

112TH CONGRESS  
1ST SESSION

# S. 1540

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

SEPTEMBER 12, 2011

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 purchase of franchises by 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 FRANCHISE FEE 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 is amended by adding at the end the following new  
10 section:

1 **“SEC. 45S. VETERANS FRANCHISE FEE CREDIT.**

2 “(a) VETERANS FRANCHISE FEE CREDIT.—

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

8 “(2) LIMITATION.—The amount allowed as a  
9 credit under paragraph (1) with respect to the pur-  
10 chase of any franchise shall not exceed \$100,000.

11 “(b) REDUCTION WHERE FRANCHISE NOT 100 PER-  
12 CENT VETERAN-OWNED.—In the case of any franchise in  
13 which veterans do not own 100 percent of the stock or  
14 of the capital or profits interests of the franchise, the cred-  
15 it under subsection (a) shall be the credit amount deter-  
16 mined under such subsection, multiplied by the same ratio  
17 as—

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

20 “(2) to the total stock or capital or profits in-  
21 terests of the franchise.

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

24 “(c) QUALIFIED FRANCHISE FEE.—For purposes of  
25 this section, the term ‘qualified franchise fee’ means any

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

3 “(d) OTHER DEFINITIONS.—For purposes of this  
4 section, the terms ‘franchise’, ‘franchisee’, ‘franchisor’,  
5 and ‘franchise fee’ have the meanings given such terms  
6 in part 436 of title 16, Code of Federal Regulations (as  
7 in effect on January 1, 2009).

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

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

14 (b) CREDIT TO BE PART OF GENERAL BUSINESS  
15 CREDIT.—Section 38(b) of the Internal Revenue Code of  
16 1986 is amended by striking “plus” at the end of para-  
17 graph (35), by striking the period at the end of paragraph  
18 (36) and inserting “, plus”, and by adding at the end the  
19 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 the Internal Revenue Code of 1986 is amended by add-  
25 ing at the end the following new item:

“Sec. 45S. Veterans franchise fee credit.”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years ending after De-  
3 cember 31, 2010.

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.

○