

111TH CONGRESS
2D SESSION

S. 3818

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

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 22, 2010

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 with 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 “Help Veterans Own
5 Franchises Act”.

6 **SEC. 2. VETERANS FRANCHISING 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 (relating to business related credits) is amended by
10 adding at the end the following new section:

1 **“SEC. 45S. VETERANS FRANCHISING.**

2 “(a) FRANCHISOR VETERANS DISCOUNT CREDIT.—

3 “(1) IN GENERAL.—For purposes of section 38,
4 the franchisor veterans discount credit determined
5 under this section for the taxable year is an amount
6 equal to 50 percent of the qualified franchise fee dis-
7 count provided by the taxpayer during the taxable
8 year.

9 “(2) LIMITATION.—The amount allowed as a
10 credit under paragraph (1) with respect to the pur-
11 chase of any franchise shall not exceed \$25,000.

12 “(b) VETERANS FRANCHISE FEE CREDIT.—

13 “(1) IN GENERAL.—For purposes of section 38,
14 the veterans franchise fee credit determined under
15 this section for the taxable year is an amount equal
16 to 25 percent of the qualified franchise fee paid or
17 incurred by the taxpayer in connection with the pur-
18 chase of a franchise in which a qualified franchise
19 fee discount is offered by the franchisor.

20 “(2) LIMITATION.—For purposes of paragraph
21 (1), the amount of franchise fees taken into account
22 under paragraph (1) in connection with a franchise
23 shall not exceed \$100,000.

24 “(c) REDUCTION WHERE FRANCHISE NOT 100 PER-
25 CENT VETERAN-OWNED.—In the case of any franchise in
26 which veterans do not own 100 percent of the stock or

1 of the capital or profits interests of the franchisee, the
 2 credits under subsections (a) and (b) shall be the credit
 3 amount determined under each such subsection, multiplied
 4 by the same ratio as—

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

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

9 For purposes of this subsection, the spouse of a veteran
 10 shall be treated as a veteran.

11 “(d) QUALIFIED FRANCHISE FEE DISCOUNT.—For
 12 purposes of this section, the term ‘qualified franchise fee
 13 discount’ means with respect to a franchise arrange-
 14 ment—

15 “(1) the amount of the franchise fee offer listed
 16 in the most recent franchise disclosure document of
 17 the franchisor, over

18 “(2) the qualified franchise fee actually paid.

19 “(e) QUALIFIED FRANCHISE FEE.—For purposes of
 20 this section, the term ‘qualified franchise fee’ means any
 21 one-time fee required by the franchisor when entering into
 22 a franchise with a qualified veteran.

23 “(f) OTHER DEFINITIONS.—For purposes of this sec-
 24 tion, the terms ‘franchise’, ‘franchisee’, ‘franchisor’, ‘fran-
 25 chise fee’, and ‘franchise disclosure document’ have the

1 meanings given such terms in part 436 of title 16, Code
2 of Federal Regulations (as in effect on January 1, 2010).

3 “(g) VETERAN.—The term ‘veteran’ has the meaning
4 given such term by section 101 of title 38, United States
5 Code.

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

9 (b) CREDIT TO BE PART OF GENERAL BUSINESS
10 CREDIT.—Section 38(b) of the Internal Revenue Code of
11 1986 is amended by striking “plus” at the end of para-
12 graph (35), by striking the period at the end of paragraph
13 (36) and inserting a comma, and by adding at the end
14 the following new paragraphs:

15 “(37) the franchisor veterans discount credit
16 determined under section 45S(a), plus

17 “(38) the veterans franchise fee credit deter-
18 mined under section 45S(b).”.

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

“Sec. 45S. Veterans franchising.”.

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years ending after De-
25 cember 31, 2009.

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 45S 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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