[116II6027]

(Original Signature of Member)

117TH CONGRESS
2D SESSION

H. R. _____

To amend title 10, United States Code, to eliminate the recoupment of separation pay, special separation benefits, and voluntary separation incentive payments from members of the Armed Forces who subsequently receive disability compensation under laws administered by the Department of Veterans Affairs and to impose limitations on the authority of the Secretary of Defense to recoup such pay from members who subsequently receive military retired or retainer pay.

IN THE HOUSE OF REPRESENTATIVES

Mr. GALLEGO introduced the following bill; which was referred to the Committee on _____

A BILL

To amend title 10, United States Code, to eliminate the recoupment of separation pay, special separation benefits, and voluntary separation incentive payments from members of the Armed Forces who subsequently receive disability compensation under laws administered by the Department of Veterans Affairs and to impose limitations on the authority of the Secretary of Defense to recoup such pay from members who subsequently receive military retired or retainer pay.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Restore Veterans' Compensation Act of 2022".

SEC. 2. RECOUPMENT OF SEPARATION PAY, SPECIAL SEPARATION BENEFITS, VOLUNTARY SEPARATION INCENTIVE, AND VOLUNTARY SEPARATION PAY AND BENEFITS FROM MEMBERS OF THE ARMED FORCES.

(a) SEPARATION PAY UPON INVOLUNTARY DISCHARGE OR RELEASE FROM ACTIVE DUTY AND SPECIAL SEPARATION BENEFITS.—

(1) ELIMINATION OF RECOUPMENT FROM MEMBERS RECEIVING VETERANS DISABILITY COMPENSATION.—Paragraph (2) of section 1174(h) of title 10, United States Code, is amended to read as follows:

"(2)(A) A member who has received separation pay under this section, or severance pay or readjustment pay under any other provision of law, based on service in the armed forces shall not be deprived, by reason of the receipt of such separation pay, severance pay, or readjustment pay, of any disability compensation to which the member is entitled under the laws administered by the Department of Veterans Affairs.

"(B) The amount of disability compensation to which a member may be entitled under the laws administered by the Department of Veterans Affairs may not be reduced on account of the receipt of separation pay, severance pay, or readjustment pay.".

(2) RECOUPMENT FROM MEMBERS RECEIVING RETIRED OR RETAINER PAY LIMITED TO NET AMOUNT OF SEPARATION PAY.—Section 1174(h)(1) of title 10, United States Code, is amended by inserting before the period at the end the following: ", less the amount of Federal income tax withheld from the separation pay, severance pay, or readjustment pay (such withholding being at the flat withholding rate for Federal income tax withholding, as in effect pursuant to regulations prescribed under chapter 24 of the Internal Revenue Code of 1986)".

(3) PERCENTAGE LIMITATIONS ON RECOUPMENT FROM MEMBERS RECEIVING RETIRED OR RETAINER PAY AND RECOUPMENT PROCESS.—Section 1174(h)(1) of title 10, United States Code, as amended by paragraph (2), is further amended—

(A) by inserting "(A)" after "(1)";

(B) by striking "shall specify, taking into account the financial ability of the member to pay and avoiding the imposition of undue finan-

1 cial hardship on the member and member's de-
2 pendents," and inserting "(subject to subpara-
3 graph (B)) shall specify"; and
4 (C) by adding at the end the following new
5 subparagraphs:
6 "(B) The amount deducted under subparagraph (A)
7 from a payment of retired or retainer pay may not exceed
8 25 percent of the amount of the member's retired or re-
9 tainer pay for that month unless the member requests de-
10 ductions at an accelerated rate. The Secretary of Defense
11 shall consult with the member regarding the repayment
12 rate to be imposed, taking into account the financial abil-
13 ity of the member to pay and avoiding the imposition of
14 an undue hardship on the member and the member's de-
15 pendents.
16 "(C) The deduction of amounts from the retired or
17 retainer pay of a member under this paragraph may not
18 commence until the date that is 90 days after the date
19 on which the Secretary of Defense notifies the member
20 of the deduction of such amounts under this paragraph.
21 Any notice under this subparagraph shall be designed to
22 provide clear and comprehensive information on the de-
23 duction of amounts under this paragraph, including infor-
24 mation on the determination of the amount and period of
25 installments under this paragraph.

"(D) The Secretary of Defense may waive the deduction of amounts from the retired or retainer pay of a member under this paragraph if the Secretary determines that deduction of such amounts would result in a financial hardship for the member.".

(b) CONFORMING AMENDMENTS.—

(1) VOLUNTARY SEPARATION INCENTIVE.—Section 1175(e) of title 10, United States Code, is amended—

(A) in paragraph (3)(A)—

(i) by striking the first sentence and inserting the following new sentence: "Subsection (h) of section 1174 of this title shall apply to any member who has received the voluntary separation incentive and who later qualifies for retired or retainer pay under this title or for disability compensation under the laws administered by the Department of Veterans Affairs."; and

(ii) in the second sentence, by striking "the deduction required under the preceding sentence" and inserting "the deduction from the member's retired or retainer pay"; and

(B) by striking paragraph (4) and redesignating paragraph (5) as paragraph (4).

(2) VOLUNTARY SEPARATION PAY AND BENEFITS.—Subsection (h) of section 1175a of title 10, United States Code, is amended to read as follows:

"(h) COORDINATION WITH RETIRED OR RETAINER PAY AND DISABILITY COMPENSATION.—(1) Subsection (h) of section 1174 of this title shall apply to any member who receives voluntary separation pay under this section and who later qualifies for retired or retainer pay under this title or title 14 or for disability compensation under the laws administered by the Department of Veterans Affairs.

"(2) No deduction shall be made from the disability compensation paid to an eligible disabled uniformed services retiree under section 1413, or to an eligible combat-related disabled uniformed services retiree under section 1413a of this title, who is paid voluntary separation pay under this section.

"(3) The requirement under this subsection to repay voluntary separation pay following retirement from the armed forces does not apply to a member who was eligible to retire at the time the member applied and was accepted for voluntary separation pay and benefits under this section.".

1 (c) EFFECTIVE DATE AND APPLICATION OF AMEND-
2 MENTS.—The amendments made by this section shall take
3 effect on the first day of the first month beginning on or
4 after the date of the enactment of this Act. In the case
5 of deductions to be made from the retired or retainer pay
6 of members of the uniformed services, the amendments
7 shall apply to that month and subsequent months.