

2021 HOUSE FINANCE AND TAXATION

HB 1365

2021 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1365
1/27/2021 am

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| A bill relating to an income tax credit for higher education student loan interest payments. |
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Chairman Headland opened the hearing at 9:02am.

| Representatives | Present |
|----------------------------------|---------|
| Representative Craig Headland | P |
| Representative Vicky Steiner | P |
| Representative Dick Anderson | P |
| Representative Glenn Bosch | AB |
| Representative Jason Dockter | P |
| Representative Sebastian Ertelt | P |
| Representative Jay Fisher | P |
| Representative Patrick Hatlestad | P |
| Representative Zachary Ista | P |
| Representative Tom Kading | AB |
| Representative Ben Koppelman | P |
| Representative Marvin E. Nelson | P |
| Representative Nathan Toman | P |
| Representative Wayne A. Trottier | P |

Discussion Topics:

- Income tax credit equal to student loan interest paid

Representative P. Anderson introduced the bill (3750).

Skyler Stoner, resident of Fargo, testified in support (#3637).

Chairman Headland closed the hearing at 9:19am.

Additional written testimony:

Dustin Gawrylow, North Dakota Watchdog Network, submitted written testimony (#3672).

Tom Ternes, Education Market Manager with the Bank of North Dakota, neutral testimony (#2408).

Mary Brucker, Committee Clerk

FOR INDIVIDUALS

FOR BUSINESSES ▶

([/TAX/USER/BUSINESSES](#))

FOR TAX PROFESSIONALS ▶

([/TAX/USER/TAX-PROFESSIONALS](#))

FOR LOCAL GOVERNMENTS ▶

([/TAX/USER/LOCAL-GOVERNMENT](#))

Income Tax Exemptions & Credits for Individuals

North Dakota is a great place to live and work. There are a variety of income tax exemptions and credits that make North Dakota a great choice. Details may be found using the links below. Note that some the links will take you to the "For Business" section as many of them are also available to businesses.

Ag Commodity Processing Facility Investment Tax Credit

([/tax/user/businesses/exemptionsrefundscredits---businesses/income-tax-incentives/agricultural-commodity-processing-facility-investment-tax-credit](#))

Angel Fund Investment Credit ([/tax/user/businesses/exemptionsrefundscredits---businesses/income-tax-incentives/angel-fund-investment-credit](#)) (for funds certified and investments made before July 1, 2017)

Angel Investor Investment Credit ([/tax/user/businesses/exemptionsrefundscredits---businesses/income-tax-incentives/angel-investor-investment-credit](#)) (for funds certified, and investments made after June 30, 2017)

Geothermal Energy Credit ([/tax/user/businesses/exemptionsrefundscredits---businesses/income-tax-incentives/biomass-geothermal-solar-or-wind-energy-credit](#))

Credit for Employing Developmentally Disabled or Severely Mentally Ill Person
(<https://www.nd.gov/tax/user/businesses/exemptionsrefundscredits---businesses/income-tax-incentives/credit-for-employing-developmentally-disabled-or-chronically-mentally-ill-person>)

Credit for Income Tax Paid to Another State and Its Local Jurisdictions
([/tax/user/individuals/exemptionsrefundscredits---individuals/income-tax-exemptionscredits---individuals/credit-for-income-tax-paid-to-another-state-its-local-jurisdictions/](#))

Endowment Fund Contribution Credit (For Individuals)
([/tax/user/individuals/exemptionsrefundscredits---individuals/income-tax-exemptionscredits---individuals/endowment-fund-contribution-credit-for-individuals/](#))

Family Member Care Tax Credit ([/tax/user/individuals/exemptionsrefundscredits---individuals/income-tax-exemptionscredits---individuals/family-member-care-tax-credit/](#))

Marriage Credit ([/tax/user/individuals/exemptionsrefundscredits---individuals/income-tax-exemptionscredits---individuals/marriage-credit/](#))

Nonprofit Private School Contribution Credit
(<https://www.nd.gov/tax/user/businesses/exemptionsrefundscredits---businesses/income-tax-incentives/nonprofit-private-school-contribution-credit>)

Partnership Plan Long-Term Care Insurance Credit ([/tax/user/individuals/exemptionsrefundscredits---individuals/income-tax-exemptionscredits---individuals/partnership-plan-long-term-care-insurance-credit/](#))

Planned Gift Tax Credit ([/tax/user/individuals/exemptionsrefundscredits---individuals/income-tax-exemptionscredits---individuals/planned-gift-tax-credit/](#))

Renaissance Zone Incentives ([/tax/incentives/renaissance/](#))

Seed Capital Investment Credit ([/tax/user/businesses/exemptionsrefundscredits---businesses/income-tax-incentives/seed-capital-investment-tax-credit](#))

