

114TH CONGRESS
1ST SESSION

S. 1862

To require the Administrator of the Small Business Administration to carry out a pilot program on issuing grants to eligible veterans to start or acquire qualifying businesses, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 26, 2015

Mr. MORAN (for himself and Mr. TESTER) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

A BILL

To require the Administrator of the Small Business Administration to carry out a pilot program on issuing grants to eligible veterans to start or acquire qualifying businesses, 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.**

4 This Act may be cited as the “Veterans Entrepre-
5 neurial Transition Act of 2015” or the “VET Act of
6 2015”.

1 **SEC. 2. VETERANS SMALL BUSINESS ENTREPRENEURSHIP**
2 **PILOT PROGRAM.**

3 (a) PILOT PROGRAM REQUIRED.—

4 (1) IN GENERAL.—Not later than 90 days after
5 the date of enactment of this Act, the Administrator,
6 in consultation with the Advisory Committee, shall
7 begin carrying out a pilot program to assess the fea-
8 sibility and advisability of making grants to eligible
9 veterans to start or acquire a qualifying business en-
10 terprise.

11 (2) PROMOTION OF EFFICIENCY.—In carrying
12 out the pilot program, the Administrator shall en-
13 sure, to the maximum extent practicable, that the
14 pilot program promotes efficiency, accountability,
15 and competition.

16 (3) LIST OF CATEGORIES OF BUSINESS ENTER-
17 PRISES.—The Administrator, in consultation with
18 the Advisory Committee, shall by rule establish a list
19 of categories of business enterprises that the Admin-
20 istrator determines to be qualifying business enter-
21 prises for purposes of the pilot program, which shall
22 include—

23 (A) a small business concern (as the term
24 is defined in section 3(a) of the Small Business
25 Act (15 U.S.C. 632(a)));

26 (B) a franchise business enterprise; and

1 (C) any other category of business enter-
2 prise that the Administrator, in consultation
3 with the Advisory Committee, determines is ap-
4 propriate and in accordance with the purposes
5 of the pilot program.

6 (4) NUMBER OF GRANTS.—Under the pilot pro-
7 gram, the Administrator may make grants in ac-
8 cordance with subsection (d) to not more than 250
9 eligible veterans to start or acquire a qualifying
10 business enterprise.

11 (5) GEOGRAPHIC DIVERSITY.—In making
12 grants under the pilot program, the Administrator
13 shall ensure geographic diversity among the veterans
14 who receive the grants.

15 (6) DURATION.—The Administrator shall carry
16 out the pilot program during the 3-year period be-
17 ginning on the date on which the Administrator be-
18 gins carrying out the pilot program.

19 (b) APPLICATION.—

20 (1) IN GENERAL.—An eligible veteran desiring
21 a grant under the pilot program shall submit an ap-
22 plication—

23 (A) to the Administrator in the form and
24 containing the information as the Administrator

1 may require, including the information de-
2 scribed in paragraph (2); and

3 (B) not later than 1 year before the date
4 on which the pilot program terminates under
5 subsection (a)(6).

6 (2) DOCUMENTATION REQUIREMENTS.—The
7 Administrator, in considering an application from an
8 eligible veteran for a grant under the pilot program,
9 may not approve the application unless the applica-
10 tion includes the following:

11 (A) A description of the use of the grant
12 amount, including an identification and descrip-
13 tion of the qualifying business enterprise.

14 (B) A description of the expected return on
15 investment resulting from the grant amounts.

16 (C) A certification that the eligible veteran
17 applying for the grant—

18 (i) shall complete the education and
19 training relevant to the ownership and op-
20 eration of the qualifying business enter-
21 prise described in subsections (c)(1) and
22 (c)(2); and

23 (ii) understands that the eligible vet-
24 eran may not receive amounts under a
25 grant under the pilot program until after

1 the eligible veteran has completed the re-
2 quired education and training relevant to
3 the ownership and operation of the quali-
4 fying business enterprise described in sub-
5 sections (c)(1) and (c)(2).

