



**House  
Legislative  
Analysis  
Section**

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**INCREASE ESTATE ASSET LIMIT  
FOR VETERANS' BURIAL  
ALLOWANCE**

**House Bill 4079 as introduced  
First Analysis (2-28-01)**

**Sponsor: Rep. Scott Shackleton  
Committee: Local Government and  
Urban Policy**

***THE APPARENT PROBLEM:***

In 1948 the legislature passed a statute to provide a burial allowance for veterans if their estates were valued at less than \$3,000. The allowance was set at \$75 in counties with 50,000 people or less, and \$100 in more populous counties. In 1952 the allowance was raised to \$100 and the asset limit to \$5,000. In 1955 the allowance was raised to \$200, and in 1968 to \$300, where it remains. The asset limit has continued to escalate, however, although it has not kept pace with inflation (See *BACKGROUND INFORMATION*, below). Beginning in the late 1950s, the asset limit was increased to \$15,000, then, fifteen years later, to \$25,000. The asset limit has remained capped at \$25,000 since then, although a short-lived increase to \$35,000 was in effect for two years beginning in 1976 and it continued until the legislature returned the limit to \$25,000 in 1978.

At the current asset limit, an estimated 35-40 percent of veteran estates qualify for the burial allowance. In order to increase the proportion of eligible estates and extend the benefit to more families, legislation has been proposed to cap the asset limit at \$38,000, which would be a \$13,000 (or 52 percent) increase.

***THE CONTENT OF THE BILL:***

Public Act 235 of 1911 authorizes counties to provide a \$300 burial allowance for veterans or their wives if the veteran or his wife have an estate not exceeding \$25,000 ("over and above all encumbrances"). The bill would increase the allowable estate amount to \$38,000 and would replace references to "wife" and "widow" with "spouse" and "surviving spouse", respectively.

MCL 35.801

***BACKGROUND INFORMATION:***

The House Fiscal Agency notes (2-5-01) that the burial allowance has been set at \$300 since 1968. If the allowance had increased at the rate of inflation, its value today would be set at \$1,521. Were the state to increase the burial allowance to \$1,500 to keep pace with inflation, the annual statewide cost to counties would be an estimated \$6 million to \$7.2 million.

***FISCAL IMPLICATIONS:***

The House Fiscal Agency notes that no statewide figures exist as to the total number of \$300 allowances paid by counties. Instead, an estimate has been made by inquiring as to the number of allowances paid in a sample of four counties (Ingham, Iron, Isabella, and Washtenaw) and extrapolating the figures across the entire state utilizing county veterans population estimates. Under current law, the total amount of payments paid by counties is estimated to be \$1.5 million to \$1.8 million annually. This figure represents 5,000 to 6,000 allowances per year, equivalent to approximately 35 percent to 40 percent of total veterans deaths in Michigan.

No data exist on the distribution of estate values among veterans (or some similar population), specifically the number who would qualify if the limit were raised from \$25,000 to \$38,000. Assuming an even distribution of estate values across the relevant range yields an estimated increase in county costs of \$780,000 to \$936,000 (the total for all 83 counties). Given the speculative nature of the assumption about estate values, however, the actual cost increase may vary significantly from this range. (2-20-01)

House Bill 4079 (2-28-01)

## **ARGUMENTS**

### ***For:***

The asset limit that makes veterans eligible for the \$300 burial allowance paid by counties was raised by the legislature in 1974 to \$25,000, then raised again in 1976 to \$35,000. However, two years later in 1978, the asset limit was lowered to its 1974 level--\$25,000--where it has remained ever since. At this level it is estimated that about 35-40 per cent of veteran estates are eligible to use the benefit each year, an estimated five- to six-thousand allowances. Given the rate of inflation during the past two decades, it is appropriate to raise the asset limit to \$38,000, a 52 percent increase, so the benefit can be extended to a larger proportion of veteran estates.

### ***Response:***

It may also be appropriate to consider increasing the amount of the burial allowance itself. If the \$300 figure set in the statute had been adjusted for inflation, it would be roughly \$1,500. At least one other bill has been proposed to address this issue: House Bill 4050 would increase both the asset limit (to \$37,500) and the burial allowance amount (to \$450).

### ***Against:***

It could be argued that the bill would have "Headlee" implications, as it would impose increased costs on counties.

## **POSITIONS:**

The American Legion supports the bill. (2-27-01)

The Michigan Association of County Clerks supports the bill. (2-27-01)

The Michigan Association of Counties has no position on the bill. (2-27-01)

Analyst: J. Hunault/R. Young

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■ 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.