

MILITARY FAMILY RELIEF ACT AMENDMENTS

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4811 (Substitute H-1)

Sponsor: Rep. Ray A. Franz

Committee: Military and Veterans Affairs

Complete to 9-23-13

A SUMMARY OF HOUSE BILL 4811 AS REPORTED FROM COMMITTEE

The Military Family Relief Fund receives revenue through a voluntary check-off on the Michigan individual income tax form. Donations to the fund provide grants to qualifying families of military members in either the Michigan National Guard or Reserves who are called to active duty.

House Bill 4811(H-1) would amend the Military Family Relief Fund Act (2004 PA 363) (1) to define what constitutes "need" for which assistance from the relief fund can be provided, (2) to expand the time period during which a qualifying need could occur for the families of members of the reserve component called into active duty, and (3) to allow money in the fund to be used for marketing and outreach. The reserve component of the United States Armed Forces includes the Army and Air National Guard and the reserve forces of the Army, Navy, Air Force, Marine Corps, and Coast Guard.

Under the act, family members of a reservist must have a documented "need" for clothing, food, housing, utilities, medical services or prescriptions, insurance payments, vehicle payments, or other related necessities of daily living. Generally, the fund provides qualifying families up to \$2,000 per calendar year in assistance.

House Bill 4811 (H-1) expands the length time during which the need must have occurred. The act currently provides that the "need" must have occurred while the reservist is on active duty or occurred because the reservist incurred an injury or illness in the line of duty. Under the bill, the need must have occurred at least 30 days after a unit received a mobilization order for active federal service through no later than six months after a unit returned from active federal service.

The bill would continue to allow assistance to be provided when reservists are injured or sickened in the line of duty. A "unit" would be a mobilized unit in which the qualified individual (reservist) is in active federal service.

The bill would define "need" as an unforeseen situation that causes a temporary or short-term financial emergency or hardship that a grant from the relief fund would resolve and for which an applicant can demonstrate the ability to meet expenses in the future.

The act currently limits expenditures from the fund to only assistance grants; no money from the fund may be used in the administration of the fund or in administering the income tax check-off, which provides revenue to the fund. House Bill 4811 (H-1) would

permit not more than \$50,000 allocated annually from the fund to be used for advertising and for marketing in promoting the goals of the fund to the public.

FISCAL IMPACT:

The bills would tend to increase the number of grants and expenditures from the Military Family Relief Fund to an indeterminate extent. The bill generally expands the time in which a need for financial assistance could occur, by specifying that the need would have to occur at least 30 days after the mobilization order and six months after the reservist returns from active federal service. Generally, when a unit in the reserve component is called into active federal service, it receives notice of a pending activation up to 24 months in advance of its mobilization.¹ A mobilization order, which provides formal approval of the mobilization of a unit, should typically be issued 180 days prior to the unit's "mobilization date," which marks the start of its active federal service.² Individual reservists may, however, enter and leave active federal service at any time as part of any planning, preparation, and training necessary for mobilization and deployment.

The bill also provides some clarification of what constitutes a "need" for which grant assistance will be provided. This provides the Department of Military and Veterans Affairs greater authority to limit expenditures from the fund to only actual "needs." This change could potentially reduce the number of grant applications received and processed by the department or increase the number of denials.

The bill would expand the allowable expenditures from the fund to include marketing and outreach activities in support of the fund's goals to provide assistance to the families of reservists called to active duty, capped at \$50,000 annually. This would also increase expenditures from the fund to an indeterminate extent, depending on the nature and success of the outreach activities, as more reservists are aware of the availability of assistance provided by the fund. Increased outreach and awareness could also result in a greater amount of donations to the fund through the department directly or through the income tax check-off. The FY 2013-14 appropriations bill for the Department of Military and Veterans Affairs expressly requires the department to provide outreach to the families of reservists called into active duty regarding the availability of the fund, and requires the department to provide quarterly status reports on grant application activities and the revenues, expenditures and available balance of the fund.

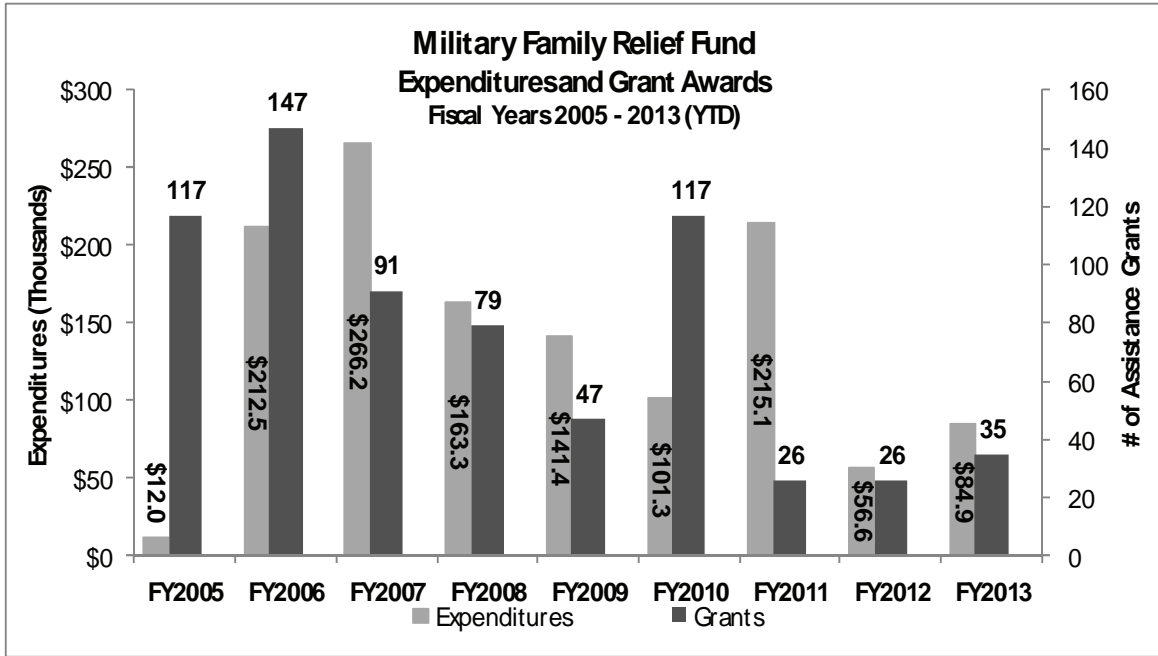
The Military Family Relief Fund receives revenue through a check-off on the Michigan Individual Income Tax (Form MI-1040), as established by Section 438 of the Income Tax Act of 1967 (1967 PA 281, MCL 206.438). Since 2010, the check-off has appeared on a separate schedule with other check-offs, such as Children of Veterans Tuition Assistance, the Children's Trust Fund, and other specialty causes. Following the movement of the