6 (D) Such certifications as the Adminis-
7 trator, in consultation with the Advisory Com-
8 mittee, shall by rule require, including—

9 (i) for a business enterprise in oper-
10 ation on the date of the application, evi-
11 dence that the Administrator, in consulta-
12 tion with the Advisory Committee, deter-
13 mines appropriate of—

14 (I) good standing;

15 (II) profitable operation; and

16 (III) guarantees relating to the
17 purchase of the enterprise;

18 (ii) for a franchise business enter-
19 prise, evidence that the Administrator, in
20 consultation with the Advisory Committee,
21 determines appropriate of—

22 (I) compliance with applicable

23 State and Federal laws on franchises;

24 and

1 (II) training in conformation
 2 with the industry standard; and
 3 (iii) for a startup, or an enterprise
 4 that is otherwise not in operation at the
 5 time of the application, a proposal for the
 6 operation of that enterprise that leads to
 7 profitable operation within a reasonable
 8 timeframe.

9 (E) A certification that the eligible veteran
 10 applying for the grant understands that the eli-
 11 gible veteran may not receive amounts under
 12 the grant until after the business plan of the el-
 13 igible veteran has been approved under the pro-
 14 cedures described in subsection (c)(3)(B).

15 (F) A certification that the eligible vet-
 16 eran—

17 (i) has been truthful about the em-
 18 ployment status of the eligible veteran; and

19 (ii) understands that the eligible vet-
 20 eran will be prohibited from participating
 21 in the pilot program if the certification de-
 22 scribed in clause (i) is determined to be
 23 untrue.

24 (3) GROUP APPLICATIONS.—The Administrator
 25 may authorize a group of eligible veterans to apply

1 as a group under the pilot program. The group shall
2 be treated as a single eligible veteran under the pilot
3 program, except that the maximum amount of the
4 grant shall be calculated by multiplying the max-
5 imum amount under subsection (d)(1) by the num-
6 ber of members of the group.

7 (c) ENTREPRENEURSHIP TRAINING.—

8 (1) IN GENERAL.—Each eligible veteran receiv-
9 ing a grant under the pilot program shall complete
10 an entrepreneurship readiness program approved by
11 the Administrator that is designed to prepare the el-
12 igible veteran for, and lead to the immediate subse-
13 quent ownership and management by the eligible
14 veteran of, a qualifying business enterprise.

15 (2) APPROVED PROGRAMS.—An approved pro-
16 gram described in paragraph (1) may include a pro-
17 gram—

18 (A) available through a small business de-
19 velopment center, as described in section 21 of
20 the Small Business Act (15 U.S.C. 648);

21 (B) approved by the Administrator for en-
22 trepreneurship training;

23 (C) approved by the Secretary of Veterans
24 Affairs for entrepreneurship training;

(D) available through the Transition Assistance Program of the Department of Defense;

(E) available through a women's business center, as described in section 29 of the Small Business Act (15 U.S.C. 656);

(F) available through a Veterans Business Outreach Center, as described in section 32 of the Small Business Act (15 U.S.C. 657b);

(G) available through the SCORE program authorized by section 8(b)(1) of the Small Business Act (15 U.S.C. 637(b)(1)); or

(H) approved by the Administrator, in consultation with the Advisory Committee, as appropriate because of the expertise the program offers relating to a certain type of business enterprise.

(3) BUSINESS PLAN.—

(A) CONTENTS.—An eligible veteran receiving a grant under the pilot program shall prepare a business plan, which shall include—

(i) a description of how the qualifying business enterprise will achieve profitable operation within a reasonable timeframe;

(ii) an assessment of relevant—

1 (I) economic indicators;
2 (II) consumer data;
3 (III) production and sales data;
4 and

5 (IV) market or industry analysis;
6 and

7 (iii) other information that the Ad-
8 ministrator, in consultation with the Advi-
9 sory Committee, determines is appropriate.

10 (B) APPROVAL PROCEDURE.—

11 (i) APPROVAL BY ADVISOR.—If an ad-
12 visor approves the business plan prepared
13 by the eligible veteran, the Associate Ad-
14 ministrator for Veterans Business Develop-
15 ment of the Small Business Administra-
16 tion—

17 (I) shall review the business plan;
18 and

19 (II) may reverse the approval of
20 the business plan and require that the
21 eligible veteran continue to consult
22 with the advisor to develop and resub-
23 mit the business plan.

24 (ii) DISAPPROVAL BY ADVISOR.—If an
25 advisor does not approve the business plan

1 prepared by an eligible veteran, the Asso-
 2 ciate Administrator for Veterans Business
 3 Development of the Small Business Ad-
 4 ministration, upon appeal by the eligible
 5 veteran, may reverse the decision of the
 6 advisor and approve the business plan.

