

114TH CONGRESS  
1ST SESSION

# S. 1862

To require the Administrator of the Small Business Administration to carry out a pilot program on issuing grants to eligible veterans to start or acquire qualifying businesses, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 26, 2015

Mr. MORAN (for himself and Mr. TESTER) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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## A BILL

To require the Administrator of the Small Business Administration to carry out a pilot program on issuing grants to eligible veterans to start or acquire qualifying businesses, and for other purposes.

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 Entrepre-  
5 neurial Transition Act of 2015” or the “VET Act of  
6 2015”.

1 **SEC. 2. VETERANS SMALL BUSINESS ENTREPRENEURSHIP**  
2 **PILOT PROGRAM.**

3 (a) PILOT PROGRAM REQUIRED.—

4 (1) IN GENERAL.—Not later than 90 days after  
5 the date of enactment of this Act, the Administrator,  
6 in consultation with the Advisory Committee, shall  
7 begin carrying out a pilot program to assess the fea-  
8 sibility and advisability of making grants to eligible  
9 veterans to start or acquire a qualifying business en-  
10 terprise.

11 (2) PROMOTION OF EFFICIENCY.—In carrying  
12 out the pilot program, the Administrator shall en-  
13 sure, to the maximum extent practicable, that the  
14 pilot program promotes efficiency, accountability,  
15 and competition.

16 (3) LIST OF CATEGORIES OF BUSINESS ENTER-  
17 PRISES.—The Administrator, in consultation with  
18 the Advisory Committee, shall by rule establish a list  
19 of categories of business enterprises that the Admin-  
20 istrator determines to be qualifying business enter-  
21 prises for purposes of the pilot program, which shall  
22 include—

23 (A) a small business concern (as the term  
24 is defined in section 3(a) of the Small Business  
25 Act (15 U.S.C. 632(a)));

26 (B) a franchise business enterprise; and

1 (C) any other category of business enter-  
2 prise that the Administrator, in consultation  
3 with the Advisory Committee, determines is ap-  
4 propriate and in accordance with the purposes  
5 of the pilot program.

6 (4) NUMBER OF GRANTS.—Under the pilot pro-  
7 gram, the Administrator may make grants in ac-  
8 cordance with subsection (d) to not more than 250  
9 eligible veterans to start or acquire a qualifying  
10 business enterprise.

11 (5) GEOGRAPHIC DIVERSITY.—In making  
12 grants under the pilot program, the Administrator  
13 shall ensure geographic diversity among the veterans  
14 who receive the grants.

15 (6) DURATION.—The Administrator shall carry  
16 out the pilot program during the 3-year period be-  
17 ginning on the date on which the Administrator be-  
18 gins carrying out the pilot program.

19 (b) APPLICATION.—

20 (1) IN GENERAL.—An eligible veteran desiring  
21 a grant under the pilot program shall submit an ap-  
22 plication—

23 (A) to the Administrator in the form and  
24 containing the information as the Administrator

1           may require, including the information de-  
2           scribed in paragraph (2); and

3                   (B) not later than 1 year before the date  
4           on which the pilot program terminates under  
5           subsection (a)(6).

6           (2) DOCUMENTATION REQUIREMENTS.—The  
7           Administrator, in considering an application from an  
8           eligible veteran for a grant under the pilot program,  
9           may not approve the application unless the applica-  
10          tion includes the following:

11                   (A) A description of the use of the grant  
12          amount, including an identification and descrip-  
13          tion of the qualifying business enterprise.

14                   (B) A description of the expected return on  
15          investment resulting from the grant amounts.

16                   (C) A certification that the eligible veteran  
17          applying for the grant—

18                           (i) shall complete the education and  
19          training relevant to the ownership and op-  
20          eration of the qualifying business enter-  
21          prise described in subsections (c)(1) and  
22          (c)(2); and

23                           (ii) understands that the eligible vet-  
24          eran may not receive amounts under a  
25          grant under the pilot program until after

1 the eligible veteran has completed the re-  
2 quired education and training relevant to  
3 the ownership and operation of the quali-  
4 fying business enterprise described in sub-  
5 sections (c)(1) and (c)(2).

