

Legislative Analysis



MICHIGAN MILITARY AND VETERAN SERVICES SUPPORT FUND

Phone: (517) 373-8080
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House Bill 4380 (H-1) as reported from committee
Sponsor: Rep. Richard M. Steenland
Committee: Military, Veterans and Homeland Security
Complete to 6-10-21

Analysis available at
<http://www.legislature.mi.gov>

BRIEF SUMMARY: House Bill 4380 would create a new act to establish the Michigan Military and Veteran Services Support Fund and the Michigan Military and Veteran Services Support Fund Board and to prescribe the board's powers and duties.

FISCAL IMPACT: The bill would provide a new revenue source for the Department of Military and Veterans Affairs (DMVA) to provide funding for its services and programs through the bill's creation of the Michigan Military and Veteran Services Support Fund. Any allocation of future revenue from the fund for grants or to the DMVA would be determined by the Michigan Military and Veteran Services Support Fund Board created under the bill. Future revenue to the fund, from various donation sources, cannot be estimated at this time. Money in the fund would be subject to legislative appropriation for expenditure.

THE APPARENT PROBLEM:

According to committee testimony, an entity wanted to make a large donation to the Michigan Veterans Affairs Agency, yet it took months to find out how the agency could accept the donation and then legally distribute those funds. The bill proposes the creation of a fund for veterans similar to the Michigan Children's Trust Fund (CTF), which promotes the health, safety, and welfare of Michigan children and families by funding local programs and services that prevent child abuse and neglect. The CTF was legislatively created in 1982 as a charitable and educational endowment fund and can receive various kinds of donations and gifts for disbursement. The bill would create a Michigan Military and Veteran Services Support Fund to promote the health and welfare of Michigan veterans and their families and communities. Many charitable opportunities for donations and gifts exist for this kind of support, and some believe that creating a central, state organization for the distribution of the funds will further support Michigan veterans. This legislation has been proposed to streamline that process and enable private charitable donations and gifts to be easily distributed across the state.

THE CONTENT OF THE BILL:

Michigan Military and Veteran Services Support Fund

The bill would create the Michigan Military and Veteran Services Support Fund as a charitable and educational endowment fund in the Department of Treasury. Contributions made to the fund would be considered tax-deductible donations. Money granted to the fund or received as a gift or donation would be available for disbursement upon appropriation. Money in the fund at the end of the fiscal year would remain in the fund and not lapse to the general fund. The state treasurer would direct the investment of the fund, including investing the assets of the fund as an investment fiduciary under the Public Employee Retirement System Investment Act.

The fund would have to have separate accounts for each of the following:

- Supporting and enhancing Michigan’s military service members, their families, and the economy.
- Supporting and enhancing Michigan’s veterans, their families, and the communities where they live.

The state treasurer would have to annually prepare an accounting of revenues and expenditures from the fund and provide it to the Senate and House of Representatives appropriations committees. The accounting would have to do all of the following:

- Specifically identify the interest and earnings of the fund.
- Describe how the amount of interest and earnings has been affected by expanded investment options.
- Identify how the increased interest and earnings, if any, have been expended.

Michigan Military and Veteran Services Support Fund Board

The bill would also establish the Michigan Military and Veteran Services Support Fund to provide oversight and management of the fund. The board would consist of the following seven members:

- The director of the DMVA or his or her designee.
- The director of the Michigan Veterans Affairs Agency or his or her designee.
- Five members who have background or experience in fundraising or charitable giving, appointed by the governor as follows:
 - One who represents the interests of service members and their families.
 - One who represents the interests of veterans, their families, and the communities where they live.
 - One who represents the interests of a congressionally chartered veteran service organization.
 - One who represents the interests of a military trade association or support entity.
 - One who represents the interests of the general public.

The members would serve staggered four-year terms. The appointed members would serve until appointment of a successor, and vacancies would be filled for the balance of the unexpired term in the same manner as the original appointment.

Members of the board would be subject to 1968 PA 317 and 1968 PA 318, which concern conflict of interest of public servants, and meetings of the board would have to be held in compliance with the Open Meetings Act.

The DMVA would have to provide administrative staff support and other services to the board.

Powers of the board

The board could do all of the following:

- Oversee the fund, request appropriations, and make allocations of revenue from the fund to the DMVA to provide both of the following:
 - Direct grants to an individual or entity for supporting and enhancing Michigan’s military service members, their families, and the economy as well as veterans, their families, and the communities where they live.
 - Supplemental funding to the DMVA for its services and programs.

- Accept, hold, and administer gifts and bequests of money, securities, or other property to carry out the fund's purposes.
- Enter into contracts and execute all instruments necessary and appropriate to carry out the fund's purposes.
- Take reasonably necessary actions to seek, promote, and stimulate contributions for the fund.
- Perform any lawful act necessary or appropriate to carry out the fund's purposes.
- Develop policies and procedures applicable to the management and functioning of the fund.

ARGUMENTS:

For:

Supporters of the bill argue that it would enable private charitable donations and gifts to be easily distributed to Michigan veterans and their families and communities. Similar to how the Children's Trust Fund is able to take donations and fund programs for the prevention of child abuse and neglect across the state, the newly created Michigan Military and Veteran Services Support Fund would be able to take donations and fund programs for the improvement of veterans and their families and communities across the state.

Against:

Critics are concerned that the funds collected under the bill might not be used as intended. Because there are no specifications in the bill that require the board to disburse funds for specific purposes and needs, some fear that misuse of the funds could easily occur.

POSITIONS:

A representative of the Department of Military and Veterans Affairs testified in support of the bill. (5-4-21)

The Vietnam Veterans of America, Michigan State Council, indicated support for the bill. (5-18-21)

Legislative Analyst: Emily S. Smith
Fiscal Analyst: Michael Clossen

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