



American Veterinary Medical Association Governmental Relations Division

1910 Sunderland Place NW Washington, DC 2036-1642

Phone 202.789.0007 / 800.321.1473 Fax 202.842.4360

www.avma.org

S. 364 Small Business Savings Accounts Act

AVMA Position: Support

Summary: S. 364 sponsored by Sen. Mark Pryor (D-AR) would:

- Amend the Internal Revenue Code to provide for tax preferred Small Business Savings Accounts to pay for trade or business expenses, including operating capital, the purchase of equipment or facilities, marketing, training, incorporation, and accounting fees.
- Allows annual contributions up to \$10,000 with a lifetime maximum of \$150,000 to tax-exempt Small Business Start-up Savings Accounts (SBSSAs).
- Individuals who save up to \$10,000 per year may collect tax free interest on this amount.
- Set forth rules for the tax treatment of contributions to and rollovers from such accounts, similar to rules governing individual retirement accounts (IRAs).

Background:

- Funds could be withdrawn to pay for qualifying start-up costs to pay for trade or business expenses, including operating capital, the purchase of equipment or facilities, organizational expenses, marketing, training, incorporation, accounting fees within the first six months, legal fees and other major expenses.
- The average first-year cost to run a small business is \$80,000 according to Sen. Pryor.

Justification:

- AVMA supports H.R. 1180, a bill that like S. 364 establishes tax-free startup savings accounts.
- Many would-be and small business owners turn to personal or retirement savings and credit cards to generate capital according to Sen. Pryor. This bill offers small business owners ways to save so they do not have to resort to incurring heavy debt or depleting their personal savings.

Current Status: Committee on Finance.

AVMA Contact: Gina Luke, Assistant Director, Governmental Relations Division, 202-289-3204, gluke@avma.org

The AVMA is the recognized voice for the profession, representing over 81,500 member veterinarians. The objective of the AVMA is to advance the science and art of veterinary medicine including its relationship to public health, biological science, and agriculture.