

AMENDMENT NO. _____ Calendar No. _____

Purpose: In the nature of a substitute.

IN THE SENATE OF THE UNITED STATES—114th Cong., 1st Sess.

S. _____

To amend the Small Business Act 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.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended
to be proposed by Mr. VITTER

Viz:

1 Strike all after the enacting clause and insert the fol-
2 lowing:

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”.

7 **SEC. 2. VETERANS SMALL BUSINESS ENTREPRENEURSHIP**

8 **PILOT PROGRAM.**

9 Section 32 of the Small Business Act (15 U.S.C.
10 657b) is amended by adding at the end the following:

1 “(ii) a franchise business enterprise;
2 and

3 “(iii) any other category of business
4 enterprise that the Administrator, in con-
5 sultation with the Advisory Committee, de-
6 termines is appropriate and in accordance
7 with the purposes of the pilot program.

8 “(D) NUMBER OF GRANTS.—Under the
9 pilot program, the Administrator may make
10 grants in accordance with paragraph (4) to not
11 more than 250 eligible veterans to start or ac-
12 quire a qualifying business enterprise.

13 “(E) GEOGRAPHIC DIVERSITY.—In making
14 grants under the pilot program, the Adminis-
15 trator shall ensure geographic diversity among
16 the veterans who receive the grants.

17 “(F) DURATION.—The Administrator shall
18 carry out the pilot program during the 3-year
19 period beginning on the date on which the Ad-
20 ministrator begins carrying out the pilot pro-
21 gram.

22 “(2) APPLICATION.—

23 “(A) IN GENERAL.—An eligible veteran de-
24 siring a grant under the pilot program shall
25 submit an application—

1 and operation of the qualifying busi-
2 ness enterprise described in para-
3 graphs (3)(A) and (3)(B); and

4 “(II) understands that the eligi-
5 ble veteran may not receive amounts
6 under a grant under the pilot pro-
7 gram until after the eligible veteran
8 has completed the required education
9 and training relevant to the ownership
10 and operation of the qualifying busi-
11 ness enterprise described in para-
12 graphs (3)(A) and (3)(B).

13 “(iv) Such certifications as the Ad-
14 ministrator, in consultation with the Advi-
15 sory Committee, shall by rule require, in-
16 cluding—

17 “(I) for a business enterprise in
18 operation on the date of the applica-
19 tion, evidence that the Administrator,
20 in consultation with the Advisory
21 Committee, determines appropriate
22 of—

23 “(aa) good standing;

24 “(bb) profitable operation;

25 and

1 “(cc) guarantees relating to
2 the purchase of the enterprise;

3 “(II) for a franchise business en-
4 terprise, evidence that the Adminis-
5 trator, in consultation with the Advi-
6 sory Committee, determines appro-
7 priate of—

8 “(aa) compliance with appli-
9 cable State and Federal laws on
10 franchises; and

11 “(bb) training in conforma-
12 tion with the industry standard;
13 and

14 “(III) for a startup, or an enter-
15 prise that is otherwise not in oper-
16 ation at the time of the application, a
17 proposal for the operation of that en-
18 terprise that leads to profitable oper-
19 ation within a reasonable time frame.

20 “(v) A certification that the eligible
21 veteran applying for the grant understands
22 that the eligible veteran may not receive
23 amounts under the grant until after the
24 business plan of the eligible veteran has

1 been approved under the procedures de-
2 scribed in paragraph (3)(C)(ii).

3 “(vi) A certification that the eligible
4 veteran—

5 “(I) has been truthful about the
6 employment status of the eligible vet-
7 eran; and

8 “(II) understands that the eligi-
9 ble veteran will be prohibited from
10 participating in the pilot program if
11 the certification described in subclause
12 (I) is determined to be untrue.

