HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

**HOUSE BILL NO.** 175 **PRINTERS NO**. 2179 **PRIME SPONSOR**: Goodman

**COST / (SAVINGS)**

| FUND | FY 2014/15 | FY 2015/16 |
|---|---|---|
| **General Fund** | **$0** | **$0** |

**SUMMARY**: House Bill 175, Printer's Number 2179, extends the application filing deadline for the 1990-91 Persian Gulf Conflict Veterans' Bonus Program.

**ANALYSIS**: This bill amends Act 29 of 2006, the Persian Gulf Conflict Veterans' Bonus Program by making two specific changes that:

1. extends the time for filing an application from August 31, 2015 to August 31, 2018; and
2. extends the authority for the Commonwealth to issue bonds for the purpose of funding the program which expires December 31, 2019.

It is also amended by adding a new section that requires the Department of Military and Veterans Affairs to submit a report about the program for the period after December 18, 2006, and before January 1, 2016. This report is to outline the amounts of payments, names of veterans receiving compensation, administrative and operating costs for managing the program, and a list of each vendor or consultant utilized to assist the program. An annual report shall also be provided beginning after 2016 to the Senate and House Appropriations Committees as well.

This legislation would take effect in 60 days upon enactment.

**FISCAL IMPACT**: Enactment of this legislation will have no impact on Commonwealth funds. The bill amends the Persian Gulf Conflict Veterans' Bonus Program which provides for a one-time lump sum "bonus" payment to Pennsylvania veterans of the 1990-91 Persian Gulf War. Act 29 of 2006 created a bond referendum ballot question, which was approved and allowed the Commonwealth to incur indebtedness of up to $20 million to implement the program.

Per the Department of Military and Veterans Affairs, the program has received 11,207 applications with over $3.7 million having been paid out to date. The program's Persian Gulf Conflict Veterans' Compensation Bond Fund has a current available balance of $2.34 million to make these payments.

Given that program expenditures were only $192,000 the prior year and future disbursements are projected to be $300,000 annually, the program could continue to operate utilizing existing revenues for another six years. Therefore, extending the program another three years as amended by the legislation will not require additional bonds to be issued unless all available funds are expended before the program's sunset date.

(It should also be noted that only $7 million in bonds were sold to date of the $20 million established under Act 29. Therefore, $13 million in bond funding would be available under the existing authorization. If additional bonds are sold, costs will be dependent upon the timing of bond sales and interest rate(s) set at the time of the sale. The estimated debt service on each $1,000,000 of bonds sold would be $1,446,000 assuming level annual debt service and an interest rate of 3.5 percent.)

**PREPARED BY**: Jeffrey Clukey
Lisa Taglang
House Appropriations Committee (R)

**DATE**: October 19, 2015

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*