

Date of Hearing: April 2, 2013

ASSEMBLY COMMITTEE ON VETERANS AFFAIRS
Al Muratsuchi, Chair
AB 526 (Melendez) – As Amended: April 1, 2013

SUBJECT: Military service: benefits

SUMMARY: Adds financial protections for Reserve and California National Guard servicemembers, their spouses and legal dependents, expands scope of eligibility for protections. Specifically, this bill:

Deletes the requirement that the servicemember must have served in support of a conflict in Afghanistan or Iraq, any active duty service is now eligible;

Adds utility payment obligations to the list of obligations which may be deferred during active duty;

Requires that the servicemember deliver to the lender a copy of his or her activation or deployment order and any other information that substantiates the duration of the servicemember's military service;

Defines reservist and military service:

(a) "Reservist" means either of the following:

(1) A member of the militia, as defined in Section 120, called or ordered into state military service pursuant to Section 143 or 146, or in federal or state military service pursuant to Title 10 or 32 of the United States Code.

(2) A reservist of the United States Military Reserve who has been ordered to full-time federal active duty by the President of the United States pursuant to Title 10 of the United States Code.

(b) "Military service" means either of the following:

(1) Full-time active state service or full-time active federal service of a service member who is a member of the militia, as described in paragraph (1) of subdivision (a).

(2) Full-time active duty of a service member who is a reservist, as described in paragraph (2) of subdivision (a), for a period of 30 consecutive days.

Deletes the requirement that active duty service after the close of the Iraq or Afghanistan conflicts or active duty prior to the effective date of Section 809 be excluded;

EXISTING LAW: Provides financial protections for reservists and California National Guard members who are called to service in support of the recent conflicts in Afghanistan and Iraq. These protections are extended also to spouses and legal dependents of the servicemember. Servicemembers may defer certain financial obligations, not paying these until their active duty orders are complete. No interest or penalties may accrue. The servicemember must still pay whatever amount is owed on the underlying obligation. Only obligations incurred prior to being called to active duty are deferrable.

FISCAL EFFECT: Unknown at this time.

COMMENTS: The policy underlying the existing deferral protections is to recognize that in many cases the financial impact to a reserve or National Guard servicemember of a call to active duty is negative. Moreover, when such members are deployed overseas, we recognize that it may be difficult or impossible for them to manage financial obligations remotely and that, particularly in combat zones, they may be under extreme stress already without adding worry about finances back home. We recognize their sacrifice. We balance those considerations with the importance in our society of honoring contractual obligations made in the course of commerce. Our policy decision in California has been to allow servicemembers to defer certain financial obligations but to require that they still honor their commitments when they return from service.

This bill is in alignment with existing policy. Iraq and Afghanistan are the most recent conflict venues but, unfortunately, they are unlikely to be the last. Many of the stresses mentioned above occur as a result of a call to active service regardless of the location of the service. Therefore it makes sense to extend these protections to servicemembers without regard to the particular conflict or location in which they serve.

Utility obligations are similar to the types of obligations already deferrable under existing law: An obligation secured by a mortgage or deed of trust, credit card and other retail installment payments, vehicle loans, and property taxes.

REGISTERED SUPPORT / OPPOSITION:

Support

The American Legion-Department of California
AMVETS- Department of California
California Association of County Veterans Service Officers
California State Commanders Veterans Council
Vietnam Veterans of America, California State Council

Opposition

None at this time.

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