H. R. 3997

To amend the Internal Revenue Code of 1986 to provide earnings assistance and tax relief to members of the uniformed services, volunteer firefighters, and Peace Corps volunteers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 30, 2007

Mr. RANGEL 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 earnings assistance and tax relief to members of the uniformed services, volunteer firefighters, and Peace Corps volunteers, 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,
3 SECTION 1. SHORT TITLE, ETC.
4 (a) Short Title.—This Act may be cited as the “Heroes Earnings Assistance and Relief Tax Act of 2007”.
5 (b) Reference.—Except as otherwise expressly pro-
6 vided, whenever in this Act an amendment or repeal is
expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—BENEFITS FOR MILITARY AND VOLUNTEER FIREFIGHTERS

Sec. 101. Election to include combat pay as earned income for purposes of earned income tax credit.
Sec. 102. Modification of mortgage revenue bonds for veterans.
Sec. 103. Survivor and disability payments with respect to qualified military service.
Sec. 104. Treatment of differential military pay as wages.
Sec. 105. Exclusion from income for benefits provided to volunteer firefighters and emergency medical responders.
Sec. 106. Special period of limitation when uniformed services retired pay is reduced as a result of award of disability compensation.
Sec. 107. Distributions from retirement plans to individuals called to active duty.
Sec. 108. Disclosure of return information relating to veterans programs made permanent.
Sec. 109. Contributions of military death gratuities to Roth IRAs and Education Savings Accounts.
Sec. 110. Suspension of 5-year period during service with the Peace Corps.

TITLE II—IMPROVEMENTS IN SUPPLEMENTAL SECURITY INCOME

Sec. 201. Treatment of uniformed service cash remuneration as earned income.
Sec. 202. State annuities for blind veterans to be disregarded in determining supplemental security income benefits.
Sec. 203. Exclusion of AmeriCorps benefits for purposes of determining supplemental security income eligibility and benefit amounts.
Sec. 204. Effective date.
TITLE I—BENEFITS FOR MILITARY AND VOLUNTEER FIREFIGHTERS

SEC. 101. ELECTION TO INCLUDE COMBAT PAY AS EARNED INCOME FOR PURPOSES OF EARNED INCOME TAX CREDIT.

(a) IN GENERAL.—Clause (vi) of section 32(c)(2)(B) (defining earned income) is amended to read as follows:

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

(b) SUNSET NOT APPLICABLE.—Section 105 of the Working Families Tax Relief Act of 2004 (relating to application of EGTRRA sunset to this title) shall not apply to section 104(b) of such Act.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after December 31, 2007.

SEC. 102. MODIFICATION OF MORTGAGE REVENUE BONDS FOR VETERANS.

(a) QUALIFIED MORTGAGE BONDS USED TO FINANCE RESIDENCES FOR VETERANS WITHOUT REGARD TO FIRST-TIME HOMEBUYER REQUIREMENT.—Subparagraph (D) of section 143(d)(2) (relating to exceptions) is amended by striking “and before January 1, 2008”.

•HR 3997 IH
(b) INCREASE IN BOND LIMITATION FOR ALASKA, OREGON, AND WISCONSIN.—Clause (ii) of section 143(l)(3)(B) (relating to State veterans limit) is amended by striking “$25,000,000” each place it appears and inserting “$100,000,000”.

(c) DEFINITION OF QUALIFIED VETERAN.—Paragraph (4) of section 143(l) (defining qualified veteran) is amended to read as follows:

“(4) QUALIFIED VETERAN.—For purposes of this subsection, the term ‘qualified veteran’ means any veteran who—

“(A) served on active duty, and

“(B) applied for the financing before the date 25 years after the last date on which such veteran left active service.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after December 31, 2007.

SEC. 103. SURVIVOR AND DISABILITY PAYMENTS WITH RESPECT TO QUALIFIED MILITARY SERVICE.

