

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6571

BILL NUMBER: HB 1641

NOTE PREPARED: Jan 11, 2007

BILL AMENDED:

SUBJECT: Military Family Relief Fund.

FIRST AUTHOR: Rep. Dermody

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill extends eligibility for grants from the Military Family Relief Fund to active duty members of the armed forces. The bill provides for grants from the Fund for child care assistance. The bill also provides that a taxpayer may designate on a state income tax return for the benefit of the fund: (1) all or part of a state income tax refund; or (2) a contribution.

Effective Date: July 1, 2007; January 1, 2008.

Explanation of State Expenditures: *Veterans' Affairs Check-Off:* The bill creates a mechanism for Indiana residents to donate money to the Fund when filing individual or joint state income taxes. The Department of State Revenue (DOR) would incur some administrative expenses relating to the revision of tax forms, instructions, and computer programs to incorporate the tax refund check-off for the Military Family Relief Trust Fund. The bill also requires the DOR to include a written description of the purposes and uses of the Fund in the instructions for the individual income tax return. The check-off would begin in tax year 2008. The expenses relating to these changes presumably could be implemented within the DOR's existing budget and resources.

Expansion of Eligible Population: The bill also expands the Military Family Relief Fund to provide assistance to members of the armed forces. Currently, assistance is only provided to a reserve component of the armed forces and national guard members. The Defense Manpower Data Center reports that as of July of 2006, there were approximately 17,737 active military persons residing in Indiana. This figure would be reduced by approximately 2,400 National Guard members who are on active duty and are already eligible for benefits under current statute, resulting in an estimate of approximately 15,300 additional persons who would be eligible for benefits under the bill. (*Note:* The number would be additionally reduced by the number

of reservists who are called up. This number, however, is not known.)

Expansion of the eligible population could potentially increase the number of applications for assistance to the Indiana Department of Veterans' Affairs (IDVA). The IDVA should be able to manage the increase in applications within its existing level of resources.

Expansion of Assistance Categories: The bill allows the IDVA to provide child care assistance to eligible persons. This provision of the bill would have no fiscal impact. Money available from the Fund is dependent on funds available and not on assistance categories.

Explanation of State Revenues: Currently, Indiana individual income tax forms include one check-off fund, the Non-Game Fund. In tax year 2004, the Fund collected \$463,257 from 29,487 tax returns. It is not known how this new check-off for the Military Family Relief Trust Fund will affect the amount of funds that are directed to the Non-Game Fund.

Background Information: Since tax year 2000, the check-off for the Nongame and Endangered Wildlife Fund has generated the annual activity summarized in the table below.

Year	Filers Designating Refunds	Total Refunds Designated	Average Refund Amount Designated
2000	35,281	\$342,578	\$9.71
2001	33,627	\$358,466	\$10.66
2002	32,697	\$362,636	\$11.09
2003	29,069	\$363,478	\$12.50
2004	29,487	\$463,257	\$15.71

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue; Indiana Department of Veterans' Affairs.

Local Agencies Affected:

Information Sources: Deborah Williamson, Defense Manpower Data Center; OFMA Income Tax databases, 2000-2004.

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