6 (D) Such certifications as the Adminis-  
7 trator, in consultation with the Advisory Com-  
8 mittee, shall by rule require, including—

9 (i) for a business enterprise in oper-  
10 ation on the date of the application, evi-  
11 dence that the Administrator, in consulta-  
12 tion with the Advisory Committee, deter-  
13 mines appropriate of—

14 (I) good standing;

15 (II) profitable operation; and

16 (III) guarantees relating to the  
17 purchase of the enterprise;

18 (ii) for a franchise business enter-  
19 prise, evidence that the Administrator, in  
20 consultation with the Advisory Committee,  
21 determines appropriate of—

22 (I) compliance with applicable  
23 State and Federal laws on franchises;  
24 and

1 (II) training in conformation  
2 with the industry standard; and

3 (iii) for a startup, or an enterprise  
4 that is otherwise not in operation at the  
5 time of the application, a proposal for the  
6 operation of that enterprise that leads to  
7 profitable operation within a reasonable  
8 timeframe.

9 (E) A certification that the eligible veteran  
10 applying for the grant understands that the eli-  
11 gible veteran may not receive amounts under  
12 the grant until after the business plan of the el-  
13 igible veteran has been approved under the pro-  
14 cedures described in subsection (c)(3)(B).

15 (F) A certification that the eligible vet-  
16 eran—

17 (i) has been truthful about the em-  
18 ployment status of the eligible veteran; and

19 (ii) understands that the eligible vet-  
20 eran will be prohibited from participating  
21 in the pilot program if the certification de-  
22 scribed in clause (i) is determined to be  
23 untrue.

24 (3) GROUP APPLICATIONS.—The Administrator  
25 may authorize a group of eligible veterans to apply

1 as a group under the pilot program. The group shall  
2 be treated as a single eligible veteran under the pilot  
3 program, except that the maximum amount of the  
4 grant shall be calculated by multiplying the max-  
5 imum amount under subsection (d)(1) by the num-  
6 ber of members of the group.

7 (c) ENTREPRENEURSHIP TRAINING.—

8 (1) IN GENERAL.—Each eligible veteran receiv-  
9 ing a grant under the pilot program shall complete  
10 an entrepreneurship readiness program approved by  
11 the Administrator that is designed to prepare the el-  
12 igible veteran for, and lead to the immediate subse-  
13 quent ownership and management by the eligible  
14 veteran of, a qualifying business enterprise.

15 (2) APPROVED PROGRAMS.—An approved pro-  
16 gram described in paragraph (1) may include a pro-  
17 gram—

18 (A) available through a small business de-  
19 velopment center, as described in section 21 of  
20 the Small Business Act (15 U.S.C. 648);

21 (B) approved by the Administrator for en-  
22 trepreneurship training;

23 (C) approved by the Secretary of Veterans  
24 Affairs for entrepreneurship training;

1 (D) available through the Transition As-  
2 sistance Program of the Department of De-  
3 fense;

4 (E) available through a women's business  
5 center, as described in section 29 of the Small  
6 Business Act (15 U.S.C. 656);

7 (F) available through a Veterans Business  
8 Outreach Center, as described in section 32 of  
9 the Small Business Act (15 U.S.C. 657b);

10 (G) available through the SCORE program  
11 authorized by section 8(b)(1) of the Small Busi-  
12 ness Act (15 U.S.C. 637(b)(1)); or

13 (H) approved by the Administrator, in con-  
14 sultation with the Advisory Committee, as ap-  
15 propriate because of the expertise the program  
16 offers relating to a certain type of business en-  
17 terprise.

18 (3) BUSINESS PLAN.—

19 (A) CONTENTS.—An eligible veteran re-  
20 ceiving a grant under the pilot program shall  
21 prepare a business plan, which shall include—

22 (i) a description of how the qualifying  
23 business enterprise will achieve profitable  
24 operation within a reasonable timeframe;

25 (ii) an assessment of relevant—



- 1 (I) economic indicators;  
2 (II) consumer data;  
3 (III) production and sales data;  
4 and  
5 (IV) market or industry analysis;  
6 and  
7 (iii) other information that the Ad-  
8 ministrators, in consultation with the Advi-  
9 sory Committee, determines is appropriate.

10 (B) APPROVAL PROCEDURE.—

11 (i) APPROVAL BY ADVISOR.—If an ad-  
12 visor approves the business plan prepared  
13 by the eligible veteran, the Associate Ad-  
14 ministrators for Veterans Business Develop-  
15 ment of the Small Business Administra-  
16 tion—

- 17 (I) shall review the business plan;  
18 and  
19 (II) may reverse the approval of  
20 the business plan and require that the  
21 eligible veteran continue to consult  
22 with the advisor to develop and resub-  
23 mit the business plan.

24 (ii) DISAPPROVAL BY ADVISOR.—If an  
25 advisor does not approve the business plan

1 prepared by an eligible veteran, the Asso-  
2 ciate Administrator for Veterans Business  
3 Development of the Small Business Ad-  
4 ministration, upon appeal by the eligible  
5 veteran, may reverse the decision of the  
6 advisor and approve the business plan.