7 (d) GRANT TERMS AND CONDITIONS.—

8 (1) MAXIMUM GRANT AMOUNT AND ADDI-
 9 TIONAL ASSISTANCE.—

10 (A) IN GENERAL.—Subject to subsection
 11 (b)(3), the maximum amount that an eligible
 12 veteran may receive under the pilot program
 13 shall not exceed an amount equal to the sum
 14 of—

15 (i) the maximum grant amount speci-
 16 fied in subparagraph (B);

17 (ii) the amount equal to the product
 18 obtained by multiplying—

19 (I) the amount of additional as-
 20 sistance to which the eligible veteran
 21 is entitled under subparagraph (C)(ii);
 22 by

23 (II) the number of months that
 24 the eligible veteran participates in the
 25 pilot program; and

1 (iii) the amount of training assistance
2 received by the eligible veteran in subpara-
3 graph (D).

4 (B) MAXIMUM GRANT AMOUNT.—The max-
5 imum grant amount specified in this subpara-
6 graph is the following:

7 (i) In the case of an eligible veteran
8 entitled to educational assistance under
9 chapter 33 of title 38, United States Code,
10 the amount equal to the product obtained
11 by multiplying—

12 (I) the number of months of edu-
13 cational assistance to which the eligi-
14 ble veteran is entitled on the date that
15 the eligible veteran submits an appli-
16 cation; by

17 (II) the pro rata monthly rate of
18 the amount that the eligible veteran is
19 entitled to under paragraph
20 (1)(A)(ii)(II) of section 3313(c) of
21 that title, subject to paragraphs (2)
22 through (7) of that section.

23 (ii) In the case of an eligible veteran
24 entitled to educational assistance under
25 chapter 30 of title 38, United States Code,

the amount equal to the product obtained
by multiplying—

(I) the number of months of educational assistance to which the eligible veteran is entitled on the date that the eligible veteran submits an application; by

(II) the rate in effect under section 3015(a)(1) of that title.

(C) ADDITIONAL ASSISTANCE.—

(i) PERIOD OF ELIGIBILITY.—An eligible veteran shall receive the amount described in clause (ii) for each month that the eligible veteran participates in the pilot program.

(ii) AMOUNT.—The amount of the additional assistance specified in this clause is an amount, paid to the eligible veteran on a monthly basis, equal to the product obtained by multiplying—

(I) the monthly amount of the basic allowance for housing payable under section 403 of title 37, United States Code, for a member with dependents in pay grade E–5 residing in

1 the military housing area that encom-
2 passes all or the majority portion of
3 the ZIP code area in which is located
4 the residence of the eligible veteran
5 (similar to the calculation made under
6 section 3313(c)(1)(B)(i)(I) of title 38,
7 United States Code); by—

8 (II)(aa) in the case of an eligible
9 veteran who, as of the date on which
10 the eligible veteran applies for a grant
11 under this section, has no employment
12 other than the qualifying business en-
13 terprise for which the eligible veteran
14 seeks a grant under this section, 1; or

15 (bb) in the case of an eligible vet-
16 eran who is not described in item
17 (aa), 0.5.

18 (D) TRAINING ASSISTANCE.—Upon appli-
19 cation by an eligible veteran receiving a grant
20 under the pilot program, the Administrator may
21 pay for the cost, if applicable, of an approved
22 program described in subsection (c)(2)(H).

23 (2) DISBURSEMENT.—The amount of a grant
24 made under the pilot program shall be disbursed to
25 an eligible veteran—

1 (A) in installments, in accordance with the
2 procedures described in paragraph (3);

3 (B) only after the eligible veteran presents
4 documentation proving that the eligible veteran
5 has completed the required entrepreneurship
6 training described in subsections (c)(1) and
7 (c)(2); and

8 (C) only after the business plan of the eli-
9 gible veteran has been approved under the pro-
10 cedures described in subsection (c)(3)(B).

11 (3) INSTALLMENT PAYMENTS.—The amount
12 described in paragraph (1)(B) shall be paid to the
13 eligible veteran in installments on a pro rata basis
14 with each installment being paid to the eligible vet-
15 eran—

16 (A) not earlier than 3 months after the
17 date of the payment of the most recent install-
18 ment to the eligible veteran;

19 (B) not later than 12 months after the
20 date of the payment of the most recent install-
21 ment to the eligible veteran; and

22 (C) only after the eligible veteran has met
23 milestones established in the business plan of
24 the eligible veteran.

