

2025 HOUSE FINANCE AND TAXATION

HB 1107

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1107
1/8/2025

Relating to an individual income tax deduction for a segal Americorps education award; and to provide an effective date.

10:46 a.m. Chairman Headland opened the hearing.

Members Present: Chairman Headland, Vice Chair Hagert, Representatives Anderson, Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman

Discussion Topics:

- State Income Tax
- Federal Income Tax
- Americorp
- Higher Education
- Community Service

10:46 a.m. Representative Dave Monson, District 19, introduced the bill and submitted testimony #28214, #28215, #28218, #28213, #28217, and #28216.

10:52 a.m. Senator Tim Mathern, District 11, testified in favor and submitted testimony #28208.

10:57 a.m. Katie Ralston-Howe, Director of Workforce Development, Department of Commerce, provided neutral testimony #28182.

11:02 a.m. Chairman Headland closed the hearing.

11:02 a.m. Representative Anderson moved a Do Pass.

11:02 a.m. Representative J. Olson seconded the motion.

Representatives	Vote
Representative Craig Headland	Y
Representative Jared C. Hagert	N
Representative Dick Anderson	Y
Representative Jason Dockter	Y
Representative Ty Dressler	Y
Representative Austin Foss	Y
Representative Jim Grueneich	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	N
Representative Jeremy L. Olson	Y

Representative Todd Porter	Y
Representative Vicky Steiner	N
Representative Nathan Toman	N

11:06 a.m. Motioned passed 10-4-0.

11:06 am Representative Foss will carry the bill.

11:06 a.m. Chairman Headland closed the meeting.

Joseph Reed, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1107 ([25.0732.01000](#))

Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1107 was placed on the Eleventh order on the calendar.



Neutral Testimony
House Bill 1107
 House Finance and Taxation
 January 8, 2025

TESTIMONY OF

Katie Ralston Howe, Director, Workforce Development Division

Chair Headland and members of the Finance and Taxation Committee, my name is Katie Ralston Howe, and I serve as the director of the workforce development division within the Department of Commerce. Today, I'll be sharing information about AmeriCorps Segal Education Award.

AmeriCorps State is a program that provides grants to nonprofit organizations, public agencies, and tribal communities to recruit, supervise, and train AmeriCorps members to help meet a community need.

The Segal AmeriCorps Education Award is granted to every AmeriCorps member who completes their term of service, which can range from 300 hours to 1700 hours (see chart below). The award can be used to pay for college costs or repay qualified student loans. Currently, the award is taxed as annual gross income, regardless of how it's used. This can create an unfair financial burden for AmeriCorps members, forcing some to delay or abandon their education.

Each year, approximately 150 North Dakotans receive an education award in the value of \$1,565-\$7,395. The value of the education award increases in accordance with the Pell Grant.

AmeriCorps Members across the state are making an impact in the communities through reading and math tutoring, mentoring, capacity building with rural non-profit organizations, and education. Eliminating this tax will allow AmeriCorps members to fully benefit from the award they've earned by serving their communities. Eliminating the tax will also help to supplement efforts to make college more affordable for AmeriCorps alumni. If HB 1107 passes, North Dakota will be the 7th state to eliminate the tax.

Thank You.

Participation Types	# of Hours	Education Award
Full-time (FT)	1,700	\$7,395.00
Three-Quarters (TQT)	1,200	\$5,176.50
Half Time (HT)	900	\$3,697.50
Reduced half-time (RHT)	675	\$2,817.14
Quarter Time (QT)	450	\$1,956.35
Minimum Time (MT)	300	\$1,565.08

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HB 1107
1/8/25

Members of the Committee

I am Tim Mathern. As an appointee of the Governor I serve on the North Dakota State Commission on National and Community Service. This is operational through the Commerce Department and referred to as Serve ND.

We established this program as a way to use federal money to promote volunteerism and community service.

The National and Community Service Act of 1990 was signed into law by President George H.W. Bush to increase volunteerism in the United States. The act established the Commission on National and Community Service, an independent federal agency that supports four types of service: Service-learning programs for school-aged youth, Higher education service programs, Youth corps, and National service demonstration models.

The act's goals include:

- Renewing the ethic of civic responsibility
- Expanding educational opportunities
- Encouraging citizens to engage in national service
- Providing tangible benefits to the communities where national service is performed

The bill before you attempts to exclude the Segal AmeriCorps Education Award received by volunteers from North Dakota income tax. The Department of Commerce has staff here to give you the detail. This program is important to our communities and I ask for a DO PASS recommendation from your committee. Please address questions to Commerce staff.

