

END THE WOUNDED VETERAN TAX

Support the Major Richard Star Act

(H.R. 2102 / S. 1032)

Original Sponsors: Rep. Gus Bilirakis (R-FL-12), Sen. Richard Blumenthal (D-CT)

WHY THIS MATTERS

Keeping Our Promise to Injured Veterans

Service members medically retired for combat-related injuries don't receive both full military retirement pay from the Department of Defense (DoD) and full disability compensation from the Department of Veterans Affairs (VA). Their military retirement pay is reduced dollar-for-dollar by the amount of VA disability compensation they receive.

However, DoD retirement pay and VA disability compensation serve different purposes — retirement pay rewards honorable service and disability compensation covers the long-term effects of service-related injuries. This “wounded veteran tax” unfairly penalizes seriously injured veterans who've sacrificed for our country.

The Major Richard Star Act (H.R. 2102 / S. 1032) will correct this injustice.

WHO IS IMPACTED

The bill supports a specific, often overlooked group: veterans who were medically retired before reaching 20 years of service due to combat or combat-related injuries.

HOW THE MAJOR RICHARD STAR ACT HELPS

Ends the offset for combat-injured medical retirees.

- Gives veterans a choice between CRSC (tax-free) and CRDP (fully concurrent).
- Corrects an imbalance — without creating a new benefit.

A MATTER OF TRUST

DoD data shows 68% of young Americans cite injury concerns as a reason not to serve. Fixing this policy restores fairness and helps reassure future Service members and their families that those injured in service will be treated fairly.

BIPARTISAN MOMENTUM

The bill has strong bipartisan support and broad backing from veterans organizations. It's a long-overdue step to do right by our wounded warriors.

A WORTHWHILE INVESTMENT

The Major Richard Star Act would give approximately 54,000 medically retired combat veterans an average of \$1,200 more per month, offering meaningful relief to those who've borne the physical and financial cost of war.

The Congressional Budget Office estimates a 10-year cost of \$8 billion if all eligible veterans switch to CRDP. But many may keep tax-free CRSC, lowering the actual cost.

Even at its highest estimate, the bill represents just 0.1% of the Department of Defense's annual budget — a modest price to end an unfair penalty.

The bill is not retroactive and includes no back pay, helping manage overall cost.

**FY2025
DoD Budget**
\$852.2 billion

**Star Act
(Annualized)**
-\$800 million
0.1% of DoD budget

**The Cost of the Bill vs.
FY2025 Defense Budget**

★ CONGRESS — HONOR THE PROMISE

The Major Richard Star Act ensures veterans injured in combat receive the full benefits they've earned. Join the bipartisan effort to do right by those who've borne the cost of war.



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DIFFERENCES BETWEEN 118TH AND 119TH CONGRESS

Expanded Eligibility for a Small Group of Combat-Injured Retirees

The 118th Congress version unintentionally excluded some combat-disabled retirees: those who served more than 20 years, were medically retired (Chapter 61), and have a VA service-connected rating of 10–40%. The Office of the Secretary of Defense for Personnel and Readiness flagged the omission. The Congressional Budget Office (CBO) estimates this change will add only about \$100 million over the 2025–2034 period — a marginal impact that doesn't significantly change the bill's cost.

Annual Open Season Option Clarified

Under current law, retirees eligible for both CRSC and retirement pay can choose to receive either their CRSC or their retirement pay during an open season. The 118th version aimed to extend this flexibility to newly eligible retirees, but CBO found the language insufficient. As a result, the CBO score assumed every eligible person would choose retirement pay. The 119th version clarifies the intent and is expected to lower the cost estimate by nearly \$2 billion, since not every eligible veteran will select retirement pay over CRSC.

Identical House and Senate Versions

In the 118th Congress, the House and Senate bills differed slightly in language, though the intent was the same. For clarity and consistency, both chambers are now using identical text, which required new bill numbers in the 119th Congress.

LEGISLATIVE BACKGROUND AND KEY PROVISIONS

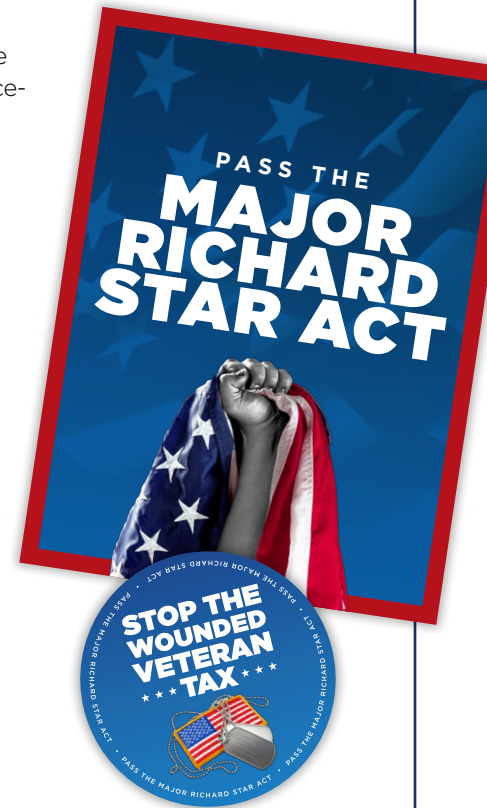
Past Action Fell Short

In 2002, Congress enacted the Combat Related Special Compensation (CRSC) program to restore military retired pay to eligible retired veterans with service-connected disabilities that have been determined to be combat related. CRSC provides military retirees with tax-free monthly compensation that is intended to replace some of the retired pay that is withheld due to receipt of VA compensation.

In 2004, Congress created Concurrent Retirement and Disability Pay (CRDP), allowing retirees with 20 or more years of service, and who have a VA disability rating of 50% or higher, to receive both benefits — their DoD retirement pay and VA disability compensation. However, they inadvertently excluded Service members who were medically retired as a result of combat-related injuries. They still face the unjust policy of a dollar-for-dollar offset.

While the CRSC program partially addresses that wrong, the roughly 54,000 combat-injured veterans receiving CRSC still have reduced retirement pay due to the offset.

Importantly, CRSC does not eliminate the VA offset. Instead, the VA offset (an amount equal to the total VA compensation received) continues to be subtracted from retirement pay. Therefore, medically retired veterans only get their VA compensation and CRSC pay — missing out on most or all of the DoD retirement pay.



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