(a) PLAN QUALIFICATION REQUIREMENT FOR DEATH BENEFITS UNDER USERRA-QUALIFIED ACTIVE MILITARY SERVICE.—Subsection (a) of section 401 (relating to requirements for qualification) is amended by inserting after paragraph (36) the following new paragraph:
“(37) Death benefits under USERRA-qualified active military service.—A trust shall not constitute a qualified trust unless the plan provides that, in the case of a participant who dies while performing qualified military service (as defined in section 414(u)), the survivors of the participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the plan had the participant resumed and then terminated employment on account of death.”.

(b) Treatment in the Case of Death or Disability Resulting from Active Military Service for Benefit Accrual Purposes.—Subsection (u) of section 414 (relating to special rules relating to veterans’ reemployment rights under USERRA) is amended by redesignating paragraphs (9) and (10) as paragraphs (10) and (11), respectively, and by inserting after paragraph (8) the following new paragraph:

“(9) Treatment in the case of death or disability resulting from active military service.—

“(A) In general.—For benefit accrual purposes, an employer sponsoring a retirement plan may treat an individual who dies or be-
comes disabled (as defined under the terms of the plan) while performing qualified military service with respect to the employer maintaining the plan as if the individual has resumed employment in accordance with the individual’s reemployment rights under chapter 43 of title 38, United States Code, on the day preceding death or disability (as the case may be) and terminated employment on the actual date of death or disability. In the case of any such treatment, and subject to subparagraphs (B) and (C), any full or partial compliance by such plan with respect to the benefit accrual requirements of paragraph (8) with respect to such individual shall be treated for purposes of paragraph (1) as if such compliance were required under such chapter 43.

“(B) NONDISCRIMINATION REQUIREMENT.—Subparagraph (A) shall apply only if all individuals performing qualified military service with respect to the employer maintaining the plan (as determined under subsections (b), (e), (m), and (o)) who die or became disabled as a result of performing qualified military service prior to reemployment by the em-
ployer are credited with service and benefits on reasonably equivalent terms.

“(C) DETERMINATION OF BENEFITS.—The amount of employee contributions and the amount of elective deferrals of an individual treated as reemployed under subparagraph (A) for purposes of applying paragraph (8)(C) shall be determined on the basis of the individual’s average actual employee contributions or elective deferrals for the lesser of—

“(i) the 12-month period of service with the employer immediately prior to qualified military service, or

“(ii) if service with the employer is less than such 12-month period, the actual length of continuous service with the employer.”.

(c) CONFORMING AMENDMENTS.—

(1) Section 404(a)(2) is amended by striking “and (31)” and inserting “(31), and (37)”.

(2) Section 403(b) is amended by adding at the end the following new paragraph:

“(14) DEATH BENEFITS UNDER USERRA-QUALIFIED ACTIVE MILITARY SERVICE.—This subsection shall not apply to an annuity contract unless such
contract meets the requirements of section 401(a)(37).”.

(3) Section 457(g) is amended by adding at the end the following new paragraph:

“(4) DEATH BENEFITS UNDER USERRA-QUALIFIED ACTIVE MILITARY SERVICE.—A plan described in paragraph (1) shall not be treated as an eligible deferred compensation plan unless such plan meets the requirements of section 401(a)(37).”.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to deaths and disabilities occurring on or after January 1, 2007.

(2) PROVISIONS RELATING TO PLAN AMENDMENTS.—

(A) IN GENERAL.—If this subparagraph applies to any plan or contract amendment, such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subparagraph (B)(iii).

(B) AMENDMENTS TO WHICH SUBPARA-GRAPH (A) APPLIES.—
(i) IN GENERAL.—Subparagraph (A) shall apply to any amendment to any plan or annuity contract which is made—

(I) pursuant to the amendments made by subsection (a) or pursuant to any regulation issued by the Secretary of the Treasury under subsection (a), and

(II) on or before the last day of the first plan year beginning on or after January 1, 2009.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this clause shall be applied by substituting “2011” for “2009” in subclause (II).

(ii) CONDITIONS.—This paragraph shall not apply to any amendment unless—

(I) the plan or contract is operated as if such plan or contract amendment were in effect for the period described in clause (iii), and

(II) such plan or contract amendment applies retroactively for such period.
(iii) Period described.—The period described in this clause is the period—

(I) beginning on the effective date specified by the plan, and

(II) ending on the date described in clause (i)(II) (or, if earlier, the date the plan or contract amendment is adopted).

