

Testimony on HB 1426 February 9, 2023
Rep. Karen Karls, District 35

Mr. Chairman and Members of the Appropriations Committee...

I've been asked to introduce to you HB 1426. The purpose of this bill is to provide an additional revenue source to increase the principal of the Veterans' Post War Trust Fund (PWTF) which can only grow by investment or by legislative action.

HB 1426 provides for a transfer of 50% of gaming taxes, monetary fines, and interest and penalties collected from a veteran organization into the Veterans' PWTF. According to the fiscal note, last year there were 47 licensed veterans' organizations conducting gaming. Approximately \$1,920,000 in taxes were paid in FY 2022; half of that would go into the PWTF each year.

The Attorney General would need an additional \$18,000 appropriation from the charitable gaming operating fund to upgrade the gaming system to identify all veterans' organizations and calculate 50% of gaming taxes paid by each one.

What is this interest income used for?

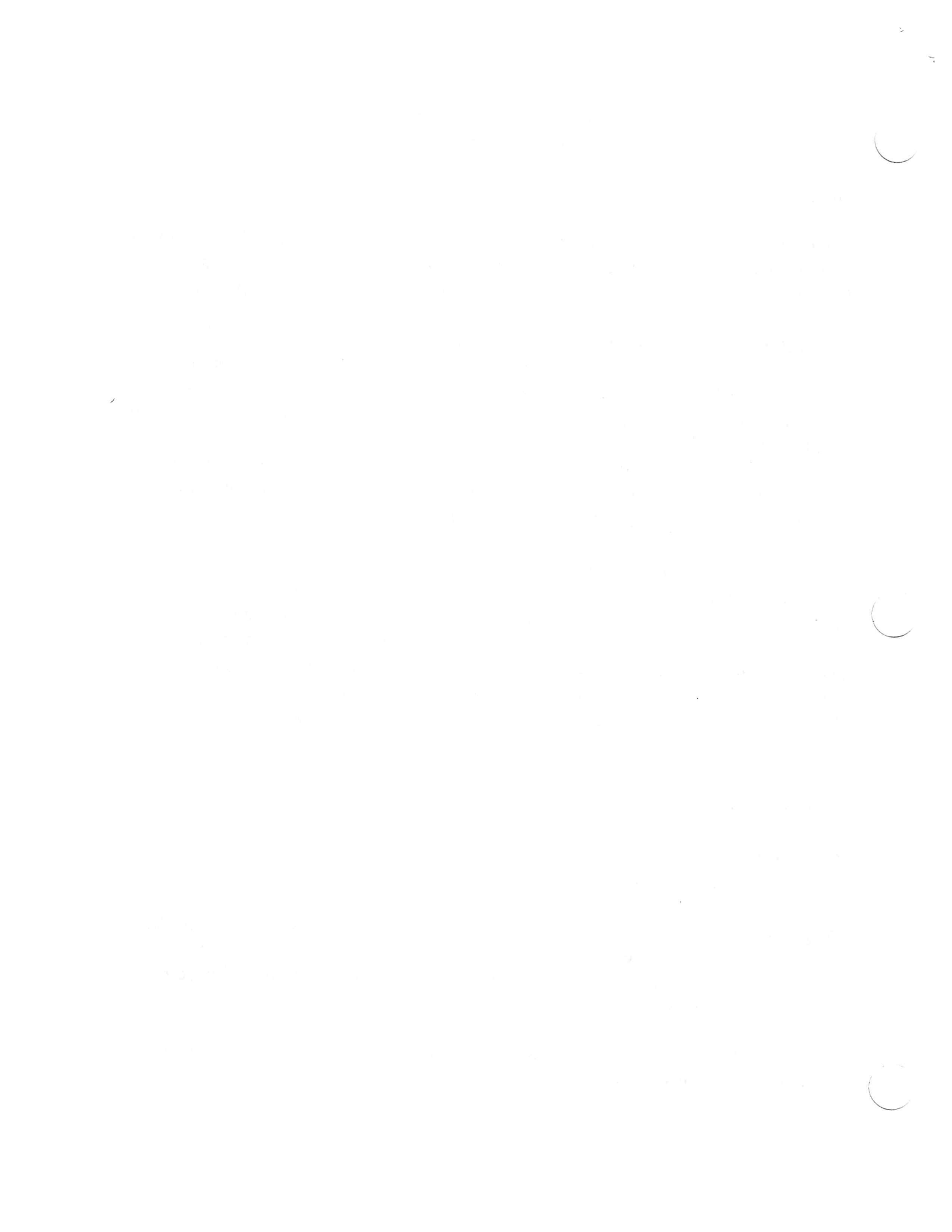
The Administrative Committee on Veterans Affairs (ACOVA) receives interest income from PWTF for use on programs of benefit to ND Veterans and their dependents. The principal of the PWTF cannot be spent. Only the "Interest income" earned in one biennium can be used for service to veterans in the following biennium. This has been less than what is needed.