13 “(C) GROUP APPLICATIONS.—The Admin-
14 istrator may authorize a group of eligible vet-
15 erans to apply as a group under the pilot pro-
16 gram. The group shall be treated as a single eli-
17 gible veteran under the pilot program, except
18 that the maximum amount of the grant shall be
19 calculated by multiplying the maximum amount
20 under paragraph (4)(A) by the number of mem-
21 bers of the group.

22 “(3) ENTREPRENEURSHIP TRAINING.—

23 “(A) IN GENERAL.—Each eligible veteran
24 receiving a grant under the pilot program shall
25 complete an entrepreneurship readiness pro-

1 gram approved by the Administrator that is de-
2 signed to prepare the eligible veteran for, and
3 lead to the immediate subsequent ownership
4 and management by the eligible veteran of, a
5 qualifying business enterprise.

6 “(B) APPROVED PROGRAMS.—An approved
7 program described in subparagraph (A) may in-
8 clude a program—

9 “(i) available through a small business
10 development center;

11 “(ii) approved by the Administrator
12 for entrepreneurship training;

13 “(iii) approved by the Secretary of
14 Veterans Affairs for entrepreneurship
15 training;

16 “(iv) available through the Transition
17 Assistance Program of the Department of
18 Defense;

19 “(v) available through a women’s
20 business center, as described in section 29;

21 “(vi) available through a Veterans
22 Business Outreach Center, as described in
23 subsection (d);

24 “(vii) available through the SCORE
25 program authorized by section 8(b)(1); or

1 “(viii) approved by the Administrator,
2 in consultation with the Advisory Com-
3 mittee, as appropriate because of the ex-
4 pertise the program offers relating to a
5 certain type of business enterprise.

6 “(C) BUSINESS PLAN.—

7 “(i) CONTENTS.—An eligible veteran
8 receiving a grant under the pilot program
9 shall prepare a business plan, which shall
10 include—

11 “(I) a description of how the
12 qualifying business enterprise will
13 achieve profitable operation within a
14 reasonable time frame;

15 “(II) an assessment of relevant—

16 “(aa) economic indicators;

17 “(bb) consumer data;

18 “(cc) production and sales
19 data; and

20 “(dd) market or industry
21 analysis; and

22 “(III) other information that the
23 Administrator, in consultation with
24 the Advisory Committee, determines is
25 appropriate.

1 “(ii) APPROVAL PROCEDURE.—

2 “(I) APPROVAL BY ADVISOR.—If
3 an advisor approves the business plan
4 prepared by the eligible veteran, the
5 Associate Administrator for Veterans
6 Business Development of the Adminis-
7 tration—

8 “(aa) shall review the busi-
9 ness plan; and

10 “(bb) may reverse the ap-
11 proval of the business plan and
12 require that the eligible veteran
13 continue to consult with the advi-
14 sor to develop and resubmit the
15 business plan.

16 “(II) DISAPPROVAL BY ADVI-
17 SOR.—If an advisor does not approve
18 the business plan prepared by an eli-
19 gible veteran, the Associate Adminis-
20 trator for Veterans Business Develop-
21 ment of the Administration, upon ap-
22 peal by the eligible veteran, may re-
23 verse the decision of the advisor and
24 approve the business plan.

25 “(4) GRANT TERMS AND CONDITIONS.—

1 “(A) MAXIMUM GRANT AMOUNT AND ADDI-
2 TIONAL ASSISTANCE.—

3 “(i) IN GENERAL.—Subject to para-
4 graph (2)(C), the maximum amount that
5 an eligible veteran may receive under the
6 pilot program shall not exceed an amount
7 equal to the sum of—

8 “(I) the maximum grant amount
9 specified in clause (ii);

10 “(II) the amount equal to the
11 product obtained by multiplying—

12 “(aa) the amount of addi-
13 tional assistance to which the eli-
14 gible veteran is entitled under
15 clause (iii)(II); by

16 “(bb) the number of months
17 that the eligible veteran partici-
18 pates in the pilot program; and

19 “(III) the amount of training as-
20 sistance received by the eligible vet-
21 eran in clause (iv).

