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House Bill 4380 (Substitute H-1 as passed by the House)
Sponsor: Representative Richard M. Steenland
House Committee: Military, Veterans and Homeland Security
Senate Committee: Families, Seniors, and Veterans

Date Completed: 10-22-21

CONTENT

The bill would create the Michigan Military and Veteran Services Support Fund, establish the Michigan Military and Veteran Services Support Fund Board, and prescribe the Board's powers and duties, including the oversight and management of the Fund.

Specifically, the bill would create the Michigan Military and Veteran Services Support Fund as a charitable and educational endowment fund in the Department of Treasury. The Fund would be required to have separate accounts for supporting and enhancing the State's military service members, their families, and the economy, and supporting and enhancing the State's veterans, their families, and the communities in which they lived.

Under the bill, money granted or received as a gift or donation to the Fund would be available for disbursement upon appropriation. The bill specifies that contributions made to the Fund would be considered tax-deductible donations and that money in the Fund at the end of the fiscal year would have to remain in the Fund and would not lapse to the General Fund.

The State Treasurer would have to direct the investment of the Michigan Military and Veteran Services Support Fund and would have the same authority to invest Fund assets as an investment fiduciary under the Public Employee Retirement System Investment Act. The State Treasurer would have to comply with the Divestment from Terror Act when investing Fund assets. (Under the Public Employee Retirement System Investment Act, an investment fiduciary may invest, reinvest, hold in nominee form, and manage the assets of a public employee retirement system created by the State or one of its political subdivisions, subject to the terms and conditions prescribed by the Act. The Divestment from Terror Act prohibits the State Treasurer, among other entities, from investing State money or other assets in companies with certain types of business operations in countries designated as state sponsors of terror.)

The State Treasurer also would have to prepare an accounting of revenue and expenditures annually from the Fund. The accounting would have to be provided to the Senate and House of Representatives Appropriations Committees and it would have to do the following:

- Specifically identify the interest and earnings of the Fund.
- Describe how the amount of interest and earnings had been affected by the expanded investment options provided by the bill.
- Identify how the increased interest and earnings, if any, had been spent.

The bill would establish the Michigan Military and Veteran Services Support Fund Board to provide oversight and management of the Fund. The Board would have to consist of the

Director of the Department of Military and Veterans Affairs (DMVA), or his or her designee, the Director of the Michigan Veterans Affairs Agency, or his or her designee, and the following five members who would have to have a background or experience in fundraising or charitable giving and would have to be appointed by the Governor:

- One member who represented the interests of service members and their families.
- One member who represented the interests of veterans, their families, and the communities in which they lived.
- One member who represented the interests of a Congressionally chartered veteran service organization.
- One member who represented the interests of a military trade association or support entity.
- One member who represented the interests of the general public.

The appointed members of the Board would have to serve for terms of four years. Of the five members first appointed to the Board, two would have to be appointed for an initial term of one year, two would have to be appointed for an initial term of two years, and one would have to be appointed for an initial term of three years. The appointed members of the Board would have to serve until a successor was appointed and a vacancy would have to be filled for the balance of the unexpired term in the same manner as the original appointment.

Under the bill, the Board could oversee the Fund, request appropriations, and make allocations of revenue from the Fund to provide direct grants to an individual or entity for the purpose of supporting and enhancing the State's military service members, their families, and the economy, and for the purpose of supporting and enhancing the State's veterans, their families, and the communities in which they lived. The bill also would allow the Board to do all the following:

- Accept, hold, and administer gifts and bequests of money, securities, or other property, absolutely or in trust, 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 acts necessary or appropriate to carry out the Fund's purposes.
- Develop policies and procedures applicable to the management and functioning of the Fund.

The Board would have to organize and make its own policies and procedures, and it would be subject to the Open Meetings Act. The members of the Board would be subject to the Public Act 317 of 1968 and Public Act 318 of 1968. The DMVA would have to provide the Board with administrative and staff support and other services. (Public Act 317 prohibits a public servant from soliciting, negotiating, renegotiating, approving, or representing a party to a contract concerning a contract between himself or herself and the public entity of which he or she is an officer. Public Act 318 of 1968 prohibits a State officer from having interest directly or indirectly in any contract with the State or any of its political subdivisions that would cause a substantial conflict of interest.)

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the DMVA. The bill would require the DMVA to provide the proposed Board with administrative staff support and other services, a

cost that likely would run into the tens of thousands of dollars, though it is unclear how this cost would be funded. The bill would allow for contributions to the Fund to be spent upon appropriation, but it is not known what amounts would be contributed to the Fund, or whether those funds would be directed toward supporting Board administrative costs or other veteran-related expenditures (which could help support currently funded veterans programs). If contributions to the Fund did not cover the Department's costs, then General Purpose/General Fund money would have to be used.

Fiscal Analyst: Bruce Baker

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.