

**2023 HOUSE JUDICIARY**

**HB 1426**

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Judiciary Committee Room JW327B, State Capitol

HB 1426  
1/31/2023

### Relating to veteran service organization gaming taxes.

Chairman Klemin opened the hearing on HB 1426 at 11:05 AM. Members present: Chairman Klemin, Vice Chairman Karls, Rep. Bahl, Rep. Christensen, Rep. Cory, Rep. Henderson, Rep. S. Olson, Rep. Rios, Rep. S. Roers Jones, Rep. Satrom, , Rep. Schneider, Rep. VanWinkle, Rep. Vetter

#### Discussion Topics:

- Interest income
- Fiscal Note

Rep. Karls: Introduced the bill. No written testimony

Lonnie Wangen, Commissioner, ND Veterans Affairs: Testimony #17887

Hearing closed at 11:16 AM.

Rep. Vetter moved a Do Pass and Rereferer to Appropriations.  
Seconded by Rep. SuAnn Olson

Representatives	Vote
Representative Lawrence R. Klemin	Y
Representative Karen Karls	Y
Representative Landon Bahl	Y
Representative Cole Christensen	Y
Representative Claire Cory	Y
Representative Donna Henderson	Y
Representative SuAnn Olson	Y
Representative Nico Rios	Y
Representative Shannon Roers Jones	Y
Representative Bernie Satrom	Y
Representative Mary Schneider	Y
Representative Lori VanWinkle	Y
Representative Steve Vetter	Y

Roll Call Vote: 13 Yes 0 No 0 Absent Carrier: Rep. Cory

*Meeting closed at 11:19 A.M.*

*Delores Shimek, Committee Clerk, Donna Lynn Knutson*

**REPORT OF STANDING COMMITTEE**

**HB 1426: Judiciary Committee (Rep. Klemin, Chairman)** recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1426 was rereferred to the **Appropriations Committee**.

**2023 HOUSE APPROPRIATIONS**

**HB 1426**

# 2023 HOUSE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Brynhild Haugland Room, State Capitol

HB 1426  
2/9/2023

Relating to veteran service organization gaming taxes.

**8:36 AM Chairman Vigesaa-** Called the meeting to order and roll call was taken;

**Members present;** Chairman Vigesaa, Representative Kempenich, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

**Members not Present;** Representative J. Nelson and Representative B. Anderson

## **Discussion Topics:**

- Addition Revenue Source
- Post War Trust Fund (PWTF)

**Representative Karls, District 35 -** Introduces the bill (Testimony #20368 and #20300)

Committee discussion

**Chairman Vigesaa –** Closes the hearing for HB 1426 at 8:47 AM

*Risa Berube, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1426  
2/16/2023

Relating to veteran service organization gaming taxes.

**4:28 PM Chairman Vigesaa-** Called the meeting to order and roll was taken-

**Members present;** Chairman Vigesaa, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative J. Nelson, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

**Members not Present-** Representative Kempenich, Representative O'Brien and Representative Nathe

### Discussion Topics:

- Postwar Trust Fund
- Gaming Taxes
- Committee Action

**Representative Martinson-** Move for a Do Not Pass

**Representative Brandenburg-** Seconds the motion.

Committee Discussion- Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	A
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	A
Representative Jon O. Nelson	Y

Representative Emily O'Brien	A
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

**Motion Carries 20-0-3 Representative B. Anderson will carry the bill.**

**4:39 PM Chairman Vigesaa-** Closed the meeting for HB 1426

*Risa Berube, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**HB 1426: Appropriations Committee (Rep. Vigesaa, Chairman)** recommends **DO NOT PASS** (20 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING). HB 1426 was placed on the Eleventh order on the calendar.



**TESTIMONY**

**HB 1426**

HB 1426

North Dakota Department of Veterans Affairs  
Lonnie Wangen-Commissioner

1/31/2023

**House Judiciary Committee**  
**68<sup>th</sup> Legislative Session**  
**Representative Klemin -Chair**

Chairman Klemin and House Judiciary Committee,

Please accept this testimony in support of HB 1426.

Intent of this bill...

- Provide additional revenue 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: \$7,055.91

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.

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  
 68<sup>th</sup> 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.
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○ 2021-2023: \$232,369.67	\$7.9 million
- 2023.1 balance of PWTF: \$7,055,091

**Outcome of Bill:**

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Thank you for your consideration.

