

110TH CONGRESS  
2D SESSION

# S. 2655

To provide relief for veterans with a disability rated as total.

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 15, 2008

Mr. MARTINEZ introduced the following bill; which was read twice and referred to the Committee on Finance under authority of the order of the Senate of February 14, 2008

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## A BILL

To provide relief for veterans with a disability rated as total.

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. ELIMINATION OF TAXATION OF SOCIAL SECU-**  
4 **RITY BENEFITS FOR VETERANS WITH DIS-**  
5 **ABILITY RATED AS TOTAL.**

6 (a) IN GENERAL.—Section 86(b) of the Internal Rev-  
7 enue Code of 1986 (relating to taxpayers to which sub-  
8 section (a) applies) is amended by adding at the end the  
9 following new paragraph:

1           “(3) VETERANS WITH DISABILITY RATED AS  
2           TOTAL EXCLUDED.—

3           “(A) IN GENERAL.—A taxpayer is not de-  
4           scribed in this subsection for any taxable year  
5           if such taxpayer is a veteran who—

6                   “(i) has a service-connected disability  
7                   rated as total under chapter 11 of title 38,  
8                   United States Code (determined as of the  
9                   last day of such taxable year), or

10                   “(ii)(I) has a service-connected dis-  
11                   ability rated 50 percent or more under  
12                   such chapter, and

13                   “(II) is permanently and totally dis-  
14                   abled from a non-service-connected dis-  
15                   ability not the result of the veteran’s will-  
16                   ful misconduct.

17           “(B) DEFINITIONS.—For purposes of this  
18           paragraph—

19                   “(i) PERMANENTLY AND TOTALLY  
20                   DISABLED.—The term ‘permanently and  
21                   totally disabled’ has the meaning given  
22                   such term in section 1502 of title 38,  
23                   United States Code.

24                   “(ii) SERVICE-CONNECTED.—The  
25                   term ‘service-connected’ has the meaning

1           given such term in section 101 of such  
2           title.

3           “(iii) VETERAN.—The term ‘veteran’  
4           has the meaning given such term in section  
5           101 of such title.”.

6       (b) EFFECTIVE DATE.—The amendment made by  
7 this section shall apply to taxable years beginning after  
8 December 31, 2007.

9   **SEC. 2. DEFINITION OF ANNUAL INCOME FOR PURPOSES**  
10                   **OF SECTION 8 AND OTHER PUBLIC HOUSING**  
11                   **PROGRAMS.**

12       (a) IN GENERAL.—The Secretary of Housing and  
13 Urban Development shall amend section 5.609(c) of title  
14 24, Code of Federal Regulations (relating to the exclusion  
15 of amounts from the calculation of annual income), to re-  
16 quire that the definition of annual income for purposes  
17 of section 8 and other public housing programs does not  
18 include disability or pension benefits of the Department  
19 of Veterans Affairs awarded to a veteran who—

20           (1) has a service-connected disability rated as  
21       total under chapter 11 of title 38, United States  
22       Code (determined as of the last day of such taxable  
23       year); or

24           (2)(A) has a service-connected disability rated  
25       50 percent or more under such chapter; and

1 (B) is permanently and totally disabled from a  
2 non-service-connected disability not the result of the  
3 veteran's willful misconduct.

4 (b) DEFINITIONS.—In this section:

5 (1) PERMANENTLY AND TOTALLY DISABLED.—  
6 The term “permanently and totally disabled” has  
7 the meaning given such term in section 1502 of title  
8 38, United States Code.

9 (2) SERVICE-CONNECTED.—The term “service-  
10 connected” has the meaning given such term in sec-  
11 tion 101 of such title.

12 (3) VETERAN.—The term “veteran” has the  
13 meaning given such term in section 101 of such  
14 title.

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