22 “(ii) MAXIMUM GRANT AMOUNT.—The
23 maximum grant amount specified in this
24 clause is the following:

1 “(I) In the case of an eligible vet-
2 eran entitled to educational assistance
3 under chapter 33 of title 38, United
4 States Code, the amount equal to the
5 product obtained by multiplying—

6 “(aa) the number of months
7 of educational assistance to
8 which the eligible veteran is enti-
9 tled on the date that the eligible
10 veteran submits an application;
11 by

12 “(bb) the pro rata monthly
13 rate of the amount that the eligi-
14 ble veteran is entitled to under
15 paragraph (1)(A)(ii)(II) of sec-
16 tion 3313(c) of that title, subject
17 to paragraphs (2) through (7) of
18 that section.

19 “(II) In the case of an eligible
20 veteran entitled to educational assist-
21 ance under chapter 30 of title 38,
22 United States Code, the amount equal
23 to the product obtained by multi-
24 plying—

1 “(aa) the number of months
2 of educational assistance to
3 which the eligible veteran is enti-
4 tled on the date that the eligible
5 veteran submits an application;
6 by

7 “(bb) the rate in effect
8 under section 3015(a)(1) of that
9 title.

10 “(iii) ADDITIONAL ASSISTANCE.—

11 “(I) PERIOD OF ELIGIBILITY.—
12 An eligible veteran shall receive the
13 amount described in subclause (II) for
14 each month that the eligible veteran
15 participates in the pilot program.

16 “(II) AMOUNT.—The amount of
17 the additional assistance specified in
18 this subclause is an amount, paid to
19 the eligible veteran on a monthly
20 basis, equal to the product obtained
21 by multiplying—

22 “(aa) the monthly amount of
23 the basic allowance for housing
24 payable under section 403 of title
25 37, United States Code, for a

1 member with dependents in pay
2 grade E-5 residing in the mili-
3 tary housing area that encom-
4 passes all or the majority portion
5 of the ZIP code area in which is
6 located the residence of the eligi-
7 ble veteran (similar to the cal-
8 culation made under section
9 3313(c)(1)(B)(i)(I) of title 38,
10 United States Code); by—

11 “(bb)(AA) in the case of an
12 eligible veteran who, as of the
13 date on which the eligible veteran
14 applies for a grant under this
15 subsection, has no employment
16 other than the qualifying busi-
17 ness enterprise for which the eli-
18 gible veteran seeks a grant under
19 this subsection, 1; or

20 “(BB) in the case of an eli-
21 gible veteran who is not described
22 in subitem (AA), 0.5.

23 “(iv) TRAINING ASSISTANCE.—Upon
24 application by an eligible veteran receiving
25 a grant under the pilot program, the Ad-

1 administrator may pay for the cost, if appli-
2 cable, of an approved program described in
3 paragraph (3)(B)(viii).

4 “(B) DISBURSEMENT.—The amount of a
5 grant made under the pilot program shall be
6 disbursed to an eligible veteran—

7 “(i) in installments, in accordance
8 with the procedures described in subpara-
9 graph (C);

10 “(ii) only after the eligible veteran
11 presents documentation proving that the
12 eligible veteran has completed the required
13 entrepreneurship training described in
14 paragraphs (3)(A) and (3)(B); and

15 “(iii) only after the business plan of
16 the eligible veteran has been approved
17 under the procedures described in para-
18 graph (3)(C)(ii).

19 “(C) INSTALLMENT PAYMENTS.—The
20 amount described in subparagraph (A)(ii) shall
21 be paid to the eligible veteran in installments on
22 a pro rata basis with each installment being
23 paid to the eligible veteran—

1 “(i) not earlier than 3 months after
2 the date of the payment of the most recent
3 installment to the eligible veteran;

4 “(ii) not later than 12 months after
5 the date of the payment of the most recent
6 installment to the eligible veteran; and

7 “(iii) only after the eligible veteran
8 has met milestones established in the busi-
9 ness plan of the eligible veteran.

