

MAINE STATE LEGISLATURE

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SAR
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L.D. 1650

Date: (6/10/21)

(Filing No. S-245)

MAJORITY

**INNOVATION, DEVELOPMENT, ECONOMIC ADVANCEMENT AND
BUSINESS**

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**STATE OF MAINE
SENATE
130TH LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to S.P. 537, L.D. 1650, "An Act To Create the Small Business Capital Savings Account Program"

Amend the bill in section 1 in §13100-A in subsection 2 in paragraph A in the last line (page 1, line 12 in L.D.) by inserting after the following: "1986" the following: 'Sections 167 and 168'

Amend the bill in section 1 in §13100-A in subsection 2 in paragraph B by striking out all of subparagraph (3) (page 1, line 16 in L.D.) and inserting the following:

'(3) Is taxed as a C corporation, an S corporation, a partnership or a sole proprietorship for federal income tax purposes.'

Amend the bill in section 1 in §13100-A in subsection 2 by striking out all of paragraph D (page 1, lines 24 to 26 in L.D.) and inserting the following:

'D. "Small business capital savings account" means a savings account established in the State by an eligible small business at a financial institution insured by the Federal Deposit Insurance Corporation or a credit union insured by the National Credit Union Administration.'

Amend the bill in section 1 in §13100-A in subsection 4 in the first line (page 2, line 3 in L.D.) by inserting after the following: "accounts" the following: 'limitations'

Amend the bill in section 1 in §13100-A in subsection 4 by inserting after paragraph D the following:

'Contributions to a small business capital savings account may be made beginning on or after January 1, 2021 and before January 1, 2025. No contributions may be made to a small business capital savings account after December 31, 2024.'

Amend the bill in section 1 in §13100-A by striking out all of subsection 9 (page 2, lines 40 and 41 in L.D.).

ROS

1 Amend the bill in section 1 in §13100-A by striking out all of subsection 10 (page 2,
2 lines 42 and 43 in L.D.).

3 Amend the bill by inserting after section 1 the following:

4 '**Sec. 2. 36 MRSA §191, sub-§2, ¶MMM** is enacted to read:

5 MMM. The disclosure of information to the Department of Economic and Community
6 Development necessary for administration of the Small Business Capital Savings
7 Account Program pursuant to Title 5, section 13100-A.'

8 Amend the bill in section 2 in paragraph PP in the 3rd line (page 3, line 4 in L.D.) by
9 striking out the following: "tax years beginning" and inserting the following: 'withdrawals'

10 Amend the bill in section 2 in paragraph PP by striking out all of the first blocked
11 paragraph (page 3, line 6 in L.D.)

12 Amend the bill by striking out all of section 3 and inserting the following:

13 '**Sec. 3. 36 MRSA §5122, sub-§2, ¶XX** is enacted to read:

14 XX. An amount up to \$250,000 in the tax year contributed to a small business capital
15 savings account that meets the requirements established under Title 5, section
16 13100-A, subsection 4 by an eligible small business certified by the Department of
17 Economic and Community Development under Title 5, section 13100-A, subsection 3.
18 This paragraph applies to contributions made on or after January 1, 2021 and before
19 January 1, 2025.'

20 Amend the bill in section 4 in paragraph II in the 3rd line (page 3, line 17 in L.D.) by
21 striking out the following: "tax years beginning" and inserting the following: 'withdrawals'

22 Amend the bill in section 4 in paragraph II by striking out all of the first blocked
23 paragraph (page 3, line 19 in L.D.)

24 Amend the bill by striking out all of section 5 and inserting the following:

25 '**Sec. 5. 36 MRSA §5200-A, sub-§2, ¶JJ** is enacted to read:

26 JJ. An amount up to \$250,000 in the tax year contributed to a small business capital
27 savings account that meets the requirements established under Title 5, section
28 13100-A, subsection 4 by an eligible small business certified by the Department of
29 Economic and Community Development under Title 5, section 13100-A, subsection 3.
30 This paragraph applies to contributions made on or after January 1, 2021 and before
31 January 1, 2025.

32 **Sec. 6. Appropriations and allocations.** The following appropriations and
33 allocations are made.

34 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**
35 **Revenue Services, Bureau of 0002**

36 Initiative: Provides one-time funding for computer programming costs.

37 GENERAL FUND	2021-22	2022-23
38 All Other	\$0	\$66,000
39		
40 GENERAL FUND TOTAL	\$0	\$66,000

COMMITTEE AMENDMENT

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Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

SUMMARY

This amendment, which is the majority report of the committee, does the following:

1. It clarifies that the definition of "capital expenditure" is from Sections 167 and 168 of the United States Internal Revenue Code of 1986;
2. It clarifies that a business taxed as a C corporation, S corporation, sole proprietorship or partnership for federal income tax purposes is an eligible small business;
3. It removes the reference to the definition of financial institution in the Maine Revised Statutes, Title 36, section 5206-D, subsection 8 and replaces it with the requirement that the small business capital savings account be established at a financial institution insured by the Federal Deposit Insurance Corporation or at a credit union insured by the National Credit Union Association;
4. It adds a new section to allow for the disclosure of information to the Department of Economic and Community Development necessary for the administration of the Small Business Capital Savings Account Program;
5. It adds that the start and end dates for contributions are on or after January 1, 2021 and before January 1, 2025;
6. It removes the repeal date for provisions regarding withdrawals not used for capital expenditures; and
7. It adds an appropriations and allocations section.

FISCAL NOTE REQUIRED

(See attached)



130th MAINE LEGISLATURE

LD 1650

LR 829(02)

An Act To Create the Small Business Capital Savings Account Program

Fiscal Note for Bill as Amended by Committee Amendment "A" (S-245)
 Committee: Innovation, Development, Economic Advancement and Business
 Fiscal Note Required: Yes

Fiscal Note

	FY 2021-22	FY 2022-23	Projections FY 2023-24	Projections FY 2024-25
Net Cost (Savings)				
General Fund	\$34,891	\$205,562	\$137,750	\$137,750
Appropriations/Allocations				
General Fund	\$0	\$66,000	\$0	\$0
Revenue				
General Fund	(\$34,891)	(\$139,562)	(\$137,750)	(\$137,750)
Other Special Revenue Funds	(\$1,359)	(\$5,438)	(\$7,250)	(\$7,250)

Fiscal Detail and Notes

The bill creates a tax deduction for contributions made to qualifying small business capital savings accounts and will result in a reduction in General Fund revenue of \$34,891 in fiscal year 2021-22 and \$139,562 in fiscal year 2022-23. It will also result in a reduction in Local Government Fund revenue of \$1,359 in fiscal year 2021-22 and \$5,438 in fiscal year 2022-23. The bill includes a one-time General Fund appropriation of \$66,000 in fiscal year 2022-23 for computer programming costs.

Additional costs to the Department of Economic and Community Development to establish and administer the Small Business Capital Savings Account Program can be absorbed within existing budgeted resources.