

**FINAL REPORT  
OF THE  
COMMISSION ON  
MILITARY AND VETERANS AFFAIRS**



**Indiana Legislative Services Agency  
200 W. Washington St., Suite 301  
Indianapolis, Indiana 46204-2789**

**November 2010**

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2010**

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# Commission on Military and Veterans Affairs

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### Legislative Services Agency Staff

**Bill Brumbach, Fiscal Analyst**  
**Allen Morford, Staff Attorney**

**November 2010**

A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Commission can be accessed from the General Assembly Homepage at <http://www.in.gov/legislative/>.

## FINAL REPORT

### **Commission on Military and Veterans Affairs**

#### **I. STATUTORY DIRECTIVE**

The Indiana General Assembly passed HCR 53-2010 directing the Commission to study state contracting with service-disabled veteran-owned businesses.

The Commission may also study other topics assigned by the Legislative Council or as directed by the Commission's chair.

The Commission is required to report the results of the Commission's study to the General Assembly before November 1 of each year.

The Commission consists of 12 members: 4 representatives; 4 senators; and 4 lay members. The chair of the Legislative Council appoints the chair of the Commission.

#### **II. SUMMARY OF WORK PROGRAM**

The Commission was assigned no additional topics of study by the Legislative Council. The Commission met two times during the 2010 interim session: on October 12 and October 27, 2010.

#### **III. SUMMARY OF TESTIMONY**

##### *State Contracting with Service-Disabled Veteran-Owned Businesses*

The Commission heard testimony from Miriam Dant of Dant Advocacy regarding state contracting with service-disabled veteran-owned businesses (SDVOB). She informed the Commission that SDVOBs currently receive contracting preferences with the federal government and city of Indianapolis. The federal government currently provides a set-aside program to ensure a portion of all federal contracts are awarded to SDVOBs. Under the bill Rep. Terry Goodin proposed during the last meeting of the General Assembly, HB 1121-2010, SDVOBs would only receive a 3% price preference. Ms. Dant informed the Commission that if the state wants to ensure that veterans receive state contracts, a set-aside program would be more effective.

The Commission heard testimony from Mr. Jim Schaefer of Lee and Ryan Environmental Consulting to further discuss state contracting with SDVOBs. Mr. Schaefer presented the federal set-aside process for contracting with SDVOBs and how it can be implemented at the state level. His presentation included costs and benefits of an SDVOB contract set-aside program.

## *Indiana Department of Veterans' Affairs Update*

Mr. Tom Applegate, Director, Indiana Department of Veterans' Affairs, explained that all 92 counties in the state have Veterans' Service Officers (CVSOs). These CVSOs have helped account for an annual flow of federal Veterans' Affairs compensation to Indiana veterans.

Mr. Applegate described the purpose of the Military Family Relief Fund (MFRF) and the Veterans' Affairs Trust Fund (VATF). The MFRF is for families of servicemen and women who have experienced short-term financial difficulty as the result of mobilization or deployment. The VATF has been established as a self-sustaining fund source for the MFRF. Revenue for the VATF is generated from sales of the Hoosier Veteran license plate, and revenue for the MFRF is generated from the sales of the Hoosier Veteran and Support Our Troops license plates. Currently, these two funds have \$4,894,000 in assets, of which \$3 M is invested in the VATF and the remaining portion is available in the MFRF. The total awarded funds to date are \$640,000 to 223 families.

Mr. Applegate also discussed the Veterans' Home. There are currently 263 residents in the Home, and approximately \$3.4 M of federal Stimulus funds will be spent at the Home for renovations and projects. Mr. Applegate informed the Commission the proposed plan to use Stimulus funds on the Commandant's Home has been interrupted as a result of the Commandant's Home transfer from DVA to the Department of Natural Resources.

Additionally, Mr. Applegate suggested the following legislative proposals to the Commission: (1) transferring the responsibility of the Governor's Advisory Commission to the Veterans' Affairs Committee to reduce duplicated efforts between the two bodies and (2) amending Indiana Code regarding the Governor's Commission on Minority and Women-Owned Enterprises to include a priority or preference for veteran-owned businesses.

Mr. Applegate also informed the Commission that requests for Prisoner of War license plates and requests of tuition remission for the Purple Heart recipient program have decreased substantially since last year.

At the second meeting of the Commission, Mr. Applegate provided the Commission with answers to questions members had at the first meeting. Mr. Applegate informed the Commission of the following:

- (1) The qualifications of the Veterans' Affairs Commission members.
- (2) Concerns about food and laundry services at the Veterans' Home have been addressed to the best of the Department's ability given budget constraints.
- (3) The difficulty of keeping trained nurses at the Veterans' Home comes from the Department being unable to offer a competitive nursing salary.
- (4) The Commandant's roof replacement project was changed to roof repairs and should commence sometime in November.
- (5) The vacant position at the Veterans' Home (Director of Health Care Services)

was never meant to be a permanent position, but rather a temporary position created specifically to assist in the transition of the Home from the Indiana State Department of Health to the Department of Veterans' Affairs.

(6) The Department has an interest in establishing a short-term rehabilitation center in the Veterans' Home for soldiers returning from conflict abroad.

#### *Discussion of Merchant Marines (HB 1111-2010)*

The Commission discussed legislation from the previous session of the General Assembly that would add Merchant Marines to the list of veterans who are eligible for state veteran benefits, namely admission to the Veterans' Home. Members of the Commission agreed that the work of the World War II Merchant Marines deserved to be honored by the state.

#### *Testimony Regarding Tax Exemption for Military Income*

The Commission heard audience testimony at both meetings asking the legislature to consider exempting military income. Currently, all neighboring states (with the exception of Kentucky) provide a 100% state tax exemption for military income. Currently, Kentucky provides an exemption up to \$41,000 of military income. According to witness testimony, the legislature's last action to increase the taxable amount was approximately two years ago and only increased the tax-exempt income from \$2,000 to \$5,000.

#### **IV. COMMISSION FINDINGS AND RECOMMENDATIONS**

The Commission voted unanimously to recommend PD 3502 (state contracting with service-disabled veteran-owned businesses) for introduction as legislation for the upcoming session of the General Assembly. The Commission also voted unanimously to accept the draft copy of the final report.

WITNESS LIST

Tom Applegate, Indiana Department of Veterans' Affairs  
Retired Lt. Col. W. A. Ensign, Military Officers' Association of America  
Andy Gothreau, Military Officers' Association of America  
Ron Martin, Military/Veterans' Coalition of Indiana  
Col. Joe Ryan, Military/Veterans' Coalition of Indiana  
Chuck Simon, Veterans of Foreign Wars