10 “(5) USE OF GRANT AMOUNTS.—An eligible
11 veteran who receives a grant under the pilot pro-
12 gram may use the amount of the grant—

13 “(A) in accordance with the limitations
14 that the Administrator, in consultation with the
15 Advisory Committee, may by rule establish;

16 “(B) for purposes consistent with the ac-
17 tivities and objectives set forth in the business
18 plan of the eligible veteran, as described in
19 paragraph (3)(C); and

20 “(C) for purposes related to starting or ac-
21 quiring a qualifying business enterprise that the
22 Administrator, in consultation with the Advi-
23 sory Committee, determines are appropriate, in-
24 cluding—

1 “(i) purchasing goods or services nec-
2 essary for the creation or operation of a
3 qualifying business enterprise;

4 “(ii) funding a project that is directed
5 toward any economic development objective
6 described under section 501(d) of the
7 Small Business Investment Act of 1958
8 (15 U.S.C. 695(d)); and

9 “(iii) acquiring a qualifying business
10 enterprise.

11 “(6) RESPONSIBILITY OF THE ADMINIS-
12 TRATOR.—In implementing the pilot program, the
13 Administrator shall maximize existing relationships
14 with the public and private sector to—

15 “(A) ensure successful outcomes by partici-
16 pants in the pilot program; and

17 “(B) prevent redundancy with existing
18 public and private programs.

19 “(7) REPORT TO CONGRESSIONAL COMMIT-
20 TEES.—

21 “(A) IN GENERAL.—Not later than 2 years
22 after the date on which the pilot program is
23 commenced, the Administrator shall submit to
24 the Committee on Small Business and Entre-
25 preneurship and the Committee on Veterans’

1 Affairs of the Senate and the Committee on
2 Small Business and the Committee on Vet-
3 erans' Affairs of the House of Representatives
4 a report analyzing the feasibility and effective-
5 ness of the pilot program.

6 “(B) CONTENTS.—The report submitted
7 under subparagraph (A) shall include—

8 “(i) an assessment of the pilot pro-
9 gram;

10 “(ii) a survey containing—

11 “(I) the number of grantees
12 under the pilot program; and

13 “(II) the number of the grantees
14 under the pilot program that partici-
15 pated in each of the training pro-
16 grams described in subparagraphs (A)
17 and (B) of paragraph (3);

18 “(iii) recommendations regarding
19 whether any aspect of the pilot program
20 should be made a permanent authority,
21 and, if so, the means to ensure—

22 “(I) geographic and demographic
23 diversity among the eligible veterans
24 who receive the grants under the per-
25 manent authority; and

1 “(II) diversity in the types of
2 qualifying business enterprises for
3 which eligible veterans may receive
4 grants under the pilot program;

5 “(iv) an assessment regarding wheth-
6 er the grants distributed under the pilot
7 program should continue to be made in in-
8 stallments or with a 1-time, lump sum pay-
9 ment;

10 “(v) an assessment of the additional
11 assistance made available under the pilot
12 program, including the accountability sur-
13 rounding the availability of additional as-
14 sistance;

15 “(vi) an analysis of the procedures for
16 approving a business plan and a rec-
17 ommendation regarding ways, if necessary,
18 to improve the procedures; and

19 “(vii) a recommendation regarding
20 ways, if necessary, to improve the account-
21 ability of advisors.

22 “(8) GAO REPORT.—Not later than 1 year
23 after the date on which the pilot program termi-
24 nates, the Comptroller General of the United States

1 shall submit to Congress a report that evaluates the
2 pilot program with respect to—

3 “(A) administrative difficulties;

4 “(B) issues of fiscal responsibility;

5 “(C) duplication with existing entrepre-
6 neurship pilot programs in the Federal Govern-
7 ment; and

8 “(D) whether the pilot program is con-
9 sistent with the Post-9/11 Veterans Educational
10 Assistance Improvements Act of 2010 (Public
11 Law 111–377; 124 Stat. 4106).

