

108TH CONGRESS  
1ST SESSION

# S. 1898

To amend the Internal Revenue Code of 1986 to allow taxpayers to designate part or all of any income tax refund to support reservists and National Guard members.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 20, 2003

Mr. COLEMAN introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to allow taxpayers to designate part or all of any income tax refund to support reservists and National Guard members.

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 “Voluntary Support for  
5 Reservists and National Guard Members Act”.

6 **SEC. 2. DESIGNATION OF OVERPAYMENTS TO SUPPORT RE-**  
7 **SERVISTS.**

8 (a) DESIGNATION.—

1 (1) IN GENERAL.—Subchapter A of chapter 61  
 2 of the Internal Revenue Code of 1986 is amended by  
 3 adding at the end the following new part:

4 **“PART IX—DESIGNATION OF OVERPAYMENTS TO**  
 5 **SUPPORT RESERVISTS**

“Sec. 6097. Designation.

6 **“SEC. 6097. DESIGNATION.**

7 “(a) IN GENERAL.—In the case of an individual, with  
 8 respect to each taxpayer’s return for the taxable year of  
 9 the tax imposed by chapter 1, such taxpayer may des-  
 10 ignate that a specified portion (not less than \$1) of any  
 11 overpayment of tax for such taxable year be paid over to  
 12 the Reservist Income Differential Trust Fund.

13 “(b) MANNER AND TIME OF DESIGNATION.—A des-  
 14 ignation under subsection (a) may be made with respect  
 15 to any taxable year only at the time of filing the return  
 16 of the tax imposed by chapter 1 for such taxable year.  
 17 Such designation shall be made in such manner as the  
 18 Secretary prescribes by regulations except that such des-  
 19 ignation shall be made either on the first page of the re-  
 20 turn or on the page bearing the taxpayer’s signature.

21 “(c) OVERPAYMENTS TREATED AS REFUNDED.—For  
 22 purposes of this title, any portion of an overpayment of  
 23 tax designated under subsection (a) shall be treated as—

1           “(1) being refunded to the taxpayer as of the  
 2           last date prescribed for filing the return of tax im-  
 3           posed by chapter 1 (determined without regard to  
 4           extensions) or, if later, the date the return is filed,  
 5           and

6           “(2) a contribution made by such taxpayer on  
 7           such date to the United States.”.

8           (2) TRANSFERS TO RESERVIST INCOME DIF-  
 9           FERENTIAL TRUST FUND.—The Secretary of the  
 10          Treasury shall, from time to time, transfer to the  
 11          Reservist Income Differential Trust Fund the  
 12          amounts designated under section 6097 of the Inter-  
 13          nal Revenue Code of 1986.

14          (3) CLERICAL AMENDMENT.—The table of  
 15          parts for subchapter A of chapter 61 of the Internal  
 16          Revenue Code of 1986 is amended by adding at the  
 17          end the following new item:

            “Part IX. Designation of overpayments to support reservists.”.

18          (b) RESERVIST INCOME DIFFERENTIAL TRUST  
 19          FUND.—

20               (1) IN GENERAL.—Subchapter A of chapter 98  
 21               of the Internal Revenue Code of 1986 (relating to  
 22               trust fund code) is amended by adding at the end  
 23               the following new section:

1 **“SEC. 9511. RESERVIST INCOME DIFFERENTIAL TRUST**  
 2 **FUND.**

3 “(a) ESTABLISHMENT.—There is established in the  
 4 Treasury of the United States a trust fund to be known  
 5 as the ‘Reservist Income Differential Trust Fund’, con-  
 6 sisting of such amounts as may be appropriated or cred-  
 7 ited to such Trust Fund as provided in this section or sec-  
 8 tion 9602(b).

9 “(b) TRANSFERS TO TRUST FUND.—There are here-  
 10 by appropriated to the Reservist Income Differential Trust  
 11 Fund amounts equivalent to the amounts designated  
 12 under section 6097 (relating to designation of overpay-  
 13 ments to support reservists).

