



House of Representatives

General Assembly

File No. 780

January Session, 2011

Substitute House Bill No. 6395

House of Representatives, May 10, 2011

The Committee on Appropriations reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING INTEREST EARNED ON THE SOLDIERS,
SAILORS AND MARINES FUND.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 27-138 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2011*):

3 (a) The Soldiers, Sailors and Marines Fund shall remain as
4 established and shall be in the custody of the Treasurer as trustee of
5 the fund and shall be administered by the treasurer of the American
6 Legion. The Treasurer shall invest the fund and shall reinvest as much
7 of the fund as is not required for current disbursement in accordance
8 with the provisions of part I of chapter 32. The interest accumulations
9 of the fund so held in trust or so much thereof as is found necessary to
10 carry out the purposes hereinafter stated shall be paid, upon the order
11 of the Comptroller, upon such statements as the Comptroller may
12 require, to the treasurer of the American Legion, who shall disburse
13 the same, and the balance of said accumulations, except for a reserve of

14 one hundred thousand dollars held in custody of the trustee for
15 contingent purposes, shall at the end of each fiscal year be added to the
16 principal of the fund. If the interest accumulations of the fund,
17 together with available appropriations, if any, of other funds, are
18 insufficient to carry out the purposes of this part, the Finance Advisory
19 Committee, upon recommendation of the Governor, shall make
20 appropriations therefor from the state General Fund, limited, however,
21 for any fiscal year to amounts which, together with said interest
22 accumulations for such year, shall not exceed the annual interest on
23 thirty-five million dollars at the average rate of the investment yield
24 earned during the preceding fiscal year on the Soldiers, Sailors and
25 Marines Fund, provided, in case of disaster constituting an emergency,
26 as declared by the Governor, the Finance Advisory Committee may
27 make additional appropriations to the fund without regard to such
28 limitation. Any amounts appropriated from the General Fund under
29 the provisions of this subsection on or after July 1, 2002, and disbursed
30 by the treasurer of the American Legion to carry out the purposes of
31 this part, shall be repaid to said fund in accordance with the provisions
32 of subsection (b) of this section. Payments to the treasurer of the
33 American Legion shall be made at such definite and stated periods as
34 are necessary to meet the convenience of the American Legion and
35 said trustee; but each payment shall be made upon the order of the
36 treasurer of the American Legion, approved by at least two of its
37 executive officers or of a special committee thereof thereunto specially
38 authorized. No part of the interest accumulation of the fund shall be
39 expended for the purpose of maintaining the American Legion.

40 (b) If in any fiscal year the interest earned on the principal of the
41 Soldiers, Sailors and Marines Fund exceeds the expenditure level of
42 said fund and there remains an outstanding balance in the cumulative
43 amount to be repaid to the General Fund by the Soldiers, Sailors and
44 Marines Fund under the provisions of subsection (a) of this section, the
45 Comptroller may transfer any interest earned in excess of expenditure
46 to the General Fund. Except as provided in this section, the
47 Comptroller may not transfer interest earned on the principal of the
48 Soldiers, Sailors and Marines Fund to the General Fund.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Comptroller	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires interest earned on the Soldiers Sailors and Marines Fund (SSMF) to be transferred to the General Fund under the following conditions:

- 1) the interest income earned exceeds the expenditure level required by the SSMF; and
- 2) there remains a cumulative balance to be repaid to the General Fund from any appropriations made on or after July 1, 2002.

The Office of State Comptroller estimates that approximately \$4 million in total were appropriated from the General Fund to the SSMF since FY 03. To the extent that the interest earned on the SSMF exceeds expenditure levels required by the agency, there could be a potential revenue gain of up to \$4 million to the General Fund. The payment is dependent upon the investment performance of the SSMF.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future until such time that no outstanding balance remains to be repaid to the General Fund. Any future appropriations from the General Fund to the SSMF are also required to be repaid

under the conditions listed above.

OLR Bill Analysis

sHB 6395

AN ACT CONCERNING INTEREST EARNED ON THE SOLDIERS, SAILORS AND MARINES FUND.

SUMMARY:

This bill sets conditions under which certain General Fund (GF) appropriations made to the Soldiers', Sailors', and Marines' Fund (SSMF) must be paid back to the GF.

By law, if the SSMF's accumulated interest and appropriations cannot provide necessary benefits for wartime veterans in need, the Finance Advisory Committee is authorized to make GF appropriations to the SSMF. The bill requires SSMF repayments to the GF when (1) interest earned on the SSMF principal exceeds its expenditures in any fiscal year and (2) there remains an outstanding balance in the total amount to be repaid to the GF from appropriations made on or after July 1, 2002, that were used for the fund's purpose (see BACKGROUND).

The bill allows the comptroller to transfer interest earned on the SSMF's principal in any fiscal year when these conditions are met. It explicitly prohibits such SSMF transfers to the GF for any other reason than to repay the cumulative balance appropriated from GF to SSMF.

EFFECTIVE DATE: July 1, 2011

BACKGROUND

SSMF

The SSMF is a self-sustaining trust fund created by the legislature in 1919 to provide benefits, such as food, clothing, medical, surgical, and funeral assistance to needy wartime veterans honorably discharged from active service in the U.S. Armed Forces, their spouses living with

them or who lived with them when they died, and dependent children under age 18.

COMMITTEE ACTION

Select Committee on Veterans' Affairs

Joint Favorable Change of Reference

Yea 10 Nay 0 (03/08/2011)

Appropriations Committee

Joint Favorable Substitute

Yea 41 Nay 6 (04/25/2011)