

AMENDMENT TO RULES COMMITTEE
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OFFERED BY MR. LAWSON OF FLORIDA

Add at the end the following:

1 **TITLE VI—VETERAN SMALL**
2 **BUSINESS START-UP CREDIT**

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

4 (a) IN GENERAL.—Subpart D of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 is amended by adding at the end the following new
7 section:

8 **“SEC. 45S. VETERAN SMALL BUSINESS START-UP CREDIT.**

9 “(a) IN GENERAL.—For purposes of section 38, in
10 the case of an applicable veteran-owned business which
11 elects the application of this section, the veteran small
12 business start-up credit determined under this section for
13 any taxable year is an amount equal to 15 percent of so
14 much of the qualified start-up expenditures of the tax-
15 payer as does not exceed \$80,000.

16 “(b) APPLICABLE VETERAN-OWNED SMALL BUSI-
17 NESS.—For purposes of this section—

18 “(1) IN GENERAL.—The term ‘applicable vet-
19 eran-owned small business’ means a small business

1 owned and controlled by one or more veterans or
2 spouses of veterans and the principal place of busi-
3 ness of which is in an underserved community.

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

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

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

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

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

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

21 “(A) the gross receipts of such person for
22 the preceding taxable year did not exceed
23 \$5,000,000, or

24 “(B) in the case of a person to which sub-
25 paragraph (A) does not apply, such person em-

1 employed not more than 100 full-time employees
2 during the preceding taxable year.

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

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

10 “(A) a HUBZone (as defined in section
11 3(p) of the Small Business Act (15 U.S.C.
12 632(p))),

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

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

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

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

1 the Small Business Act (15 U.S.C.
2 636(a)(31)(G)(iii)).

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

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

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

9 “(B) any amounts paid or incurred during
10 the taxable year for the purchase or lease of
11 real property, or the purchase of personal prop-
12 erty, placed in service during the taxable year
13 and used in the active conduct of a trade or
14 business.

15 “(d) SPECIAL RULES.—For purposes of this sec-
16 tion—

17 “(1) YEAR OF ELECTION.—The taxpayer may
18 elect the application of this section only for the first
19 2 taxable years for which ordinary and necessary ex-
20 penses paid or incurred in carrying on such trade or
21 business are allowable as a deduction by the tax-
22 payer under section 162.

23 “(2) CONTROLLED GROUPS AND COMMON CON-
24 TROL.—All persons treated as a single employer

1 under subsections (a) and (b) of section 52 shall be
2 treated as 1 person.

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

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

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

12 (c) MADE PART OF GENERAL BUSINESS CREDIT.—
13 Section 38(b) of such Code is amended by striking “plus”
14 at the end of paragraph (35), by striking the period at
15 the end of paragraph (36) and inserting “, plus”, and by
16 adding at the end the following new paragraph:

17 “(37) the veteran small business start-up credit
18 determined under section 45S.”.

19 (d) REPORT BY TREASURY INSPECTOR GENERAL
20 FOR TAX ADMINISTRATION.—Every fourth year after the
21 date of the enactment of this Act, the Treasury Inspector
22 General for Tax Administration shall include in one of the
23 semiannual reports under section 5 of the Inspector Gen-
24 eral Act of 1978 with respect to such year, an evaluation
25 of the program under section 45S of the Internal Revenue

1 Code of 1986 (as added by this section), including an eval-
2 uation of the success of, and accountability with respect
3 to, such program.

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

7 **SEC. 6002. CORPORATE RATE INCREASE TO ACHIEVE REV-**
8 **ENUE NEUTRALITY.**

9 (a) IN GENERAL.—The rate of tax specified in sec-
10 tion 11(b)(1) of the Internal Revenue Code of 1986 (after
11 the amendment made by section 3001(a)) shall be in-
12 creased by such number of percentage points as is nec-
13 essary to fully offset the aggregate reduction in Federal
14 revenues which result from amendments made by section
15 6001.

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