Thank you.

Fiscal Year 2023

Segal AmeriCorps Education Award amounts for national service positions approved in Fiscal Year 2023 (October 1, 2022-September 30, 2023)

Participation types	Minimum # of hours	Amounts
Full-time (FT)	1,700 (365 days for AmeriCorps VISTA)	\$6,895.00
Three-quarters-time (TQT)	1,200	\$4,826.50
Half-time (HT)	900	\$3,447.50
Reduced half-time (RHT)	675	\$2,626.27
Quarter-time (QT)	450	\$1,824.07
Minimal-time and Summer Associate (MT and SA)	300	\$1,459.26
Abbreviated Time (AT)	100	\$388.03

Segal AmeriCorps Education Award Data

AmeriCorps wants the brightest future for our members: if you serve your country, we award you money for school. To date, AmeriCorps has helped more than a half million Americans pursue their dream of higher education.

AmeriCorps members are eligible for a Segal AmeriCorps Education Award after successful completion of a service term. The award can be used to pay for college or vocational school, to pay back qualified student loans, or in some cases can be transferred to children or grandchildren. The dollar amount of a full-time education award is tied to the maximum amount of the U.S. Department of Education's Pell Grant. AmeriCorps members may earn up to the value of two, full-time education awards and have seven years from the date they receive the award to use it.

Since 1994, AmeriCorps alumni have earned more than \$4 billion in education awards. For decades, these education payments have strengthened institutions and helped Americans pursue their dream of higher education by making it more accessible and affordable.



2021 Top 25 Higher Ed Institutions by Payments

Relay Graduate School of Education	\$9.88 M
Johns Hopkins University	\$2.84 M
Boston University	\$1.73 M
Loyola Marymount University	\$1.69 M
University of California	\$1.53 M
University of Texas	\$1.09 M
University of Notre Dame	\$1.07 M
California State University	\$.91 M
University of North Carolina	\$.91 M
University of Wisconsin	\$.90 M
University of Michigan	\$.89 M
University of Washington	\$.87 M
University of Missouri	\$.85 M
Arizona State University	\$.75 M
Western Governors University	\$.73 M
Southern Methodist University	\$.71 M
University of Minnesota	\$.68 M
Harvard University	\$.64 M
Columbia University	\$.64 M
New York University	\$.64 M
Marian University - Indianapolis	\$.59 M
University of Pennsylvania	\$.58 M
University of Colorado	\$.48 M
National University	\$.48 M
Western State Colorado University	\$.47 M

What types of loans can the education award repay?

Most postsecondary loans backed by the federal government are considered by law to be qualified for repayment with a Segal AmeriCorps Education Award. This includes both subsidized and unsubsidized loans. Also, loans that are made by state agencies, including state colleges and universities are considered qualified.

Qualified loans include:

- Stafford Loans
- Primary Care Loans
- William D. Ford Direct Loans
- Perkins Loans
- Federal Consolidated Loans
- Nursing Student Loans
- Supplemental Loans for Students
- Health Education Assistance Loans
- Loans issued to AmeriCorps members by state agencies, including state institutions of higher education

Is the education award taxable?

Yes. The education award is considered taxable income in the year it is used. For example, if, in 2019 a person uses all or part of an education award for college, for qualified student loans, or both purposes, **all payments** made from the education award in 2019 should be included as taxable income for that year. AmeriCorps does not withhold taxes from the award.

By the end of January each year, AmeriCorps sends a 1099 MISC Form to all AmeriCorps members for whom payments have been made totaling \$600.00 or more during the previous year. These include both payments from education awards and payments of interest that accrued while the person was serving. The 1099 MISC Form reflects the total amount that AmeriCorps reports as taxable miscellaneous income to the IRS.

What are the various roles for an institution that processes requests through MyAmeriCorps Portal?

An **Administrator** should have the authority to assign and designate other staff to the various roles in *My AmeriCorps*, as well as have the authority to perform all of the role functions him or herself. An institution

can designate more than one person as an Administrator.

An Education Award – Expenses Processor should have the authority to determine the dollar amount of an education award that can be used to pay current educational expenses for a particular period of enrollment. This includes being familiar with regulations governing the relevant types of eligible educational expenses—Cost of Attendance for degree or certificate programs and educational expenses for non-degree or GI Bill-approved educational programs. For a more detailed discussion of "eligible expenses", see the link *Pay Educational Expenses*, on the web page *Use Your Education Award*.

