

**HOUSE BILL NO. 1092**

Introduced by

Education Committee

(At the request of the Bank of North Dakota)

1 A BILL for an Act to amend and reenact section 6-09-38, subsection 2 of section 6-09-48,  
2 subsection 1 of section 15-62.1-02, and section 15-62.1-04 of the North Dakota Century Code,  
3 relating to the North Dakota higher education savings plan, the federal student loan program,  
4 and the state guarantee loan program; to repeal section 15-62.1-10 of the North Dakota  
5 Century Code, relating to eligibility for participation in the federal student loan program; and to  
6 declare an emergency.

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

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

10 **6-09-38. North Dakota higher education savings plan - Administration - Rules -**  
11 **Continuing appropriation.**

12 The Bank of North Dakota shall adopt rules to administer, manage, promote, and market a  
13 North Dakota higher education savings plan. The Bank shall ensure that the North Dakota  
14 higher education savings plan is maintained in compliance with internal revenue service  
15 standards for qualified state tuition programs. The Bank, as trustee of the North Dakota higher  
16 education savings plan, may impose an annual administrative fee to recover expenses incurred  
17 in connection with operation of the plan ~~or for other programs deemed to promote attendance at~~  
18 ~~an institution of higher education, support the functions of the Bank related to the educational~~  
19 ~~mission of the Bank, or defray the expenses of education as defined by section 529 of the~~  
20 Internal Revenue Code of 1986 [26 U.S.C. 529]. Administrative fees received by the Bank are  
21 appropriated on a continuing basis to be used as provided in this section. Contributions made  
22 during the taxable year to a higher education savings plan administered by the Bank, pursuant  
23 to the provisions of the plan, are eligible for an income tax deduction as provided in chapter  
24 57-38. Information related to contributions is confidential except as is needed by the tax

1 commissioner for determining compliance with the income tax deduction provided in chapter  
2 57-38.

3 **SECTION 2. AMENDMENT.** Subsection 2 of section 6-09-48 of the North Dakota Century  
4 Code is amended and reenacted as follows:

5 2. The funds ~~shall~~must be used to support the functions of the Bank related to higher-  
6 ~~education~~the educational mission of the Bank.

7 **SECTION 3. AMENDMENT.** Subsection 1 of section 15-62.1-02 of the North Dakota  
8 Century Code is amended and reenacted as follows:

9 1. To guarantee all loans ~~which~~that satisfy the requirements set forth in title IV, part B, of  
10 the Higher Education Act of 1965 [20 U.S.C. 1001 et seq.; Pub. L. 89-329; 79 Stat.  
11 1236; Pub. L. 99-498; 100 Stat. 1353; Pub. L. 105-244; 112 Stat. 1581], as amended  
12 through December 31, 1998, upon terms, conditions, and application procedures  
13 commensurate with the federal Higher Education Act of 1965 [20 U.S.C. 1001 et seq.;  
14 Pub. L. 89-329; 79 Stat. 1236; Pub. L. 99-498; 100 Stat. 1353; Pub. L. 105-244;  
15 112 Stat. 1581], as amended through December 31, 1998, if federal coinsurance of  
16 student loans guaranteed by the agency is available. If at any time the agency  
17 determines that student loans made under the terms and conditions of federal  
18 coinsurance programs are no longer adequately serving the needs of North Dakota  
19 students attending postsecondary institutions, or if federal coinsurance is no longer  
20 available, the agency shall notify the industrial commission or its designee. Upon  
21 approval of the industrial commission or its designee, the agency shall guarantee  
22 student loans without federal coinsurance pursuant to rules made by the agency  
23 relating to terms for applicant eligibility in accordance with the provisions of this  
24 chapter. Students whose loans are guaranteed by the agency must be students who  
25 have been accepted for enrollment in postsecondary training or are attending eligible  
26 postsecondary institutions located within or outside this state, and whose loans are for  
27 the purpose of assisting them in meeting their expenses of postsecondary education.  
28 Students who are accepted for enrollment or are attending eligible proprietary or  
29 postsecondary institutions of higher education are eligible to have loans guaranteed by  
30 the agency. The agency shall, by rule, establish minimum qualifications for a person to  
31 be deemed a part-time student for purposes of this chapter.

1       **SECTION 4. AMENDMENT.** Section 15-62.1-04 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **15-62.1-04. Repayment of loans.**

4       The agency shall establish rules for the repayment, or deferment of repayment, of loans  
5 guaranteed under this chapter which are coinsured by the federal government consistent with  
6 the Higher Education Act of 1965, as amended, ~~and. The agency shall also establish~~adopt rules  
7 for the repayment, or deferment of repayment, of loans guaranteed by the agency which are not  
8 coinsured by the federal government.

9       **SECTION 5. REPEAL.** Section 15-62.1-10 of the North Dakota Century Code is repealed.

10       **SECTION 6. EMERGENCY.** This Act is declared to be an emergency measure.