1 (4) IMPACT ON ENTITLEMENT TO EDU-
2 CATIONAL ASSISTANCE.—An eligible veteran who re-
3 ceives a grant under the pilot program shall be
4 deemed to have received an amount of educational
5 assistance under chapter 30 or 33, of title 38,
6 United States Code, as the case may be, that is
7 equal to the amount of the grant.

8 (e) USE OF GRANT AMOUNTS.—An eligible veteran
9 who receives a grant under the pilot program may use the
10 amount of the grant—

11 (1) in accordance with the limitations that the
12 Administrator, in consultation with the Advisory
13 Committee, may by rule establish; and

14 (2) for purposes related to starting or acquiring
15 a qualifying business enterprise that the Adminis-
16 trator, in consultation with the Advisory Committee,
17 determines are appropriate, including—

18 (A) purchasing goods or services necessary
19 for the creation or operation of a qualifying
20 business enterprise;

21 (B) funding a project that is directed to-
22 ward any economic development objective de-
23 scribed under section 501(d) of the Small Busi-
24 ness Investment Act of 1958 (15 U.S.C.
25 695(d)); and

1 (C) acquiring a qualifying business enter-
2 prise.

3 (f) REPORT.—

4 (1) IN GENERAL.—Not later than 2 years after
5 the date on which the pilot program is commenced,
6 the Administrator shall submit to the Committee on
7 Small Business and Entrepreneurship and the Com-
8 mittee on Veterans' Affairs of the Senate and the
9 Committee on Small Business and the Committee on
10 Veterans' Affairs of the House of Representatives a
11 report analyzing the feasibility and effectiveness of
12 the pilot program.

13 (2) CONTENTS.—The report submitted under
14 paragraph (1) shall include—

15 (A) an assessment of the pilot program;

16 (B) a survey containing—

17 (i) the number of grantees under the
18 pilot program; and

19 (ii) the number of the grantees under
20 the pilot program that participated in each
21 of the training programs described in para-
22 graphs (1) and (2) of subsection (c);

23 (C) recommendations regarding whether
24 any aspect of the pilot program should be made

1 a permanent authority, and, if so, the means to
2 ensure—

3 (i) geographic and demographic diver-
4 sity among the eligible veterans who re-
5 ceive the grants under the permanent au-
6 thority; and

7 (ii) diversity in the types of qualifying
8 business enterprises for which eligible vet-
9 erans may receive grants under the pilot
10 program;

11 (D) an assessment regarding whether the
12 grants distributed under the pilot program
13 should continue to be made in installments or
14 with a one-time, lump sum payment;

15 (E) an assessment of the additional assist-
16 ance made available under the pilot program,
17 including the accountability surrounding the
18 availability of additional assistance;

19 (F) an analysis of the procedures for ap-
20 proving a business plan and a recommendation
21 regarding ways, if necessary, to improve the
22 procedures; and

23 (G) a recommendation regarding ways, if
24 necessary, to improve the accountability of advi-
25 sors.

1 (g) NO EFFECT ON TIME LIMITATION FOR USE OF
2 ENTITLEMENT TO EDUCATIONAL ASSISTANCE.—Nothing
3 in this section shall be construed to modify any time limi-
4 tation or period during which an individual is entitled to
5 educational assistance under chapter 30 or 33 of title 38,
6 United States Code.

7 (h) FUNDING.—

8 (1) IN GENERAL.—The Secretary of Veterans
9 Affairs shall transfer to the Administrator from
10 funds appropriated to the Secretary to carry out
11 chapters 30 and 33 of title 38, United States Code,
12 an amount equal to the amount necessary for the
13 Administrator to carry out the pilot program.

14 (2) AVAILABILITY.—Amounts transferred to the
15 Administrator under paragraph (1) shall remain
16 available until the date on which the pilot program
17 terminates under subsection (a)(5).

18 (i) DEFINITIONS.—In this section:

19 (1) ADMINISTRATOR.—The term “Adminis-
20 trator” means the Administrator of the Small Busi-
21 ness Administration.

