AMENDMENT TO RULES COMMITTEE
PRINT 115–40
OFFERED BY MR. LAWSON OF FLORIDA

Add at the end the following:

TITLE VI—VETERAN SMALL BUSINESS START-UP CREDIT

SEC. 6001. VETERAN SMALL BUSINESS START-UP 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. VETERAN SMALL BUSINESS START-UP CREDIT.

“(a) In General.—For purposes of section 38, in the case of an applicable veteran-owned business which elects the application of this section, the veteran small business start-up credit determined under this section for any taxable year is an amount equal to 15 percent of so much of the qualified start-up expenditures of the taxpayer as does not exceed $80,000.

“(b) Applicable Veteran-Owned Small Business.—For purposes of this section—

“(1) In General.—The term ‘applicable veteran-owned small business’ means a small business
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owned and controlled by one or more veterans or
spouses of veterans and the principal place of busi-
ness of which is in an underserved community.

“(2) OWNERSHIP AND CONTROL.—The term
’owned and controlled’ means—

“(A) management and operation of the
daily business, and—

“(B)(i) in the case of a sole proprietorship,
sole ownership,

“(ii) in the case of a corporation, owner-
ship (by vote or value) of not less than 51 per-
cent of the stock in such corporation, or

“(iii) in the case of a partnership or joint
venture, ownership of not less than 51 percent
of the profits interests or capital interests in
such partnership or joint venture.

“(3) SMALL BUSINESS.—The term ‘small busi-
ess’ means, with respect to any taxable year, any
person engaged in a trade or business in the United
States if—

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

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

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

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

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

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

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

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

“(5) VETERAN OR SPOUSE OF VETERAN.—The
term ‘veteran or spouse of a veteran’ has the mean-
ing given such term by section 7(a)(31)(G)(iii) of

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

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

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

“(B) any amounts paid or incurred during the taxable year for the purchase or lease of real property, or the purchase of personal property, placed in service during the taxable year and used in the active conduct of a trade or business.

“(d) SPECIAL RULES.—For purposes of this section—

“(1) YEAR OF ELECTION.—The taxpayer may elect the application of this section only for the first 2 taxable years for which ordinary and necessary expenses paid or incurred in carrying on such trade or business are allowable as a deduction by the taxpayer under section 162.

“(2) CONTROLLED GROUPS AND COMMON CONTROL.—All persons treated as a single employer
under subsections (a) and (b) of section 52 shall be treated as 1 person.

“(3) NO DOUBLE BENEFIT.—If a credit is determined under this section with respect to any property, the basis of such property shall be reduced by the amount of the credit attributable to such property.”.

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

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

(c) MADE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of such Code 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 veteran small business start-up credit determined under section 45S.”.

(d) REPORT BY TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION.—Every fourth year after the date of the enactment of this Act, the Treasury Inspector General for Tax Administration shall include in one of the semiannual reports under section 5 of the Inspector General Act of 1978 with respect to such year, an evaluation of the program under section 45S of the Internal Revenue
Code of 1986 (as added by this section), including an evaluation of the success of, and accountability with respect to, such program.

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

SEC. 6002. CORPORATE RATE INCREASE TO ACHIEVE REVENUE NEUTRALITY.

(a) IN GENERAL.—The rate of tax specified in section 11(b)(1) of the Internal Revenue Code of 1986 (after the amendment made by section 3001(a)) shall be increased by such number of percentage points as is necessary to fully offset the aggregate reduction in Federal revenues which result from amendments made by section 6001.

(b) EFFECTIVE DATE.—Subsection (a) shall apply as if such provision were an amendment made by this title (without regard to this section).