SEC. 104. TREATMENT OF DIFFERENTIAL MILITARY PAY AS WAGES.

(a) Income Tax Withholding on Differential Wage Payments.—

(1) In general.—Section 3401 (relating to definitions) is amended by adding at the end the following new subsection:

“(h) Differential Wage Payments to Active Duty Members of the Uniformed Services.—

“(1) In general.—For purposes of subsection (a), any differential wage payment shall be treated as a payment of wages by the employer to the employee.

“(2) Differential wage payment.—For purposes of paragraph (1), the term ‘differential wage payment’ means any payment which—
“(A) is made by an employer to an individual with respect to any period during which the individual is performing service in the uniformed services (as defined in chapter 43 of title 38, United States Code) while on active duty for a period of more than 30 days, and

“(B) represents all or a portion of the wages the individual would have received from the employer if the individual were performing service for the employer.”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to remuneration paid after December 31, 2007.

(b) TREATMENT OF DIFFERENTIAL WAGE PAYMENTS FOR RETIREMENT PLAN PURPOSES.—

(1) PENSION PLANS.—

(A) IN GENERAL.—Section 414(u) (relating to special rules relating to veterans’ reemployment rights under USERRA) is amended by adding at the end the following new paragraph:

“(11) TREATMENT OF DIFFERENTIAL WAGE PAYMENTS.—

“(A) IN GENERAL.—Except as provided in this paragraph, for purposes of applying this
title to a retirement plan to which this sub-
section applies—

“(i) an individual receiving a differential wage payment shall be treated as an employee of the employer making the pay-
ment,

“(ii) the differential wage payment shall be treated as compensation, and

“(iii) the plan shall not be treated as failing to meet the requirements of any provision described in paragraph (1)(C) by reason of any contribution or benefit which is based on the differential wage payment.

“(B) SPECIAL RULE FOR DISTRIBUTIONS.—

“(i) IN GENERAL.—Notwithstanding subparagraph (A)(i), for purposes of section 401(k)(2)(B)(i)(I), 403(b)(7)(A)(ii), 403(b)(11)(A), or 457(d)(1)(A)(ii), an individual shall be treated as having been severed from employment during any period the individual is performing service in the uniformed services described in section 3401(h)(2)(A).
“(ii) LIMITATION.—If an individual elects to receive a distribution by reason of clause (i), the plan shall provide that the individual may not make an elective deferral or employee contribution during the 6-month period beginning on the date of the distribution.

“(C) NONDISCRIMINATION REQUIREMENT.—Subparagraph (A)(iii) shall apply only if all employees of an employer (as determined under subsections (b), (c), (m), and (o)) performing service in the uniformed services described in section 3401(h)(2)(A) are entitled to receive differential wage payments on reasonably equivalent terms and, if eligible to participate in a retirement plan maintained by the employer, to make contributions based on the payments on reasonably equivalent terms. For purposes of applying this subparagraph, the provisions of paragraphs (3), (4), and (5) of section 410(b) shall apply.

“(D) DIFFERENTIAL WAGE PAYMENT.—For purposes of this paragraph, the term ‘differential wage payment’ has the meaning given such term by section 3401(h)(2).”
(B) Conforming Amendment.—The heading for section 414(u) is amended by inserting "AND TO DIFFERENTIAL WAGE PAYMENTS TO MEMBERS ON ACTIVE DUTY" after "USERRA".

(2) Differential Wage Payments Treated as Compensation for Individual Retirement Plans.—Section 219(f)(1) (defining compensation) is amended by adding at the end the following new sentence: "The term compensation includes any differential wage payment (as defined in section 3401(h)(2)).".

(3) Effective Date.—The amendments made by this subsection shall apply to years beginning after December 31, 2007.

(e) Provisions Relating to Plan Amendments.—

(1) In General.—If this subsection applies to any plan or annuity contract amendment, such plan or contract shall be treated as being operated in accordance with the terms of the plan or contract during the period described in paragraph (2)(B)(i).

