

104TH CONGRESS
1ST SESSION

H. R. 2776

To amend the Internal Revenue Code of 1986 to provide that members of the Armed Forces performing service in a contingency operation declared by the President shall be entitled (if the President so designates that operation for such purpose) to exclude from gross income military compensation received for active service in the same manner as if such service was performed in a combat zone, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 1995

Mr. SKELTON (for himself, Mr. MONTGOMERY, Mr. SPENCE, Mr. McHALE, Mr. BUYER, and Mrs. FOWLER) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide that members of the Armed Forces performing service in a contingency operation declared by the President shall be entitled (if the President so designates that operation for such purpose) to exclude from gross income military compensation received for active service in the same manner as if such service was performed in a combat zone, 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. TAX TREATMENT FOR PARTICIPANTS IN MILI-**
2 **TARY CONTINGENCY OPERATIONS.**

3 (a) ENLISTED PERSONNEL.—Subsection (a) of sec-
4 tion 112 of the Internal Revenue Code of 1986 is amend-
5 ed—

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

8 (2) by redesignating paragraph (2) as para-
9 graph (3) and inserting after paragraph (1) the fol-
10 lowing new paragraph (2):

11 “(2) served in a contingency operation zone,
12 or”; and

13 (3) in paragraph (3), as so redesignated, by in-
14 serting “or in a contingency operation zone” after
15 “in a combat zone”.

16 (b) COMMISSIONED OFFICERS.—Subsection (b) of
17 such section is amended—

18 (1) by striking “or” at the end of paragraph
19 (1);

20 (2) by redesignating paragraph (2) as para-
21 graph (3) and inserting after paragraph (1) the fol-
22 lowing new paragraph (2):

23 “(2) served in a contingency operation zone,
24 or”; and

1 (3) in paragraph (3), as so redesignated, by in-
2 serting “or in a contingency operation zone” after
3 “in a combat zone”.

4 (c) DEFINITION.—Subsection (c) of such section is
5 amended by adding at the end the following new para-
6 graph:

7 “(5)(A) The term ‘contingency operation zone’
8 means any area which the President of the United
9 States by Executive Order designates, for purposes
10 of this section, as an area in which Armed Forces
11 of the United States are or have been engaged in a
12 contingency operation.

13 “(B) Service is performed in a contingency op-
14 eration zone only if performed (i) on or after the
15 date designated by the President by Executive Order
16 as the date of the commencing of contingency oper-
17 ation activities in such zone, and (ii) on or before
18 the date designated by the President by Executive
19 Order as the date of the termination of contingency
20 operation activities in such zone.

21 “(C) The term ‘contingency operation’ means a
22 military operation that—

23 “(i) is a contingency operation with the
24 meaning of section 101(a)(13) of title 10,

1 United States Code, as in effect on the date of
2 the enactment of this section; and

3 “(ii) is designated by the President as a
4 contingency operation for the purposes of this
5 section.”.

6 **SEC. 2. AMOUNT OF INCOME EXCLUSION FOR SERVICE IN**
7 **COMBAT ZONE OR CONTINGENCY OPER-**
8 **ATION ZONE.**

9 Subsection (b) of section 112 of the Internal Revenue
10 Code of 1986, as amended by section 1(b), is amended
11 by striking “\$500” and inserting “\$2400”.

12 **SEC. 3. EFFECTIVE DATE.**

13 The amendments made by this Act shall apply with
14 respect to periods beginning on or after November 1,
15 1995.

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