¹ Department of Defense, *Activation, Mobilization, and Demobilization of the Ready Reserve*, Directive No. 1235.10, updated September 21, 2011, <http://www.dtic.mil/whs/directives/corres/pdf/123510p.pdf>.

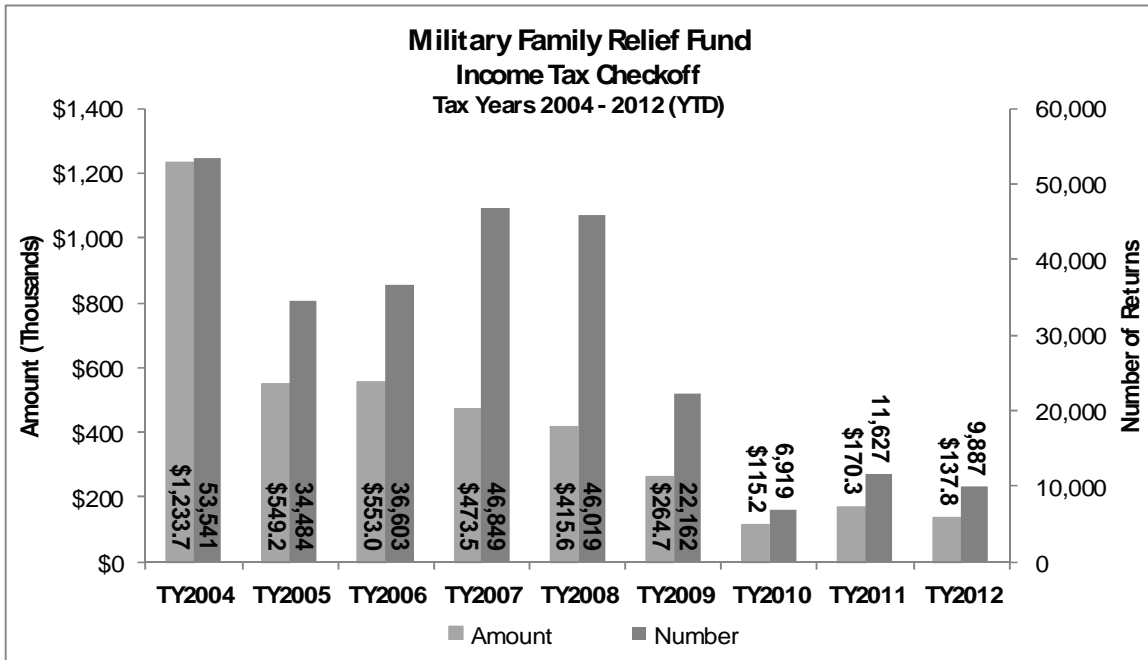
² Department of Defense, Assistance Secretary of Defense, *Reserve Component Alert/Mobilization Decisions Process* (Memorandum), August 20, 2008, <http://ra.defense.gov/documents/rtm/RC%20Alert-MOB%20Decision%20Process%20Implementation%208-08.pdf>.

See, also, Department of Defense, *Accessing the Reserve Component*, Instruction No. 1235.12, updated April 4, 2012, <http://www.dtic.mil/whs/directives/corres/pdf/123512p.pdf>.

check-off from the main form to the separate schedule the number and amount of contributions to the fund has fallen substantially, with TY2012 contributions appearing to be down from the prior two tax years. The following charts show (1) the number of assistance grants awarded and expenditures from the Military Family Relief Fund and (2) the number and amount of contributions made to the fund through the tax check-off.



Source: Expenditures - Michigan Administrative Information Network (MAIN); Assistance Grants - Department of Military and Veterans Affairs



Source: Department of Treasury. Note: Figures shown as TY2012 returns represent all tax returns processed in calendar year 2013 through mid-September and, therefore, could include figures (likely a small amount) from prior tax years not just returns for TY2012.

POSITIONS:

A representative from the Department of Military and Veterans Affairs testified in support of the bill. (9-11-13)

A representative from the Michigan Air National Guard testified in support of the bill. (9-11-13)

American Legion, Marine Corps League & Commanders Group supports the bill. (9-18-13)

Military Order of the Purple Heart supports the bill. (9-18-13)

Vietnam Veterans of America supports the bill. (9-11-13)

Legislative Analyst: E. Best
Fiscal Analyst: Mark Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.