

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 175

PRINTER NO. 2179

AMOUNT

No Fiscal Impact

FUND

Persian Gulf Conflict Veterans' Compensation Bond Fund

DATE INTRODUCED

January 22, 2015

PRIME SPONSOR

Representative Goodman

DESCRIPTION AND PURPOSE OF BILL

Act 29 of 2006 created the Persian Gulf Conflict Veterans' Compensation Bond Fund to receive and distribute the proceeds from the sale of \$20 million in bonds approved by the electorate in November of 2006. The funds are used for payments of compensation to commonwealth veterans and beneficiaries of deceased veterans who were active in the Persian Gulf Theater of operations during the period from August 2, 1990 to August 31, 1991 and who have received the Southwest Asia Service Medal. They may receive a one-time benefit of \$75 per month for each month of active service in the Persian Gulf Conflict Theater of Operations. The maximum compensation is \$525 except in the cases of death or if the veteran was a prisoner of war. In such instances the maximum compensation is \$5,000. The Act states that the Adjutant General shall not accept or consider any application filed after August 31, 2015. This legislation extends that application deadline to August 31, 2018.

House Bill 175 amends act 29 of 2006, known as the Persian Gulf Conflict Veterans' Benefit Act, by doing the following:

- Extends the deadline for submitting applications for the program from August 31, 2015 to August 31, 2018; and
- Extends the authorization for the Commonwealth to issue bonds and notes, for the purpose of funding this program, from 10 years to 13 years.

This act shall take effect in 60 days.

FISCAL IMPACT:

According to the Governor's Executive Budget request for FY 2015-2016, there was \$7 million in bonds issued under the \$20 million authorization with \$4.9 million remaining outstanding as of December 31, 2014. The Persian Gulf Conflict Veterans' Compensation Bond Fund (Fund) currently has a balance of \$2.3 million.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

Disbursements from the Fund during the fiscal years 2013-14 and 2014-15 totaled \$113,000 and \$226,000, respectively. Disbursements for the current fiscal year and future years are estimated to be \$200,000. Therefore, it's estimated that no future bond issuances will be necessary as a result of extending the application period for an additional 3 years. If additional bond issuances are required, the Commonwealth would incur costs through the amortization of the bonds and the interest on the bonds. The interest rate on said bonds would be set at the time of the sale of such bonds.

Therefore, enactment of this legislation will not result in an adverse effect on Commonwealth funds.