

115TH CONGRESS
2D SESSION

S. 2950

To amend the Internal Revenue Code of 1986 to allow credits for the establishment of franchises by veterans.

IN THE SENATE OF THE UNITED STATES

MAY 24, 2018

Mr. CASEY introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow credits for the establishment of franchises by veterans.

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.**

4 This Act may be cited as the “Veteran Entrepreneurs
5 Act of 2018”.

6 **SEC. 2. VETERANS FRANCHISE FEE CREDIT.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of
9 1986 is amended by adding at the end the following new
10 section:

1 **“SEC. 45T. VETERANS FRANCHISE FEE CREDIT.**

2 “(a) VETERANS FRANCHISE FEE CREDIT.—

3 “(1) IN GENERAL.—For purposes of section 38,
4 the veterans franchise fee credit determined under
5 this section for the taxable year is an amount equal
6 to 25 percent of the qualified franchise fees paid or
7 incurred by a veteran during the taxable year.

8 “(2) LIMITATION.—The amount allowed as a
9 credit under paragraph (1) with respect to the pur-
10 chase of any franchise shall not exceed \$100,000.

11 “(b) REDUCTION WHERE FRANCHISE NOT 100 PER-
12 CENT VETERAN-OWNED.—In the case of any franchise in
13 which veterans do not own 100 percent of the stock or
14 of the capital or profits interests of the franchise, the cred-
15 it under subsection (a) shall be the credit amount deter-
16 mined under such subsection, multiplied by the same ratio
17 as—

18 “(1) the stock or capital or profits interests of
19 the franchise held by veterans, bears

20 “(2) to the total stock or capital or profits in-
21 terests of the franchisee.

22 For purposes of this subsection, the spouse of a veteran
23 shall be treated as a veteran.

24 “(c) QUALIFIED FRANCHISE FEE.—For purposes of
25 this section, the term ‘qualified franchise fee’ means any

1 initial fee required by the franchisor when entering into
2 a franchise agreement with a veteran as the franchisee.

3 “(d) OTHER DEFINITIONS.—For purposes of this
4 section, the terms ‘franchise’, ‘franchisee’, ‘franchisor’,
5 and ‘initial fee’ have the meanings given such terms in
6 part 436 of title 16, Code of Federal Regulations (as in
7 effect on January 1, 2018).

8 “(e) VETERAN.—The term ‘veteran’ has the meaning
9 given such term by section 101 of title 38, United States
10 Code.

11 “(f) TRANSFER OF CREDIT.—

12 “(1) IN GENERAL.—With respect to the credit
13 allowed under subsection (a) for any taxable year, in
14 the case of a veteran who—

15 “(A) has received a reduction in the
16 amount of the qualified franchise fee otherwise
17 required by the franchisor, and

18 “(B) elects application of this subsection
19 for such taxable year with respect to any por-
20 tion of such credit which is commensurate with
21 the amount of the reduction described in sub-
22 paragraph (A),

23 the franchisor, and not the veteran, shall be treated
24 as the taxpayer for purposes of this title with re-
25 spect to such portion of the credit.

1 “(2) PROHIBITION.—A franchisor may not re-
2 quire a veteran to elect application of this subsection
3 as a condition for entering into a franchise agree-
4 ment.

5 “(g) ELECTION.—This section shall not apply to a
6 taxpayer for any taxable year if such taxpayer elects to
7 have this section not apply for such taxable year.”.

8 (b) CREDIT TO BE PART OF GENERAL BUSINESS
9 CREDIT.—Section 38(b) of the Internal Revenue Code of
10 1986 is amended by striking “plus” at the end of para-
11 graph (36), by striking the period at the end of paragraph
12 (37) and inserting “, plus”, and by adding at the end the
13 following new paragraph:

14 “(38) the veterans franchise fee credit deter-
15 mined under section 45T(a).”.

16 (c) CLERICAL AMENDMENT.—The table of sections
17 for subpart D of part IV of subchapter A of chapter 1
18 of the Internal Revenue Code of 1986 is amended by add-
19 ing at the end the following new item:

 “Sec. 45T. Veterans franchise fee credit.”.

20 (d) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years ending after De-
22 cember 31, 2018.

1 **SEC. 3. PUBLICATION OF INFORMATION BY DEPARTMENT**
2 **OF VETERANS AFFAIRS AND SMALL BUSI-**
3 **NESS ADMINISTRATION.**

4 The Administrator of the Small Business Administra-
5 tion and the Secretary of Veterans Affairs shall publicize
6 in mailings and brochures sent to veterans service organi-
7 zations and veteran advocacy groups information regard-
8 ing discounted franchise fees under section 45T of the In-
9 ternal Revenue Code of 1986 and other information about
10 the program established under amendments made by this
11 Act.

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