7 (d) GRANT TERMS AND CONDITIONS.—

8 (1) MAXIMUM GRANT AMOUNT AND ADDI-  
9 TIONAL ASSISTANCE.—

10 (A) IN GENERAL.—Subject to subsection  
11 (b)(3), the maximum amount that an eligible  
12 veteran may receive under the pilot program  
13 shall not exceed an amount equal to the sum  
14 of—

15 (i) the maximum grant amount speci-  
16 fied in subparagraph (B);

17 (ii) the amount equal to the product  
18 obtained by multiplying—

19 (I) the amount of additional as-  
20 sistance to which the eligible veteran  
21 is entitled under subparagraph (C)(ii);  
22 by

23 (II) the number of months that  
24 the eligible veteran participates in the  
25 pilot program; and

1 (iii) the amount of training assistance  
2 received by the eligible veteran in subpara-  
3 graph (D).

4 (B) MAXIMUM GRANT AMOUNT.—The max-  
5 imum grant amount specified in this subpara-  
6 graph is the following:

7 (i) In the case of an eligible veteran  
8 entitled to educational assistance under  
9 chapter 33 of title 38, United States Code,  
10 the amount equal to the product obtained  
11 by multiplying—

12 (I) the number of months of edu-  
13 cational assistance to which the eligi-  
14 ble veteran is entitled on the date that  
15 the eligible veteran submits an appli-  
16 cation; by

17 (II) the pro rata monthly rate of  
18 the amount that the eligible veteran is  
19 entitled to under paragraph  
20 (1)(A)(ii)(II) of section 3313(c) of  
21 that title, subject to paragraphs (2)  
22 through (7) of that section.

23 (ii) In the case of an eligible veteran  
24 entitled to educational assistance under  
25 chapter 30 of title 38, United States Code,

1 the amount equal to the product obtained  
2 by multiplying—

3 (I) the number of months of edu-  
4 cational assistance to which the eligi-  
5 ble veteran is entitled on the date that  
6 the eligible veteran submits an appli-  
7 cation; by

8 (II) the rate in effect under sec-  
9 tion 3015(a)(1) of that title.

10 (C) ADDITIONAL ASSISTANCE.—

11 (i) PERIOD OF ELIGIBILITY.—An eli-  
12 gible veteran shall receive the amount de-  
13 scribed in clause (ii) for each month that  
14 the eligible veteran participates in the pilot  
15 program.

16 (ii) AMOUNT.—The amount of the ad-  
17 ditional assistance specified in this clause  
18 is an amount, paid to the eligible veteran  
19 on a monthly basis, equal to the product  
20 obtained by multiplying—

21 (I) the monthly amount of the  
22 basic allowance for housing payable  
23 under section 403 of title 37, United  
24 States Code, for a member with de-  
25 pendents in pay grade E-5 residing in

1 the military housing area that encom-  
2 passes all or the majority portion of  
3 the ZIP code area in which is located  
4 the residence of the eligible veteran  
5 (similar to the calculation made under  
6 section 3313(c)(1)(B)(i)(I) of title 38,  
7 United States Code); by—

8 (II)(aa) in the case of an eligible  
9 veteran who, as of the date on which  
10 the eligible veteran applies for a grant  
11 under this section, has no employment  
12 other than the qualifying business en-  
13 terprise for which the eligible veteran  
14 seeks a grant under this section, 1; or

15 (bb) in the case of an eligible vet-  
16 eran who is not described in item  
17 (aa), 0.5.

18 (D) TRAINING ASSISTANCE.—Upon appli-  
19 cation by an eligible veteran receiving a grant  
20 under the pilot program, the Administrator may  
21 pay for the cost, if applicable, of an approved  
22 program described in subsection (c)(2)(H).

23 (2) DISBURSEMENT.—The amount of a grant  
24 made under the pilot program shall be disbursed to  
25 an eligible veteran—

1 (A) in installments, in accordance with the  
2 procedures described in paragraph (3);

3 (B) only after the eligible veteran presents  
4 documentation proving that the eligible veteran  
5 has completed the required entrepreneurship  
6 training described in subsections (c)(1) and  
7 (c)(2); and

8 (C) only after the business plan of the eli-  
9 gible veteran has been approved under the pro-  
10 cedures described in subsection (c)(3)(B).

