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119TH CONGRESS
1ST SESSION

S. 878

To amend the Combat-Injured Veterans Tax Fairness Act of 2016 to apply to members of the Coast Guard when the Coast Guard is not operating as a service in the Department of the Navy, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 6, 2025

Mr. CASSIDY (for himself and Mr. WARNOCK) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Combat-Injured Veterans Tax Fairness Act of 2016 to apply to members of the Coast Guard when the Coast Guard is not operating as a service in the Department of the Navy, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Coast Guard Combat-Injured Tax Fairness Act''.

SEC. 2. RESTORATION OF AMOUNTS IMPROPERLY WITHHELD FOR TAX PURPOSES FROM SEVERANCE PAYMENTS TO VETERANS OF THE COAST GUARD WITH COMBAT-RELATED INJURIES.

(a) APPLICATION TO MEMBERS OF THE COAST GUARD WHEN THE COAST GUARD IS NOT OPERATING AS A SERVICE IN THE DEPARTMENT OF THE NAVY.—The Combat-Injured Veterans Tax Fairness Act of 2016 (Public Law 114–292; 10 U.S.C. 1212 note) is amended—

(1) in section 3(a)—

(A) in the matter preceding paragraph (1), by inserting ''(and the Secretary of Homeland Security, with respect to the Coast Guard when it is not operating as a service in the Department of the Navy, and the Secretary of Transportation, with respect to the Coast Guard during the period in which it was operating as a service in the Department of Transportation)'' after ''the Secretary of Defense''; and

(B) in paragraph (1)(A)—

(i) in clause (i), by striking ''the Secretary'' and inserting ''the Secretary of Defense (or the Secretary of Homeland Security or the Secretary of Transportation, with respect to the Coast Guard, as applicable)'';

(ii) in clause (ii), by striking ''the Secretary'' and inserting ''the Secretary of Defense (or the Secretary of Homeland Security or the Secretary of Transportation, with respect to the Coast Guard, as applicable)''; and

(iii) in clause (iv), by striking ''the Secretary'' and inserting ''the Secretary of Defense (or the Secretary of Homeland Security or the Secretary of Transportation, with respect to the Coast Guard, as applicable)'';

(2) in section 4—

(A) in the section heading, by inserting ''**AND SECRETARY OF HOMELAND SECURITY**'' after ''**SECRETARY OF DEFENSE**'';

(B) by inserting ''(and the Secretary of Homeland Security with respect to the Coast Guard when it is not operating as a service in the Department of the Navy)'' after ''The Secretary of Defense''; and

(C) by striking ''made by the Secretary'' and inserting ''made by the Secretary of Defense (or the Secretary of Homeland Security with respect to the Coast Guard)''; and

(3) in section 5—

(A) in subsection (a)—

(i) by inserting ''(and the Secretary of Homeland Security, with respect to the Coast Guard when it is not operating as a service in the Department of the Navy, and the Secretary of Transportation, with respect to the Coast Guard during the period in which it was operating as a service in the Department of Transportation)'' after ''the Secretary of Defense''; and

(ii) by striking ''the Secretary to'' and inserting ''the Secretary of Defense (or the Secretary of Homeland Security or the Secretary of Transportation, with respect to the Coast Guard, as applicable) to''; and

(B) in subsection (b)—

(i) in paragraph (2), by striking ''the Secretary'' and inserting ''the Secretary of Defense (or the Secretary of Homeland Security or the Secretary of Transportation, with respect to the Coast Guard, as applicable)''; and

(ii) in paragraph (3), by striking ''the Secretary'' and inserting ''the Secretary of

Defense (or the Secretary of Homeland Security, with respect to the Coast Guard when it is not operating as a service in the Department of the Navy)''.

(b) DEADLINES.—

(1) IDENTIFICATION OF AMOUNTS IMPROPERLY WITHHELD AND REPORTING.—The Secretary of Homeland Security and the Secretary of Transportation shall carry out the requirements under—

(A) section 3(a) of the Combat-Injured Veterans Tax Fairness Act of 2016 (Public Law 114–292; 10 U.S.C. 1212 note), as amended by subsection (a)(1), not later than one year after the date of the enactment of this Act; and

(B) section 5 of that Act, as amended by subsection (a)(3), not later than one year after the date of the enactment of this Act.

(2) ENSURING AMOUNTS ARE NOT IMPROPERLY WITHHELD.—The Secretary of Homeland Security shall carry out the requirements under section 4 of the Combat-Injured Veterans Tax Fairness Act of 2016 (Public Law 114–292; 10 U.S.C. 1212 note),

as amended by subsection (a)(2), beginning on the date of the enactment of this Act.

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