

108TH CONGRESS  
2D SESSION

# S. 2942

To amend the Internal Revenue Code of 1986 to provide that combat pay be treated as earned income for purposes of the earned income credit.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 7, 2004

Mr. PRYOR (for himself, Mrs. LINCOLN, Mr. AKAKA, Mr. BAUCUS, Mr. BAYH, Mr. BINGAMAN, Mrs. BOXER, Mr. BREAUX, Ms. CANTWELL, Mrs. CLINTON, Mr. CORZINE, Mr. DASCHLE, Mr. DAYTON, Mr. DODD, Mr. DORGAN, Mr. DURBIN, Mr. FEINGOLD, Mrs. FEINSTEIN, Mr. GRAHAM of Florida, Mr. JEFFORDS, Mr. JOHNSON, Mr. KENNEDY, Ms. LANDRIEU, Mr. LAUTENBERG, Mr. LEAHY, Mr. LEVIN, Mr. LIEBERMAN, Ms. MIKULSKI, Mr. MILLER, Mrs. MURRAY, Mr. NELSON of Florida, Mr. NELSON of Nebraska, Mr. REID, Mr. ROCKEFELLER, Mr. SARBANES, Mr. SCHUMER, and Ms. STABENOW) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to provide that combat pay be treated as earned income for purposes of the earned income credit.

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

1 **SECTION 1. EARNED INCOME INCLUDES COMBAT PAY FOR**  
2 **PURPOSES OF EARNED INCOME CREDIT.**

3 (a) IN GENERAL.—Subparagraph (B) of section  
4 32(c)(2) of the Internal Revenue Code of 1986 (relating  
5 to earned income) is amended—

6 (1) by striking “and” at the end of clause (iv),

7 (2) by striking the period at the end of clause

8 (v) and inserting “, and”, and

9 (3) by adding at the end the following:

10 “(vi) a taxpayer may elect for any

11 taxable year to treat amounts excluded

12 from gross income by reason of section 112

13 as earned income.”.

14 (b) EFFECTIVE DATE.—The amendments made by

15 this section shall apply to taxable years beginning after

16 December 31, 2005.

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