22 (2) ADVISOR.—The term “advisor” means a
23 person—

1 (A) affiliated with an entrepreneurship or
 2 training and curricula program described in
 3 subsections (c)(1) and (c)(2);

4 (B) who may assist an eligible veteran with
 5 the preparation and approval of a business
 6 plan; and

7 (C) who is approved to serve as an advisor
 8 by the Administrator, in consultation with the
 9 Advisory Committee.

10 (3) ADVISORY COMMITTEE.—The term “Advi-
 11 sory Committee” means the Advisory Committee on
 12 Veterans Business Affairs established under section
 13 203 of the Veterans Entrepreneurship and Small
 14 Business Development Act of 1999 (15 U.S.C. 657b
 15 note).

16 (4) BUSINESS PLAN.—The term “business
 17 plan” means a plan prepared by an eligible veteran
 18 for the operation of a qualifying business enterprise
 19 that shall be—

20 (A) prepared—

21 (i) while the eligible veteran partici-
 22 pates in an approved training program de-
 23 scribed in subsections (c)(1) and (c)(2);
 24 and

1 (ii) with the assistance of an advisor;

2 and

3 (B) consistent with the guidelines and rec-
4 ommendations provided by the Business Plan
5 Tool of the Small Business Administration.

6 (5) ELIGIBLE VETERAN.—The term “eligible
7 veteran” means an individual who—

8 (A) is—

9 (i) a veteran; or

10 (ii) a member of the Armed Forces
11 who—

12 (I) is currently retiring or sepa-
13 rating from the Armed Forces and
14 has a service approved retirement or
15 separation packet; or

16 (II) has last been honorably dis-
17 charged from active duty service in
18 the Armed Forces;

19 (B) has completed not less than—

20 (i) 36 months of active duty service in
21 the Armed Forces (other than active duty
22 service for training); or

23 (ii) 24 months of active duty service
24 in the Armed Forces (other than active
25 duty service for training) before being dis-

1 charged or separated for a service-con-
2 nected disability, as that term is defined in
3 section 101 of title 38, United States
4 Code; and

5 (C) is entitled to educational assistance
6 under chapter 30 or 33 of title 38, United
7 States Code.

8 (6) FRANCHISE BUSINESS ENTERPRISE.—The
9 term “franchise business enterprise” means any con-
10 tinuing commercial relationship or arrangement, re-
11 gardless of the title given the relationship or ar-
12 rangement, under which the terms of the offer or
13 contract specify, or the franchise seller promises or
14 represents, orally or in writing, that—

15 (A) the franchisee will obtain the right
16 to—

17 (i) operate a business that is identi-
18 fied or associated with the trademark of
19 the franchisor; or

20 (ii) offer, sell, or distribute goods,
21 services, or commodities that are identified
22 or associated with the trademark of the
23 franchisor;

24 (B) the franchisor may—

1 (i) exert, or has authority to exert, a
 2 significant degree of control over the meth-
 3 od of operation of the franchisee; or

4 (ii) provide significant assistance in
 5 the method of operation of the franchisee;
 6 and

7 (C) as a condition of obtaining or com-
 8 mencing operation of the franchise business en-
 9 terprise, the franchisee makes a required pay-
 10 ment or commits to make a required payment
 11 to the franchisor or the affiliate of the
 12 franchisor.

13 (7) FRANCHISEE.—The term “franchisee”
 14 means any person who is granted a franchise busi-
 15 ness enterprise.

16 (8) FRANCHISOR.—The term “franchisor”—

17 (A) means any person who grants a fran-
 18 chise business enterprise and participates in the
 19 franchise relationship; and

20 (B) includes subfranchisors.

21 (9) PILOT PROGRAM.—The term “pilot pro-
 22 gram” means the pilot program established under
 23 subsection (a)(1).

24 (10) QUALIFYING BUSINESS ENTERPRISE.—The
 25 term “qualifying business enterprise” means a busi-

1 ness included in the list of categories of business en-
2 terprises established under subsection (a)(3).

3 (11) STARTUP.—The term “startup” means a
4 business enterprise that—

5 (A) is not yet in existence; or

6 (B) has been in existence for not more
7 than 5 years.

8 (12) SUBFRANCHISOR.—The term
9 “subfranchisor” means a person who functions as a
10 franchisor by engaging in both pre-sale activities and
11 post-sale performance.

12 (13) VETERAN.—The term “veteran” has the
13 meaning given the term in section 101 of title 38,
14 United States Code.

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