

112TH CONGRESS  
1ST SESSION

# H. R. 2888

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

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 12, 2011

Mr. SCHOCK (for himself and Mr. BOSWELL) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## 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) VETERANS FRANCHISE FEE CREDIT.—

3 “(1) IN GENERAL.—For purposes of section 38  
4 and subject to the limitation set forth in paragraph  
5 (2), the veterans franchise fee credit determined  
6 under this section for the taxable year is an amount  
7 equal to 25 percent of the qualified franchise fee  
8 paid or incurred by a qualified veteran in connection  
9 with the purchase of a franchise.

10 “(2) LIMITATION.—The amount of qualified  
11 franchise fee taken into account under paragraph  
12 (1) shall not exceed \$400,000.

13 “(b) REDUCTION WHERE FRANCHISE NOT 100 PER-  
14 CENT VETERAN-OWNED.—In the case of any franchise in  
15 which veterans do not own 100 percent of the stock or  
16 the capital or profits interests of the franchisee, the credit  
17 under subsection (a) shall be the amount which bears the  
18 same ratio to the amount determined under subsection  
19 (a) (without regard to this subsection) as—

20 “(1) the stock or capital or profits interests of  
21 the franchise held by veterans, bears to

22 “(2) the total stock or capital or profits inter-  
23 ests of the franchisee.

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

1       “(c) QUALIFIED FRANCHISE FEE.—For purposes of  
2 this section, the term ‘qualified franchise fee’ means any  
3 one-time fee required by the franchisor when entering into  
4 a franchise agreement with a veteran as the franchisee.

5       “(d) OTHER DEFINITIONS.—For purposes of this  
6 section, the terms ‘franchise’, ‘franchisee’, ‘franchisor’,  
7 and ‘franchise fee’ have the meanings given such terms  
8 in part 436 of title 16, Code of Federal Regulations.

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

12       “(f) ELECTION.—This section shall not apply to a  
13 taxpayer for any taxable year if such taxpayer elects to  
14 have this section not apply for such taxable year.”.

15       (b) CREDIT TO BE PART OF GENERAL BUSINESS  
16 CREDIT.—Section 38(b) of such Code is amended by strik-  
17 ing “plus” at the end of paragraph (35), by striking the  
18 period at the end of paragraph (36) and inserting “, plus”,  
19 and by adding at the end the following new paragraph:

20               “(37) the veterans franchise fee credit deter-  
21 mined under section 45S(a).”.

22       (c) CLERICAL AMENDMENT.—The table of sections  
23 for subpart D of part IV of subchapter A of chapter 1  
24 of such Code is amended by adding at the end the fol-  
25 lowing new item:

“Sec. 45S. Veterans franchising.”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2011.

4 **SEC. 3. PUBLICATION OF INFORMATION BY DEPARTMENT**  
5 **OF VETERANS AFFAIRS AND SMALL BUSI-**  
6 **NESS ADMINISTRATION.**

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

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