12 “(9) NO EFFECT ON TIME LIMITATION FOR USE
13 OF ENTITLEMENT TO EDUCATIONAL ASSISTANCE.—
14 Nothing in this subsection shall be construed to
15 modify any time limitation or period during which
16 an individual is entitled to educational assistance
17 under chapter 30 or 33 of title 38, United States
18 Code.

19 “(10) DEFINITIONS.—In this subsection:

20 “(A) ADVISOR.—The term ‘advisor’ means
21 a person—

22 “(i) affiliated with an entrepreneur-
23 ship or training and curricula program de-
24 scribed in paragraphs (3)(A) and (3)(B);

1 “(ii) who may assist an eligible vet-
2 eran with the preparation and approval of
3 a business plan; and

4 “(iii) who is approved to serve as an
5 advisor by the Administrator, in consulta-
6 tion with the Advisory Committee.

7 “(B) ADVISORY COMMITTEE.—The term
8 ‘Advisory Committee’ means the Advisory Com-
9 mittee on Veterans Business Affairs established
10 under section 203 of the Veterans Entrepre-
11 neurship and Small Business Development Act
12 of 1999 (15 U.S.C. 657b note).

13 “(C) BUSINESS PLAN.—The term ‘business
14 plan’ means a plan prepared by an eligible vet-
15 eran for the operation of a qualifying business
16 enterprise that shall be—

17 “(i) prepared—

18 “(I) while the eligible veteran
19 participates in an approved training
20 program described in paragraphs
21 (3)(A) and (3)(B); and

22 “(II) with the assistance of an
23 advisor; and

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

5 “(iii) is entitled to educational assist-
6 ance under chapter 30 or 33 of title 38,
7 United States Code.

8 “(E) FRANCHISE BUSINESS ENTER-
9 PRISE.—The term ‘franchise business enter-
10 prise’ means any continuing commercial rela-
11 tionship or arrangement, regardless of the title
12 given the relationship or arrangement, under
13 which the terms of the offer or contract specify,
14 or the franchise seller promises or represents,
15 orally or in writing, that—

16 “(i) the franchisee will obtain the
17 right to—

18 “(I) operate a business that is
19 identified or associated with the trade-
20 mark of the franchisor; or

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

25 “(ii) the franchisor may—

24

1 “(I) exert, or has authority to
2 exert, a significant degree of control
3 over the method of operation of the
4 franchisee; or

5 “(II) provide significant assist-
6 ance in the method of operation of the
7 franchisee; and

8 “(iii) as a condition of obtaining or
9 commencing operation of the franchise
10 business enterprise, the franchisee makes a
11 required payment or commits to make a
12 required payment to the franchisor or the
13 affiliate of the franchisor.

14 “(F) FRANCHISEE.—The term ‘franchisee’
15 means any person who is granted a franchise
16 business enterprise.

17 “(G) FRANCHISOR.—The term
18 ‘franchisor’—

19 “(i) means any person who grants a
20 franchise business enterprise and partici-
21 pates in the franchise relationship; and

22 “(ii) includes subfranchisors.

23 “(H) PILOT PROGRAM.—The term ‘pilot
24 program’ means the pilot program established
25 under paragraph (1)(A).

1 “(I) QUALIFYING BUSINESS ENTER-
2 PRISE.—The term ‘qualifying business enter-
3 prise’ means a business included in the list of
4 categories of business enterprises established
5 under paragraph (1)(C).

6 “(J) STARTUP.—The term ‘startup’ means
7 a business enterprise that—

8 “(i) is not yet in existence; or

9 “(ii) has been in existence for not
10 more than 5 years.

11 “(K) SUBFRANCHISOR.—The term
12 ‘subfranchisor’ means a person who functions
13 as a franchisor by engaging in both pre-sale ac-
14 tivities and post-sale performance.”.