

HOUSE RESEARCH

Bill Summary

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Overview

This bill is known as the "Governor's Veterans Bill of 2006." It contains several proposals that would protect and/or benefit Minnesota's current military personnel, military veterans, and their families. It also appropriates \$3.1 million for fiscal year 2007, all but \$100,000 to the commissioner of veterans affairs, to provide for those benefits.

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1 Employment leave for family members. Requires an employer to grant unpaid leave of absence for up to ten working days to an employee whose immediate family member is killed or injured while serving in active military service.

Subd. 1. Definitions. Defines "*active service*" to broadly include both federal and state active service for any purpose, including training. Defines "*employer*" and "*employee*" as both public and private sector. Defines "*immediate family member*" as the deceased servicemember's parent, child, grandparents, siblings or spouse.

Subd. 2. Leave required. Requires a public or private employer to grant unpaid leave of absence of up to ten working days to an employee whose immediate family member has been killed or injured while serving in active military service.

Subd. 3. Notice. Provides that an employee must give the employer as much notice as is practicable before taking the leave.

Subd. 4. Relationship to other leave. Permits the employer to require an

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employee's use of other available leave (such as paid vacation, sick leave, etc.) before unpaid leave.

- 2 **Cross reference.** Adds a cross reference in the National Guard chapter of Statutes to the leave benefits in section 1.
- 3 **Higher Ed Vets Assistance Offices.** If the commissioner determines that there is a need, this section would require establishment of an office on each campus of the University of Minnesota and each MNSCU institution, as well as each private college and university in Minnesota, for the purpose of providing to veterans who are students or family members of students information regarding all public and private resources available to them, and to assist those veterans in pursuing those resources.
- 4 **Higher Ed Fairness.**

Subd. 1. Definitions.

Subd. 2. Course recognition. Directs MNSCU to recognize courses and award educational credits for a veteran's military training courses, if they meet the standards of the American Council on Education or the equivalent. Encourages the University of Minnesota and private institutions of higher education to do likewise.

Subd. 3. Tuition status. Directs the UMN and MNSCU to treat all veterans as Minnesota residents for undergraduate tuition purposes. It also directs that for graduate school tuition purposes, a veteran must be treated as a resident if the person was a resident upon entering the military and starts the graduate program within two years of completing military service.

Subd. 4. Delayed payment of tuition. Directs that UMN and MNSCU may not assess late fees or other late charges for veterans who are eligible to receive, have applied for, and are awaiting to receive federal educational assistance, nor prevent them from registering for a subsequent term. The institution may require payment from a veteran within 30-days of the veteran's receipt of such federal assistance.

- 5 **Tax subtraction for retired military pay; purpose.** Adds a purpose statement to veterans law, explaining and supporting the new tax subtraction for military retirement pay provided in sections 6 and 7.
- 6 **Exempting military retirement pay from state taxation.** Allows veterans to subtract military retirement pay, thereby exempting it from income taxation by the State. This provision also exempts any military retirement pay received by the veteran's dependent survivors under the Survivor's Benefit Plan - i.e., SBP. (This provision applies to retired members of the National Guard and Reserves, as well as to persons retiring from regular active duty.)

The subtraction would be phased in over a four-year period, using the lesser of the following percentage and amount:

2006 25% \$7,500
2007 50% \$15,000
2008 75% \$22,500
2009 100% no maximum

- 7 **Alternative minimum tax.** Allows a subtraction of military pension income from

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alternative minimum taxable income, to compliment its subtraction from federal taxable income as provided in section 6.

8 Appropriations. Except for \$100,000 in subdivision 4, each of the following appropriations is to the Minnesota Department of Veterans Affairs (MDVA) for fiscal year 2007. [Each of these appropriations becomes part of the agency's base funding.]

Subd. 1. \$2.3 million for the State Soldiers Assistance Fund.

Subd. 2. \$100,000 for development of a state veterans website within the MDVA. The appropriation will fund two new positions: a service coordinator and a website manager.

Prior to encumbering this appropriation, the commissioner must comply with the state's technology planning process in section 16E.03.

Subd. 3. \$100,000 for county veterans service enhancement grants. This appropriation will provide incentive-based grants to counties for enhancing the benefits, programs and services they provide to veterans. A county may not use this funding to reduce its current county veterans service officer (CVSO) funding. This funding may be used to assist counties in consolidating their county veteran service offices.

Subd. 4. \$600,000 for higher education veterans assistance offices. Of this appropriation, \$500,000 is to the MDVA for the campus veterans assistance offices authorized in Section 3 of this bill. The commissioner, in consultation with the Office of Higher Education, must determine the most appropriate methods of using this funding. The commissioner must designate a liaison who is a veteran to the UMN, and another to MNSCU. All new positions would be employees of the Department of Veterans Affairs. \$100,000 is to the Board of Trustees of the Minnesota State Colleges and Universities to facilitate this effort.

Subd. 5. Report. Requires an annual report by veterans affairs to address any written questions the legislature may have about the implementation and effectiveness of the program in subdivision 4.

Subd. 6. Sunset. Sunsets the program described in subdivision 4 by June 30, 2012, or sooner if the number of veterans attending Minnesota public higher education institutions drops to fewer than 4,000 students.

9 Effective dates. Sections 1 and 2 are effective immediately, and apply prospectively to the immediate family members of both: (a) military personnel injured or killed on or after that date; and (b) military personnel recovering from injuries received prior to that date.

Sections 3, 4 and 8 have an implied effective date of July 1, 2006.

Sections 5 to 7 are effective for taxable years beginning after December 31, 2005.