

110TH CONGRESS  
1ST SESSION

# H. R. 3933

To amend the Internal Revenue Code of 1986 to permanently extend the election to include combat pay as earned income for purposes of the earned income tax credit and penalty-free distributions from retirement plans to individuals called to active duty, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 23, 2007

Ms. CLARKE introduced the following bill; which was referred to the  
Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to permanently extend the election to include combat pay as earned income for purposes of the earned income tax credit and penalty-free distributions from retirement plans to individuals called to active duty, 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,*

1 **SECTION 1. ELECTION TO INCLUDE COMBAT PAY AS**  
2 **EARNED INCOME FOR PURPOSES OF EARNED**  
3 **INCOME TAX CREDIT MADE PERMANENT.**

4 (a) IN GENERAL.—Clause (vi) of section 32(c)(2)(B)  
5 of the Internal Revenue Code of 1986 (defining earned  
6 income) is amended to read as follows:

7 “(vi) a taxpayer may elect to treat  
8 amounts excluded from gross income by  
9 reason of section 112 as earned income.”.

10 (b) SUNSET NOT APPLICABLE.—Section 105 of the  
11 Working Families Tax Relief Act of 2004 (relating to ap-  
12 plication of EGTRRA sunset to this title) shall not apply  
13 to section 104(b) of such Act.

14 (c) EFFECTIVE DATE.—The amendment made by  
15 this section shall apply to taxable years ending after De-  
16 cember 31, 2007.

17 **SEC. 2. PENALTY-FREE DISTRIBUTIONS FROM RETIRE-**  
18 **MENT PLANS TO INDIVIDUALS CALLED TO**  
19 **ACTIVE DUTY MADE PERMANENT.**

20 (a) IN GENERAL.—Clause (iv) of section 72(t)(2)(G)  
21 of the Internal Revenue Code of 1986 is amended by strik-  
22 ing “, and before December 31, 2007”.

23 (b) EFFECTIVE DATE.—The amendment made by  
24 this section shall apply to individuals ordered or called to  
25 active duty on or after December 31, 2007.

1 **SEC. 3. STATE ANNUITIES FOR BLIND VETERANS TO BE**  
2 **DISREGARDED IN DETERMINING SUPPLE-**  
3 **MENTAL SECURITY INCOME BENEFITS.**

4 (a) INCOME DISREGARD.—Section 1612(b) of the So-  
5 cial Security Act (42 U.S.C. 1382a(b)) is amended—

6 (1) by striking “and” at the end of paragraph  
7 (22);

8 (2) by striking the period at the end of para-  
9 graph (23) and inserting “; and”; and

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

11 “(24) any annuity paid by a State to the indi-  
12 vidual (or such spouse) on the basis of the individ-  
13 ual’s being a veteran (as defined in section 101 of  
14 title 38, United States Code) and blind.”.

15 (b) RESOURCE DISREGARD.—Section 1613(a) of  
16 such Act (42 U.S.C. 1382b(a)) is amended—

17 (1) by striking “and” at the end of paragraph  
18 (14);

19 (2) by striking the period at the end of para-  
20 graph (15) and inserting “; and”; and

21 (3) by inserting after paragraph (15) the fol-  
22 lowing:

23 “(16) for the month of receipt and every month  
24 thereafter, any annuity paid by a State to the indi-  
25 vidual (or such spouse) on the basis of the individ-

1       ual's being a veteran (as defined in section 101 of  
2       title 38, United States Code) and blind.”.

3       (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall be effective with respect to benefits pay-  
5 able for months beginning after 60 days after the date  
6 of the enactment of this Act

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