

ASSEMBLY, No. 725

STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Assemblyman MICHAEL TORRISSI, JR.

District 8 (Atlantic and Burlington)

SYNOPSIS

Establishes veterinary medicine loan redemption program for certain veterinarians who work in underserved areas for five years; annually appropriates \$500,000.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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2

1 AN ACT concerning loan redemption for certain veterinarians and
2 supplementing chapter 71C of Title 18A of the New Jersey
3 Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. There is established a Veterinary Medicine Loan
9 Redemption Program within the Higher Education Student
10 Assistance Authority to provide for the redemption of eligible
11 qualifying loan expenses of program participants who work in the
12 State for five years of service at an approved site in the State.

13
14 2. As used in this act:

15 "Approved site" means a site located within a State designated
16 veterinary underserved area or within five miles of a State
17 designated veterinary underserved area.

18 "Authority" means the Higher Education Student Assistance
19 Authority.

20 "Eligible qualifying loan expenses" means the cumulative
21 outstanding balance of student education loans, borrowed from a
22 financial institution or a governmental or nonprofit agency that
23 engages in student education loan lending, covering the cost of
24 attendance in an undergraduate degree program of an institution of
25 higher education and a graduate degree program of an accredited
26 school of veterinary medicine, including the following: tuition;
27 educational expenses and fees; and room and board. Interest paid
28 or due on qualifying loans that an applicant has taken out for use in
29 paying the cost of attendance in an undergraduate degree program
30 of an institution of higher education and a graduate degree program
31 of an accredited school of veterinary medicine shall be considered
32 eligible for reimbursement under the program.

33 "Executive director" means the executive director of the Higher
34 Education Student Assistance Authority.

35 "Full-time" means a minimum of 40 hours per week for a
36 minimum of 45 weeks per year.

37 "Large animal veterinary care" means a type of specialty
38 veterinary care that focuses on the health and productivity of large
39 animals and farm animals, exclusive of dogs and cats and inclusive
40 of cows, horses, goats, pigs, chickens, sheep, and other livestock.

41 "Program" means the Veterinary Medicine Loan Redemption
42 Program established pursuant to this act.

43 "Program participant" means a veterinarian who contracts with
44 the authority to engage in the practice of veterinary medicine at an
45 approved site in exchange for the redemption of eligible qualifying
46 loan expenses provided under the program.

47 "State designated veterinary underserved area" means a
48 geographic area designated in this State by the Secretary of

1 Agriculture, in consultation with the New Jersey Horse Council, the
2 New Jersey Association of Equine Practitioners, the New Jersey
3 Veterinary Medical Association, and the New Jersey Farm Bureau,
4 on the basis of a large animal veterinarian shortage affecting the
5 area. The secretary shall annually establish a list of State
6 designated veterinary underserved areas and transmit the list of
7 State designated veterinary underserved areas to the authority by
8 January 1 of each year, except that the first list shall be transmitted
9 not later than 90 days after the effective date of this act.

10 "Total and permanent disability" means a physical or mental
11 disability that is expected to continue indefinitely or result in death
12 and renders a participant in the program unable to perform that
13 person's service obligation, as determined by the executive director
14 or the executive director's designee.

15

16 3. a. To be eligible to participate in the program, a program
17 participant shall be a:

18 (1) resident of the State; and

19 (2) veterinarian licensed, or eligible to be licensed, to practice in
20 this State as a veterinarian.

21 b. Nothing in this section shall prohibit a program participant
22 from initiating the program's application process and identifying
23 and committing to employment at an approved site prior to the
24 establishment of State residency or being issued a State veterinary
25 license. Nothing in this section shall prohibit a program participant,
26 who otherwise meets the eligibility requirements enumerated in
27 subsection a. of this section, from initiating the program's
28 application process if the applicant sufficiently demonstrates that
29 the applicant intends to establish a veterinary practice that will
30 qualify as an approved site.

31

32 4. a. In administering the program, the authority or its
33 designated agent shall contract only with a veterinarian.

34 b. The contract shall require a program participant to serve
35 full-time for at least a five-year period at an approved site in the
36 service of a veterinary medicine practice, of which at least one-third
37 of the overall activity at that practice is dedicated to the protection
38 and enhancement of large animal veterinary care. The contract shall
39 also require that, in order to receive redemption of a loan under the
40 loan program, a program participant dedicate no less than 75
41 percent of the participant's work at the approved site to large
42 animal veterinary care.

43 c. The contract shall specify the applicant's dates of required
44 service, the total amount of eligible qualifying loan expenses to be
45 redeemed by the State in return for service, and the schedule of
46 payments for the term of the contract.

47

48 5. a. Maximum redemption of a loan under the loan

1 redemption program shall be 100 percent of the eligible qualifying
2 loan expenses for full-time service for five years of service, except
3 that the amount of qualifying loans which may be redeemed for a
4 participant under the program shall not exceed \$30,000 in any year.

