

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 26, 2008
POSITION: Support

BILL NUMBER: SB 1572
AUTHOR: M. Wyland

BILL SUMMARY: Veterans' Bond Act of 2008

This bill, an urgency measure, would place the Veterans Bond Act of 2008 (Act) on the November 2008 ballot, authorizing the sale of \$900 million in general obligation bonds for the Cal-Vet Farm and Home Loan Program operated by the California Department of Veterans Affairs (CDVA).

FISCAL SUMMARY

This bill would not have an impact on the General Fund as the Cal-Vet Farm and Home Loan Program is self supporting. The participating veterans make monthly payments to CDVA. These payments cover the principal and interest on the mortgage, the cost of the sale of the bonds, and the cost of operating the program.

COMMENTS

This is an Administration sponsored bill that would place a measure on the November 2008 ballot to authorize the sale of \$900 million in general obligation bonds to provide loans to veterans for the purchase of farms and homes.

Voters have approved 26 consecutive Veterans' Bond Acts since 1921 with the most recent approved in November 2000. The Bond Act of 2000 provided authorization for \$500 million in bond sales. The current unsold balance is \$102 million. Under current federal law, these bond funds can only be used to make loans to wartime veterans who served at least one day of active duty prior to 1977 and who apply for a loan within 30 years from date of discharge. These requirements limit the use of the funds to loans for Vietnam era veterans and are resulting in a decline in the pool of eligible veterans.

Pending federal legislation will remove the 1977 eligibility date making today's wartime veterans eligible for farm and home loans. If this occurs, the CDVA anticipates an increase in loan requests from veterans of Iraq and Afghanistan.

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)								Fund Code
	SO	LA	CO	PROP	FC	FC	FC	FC	
				2007-2008	2008-2009	2009-2010			
8955/Vets Affairs	SO	No		-----	See Fiscal Summary	-----		0001	

Analyst/Principal (0221) R. Baker	Date	Program Budget Manager Todd Jerue	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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