

**HOUSE BILL NO. 1091**

Introduced by

Finance and Taxation Committee

(At the request of the Bank of North Dakota)

1 A BILL for an Act to create and enact a new subdivision to subsection 1 of section 57-38-01.2, a  
2 new subdivision to subsection 2 of section 57-38-30.3, and a new subsection to section  
3 57-38-57 of the North Dakota Century Code, relating to an individual income tax deduction for  
4 contributions to the North Dakota higher education savings plan; to amend and reenact section  
5 6-09-38 of the North Dakota Century Code, relating to administrative fees of the North Dakota  
6 higher education savings plan and tax deductions for contributions to the plan; to provide a  
7 continuing appropriation; and to provide an effective date.

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

9 **SECTION 1. AMENDMENT.** Section 6-09-38 of the North Dakota Century Code is  
10 amended and reenacted as follows:

11 **6-09-38. North Dakota higher education savings plan - Administration - Rules -**  
12 **Continuing appropriation.** The Bank of North Dakota shall adopt rules to administer manage,  
13 promote, and market a North Dakota higher education savings plan. The Bank shall ensure  
14 that the North Dakota higher education savings plan is maintained in compliance with internal  
15 revenue service standards for qualified state tuition programs. The Bank, as trustee of the  
16 North Dakota higher education savings plan, may impose an annual administrative fee to  
17 recover expenses incurred in connection with operation of the plan or for other programs  
18 deemed to promote attendance at an institution of higher education. Administrative fees  
19 received by the Bank are appropriated on a continuing basis to be used as provided in this  
20 section. Contributions made during the taxable year to a higher education savings plan  
21 administered by the Bank, pursuant to the provisions of the plan, are eligible for an income tax  
22 deduction as provided in chapter 57-38. Information related to contributions is confidential  
23 except as is needed by the tax commissioner for determining compliance with the income tax  
24 deduction provided in chapter 57-38.

1           **SECTION 2.** A new subdivision to subsection 1 of section 57-38-01.2 of the North  
2 Dakota Century Code is created and enacted as follows:

3                   Reduced by the amount up to a maximum of five thousand dollars, or ten  
4                   thousand dollars if a joint return is filed, for contributions made under a higher  
5                   education savings plan administered by the Bank of North Dakota, pursuant to  
6                   section 6-09-38.

7           **SECTION 3.** A new subdivision to subsection 2 of section 57-38-30.3 of the North  
8 Dakota Century Code is created and enacted as follows:

9                   Reduced by the amount up to a maximum of five thousand dollars, or ten  
10                  thousand dollars if a joint return is filed, for contributions made under a higher  
11                  education savings plan administered by the Bank of North Dakota, pursuant to  
12                  section 6-09-38.

13           **SECTION 4.** A new subsection to section 57-38-57 of the North Dakota Century Code  
14 is created and enacted as follows:

15                   The tax commissioner may disclose a taxpayer's name, address, and identification  
16                   number to the Bank of North Dakota for the sole purpose of administering the tax  
17                   deduction for contributions to the North Dakota higher education savings plan.

18           **SECTION 5. EFFECTIVE DATE.** Sections 1, 2, and 3 of this Act are effective for  
19 contributions made to a higher education savings plan administered by the Bank of North  
20 Dakota after December 31, 2006, and are effective for taxable years beginning after  
21 December 31, 2006.