



**House
Legislative
Analysis
Section**

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BENEFITS FOR ACTIVE DUTY VETS

House Bills 4395, 4479, and 4535-4550
Committee: Military & Veterans Affairs

Sponsors: Rep. Curtis Hertel (House Bill 4395)
Rep. John Bennett (House Bill 4479)
Rep. Dennis Olshove (House Bill 4535)
Rep. David Anthony (House Bill 4536)
Rep. Agnes Dobronski (House Bill 4537)
Rep. Tracey Yokich (House Bill 4538)
Rep. Robert DeMars (House Bills 4539 and 4542)
Rep. Morris W. Hood (House Bills 4540 and 4544)
Rep. Kirk A. Profit (House Bill 4541)
Rep. Dianne Byrum (House Bill 4543)
Rep. Lynn Owen (House Bill 4545)
Rep. Clark Harder (House Bill 4546)
Rep. Paul Baade (House Bills 4547 - 4550)

Complete to 3-18-91

A SUMMARY OF HOUSE BILLS 4395, 4479, AND 4535 - 4550 AS INTRODUCED

The bills would create two new acts and amend various others to provide financial benefits to certain combat and noncombat veterans (and their families) who were called to active duty in the Persian Gulf War by offering to those who qualify and their families, among other things, certain tax breaks, free licenses, eligibility for free medical assistance, and free tuition for state colleges or universities. Also, active duty veterans who were public employees of the state or its political subdivisions would be granted certain supplemental wage guarantees.

House Bill 4395 would create a new act to establish a medical assistance program for dependents of certain veterans who served in "combat duty status" (in an area of "imminent danger with a possibility of threat"). The Department of Social Services would have to establish a program to provide medical assistance to qualifying persons similar to the Medicaid program. A person would be eligible to receive medical assistance under the bill if he or she was a dependent of a veteran who served in combat duty status, was not eligible for any other medical assistance program or health insurance coverage, and was a member of a household having an income level of no more than 200 percent of the income level for eligibility under the Medicaid program. The period of eligibility for the program would begin on the date the veteran assumed combat duty status or the bill's effective date, whichever was later, and would end 12 months after his or her combat duty status ended.

House Bill 4479 would amend Public Act 263 of 1951 (MCL 35.351 et al), which secures certain employment rights and supplemental wage guarantees for public employees of the state or any of its political subdivisions who are called to active military duty, to specify that a public employee who was an armed forces reservist or a member of the Michigan National Guard and was called to active duty in a combat area would have to be paid a supplemental wage by his or her public employer as long as he or she was on active

duty. The supplemental wage would be the difference between what the employee's wage was at the time of call up and his or her military wage while on active duty. The public employer would have to continue all other employment benefits to the employee while he or she was on active duty and receiving a supplemental wage. Except as provided by law, supplemental wages and other employment benefits would be retroactive to the date the employee was called to active duty in a combat zone.

House Bill 4535 would amend the City Income Tax Act (MCL 141.632) to exempt from city income tax all compensation earned by active duty personnel in the U.S. armed forces who served in an area designated as a combat zone by the U.S. President.

House Bills 4536 - 4539, and 4546 would amend various portions of the Income Tax Act to provide certain income tax deductions and tax credits for certain active duty military personnel and their dependents. House Bill 4536 would amend the act (MCL 206.30) to permit all compensation received by a taxpayer while on active duty in the U.S. armed forces in a designated combat area to be deducted from the taxpayer's adjusted gross income. House Bill 4537 would amend the same section of law to allow a taxpayer who was a dependent of an active combat duty military person to exclude from taxable income an amount earned through employment entered into after the military person was placed on active duty.

House Bill 4538 would add a new section to the act (MCL 206.265) to specify that for the 1991 tax year, a taxpayer on active military combat duty, or a dependent of such a person, could receive an income tax credit for an amount determined by the Department of Treasury's Revenue Division to be the average amount of sales tax paid by a taxpayer in 1991 pursuant to the General Sales Tax Act. If the amount of the credit exceeded the tax liability for the taxable year, the excess portion of the credit would have to be refunded to the taxpayer. House Bill 4539 would also add a new section to the act (MCL 206.266) to provide an income tax credit for such persons for an amount determined by the department to reflect the average amount of use tax paid by a taxpayer in 1991 pursuant to the Use Tax Act. As in House Bill 4538, the amount exceeding the tax liability for the taxable year would be refundable.