5 b. No amount of loan redemption shall be provided for service
6 that is less than full-time and for service in which less than 75
7 percent of the participant's work at an approved site is dedicated to
8 large animal veterinary care. No amount of eligible qualifying loan
9 expenses shall be redeemed for services performed for less than a
10 full year.

11 c. The loan redemption shall be reimbursed as follows:

- 12 (1) first year of service, 12 percent of principal and interest;
13 (2) second year of service, 20 percent of principal and interest;
14 (3) third year of service, 20 percent of principal and interest;
15 (4) fourth year of service, 24 percent of principal and interest;
16 and
17 (5) fifth year of service, 24 percent of principal and interest.

18

19 6. The executive director or the executive director's designee,
20 in consultation with the Secretary of Agriculture, shall match
21 program participants to State designated veterinary underserved
22 areas. Nothing in this section shall prohibit a program applicant or
23 participant from identifying an approved site for consideration and
24 approval of the program.

25

26 7. The executive director or the executive director's designee
27 shall select the program participants from among those applicants
28 who meet the eligibility criteria of the program, subject to available
29 funds and available approved sites. The executive director or the
30 executive director's designee shall accord priority to applicants in
31 the following manner:

32 a. first, to any applicant who is willing to fill openings at an
33 approved site with the most significant veterinary medicine
34 shortages; and

35 b. second, to any applicant who graduated from a high school
36 or institution of higher education located in New Jersey.

37 In the event that there are more applicants who have the same
38 priority than there are program positions, the executive director or
39 the executive director's designee shall select program participants
40 by means of a lottery or other form of random selection.

41

42 8. a. A program participant, as a condition of participation,
43 shall be required to adhere to performance standards established by
44 the executive director or the executive director's designee.

45 b. The standards shall include, but not be limited to,
46 requirements that a participant:

- 47 (1) maintain residency in the State;
48 (2) maintain a license to practice veterinary medicine in the

- 1 State;
- 2 (3) remain current with payments on student loans;
- 3 (4) enter into a mutually acceptable contract with an approved
- 4 site;
- 5 (5) maintain satisfactory performance of services rendered at an
- 6 approved site; and
- 7 (6) report to the authority or its designee, on a form and in a
- 8 manner prescribed by the authority or its designee, on the program
- 9 participant's performance of services rendered at an approved site
- 10 prior to repayment of the annual amount eligible for redemption.
- 11

12 9. A program participant who has previously entered into a

13 contract with the authority may nullify the agreement by notifying

14 the authority in writing and reassuming full responsibility for the

15 remaining outstanding balance of the loan debt. In no event shall

16 service at an approved site for less than the full calendar year of

17 each period of service entitle the program participant to any benefits

18 under the program. A program participant seeking to nullify the

19 contract before completing the fifth full year of service shall be

20 required to pay 50 percent of the redeemed portion of indebtedness

21 in not more than one year following nullification of the agreement.

22

23 10. In the case of a program participant's death or total and

24 permanent disability, the authority or its designee shall nullify the

25 service obligation of the program participant. The nullification

26 shall terminate the authority's obligations under the loan redemption

27 contract. In the event of a program participant's death or total and

28 permanent disability, the authority shall not require repayment of

29 the prior redeemed portion of indebtedness.

30

31 11. A person who knowingly or willfully furnishes any false or

32 misleading information for the purpose of receiving loan

33 redemption benefits under the program is guilty of a crime of the

34 fourth degree.

35

36 12. a. The executive director or the executive director's

37 designee is authorized to terminate a program participant's service

38 in the program in the case of:

- 39 (1) the program participant's conviction of a crime or an act of
- 40 gross negligence in the performance of service obligations;
- 41 (2) suspension or revocation of the program participant's license
- 42 or certification to practice; or
- 43 (3) the program participant's breach of the performance
- 44 standards established pursuant to section 8 of this act.

45 b. A program participant who fails to repay an amount due the

46 authority under the program may be subject to actions initiated by

47 the authority or its designee, which may include, but are not limited

48 to, recovery of the amount due by an action brought in a court of

1 competent jurisdiction or through the offset of State tax refunds or
2 rebates, making this information available to credit reporting
3 agencies, and exclusion from eligibility for any student assistance
4 benefits administered by the authority, as well as action by the
5 federal government, to the extent that any loan redemption benefits
6 are federally funded, to recover any amount due it as permitted by
7 federal law. In any action brought by the authority or its designee
8 in a court of competent jurisdiction pursuant to this subsection, the
9 program participant shall be liable for: the debt incurred, interest on
10 the debt at the maximum legal prevailing rate as determined by the
11 United States Treasurer, and the administrative and court costs
12 associated with collection of the debt.