(2) Amendments to Which Section Applies.—
(A) IN GENERAL.—This subsection shall apply to any amendment to any plan or annuity contract which is made—

(i) pursuant to any amendment made by subsection (b)(1), and

(ii) on or before the last day of the first plan year beginning on or after January 1, 2009.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this subparagraph shall be applied by substituting “2011” for “2009” in clause (ii).

(B) CONDITIONS.—This subsection shall not apply to any plan or annuity contract amendment unless—

(i) during the period beginning on the date the amendment described in subparagraph (A)(i) takes effect and ending on the date described in subparagraph (A)(ii) (or, if earlier, the date the plan or contract amendment is adopted), the plan or contract is operated as if such plan or contract amendment were in effect, and

(ii) such plan or contract amendment applies retroactively for such period.
SEC. 105. EXCLUSION FROM INCOME FOR BENEFITS PROVIDED TO VOLUNTEER FIREFIGHTERS AND EMERGENCY MEDICAL RESPONDERS.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by inserting after section 139A the following new section:

"SEC. 139B. BENEFITS PROVIDED TO VOLUNTEER FIREFIGHTERS AND EMERGENCY MEDICAL RESPONDERS.

“(a) IN GENERAL.—In the case of any member of a qualified volunteer emergency response organization, gross income shall not include—

“(1) any qualified State and local tax benefit,

and

“(2) any qualified payment.

“(b) DENIAL OF DOUBLE BENEFITS.—In the case of any member of a qualified volunteer emergency response organization—

“(1) the deduction under 164 shall be determined with regard to any qualified State and local tax benefit, and

“(2) expenses paid or incurred by the taxpayer in connection with the performance of services as such a member shall be taken into account under section 170 only to the extent such expenses exceed
the amount of any qualified payment excluded from
gross income under subsection (a).

“(c) DEFINITIONS.—For purposes of this section—

“(1) QUALIFIED STATE AND LOCAL TAX BENEFIT.—The term ‘qualified state and local tax ben-
efit’ means any reduction or rebate of a tax de-
scribed in paragraph (1), (2), or (3) of section
164(a) provided by a State or political division
thereof on account of services performed as a mem-
ber of a qualified volunteer emergency response or-
ganization.

“(2) QUALIFIED PAYMENT.—

“(A) IN GENERAL.—The term ‘qualified
group’ means any payment (whether reim-
bursement or otherwise) provided by a State or
political division thereof on account of the per-
formance of services as a member of a qualified
volunteer emergency response organization.

“(B) APPLICABLE DOLLAR LIMITATION.—
The amount determined under subparagraph
(A) for any taxable year shall not exceed $30
multiplied by the number of months during
such year that the taxpayer performs such serv-
ices.
“(3) QUALIFIED VOLUNTEER EMERGENCY RESPONSE ORGANIZATION.—The term ‘qualified volunteer emergency response organization’ means any volunteer organization—

“(A) which is organized and operated to provide firefighting or emergency medical services for persons in the State or political subdivision, as the case may be, and

“(B) which is required (by written agreement) by the State or political subdivision to furnish firefighting or emergency medical services in such State or political subdivision.”.

(b) CLERICAL AMENDMENT.—The table of sections for such part is amended by inserting after the item relating to section 139A the following new item:

“Sec. 139B. Benefits provided to volunteer firefighters and emergency medical responders.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 106. SPECIAL PERIOD OF LIMITATION WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.

(a) IN GENERAL.—Subsection (d) of section 6511 (relating to special rules applicable to income taxes) is
amended by adding at the end the following new para-

graph:

“(8) Special rules when uniformed serv-
ices retired pay is reduced as a result of
award of disability compensation.—

“(A) Period of limitation on filing
claim.—If the claim for credit or refund re-
lates to an overpayment of tax imposed by sub-
title A on account of—

“(i) the reduction of uniformed serv-
ices retired pay computed under section
1406 or 1407 of title 10, United States
Code, or

“(ii) the waiver of such pay under sec-
tion 5305 of title 38 of such Code,
as a result of an award of compensation under
title 38 of such Code pursuant to a determina-
tion by the Secretary of Veterans Affairs, the 3-
year period of limitation prescribed in sub-
section (a) shall be extended, for purposes of
permitting a credit or refund based upon the
amount of such reduction or waiver, until the
end of the 1-year period beginning on the date
of such determination.
“(B) LIMITATION TO 5 TAXABLE YEARS.—

Subparagraph (A) shall not apply with respect to any taxable year which began more than 5 years before the date of such determination.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to claims for credit or refund filed after the date of the enactment of this Act.

