

HCS HB 92 -- FIRST-TIME BUSINESS OWNER

SPONSOR: Green

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Special Committee on Small Business by a vote of 6 to 0.

Beginning January 1, 2020, this bill establishes the "First-Time Business Owner Savings Account Act" and authorizes an income tax deduction for 50% of the contributions to such a savings account dedicated to establishing a business for a person who has never previously owned or been majority partner of a business. The bill specifies that the annual contribution deduction limit is \$1,600 per taxpayer. The maximum contribution limit for all tax years is \$20,000 and the maximum total amount in the savings account is \$30,000.

Funds in the savings account can be used only for eligible expenses that result in the startup of a new business or that occur during the first month of a new business. Any withdrawal of funds for other purposes will be subject to recapture and penalties.

The provisions of the bill will expire December 31, 2024.

This bill is the same as HB 2571 (2018).

PROPOSERS: Supporters say that this will help small business owners to start developing their business. Supporters also say that small businesses are the backbone of our economy and this bill will help small businesses grow. This bill will help create a safety net for small businesses, especially for new business owners. Some supporters believe that the older generation is not teaching young people how to save money, and this bill will help teach young small business owners how to work towards saving.

Testifying for the bill were Representative Green; and Wayne Lee.

OPPOSERS: There was no opposition voiced to the committee.

This bill is similar to HB 2571 (2018).