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PROFESSIONS AND BUSINESSES Student Loans: Provide Mandatory Suspension of Professional Licenses for Default or Breach of a Repayment or Service Obligation Under Any Federal Education Loan, Loan Repayment, or Service Conditional Scholarship Program; Provide for Notice; Authorize the Division Director to Promulgate Appropriate Rules and Regulations; Provide for Reinstatement of Such Suspended Licenses Under Certain Conditions

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PROFESSIONS AND BUSINESSES

Student Loans: Provide Mandatory Suspension of Professional Licenses for Default or Breach of a Repayment or Service Obligation Under Any Federal Education Loan, Loan Repayment, or Service Conditional Scholarship Program; Provide for Notice; Authorize the Division Director to Promulgate Appropriate Rules and Regulations; Provide for Reinstatement of Such Suspended Licenses Under Certain Conditions

CODE SECTION:	O.C.G.A. § 43-1-29 (new)
BILL NUMBER:	HB 532
ACT NUMBER:	329
GEORGIA LAWS:	2001 Ga. Laws 1066
SUMMARY:	The Act provides for the mandatory suspension of the professional license of any individual who defaults on or breaches a repayment or service obligation under any federal educational loan. The Act requires that the licensee be given notice and an opportunity to appear before the Licensing Board prior to the suspension of the license. The Act further requires that once a license is suspended it will only be reinstated upon a written release by the reporting agency that the licensee is making payments on or satisfying the service requirements of the loan. The Act provides that reinstatement of the license will be automatic upon receipt of the written release and payment of any applicable reinstatement fees, assuming the licensee continued to meet all other requirements of licensure during the suspension.
EFFECTIVE DATE:	July 1, 2001

History

In 1998 Secretary of State Cathy Cox asked Representative Carolyn Hugley of the 133rd House District in Columbus to become involved

with HB 884, which ultimately became Code section 20-3-295.¹ The purpose of that statute was to allow for the suspension of the professional licenses of individuals who default on state-guaranteed student loans.² The statute has already resulted in the repayment of more than \$1.6 million from 744 professionals licensed by the Secretary of State's Licensing Board.³ An additional \$2 million has been collected from others included in the suspension program, such as real estate agents, insurance salesmen, and teachers.⁴ Officials from federal loan organizations, such as the National Health Service for Scholarship and Loan Repayment Program and Health Education Assistance Loans, contacted Representative Hugley, wishing to be included in the state programs for the repayment of defaulted federal educational loans.⁵ These two programs alone have reported more than \$14 million in defaulted federally-backed loans in Georgia.⁶ The loans involved are primarily for health care professionals such as chiropractors, dentists, podiatrists, medical doctors, and veterinarians.⁷

The sponsors felt legislation needed to be introduced to ensure that federally-backed education loans are repaid so that funds will be available for others wishing to pursue an education in the medical field.⁸ The result was HB 532, which is considered a logical extension of Code section 23-3-295.⁹ As Secretary of State Cathy Cox stated, "[t]he addition of the federal student loan provision to our license suspension program makes [it] clear that Georgia professionals must repay the debt they owe to the taxpayers of our state and nation."¹⁰

1. See 1999 Ga. Laws 329, § 6, at 332 (codified at O.C.G.A. § 20-3-295 (Supp. 2000)); Telephone Interview with Rep. Carolyn Hugley, House District No. 133 (Apr. 5, 2001) [hereinafter Hugley Interview].

2. See 1999 Ga. Laws 329, § 6, at 332 (codified at O.C.G.A. § 20-3-295 (Supp. 2000)).

3. See GEORGIA SECRETARY OF STATE, PRESS RELEASE 032301, COX APPLAUDS PASSAGE OF HB 532: WILL AUTHORIZE COLLECTION OF DEFAULTED FEDERAL STUDENT LOANS FROM GEORGIA LICENSED PROFESSIONALS (Mar. 23, 2001) [hereinafter PRESS RELEASE].

4. See *id.*

5. See Audio Recording of House Proceedings, Mar. 5, 2001 (remarks by Rep. Carolyn Hugley), at <http://www.state.ga.us/services/leg/audio/2001archive> [hereinafter House Audio]; Hugley Interview, *supra* note 1.

6. See Audio Recording of Senate Proceedings, Mar. 19, 2001 (remarks by Sen. Doug Haines), at <http://www.state.ga.us/services/leg/audio/2001archive.html>; Hugley Interview, *supra* note 1.

7. See Hugley Interview, *supra* note 1.

8. See House Audio, *supra* note 5 (remarks by Rep. Carolyn Hugley); Hugley Interview, *supra* note 1.

9. See Hugley Interview, *supra* note 1.

10. PRESS RELEASE, *supra* note 3 (emphasis omitted).

HB 532

Representatives Carolyn Hugley, Maretta Taylor, Jimmy Skipper, and Keith Heard of the 133rd, 134th, 137th, and 89th House Districts, respectively, sponsored HB 532.¹¹ HB 532 was introduced on February 12, 2001 and assigned to the House Industry Committee.¹² The Committee favorably reported the bill, as introduced, on March 1, 2001.¹³ On March 5, 2001, Representative Hugley presented the bill on the House floor, and the House unanimously passed the bill.¹⁴ The Senate passed the bill, as introduced, on March 19, 2001.¹⁵ Governor Roy Barnes signed HB 532 into law on April 27, 2001.¹⁶

The Act

The Act creates new Code section 43-1-29.¹⁷ The Act mandates that the state's Professional Licensing Board suspend the license of any person who defaults or breaches a repayment or service obligation under any federal educational loan, loan repayment, or service conditional scholarship program.¹⁸ The federal agency involved must both certify and report the default to the state Licensing Board.¹⁹ The licensee must receive notice of the Licensing Board's intention to suspend his license and the licensee must be given the opportunity to appear before the Board prior to any suspension.²⁰ A suspended license cannot be reinstated until the licensee provides a written release from the federal reporting agency verifying that the individual is making payments on the loan or is satisfying the requisite service requirements.²¹ Once the individual supplies this information, the license will automatically be

11. *See* HB 532, as introduced, 2001 Ga. Gen. Assem.

12. *See* State of Georgia Final Composite Status Sheet, HB 532, Mar. 21, 2001.

13. *See id.*

14. *See id.*; Georgia House of Representatives Voting Record, HB 532 (Mar. 5, 2001).

15. *See* Georgia Senate Voting Record, HB 532 (Mar. 19, 2001).

16. *See* 2001 Ga. Laws 1066, § 2, at 1067.

17. O.C.G.A. § 43-1-29 (Supp. 2001).

18. *Id.*

19. *Id.*

20. *Id.*

21. *Id.*

reinstated, assuming all other licensing requirements were met during the suspension period and the individual pays any Board imposed reinstatement fees.²²

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22. *Id.*