

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4186-03
BILL NO.: HB 1908
SUBJECT: Military Affairs; Bonus for Veterans
TYPE: Original
DATE: February 18, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$13,723,647)	(\$27,294,023)	(\$13,716,141)
Veterans' Service Bonus	\$0	\$0	\$0
Total Estimated Net Effect on <u>All State Funds</u> **	(\$13,723,647)	(\$27,294,023)	(\$13,716,141)

**** SUBJECT TO APPROPRIATION**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All Federal Funds</u>	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Adjutant General** assume this bonus program would be administered by the Department of Public Safety - Division of Veterans' Affairs, and therefore, its office would have no fiscal impact.

Officials from the **Department of Public Safety - Missouri Veterans' Commission (VET)** assume the VET would have responsibility for administration of this program. The VET assumes this proposal would qualify approximately 132,500 living veterans in Missouri for the \$400 bonus. Also, this estimate projects the payment at the maximum impact of \$400 per veteran, for a total payout of \$53,000,000 for the base bonus. Additionally, the VET assumes 10% of these veterans have received the Purple Heart, resulting in an additional \$1,325,000 of one-time funds to pay the additional bonus to Purple Heart recipients. Total bonus payments would be \$54,325,000. **This fiscal note estimate has not attempted to project the number of veterans residing in Missouri at the time of entry into the service and participating in World War II. This fiscal note estimate assumes that survivors of veterans who are deceased prior to the passage of this legislation would not be eligible for bonus payments.**

To implement the provisions of this proposal, the **VET** assumes it would need four additional FTE to research military records and provide clerical support for this function. The additional staff would include one Veterans' Benefits Program Administrator (1 FTE at \$34,992 per year), one Accountant (1 FTE at \$29,184 per year), one Account Clerk II (1 FTE at \$22,164 per year) and one Clerk Stenographer (1 FTE at \$20,172 per year). Total administrative costs, including expense and equipment, is anticipated at approximately \$170,000 per year.

Oversight assumes the need for three full-time (3 FTE) temporary personnel (1 Benefits Program Administrator, 1 Clerk Stenographer and 1 Accountant) including necessary expense and equipment to administer the program. Costs are adjusted to reflect expenses associated with three additional FTE in the fiscal impact specifications below. Although the proposed legislation limits all applications for payment to be made within one year of the effective date of this bill, the VET personnel will be responsible for administrative functions of any appeal actions and therefore, will need the temporary personnel longer than one year. It is projected that all veteran bonus payments would be completed by the end of FY 03, and no further expenses would be needed.

Officials from the **Office of the Secretary of State (SOS)** assume the proposed legislation would require the printing of additional pages in the *Missouri Register* and the *Code of State Regulations* and have estimated a publishing cost of \$482 for FY 01. Additionally, future costs

ASSUMPTION (continued)

are unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

While this bill alone would not require SOS to acquire additional staff, SOS assumes the cumulative effect of other bills that require rulemaking may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriations process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

The legislation indicates that monies will need to be appropriated to the Veterans' Service Bonus Fund. **Oversight** assumes the money would be appropriated to the Veterans' Service Bonus Fund and that approximately \$13,581,250 would be paid out in FY 01, \$27,162,500 in FY 02 and \$13,581,250 in FY 03 in the form of bonus payments to veterans.

Officials from the **Department of Revenue (DOR)**, **Office of Administration (COA)** and the **Office of the State Treasurer (STO)** assume this proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
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GENERAL REVENUE FUND

<u>Costs - Appropriation to the Veterans' Service Bonus Fund</u>	<u>(\$13,723,647)</u>	<u>(\$27,294,023)</u>	<u>(\$13,716,141)</u>
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-- SUBJECT TO APPROPRIATION --

L.R. NO. 4186-03
BILL NO. HB 1908
PAGE 5 OF 5
February 18, 2000

DESCRIPTION (continued)

1945; have served a lesser period but were discharged due to injuries received while in active duty; still be in active service in an honorable status; or have been retired, furloughed to a reserve, or placed on inactive status. An additional \$100 bonus must be paid to veterans who received the purple heart medal and were wounded in combat. The bonus may not be paid if the person has been incarcerated for conviction of a felony or violated the Selective Service Act. No bonus is taxable or subject to the claim of any creditor.

The bill creates the Veterans Service Bonus Fund for the payment of bonuses to veterans. The fund is administered by the Division of Veterans Affairs. The bill outlines a process and time in which bonuses must be paid. Persons making false statements relating to a claim for a bonus are guilty of a class A misdemeanor.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Adjutant General
Department of Public Safety - Missouri Veterans' Commission
Office of the Secretary of State
Department of Revenue
Office of Administration
Office of the State Treasurer



Jeanne Jarrett, CPA
Director
February 18, 2000