Lonnie Wangen Commissioner-NDDVA



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## Vietnam Veterans Adjusted Compensation Fund Income and Expenses

### • Income:

- \$7,761,050 Income Surtax Collections and interest
- \$16,905,951 Interest income. Bonds
- \$17,000,000 General Fund Appropriations to the Bond Sinking Fund ([1975. Chapter 476. SB 2320](#))
- **\$41,667,001 TOTAL INCOME**

### Expenditures and uses of funds:

- \$12,873,470 Bonus payments to Veterans
- \$ 464,725 Administration and expenditures to pay bonus'
- \$143,086 Soldiers' Home renovations ([1979. Chapter 55. SB 2014 Section 4](#))
- \$115,917 Publication of Military Service Record of Vietnam Veterans ([1979 Chapter 84 SB 2305](#)) \$125,000 appropriated
- \$279,076 National Guard Tuition Waiver ([1979. Chapter 38. HB 1139](#)) \$550,000 appropriated
- \$100,000 Minot State College-Physical Education Facility ([1979. Chapter 4. HB 1005. Section 6](#))
- \$543,300 Facility improvements and Handicapped accessibility projects at institutions of Higher Education ([1979. Chapter HB 1004 Section 2](#))
- \$100,000 Minot State College-Pioneer Hall renovation ([1979. Chapter 85 SB 2378](#))
- \$400,000 Veterans Aid Loan Fund Increase revolving loan fund to \$700,000 ([1981. Chapter 364 . SB 2271 Section 7](#))
- \$3,984,531 All money remaining in Vietnam Veterans Adjusted compensation fund after July 1, 1981 to be transferred to Veterans Post War Trust Fund ([1981. Chapter 364 SB 2271 Section 6](#))
  - "Veterans Post Rehabilitation Reserve Fund" name changed to "Veterans Post War Trust Fund" ([1981. Chapter 364 SB 2271 Section 4](#))
- \$7,077,148 Bond interest payments
- \$4,371 Miscellaneous admin expenditures
- \$3,500,000 National Guard tuition trust fund ([1981. Chapter 43. HB 1420](#))
- \$5,000 POW license plates paid for ([1981. Chapter 382 SB 2289 section 2](#))
- \$100,000 National Guard History ([1981 Chapter 88. SB 2207 Section 2](#))
- \$462,069 Soldiers' Home Capital improvements ([1981. Chapter 14. HB 1014 Section 4](#))
- \$243,000 National Guard Tuition waiver program ([1981 Chapter 22. HB 1023 Section 5](#))
- \$810,000 National Guard Adjutant General Capital improvements ([1981 Chapter 22. HB 1023 Section 2. and 1983. SB 2023](#))
- \$1,050,000 National Guard Adjutant General Army and Air Guard Service Contracts (1983. SB 2023)
- \$1,055,657 Veterans Home Operations (1985 HB 1012)
- \$124,136 National Guard Adjutant General. Recruiting and retention (1985 HB 1016)



- \$818,050 National Guard Adjutant General. Army and Air Guard Service Contract (1985 HB 1016)
- \$3,000,000 National Guard training area development (1985 HB 1515)
- \$616,365 Transfer to Veterans Post War Trust Fund (1985 SB 2341)
- \$3,797,100 Transfer to state general fund (1985 HB 1515) NDCC 54-17.1-08
- **\$41,667,001 TOTAL EXPENDITURES**

## Veteran's Postwar Trust Fund

- The 1981 Legislative Assembly established the Veterans' Postwar Trust Fund with a transfer of \$3,984,531 [SB 2271 section 4 & 6](#) - the remaining monies from the Vietnam Adjusted Compensation Fund. An additional \$616,365 was transferred from the remaining funds of the Vietnam War Bond Sinking Fund in 1985. These transfers accounted for around 11% of the original fund balance while only 32% was actually used towards payments of Vietnam Bonuses. The remaining 57% of the original funds was used for veteran, non-veteran and ND National Guard related programs or was transferred back to the general fund when the fund was closed out following the 1985 legislative session.
- The Trust Fund was set up to be invested by the State Treasurer and the income received was to be utilized in benefit and service to veterans or their dependents ([SB 2271](#)). During the 1983 Legislative Assembly, \$1,369,045 was allocated for the operation of the Veterans Home and the Department of Veterans Affairs, and in 1985, \$629,036 was allocated towards them.
  - Measure No. 4 (Approved by Voters in 1988)
    - Established the Postwar Trust Fund as a "permanent fund"
    - The balance of the fund would be restored to \$3.7 million over 5 years
    - Interest income from the fund would be appropriated on a continuing basis to the Administrative Committee on Veterans Affairs to be spent for veterans' programs as authorized by law.

## Receipts and Expenditures:

<b>Receipts</b>	
1993	HB 1001: Transfer from general fund \$745,670
1991	SB 2001: Transfer from general fund \$1,569,335
1989	SB 2009: Transfer from general fund \$2,960,000
1985	SB 2341: Transfer from Vietnam bond sinking fund \$616,365
1981	SB 2371: Transfer from Vietnam adjusted compensation fund \$3,984,531

<b>Expenditures</b>	
1981	SB 2001: Veterans Home \$734,330
1990	SB 2009: Veterans Home \$274,000
1983	SB 2014: Veterans Home \$1,050,000
1979	SB 2023: Adjutant General - capital improvements carryover \$491,926
1995	SB 2475: Adjutant General - Veterans' compensation \$60,000
1987	HB 1009: Veterans Home \$1,343,384
1985	HB 1012: Veterans Home \$267,620
1983	HB 1014: Veterans Affairs \$319,045