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FISCAL IMPACT STATEMENT

LS 6173

BILL NUMBER: SB 31

NOTE PREPARED: Jan 19, 2012

BILL AMENDED: Jan 19, 2012

SUBJECT: Grants from Military Family Relief Fund.

FIRST AUTHOR: Sen. Paul

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill extends the period during which a qualified service member or dependent may be eligible to receive assistance from the Military Family Relief Fund from one year to three years. The bill provides that a member of the Indiana National Guard may be eligible to receive assistance from the Military Family Relief Fund if the member is activated for state duty. The bill also makes technical corrections. The bill also requires the Director of the Indiana Department of Veterans' Affairs (IDVA) to annually provide a report to the State Budget Committee concerning the grant program funded from the Military Family Relief Fund. This bill also makes technical corrections.

(The introduced version of this bill was prepared by the Commission on Military and Veterans Affairs.)

Effective Date: July 1, 2012.

Explanation of State Expenditures: Currently, members of the National Guard who serve on *state duty* that does not exceed 30 consecutive days during a time of national conflict or war are not eligible for benefits from the Military Family Relief Fund (MFRF). This bill will make eligible for benefits Indiana National Guard soldiers who are called to *state duty* that does not exceed 30 days. Under the bill, a member of the National Guard would be eligible for benefits from the MFRF if either they are called into *active duty* during a time of national conflict or war, or the Governor calls the National Guard to *state duty* under IC 10-16-7-7. The eligibility for these benefits will expire three years after the date the member's *state duty* ends.

Currently, Indiana Code defines *active duty* as full-time service in either the armed forces or the Indiana National Guard for a period that exceeds 30 consecutive days (IC 10-17-12-1). *State duty* (IC 10-16-7-7)

requires the Governor to call the Indiana National Guard to duty to defend the state against the following cases: war, invasion, insurrection, public disaster, breach or imminent breach of the peace, forcible obstruction of the law, and at any other time considered necessary by the Governor.

The bill also extends the period during which qualified service members and their dependents may request assistance payments from the MFRF from one year to three years after either the qualified service member's *active duty* ends or the date the cessation of national conflict is declared.

These changes may increase the expenditures of the MFRF to provide additional assistance to members of the Indiana National Guard and qualified service members. Actual increases in expenditures are unknown, but will depend on (1) any instance where the Governor orders the Indiana National Guard to *state duty* for less than 30 days, (2) the number of Indiana National Guard members (or dependents of a National Guard member) who petition the Indiana Veterans' Affairs Commission and are approved for assistance from the MFRF, and (3) the number of qualified service members (or dependents of a qualified service member) who petition the Indiana Veterans' Affairs Commission and are approved for assistance from the MFRF after more than one year (but less than three years) after either the qualified service member's *active duty* ends or the end date of a national conflict is declared. Any request submitted for benefits from the MFRF is subject to the decision of the Indiana Veterans' Affairs Commission as well as availability of funds.

(Revised) *Reporting to the State Budget Committee:* The bill also requires the Director of the Indiana Department of Veterans' Affairs (IDVA) to report to the State Budget Committee concerning the MFRF program. The IDVA currently makes an annual report to the Interim Commission on Veterans' Affairs concerning the MFRF program. This provision of the bill is not expected to increase the workload of the IDVA.

Background Information: Currently, eligibility for assistance payments from the MFRF ends one year after a qualified service member's *active duty* ends and does not apply to members of the Indiana National Guard who are called to *state duty*.

As of August 31, 2011, the IDVA reports the MFRF contains approximately \$599,000 available for assistance payments and has awarded \$751,000 to 262 families since the creation of the fund (average assistance amount of \$2,867 per family).

Revenue in the MFRF primarily comes from the sale of the Support Our Troops license plates issued by the Bureau of Motor Vehicles. Additionally, the Veterans' Affairs Trust Fund (VATF) is established as a nonreverting, self-sustaining funding source for the MFRF. Currently, IDVA leadership decides what revenue in the MFRF is transferred to the VATF for investment. The VATF is also supported by sale of the Hoosier Veteran and POW/MIA license plates.

Between January and July of 2011, a total of 50,618 POW/MIA, Hoosier Veteran, and Support Our Troops license plates have either sold or been renewed, yielding approximately \$854,000 in revenue for the MFRF and VATF. As of October 6, 2011, a total of \$4.5 M is invested in the VATF. This amount includes money transferred from the MFRF for investment in the VATF as well as revenue from sales of the POW/MIA and Hoosier Veteran license plates (current and historical).

Table 1: Military License Plate Sales, January 2011 - July 2011.			
Plate (Deposit Fund)	Group Fee	Sales/Renewals	Revenue Collected
Hoosier Veteran (VATF)	\$15	32,898	\$493,470
POW/MIA (VATF)	\$25	1,285	\$32,125
Support Our Troops (MFRF)	\$20	16,435	\$328,700

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of Veterans' Affairs.

Local Agencies Affected:

Information Sources: Tom Applegate, IDVA.

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