

VETERANS BURIAL ALLOWANCE; INCREASE ESTATE LIMIT

House Bill 4299 (Substitute H-3) First Analysis (4-1-03)

Sponsor: Rep. Scott Shackleton
**Committee: Veterans Affairs and
Homeland Security**

THE APPARENT PROBLEM:

Since the enactment of Public Act 170 of 1885, counties have provided burial assistance for deceased veterans. That act required the board of supervisors of each county to appoint a person in each township and ward in the county to “look after and cause to be interred in a decent and respectable manner in any cemetery or burial ground within this state...the body of any honorable discharged Union soldier, sailor, or marine”, who subsequently dies and does not have “means sufficient to defray the necessary funeral expenses.” The act provided that the cost of burying each veteran could not exceed \$40, and would be paid by the county in the same manner as other financial obligations.

The act was substantially amended and recodified with the enactment of Public Act 235 of 1911, which provided that a burial allowance not exceeding \$55 would be paid to the estate of the deceased veteran or the actual person who incurred the burial costs, if the deceased veteran had an estate, both real and personal, of not more than \$1,500. Over the years, Public Act 235 has been amended on several occasions to increase the burial allowance and the estate limit. [See *BACKGROUND INFORMATION*.] Public Act 322 of 1968 set the current burial allowance at \$300. The estate limit was increased to \$35,000 with the enactment of Public Act 186 of 1976, and subsequently lowered to \$25,000 with the enactment of Public Act 374 of 1978. Since the estate limit has not been adjusted in 25 years, legislation has been introduced to do so.

THE CONTENT OF THE BILL:

Public Act 235 of 1911 requires counties to provide a \$300 burial allowance for veterans or their wives if the veteran and his wife have an estate not exceeding \$25,000 “over and above all encumbrances”. The bill would increase the allowable estate amount to \$40,000. However, the estate limit would continue to be \$25,000 in a county if the county board of

commissioners passes a resolution rejecting the increased estate limit. Those counties passing such a resolution would have to file a copy with the Department of Management and Budget, which would be required to report to the legislature a listing of those counties that have rejected the estate limit increase. The bill would take effect 30 days after its enactment.

MCL 35.801

BACKGROUND INFORMATION:

Since the enactment of Public Act 235 of 1911, the burial allowance and estate limit have been increased on several occasions.

- Public Act 165 of 1919 increased the burial allowance to \$75.
- Public Act 125 of 1921 increased the burial allowance in counties with a population of 150,000 or more to \$100, and increased the estate limit to \$3,000.
- Public Act 122 of 1943 set the burial allowance at \$100 for those counties with a population of 50,000 or more.
- Public Act 121 of 1952 set the burial allowance in all counties at \$100, and increased the estate limit to \$5,000.
- Public Act 94 of 1955 increased the burial allowance to \$200.
- Public Act 235 of 1959 increased the estate limit to \$15,000.
- Public Act 322 of 1968 increased the burial allowance to \$300.

- Public Act 99 of 1974 increased the estate limit to \$25,000.
- Public Act 186 of 1976 increased the estate limit to \$35,000.
- Public Act 374 of 1978 decreased the estate limit to \$25,000.

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, no statewide figures exist as to the total number of burial allowances paid by counties. Instead, the estimated costs of providing all allowances under current law have been estimated utilizing data gathered in 2001 from 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 number 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 burial allowances per year, equivalent to approximately 35 percent to 40 percent of total veterans deaths in Michigan. Unfortunately, no data exists 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 \$40,000. The increased costs for counties that would be created by the bill, therefore, are indeterminate. (3-28-03)

ARGUMENTS:

For:

The current estate limit has remained unchanged for the last 25 years. As such, as the rate of inflation has increased the estate values over the years, more and more veterans have become ineligible for the burial allowance, without consideration of any apparent financial need. Though the bill does not increase the estate limit to reflect inflationary increases over the last quarter century, increasing the estate limit by \$15,000 increases the potential pool of veterans who are eligible for the burial allowance. This serves as a small recognition to those who bravely served their country.

Response:

To ensure that the estate limit does not go unchanged for another 25 years, the bill could index the estate limit to the rate of inflation, or set the estate limit at a specific amount in future years (e.g. \$50,000 in 2010 and \$60,000 in 2020). In addition, it is believed that

the burial allowance should also be increased, given the fact that it has remained unchanged since 1968.

For:

In recognition of the potential negative impact the bill may have on counties - especially given the tenuous financial situation many of them are facing - the bill permits counties to continue to provide the burial allowance under current law (that is, for estates that do not exceed \$25,000) if so approved by the county board of commissioners. Further, it is believed that this so-called "opt-out" provision alleviates any possible Headlee implications.

Response:

The opt-out provision could eventually render the bill ineffective if enough counties choose to reject the increased estate limit. In addition, the bill offers no middle ground, in that the estate limit would be either \$25,000 or \$40,000 (depending on whether the county rejected the increase). Perhaps the bill could permit counties to establish the estate limit within a certain range. For instance, there may be a county that would like to increase the estate limit to \$30,000, rather than the full \$40,000. However, some believe that the opt-out provision or language permitting counties to set the estate limit would lead to vast disparities from county to county and unfairly render some ineligible simply because of their county of residence.

POSITIONS:

The Department of Military and Veterans Affairs supports the concept of the bill. (3-27-03)

The Non-Commissioned Officers Association supports the bill. (3-28-03)

The Michigan Association of Counties supports the bill. (3-31-03)

The Commanders Group of Veterans Organizations supports the committee substitute but would prefer the bill in its original form. (3-28-03)

The American Legion supports the bill. (3-28-03)

Analyst: M. 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.