

MAR 8 2006  
WAYS AND MEANS

HOUSE FILE 2701  
BY COMMITTEE ON VETERANS  
AFFAIRS

(SUCCESSOR TO HSB 675)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing hardship grants on behalf of veterans seriously  
2 injured in a combat zone, providing an income tax exclusion,  
3 and including an effective date and retroactive applicability  
4 provision.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2701

1 Section 1. NEW SECTION. 35A.14 VETERANS APPRECIATION  
2 PROGRAM -- TRUST FUND -- GRANTS.

3 1. For the purposes of this section, "veteran" means a  
4 resident of this state who is or was a member of the national  
5 guard, reserve, or regular component of the armed forces of  
6 the United States who has served on active duty at any time  
7 after September 11, 2001, and, if discharged, was discharged  
8 under honorable conditions.

9 2. A veterans appreciation program is created under the  
10 control of the department for the purpose of providing  
11 hardship grants to eligible veterans.

12 3. To finance the program created by this section, a  
13 veterans appreciation trust fund is created in the state  
14 treasury under the control of the department. Moneys credited  
15 to the trust fund shall not be transferred, used, obligated,  
16 appropriated, or otherwise encumbered, except as provided in  
17 this section. Moneys in the trust fund may be used for cash  
18 flow purposes during a fiscal year provided that any moneys so  
19 allocated are returned to the trust fund by the end of that  
20 fiscal year.

21 4. The trust fund shall consist of all of the following:

22 a. Moneys in the form of a devise, gift, bequest,  
23 donation, federal or other grant, reimbursement, repayment,  
24 judgment, transfer, payment, or appropriation from any source  
25 intended to be used for the purposes of the trust fund.

26 b. Interest attributable to investment of moneys in the  
27 fund or an account of the trust fund. Notwithstanding section  
28 12C.7, subsection 2, interest or earnings on moneys in the  
29 trust fund shall be credited to the trust fund.

30 5. Moneys credited to the trust fund for providing  
31 veterans appreciation grants under this section may be  
32 expended by the department for one-time hardship grants of up  
33 to ten thousand dollars to a seriously injured veteran who  
34 received a combat-related injury while serving in a combat  
35 zone or in a zone where the veteran was receiving hazardous

1 duty pay since September 11, 2001.

2 6. The commission shall adopt rules governing the  
3 distribution of hardship grants under this section.

4 Sec. 2. Section 422.7, Code Supplement 2005, is amended by  
5 adding the following new subsection:

6 NEW SUBSECTION. 45. Subtract, to the extent included, the  
7 amount of any grant provided pursuant to the veterans  
8 appreciation program pursuant to section 35A.14.

9 Sec. 3. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

10 1. The section of this Act creating section 35A.14, being  
11 deemed of immediate importance, takes effect upon enactment  
12 and is retroactively applicable to veterans seriously injured  
13 after September 11, 2001, and is applicable on and after that  
14 date.

15 2. The section of this Act amending section 422.7, being  
16 deemed of immediate importance, takes effect upon enactment  
17 and is retroactively applicable to January 1, 2006, and is  
18 applicable for tax years beginning on and after that date.

19 EXPLANATION

20 This bill establishes a veterans appreciation program under  
21 the control of the department of veterans affairs.

22 New Code section 35A.14 establishes the veterans  
23 appreciation program and trust fund. The fund receives any  
24 appropriations and moneys provided for purposes of the fund,  
25 and interest and earnings on the moneys credited to the fund.  
26 Moneys in the fund are not subject to appropriation or  
27 transfer except as provided by the bill. Moneys credited to  
28 the trust fund for this program may be expended by the  
29 department of veterans affairs for one-time hardship grants of  
30 up to \$10,000 for seriously injured veterans sustaining a  
31 combat-related injury while serving in a combat zone or  
32 hazardous duty pay zone since September 11, 2001. The bill  
33 also requires that the commission of veterans affairs adopt  
34 rules governing the distribution of these grants. The new  
35 section takes effect upon enactment and applies retroactively

1 to veterans seriously injured after September 11, 2001.

2 The bill also amends Code section 422.7 to provide that  
3 grants received under this program are subtracted from net  
4 income for purposes of taxation. This provision takes effect  
5 upon enactment and is applicable to tax years beginning on or  
6 after January 1, 2006.

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SF 02701 By

**HSB 675**  
VETERANS AFFAIRS

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED GOVERNOR'S BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing hardship grants on behalf of veterans seriously  
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2 PROGRAM -- GRANTS.

3 1. For the purposes of this section, "veteran" means a  
4 resident of this state who is or was a member of the national  
5 guard, reserve, or regular component of the armed forces of  
6 the United States who has served at least ninety days of  
7 active duty at any time after September 11, 2001, and, if  
8 discharged, was discharged under honorable conditions.

9 2. A veterans appreciation program is created under the  
10 control of the department for the purpose of providing  
11 hardship grants to eligible veterans.

12 3. Moneys appropriated to the department for providing  
13 veterans appreciation grants under this section may be  
14 expended for one-time hardship grants of up to ten thousand  
15 dollars to a seriously injured veteran who received a combat-  
16 related injury while serving in a combat zone or in a zone  
17 where the veteran was receiving hazardous duty pay since  
18 September 11, 2001.

19 4. The commission shall adopt rules governing the  
20 distribution of hardship grants under this section.

21 Sec. 2. Section 422.7, Code Supplement 2005, is amended by  
22 adding the following new subsection:

23 NEW SUBSECTION. 45. Subtract, to the extent included, the  
24 amount of any grant provided pursuant to the veterans  
25 appreciation program pursuant to section 35A.14.

26 Sec. 3. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

27 1. The section of this Act creating section 35A.14, being  
28 deemed of immediate importance, takes effect upon enactment  
29 and is retroactively applicable to veterans seriously injured  
30 after September 11, 2001, and is applicable on and after that  
31 date.

32 2. The section of this Act amending section 422.7, being  
33 deemed of immediate importance, takes effect upon enactment  
34 and is retroactively applicable to January 1, 2006, and is  
35 applicable for tax years beginning on and after that date.

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EXPLANATION

This bill establishes a veterans appreciation program under the control of the department of veterans affairs.

New Code section 35A.14 establishes the veterans appreciation program. Moneys appropriated to the department for this program may be expended by the department of veterans affairs for one-time hardship grants of up to \$10,000 for seriously injured veterans sustaining a combat-related injury while serving in a combat zone or hazardous duty pay zone since September 11, 2001. The bill also requires that the commission of veterans affairs adopt rules governing the distribution of these grants. The new section takes effect upon enactment and applies retroactively to veterans seriously injured after September 11, 2001.

The bill also amends Code section 422.7 to provide that grants received under this program are subtracted from net income for purposes of taxation. This provision takes effect upon enactment and is applicable to tax years beginning on or after January 1, 2006.