(c) TRANSITION RULES.—In the case of a determination described in paragraph (8) of section 6511(d) of the Internal Revenue Code of 1986 (as added by this section) which is made by the Secretary of Veterans Affairs after December 31, 2000, and before the date of the enactment of this Act, such paragraph—

(1) shall not apply with respect to any taxable year which began before January 1, 2001, and

(2) shall be applied by substituting for “the date of such determination” in subparagraph (A) thereof.

SEC. 107. DISTRIBUTIONS FROM RETIREMENT PLANS TO INDIVIDUALS CALLED TO ACTIVE DUTY.

(a) IN GENERAL.—Clause (iv) of section 72(t)(2)(G) is amended by striking “, and before December 31, 2007”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to individuals ordered or called to active duty on or after December 31, 2007.
SEC. 108. DISCLOSURE OF RETURN INFORMATION RELATING TO VETERANS PROGRAMS MADE PERMANENT.

(a) In General.—Subparagraph (D) of section 6103(l)(7) (relating to disclosure of return information to Federal, State, and local agencies administering certain programs under the Social Security Act, the Food Stamp Act of 1977, or title 38, United States Code or certain housing assistance programs) is amended by striking the last sentence.

(b) Effective Date.—The amendments made by this section shall apply to requests made after September 30, 2008.

SEC. 109. CONTRIBUTIONS OF MILITARY DEATH GRATUITIES TO ROTH IRAS AND EDUCATION SAVINGS ACCOUNTS.

(a) Provision in Effect Before Pension Protection Act.—Subsection (e) of section 408A (relating to qualified rollover contribution), as in effect before the amendments made by section 824 of the Pension Protection Act of 2006, is amended to read as follows:

“(e) Qualified Rollover Contribution.—For purposes of this section—

“(1) In General.—The term ‘qualified rollover contribution’ means a rollover contribution to a Roth IRA from another such account, or from an indi-
individual retirement plan, but only if such rollover con-
tribution meets the requirements of section 408(d)(3). Such term includes a rollover contribu-
tion described in section 402A(c)(3)(A). For pur-
poses of section 408(d)(3)(B), there shall be dis-
regarded any qualified rollover contribution from an
individual retirement plan (other than a Roth IRA) to a Roth IRA.

“(2) MILITARY DEATH GRATUITY.—

“(A) IN GENERAL.—The term ‘qualified
rollover contribution’ includes a contribution to
a Roth IRA maintained for the benefit of an in-
dividual made before the end of the 1-year pe-
riod beginning on the date on which such indi-
vidual receives an amount under section 1477
of title 10, United States Code, or section 1967
of title 38 of such Code, with respect to a per-
son, to the extent that such contribution does
not exceed—

“(i) the sum of the amounts received
during such period by such individual
under such sections with respect to such
person, reduced by
“(ii) the amounts so received which were contributed to a Coverdell education savings account under section 530(d)(9).

“(B) ANNUAL LIMIT ON NUMBER OF ROLLOVERS NOT TO APPLY.—Section 408(d)(3)(B) shall not apply with respect to amounts treated as a rollover by subparagraph (A).

“(C) APPLICATION OF SECTION 72.—For purposes of applying section 72 in the case of a distribution which is not a qualified distribution, the amount treated as a rollover by reason of subparagraph (A) shall be treated as investment in the contract.”.

