

110TH CONGRESS
2D SESSION

H. R. 6580

To ensure the fair treatment of a member of the Armed Forces who is discharged from the Armed Forces, at the request of the member, pursuant to the Department of Defense policy permitting the early discharge of a member who is the only surviving child in a family in which the father or mother, or one or more siblings, served in the Armed Forces and, because of hazards incident to such service, was killed, died as a result of wounds, accident, or disease, is in a captured or missing in action status, or is permanently disabled, to amend the Internal Revenue Code of 1986 to repeal the dollar limitation on contributions to funeral trusts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 2008

Mr. KIND (for himself, Mr. NUNES, Mr. COSTA, Mr. MCNERNEY, Mr. RADANOVICH, Mr. CARDOZA, Mr. MCCARTHY of California, and Mr. WILSON of Ohio) introduced the following bill; which was referred to the Committee on Armed Services, and in addition to the Committees on Veterans' Affairs, Ways and Means, and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To ensure the fair treatment of a member of the Armed Forces who is discharged from the Armed Forces, at the request of the member, pursuant to the Department of Defense policy permitting the early discharge of a member who is the only surviving child in a family in which the father or mother, or one or more siblings, served in the Armed Forces and, because of hazards

incident to such service, was killed, died as a result of wounds, accident, or disease, is in a captured or missing in action status, or is permanently disabled, to amend the Internal Revenue Code of 1986 to repeal the dollar limitation on contributions to funeral trusts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
 5 “Hubbard Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
 7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Continued payment of bonuses and similar benefits for members of the Armed Forces who receive sole survivorship discharge.
- Sec. 3. Availability of separation pay for members of the Armed Forces with less than six years of active service who receive sole survivorship discharge.
- Sec. 4. Transitional health care for members of the Armed Forces who receive sole survivorship discharge.
- Sec. 5. Transitional commissary and exchange benefits for members of the Armed Forces who receive sole survivorship discharge.
- Sec. 6. Veterans benefits for members of the Armed Forces who receive sole survivorship discharge.
- Sec. 7. Unemployment compensation for members of the Armed Forces who receive sole survivorship discharge.
- Sec. 8. Preference-eligible status for members of the Armed Forces who receive sole survivorship discharge.
- Sec. 9. Repeal of dollar limitation on contributions to funeral trusts.
- Sec. 10. Effective dates.

1 **SEC. 2. CONTINUED PAYMENT OF BONUSES AND SIMILAR**
2 **BENEFITS FOR MEMBERS OF THE ARMED**
3 **FORCES WHO RECEIVE SOLE SURVIVORSHIP**
4 **DISCHARGE.**

5 (a) EFFECT OF SOLE SURVIVORSHIP DISCHARGE.—
6 Section 303a(e) of title 37, United States Code, is amend-
7 ed—

8 (1) in paragraph (1), by striking “A member”
9 and inserting “(A) Except as provided in paragraph
10 (2), a member”;

11 (2) by redesignating paragraph (2) as subpara-
12 graph (B) of paragraph (1); and

13 (3) by inserting after paragraph (1), as so
14 amended, the following new paragraph (2):

15 “(2)(A) If a member of the uniformed services re-
16 ceives a sole survivorship discharge, the Secretary con-
17 cerned—

18 “(i) shall not require repayment by the member
19 of the unearned portion of any bonus, incentive pay,
20 or similar benefit previously paid to the member;
21 and

22 “(ii) may grant an exception to the requirement
23 to terminate the payment of any unpaid amounts of
24 a bonus, incentive pay, or similar benefit if the Sec-
25 retary concerned determines that termination of the
26 payment of the unpaid amounts would be contrary

1 to a personnel policy or management objective,
2 would be against equity and good conscience, or
3 would be contrary to the best interests of the United
4 States.

5 “(B) In this paragraph, the term ‘sole survivorship
6 discharge’ means the separation of a member from the
7 Armed Forces, at the request of the member, pursuant
8 to the Department of Defense policy permitting the early
9 separation of a member who is the only surviving child
10 in a family in which—

11 “(i) the father or mother or one or more sib-
12 lings—

13 “(I) served in the Armed Forces; and

14 “(II) was killed, died as a result of
15 wounds, accident, or disease, is in a captured or
16 missing in action status, or is permanently 100
17 percent disabled or hospitalized on a continuing
18 basis (and is not employed gainfully because of
19 the disability or hospitalization); and

20 “(ii) the death, status, or disability did not re-
21 sult from the intentional misconduct or willful ne-
22 glect of the parent or sibling and was not incurred
23 during a period of unauthorized absence.”.

24 (b) SENSE OF CONGRESS.—In light of the extraor-
25 dinary discretion granted to the Secretary of a military

1 department by statute and policy to continue to pay the
2 unpaid amounts of a bonus, incentive pay, or similar ben-
3 efit otherwise due to a member of the Armed Forces under
4 the jurisdiction of the Secretary who receives a sole survi-
5 vorship discharge, it is the sense of Congress that the Sec-
6 retaries of the military departments should aggressively
7 use such discretion to the benefit of members receiving
8 a sole survivorship discharge.

