treasury. All funds recovered from an individual pursuant to section 340.347  
6 and all funds generated by loan repayments and penalties received pursuant to section 340.347  
7 shall be credited to the fund. The moneys in the fund shall be used by the [Missouri veterinary

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

8 medical board] **department of agriculture** to provide loan repayments pursuant to section  
9 340.343 in accordance with sections 340.335 to 340.350.

340.337. As used in sections 340.335 to [340.350] **340.405**, the following terms shall  
2 mean:

3 (1) "Areas of defined need", areas designated by the [board] **department** pursuant to  
4 section 340.339, when services of a large animal veterinarian are needed to improve the  
5 [client-doctor] **veterinarian-patient** ratio in the area, or to contribute professional veterinary  
6 services to an area of economic impact;

7 (2) ["Board", the Missouri veterinary medical board] **"College", the college of**  
8 **veterinary medicine at the University of Missouri-Columbia;**

9 (3) **"Department", the Missouri department of agriculture;**

10 (4) **"Director", director of the Missouri department of agriculture;**

11 (5) **"Eligible student", a resident who has been accepted as a full-time student at**  
12 **the University of Missouri-Columbia enrolled in the doctor of veterinary medicine degree**  
13 **program at the college of veterinary medicine;**

14 (3)(6) "Large animal veterinarian", veterinarians licensed [and registered] pursuant to  
15 this chapter, engaged in general or large animal practice as their primary [specialties] **focus of**  
16 **practice**, and who have at least fifty percent of their practice devoted to large animal veterinary  
17 medicine;

18 (7) **"Qualified applicant", an eligible student approved by the department for**  
19 **participation in the large animal veterinary student loan program established by sections**  
20 **340.375 to 340.405;**

21 (8) **"Qualified employment", employment as a large animal veterinarian on a**  
22 **full-time basis in Missouri located in an area of need as determined by the department of**  
23 **agriculture. Any forgiveness of such principal and interest for any qualified applicant**  
24 **engaged in qualified employment on a less than full-time basis may be prorated to reflect**  
25 **the amounts provided in this section;**

26 (9) **"Resident", any person who has lived in this state for one or more years for any**  
27 **purpose other than the attending of an educational institution located within this state.**

340.339. The [board] **department** shall designate counties, communities or sections of  
2 rural areas as areas of defined need as determined by the [board] **department** by rule.

340.341. 1. The [board] **department** shall adopt and promulgate rules establishing  
2 standards for determining eligible persons for loan repayment pursuant to sections 340.335 to  
3 340.350. Such standards shall include, but are not limited to the following:

4 (1) Citizenship or permanent residency in the United States;

5 (2) Residence in the state of Missouri;

6 (3) Enrollment as a full-time veterinary medical student in the final year of a course of  
7 study offered by an approved educational institution in Missouri;

8 (4) Application for loan repayment.

9 2. The [board] **department** shall not grant repayment for more than [five] **six**  
10 veterinarians each year.

340.343. 1. The [board] **department** shall enter into a contract with each individual  
2 qualifying for repayment of educational loans. The written contract between the [board]  
3 **department** and an individual shall contain, but not be limited to, the following:

4 (1) An agreement that the state agrees to pay on behalf of the individual, loans in  
5 accordance with section 340.345 and the individual agrees to serve for a time period equal to  
6 [five] **four** years, or such longer period as the individual may agree to, in an area of defined need,  
7 such service period to begin within one year of [the signed contract or] graduation by the  
8 individual with a degree of doctor of veterinary medicine[, whichever is later] ;

9 (2) A provision that any financial obligations arising out of a contract entered into and  
10 any obligation of the individual which is conditioned thereon is contingent upon funds being  
11 appropriated for loan repayments;

12 (3) The area of defined need where the person will practice;

13 (4) A statement of the damages to which the state is entitled for the individual's breach  
14 of the contract;

15 (5) Such other statements of the rights and liabilities of the [board] **department** and of  
16 the individual not inconsistent with sections 340.335 to 340.350.

17 2. The [board] **department** may stipulate specific practice sites contingent upon  
18 [board-generated] **department-generated** large animal veterinarian need priorities where  
19 applicants shall agree to practice for the duration of their participation in the program.

340.345. 1. A loan payment provided for an individual pursuant to a written contract  
2 under the large animal veterinary medicine loan repayment program shall consist of payment on  
3 behalf of the individual of the principal, interest and related expenses on government and  
4 commercial loans received by the individual for tuition, fees, books, laboratory and living  
5 expenses incurred by the individual.

6 2. For each year of obligated services that an individual contracts to serve in an area of  
7 defined need, the [board] **department** may pay up to [ten] **twenty** thousand dollars on behalf of  
8 the individual for loans described in subsection 1 of this section.

9 3. The [board] **department** may enter into an agreement with the holder of the loans for  
10 which repayments are made under the large animal veterinary medicine loan repayment program  
11 to establish a schedule for the making of such payments if the establishment of such a schedule  
12 would result in reducing the costs to the state.

13 4. Any qualifying communities providing a portion of a loan repayment shall be  
14 considered first for placement.

340.347. 1. An individual who has entered into a written contract with the [board]  
2 **department** or an individual who is enrolled [in a course of study] **at the college** and fails to  
3 maintain an acceptable level of academic standing [in the educational institution in which such  
4 individual is enrolled] or voluntarily terminates such enrollment or is dismissed [from such  
5 educational institution] before completion of such course of study or fails to become licensed  
6 pursuant to this chapter within one year after graduation shall be liable to the state for the amount  
7 which has been paid on such individual's behalf pursuant to the contract.

