AMENDMENT TO RULES COMMITTEE PRINT 115-39

OFFERED BY MS. ADAMS OF NORTH CAROLINA

Add at the end the following:

TITLE VI—VETERAN SMALL BUSINESS TAX 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 controlled by one or more qualified veterans.

“(2) QUALIFIED VETERAN.—The term ‘qualified veteran’ means any individual (or the spouse or surviving spouse of such an individual) who—

“(A) has served on active duty in the Armed Forces of the United States, and

“(B) who has not been discharged or released from the Armed Forces of the United States under dishonorable conditions.

“(3) CONTROL.—The term ‘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, ownership (by vote or value) of not less than 51 percent 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.

“(4) SMALL BUSINESS.—The term ‘small business’ 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 subparagraph (A) does not apply, such person employed 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 employed at least 30 hours per week for 20 or more calendar weeks in the taxable year.

“(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) **EFFECTIVE DATE.**—The amendments made by
this section shall apply to taxable years beginning after
December 31, 2018.

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

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

(b) **EFFECTIVE DATE.**—Subsection (a) shall apply as
if such provision were an amendment made by section
3001(a) of this Act.