

HB 2253 -- FIRST-TIME BUSINESS OWNER SAVINGS ACCOUNT ACT

SPONSOR: Johnson (23)

This bill establishes the "First-Time Business Owner Tax Deduction" and the "First-Time Business Owner Saving Account Act".

The first-time business owner tax deduction provides that for tax years beginning on or after January 1, 2025, a taxpayer is allowed a deduction for 50% of the contributions to a first-time business owner savings account in the tax year of the contribution. The amount of the deduction claimed shall not exceed the taxpayer's Missouri Adjusted Gross Income (AGI). Annual contributions made into the savings program of \$800 per participating taxpayer or \$1,600 for married individuals filing jointly, shall be deducted from the gross income to determine the Missouri AGI. Further provisions relating to assets and income are specified in the bill.

These provisions sunset on December 31, six years from the effective date (Section 143.1140, RSMo).

Beginning January 1, 2025, any individual may open an account with a financial institution designating it as a first-time business owner savings account to pay or be reimbursed for qualified expenses for starting a new business. The bill defines "first-time business owner" as an individual who has never owned a business and is a member of a minority.

The bill specifies that the maximum annual contribution is \$1,600 for an individual and \$3,200 for account holders who file a joint tax return. 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 may be used only for eligible expenses that result in the startup of a new business and as further detailed in the bill. Similarly, the bill specifies the requirements for withdrawal of funds and recapture and penalties. The Department of Revenue (DOR) is authorized to create forms for an account holder to annually report information, including how the moneys withdrawn from the account are used, and to identify supporting documentation to be maintained.

The bill specifies that a financial institution is not required to designate an account as a first-time business owner savings account, track the use of moneys withdrawn or report information to DOR or any other governmental agency (Sections 443.1141 to 443.1147).

This bill is similar to HB 650 (2023).