8 2. If an individual breaches the written contract of the individual by failing either to  
9 begin such individual's service obligation or to complete such service obligation, the state shall  
10 be entitled to recover from the individual an amount equal to the sum of:

11 (1) The total of the amounts paid by the state on behalf of the individual, including  
12 interest; and

13 (2) An amount equal to the unserved obligation penalty, which is the total number of  
14 months of obligated service which were not completed by an individual, multiplied by five  
15 hundred dollars.

16 3. The [board] **department** may act on behalf of a qualified community to recover from  
17 an individual described in subsections 1 and 2 of this section the portion of a loan repayment  
18 paid by such community for such individual.

**340.378. 1. The department of agriculture shall implement and administer the  
2 large animal veterinary student loan program established under sections 340.375 to  
3 340.405, and the large animal veterinary medicine loan repayment program established  
4 under sections 340.335 to 340.350.**

5 **2. An advisory panel of not more than five members shall be appointed by the  
6 director. The panel shall consist of three licensed large animal veterinarians, the dean of  
7 the college or his or her designee, and one public member from the agricultural sector. The  
8 panel shall make recommendations to the director on the content of any rules, regulations  
9 or guidelines under sections 340.335 to 340.405 prior to their promulgation. The panel may  
10 make recommendations to the director regarding fund allocations for loans and loan  
11 repayment based on current veterinarian shortage needs.**

12 **3. The department of agriculture shall promulgate reasonable rules and regulations  
13 for the administration of sections 340.375 to 340.405. It shall prescribe the form, the time  
14 and method of filing applications and supervise the proceedings thereof. Any rule or  
15 portion of a rule, as that term is defined in section 536.010, RSMo, that is created under  
16 the authority delegated in this section shall become effective only if it complies with and**

17 is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028,  
18 RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers  
19 vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the  
20 effective date, or to disapprove and annul a rule are subsequently held unconstitutional,  
21 then the grant of rulemaking authority and any rule proposed or adopted after August 28,  
22 2007, shall be invalid and void.

340.381. There is hereby created in the state treasury the "Veterinary Student Loan  
2 Payment Fund", which shall consist of general revenue appropriated to the large animal  
3 veterinary student loan program, voluntary contributions to support or match program  
4 activities, money collected under section 340.396, and funds received from the federal  
5 government. The state treasurer shall be custodian of the fund and shall approve  
6 disbursements from the fund in accordance with sections 30.170 and 30.180, RSMo. Upon  
7 appropriation, money in the fund shall be used solely for the administration of sections  
8 340.375 to 340.405. Notwithstanding the provisions of section 33.080, RSMo, to the  
9 contrary, any moneys remaining in the fund at the end of the biennium shall not revert to  
10 the credit of the general revenue fund. The state treasurer shall invest moneys in the fund  
11 in the same manner as other funds are invested. Any interest and moneys earned on such  
12 investments shall be credited to the fund.

340.384. The department of agriculture shall enter into a contract with each  
2 qualified applicant receiving financial assistance under the provisions of sections 340.375  
3 to 340.405 for repayment of the principal and interest.

340.387. Eligible students may apply to the department for financial assistance  
2 under the provisions of sections 340.375 to 340.405. If, at the time of application for a loan,  
3 a student has formally applied for acceptance at the college, receipt of financial assistance  
4 is contingent upon acceptance and continued enrollment at the college. A qualified  
5 applicant may receive financial assistance for each academic year he or she remains a  
6 student in good standing at the college.

340.390. Up to six qualified applicants per academic year may be awarded loans  
2 under the provisions of sections 340.375 to 340.405. Priority for loans shall be given to  
3 eligible students who have established financial need. All financial assistance shall be  
4 made from funds credited to the veterinary student loan payment fund. The maximum  
5 amount of outstanding loans issued by the department to qualified applicants may not  
6 exceed four hundred eighty thousand dollars at any time, not to include loans forgiven  
7 under section 340.393, loans in repayment status under section 340.396, or loans deferred  
8 under section 340.399.

2       **340.393.** The department shall establish schedules for repayment of the principal  
3 and interest on any financial assistance made under the provisions of sections 340.375 to  
4 **340.405.** Interest at the rate of nine and one-half percent per annum shall be charged on  
5 all financial assistance made under the provisions of sections 340.375 to 340.405, but the  
6 interest and principal of the total financial assistance granted to a qualified applicant at  
7 the time of the successful completion of a doctor of veterinary medicine degree program  
shall be forgiven through qualified employment.

2       **340.396.** The financial assistance recipient shall repay the financial assistance  
3 principal and interest beginning not more than one year after completion of the degree for  
4 which the financial assistance was made in accordance with the repayment contract. If an  
5 eligible student ceases his or her study prior to successful completion of a degree or  
6 graduation from the college, interest at the rate specified in section 340.393 shall be  
7 charged on the amount of financial assistance received from the state under the provisions  
8 of sections 340.375 to 340.405, and repayment, in accordance with the repayment contract,  
9 shall begin within ninety days of the date the financial aid recipient ceased to be an eligible  
10 student. All funds repaid by recipients of financial assistance to the department shall be  
11 deposited in the veterinary student loan payment fund for use pursuant to sections 340.375  
to 340.405.

2       **340.399.** The department shall grant a deferral of interest and principal payments  
3 to a financial assistance recipient who is pursuing a post-degree training program, or upon  
4 special conditions established by the department. The deferral shall not exceed four years.  
5 The status of each deferral shall be reviewed annually by the department to ensure  
6 compliance with the intent of this section.

2       **340.402.** When necessary to protect the interest of the state in any financial  
3 assistance transaction under sections 340.375 to 340.405, the department may institute any  
4 action to recover any amount due.

2       **340.405.** Sections 340.375 to 340.405 shall not be construed to require the  
3 department to enter into contracts with individuals who qualify for education loans or loan  
4 repayment programs when federal, state and local funds are not available for such  
5 purposes.

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