

**SENATE BILL NO. 2062**

Introduced by

Legislative Council

(Workforce Committee)

1 A BILL for an Act to create and enact five new sections to chapter 15-62.2, a new subdivision to  
2 subsection 1 of section 57-38-01.2, and a new subdivision to subsection 2 of section  
3 57-38-30.3 of the North Dakota Century Code, relating to creation of the North Dakota  
4 opportunity grant program for students enrolled in North Dakota institutions of higher education  
5 and of a new graduate earned income deduction; to provide for reports to the legislative council;  
6 to provide legislative intent; to provide a transfer; to provide for the preparation of legislation; to  
7 provide a continuing appropriation; and to provide an effective date.

8 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

9 **SECTION 1.** A new section to chapter 15-62.2 of the North Dakota Century Code is  
10 created and enacted as follows:

11 **Opportunity grant - Eligibility.** A student is eligible for an opportunity grant if the  
12 student:

- 13 1. Was a resident of this state for the twelve months preceding the date the student  
14 met the graduation or high school diploma requirements under subsection 2;
- 15 2. After April 30, 2014:
  - 16 a. Graduated from a public or nonpublic high school in this state;
  - 17 b. Graduated from a high school in another state under chapter 15.1-29; or
  - 18 c. Met the requirements for a high school diploma through home education, in  
19 accordance with section 15.1-23-17;
- 20 3. Completed a high school curriculum that included at least four units of mathematics  
21 at the level of algebra I and higher and four units of science;
- 22 4. Has a minimum cumulative composite score of twenty-three or a minimum  
23 mathematics scale score of twenty-three on the test of academic achievement  
24 administered by ACT, Inc., or is enrolled in a two-year career and technical

- 1           academic program that is recognized by the department of career and technical  
2           education;
- 3           5. Submitted an application for an opportunity grant as required by the state board of  
4           higher education; and
- 5           6. a. Is continuously enrolled in a North Dakota institution of higher education and  
6           carries a course of study that is defined as "full time" by the institution;
- 7           b. Is enrolled in an associate or baccalaureate program; and
- 8           c. Maintains a minimum 3.0 cumulative college grade point average.

9           **SECTION 2.** A new section to chapter 15-62.2 of the North Dakota Century Code is  
10 created and enacted as follows:

11           **Opportunity grant - Amount payable - Annual increase.**

- 12           1. Beginning with the 2014-15 school year:
- 13           a. If a student who is eligible for an opportunity grant enrolls in an institution of  
14           higher education under the control of the state board of higher education, for  
15           each year the student is eligible to receive an opportunity grant in the amount  
16           of sixty-five percent of the tuition charged that year at the student's institution.
- 17           b. If a student who is eligible for an opportunity grant enrolls in a North Dakota  
18           private institution of higher education, for each year the student is entitled to  
19           receive sixty-five percent of the statewide average tuition charged that year at  
20           four-year institutions of higher education under the control of the state board  
21           of higher education.
- 22           2. Beginning with the 2015-16 school year:
- 23           a. If a student who is eligible for an opportunity grant enrolls in an institution of  
24           higher education under the control of the state board of higher education, for  
25           each year the student is eligible to receive an opportunity grant in the amount  
26           of seventy percent of the tuition charged that year at the student's institution.
- 27           b. If the student enrolls in a North Dakota private institution of higher education,  
28           for each year the student is entitled to receive seventy percent of the  
29           statewide average tuition charged that year at four-year institutions of higher  
30           education under the control of the state board of higher education.
- 31           3. Beginning with the 2016-17 school year:

- 1           a. If a student who is eligible for an opportunity grant enrolls in an institution of  
2           higher education under the control of the state board of higher education, for  
3           each year the student is eligible to receive an opportunity grant in the amount  
4           of seventy-five percent of the tuition charged that year at the student's  
5           institution.
- 6           b. If a student who is eligible for an opportunity grant enrolls in a North Dakota  
7           private institution of higher education, for each year the student is entitled to  
8           receive seventy-five percent of the statewide average tuition charged that  
9           year at four-year institutions of higher education under the control of the state  
10          board of higher education.
- 11          4. Beginning with the 2017-18 school year:
- 12          a. If a student who is eligible for an opportunity grant enrolls in an institution of  
13          higher education under the control of the state board of higher education, for  
14          each year the student is eligible to receive an opportunity grant in the amount  
15          of eighty percent of the tuition charged that year at the student's institution.
- 16          b. If a student who is eligible for an opportunity grant enrolls in a North Dakota  
17          private institution of higher education, for each year the student is entitled to  
18          receive eighty percent of the statewide average tuition charged that year at  
19          four-year institutions of higher education under the control of the state board  
20          of higher education.
- 21          5. Beginning with the 2018-19 school year:
- 22          a. If a student who is eligible for an opportunity grant enrolls in an institution of  
23          higher education under the control of the state board of higher education, for  
24          each year the student is eligible to receive an opportunity grant in the amount  
25          of eighty-five percent of the tuition charged that year at the student's  
26          institution.
- 27          b. If a student who is eligible for an opportunity grant enrolls in a North Dakota  
28          private institution of higher education, for each year the student is entitled to  
29          receive eighty-five percent of the statewide average tuition charged that year  
30          at four-year institutions of higher education under the control of the state  
31          board of higher education.