House Bill 4546 would add a new section to the act (MCL 206.312) to grant a Michigan resident who was on active military duty in a combat zone, notwithstanding any other provision of the act, an extension of time for filing an annual or final income tax return (or estimated tax return) of 180 days after the taxpayer was released from active duty and returned stateside.

House Bill 4540 would create the Operation Desert Storm Tuition Act to offer free tuition to public colleges or universities for dependents of military personnel who were residents of the state and were called to active duty in the Michigan National Guard after August 2, 1990, or who were on active duty in the regular U.S. armed forces and served in a designated combat zone. Each year the legislature would have to appropriate funds needed to implement the bill's provisions.

A state public college or university would have to waive tuition for each dependent of qualifying military personnel if the dependent 1) applied and qualified for admission as a full-time, part-time, or summer school student, 2) was a legal state resident for at least 12 consecutive months before applying, and 3) applied to the Department of Education for tuition waiver under the bill and provided adequate evidence to the department that he or she was a qualifying military personnel dependent and that he or she met the bill's other requirements. Upon application by the school, the department would have to reimburse annually each college or university for the total amount of tuition waived for such students during the immediately preceding fiscal year. The department would have to report to the legislature annually the number of persons whose tuition was waived at each school and the total amounts to be paid. Also, the department would have to provide the necessary forms and applications and would have to cooperate with the state's colleges and universities in developing efficient procedures for implementing the bill.

House Bill 4541 would amend the Michigan Vehicle Code (MCL 257.226) to waive the vehicle registration fee for a veteran called to active duty during the Persian Gulf War whose vehicle registration expired while he or she was on active duty there. The person could apply for a renewal registration within 30 days after his or her release from active duty or hospitalization as a result of injury during active duty service in the gulf war, or within 30 days after return from active duty there. The waiver from the registration fee would only apply to this license renewal.

House Bill 4542 would amend the Hunting and Fishing License Act (MCL 316.316b) to specify that a Michigan resident who was called to active duty in a combat zone and his or her dependents (meaning his or her spouse, child, or parents who were primarily supported by the person) would be eligible to obtain any license, permit or passbook issued under the act free of charge. The holder of a license, permit or passbook issued under the bill would be subject to the same rules and regulations that normally applied. Proof of qualifying military combat duty or of dependency to a person who served on active combat duty would have to be furnished upon application.

House Bill 4543 would amend the Single Business Tax Act (MCL 208.9 and 208.38d) to grant a tax credit to an employer in an amount equal to 50 percent of the amount the employer paid to an armed forces reservist or National Guard member who was activated and served in a designated combat area. If the employer chose not to take the tax credit, he or she could deduct from taxation the amount paid to active combat duty military personnel. The employer, however, could not receive the tax credit if he or she chose to deduct from taxable income the amount paid to qualifying military personnel.

House Bill 4544 would amend the School Code (MCL 380.1272b and 380.1272d) to require a school district board to provide free meals and free milk to all pupils who were not eligible for these under the National School Lunch Act and who were dependents (qualified under the Internal Revenue Code) of the following:

- * A state resident who was a member of the Michigan National Guard or U.S. armed forces reserve and was ordered to active duty after August 2, 1990;
- * A state resident on active duty in the regular U.S. armed forces and serving in a designated combat zone.

The Department of Education would have to pay a school district the actual cost it incurred for each free meal and all free milk it served under the bill. Also, the school board would have to ensure the confidentiality of all information contained in applications for eligibility and that such pupils were not discriminated against or overtly identified in any way.

House Bill 4545 would create a new act to authorize the state to issue general obligation bonds for up to \$205 million that pledged the full faith and credit of the state for their repayment, which would be used to pay service bonuses to certain combat duty veterans and their dependents. The bill would provide for the question of whether to issue such bonds to be submitted for a vote by state electors. "Combat duty" would mean active duty service performed during the Persian Gulf military conflict beginning August 2, 1990.

