

116TH CONGRESS
1ST SESSION

H. R. 186

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 HOUSE OF REPRESENTATIVES

JANUARY 3, 2019

Mr. LAWSON of Florida introduced the following bill; which was referred to the Committee on Ways and Means

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 \$80,000.

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 if—

12 “(A) the gross receipts of such person for
13 the preceding taxable year did not exceed
14 \$5,000,000, or

15 “(B) in the case of a person to which sub-
16 paragraph (A) does not apply, such person em-
17 ployed not more than 100 full-time employees
18 during the preceding taxable year.

19 For purposes of subparagraph (B), an employee
20 shall be considered full-time if such employee is em-
21 ployed at least 30 hours per week for 20 or more
22 calendar weeks in the taxable year.

23 “(4) UNDERSERVED COMMUNITY.—The term
24 ‘underserved community’ means any area located
25 within—

1 “(A) a HUBZone (as defined in section
2 3(p) of the Small Business Act (15 U.S.C.
3 632(p))),

4 “(B) an empowerment zone, or enterprise
5 community, designated under section 1391 (and
6 without regard to whether or not such designa-
7 tion remains in effect),

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

11 “(D) a county with persistent poverty (as
12 classified by the Economic Research Service of
13 the Department of Agriculture).

14 “(5) VETERAN OR SPOUSE OF VETERAN.—The
15 term ‘veteran or spouse of a veteran’ has the mean-
16 ing given such term by section 7(a)(31)(G)(iii) of
17 the Small Business Act (15 U.S.C.
18 636(a)(31)(G)(iii)).

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

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

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

1 “(B) any amounts paid or incurred during
2 the taxable year for the purchase or lease of
3 real property, or the purchase of personal prop-
4 erty, placed in service during the taxable year
5 and used in the active conduct of a trade or
6 business.

7 “(d) SPECIAL RULES.—For purposes of this sec-
8 tion—

9 “(1) YEAR OF ELECTION.—The taxpayer may
10 elect the application of this section only for the first
11 2 taxable years for which ordinary and necessary ex-
12 penses paid or incurred in carrying on such trade or
13 business are allowable as a deduction by the tax-
14 payer under section 162.

15 “(2) CONTROLLED GROUPS AND COMMON CON-
16 TROL.—All persons treated as a single employer
17 under subsections (a) and (b) of section 52 shall be
18 treated as 1 person.

19 “(3) NO DOUBLE BENEFIT.—If a credit is de-
20 termined under this section with respect to any
21 property, the basis of such property shall be reduced
22 by the amount of the credit attributable to such
23 property.”.

24 (b) CLERICAL AMENDMENT.—The table of sections
25 for subpart D of part IV of subchapter A of chapter 1

1 of such Code is amended by adding at the end the fol-
2 lowing new item:

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

3 (c) MADE PART OF GENERAL BUSINESS CREDIT.—
4 Section 38(b) of such Code is amended by striking “plus”
5 at the end of paragraph (31), by striking the period at
6 the end of paragraph (32) and inserting “, plus”, and by
7 adding at the end the following new paragraph:

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

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

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

○