An Education Award – Loan Processor should have the authority to determine the payoff amounts for qualified student loans for which a member wishes to make a payment using an education award.

A Forbearance Processor should have the authority to review and approve requests for the forbearance of qualified student loans.

An Interest Payment Processor should have the authority to calculate the amount of interest that accrued on a member's qualified student loan during the individual's term of AmeriCorps service or provide the daily interest rate during the period. System-generated service dates are included with all forbearance requests.

Award Amount

The amount of a full-time Segal AmeriCorps Education Award is equivalent to the maximum value of the Pell Grant for the fiscal year in which the term of national service is approved. The amount of the Pell Grant can change each year. Therefore, the amount of a full-time award can change. Once an individual earns an award, the dollar amount of that award will not change. The award amount for less than half-time service programs varies based on the required terms of service.

Fiscal Year 2024

Segal AmeriCorps Education Award amounts for national service positions approved in Fiscal Year 2024 (October 1, 2023-September 30, 2024)

Participation types	Minimum # of hours	Amounts
Full-time (FT)	1,700 (365 days for AmeriCorps VISTA)	\$7,395.00
Three-quarters-time (TQT)	1,200	\$5,176.50
Half-time (HT)	900	\$3,697.50
Reduced half-time (RHT)	675	\$2,817.14
Quarter-time (QT)	450	\$1,956.35
Minimal-time and Summer Associate (MT and SA)	300	\$1,565.08
Abbreviated Time (AT)	100	\$416.17

2025 SENATE FINANCE AND TAXATION

HB 1107

2025 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1107
2/12/2025

Relating to an individual income tax deduction for a segal Americorps education award; and to provide an effective date.

9:05 a.m. Chairman Weber called the meeting to order.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

Discussion Topics:

- Current income tax structure and rates
- Application of award to retirees
- Salary disbursement from award
- Tribal community participation in Segal Americorps

9:06 a.m. Representative Monson, District 19, introduced HB 1107 and testified in favor.

9:13 a.m. Katie Ralston Howe, Director of Workforce Development, ND Department of Commerce, testified neutral and submitted testimony #37315.

9:19 a.m. Ryan Volk, Program Officer, ND Department of Commerce, testified neutral.

9:21 a.m. Chairman Weber closed the hearing.

9:25 a.m. Senator Marcellais moved a Do Pass.

9:25 a.m. Senator Walen seconded the motion.

Senators	Vote
Senator Mark F. Weber	Y
Senator Dean Rummel	N
Senator Richard Marcellais	Y
Senator Dale Patten	N
Senator Michelle Powers	N
Senator Chuck Walen	Y

Motion failed 3-3-0.

9:26 a.m. Senator Patten moved a Do Not Pass.

9:26 a.m. Vice Chairman Rummel seconded the motion.

Senators	Vote
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Senator Mark F. Weber	N
Senator Dean Rummel	Y
Senator Richard Marcellais	N
Senator Dale Patten	Y
Senator Michelle Powers	Y
Senator Chuck Walen	N

Motion failed 3-3-0.

9:27 a.m. Chairman Weber moved a Without Recommendation.

9:27 a.m. Senator Walen seconded the motion.

Senators	Vote
Senator Mark F. Weber	Y
Senator Dean Rummel	Y
Senator Richard Marcellais	Y
Senator Dale Patten	Y
Senator Michelle Powers	Y
Senator Chuck Walen	Y

Motion passed 6-0-0.

Senator Walen will carry the bill.

9:31 a.m. Chairman Weber closed the hearing.

Chance Anderson, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1107 ([25.0732.01000](#))

Finance and Taxation Committee (Sen. Weber, Chairman) recommends the measure **BE PLACED ON THE CALENDAR WITHOUT RECOMMENDATION** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1107 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.



Neutral Testimony
House Bill 1107
Senate Finance and Taxation
February 12, 2025

TESTIMONY OF

Katie Ralston Howe, Director, Workforce Development Division

Chair Weber and members of the Finance and Taxation Committee, my name is Katie Ralston Howe, and I serve as the director of the workforce development division within the Department of Commerce. Today, I'll be sharing information about AmeriCorps Segal Education Award.

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members to fully benefit from the award they've earned by serving their communities. Eliminating the tax will also help to supplement efforts to make college more affordable for AmeriCorps alumni. If HB 1107 passes, North Dakota will be the 7th state to eliminate the tax.

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