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113TH CONGRESS
1ST SESSION

S. 1015

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

IN THE SENATE OF THE UNITED STATES

MAY 22, 2013

Mr. CASEY (for himself and Mr. RUBIO) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Help Veterans Own Franchises Act''.

SEC. 2. VETERANS FRANCHISE FEE CREDIT.

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

"SEC. 45S. VETERANS FRANCHISE FEE CREDIT.

"(a) VETERANS FRANCHISE FEE CREDIT.—

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

"(2) LIMITATION.—The amount allowed as a credit under paragraph (1) with respect to the purchase of any franchise shall not exceed $100,000.

"(b) REDUCTION WHERE FRANCHISE NOT 100 PERCENT VETERAN-OWNED.—In the case of any franchise in which veterans do not own 100 percent of the stock or of the capital or profits interests of the franchise, the credit under subsection (a) shall be the credit amount determined under such subsection, multiplied by the same ratio as—

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

"(2) to the total stock or capital or profits interests of the franchise.

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

"(c) QUALIFIED FRANCHISE FEE.—For purposes of this section, the term 'qualified franchise fee' means any

one-time fee required by the franchisor when entering into a franchise agreement with a veteran as the franchisee.

''(d) OTHER DEFINITIONS.—For purposes of this section, the terms 'franchise', 'franchisee', 'franchisor', and 'franchise fee' have the meanings given such terms in part 436 of title 16, Code of Federal Regulations (as in effect on January 1, 2013).

''(e) VETERAN.—The term 'veteran' has the meaning given such term by section 101 of title 38, United States Code.

''(f) ELECTION.—This section shall not apply to a taxpayer for any taxable year if such taxpayer elects to have this section not apply for such taxable year.''.

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 is amended by striking ''plus'' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting '', plus'', and by adding at the end the following new paragraph:

''(37) the veterans franchise fee credit determined under section 45S(a).''.

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

''Sec. 45S. Veterans franchise fee credit.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 2012.

SEC. 3. PUBLICATION OF INFORMATION BY DEPARTMENT OF VETERANS AFFAIRS AND SMALL BUSINESS ADMINISTRATION.

The Administrator of the Small Business Administration and the Secretary of Veterans Affairs shall publicize in mailings and brochures sent to veterans service organizations and veteran advocacy groups information regarding discounted franchise fees under section 45S of the Internal Revenue Code of 1986 and other information about the program established under amendments made by this Act.

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