

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB1193

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Moran

3. Committee: Commerce and Labor

4. Title: Military Service Personnel Bill of Rights of 2008.

5. Summary: Provides a number of rights and enhancements to military service personnel who are on active duty and domiciled in the Commonwealth.

6. Fiscal Impact Estimates:

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2009	\$175,000	1.0	NGF (VRS)
2010	\$175,000	1.0	NGF (VRS)
2011	\$175,000	1.0	NGF (VRS)
2012	\$175,000	1.0	NGF (VRS)
2013	\$175,000	1.0	NGF (VRS)
2014	\$175,000	1.0	NGF (VRS)

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2009	Unknown, max \$8 million reduction	GF
2010	Unknown, max \$8 million reduction	GF
2011	Unknown, max \$8 million reduction	GF
2012	Unknown, max \$8 million reduction	GF
2013	Unknown, max \$8 million reduction	GF
2014	Unknown, max \$8 million reduction	GF

7. Budget Amendment Necessary: Yes; revenues on the front page of the budget bill will need to be reduced. In addition, general fund spending on various programs will need to be reduced as a result. In addition, the Virginia Retirement System would require an increase of \$175,000 in nongeneral fund appropriation each year and one authorized position to support the administrative requirements of the group life program provision of this bill.

8. Fiscal Implications: The Department of Taxation indicates that the tax provision of this bill would have an unknown, but potentially substantial, negative impact on general fund revenues. Potentially all 8,900 National Guard and Reserve personnel in Virginia could benefit from this bill. Based on a profile of taxpayers who claim similar military subtractions, the negative revenue impact could potentially reach \$1 million for every 1,100 taxpayers who claim this subtraction. This would result in a loss of general fund revenue of up to \$8 million.

The reduction in general fund revenues available for appropriation will also require a reduction of an equal amount of general fund spending in the introduced budget.

The Virginia Retirement System (VRS) indicates that the group life provision of this bill may have a negative but unknown impact on the basic and optional group life programs. This conclusion is based upon the fact that the National Guard member group is about 84% male compared to about 32% male for the general VRS group active population. The VRS actuary advises that a greater proportion of males will tend to increase insurance program costs. The magnitude of any change to the program will be unknown until the enrollment and experience of Guard members is known. VRS also indicates that this bill will have an administrative impact as well. Specifically, because the National Guard members as a group are not state employees or employees of local political subdivisions, there will be unique issues related to marketing, education, enrollment, and billing. To address this VRS would require one position and \$175,000 NGF each year to implement the provisions of this bill.

This bill would also require the development of state personnel policies providing supplemental pay to any state employee who is on active military duty in the armed forces of the United States and receives active military duty pay in an amount that is less than his regular state pay. This provision of the bill would have no impact on state government because the state already has such policies in place for employees (since Executive Order 44 in 2003).

- 9. Specific Agency or Political Subdivisions Affected:** Department of Taxation, Virginia Retirement System, Department of Human Resource Management, Department of Planning and Budget, and any state agency with employees serving in the National Guard or Reserve components of the United States armed forces.

10. Technical Amendment Necessary: N/A

11. Other Comments: N/A

Date: 1/28/2008 JDH

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