

Members

Rep. Lawrence Buell, Chairperson
Rep. Eric Turner
Rep. William Crawford
Sen. Luke Kenley
Sen. Lindel Hume



COMMISSION ON STATE TAX AND FINANCING POLICY

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MEETING MINUTES¹

Meeting Date: August 29, 2006
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington St.,
Room 404
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Rep. Lawrence Buell, Chairperson; Rep. William Crawford; Sen. Lindel Hume.

Members Absent: Rep. Eric Turner; Sen. Luke Kenley.

I. Call to Order and Introduction of Members

Representative Lawrence Buell, Chairperson of the Commission, called the meeting to order at 10:15 a.m. and introduced the members of the Commission.

II. Review of Commission's Charge

Representative Buell summarized the agenda items for the meeting. Representative Buell explained that the focus of the meeting was to be a hearing on eligibility requirements relating to the state higher education fee remission program for children of deceased and disabled veterans and for the Military Family Relief Fund. He indicated that this issue was specified in SR 46-2006, which was assigned to the Commission for study by the Legislative Council. He also indicated that Senator Delph, who was the primary author of the resolution, could not attend the meeting. As a result, Representative Buell indicated that time would be provided to Senator Delph during a subsequent Commission meeting to discuss his concerns regarding these eligibility issues.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Representative Buell indicated that in addition to issues assigned to the Commission by the Legislative Council, the Commission could study other issues suggested by Commission members. No additional issues were suggested by Commission members at the meeting.

Representative Buell asked Jim Landers, Fiscal Analyst for the Commission, to review the Legislative Council's charge to the Commission reflected in Legislative Council Resolution 06-01. Mr. Landers explained that the issues assigned to the Commission by the Legislative Council are as follows:

- (1) Eligibility for certain military benefits (pursuant to SR 46-2006).
- (2) Expanding eligibility for the property tax deduction for low-income senior citizens by removing assessed value criteria (pursuant to SR 49-2006).
- (3) Child welfare system and funding (pursuant to the request of Rep. Espich).
- (4) Issues pertaining to public transportation and commerce (pursuant to SCR 67-2006).

III. Statutory Fee Remission for Dependents of Deceased and Disabled Veterans

Representative Buell recognized Mr. Tom Applegate, Director, Indiana Department of Veterans Affairs, to discuss the eligibility of children of veterans with a 0% disability rating for the statutory fee remission program for children of deceased and disabled veterans. Mr. Applegate discussed a table (Exhibit 1) summarizing the distribution of Indiana veterans and veterans in other states by disability rating. Mr. Applegate indicated that approximately 534,245 veterans reside in Indiana, with about 46,078 (or 8.62%) receiving compensation from the U.S. Department of Veterans Affairs (VA). Mr. Applegate indicated that there are 230 Indiana veterans who have a 0% disability rating currently. He also indicated that veterans with a 0% disability are not eligible for VA healthcare or disability benefits.

Mr. Applegate indicated that the issue of the statutory fee remission program arose with the 2005 biennial budget bill (HEA 1001-2005), which prohibited the appropriation made to the State Student Assistance Commission of Indiana (SSACI) from being allotted and used for statutory fee remission related to dependents of veterans with disabilities not greater than 0%. As a result of this provision, he indicated that the legislation also reduced the appropriation to SSACI. Mr. Applegate indicated that the eligibility issue was resolved in SEA 75-2006, which provided that SSACI appropriations could be allotted and used for statutory fee remission for dependents of 0% disabled veterans. However, he indicated that the funding of these fee remissions is problematic because SSACI's appropriation was not increased to pay for these additional fee remissions.

Representative Buell asked Mr. Applegate about other benefits the state provides to veterans. Mr. Applegate indicated that these include a property tax exemption, other fee remission programs, a burial allowance for disabled veterans, and the state income tax deduction for military pay and pension income. Mr. Applegate indicated that he would like to see the \$2,000 limit on the income tax deduction increased.

Representative Buell recognized Mr. Dennis Obergfell, Deputy Director of SSACI, to discuss the issues relating to the various statutory fee remission programs, including the eligibility issue relating to children of veterans with a 0% disability rating.