13

14 13. A veterinarian who is participating in the federally
15 administered Veterinary Medicine Loan Repayment Program (7
16 U.S.C. s.3151a) shall not be eligible to participate simultaneously in
17 the program established under this act.

18

19 14. a. There is annually appropriated from the General Fund to
20 the Higher Education Student Assistance Authority the sum of
21 \$500,000 to effectuate the purposes of this act.

22 b. The Higher Education Student Assistance Authority shall
23 accept and use exclusively for the program any donation of monies
24 from private or nonprofit organizations.

25

26 15. This act shall take effect immediately and shall first apply to
27 the first full State fiscal year next following the date of enactment,
28 except that the Higher Education Student Assistance Authority and
29 the Secretary of Agriculture may take such anticipatory
30 administrative action in advance as shall be necessary for the
31 implementation of the act.

32

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34 STATEMENT

35

36 This bill establishes a Veterinary Medicine Loan Redemption
37 Program to address the current large animal veterinarian shortage in
38 this State. The program will be administered by the Higher
39 Education Student Assistance Authority (HESAA).

40 Specifically, the bill provides for redemption of eligible
41 qualifying loan expenses for veterinarians who work for no less
42 than five years at an approved site. An approved site is a site
43 located within a State designated veterinary underserved area or
44 within five miles of a State designated veterinary underserved area.
45 The bill defines a State designated veterinary underserved area as a
46 geographic area designated in this State by the Secretary of
47 Agriculture, in consultation with the New Jersey Horse Council, the
48 New Jersey Association of Equine Practitioners, the New Jersey

1 Veterinary Medical Association, and the New Jersey Farm Bureau,
2 on the basis of a large animal veterinarian shortage affecting the
3 area. The secretary is required to annually establish a list of State
4 designated veterinary underserved areas and transmit that list to
5 HESAA.

6 Program participants are required to be State residents and be a
7 veterinarian licensed, or eligible to be licensed, to practice in this
8 State, agree to practice at an approved site, and agree that the
9 practice is full-time and that at least 75 percent of the participant's
10 work is dedicated to large animal veterinary care. In return for this
11 commitment, the program participant's eligible qualifying loan
12 expenses will be reimbursed. Maximum loan redemption under the
13 bill will equal 100 percent of the eligible qualifying loan expenses
14 for full-time service in return for five years of service, except that
15 the amount of qualifying loans which may be redeemed for a
16 participant under the program is not to exceed \$30,000 in any year.
17 Under the bill, no amount of loan redemption is to be provided for
18 service performed by a program participant that is less than full-
19 time and for service in which less than 75 percent of the
20 participant's work at an approved site is dedicated to large animal
21 veterinary care. No amount of eligible qualifying loan expenses is
22 to be redeemed for services performed for less than a full year.

23 The bill provides that in the case of a program participant's death
24 or total and permanent disability, HESAA will nullify the service
25 obligation of the program participant. The nullification will also
26 terminate HESAA's obligations under the loan redemption contract.
27 In the event of a program participant's death or total and permanent
28 disability, HESAA will not require repayment of the prior redeemed
29 portion of indebtedness.

30 The bill provides that \$500,000 will be annually appropriated
31 from the General Fund to HESAA for the Veterinary Medicine
32 Loan Redemption Program.

33 Since New Jersey currently does not have its own veterinary
34 medicine school, the provisions of this bill are intended to establish
35 a cost-effective path to addressing the large animal veterinarian
36 shortage by incentivizing veterinary school graduates to reside in
37 the State and practice in areas of the State experiencing large
38 animal veterinarian shortages.

39 From 1990 to 2007, the State provided for a "contract" program
40 with veterinary schools in other states to "buy" seats reserved
41 exclusively for New Jersey students. This program allowed New
42 Jersey residents vying for seats at out-of-State veterinary schools to
43 only compete against each other for those seats, not the entire
44 population of applicants at large. The program also provided
45 funding that permitted those students to attend the out-of-State
46 veterinary schools at in-State tuition rates. However, this program
47 resulted in residents leaving the State for veterinary school, with no
48 promise that they would return to practice in New Jersey.

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1 Several other states have implemented veterinary loan
2 redemption programs similar to the program established by this bill,
3 including Arkansas, Georgia, Kansas, Minnesota, Missouri,
4 Nebraska, Ohio, Texas, and Wyoming. The program established by
5 this bill will incentivize residents of this State, who attend out-of-
6 State veterinary schools, to return to New Jersey to perform
7 services in a veterinary practice that is dedicated to large animal
8 veterinary care, in exchange for a redemption of their veterinary
9 school loans over a relatively short period of time. This program
10 will provide enormous benefits for large animal owners living in
11 areas of this State with a shortage of adequate veterinary medicine
12 services. Additionally, this program will not penalize program
13 participants with respect to tax liability. Under current federal and
14 State law, amounts of student loan redemption, loan forgiveness, or
15 loan cancellation are not considered income for purposes of
16 taxation.