

119TH CONGRESS
1ST SESSION

S. 3246

To amend the Internal Revenue Code of 1986 to exempt certain income
of active or reserve service members from tax.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 20, 2025

Mr. RICKETTS introduced the following bill; which was read twice and referred
to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to exempt
certain income of active or reserve service members from
tax.

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.**

4 This Act may be cited as the “Service Members Tax
5 Relief Act”.

6 **SEC. 2. EXEMPTION FROM INCOME TAX FOR UNIFORMED**
7 **SERVICE MEMBERS.**

8 (a) IN GENERAL.—Part III of subchapter B of chap-
9 ter 1 of subtitle A of the Internal Revenue Code of 1986

1 is amended by inserting after section 139L the following
 2 new section:

3 **“SEC. 139M. CERTAIN INCOME EARNED BY UNIFORMED**
 4 **SERVICE MEMBERS.**

5 “(a) IN GENERAL.—Gross income shall not include
 6 any compensation received by an individual in connection
 7 with such individual’s service during the taxable year as
 8 an active or reserve member of the Uniformed Services
 9 of the United States.

10 “(b) EXCLUSION OF RETIREMENT INCOME.—For
 11 purposes of this section, the term ‘compensation’ does not
 12 include any pension or retirement pay.”.

13 (b) CLERICAL AMENDMENT.—The table of sections
 14 for part III of subchapter B of chapter 1 of subtitle A
 15 of the Internal Revenue Code of 1986 is amended by in-
 16 serting after the item relating to section 139L the fol-
 17 lowing new item:

“Sec. 139M. Certain income earned by uniformed service members.”.

18 (c) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply to income earned in taxable years
 20 beginning after the date of the enactment of this Act.

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