Mr. Obergfell highlighted information provided in a memorandum and tables to the Commission

(Exhibit 2). (Note: The memorandum also contains brief explanations of the attached tables.) He explained how SSACI assumed the administration of the various statutory fee remission programs during the 2001-2002 academic year, and discussed the administration of the programs by higher education institutions prior to that time (Exhibit 2). Mr. Obergfell also explained how the eligibility issue relating to children of veterans with a 0% disability rating arose (Exhibit 2).

Mr. Obergfell provided a brief description of the eligibility and benefit restrictions of the different fee remission programs that are administered by SSACI, including the program for children of deceased and disabled veterans (Exhibit 3). He also presented a comparison of qualification criteria and benefits under the fee remission program for children of deceased and disabled veterans with similar programs in other states (Exhibit 4). He indicated that Indiana's program provides more generous benefits than in the comparison states.

Mr. Obergfell briefly discussed data on the number of students receiving fee remissions and the value of the fee remissions under the programs administered by SSACI during the 2003-04, 2004-05, and 2005-06 academic years (Exhibit 5). He also discussed data relating to fee remissions for the same years received under the program for children of deceased and disabled veterans. This report indicates the average and total value of fee remissions paid for students by disability rating of the parent (Exhibit 6).

Finally, Mr. Obergfell provided a fact sheet on 2006 disability compensation for veterans published by the U.S. Department of Veterans Affairs (Exhibit 7).

Representative Buell asked Mr. Obergfell to explain why there are so many different criteria for the fee remission programs. Mr. Obergfell indicated that it is likely because the programs were created in isolation from the other programs at different times and for different groups. Mr. Obergfell also commented that he thought it would be beneficial to make the criteria and benefits more uniform.

Senator Lindel Hume requested that SSACI provide the Commission with recommended changes to eligibility criteria and benefit restrictions. Mr. Obergfell indicated that such recommendations would depend on whether the priority is to make the criteria and benefits the same without constraints on the resulting cost. He suggested one way to reduce the cost of the program for children of deceased and disabled veterans would be to prorate the value of the fee remission based on the degree of the disability. Additionally, he suggested that costs could be reduced by limiting the fee remission programs to undergraduate expenses.

Senator Hume and Representative Buell asked for clarification of the 0% disability rating. Mr. Tom Applegate was recognized to respond. He indicated that a 0% rating was for any condition that doesn't impair the veterans ability to get and maintain employment. He added that a complication of the issue is that the VA only gives disability ratings in increments of 10%. As a result, a person with a 4% or 5% disability may, in fact, be classified with a 0% disability. Mr. Applegate also stated that while he agrees more benefit uniformity among the fee remission programs is needed, he doesn't want benefits relating to veterans reduced to get uniformity.

Representative Crawford agreed with Mr. Applegate and indicated that the problem relating to the children of 0% disabled veterans was created because the fee remission program was not adequately funded once these children were again allowed to participate in the program. Representative Crawford also indicated that he agreed that the fee remission programs should be limited to costs associated with undergraduate study. But, he indicated that the programs should cover textbook costs as well.

IV. Military Family Relief Fund

Representative Buell recognized Mr. Tom Applegate again to discuss the Military Family Relief Fund (Exhibit 8). Mr. Applegate indicated that the Fund and benefits to be financed from money in the Fund was established under SB 75 of the 2006 legislative session. He indicated that the purpose of the Fund is to provide financial grants to Indiana soldiers and their families who experience financial difficulties while the soldier is mobilized. Mr. Applegate outlined the eligibility requirements and types of assistance. He also highlighted the revenue sources for the fund, including donations and supplemental fees from the sale of the Hoosier Veteran license plate and the Support Our Troops license plate.

Senator Hume asked Mr. Applegate about promotional activity the Department of Veterans Affairs has undertaken to increase awareness of the Fund and encourage donations to the Fund. He suggested that it may be helpful for the Department to obtain publicity via press conferences and attending meetings of community organizations around the state.

V. Adjournment

Representative Buell adjourned the meeting at 11:30 a.m.