

MAINE STATE LEGISLATURE

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129th MAINE LEGISLATURE

FIRST REGULAR SESSION-2019

Legislative Document

No. 1156

H.P. 845

House of Representatives, March 7, 2019

An Act To Create the Savings Account Program for Small Businesses

Reference to the Committee on Innovation, Development, Economic Advancement and Business suggested and ordered printed.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative STEWART of Presque Isle.
Cosponsored by President JACKSON of Aroostook and
Representatives: BICKFORD of Auburn, DILLINGHAM of Oxford, DUNPHY of Old Town,
STANLEY of Medway, WADSWORTH of Hiram, Senators: DILL of Penobscot, DOW of
Lincoln, POULIOT of Kennebec.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 10 MRSA c. 110, sub-c. 13** is enacted to read:

3 **SUBCHAPTER 13**

4 **SAVINGS ACCOUNT PROGRAM FOR SMALL BUSINESSES**

5 **§1100-AA. Savings Account Program for Small Businesses**

6 The Savings Account Program for Small Businesses is established within and
7 administered by the authority to certify corporations that are eligible for tax credits under
8 Title 36, section 5219-VV for contributions made to savings accounts. To be eligible for
9 certification, corporations must be incorporated in Maine, have no more than 99
10 employees, make contributions in accordance with Title 26, section 1221 and provide
11 coverage under the Maine Workers' Compensation Act of 1992. To be certified, a
12 corporation must demonstrate to the authority that the corporation holds a savings
13 account at a financial institution, that the total contributions to the account did not exceed
14 \$250,000 in the tax year, that any withdrawals from the account were used for business
15 purposes and, if applicable, that the corporation has withdrawn all funds from the account
16 within one year of dissolution of the business.

17 The authority shall adopt routine technical rules, as defined in Title 5, chapter 375,
18 subchapter 2-A, to implement this section.

19 **Sec. 2. 36 MRSA §5200-A, sub-§1, ¶GG** is enacted to read:

20 GG. An amount equal to the funds withdrawn from a savings account by a
21 corporation certified by the Finance Authority of Maine in accordance with Title 10,
22 section 1100-AA.

23 **Sec. 3. 36 MRSA §5219-VV** is enacted to read:

24 **§5219-VV. Savings Account Program for Small Businesses credit**

25 **1. Credit allowed.** A corporation certified by the Finance Authority of Maine under
26 Title 10, section 1100-AA is allowed a credit against the tax imposed by this Part of up to
27 100% of the amount contributed by the corporation to a savings account in accordance
28 with Title 10, section 1100-AA. Only one credit may be claimed on each annual income
29 tax return. The credit allowed under this section must be applied after allowance for all
30 other eligible credits.

31 **2. Aggregate limitation.** The total amount of contributions to a savings account that
32 may be claimed as a credit under this section in a tax year is limited to \$250,000.

33 **3. Verification of eligibility.** The Finance Authority of Maine shall provide the
34 assessor with a list of certified corporations under Title 10, section 1100-AA eligible for a
35 credit under this section.

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SUMMARY

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This bill establishes the Savings Account Program for Small Businesses in the Finance Authority of Maine to certify corporations eligible to claim a tax credit for contributions made to qualifying savings accounts. The bill creates the tax credit and establishes that withdrawals from the savings accounts are taxable income.

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