

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.

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## 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.

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 “Coast Guard Combat-  
5 Injured Tax Fairness Act”.

1 **SEC. 2. RESTORATION OF AMOUNTS IMPROPERLY WITH-**  
2 **HELD FOR TAX PURPOSES FROM SEVERANCE**  
3 **PAYMENTS TO VETERANS OF THE COAST**  
4 **GUARD WITH COMBAT-RELATED INJURIES.**

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

10 (1) in section 3(a)—

11 (A) in the matter preceding paragraph (1),  
12 by inserting “(and the Secretary of Homeland  
13 Security, with respect to the Coast Guard when  
14 it is not operating as a service in the Depart-  
15 ment of the Navy, and the Secretary of Trans-  
16 portation, with respect to the Coast Guard dur-  
17 ing the period in which it was operating as a  
18 service in the Department of Transportation)”  
19 after “the Secretary of Defense”; and

20 (B) in paragraph (1)(A)—

21 (i) in clause (i), by striking “the Sec-  
22 retary” and inserting “the Secretary of  
23 Defense (or the Secretary of Homeland Se-  
24 curity or the Secretary of Transportation,  
25 with respect to the Coast Guard, as appli-  
26 cable)”;

1 (ii) in clause (ii), by striking “the Sec-  
2 retary” and inserting “the Secretary of  
3 Defense (or the Secretary of Homeland Se-  
4 curity or the Secretary of Transportation,  
5 with respect to the Coast Guard, as appli-  
6 cable)”; and

7 (iii) in clause (iv), by striking “the  
8 Secretary” and inserting “the Secretary of  
9 Defense (or the Secretary of Homeland Se-  
10 curity or the Secretary of Transportation,  
11 with respect to the Coast Guard, as appli-  
12 cable)”; and

13 (2) in section 4—

14 (A) in the section heading, by inserting  
15 “**AND SECRETARY OF HOMELAND SECU-**  
16 **RITY**” after “**SECRETARY OF DEFENSE**”;

17 (B) by inserting “(and the Secretary of  
18 Homeland Security with respect to the Coast  
19 Guard when it is not operating as a service in  
20 the Department of the Navy)” after “The Sec-  
21 retary of Defense”; and

22 (C) by striking “made by the Secretary”  
23 and inserting “made by the Secretary of De-  
24 fense (or the Secretary of Homeland Security  
25 with respect to the Coast Guard)”; and

1 (3) in section 5—

2 (A) in subsection (a)—

3 (i) by inserting “(and the Secretary of  
4 Homeland Security, with respect to the  
5 Coast Guard when it is not operating as a  
6 service in the Department of the Navy,  
7 and the Secretary of Transportation, with  
8 respect to the Coast Guard during the pe-  
9 riod in which it was operating as a service  
10 in the Department of Transportation)”  
11 after “the Secretary of Defense”; and

12 (ii) by striking “the Secretary to” and  
13 inserting “the Secretary of Defense (or the  
14 Secretary of Homeland Security or the  
15 Secretary of Transportation, with respect  
16 to the Coast Guard, as applicable) to”; and  
17 (B) in subsection (b)—

18 (i) in paragraph (2), by striking “the  
19 Secretary” and inserting “the Secretary of  
20 Defense (or the Secretary of Homeland Se-  
21 curity or the Secretary of Transportation,  
22 with respect to the Coast Guard, as appli-  
23 cable)”; and

24 (ii) in paragraph (3), by striking “the  
25 Secretary” and inserting “the Secretary of

1 Defense (or the Secretary of Homeland Se-  
2 curity, with respect to the Coast Guard  
3 when it is not operating as a service in the  
4 Department of the Navy)’’.

5 (b) DEADLINES.—

6 (1) IDENTIFICATION OF AMOUNTS IMPROPERLY  
7 WITHHELD AND REPORTING.—The Secretary of  
8 Homeland Security and the Secretary of Transpor-  
9 tation shall carry out the requirements under—

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

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

19 (2) ENSURING AMOUNTS ARE NOT IMPROPERLY  
20 WITHHELD.—The Secretary of Homeland Security  
21 shall carry out the requirements under section 4 of  
22 the Combat-Injured Veterans Tax Fairness Act of  
23 2016 (Public Law 114–292; 10 U.S.C. 1212 note),

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

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