- 1           6. Beginning with the 2019-20 school year, and each year thereafter:
- 2           a. If a student who is eligible for an opportunity grant enrolls in an institution of
- 3           higher education under the control of the state board of higher education, for
- 4           each year the student is eligible to receive an opportunity grant in the full
- 5           amount of tuition charged that year at the student's institution.
- 6           b. If a student who is eligible for an opportunity grant enrolls in a North Dakota
- 7           private institution of higher education, for each year the student is entitled to
- 8           receive the statewide average tuition charged that year at four-year
- 9           institutions of higher education under the control of the state board of higher
- 10          education.

11           **SECTION 3.** A new section to chapter 15-62.2 of the North Dakota Century Code is  
12 created and enacted as follows:

13           **Opportunity grant - Credit.** The opportunity grant is payable by the state board of

14 higher education to an accredited institution in which the student is enrolled, during each year

15 the student is enrolled, until the student completes the requirements of the associate or

16 baccalaureate program, provided that a student for an associate program may not receive a

17 grant for more than two consecutive years and that a student of a baccalaureate program may

18 not receive a grant for more than four consecutive years. The grant must be credited toward

19 any tuition charges due and payable by the student, after accounting for all other grants,

20 scholarships, and waivers. If the grant exceeds the amount owed by the student, the excess

21 funds must be returned to the program and the student has no further right to the funds. No

22 grants are payable after the 2030-31 school year.

23           **SECTION 4.** A new section to chapter 15-62.2 of the North Dakota Century Code is  
24 created and enacted as follows:

25           **Annual reports.** The state board of higher education shall provide an annual report

26 regarding the opportunity grants to the legislative council. At the same time the superintendent

27 of public instruction shall provide an annual report regarding student demographics and student

28 achievement, as evidenced by cumulative grade point averages and high school course

29 selections.

30           **SECTION 5.** A new section to chapter 15-62.2 of the North Dakota Century Code is  
31 created and enacted as follows:

1           **North Dakota merit award trust fund - Creation - Continuing appropriation.** There  
2 is created in the state treasury a special fund known as the North Dakota merit award trust  
3 fund. The fund consists of any moneys appropriated by the legislative assembly, together with  
4 any gifts or grants received from any public or private sources. The state board of higher  
5 education shall administer the fund. The state investment board shall invest moneys in the fund  
6 in accordance with chapter 21-10, and any income earned must be deposited into the trust  
7 fund. All interest and income from the trust fund is available to the state board of higher  
8 education for the purpose of providing North Dakota opportunity grants under this Act. The  
9 state board of higher education shall return any unexpended amount in the trust fund on  
10 June 30, 2031, to the general fund in the state treasury.

11           **SECTION 6.** A new subdivision to subsection 1 of section 57-38-01.2 of the North  
12 Dakota Century Code is created and enacted as follows:

13                   Reduced by the new graduate earned income deduction, determined as  
14                   follows:

15           (1)   The deduction is equal to the amount of earned income from sources in  
16                   this state during the taxable year which is earned while the individual is  
17                   a resident of this state. For purposes of this paragraph, "earned  
18                   income" has the meaning provided under section 32 of the Internal  
19                   Revenue Code.

20           (2)   The individual must have been awarded:

21                   (a)   An associate degree after December 31, 2004, and before  
22                           January 1, 2016; or

23                   (b)   A baccalaureate or graduate degree after December 31, 2004,  
24                           and before January 1, 2018.