11 (3) INSTALLMENT PAYMENTS.—The amount  
12 described in paragraph (1)(B) shall be paid to the  
13 eligible veteran in installments on a pro rata basis  
14 with each installment being paid to the eligible vet-  
15 eran—

16 (A) not earlier than 3 months after the  
17 date of the payment of the most recent install-  
18 ment to the eligible veteran;

19 (B) not later than 12 months after the  
20 date of the payment of the most recent install-  
21 ment to the eligible veteran; and

22 (C) only after the eligible veteran has met  
23 milestones established in the business plan of  
24 the eligible veteran.

1           (4) IMPACT ON ENTITLEMENT TO EDU-  
2           CATIONAL ASSISTANCE.—An eligible veteran who re-  
3           ceives a grant under the pilot program shall be  
4           deemed to have received an amount of educational  
5           assistance under chapter 30 or 33, of title 38,  
6           United States Code, as the case may be, that is  
7           equal to the amount of the grant.

8           (e) USE OF GRANT AMOUNTS.—An eligible veteran  
9           who receives a grant under the pilot program may use the  
10          amount of the grant—

11           (1) in accordance with the limitations that the  
12          Administrator, in consultation with the Advisory  
13          Committee, may by rule establish; and

14           (2) for purposes related to starting or acquiring  
15          a qualifying business enterprise that the Adminis-  
16          trator, in consultation with the Advisory Committee,  
17          determines are appropriate, including—

18           (A) purchasing goods or services necessary  
19          for the creation or operation of a qualifying  
20          business enterprise;

21           (B) funding a project that is directed to-  
22          ward any economic development objective de-  
23          scribed under section 501(d) of the Small Busi-  
24          ness Investment Act of 1958 (15 U.S.C.  
25          695(d)); and

1 (C) acquiring a qualifying business enter-  
2 prise.

3 (f) REPORT.—

4 (1) IN GENERAL.—Not later than 2 years after  
5 the date on which the pilot program is commenced,  
6 the Administrator shall submit to the Committee on  
7 Small Business and Entrepreneurship and the Com-  
8 mittee on Veterans' Affairs of the Senate and the  
9 Committee on Small Business and the Committee on  
10 Veterans' Affairs of the House of Representatives a  
11 report analyzing the feasibility and effectiveness of  
12 the pilot program.

13 (2) CONTENTS.—The report submitted under  
14 paragraph (1) shall include—

15 (A) an assessment of the pilot program;

16 (B) a survey containing—

17 (i) the number of grantees under the  
18 pilot program; and

19 (ii) the number of the grantees under  
20 the pilot program that participated in each  
21 of the training programs described in para-  
22 graphs (1) and (2) of subsection (c);

23 (C) recommendations regarding whether  
24 any aspect of the pilot program should be made



1 a permanent authority, and, if so, the means to  
2 ensure—

3 (i) geographic and demographic diver-  
4 sity among the eligible veterans who re-  
5 ceive the grants under the permanent au-  
6 thority; and

7 (ii) diversity in the types of qualifying  
8 business enterprises for which eligible vet-  
9 erans may receive grants under the pilot  
10 program;

11 (D) an assessment regarding whether the  
12 grants distributed under the pilot program  
13 should continue to be made in installments or  
14 with a one-time, lump sum payment;

15 (E) an assessment of the additional assist-  
16 ance made available under the pilot program,  
17 including the accountability surrounding the  
18 availability of additional assistance;

19 (F) an analysis of the procedures for ap-  
20 proving a business plan and a recommendation  
21 regarding ways, if necessary, to improve the  
22 procedures; and

23 (G) a recommendation regarding ways, if  
24 necessary, to improve the accountability of advi-  
25 sors.

1 (g) NO EFFECT ON TIME LIMITATION FOR USE OF  
2 ENTITLEMENT TO EDUCATIONAL ASSISTANCE.—Nothing  
3 in this section shall be construed to modify any time limi-  
4 tation or period during which an individual is entitled to  
5 educational assistance under chapter 30 or 33 of title 38,  
6 United States Code.

7 (h) FUNDING.—

8 (1) IN GENERAL.—The Secretary of Veterans  
9 Affairs shall transfer to the Administrator from  
10 funds appropriated to the Secretary to carry out  
11 chapters 30 and 33 of title 38, United States Code,  
12 an amount equal to the amount necessary for the  
13 Administrator to carry out the pilot program.

14 (2) AVAILABILITY.—Amounts transferred to the  
15 Administrator under paragraph (1) shall remain  
16 available until the date on which the pilot program  
17 terminates under subsection (a)(5).

18 (i) DEFINITIONS.—In this section:

19 (1) ADMINISTRATOR.—The term “Adminis-  
20 trator” means the Administrator of the Small Busi-  
21 ness Administration.

