

# Fiscal TOPICS

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## Veterans Trust Fund

### History and Purpose

The [Veterans Trust Fund](#) was created in Iowa Code section [35A.13](#) through 2003 Iowa Acts, chapter [131](#), under the control of the [Commission of Veterans Affairs](#). The minimum balance required in the Trust Fund prior to expenditure of moneys was originally set at \$50.0 million. Interest and earnings in the Fund could be expended once the balance was reached. During the 2006 Legislative Session, the minimum balance requirement in the Fund prior to any expenditures, was reduced to \$5.0 million. However, the statute states the intent of the General Assembly is that the balance in the Fund reach \$50.0 million. Revenues are tracked on a fiscal year basis, and Iowa Code requires a report on a calendar year basis that is [filed with the General Assembly](#).

Money in the Veterans Trust Fund is divided into three categories: principal, spendable, and War Orphans Educational Assistance money. The principal portion cannot be expended and is intended to eventually reach \$50.0 million. The spendable portion is used by the Veterans Affairs Commission to meet requests for assistance from veterans and includes the transfer from the Iowa Lottery and interest earned. Assistance categories are established in Iowa Code section [35A.13](#) and in Iowa Administrative Code. Examples of permissible expenditures include housing repairs, emergency medical care, dental expenses, eyeglasses, hearing aids, prescriptions, automobile repair, and other items. The Commission approves requests on a monthly basis.

The [War Orphans Educational Assistance Fund](#) was established with 2013 Iowa Acts, chapter [91](#), to establish a separate account within the Veterans Trust Fund to be used only for assisting in the education of orphaned children of certain veterans. This Account is to be used in lieu of the spendable portion of the Trust Fund for this purpose.

### Initial Funding

The initial appropriation was in FY 2005 for \$1.0 million from the Rebuild Iowa Infrastructure Fund (RIIF). There was an appropriation of \$4.5 million from the General Fund in FY 2007 and \$500,000 in FY 2008. After those original appropriations, minor amounts were deposited into, or appropriated from, the Trust Fund until 2008.

### Lottery Receipts

The Veterans Trust Fund Allocation from the Lottery Act (2008 Iowa Acts [1012](#)) authorized the creation and sale of four new [Iowa Lottery](#) tickets to benefit the Veterans Trust Fund. The Act required the Iowa Lottery to develop two instant scratch games and two pull tab games with the net proceeds to be transferred to the Veterans Trust Fund until the Fund has a balance of \$50.0 million. Revenue transfers from the Iowa Lottery are received on a quarterly basis. The annual net proceeds were estimated to be between \$2.0 million and \$3.0 million annually. Since July 2008, 11 pull tab games and 11 instant scratch ticket games dedicated to the Veterans Trust Fund were been released.

A standing limited appropriation beginning in FY 2013 was created with 2012 Iowa Acts, chapter [1139](#), from the Veterans Trust Fund to the Commission of Veterans Affairs. The appropriation is the first \$300,000 received from the lottery transfer. Funds appropriated to the Commission that remains unobligated or unexpended at the end of the fiscal year revert to the principal.

The lottery transfer was revised in 2015 Iowa Acts, chapter [15](#), to be an annual transfer of \$2.5 million from lottery games, rather than having a dedicated game for the Trust Fund. The transfer is now in Iowa Code section [99G.39](#).

### Income Tax Check-off

There is a joint income tax check-off for the Veterans Trust Fund and for the Volunteer Firefighter Preparedness Fund in Iowa Code section [422.12L](#). Individuals that file a tax return may designate \$1.00 or more to be paid jointly to both Funds. The [Department of Revenue](#) transfers one-half of the receipts to the Veterans Trust Fund and one-half of the receipts to the Volunteer Fire Fighter Preparedness Fund. Any amount received from the check-off is deposited in the principal balance of the Veterans Trust Fund.

### More Information

Iowa Department of Veterans Affairs: <https://va.iowa.gov>

Veterans Trust Fund Application: <https://va.iowa.gov/benefits>

Iowa General Assembly: <https://www.legis.iowa.gov/>

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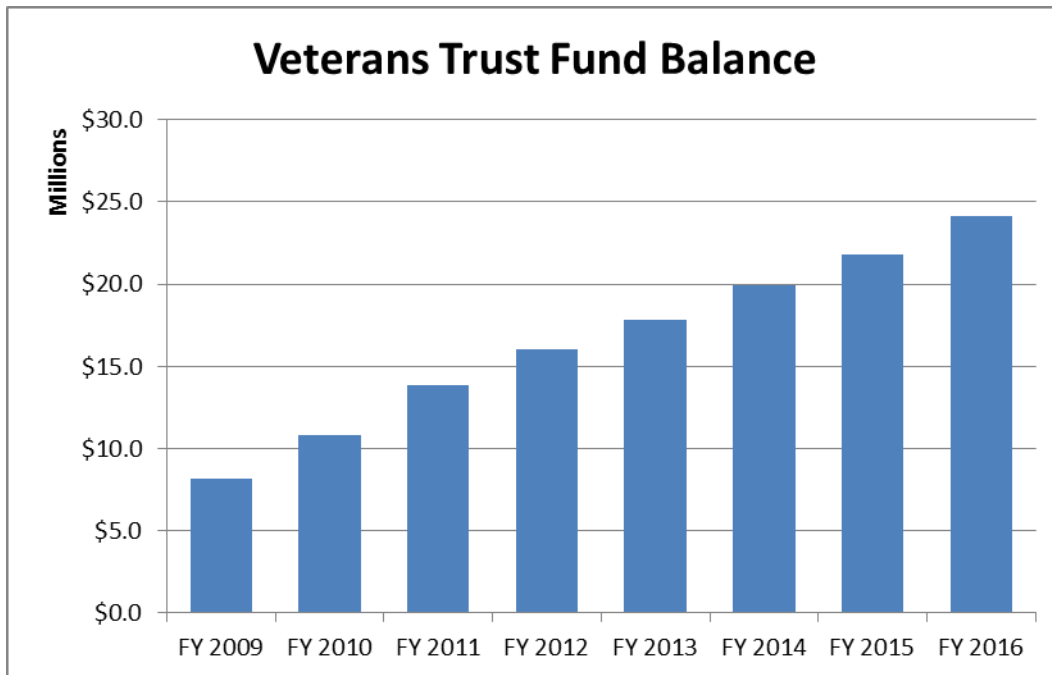
**Interest Earnings and Donations**

The [Treasurer of State](#) (TOS) is charged with investing all funds not needed to meet current operating expenses with goals, in order of importance of safety, liquidity, and yield. The process involves investing all funds together and then distributing realized income to the participating funds. Pooling is more efficient than individual investment of funds and enables better diversification of risk. Improvements in interest earnings are not expected for funds invested by the TOS in the near future.

The interest earnings and donations deposited in the Veterans Trust Fund are considered part of the spendable portion of the Trust Fund and may be spent, as approved by the Commission on Veteran Affairs.

**Current Balance**

The historical balance of the Trust Fund is presented in the chart below.



**Related Statutes and Administrative Rules**

Iowa Code sections [35A.13](#), [422.12E](#), [422.12L](#) and [99G.39\(3\)](#)  
[801](#) Iowa Administrative Code [14](#)