25           (3)   In the case of a degree awarded:

26                   (a)   Before January 1, 2009, the qualifying degree from which  
27                           eligibility under this subdivision is measured is:

28                           [1]   The most recently awarded degree; or

29                           [2]   In the case of a student with a degree awarded before  
30                           January 1, 2009, who since being awarded that degree  
31                           has maintained full-time student status and who has

1 continuously attended school to achieve an additional  
2 degree, the degree the taxpayer identifies to claim the  
3 credit; and

4 (b) After December 31, 2008, the qualifying degree from which  
5 eligibility under this subdivision is measured is:

6 [1] The first degree awarded after that date; or

7 [2] In the case of a student with a degree awarded after  
8 December 31, 2008, who since being awarded that degree  
9 has maintained full-time student status and who has  
10 continuously attended school to achieve an additional  
11 degree, the degree the taxpayer identifies to claim the  
12 credit.

13 (4) As used in this subdivision, the requirement of continuously attending  
14 school is not violated if the period between the award of a degree and  
15 the beginning of the studies for the next degree does not exceed nine  
16 months and the requirement does not require summer attendance  
17 unless the academic program otherwise requires. An interruption of  
18 studies due to military deployment does not violate the requirements of  
19 full-time student status or continuous attendance.

20 (5) If a taxpayer who is entitled to identify the degree for which the taxpayer  
21 will claim the credit under paragraph 3 is unsuccessful in completing the  
22 additional degree, or otherwise ceases to comply with the continuous  
23 and full-time attendance requirements, that taxpayer forfeits the credit  
24 for any year for which the credit was not claimed.

25 (6) The deduction is available for a period of five consecutive taxable  
26 years, with the first year being the first year immediately following the  
27 year of the award of the qualifying degree. An individual is entitled to  
28 the deduction under this subdivision only with respect to the first  
29 qualifying degree awarded to the individual under paragraph 3.

30 **SECTION 7.** A new subdivision to subsection 2 of section 57-38-30.3 of the North  
31 Dakota Century Code is created and enacted as follows:

1                   Reduced by the amount of the new graduate earned income deduction under  
2                   section 1 of this Act.

3                   **SECTION 8. TRANSFER.** The director of the office of management and budget shall  
4 transfer the sum of \$25,000,000 from the general fund in the state treasury to the North Dakota  
5 merit award trust fund on July 1, 2009.

6                   **SECTION 9. LEGISLATIVE INTENT - FUTURE SUPPORT AND TRANSFERS.** It is  
7 the intent of the legislative assembly that, beginning with the 2011-13 biennium, the North  
8 Dakota merit award trust fund be supported in the amount of \$40,000,000 per biennium,  
9 \$15,000,000 of that amount from the accumulated and undivided profits of the Bank of North  
10 Dakota, \$10,000,000 from oil extraction tax revenues, and the remainder from the student loan  
11 trust fund and the lottery operating fund, in the proportions determined by the legislative  
12 assembly.

13                   **SECTION 10. LEGISLATIVE INTENT - ACCESS TO APPROPRIATE EDUCATION.** It  
14 is the intent of the legislative assembly that the state board of public school education, the state  
15 board of higher education, the education standards and practices board, and the state board for  
16 career and technical education continue their joint efforts to establish high standards and  
17 expectations of students at all levels of the education continuum and that the boards do all  
18 things necessary and proper to ensure that the students of this state have access to  
19 challenging curricula, highly qualified teachers and instructors, and an education system that  
20 allows them to meet the promise reflected in their abilities and the demands of a twenty-first  
21 century global economy.

22                   **SECTION 11. PROMISSORY NOTE REQUIREMENTS - CONDITIONS -**  
23 **PREPARATION AND PRESENTATION OF LEGISLATION.**

- 24                   1. During the 2009-10 interim, the state board of higher education shall collaborate  
25 with the Bank of North Dakota to determine the statutory provisions that need to be  
26 enacted to:
- 27                   a. Require that before any payment may be made on behalf of a student under  
28 this Act, the student must execute a promissory note; and
- 29                   b. Establish the conditions upon which a promissory note executed by a student  
30 under this Act must be based.

- 1           2.    The state board of higher education and the Bank of North Dakota shall consider  
2                    all issues pertinent to the terms and conditions of repayment, including relocation  
3                    to accept employment, relocation for graduate school attendance, full-time  
4                    volunteer service, missionary or other religious commitments, military  
5                    commitments, marital and family commitments, health concerns, and the priority of  
6                    other debts.
- 7           3.    The state board of higher education and the Bank of North Dakota shall prepare  
8                    the proposed legislation required by this section and present the legislation to the  
9                    sixty-second legislative assembly.

10           **SECTION 12. EFFECTIVE DATE.** Sections 6 and 7 of this Act are effective for taxable  
11 years beginning after December 31, 2008.