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Sixty-third
Legislative Assembly
of North Dakota

SENATE BILL NO. 2160

Introduced by

Senators J. Lee, Grindberg, Heckaman

Representatives Heilman, J. Nelson, Sanford

1 A BILL for an Act to create and enact a new section to chapter 15-10 of the North Dakota
2 Century Code, relating to repayment notes from participants in professional student exchange
3 programs.

4 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

5 **SECTION 1.** A new section to chapter 15-10 of the North Dakota Century Code is created
6 and enacted as follows:

7 Professional student exchange programs - Notes - Repayment.

- 8 1. Before the state board of higher education makes a payment to an out-of-state
9 institution on behalf of an individual participating in a professional student exchange
10 program in dentistry, optometry, or veterinary medicine, that individual must sign a
11 note in an amount equal to that by which the individual's tuition is reduced as a result
12 of a contract between the institution and the board.
- 13 2. Upon graduation, if the individual who signed the note in accordance with subsection 1
14 elects not to practice dentistry, optometry, or veterinary medicine in this state, the
15 individual shall begin repaying the note, together with interest accruing from the date
16 of signing, at the rate of six percent per annum.
- 17 3. Upon graduation, if the individual who signed the note in accordance with subsection 1
18 elects to practice dentistry, optometry, or veterinary medicine in this state, the board
19 shall reduce the amount of the note by one-third for each full year the individual serves
20 in that capacity. If an individual ceases to practice dentistry, optometry, or veterinary
21 medicine in this state before the note is waived in its entirety, the individual shall repay
22 the remaining portion of the note, together with interest accruing at the rate of six
23 percent per annum, from the date that the individual ceased such practice.

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- 1 4. The board shall determine all other terms applicable to the time and manner in which
- 2 the notes must be repaid.
- 3 5. The board shall waive the repayment of a note for the period of time the individual who
- 4 signed the note is:
- 5 a. Pursuing full-time postdoctoral studies; or
- 6 b. Serving as a full-time active duty member of the armed forces.
- 7 6. This section is applicable only to individuals entering a professional student exchange
- 8 program in dentistry, optometry, or veterinary medicine after June 30, 2013.

FISCAL NOTE
Requested by Legislative Council
01/15/2013

Bill/Resolution No.: SB 2160

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$54,000		\$57,000	
Appropriations			\$54,000		\$57,000	

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Requires repayment of state support from participants in professional student exchange programs in dentistry, optometry or veterinary medicine, with one-third of note amount forgiven for each year practicing in ND.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

No fiscal impact in the 2013-15 or 2015-17 biennia, as new students entering the program in the 13-14 academic year would not complete their academic program and potentially enter repayment until 2017-18.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

No repayment collections in the 2013-15 or 2015-17 biennia, as students will not have yet entered potential repayment.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Cost to cover a 50% FTE position in the NDUS Office to administer the repayment provision and other program administration.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

An additional general fund appropriation would be required to cover the administrative overhead costs, so as not to diminish funds available for student support.

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Telephone: 701-328-4116

Date Prepared: 01/18/2013

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Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2160

Introduced by

Senators J. Lee, Grindberg, Heckaman

Representatives Heilman, J. Nelson, Sanford

1 A BILL for an Act to create and enact a new section to chapter 15-10 of the North Dakota
2 Century Code, relating to repayment notes from participants in professional student exchange
3 programs.

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

5 **SECTION 1.** A new section to chapter 15-10 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Professional student exchange programs - Notes - Repayment.**

- 8 1. Before the state board of higher education makes a payment to an out-of-state
9 institution on behalf of an individual participating in a professional student exchange
10 program in dentistry, optometry, or veterinary medicine, that individual must sign an
11 annual note with the Bank of North Dakota in an amount equal to that by which the
12 individual's tuition is reduced as a result of a contract between the institution and the
13 board.
- 14 2. If the individual who signed the note in accordance with subsection 1 is not practicing
15 dentistry, optometry, or veterinary medicine in this state thirty-six months after the
16 individual's date of graduation, the individual shall begin repaying the note, together
17 with interest accruing from the date of signing, at the rate per annum established by
18 the Bank of North Dakota.
- 19 3. a. If the individual who signed the note in accordance with subsection 1 elects to
20 practice dentistry, optometry, or veterinary medicine in this state, or if the
21 individual begins to practice in this state at any time between the individual's
22 graduation and thirty-six months thereafter, the Bank of North Dakota shall
23 reduce the amount of the note by one-third, together with all accrued interest, for
24 each full year the individual serves in that capacity.

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- 1 b. If an individual ceases to practice dentistry, optometry, or veterinary medicine in
2 this state before the note is waived in its entirety, the individual shall repay the
3 remaining portion of the note, together with interest accruing at the rate per
4 annum established by the Bank of North Dakota, from the date that the individual
5 ceased such practice.
- 6 4. If the individual who signed the note in accordance with subsection 1 departs before
7 graduation from a program in dentistry, optometry, or veterinary medicine, the
8 individual shall begin repaying the note, at the time of departure, together with interest
9 accruing from the date of signing, at the rate per annum established by the Bank of
10 North Dakota.
- 11 5. The Bank of North Dakota shall determine all other terms applicable to the time and
12 manner in which the notes must be repaid.
- 13 6. The Bank of North Dakota shall defer any repayment of a note otherwise due under
14 this section, for the period of time the individual who signed the note is:
- 15 a. Pursuing full-time graduate or postdoctoral studies; or
16 b. Called to active duty as a member of the armed forces.
- 17 7. The state board of higher education shall consult with the Bank of North Dakota and
18 adopt rules implementing this section.
- 19 8. This section is applicable only to individuals initially entering a professional student
20 exchange program in dentistry, optometry, or veterinary medicine after June 30, 2014.

FISCAL NOTE
Requested by Legislative Council
02/06/2013

Amendment to: SB 2160

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Requires repayment of state support for students in dentistry, optometry or veterinary medicine, if they do not return to the state to practice within three years of graduation. If they return within three years, one-third of note amount forgiven for each year practicing in ND.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

There is no fiscal impact until, at the earliest, FY19 when the first entering class of Fall 2014 has completed their four-year program and potentially returns to the state to practice. At that time, sufficient state funds would have to be made available to cover the 1/3 annual principal and interest payment for those students who return to the state to practice.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

No repayment collections nor loan forgiveness in the 2013-15 or 2015-17 biennia, as students will not have yet entered potential repayment.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

In future biennia, sufficient state funds would have to be made available to cover the 1/3 annual principal and interest payment for those students who return to the state to practice.

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Date Prepared: 02/07/2013