The question of borrowing up to \$205 million and issuing bonds for the bill's purposes would have to be submitted to the state's electors as provided under Section 15 of Article IX of the State Constitution of 1963 at the next general November election; the bonds could not be issued without voter approval. If electors approved the question, the state would have to borrow up to the specified amount, pledge its faith and credit, and issue serial notes or bonds to raise money for the bill's purposes.

Under the bill, the state treasurer would have to pay qualifying combat veterans a service bonus of \$1,200, and an additional \$30 per month for each month or "major portion of each month" of a veteran's service period up to a maximum of \$900. Benefits paid under the bill would not be considered pay for services rendered and would not be subject to state or city income tax. A person could not receive a bonus as both a veteran and a combat veteran, and benefits provided under the bill would expire June 30, 1996. Benefits would also have to be paid to a qualifying deceased veteran's beneficiary. If a veteran died from service-related causes, his or her beneficiary could receive the difference between \$900 and the portion of \$900 for monthly service work that was received by the veteran. In addition to money allocated by the state legislature to fund the Michigan Veterans' Trust Fund, the state treasurer would have to deposit any money left over after bonuses were paid to all eligible veterans under the bill into the Veterans' Trust Fund.

After bonds were issued, the legislature would have to, by covenant, annually appropriate enough funds to pay promptly when due the principal of and interest on all outstanding bonds authorized by the bill and all costs incidental to paying the bonds. The bill would take effect upon approval of the ballot question by the state's electors.

House Bill 4547 would amend the Revised Judicature Act (MCL 600.1485) to prevent a person from commencing or maintaining certain civil actions against active duty military personnel for 180 days after the person's military service terminated. This provision would apply to public or private legal proceedings involving any of the following:

- * Foreclosing a mortgage on real estate or a land contract deed;
- * Foreclosing a mortgage on real estate by advertisement;
- * Recovering possession of premises by summary proceedings;
- * Termination of a mobile home park tenancy;
- * Recovering possession of goods or chattels and recovering damages;

- * Obtaining possession of or selling goods, possessions, or real estate to satisfy a judgment, or to enforce a lien, security interest, or chattel mortgage on the possessions;
- * Obtaining possession of or selling real estate to enforce a lien on the real estate;
- * Obtaining possession of goods, chattels, or real estate either before or after a judgment was entered.

A court would have to dismiss without prejudice a civil action commenced or maintained in violation of the bill. The bill would suspend the period of limitations for filing a law suit against a qualifying military person so that it would not begin until after the end of 180 days after the person's military service had ended. The bill would not apply to a civil action if the parties agreed in writing or on the record to proceed with civil action, or if the parties agreed in writing or on record for the court to stay further action on the proceedings. The bill would apply to a civil action commenced before, on, or after the bill's effective date.

If a judgment providing any type of relief described in the bill against qualifying military personnel was entered into before the bill's effective date during any part of the prohibited period, the court would have to, at the military person's request, enter an order staying enforcement of the judgment for 180 days after the date of the judgment's entry.

House Bill 4548 would amend the Uniform Commercial Code (MCL 440.9503 and 440.9504) to specify that a secured party could not take possession of collateral upon default by a debtor who was an active duty military serviceperson until the expiration of 180 days after the person's military service ended. The bill would also prevent the secured party from selling, leasing, or otherwise disposing of any or all collateral until after the 180-day period following the end of the person's military service.

House Bill 4549 would amend Public Act 312 of 1915 (MCL 570.301b and 570.302), which enforces by lien the rights of garage keepers who furnish labor or material related to the keeping, repairing or maintaining of certain vehicles, to prevent a garage keeper from selling at public auction an airplane or other type of vehicle owned by qualifying military personnel who have not paid certain dues until after the expiration of 180 days from the date the military person's service had ended. The sale could not take place until at least 20 days after the 180-day waiting period expired, but no later than 60 days after this date.

House Bill 4550 would amend the Motor Carrier Fuel Tax Act (MCL 207.228) to specify that if a person who owed the tax imposed under the act was an active duty military serviceperson, the treasury department could not issue a warrant or levy under the revenue division's official seal to collect the tax from the member during his or her service and until 180 days after the member's military service ended.