The interest is used to provide grants for unmet medical needs such as:

- Hearing Aids,
- Dental care,
- Dentures,
- Glasses,
- Housing,
- Transportation to medical appointments, and others.

The grants given are based on income and assets and will provide services for the most vulnerable of ND veterans and dependents. Interest rates are low, and inflation is high. Interest income is not enough to cover needs. Legislative action is required to add to PWTF principal.

Members of the Committee, your Judiciary Committee gave this bill a 13-0 Do Pass and we ask for your approval.



**House Appropriations Committee
68th Legislative Session
Representative Vigesaa -Chair**

Chairman Vigesaa and House Appropriations Committee,

Please accept this testimony in support of HB 1426.

Intent of this bill...

- Provide additional revenue source to increase principal of Veterans Post War Trust Fund (PWTF)

Need for bill...

- Administrative Committee on Veterans Affairs (ACOVA) receives interest income from PWTF for use on programs of benefit to ND Veterans and their dependent.
 - Grants for unmet medical: Hearing Aids, Dental, Denture, Glasses, Housing, Transportation to medical appointments, and others. **Income and asset based.**
- Interest income is not enough to cover needs
- Interest rates are low, and inflation is high
- Legislative action required to add to PWTF principal

History of PWTF

- 1969-1971 Issuance of Bonds and Surtax for Adjusted Compensation to ND Veterans of Vietnam War
- 1988 PWTF established as Permanent Trust Fund with interest income appropriated to ACOVA on continuing basis. Invested by the State Treasurer.
- The principal balance of PWTF was held at \$4.1 Million dollars until 2014
- 2013 Legislative action. **\$250,000** added to principal of PWTF
- 2015 Created Patriotic License Plates. Proceeds to principal. **\$59,990**
- 2019 Created Income Tax Check Off. Proceeds to principal. **\$78,875**
- Income to ACOVA

	<u>Beginning of Biennium balance</u>
○ 2013-2015: \$262,371.92	\$4.5 million
○ 2015-2017: \$274,545.96	\$5.6 million
○ 2017-2019: 218,369.06	\$6.2 million
○ 2019-2021: \$281,474,87	\$6.6 million
○ 2021-2023: \$232,369.67	\$7.9 million
- 2023.1 balance of PWTF: \$7,055,091

Outcome of Bill:

Increased ability for ACOVA and NDDVA to provide grants and services for most vulnerable of ND Veterans and Dependents.

Thank you for your consideration.

Lonnie Wangen Commissioner-NDDVA

North Dakota Constitution: [Article X Section 25](#):

The veterans' postwar trust fund shall be a permanent trust fund of the state of North Dakota and shall consist of moneys transferred or credited to the fund as authorized by legislative enactment. Investment of the fund shall be the responsibility of the state treasurer who shall have full authority to invest the fund only in the same manner as the state investment board is authorized to make investments. All income received from investments is to be utilized for programs which must be of benefit and service to veterans, who are defined by legislative enactment, or their dependents, and such income is hereby appropriated to the administrative committee on veterans' affairs on a continuing basis for expenditure upon those programs selected at the discretion of the [administrative committee on veterans' affairs](#).

NDCC 37-14-14 Veterans' postwar trust fund

The veterans' postwar trust fund is a permanent trust fund of the state of North Dakota and consists of moneys transferred or credited to the fund under this chapter and other laws. Investment of the fund is the responsibility of the state treasurer who shall have full authority to invest the fund only in accordance with chapter 21-10. All income received from investments is to be utilized only for programs of benefit and service to veterans or their dependents, and all income earned in a biennium is appropriated to the administrative committee on veterans' affairs on a continuing basis in the following biennium and not in the biennium the income is earned for expenditure on these programs as authorized by law. Investment of all income received from investments is the responsibility of the state treasurer who has full authority to invest the income received only in accordance with chapter 21-10.