

116TH CONGRESS
1ST SESSION

S. 2100

To amend the Internal Revenue Code of 1986 to establish a small business start-up tax credit for veterans creating businesses in underserved communities.

IN THE SENATE OF THE UNITED STATES

JULY 11, 2019

Ms. ROSEN (for herself, Mr. MORAN, Mr. CRAMER, and Mr. JONES) 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 establish a small business start-up tax credit for veterans creating businesses in underserved communities.

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 Jobs Oppor-
5 tunity Act”.

6 **SEC. 2. VETERAN SMALL BUSINESS START-UP CREDIT.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new
 2 section:

3 **“SEC. 45T. VETERAN SMALL BUSINESS START-UP CREDIT.**

4 “(a) IN GENERAL.—For purposes of section 38, in
 5 the case of an applicable veteran-owned business which
 6 elects the application of this section, the veteran small
 7 business start-up credit determined under this section for
 8 any taxable year is an amount equal to 15 percent of so
 9 much of the qualified start-up expenditures of the tax-
 10 payer as does not exceed \$50,000.

11 “(b) APPLICABLE VETERAN-OWNED SMALL BUSI-
 12 NESS.—For purposes of this section—

13 “(1) IN GENERAL.—The term ‘applicable vet-
 14 eran-owned small business’ means a small business
 15 owned and controlled by one or more veterans or
 16 spouses of veterans and the principal place of busi-
 17 ness of which is in an underserved community.

18 “(2) OWNERSHIP AND CONTROL.—The term
 19 ‘owned and controlled’ means—

20 “(A) management and operation of the
 21 daily business, and—

22 “(B)(i) in the case of a sole proprietorship,
 23 sole ownership,

1 “(ii) in the case of a corporation, owner-
 2 ship (by vote or value) of not less than 51 per-
 3 cent of the stock in such corporation, or

4 “(iii) in the case of a partnership or joint
 5 venture, ownership of not less than 51 percent
 6 of the profits interests or capital interests in
 7 such partnership or joint venture.

8 “(3) SMALL BUSINESS.—The term ‘small busi-
 9 ness’ means, with respect to any taxable year, any
 10 person engaged in a trade or business in the United
 11 States which is a small business concern (as defined
 12 under section 3 of the Small Business Act (15
 13 U.S.C. 632)).

14 “(4) UNDERSERVED COMMUNITY.—The term
 15 ‘underserved community’ means any area located
 16 within—

17 “(A) a HUBZone (as defined in section
 18 3(p) of the Small Business Act (15 U.S.C.
 19 632(p))),

20 “(B) an empowerment zone, or enterprise
 21 community, designated under section 1391 (and
 22 without regard to whether or not such designa-
 23 tion remains in effect),

1 “(C) an area of low income or moderate in-
 2 come (as recognized by the Federal Financial
 3 Institutions Examination Council), or

4 “(D) a county with persistent poverty (as
 5 classified by the Economic Research Service of
 6 the Department of Agriculture).

7 “(5) VETERAN OR SPOUSE OF VETERAN.—The
 8 term ‘veteran or spouse of a veteran’ has the mean-
 9 ing given such term by section 7(a)(31)(G)(iii) of
 10 the Small Business Act (15 U.S.C.
 11 636(a)(31)(G)(iii)).

12 “(c) QUALIFIED START-UP EXPENDITURES.—For
 13 purposes of this section—

14 “(1) IN GENERAL.—The term ‘qualified start-
 15 up expenditures’ means—

16 “(A) any start-up expenditures (as defined
 17 in section 195(c)), or

18 “(B) any amounts paid or incurred during
 19 the taxable year for the purchase or lease of
 20 real property, or the purchase of personal prop-
 21 erty, placed in service during the taxable year
 22 and used in the active conduct of a trade or
 23 business.

24 “(d) SPECIAL RULES.—For purposes of this sec-
 25 tion—

1 “(1) YEAR OF ELECTION.—The taxpayer may
 2 elect the application of this section only for the first
 3 2 taxable years for which ordinary and necessary ex-
 4 penses paid or incurred in carrying on such trade or
 5 business are allowable as a deduction by the tax-
 6 payer under section 162.

7 “(2) CONTROLLED GROUPS AND COMMON CON-
 8 TROL.—All persons treated as a single employer
 9 under subsections (a) and (b) of section 52 shall be
 10 treated as 1 person.

11 “(3) NO DOUBLE BENEFIT.—If a credit is de-
 12 termined under this section with respect to any
 13 property, the basis of such property shall be reduced
 14 by the amount of the credit attributable to such
 15 property.”.

16 (b) CLERICAL AMENDMENT.—The table of sections
 17 for subpart D of part IV of subchapter A of chapter 1
 18 of such Code is amended by adding at the end the fol-
 19 lowing new item:

“Sec. 45T. Veteran small business start-up credit.”.

20 (c) MADE PART OF GENERAL BUSINESS CREDIT.—
 21 Section 38(b) of such Code is amended by striking “plus”
 22 at the end of paragraph (31), by striking the period at
 23 the end of paragraph (32) and inserting “, plus”, and by
 24 adding at the end the following new paragraph:

1 “(33) the veteran small business start-up credit
2 determined under section 45T.”.

3 (d) REPORT BY TREASURY INSPECTOR GENERAL
4 FOR TAX ADMINISTRATION.—Every fourth year after the
5 date of the enactment of this Act, the Treasury Inspector
6 General for Tax Administration shall include in one of the
7 semiannual reports under section 5 of the Inspector Gen-
8 eral Act of 1978 with respect to such year, an evaluation
9 of the program under section 45T of the Internal Revenue
10 Code of 1986 (as added by this section), including an eval-
11 uation of the success of, and accountability with respect
12 to, such program.

13 (e) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 the date of the enactment of this Act.

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