Thank you Chairman Hedland and good morning to all members of the Finance and Taxation Committee. My name is Skyler Stoner, a resident of Fargo District 41 and I am here to say I support House Bill No. 1365. As a proud Concordia College Offutt School of Business graduate, class of 2019, one can imagine that I have student debt – pretty significant student debt totaling over \$55,000. Upon graduation, I decided to consolidate all my loans through the Bank of North Dakota as a North Dakota resident and qualify for a lower interest rate. As a young nonprofit professional, my annual salary is below the average per capita income according to US Census data for our state, which of course was adjusted to reflect the 2019 dollar value. At the same time, my student loans are accruing interest at a rate of 1.48% - in 2020 alone, I paid \$1,092.77 of interest; while simultaneously paying \$313.00 in state tax. This \$313 may not seem like a lot to you, but it is a significant bump for a young professional.

House Bill No. 1365 would provide an income tax credit for students like myself. I view this to be beneficial for both the state and the student. To start, North Dakota has a growing focus on finding and retaining highly skilled workers to increase the present and future competitiveness of our state. This bill would be an incentive for students to stay or even move to the state of North Dakota. In addition, a refund of my \$313 taxes would allow me to invest in our local economy. In a non-COVID19 year, it would allow for a slight bump in my disposable income that can be used for things like nights out on the town with friends or a chance to treat my parents to dinner. With the current situation and continued social distancing, it would allow for a few takeout orders and help take care of the growing shopping list of groceries. With over 18,000 people who have loans through the Bank of North Dakota, this economic stimulus is multiplied across every corner of our state.

With many friends in similar student debt, this would be a welcomed tax break for the young. As discussed, the interest is highest at the beginning of payments; with income traditionally being at its lowest. This bill will support our young people, reinforcing the value of continuing education, and serve as a thank you for bringing talent and knowledge to the state that we call home. With that, I want to thank you again Chairman Hedland and the rest of the Finance and Taxation Committee for sharing just a few minutes of your time with me. I hope that you will strongly consider passing this bill.

HB 1365 – Testimony by Dustin Gawrylow (Lobbyist #266) North Dakota Watchdog Network

HB 1365 is a small way North Dakota can set itself apart from other states by offering just a little bit more tax credit for student loan interest.

Our justification for supporting this credit is two fold:

1. It is a carry-forward credit, instead of a refundable tax credit.
2. With the Bank of North Dakota being the primary collector of student loan interest, this is simply one way for the state to stop profiting from the debt of its citizens.

This bill will not solve the student debt problem, but it will make tax time a little less painful.

January 27, 2021

Representing Bank of North Dakota
Tom Ternes, Education Market Manager

HB1365—Income Tax Credit for Higher Education Student Loan Interest Payments

Position: Neutral

Bank of North Dakota will not provide written testimony on HB1365. However, Tom Ternes, the Education Market Manager will be available to answer questions related to proposal.

2021 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1365
1/27/2021 pm

A bill relating to an income tax credit for higher education student loan interest payments.

Chairman Headland opened for discussion at 3:03pm.

| Representatives | Present |
|----------------------------------|---------|
| Representative Craig Headland | Y |
| Representative Vicky Steiner | Y |
| Representative Dick Anderson | Y |
| Representative Glenn Bosch | Y |
| Representative Jason Dockter | Y |
| Representative Sebastian Ertelt | Y |
| Representative Jay Fisher | Y |
| Representative Patrick Hatlestad | Y |
| Representative Zachary Ista | Y |
| Representative Tom Kading | Y |
| Representative Ben Koppelman | Y |
| Representative Marvin E. Nelson | AB |
| Representative Nathan Toman | Y |
| Representative Wayne A. Trottier | Y |

Discussion Topics:

- Committee action

Representative Ertelt made a motion for a Do Not Pass.

Representative Kading seconded the motion.

Roll call vote:

| Representatives | Vote |
|----------------------------------|------|
| Representative Craig Headland | Y |
| Representative Vicky Steiner | Y |
| Representative Dick Anderson | Y |
| Representative Glenn Bosch | Y |
| Representative Jason Dockter | Y |
| Representative Sebastian Ertelt | Y |
| Representative Jay Fisher | Y |
| Representative Patrick Hatlestad | Y |
| Representative Zachary Ista | N |
| Representative Tom Kading | Y |

| | |
|----------------------------------|----|
| Representative Ben Koppelman | Y |
| Representative Marvin E. Nelson | AB |
| Representative Nathan Toman | Y |
| Representative Wayne A. Trottier | Y |

Motion carried 12-1-1

Representative Trottier is the bill carrier.

Chairman Headland closed the discussion at 3:12pm.

Mary Brucker, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1365: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO NOT PASS** (12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HB 1365 was placed on the Eleventh order on the calendar.