

H.R.4473 (TENNEY) VETERAN ENTREPRENEURS ACT OF 2017

POSITION: The Chamber's Defense, Veterans & Military Affairs Committee voted to SUPPORT H.R.4473 on April 4, 2018. The Chamber's Public Policy Committee voted to SUPPORT H.R.4473 on April 10, 2018.

RATIONALE: The Chamber's Defense, Veterans & Military Affairs Committee voted to support the bill because the tax credit would provide additional assistance to veterans wanting to open a franchise business.

STATUS: H.R.4473 was introduced by Rep. Claudia Tenney [R-NY-22] on November 28, 2017. On November 28, 2017, the bill was referred to the House Committee on Ways and Means where it currently resides.

SUMMARY

The Veterans Entrepreneurs Act of 2017 amends the Tax Code to include a tax credit for veterans who want to open a franchise. The tax credit is up to 25% of the franchise fee paid when an eligible veteran enters into a franchise agreement. H.R.4473 includes a not-to-exceed \$400,000 provision for each veteran who takes advantage of the tax credit. In addition, the bill requires the Small Business Administration and Secretary of Veterans Affairs publicize the tax credit in mailings and brochures sent to veteran service organizations and veteran advocacy groups.

INDUSTRY/IES

H.R.4473 would impact any business that has franchises, including retail, food and beverage, convenience stores, hotels, hardware stores, and rental car stores.

SUPPORTERS

- Rep. Brownley, Julia [D-CA-26] (original cosponsor)
- Rep. Correa, J. Luis [D-CA-46]
- Rep. Panetta, Jimmy [D-CA-20]
- Rep. Peters, Scott H. [D-CA-52]
- Rep. Cook, Paul [R-CA-8]
- Rep. Barragan, Nanette Diaz [D-CA-44]

OPPONENTS

None registered.

ARGUMENTS IN FAVOR

Successfully reintegrating veterans into civilian life should be a national priority. Veterans possess the leadership skills needed for small business ownership but some veterans aren't able to manage the upfront costs associated with opening a franchise. According to VetFran, franchise fees can be upwards of \$50,000. A PricewaterhouseCoopers study found that franchise businesses owned by veterans are more successful than the average veteran-owned small business. H.R.4473 is a win for the veterans, and for the communities in which they create jobs and economic opportunity.

ARGUMENTS IN OPPOSITION

The impacts on the federal budget are unknown and the need for this tax credit is unknown.

MORE INFORMATION

H.R.4473 defines a "eligible veteran" as "a person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable who pays or incurs a 'qualified franchise fee' in connection with a franchise agreement with a franchisor." The Chamber's Defense, Veterans & Military Affairs Committee wanted to be sure U.S. Coast Guard veterans are included in this definition.

Rep. Tenney says there are 733,000 franchise establishments nationwide, and according to VetFran, one out of seven franchise businesses are owned and operated by veterans. VetFran, a strategic initiative of the International Franchise Association, works to provide access and opportunities in franchising to our nation's veterans and their spouses. According to VetFran, the International Franchise Association Educational Foundation conducted a study based on U.S. Census data and found that "more than 66,000 veteran-owned franchise businesses in the U.S. provide jobs directly for 815,000 Americans, and generate more than \$41 billion in GDP."