(b) PROVISION IN EFFECT AFTER PENSION PROTECTION ACT.—Subsection (e) of section 408A, as in effect after the amendments made by section 824 of the Pension Protection Act of 2006, is amended to read as follows:

“(e) QUALIFIED ROLLOVER CONTRIBUTION.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified rollover contribution’ means a rollover contribution—

“(A) to a Roth IRA from another such account,
“(B) from an eligible retirement plan, but only if—

“(i) in the case of an individual retirement plan, such rollover contribution meets the requirements of section 408(d)(3), and

“(ii) in the case of any eligible retirement plan (as defined in section 402(c)(8)(B) other than clauses (i) and (ii) thereof), such rollover contribution meets the requirements of section 402(c), 403(b)(8), or 457(e)(16), as applicable.

For purposes of section 408(d)(3)(B), there shall be disregarded any qualified rollover contribution from an individual retirement plan (other than a Roth IRA) to a Roth IRA.

“(2) MILITARY DEATH GRATUITY.—

“(A) IN GENERAL.—The term ‘qualified rollover contribution’ includes a contribution to a Roth IRA maintained for the benefit of an individual made before the end of the 1-year period beginning on the date on which such individual receives an amount under section 1477 of title 10, United States Code, or section 1967 of title 38 of such Code, with respect to a per-
son, to the extent that such contribution does not exceed—

“(i) the sum of the amounts received during such period by such individual under such sections with respect to such person, reduced by

“(ii) the amounts so received which were contributed to a Coverdell education savings account under section 530(d)(9).

“(B) ANNUAL LIMIT ON NUMBER OF ROLLOVERS NOT TO APPLY.—Section 408(d)(3)(B) shall not apply with respect to amounts treated as a rollover by the subpara-

graph (A).

“(C) APPLICATION OF SECTION 72.—For purposes of applying section 72 in the case of a distribution which is not a qualified distribution, the amount treated as a rollover by reason of subparagraph (A) shall be treated as investment in the contract.”.

(e) EDUCATION SAVINGS ACCOUNTS.—Subsection (d) of section 530 is amended by adding at the end the following new paragraph:

“(9) MILITARY DEATH GRATUITY.—
“(A) IN GENERAL.—For purposes of this section, the term ‘rollover contribution’ includes a contribution to a Coverdell education savings account made before the end of the 1-year period beginning on the date on which the contributor receives an amount under section 1477 of title 10, United States Code, or section 1967 of title 38 of such Code, with respect to a person, to the extent that such contribution does not exceed—

“(i) the sum of the amounts received during such period by such contributor under such sections with respect to such person, reduced by

“(ii) the amounts so received which were contributed to a Roth IRA under section 408A(e)(2) or to another Coverdell education savings account.

“(B) ANNUAL LIMIT ON NUMBER OF ROLLOVERS NOT TO APPLY.—The last sentence of paragraph (5) shall not apply with respect to amounts treated as a rollover by the subparagraph (A).

“(C) APPLICATION OF SECTION 72.—For purposes of applying section 72 in the case of
a distribution which is includible in gross in-
come under paragraph (1), the amount treated
as a rollover by reason of subparagraph (A)
shall be treated as investment in the contract.”.

(d) Effective Dates.—

(1) In general.—Except as provided by para-
graphs (2) and (3), the amendments made by this
section shall apply with respect to deaths from inju-
ries occurring on or after the date of the enactment
of this Act.

(2) Application of amendments to deaths
from injuries occurring on or after October
7, 2001, and before enactment.—The amend-
ments made by this section shall apply to any con-
tribution made pursuant to section 408A(e)(2) or
530(d)(5) of the Internal Revenue Code of 1986, as
amended by this Act, with respect to amounts re-
ceived under section 1477 of title 10, United States
Code, or under section 1967 of title 38 of such
Code, for deaths from injuries occurring on or after
October 7, 2001, and before the date of the enact-
ment of this Act if such contribution is made not
later than 1 year after the date of the enactment of
this Act.
(3) PENSION PROTECTION ACT CHANGES.—Section 408A(e)(1) of the Internal Revenue Code of 1986 (as in effect after the amendments made by subsection (b)) shall apply to taxable years beginning after December 31, 2007.

SEC. 110. SUSPENSION OF 5-YEAR PERIOD DURING SERVICE WITH THE PEACE CORPS.