9 **SEC. 3. AVAILABILITY OF SEPARATION PAY FOR MEMBERS**
10 **OF THE ARMED FORCES WITH LESS THAN SIX**
11 **YEARS OF ACTIVE SERVICE WHO RECEIVE**
12 **SOLE SURVIVORSHIP DISCHARGE.**

13 Section 1174 of title 10, United States Code, is
14 amended—

15 (1) by redesignating subsection (i) as subsection
16 (j); and

17 (2) by inserting after subsection (h) the fol-
18 lowing new subsection:

19 “(i) SPECIAL RULE FOR MEMBERS RECEIVING SOLE
20 SURVIVORSHIP DISCHARGE.—(1) A member of the Armed
21 Forces who receives a sole survivorship discharge shall be
22 entitled to separation pay under this section even though
23 the member has completed less than six years of active
24 service immediately before that discharge. Subsection (e)

1 shall not apply to a member who receives a sole survivor-
2 ship discharge.

3 “(2) The amount of the separation pay to be paid
4 to a member pursuant to this subsection shall be based
5 on the years of active service actually completed by the
6 member before the member’s sole survivorship discharge.

7 “(3) In this subsection, the term ‘sole survivorship
8 discharge’ means the separation of a member from the
9 Armed Forces, at the request of the member, pursuant
10 to the Department of Defense policy permitting the early
11 separation of a member who is the only surviving child
12 in a family in which—

13 “(A) the father or mother or one or more sib-
14 lings—

15 “(i) served in the Armed Forces; and

16 “(ii) was killed, died as a result of wounds,
17 accident, or disease, is in a captured or missing
18 in action status, or is permanently 100 percent
19 disabled or hospitalized on a continuing basis
20 (and is not employed gainfully because of the
21 disability or hospitalization); and

22 “(B) the death, status, or disability did not re-
23 sult from the intentional misconduct or willful ne-
24 glect of the parent or sibling and was not incurred
25 during a period of unauthorized absence.”.

1 **SEC. 4. TRANSITIONAL HEALTH CARE FOR MEMBERS OF**
2 **THE ARMED FORCES WHO RECEIVE SOLE**
3 **SURVIVORSHIP DISCHARGE.**

4 Section 1145(a)(2) of title 10, United States Code,
5 is amended by adding at the end the following new sub-
6 paragraph:

7 “(E) A member who receives a sole survivorship
8 discharge (as defined in section 1174(i) of this
9 title).”.

10 **SEC. 5. TRANSITIONAL COMMISSARY AND EXCHANGE BEN-**
11 **EFITS FOR MEMBERS OF THE ARMED**
12 **FORCES WHO RECEIVE SOLE SURVIVORSHIP**
13 **DISCHARGE.**

14 Section 1146 of title 10, United States Code, is
15 amended—

16 (1) by striking “The Secretary of Defense” and
17 inserting the following:

18 “(a) BENEFITS FOR MEMBERS INVOLUNTARILY SEP-
19 ARATED.—The Secretary of Defense”; and

20 (2) by adding at the end the following new sub-
21 section:

22 “(b) BENEFITS FOR MEMBERS RECEIVING SOLE
23 SURVIVORSHIP DISCHARGE.—A member of the Armed
24 Forces who receives a sole survivorship discharge (as de-
25 fined in section 1174(i) of this title) is entitled to continue
26 to use commissary and exchange stores and morale, wel-

1 fare, and recreational facilities in the same manner as a
2 member on active duty during the two-year period begin-
3 ning on the later of the following dates:

4 “(1) The date of the separation of the member.

5 “(2) The date on which the member is first no-
6 tified of the members entitlement to benefits under
7 this section.”.

8 **SEC. 6. VETERANS BENEFITS FOR MEMBERS OF THE**
9 **ARMED FORCES WHO RECEIVE SOLE SURVI-**
10 **VORSHIP DISCHARGE.**

11 (a) HOUSING LOAN BENEFITS.—Section 3702(a)(2)
12 of title 38, United States Code, is amended by adding at
13 the end the following new subparagraph:

14 “(F) Each veteran who was discharged or re-
15 leased from a period of active duty of 90 days or
16 more by reason of a sole survivorship discharge (as
17 that term is defined in section 1174(i) of title 10).”.

18 (b) EMPLOYMENT AND TRAINING.—Section 4211(4)
19 of such title is amended—

20 (1) in subparagraph (B), by striking “or” at
21 the end;

22 (2) in subparagraph (C), by striking the period
23 at the end and inserting “; or”; and

24 (3) by adding at the end the following new sub-
25 paragraph:

1 “(D) was discharged or released from ac-
2 tive duty by reason of a sole survivorship dis-
3 charge (as that term is defined in section
4 1174(i) of title 10).”.

