

107TH CONGRESS
2D SESSION

S. 2783

To amend the Internal Revenue Code of 1986 to restore the tax exempt status of death gratuity payments to members of the uniformed services.

IN THE SENATE OF THE UNITED STATES

JULY 24, 2002

Mrs. CARNAHAN 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 restore the tax exempt status of death gratuity payments to members of the uniformed services.

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 “Honor Our Heroes
5 Act”.

6 **SEC. 2. RESTORATION OF FULL EXCLUSION FROM GROSS**
7 **INCOME OF DEATH GRATUITY PAYMENT.**

8 (a) IN GENERAL.—Subsection (b)(3) of section 134
9 of the Internal Revenue Code of 1986 (relating to certain

1 military benefits) is amended by adding at the end the
 2 following new subparagraph:

3 “(C) EXCEPTION FOR DEATH GRATUITY
 4 ADJUSTMENTS MADE BY LAW.—Subparagraph
 5 (A) shall not apply to any adjustment to the
 6 amount of death gratuity payable under chapter
 7 75 of title 10, United States Code, which is
 8 pursuant to a provision of law enacted after
 9 September 9, 1986.”.

10 (b) CONFORMING AMENDMENT.—Subparagraph (A)
 11 of section 134(b)(3) of such Code is amended by striking
 12 “subparagraph (B)” and inserting “subparagraphs (B)
 13 and (C)”.

14 (c) EFFECTIVE DATE.—The amendments made by
 15 this section shall apply with respect to deaths occurring
 16 after September 10, 2001.

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