

108TH CONGRESS  
1ST SESSION

# H. R. 3365

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## AN ACT

To amend title 10, United States Code, and the Internal Revenue Code of 1986 to increase the death gratuity payable with respect to deceased members of the Armed Forces and to exclude such gratuity from gross income.



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## AN ACT

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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. SHORT TITLE.**

2 This Act may be cited as the “Fallen Patriots Tax  
3 Relief Act”.

4 **SEC. 2. FINDINGS.**

5 The Congress finds the following:

6 (1) The tragic events of September 11, 2001,  
7 and subsequent worldwide combat operations in the  
8 Global War on Terrorism and in Operation Iraqi  
9 Freedom have highlighted the significant contribu-  
10 tions of members of the Armed Forces in support of  
11 the national security of the United States and the  
12 sacrifices made by those members in the defense of  
13 freedom.

14 (2) The sacrifices made by the members of the  
15 Armed Forces are significant and are worthy of  
16 meaningful expressions of gratitude by the Govern-  
17 ment of the United States, especially in the case of  
18 sacrifice through loss of life.

19 (3) The death gratuity payment made by the  
20 United States Government for deaths while in mili-  
21 tary service has historically been tax exempt.

22 (4) The military death gratuity payment should  
23 remain tax exempt in order to assist families of fall-  
24 en patriots to continue their quality of life during  
25 their greatest time of need.

1           (5) The Congress should periodically increase  
2           the amount of the military death gratuity payment  
3           to ensure that its value is not diminished.

4 **SEC. 3. INCREASE IN DEATH GRATUITY PAYABLE WITH RE-**  
5                                   **SPECT TO DECEASED MEMBERS OF THE**  
6                                   **ARMED FORCES.**

7           (a) AMOUNT OF DEATH GRATUITY.—Section  
8 1478(a) of title 10, United States Code, is amended by  
9 striking “\$6,000” and inserting “\$12,000”.

10          (b) EFFECTIVE DATE.—The amendment made by  
11 subsection (a) shall take effect as of September 11, 2001,  
12 and shall apply with respect to deaths occurring on or  
13 after that date.

14 **SEC. 4. RESTORATION OF FULL EXCLUSION FROM GROSS**  
15                                   **INCOME OF DEATH GRATUITY PAYMENT.**

16          (a) IN GENERAL.—Paragraph (3) of section 134(b)  
17 of the Internal Revenue Code of 1986 (relating to quali-  
18 fied military benefit) is amended by adding at the end the  
19 following new subparagraph:

20                                   “(C) EXCEPTION FOR DEATH GRATUITY  
21                                   ADJUSTMENTS MADE BY LAW.—Subparagraph  
22                                   (A) shall not apply to any adjustment to the  
23                                   amount of death gratuity payable under chapter  
24                                   75 of title 10, United States Code, which is  
25                                   pursuant to a provision of law enacted on or be-

1           fore the date of the enactment of this subpara-  
2           graph.”.

3           (b)       CONFORMING        AMENDMENT.—Section  
4 134(b)(3)(A) of such Code is amended by striking “sub-  
5 paragraph (B)” and inserting “subparagraphs (B) and  
6 (C)”.

7           (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply with respect to deaths occurring  
9 after September 10, 2001.

          Passed the House of Representatives October 29,  
2003.

Attest:

*Clerk.*