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## FISCAL IMPACT REPORT

SPONSOR Martinez DATE TYPED 2/14/04 HB \_\_\_\_\_

SHORT TITLE Veterans' Services Department Act SB 164/aSRC/aSFC

ANALYST Gilbert

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$210.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
		(see SRC amendment)	Recurring	County Funds

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Veterans' Services Department (VSD)

### SUMMARY

#### Synopsis of SFC Amendment

The Senate Finance Committee amendment to Senate Bill 164 (*the Veterans Services Department Act*) specifies that members appointed to the Veterans Services Advisory Board shall be from different geographical areas of the state.

The amendment also changes the composition of the New Mexico Veterans' Advisory Board by adding an additional member, who must be a veteran of the Iraqi Freedom conflict.

The SFC amendment to SB 164 adds language to section 26, §28-14-2 NMSA 1978 (Laws 1949, Chapter 170, Section 2) *AMOUNTS PAYABLE TO INSTITUTIONS – ELIGIBILITY*, to include Iraqi Freedom veterans.

Synopsis of SRC Amendment

The Senate Rules Committee amendment to Senate Bill 164 makes the following changes on pages 15 and 16:

**§7-37-5.1. DISABLED VETERAN EXEMPTION**

**C. The property of the surviving spouse of a disabled veteran is exempt from property taxation if:**

This amendment deletes subsection 2

- (1) the surviving spouse and the disabled veteran were married at the time of the disabled veteran's death; and
- ~~(2) the property was exempt prior to the disabled veteran's death pursuant to Subsection B of this section; and~~
- ~~(3)~~ (2) the surviving spouse continues to occupy the property continuously after the disabled veteran's death as the spouse's principal place of residence.

Synopsis of Original Bill

Senate Bill 164 creates a Veterans' Services Department (VSD) which is composed of four divisions: administrative services, field services, and state benefits. This bill addresses the directives and recommendations made in Committee Substitute for House Bill 585, passed and signed by the Governor during the 2003 Legislative Session, and by the Legislative Subcommittee on Reorganization. An appropriation of \$210 thousand is allocated to carry out the purposes of the VSD Act, including \$110 thousand for a deputy cabinet secretary position, \$50 thousand for a fiduciary manager, and \$50 thousand to fund the military honors funeral program.

Significant Issues

The VSD provides services to an estimated 200,000 veterans through 11 different programs and intends to aggressively pursue federal funding for many of the department's activities.

**FISCAL IMPLICATIONS**

The \$210.0 appropriation contained in this bill is a recurring expense to the general fund and any unexpended or unencumbered balance remaining at the end of fiscal year 2005 shall revert to the general fund.

**TECHNICAL ISSUES**

The VSD recommends the following amendments to this bill:

Section 21, paragraph C, number (2); the language: "the property was exempt prior to the disabled veterans death" should be removed. This language may prevent the widow of a veteran from accessing this benefit unless she remains in the same house. Many times the widow opts for a smaller house and this language would not allow her to access this benefit.

Section 25, paragraph C, number (3); the language: “a veteran of World War II” should be removed.

**OTHER SUBSTANTIVE ISSUES**

This bill creates a Veterans’ Home advisory board, made up of eight members, to provide advice to the Secretary of the Department of Health (DOH) and to the administrator of the veterans’ home in Ft. Bayard. The VSD believes that per diem for Veterans’ Home Advisory Board members should be paid by the DOH since the board advises the Secretary of DOH and the administrator of the Veterans’ Home at Ft. Bayard. (see Section 25 of the Act).

The VSD also believes that the Advisory Board should only consist of seven members, replacing the slot now filled by a World War II veteran with a veteran of the Gulf War. With the advancing age of World War II veterans, the veteran community may be better served to keep continuity on the board by including a Gulf War veteran.

**RLG/yr:lg**