

23.1179.01000

Sixty-eighth
Legislative Assembly
of North Dakota

BILL NO.

Introduced by

Senator Mathern

1 A BILL for an Act to create and enact a new chapter to title 15 of the North Dakota Century
2 Code, a new section to chapter 57-38, and a new subdivision to subsection 7 of section
3 57-38-30.3, relating to the Dakota promise forgivable student loan program and a tuition
4 payment or reimbursement income tax credit; to provide an appropriation; to provide for a
5 continuing appropriation; to provide for a report; to provide for a transfer; and to provide an
6 effective date.

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

8 **SECTION 1.** A new chapter to title 15 of the North Dakota Century Code is created and
9 enacted as follows:

10 **Dakota promise forgivable student loan program.**

11 The state board of higher education, in collaboration with the Bank of North Dakota, shall
12 administer the Dakota promise forgivable student loan program for the purpose of providing
13 forgivable student loans to individuals who demonstrate financial need and who are enrolled at
14 an institution under the control of the state board of higher education or any tribally controlled
15 community college with a physical location in this state.

16 **Dakota promise forgivable student loan fund - Continuing appropriation.**

17 There is created in the state treasury the Dakota promise forgivable student loan fund. The
18 fund consists of moneys transferred into the fund by the legislative assembly, interest earned on
19 moneys in the fund, and loan repayments to the fund. Moneys in the fund are appropriated to
20 the Bank of North Dakota on a continuing basis for the purpose of providing forgivable student
21 loans, as authorized by the state board of higher education, for the Dakota promise forgivable
22 student loan program.

23 **Dakota promise forgivable student loan program - Eligibility.**

24 A Dakota promise forgivable student loan may be distributed to an eligible student who:

- 1 1. Has completed the free application for federal student aid;
- 2 2. Has an annual family adjusted gross income of less than one hundred thousand
- 3 dollars;
- 4 3. Has not earned a baccalaureate degree at the time the forgivable loan is awarded;
- 5 4. Is maintaining academic progress in an academic program according to program
- 6 requirements; and
- 7 5. Has met and continues to meet any requirements established in applicable state board
- 8 of higher education policies or procedures.

9 **Dakota promise forgivable student loan program - Criteria and procedures.**

- 10 1. The Dakota promise forgivable student loan is limited to the actual amount of tuition
- 11 and fees charged by an institution, less any grants or other scholarships received by
- 12 the applicant.
- 13 2. Each Dakota promise forgivable student loan award is for one semester. An award
- 14 may be renewed if the eligible student continues to meet the conditions for eligibility.
- 15 3. A Dakota promise forgivable student loan may be awarded to an eligible student for up
- 16 to sixty credits for the completion of a certificate or associate degree and up to one
- 17 hundred twenty credits for the completion of a baccalaureate degree. The maximum
- 18 credits for which a student is eligible is a total of one hundred twenty credits.
- 19 4. The Dakota promise forgivable student loan must be paid directly to the eligible
- 20 institution in which the student is enrolled.
- 21 5. The state board of higher education shall adopt:
- 22 a. Criteria governing the application process;
- 23 b. Criteria governing the determination of financial need; and
- 24 c. Procedures for providing reports.
- 25 6. The state board of higher education may develop criteria and adopt procedures to
- 26 provide additional incentives to eligible students to ensure the Dakota promise
- 27 forgivable student loan program does not negatively affect enrollment at any eligible
- 28 institution.
- 29 7. The Bank of North Dakota shall adopt procedures for providing fiscal control, fund
- 30 accounting, and reports.

1 **Dakota promise forgivable student loan program - Repayments - Loan forgiveness.**

- 2 1. Except as provided in this section, a program loan recipient shall repay the loan in
3 accordance with the Bank of North Dakota loan agreement.
- 4 2. To be eligible for loan forgiveness, the recipient must:
- 5 a. Have successfully completed an eligible educational program from an eligible
6 institution of higher education;
- 7 b. Reside and work in this state; and
- 8 c. Have met and continue to meet any requirements established in applicable state
9 board of higher education and Bank of North Dakota policies and procedures.
- 10 3. The Bank shall forgive one-third of an eligible recipient's loan balance under this
11 program for each year the recipient meets eligibility requirements under this section for
12 up to three years.

13 **Dakota promise forgivable student loan program - Report.**

14 The state board of higher education shall report biennially to the legislative management
15 and to the appropriations committees of the legislative assembly regarding the Dakota promise
16 forgivable student loan program.

17 **SECTION 2.** A new section to chapter 57-38 of the North Dakota Century Code is created
18 and enacted as follows:

19 **Tuition payment or reimbursement income tax credit.**

- 20 1. A taxpayer that is an employer within this state is entitled to a credit against the
21 income tax liability under section 57-38-30 or 57-38-30.3 for a portion of the cost of
22 tuition paid by the taxpayer on behalf of an eligible employee or the amount
23 reimbursed by the taxpayer to an eligible employee for tuition paid by an eligible
24 employee for education at an institution under the control of the state board of higher
25 education or any tribally controlled community college with a physical location in this
26 state.
- 27 2. The credit allowed under this section is equal to fifty percent of the cost of tuition paid
28 by the taxpayer on behalf of an eligible employee or reimbursed by the taxpayer to an
29 eligible employee during the taxable year.
- 30 3. To be eligible for the credit, the taxpayer must provide information required by the tax
31 commissioner, on a form and in the manner prescribed by the tax commissioner, which

- 1 allows the tax commissioner to determine whether the taxpayer meets the eligibility
2 criteria for the credit under this section.
- 3 4. For purposes of this section, "eligible employee" means a part-time or full-time
4 employee who is employed in the state by the taxpayer and is enrolled at an institution
5 under the control of the state board of higher education or any tribally controlled
6 community college with a physical location in this state.
- 7 5. The credit applies only to tuition costs or reimbursements paid by the taxpayer to an
8 eligible employee on or after the effective date of this section for courses taken by the
9 eligible employee on or after the effective date of this section.
- 10 6. The credit under this section may not exceed the taxpayer's liability as determined
11 under this chapter for the taxable year. Any credit amount exceeding the limitation in
12 this subsection for the taxable year may not be claimed as a carryback or
13 carryforward.
- 14 7. A passthrough entity entitled to the credit under this section must be considered to be
15 the taxpayer for purposes of this section and the amount of the credit allowed must be
16 determined at the passthrough entity level. The amount of the total credit determined
17 at the passthrough entity level must be allowed to the partners, shareholders, or
18 members in proportion to their respective interests in the passthrough entity.
- 19 8. The tax commissioner shall prescribe, design, and make available all forms necessary
20 to effectuate this section.

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

23 Tuition payment or reimbursement income tax credit under section 2 of this Act.

24 **SECTION 4. APPROPRIATION - TRANSFER - DAKOTA PROMISE FORGIVABLE**
25 **STUDENT LOAN FUND.** There is appropriated out of any moneys in the general fund in the
26 state treasury, not otherwise appropriated, the sum of \$50,000,000, which the office of
27 management and budget shall transfer to the Dakota promise forgivable student loan fund, for
28 the period beginning with the effective date of this Act, and ending June 30, 2025.

29 **SECTION 5. EFFECTIVE DATE.** Sections 1 and 4 of this Act become effective upon its
30 filing with the secretary of state. Sections 2 and 3 of this Act are effective for taxable years
31 beginning after December 31, 2023.