INTRODUCTION OF THE MILITARY TAX CREDIT ACT OF 2001

HON. MICHAEL E. CAPUANO
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES
Thursday, March 29, 2001

Mr. CAPUANO. Mr. Speaker, today I rise to introduce the Military Tax Credit Act of 2001. Without question, our most valuable national security assets are the men and women who have voluntarily stepped forward to protect and defend our freedoms. Time and again, these individuals have risen to the challenge of protecting our national interests, and they have done so with a sense of honor and duty. Truly, the nation owes each and every person serving in our nation's armed forces a debt of gratitude for the sacrifices that they make every day.

Yet, there is one particularly troublesome sacrifice that many in our armed services are forced to make. This sacrifice has less to do with national security and more to do with financial security. When it comes to providing our military personnel with an adequate system of pay we have, very simply, missed the mark. As a result, today we have a cadre of personnel, enlisted and officers, married and single, who are in a constant struggle to make their financial ends meet.

Mr. Speaker, we've all heard the horror stories of military families forced on to public assistance and personnel that have had to seek part-time jobs to supplement their military pay. It seems incredible that over the past several years, as the cost of living has grown due to the expanding economy, we have been unable to provide a military pay structure that fails in line with this growth. I am well aware of numerous well-intentioned efforts in Congress to address the situation and I have supported many of these initiatives. The various pay increases enacted over the last several years have been a tremendous help. However, they clearly have not been enough and I believe that more can and must be done to improve the financial situation of our men and women in uniform.

Since President Bush took office in January, one of the central tenets of his Administration has been to return some of the surplus back to the American people. While I may disagree with his plans to accomplish this goal, I believe a portion of the surplus should be used to address certain issues like the military pay situation. The Military Tax Credit Act of 2001 would use funds from the budget surplus to provide a refundable tax credit to all active duty military personnel.

Under this legislation, single personnel would be eligible for a $2800 refundable credit; while married personnel would receive a $4000 refundable credit. In addition to those active duty personnel in the Army, Navy, Marines and Air Force, the credit would extend to active duty Coast Guard and National Guard personnel. Moreover, a portion of it would be made available to any reserve personnel serving thirty or more days on active duty.

The beauty of this proposal is that even though every person; regardless of rank or grade would receive this credit, it would provide the biggest bang for the buck to those personnel that need it the most: the junior enlisted men and women and the junior officers. For single personnel at the E–6 level and below, the credit on average would be the equivalent of a 10.3 percent bonus. For married personnel in the same category the bonus would average 14.1 percent. The single junior officer would receive an average of 6.4 percent pay bonus while their married counterparts would average an 8.9 percent bonus.

All of the money that military personnel receive as a result of this credit would be tax-free. In addition, since the funds used to pay for the tax credit would come from the surplus, it would not adversely affect the overall defense budget. In fact, it barely puts a dent in the surplus. The amount of surplus funds used to support this legislation represents only 3.1% of the total surplus available—a small price to pay for such a large benefit.

Mr. Speaker, I am not a member of the Armed Services Committee, nor am I a member of the Defense Appropriations Subcommittee. And although the USS Constitution is homeported at the Charlestown Navy Yard, I have no major military installation in my district. Some might ask why then am I introducing tax credit legislation for military personnel. The answer is simple: because they deserve it. And while I don't believe that my legislation is the answer to all of the problems associated with the military's pay structure, I do believe that this is a great way to provide financial assistance and that is why my hope is that Congress agrees with me and will move to pass the Military Tax Credit of 2001.

IN TRIBUTE TO FREDRICK NELSON

HON. SAM FARR
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, March 29, 2001

Mr. FARR of California. Mr. Speaker, I rise today to honor a dear friend of mine, Mr. Fred Nelson, who passed away unexpectedly on February 5, 2001. Fred was an integral part of the community of Carmel, California, and will be missed by us all.

Fred and I went to school together in Carmel, and he graduated from Carmel High School in 1958. He was a great athlete. Every football team he played on lost not a single game and won all the league’s championships. After graduation, he joined the U.S. Army, and served his country in uniform until 1961. After serving in the Army, he worked as a banker in the San Francisco Bay Area until finally returning to Carmel seven years ago.

For those of my colleagues who know the community of Carmel, you are first struck by the beauty of the town and the area around it. But you are equally drawn to the notion that Carmel is a town of neighbors, not occupants, and we are a tight-knit community. Many people knew and loved Fred, and I am thankful to be one of them. Fred’s passing has affected many people, and he will be sorely missed by his wife, Lynne; his son, Rodrick of Los Altos, California; his mother, Winifred Haag of Carmel; his sister, Lynn Rivera of Apts, California; and his two grandsons.