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**L.D. 195, "An Act to Create the  
Small Business Capital Savings Account Program"**

**Joint Standing Committee on Housing and Economic Development  
February 6, 2025**

Senator Curry, Representative Gere and Distinguished Members of the Joint Standing Committee on Housing and Economic Development:

I am Senator Trey Stewart: and I have the honor of representing District 2, which consists of communities in Aroostook and Penobscot counties.

I am before you today to present L.D. 195, "*An Act to Create the Small Business Capital Savings Account Program.*" This legislation has been brought forward on behalf of the hard-working farmers, fisherman and loggers throughout the state, some of whom are with us today. These are the heritage industries of our state and vital to our rural economy.

As you all know, small business is the backbone of Maine's economy. Making certain our tax structure allows industry and commerce to weather economic slumps is one way we can better serve our state in the Legislature, and I believe the legislation before you will help make that possible.

As stated in the title, the bill creates a Small Business Capital Savings Account Program within the Department of Economic and Community Development where \$250,000 may be retained in an account at any one time. The Department will certify up to ten small businesses from the commercial wood harvesting industry as well as from the commercial agricultural production and commercial fishing industries. If one industry doesn't end up having ten eligible businesses, the Department may certify businesses in one of the other industries listed.

The bill also establishes an opportunity for small businesses to protect themselves from the ups and downs in their business cycle by creating a modified business savings account. Withdrawals from the account must only be used for capital expenditures by the business; and if the withdrawal is not used for capital expenditures, it is considered taxable income. The intent of this bill is to be a pilot program that would last a few years; and then the benefits of the program would be analyzed by the Department, who would either elect to advocate for its expansion or allow it to fade into the sunset.

By creating these accounts, small businesses in Maine can save and re-invest in their businesses without state tax penalty. If a business was forced to spend that money all in the same tax year when they have “good years” but don’t necessarily need it to either cover present operating costs or reinvest into their business, the tax benefit is lost.

However, if they are allowed to set these monies aside and draw upon the fund when there’s a real demand for it, either from a sudden financial crisis like we’ve experienced this past year, or to make long-term planning on significant capital expenses easier, that would be a significant boost for these businesses.

I believe this legislation provides a clear benefit for those in the agricultural, fishing, and forestry industries and hope you do, too. Thank you for your time and consideration of this legislation.