5 (c) EXISTING BASIC EDUCATIONAL ASSISTANCE.—

6 (1) SERVICE ON ACTIVE DUTY.—Section
7 3011(a)(1) of such title is amended—

8 (A) in subparagraph (A)(ii), by inserting
9 after “service-connected disability,” the fol-
10 lowing: “by reason of a sole survivorship dis-
11 charge (as that term is defined in section
12 1174(i) of title 10),”;

13 (B) in subparagraph (B)(ii), by inserting
14 after “service-connected disability,” the fol-
15 lowing: “by reason of a sole survivorship dis-
16 charge (as that term is defined in section
17 1174(i) of title 10),”; and

18 (C) in subparagraph (C)(iii)(II), by insert-
19 ing after “service-connected disability,” the fol-
20 lowing: “by reason of a sole survivorship dis-
21 charge (as that term is defined in section
22 1174(i) of title 10),”.

23 (2) SERVICE IN THE SELECTED RESERVE.—
24 Section 3012(b)(1) of such title is amended—

25 (A) in subparagraph (A)—

1 (i) by striking “, or (vi)” and insert-
2 ing “, (vi)”; and

3 (ii) by inserting before the period at
4 the end the following: “, or (vii) by reason
5 of a sole survivorship discharge (as that
6 term is defined in section 1174(i) of title
7 10)”; and

8 (B) in subparagraph (B)—

9 (i) in clause (i), by inserting after
10 “service-connected disability,” the fol-
11 lowing: “by reason of a sole survivorship
12 discharge (as that term is defined in sec-
13 tion 1174(i) of title 10),”; and

14 (ii) in clause (ii)—

15 (I) by striking “, or (VI)” and
16 inserting “, (VI)”; and

17 (II) by inserting before the pe-
18 riod at the end the following: “, or
19 (VII) by reason of a sole survivorship
20 discharge (as that term is defined in
21 section 1174(i) of title 10)”.

1 **SEC. 7. UNEMPLOYMENT COMPENSATION FOR MEMBERS**
2 **OF THE ARMED FORCES WHO RECEIVE SOLE**
3 **SURVIVORSHIP DISCHARGE.**

4 Section 8521(a)(1)(B)(ii)(III) of title 5, United
5 States Code, is amended by striking “hardship,” and in-
6 serting “hardship (including pursuant to a sole survivor-
7 ship discharge, as that term is defined in section 1174(i)
8 of title 10),”.

9 **SEC. 8. PREFERENCE-ELIGIBLE STATUS FOR MEMBERS OF**
10 **THE ARMED FORCES WHO RECEIVE SOLE**
11 **SURVIVORSHIP DISCHARGE.**

12 Section 2108(3) of title 5, United States Code, is
13 amended—

14 (1) in subparagraph (F), by striking “and” at
15 the end;

16 (2) in subparagraph (G), by inserting “and” at
17 the end; and

18 (3) by inserting after subparagraph (G) the fol-
19 lowing:

20 “(H) a veteran who was discharged or re-
21 leased from a period of active duty by reason of
22 a sole survivorship discharge (as that term is
23 defined in section 1174(i) of title 10);”.

1 **SEC. 9. REPEAL OF DOLLAR LIMITATION ON CONTRIBU-**
2 **TIONS TO FUNERAL TRUSTS.**

3 (a) **IN GENERAL.**—Subsection (c) of section 685 of
4 the Internal Revenue Code of 1986 (relating to treatment
5 of funeral trusts) is repealed.

6 (b) **CONFORMING AMENDMENT.**—Subsections (d),
7 (e), and (f) of such section are redesignated as subsections
8 (c), (d), and (e), respectively.

9 (c) **EFFECTIVE DATE.**—The amendments made by
10 this section shall apply to taxable years beginning after
11 the date of the enactment of this Act.

12 **SEC. 10. EFFECTIVE DATES.**

13 (a) **RETROACTIVE EFFECTIVE DATE.**—Except as
14 provided in subsection (b) and section 9, this Act and the
15 amendments made by this Act shall apply with respect to
16 any sole survivorship discharge granted after September
17 11, 2001.

18 (b) **DATE OF ENACTMENT EFFECTIVE DATE FOR**
19 **CERTAIN AMENDMENTS.**—The amendments made by sec-
20 tions 4, 7, and 8 shall apply with respect to any sole
21 survivorship discharge granted after the date of the enact-
22 ment of this Act.

23 (c) **SOLE SURVIVORSHIP DISCHARGE DEFINED.**—In
24 this section, the term “sole survivorship discharge” means
25 the separation of a member from the Armed Forces, at
26 the request of the member, pursuant to the Department

1 of Defense policy permitting the early separation of a
2 member who is the only surviving child in a family in
3 which—

4 (1) the father or mother or one or more sib-
5 lings—

6 (A) served in the Armed Forces; and

7 (B) was killed, died as a result of wounds,
8 accident, or disease, is in a captured or missing
9 in action status, or is permanently 100 percent
10 disabled or hospitalized on a continuing basis
11 (and is not employed gainfully because of the
12 disability or hospitalization); and

13 (2) the death, status, or disability did not result
14 from the intentional misconduct or willful neglect of
15 the parent or sibling and was not incurred during a
16 period of unauthorized absence.

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