[117H971]

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(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R. _____

To require the Administrator of the Small Business Administration to establish a program to encourage small business concerns to make business succession plans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. CROW introduced the following bill; which was referred to the Committee on _____

A BILL

To require the Administrator of the Small Business Administration to establish a program to encourage small business concerns to make business succession plans, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Small Business Succession Planning Act''.

SEC. 2. BUSINESS SUCCESSION PLANS FOR SMALL BUSINESS CONCERNS.

(a) IN GENERAL.—The Administrator of the Small Business Administration shall establish a program to help small business concerns develop and implement business succession plans.

(b) TOOLKIT.—The Administrator, in consultation with resource partners, shall develop a toolkit to assist small business concerns in establishing a business succession plan. Such toolkit shall be made available on a public website of the Administration.

(c) PROGRAM COMPONENTS.—The Administrator—

(1) shall train resource partners on using the toolkit described in subsection (b) with small business concerns;

(2) shall educate small business concerns about the program established under this section;

(3) shall ensure that each district office of the Administration and each resource partner described in subparagraphs (B) through (E) has an employee with the specific job responsibility of providing counseling, in person or virtually, to small business concerns on use of the toolkit described in subsection (b); and

(4) may hold workshops or events on business succession planning.

(d) PLAN.—Not later than 120 days after the date of the enactment of this Act, the Administrator shall submit to the appropriate committees a plan for increasing the amount of small business concerns that have business succession plans. Such plan shall include a description of methods to increase the frequency and use of business succession plans by small business concerns owned and controlled by socially and economically disadvantaged individuals (as defined in section 8(d)(3)(C) of the Small Business Act (15 U.S.C. 637(d)(3)(C))).

(e) TAX CREDIT FOR SMALL BUSINESS CONCERNS WHICH COMPLETE A BUSINESS SUCCESSION PLAN.—

(1) 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. 45AA. BUSINESS SUCCESSION PLAN CREDIT.

"(a) IN GENERAL.—For purposes of section 38, the business succession plan credit determined under this section is—

"(1) $250 for the first taxable year during which the Administrator of the Small Business Administration certifies that the taxpayer has established a business succession plan, that the taxpayer is a small business concern at the time that such

plan is established, and that such plan does not provide for substantially all of the interests or assets of small business concern to be acquired by one or more entities which are not small business concerns, and

''(2) $250 for the first taxable year during which such Administrator certifies that the taxpayer has successfully completed a succession of responsibilities pursuant to a business succession plan which was certified under paragraph (1), that the taxpayer is a small business concern immediately after such succession, and that the business with respect to which such business succession plan relates was a small business concern immediately prior to such succession.

''(b) RECAPTURE OF CREDITS.—

''(1) RECAPTURE OF CREDIT FOR ESTABLISHMENT OF PLAN.—If, during the 3-year period beginning on the date of the establishment of a business succession plan described in subsection (a)(1), substantially all of the equity interests in the taxpayer or substantially all of the assets of the taxpayer are acquired by one or more entities which are not small business concerns, the taxpayer's tax imposed under this chapter for the taxable year during which such

interest or assets are so acquired shall be increased by amount of the credit allowed to the taxpayer under subsection (a)(1) for such taxable year or any prior taxable year.

''(2) RECAPTURE OF CREDIT FOR COMPLETION OF SUCCESSION.—If, during the 3-year period beginning on the date of the completion of a succession of responsibilities described in subsection (a)(2), substantially all of the equity interests in the taxpayer or substantially all of the assets of the taxpayer are acquired by one or more entities which are not small business concerns, the taxpayer's tax imposed under this chapter for the taxable year during which such interests or assets are so acquired shall be increased by amount of the credit allowed to the taxpayer under subsection (a)(2) for such taxable year or any prior taxable year.

''(c) DEFINITIONS.—For purposes of this section, the terms 'small business concern' and 'business succession plan' have the respective meanings given such terms under section 2(g) of the Small Business Succession Planning Act.''.

(2) CREDIT ALLOWED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of such Code is amended by striking ''plus'' at the end of paragraph

(39), by striking the period at the end of paragraph (40) and inserting ", plus", and by adding at the end the following new paragraph:

"(41) the business succession plan credit determined under section 45AA(a).".

(3) 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. 45AA. Business succession plan credit.".

(4) REPORT TO CONGRESS.—Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary's delegate) shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate describing the steps which will be taken to enforce the recapture provisions of section 45AA(b) of the Internal Revenue Code of 1986, as added by this section.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after the date of the enactment of this Act.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Administrator such sums as may be necessary for fiscal years 2024 through 2029 to carry out the requirements of this section.

(g) DEFINITIONS.—In this section:

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of the Small Business Administration.

(2) ADMINISTRATION.—The term ''Administration'' means the Small Business Administration.

(3) APPROPRIATE COMMITTEES.—The term ''appropriate committees'' means—

(A) the Committee on Small Business and Entrepreneurship and the Committee on Appropriations of the Senate; and

(B) the Committee on Small Business and the Committee on Appropriations of the House of Representatives.

(4) BUSINESS SUCCESSION PLAN.—The term ''business succession plan'' means a document that—

(A) identifies an individual who will assume the responsibilities of the owner to a small business concern upon the death or retirement of such owner, along with the legal documents necessary; and

(B) includes an operational description of the small business concern to ensure the continuation of operations of such concern.

(5) RESOURCE PARTNERS.—The term ''resource partners'' means—

(A) any office of the Administration;

(B) small business development centers (defined in section 3 of the Small Business Act (15 U.S.C. 632));

(C) women's business centers (described under section 29 of such Act (15 U.S.C. 656));

(D) chapters of the Service Corps of Retired Executives (established under section 8(b)(1)(B) of such Act (15 U.S.C. 637(b)(1)(B)));

(E) Veteran Business Outreach Centers (described under section 32 of such Act (15 U.S.C. 657b)); and

(F) any other entity, as determined by the Administrator.

(6) SMALL BUSINESS CONCERN.—The term ''small business concern'' has the meaning given under section 3 of the Small Business Act (15 U.S.C. 632).