22 (2) ADVISOR.—The term “advisor” means a  
23 person—

1 (A) affiliated with an entrepreneurship or  
2 training and curricula program described in  
3 subsections (c)(1) and (c)(2);

4 (B) who may assist an eligible veteran with  
5 the preparation and approval of a business  
6 plan; and

7 (C) who is approved to serve as an advisor  
8 by the Administrator, in consultation with the  
9 Advisory Committee.

10 (3) **ADVISORY COMMITTEE.**—The term “Advi-  
11 sory Committee” means the Advisory Committee on  
12 Veterans Business Affairs established under section  
13 203 of the Veterans Entrepreneurship and Small  
14 Business Development Act of 1999 (15 U.S.C. 657b  
15 note).

16 (4) **BUSINESS PLAN.**—The term “business  
17 plan” means a plan prepared by an eligible veteran  
18 for the operation of a qualifying business enterprise  
19 that shall be—

20 (A) prepared—

21 (i) while the eligible veteran partici-  
22 pates in an approved training program de-  
23 scribed in subsections (c)(1) and (c)(2);  
24 and

1 (ii) with the assistance of an advisor;

2 and

3 (B) consistent with the guidelines and rec-  
4 ommendations provided by the Business Plan  
5 Tool of the Small Business Administration.

6 (5) ELIGIBLE VETERAN.—The term “eligible  
7 veteran” means an individual who—

8 (A) is—

9 (i) a veteran; or

10 (ii) a member of the Armed Forces  
11 who—

12 (I) is currently retiring or sepa-  
13 rating from the Armed Forces and  
14 has a service approved retirement or  
15 separation packet; or

16 (II) has last been honorably dis-  
17 charged from active duty service in  
18 the Armed Forces;

19 (B) has completed not less than—

20 (i) 36 months of active duty service in  
21 the Armed Forces (other than active duty  
22 service for training); or

23 (ii) 24 months of active duty service  
24 in the Armed Forces (other than active  
25 duty service for training) before being dis-

1 charged or separated for a service-con-  
2 nected disability, as that term is defined in  
3 section 101 of title 38, United States  
4 Code; and

5 (C) is entitled to educational assistance  
6 under chapter 30 or 33 of title 38, United  
7 States Code.

8 (6) FRANCHISE BUSINESS ENTERPRISE.—The  
9 term “franchise business enterprise” means any con-  
10 tinuing commercial relationship or arrangement, re-  
11 gardless of the title given the relationship or ar-  
12 rangement, under which the terms of the offer or  
13 contract specify, or the franchise seller promises or  
14 represents, orally or in writing, that—

15 (A) the franchisee will obtain the right  
16 to—

17 (i) operate a business that is identi-  
18 fied or associated with the trademark of  
19 the franchisor; or

20 (ii) offer, sell, or distribute goods,  
21 services, or commodities that are identified  
22 or associated with the trademark of the  
23 franchisor;

24 (B) the franchisor may—

1 (i) exert, or has authority to exert, a  
2 significant degree of control over the meth-  
3 od of operation of the franchisee; or

4 (ii) provide significant assistance in  
5 the method of operation of the franchisee;  
6 and

7 (C) as a condition of obtaining or com-  
8 mencing operation of the franchise business en-  
9 terprise, the franchisee makes a required pay-  
10 ment or commits to make a required payment  
11 to the franchisor or the affiliate of the  
12 franchisor.

13 (7) FRANCHISEE.—The term “franchisee”  
14 means any person who is granted a franchise busi-  
15 ness enterprise.

16 (8) FRANCHISOR.—The term “franchisor”—

17 (A) means any person who grants a fran-  
18 chise business enterprise and participates in the  
19 franchise relationship; and

20 (B) includes subfranchisors.

21 (9) PILOT PROGRAM.—The term “pilot pro-  
22 gram” means the pilot program established under  
23 subsection (a)(1).

24 (10) QUALIFYING BUSINESS ENTERPRISE.—The  
25 term “qualifying business enterprise” means a busi-

1       ness included in the list of categories of business en-  
2       terprises established under subsection (a)(3).

3           (11) STARTUP.—The term “startup” means a  
4       business enterprise that—

5                   (A) is not yet in existence; or

6                   (B) has been in existence for not more  
7       than 5 years.

8           (12)        SUBFRANCHISOR.—The        term  
9       “subfranchisor” means a person who functions as a  
10      franchisor by engaging in both pre-sale activities and  
11      post-sale performance.

12          (13) VETERAN.—The term “veteran” has the  
13      meaning given the term in section 101 of title 38,  
14      United States Code.

○