(a) IN GENERAL.—Subsection (d) of section 121 (relating to special rules) is amended by adding at the end the following new paragraph:

“(12) PEACE CORPS.—

“(A) IN GENERAL.—At the election of an individual with respect to a property, the running of the 5-year period described in subsections (a) and (c)(1)(B) and paragraph (7) of this subsection with respect to such property shall be suspended during any period that such individual or such individual’s spouse is serving outside the United States—

“(i) on qualified official extended duty (as defined in paragraph (9)(C)) as an employee of the Peace Corps, or

“(ii) as an enrolled volunteer or volunteer leader under section 5 or 6 (as the
case may be) of the Peace Corps Act (22 U.S.C. 2504, 2505).

“(B) APPLICABLE RULES.—For purposes of subparagraph (A), rules similar to the rules of subparagraphs (B) and (D) shall apply.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2007.

TITLE II—IMPROVEMENTS IN SUPPLEMENTAL SECURITY INCOME

SEC. 201. TREATMENT OF UNIFORMED SERVICE CASH REMUNERATION AS EARNED INCOME.

(a) IN GENERAL.—Section 1612(a)(1)(A) of the Social Security Act (42 U.S.C. 1382a(a)(1)(A)) is amended by inserting “(and, in the case of cash remuneration paid for service as a member of a uniformed service (other than payments described in paragraph (2)(H) of this subsection or subsection (b)(20)), without regard to the limitations contained in section 209(d))’’ before the semicolon.

(b) CERTAIN HOUSING PAYMENTS TREATED AS IN-KIND SUPPORT AND MAINTENANCE.—Section 1612(a)(2) of such Act (42 U.S.C. 1382a(a)(2)) is amended—

(1) by striking “and” at the end of subpara-
(2) by striking the period at the end of sub-
paragraph (G) and inserting “; and”; and

(3) by adding at the end the following:

“(H) payments to or on behalf of a mem-
er of a uniformed service for housing of the
member (and his or her dependents, if any) on
a facility of a uniformed service, including pay-
ments provided under section 403 of title 37,
United States Code, for housing that is ac-
quired or constructed under subchapter IV of
chapter 169 of title 10 of such Code, or any re-
lated provision of law, and any such payments
shall be treated as support and maintenance in
kind subject to subparagraph (A) of this para-
graph.”.

SEC. 202. STATE ANNUITIES FOR BLIND VETERANS TO BE
DISREGARDED IN DETERMINING SUPPLE-
MENTAL SECURITY INCOME BENEFITS.

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

(1) by striking “and” at the end of paragraph

(22);

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

(3) by adding at the end the following:
“(24) any annuity paid by a State to the individual (or such spouse) on the basis of the individual’s being a veteran (as defined in section 101 of title 38, United States Code) and blind.”.

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

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

(2) by striking the period at the end of paragraph (15) and inserting “; and”;

(3) by inserting after paragraph (15) the following:

“(16) for the month of receipt and every month thereafter, any annuity paid by a State to the individual (or such spouse) on the basis of the individual’s being a veteran (as defined in section 101 of title 38, United States Code) and blind.”.

SEC. 203. EXCLUSION OF AMERICORPS BENEFITS FOR PURPOSES OF DETERMINING SUPPLEMENTAL SECURITY INCOME ELIGIBILITY AND BENEFIT AMOUNTS.

Section 1612(b) of the Social Security Act (42 U.S.C. 1382a(b)), as amended by section 202(a) of this Act, is amended—
(1) in paragraph (23), by striking “and” at the end;

(2) in paragraph (24), by striking the period and inserting “; and”; and

(3) by adding at the end the following:

“(25) any benefit (whether cash or in-kind) conferred upon (or paid on behalf of) a participant in an AmeriCorps position approved by the Corporation for National and Community Service under section 123 of the National and Community Service Act of 1990 (42 U.S.C. 12573).”.

SEC. 204. EFFECTIVE DATE.

The amendments made by this title shall be effective with respect to benefits payable for months beginning after 60 days after the date of the enactment of this Act.