

HOUSE BILL NO. 1529

Introduced by

Representatives Berg, Brusegaard, Klein, Price

Senators Christmann, Flakoll

(Approved by the Delayed Bills Committee)

1 A BILL for an Act to create and enact a new section to chapter 6-09 of the North Dakota
2 Century Code, relating to higher education savings accounts; to amend and reenact section
3 54-27-25 of the North Dakota Century Code, relating to the tobacco settlement trust fund; to
4 provide an appropriation; to provide an expiration date; and to declare an emergency.

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

6 **SECTION 1.** A new section to chapter 6-09 of the North Dakota Century Code is
7 created and enacted as follows:

8 **Higher education savings account - Matching deposit.**

- 9 1. If a higher education savings account is opened in accordance with rules adopted
10 by the Bank of North Dakota under section 6-09-38, and if the designated
11 beneficiary of the account is a resident of this state born on or after the effective
12 date of this Act, the Bank of North Dakota shall place into the account an amount
13 equal to fifty percent of the initial deposit plus fifty percent of any additional
14 deposits made before the beneficiary's first birthday, up to a maximum of one
15 thousand dollars per beneficiary. The Bank of North Dakota shall make the
16 deposits required of the Bank by this section in the same order that the deposits
17 are made by the participants.
- 18 2. The division of vital records of the state department of health shall forward birth
19 information to the Bank of North Dakota and the Bank shall mail notification of the
20 higher education savings account program to the parent of each potential
21 beneficiary. The written notification must indicate that the program, and the
22 opportunity to receive a fifty percent match for all deposits made before a
23 beneficiary's first birthday, was made possible by the North Dakota legislative

1 assembly. For purposes of this subsection, a potential beneficiary is a child who is
2 a resident of this state born on or after the effective date of this Act.

3 3. At the time the Bank of North Dakota makes any deposit required by subsection 1,
4 the Bank shall provide notification of the deposit to the person who established the
5 higher education savings account.

6 4. Once any moneys appropriated to the Bank of North Dakota for the higher
7 education savings account program are expended in accordance with this section,
8 the Bank is under no further obligation to make the deposits.

9 **SECTION 2. AMENDMENT.** Section 54-27-25 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **54-27-25. Tobacco settlement trust fund - Interest on fund - Uses.** There is created
12 in the state treasury a tobacco settlement trust fund. The fund consists of the tobacco
13 settlement dollars obtained by the state under sections IX (payments) and XI (calculation and
14 disbursement of payments) of the master settlement agreement and consent agreement
15 adopted by the east central judicial district court in its judgment entered December 28, 1998
16 [Civil No. 98-3778]. All moneys received by the state pursuant to the judgment and all moneys
17 received by the state for enforcement of the judgment must be deposited in the fund. Interest
18 earned on the fund must be credited to the fund and deposited in the fund. The principal and
19 interest of the fund must be allocated as follows:

20 1. Transfers to a community health trust fund to be administered by the state
21 department of health. The state department of health may use funds as
22 appropriated for community-based public health programs and other public health
23 programs, including programs with emphasis on preventing or reducing tobacco
24 usage in this state. Transfers under this subsection must equal ten percent of total
25 annual transfers from the tobacco settlement trust fund.

26 2. ~~Transfers~~ Except as otherwise provided by law, transfers to the common schools
27 trust fund to become a part of the principal of that fund. Transfers under this
28 subsection must equal forty-five percent of total annual transfers from the tobacco
29 settlement trust fund, less any amount otherwise appropriated by the legislative
30 assembly.

1 3. Transfers to the water development trust fund to be used to address the long-term
2 water development and management needs of the state. Transfers under this
3 subsection must equal forty-five percent of the total annual transfers from the
4 tobacco settlement trust fund.

5 Transfers to the funds under this section must be made within thirty days of receipt by the
6 tobacco settlement trust fund.

7 **SECTION 3. APPROPRIATION.** There is appropriated out of any moneys in the
8 tobacco settlement trust fund in the state treasury the first \$3,500,000 of the amount designated
9 for transfer to the common schools trust fund under subsection 2 of section 54-27-25, or so
10 much of the sum as may be necessary, to the Bank of North Dakota for the purpose of
11 providing matching grants equal to fifty percent of any initial and subsequent deposits made to
12 higher education savings accounts during the first year of a beneficiary's life, for the biennium
13 beginning July 1, 2005, and ending June 30, 2007.

14 **SECTION 4. EXPIRATION DATE.** Section 2 of this Act is effective through June 30,
15 2007, and after that date is ineffective.

16 **SECTION 5. EMERGENCY.** This Act is declared to be an emergency measure.