14 “(c) EXPENDITURES.—Amounts in the Reservist In-  
 15 come Differential Trust Fund shall be available for mak-  
 16 ing distributions to eligible members of reserve compo-  
 17 nents in accordance with section 212 of title 37, United  
 18 States Code.”.

19 (2) CLERICAL AMENDMENT.—The table of sec-  
 20 tions for such subchapter is amended by adding at  
 21 the end the following new item:

“Sec. 9511. Reservist Income Differential Trust Fund.”.

22 (c) EFFECTIVE DATES.—

23 (1) SUBSECTION (a).—The amendments made  
 24 by subsection (a) shall apply to taxable years begin-  
 25 ning after December 31, 2003.

1           (2) SUBSECTION (b).—The amendments made  
2       by subsection (b) shall take effect on the date of the  
3       enactment of this Act.

4 **SEC. 3. PAY DIFFERENTIAL FOR MOBILIZED RESERVES.**

5       (a) AUTHORITY.—

6           (1) IN GENERAL.—Chapter 3 of title 37, United  
7       States Code, is amended by adding at the end the  
8       following new section:

9 **“§ 212. Reserves on active duty: pay differential for**  
10 **service in support of a contingency oper-**  
11 **ation**

12       “(a) AUTHORITY.—To the extent provided in appro-  
13 priations Acts, the Secretary of a military department  
14 shall pay an eligible member of a reserve component of  
15 the armed forces a pay differential computed under sub-  
16 section (c).

17       “(b) ELIGIBLE MEMBER.—A member of a reserve  
18 component is eligible for a pay differential for each month  
19 during which the member is serving on active duty for a  
20 period of more than 30 days pursuant to a call or order  
21 to active duty under a provision of law referred to in sec-  
22 tion 101(a)(13)(B) of title 10.

23       “(c) AMOUNT.—(1) Subject to paragraphs (2) and  
24 (3), the amount of a pay differential paid under this sec-  
25 tion for a month to a member called or ordered to active

1 duty as described in subsection (b) shall be equal to the  
2 excess of—

3           “(A) the monthly rate of the salary, wage, or  
4           similar form of compensation that applied to the  
5           member in the member’s position of employment (if  
6           any) for the last full month before the month in  
7           which the member either commenced the period of  
8           active duty to which called or ordered or commenced  
9           the performance of duties for the armed forces in  
10          another duty status in preparation for the perform-  
11          ance of the active duty to which called or ordered,  
12          over

13           “(B) the monthly rate of basic pay payable to  
14          the member under section 204 of this title for such  
15          month of active-duty service.

16          “(2) The Secretary concerned may pay a member a  
17          pay differential under this section for a month in an  
18          amount less than the amount computed under paragraph  
19          (1) if the Secretary concerned determines that it is nec-  
20          essary to do so on the basis of the availability of funds  
21          for such purpose.

22          “(3) A member may not be paid more than a total  
23          of \$25,000 under this section.

24          “(d) FUNDING.—(1) Pay differentials under this sec-  
25          tion shall be paid out of funds that are transferred from

1 the Reservist Income Differential Trust Fund to military  
 2 personnel accounts for the purposes of this section.

3 “(2) The Secretary of Defense and the Secretary of  
 4 the Treasury shall jointly prescribe regulations providing  
 5 for transfers of funds in the Reservist Income Differential  
 6 Trust Fund to the appropriate military personnel accounts  
 7 to make payments under this section.

8 “(3) In this section, the term ‘Reservist Income Dif-  
 9 ferential Trust Fund’ means the Reservist Income Dif-  
 10 ferential Trust Fund referred to in section 6097 of the  
 11 Internal Revenue Code.”.

12 (2) CLERICAL AMENDMENT.—The table of sec-  
 13 tions at the beginning of such chapter is amended  
 14 by adding at the end the following new item:

“212. Reserves on active duty: pay differential for service in support of a contin-  
 gency operation.”.

15 (b) EFFECTIVE DATE.—Section 212 of title 37,  
 16 United States Code, shall take effect on October 1, 2004,  
 17 and shall apply with respect to months that begin on or  
 18 after that date.

