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FISCAL IMPACT STATEMENT

LS 7020

BILL NUMBER: HB 1135

NOTE PREPARED: Dec 31, 2008

BILL AMENDED:

SUBJECT: Veterans' Benefits.

FIRST AUTHOR: Rep. Reske

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that the purpose of the Military Family Relief Fund is to provide short-term financial assistance to families of certain service members for hardships resulting from the service members' active duty service. This bill adds a definition for a "dependent". It allows the families of certain service members serving in active components of the armed forces to apply for grants from the Military Family Relief Fund. (Current law provides that assistance from the fund is available only to families of members of the armed forces reserves or the National Guard who are called to active duty.) The bill also provides that a member of the armed forces or National Guard must serve on active duty during a period of national conflict or war to be eligible for a grant from the Military Family Relief Fund.

The bill provides that the dependent of a qualified service member is eligible to receive assistance from the Military Family Relief Fund for up to one year after the earlier of: (1) the end of the qualified service member's active duty; or (2) the cessation of the national conflict or war with respect to which the qualified service member is eligible for assistance.

The bill also requires the transfer of money in the Military Family Relief Fund that is not being used to provide assistance or meet other obligations to the Veterans' Affairs Trust Fund. The bill provides that the purpose of the Veterans' Affairs Trust Fund is to create a self-sustaining funding source for the Military Family Relief Fund. (Under current law, the purpose is to provide assistance to veterans and their families.) This bill also makes related changes.

Effective Date: Upon passage.

Explanation of State Expenditures: This bill increases the population of individuals eligible for grants

under the Military Family Relief Fund (MFRF). Currently, only family members and/or individuals in either the Indiana National Guard or a reserve component of the armed forces from Indiana called to active duty after 9/11/2001 are eligible for grants from the MFRF. The following groups and family members would be made eligible by the bill for grants under the MFRF, regardless of the date they were called to active duty: U.S. Army, U.S. Navy, U.S. Marine Corps, U.S. Air Force, U.S. Coast Guard, the Indiana National Guard, and any reserve component of the aforementioned groups serving active duty after 9/11/2001 and during a time of national conflict or war. Increasing the population that is eligible to receive benefits under the MFRF can increase grant requests from the fund, but may not necessarily increase expenditures from the fund.

The Department of Veterans' Affairs (DVA) reports that in 2007, there were roughly 20,000 individuals included in the strength figures of the Air and Army National Guard, Individual Ready Reserve, along with the Naval, Marine, Air Force, and Army Reserves. Of these individuals, an estimated 5,100 were considered active duty in 2007. The United States Office of the Secretary of Defense estimates that in 2007 there were a total of 16,680 individuals from Indiana serving active duty tours from the four major service branches of the Department of Defense. This 16,680 would include the estimated 5,100 active duty Reservists and Guardsmen figures provided by DVA. The estimated eligible population increase would be 11,580.

In 2007 there were 55 grant applications, of which 33 were approved for grants from the MFRF. Given the increase in the eligible population (327%), grant applications might be expected to increase to 180. Total awards issued from the fund would be limited by the fund's available resources.

Additionally, the bill changes the purpose of the MFRF and the Veterans' Affairs Trust Fund (VATF). The bill provides that the MFRF is to provide short-term financial assistance to families of qualified service members for hardships resulting from the service members' active duty status. Individuals will be eligible to receive assistance and only be eligible for, at most, one year after either the date (a) the member's service ends or (b) the cessation of the national conflict or war. The legislation also defines that the VATF is intended to be a self-sustaining funding source for the MFRF. [Currently, the fund has no mention of any time limitations for benefits. Also, currently, the stated purpose of the VATF is to provide a funding source for programs administered by state agencies for active duty military personnel, veterans, and their families.]

Background Information: In 2007, there was a total of \$140,417 awarded from the MFRF for 33 recipients. During FY 2008 and 2009, the General Assembly appropriated \$450,000 per year to the MFRF. Revenue to the MFRF is generated through sale of the "Support Our Troops" license plates available at the Bureau of Motor Vehicles (BMV); \$20 is designated for the fund for every "Support Our Troops" license plate sold.

The VATF is supported through the sale of the "Hoosier Veteran" license plate, also available at the BMV; \$15 is designated for the fund for every "Hoosier Veteran" license plate sold.

In 2007, 36,252 Hoosier Veteran license plates were sold, netting \$543,780 for the VATF. That same year 19,082 Support Our Troops license plates were sold netting the MFRF \$381,640. Together, the funds collected approximately \$925,000 in 2007.

Explanation of State Revenues: See *Explanation of State Expenditures*, above.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Treasurer of State; Department of Veterans' Affairs.

Local Agencies Affected:

Information Sources: Tom Applegate, DVA; Office of the United States Secretary of Defense; Sarah Meyer, Bureau of Motor Vehicles.

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