

Fact Sheet for TAX Committee Processing of Tax Expenditure Reports

Relevant Statutory Provisions

3 MRS §999(4). Action by policy committee. “The policy committee shall review the results of the tax expenditure evaluations and of the committee’s review based on materials submitted under subsections 2 and 3. The policy committee shall submit to the Legislature by the later of 90 days after receipt of materials submitted under subsections 2 and 3 and the adjournment sine die of the regular session during which the materials were received, if applicable, a report documenting its activities under this chapter and any recommendations resulting from its review of the materials submitted under subsections 2 and 3. The policy committee may submit a bill to the Legislature to implement the policy committee’s recommendations.”

Committee Responsibilities

The Taxation Committee is directed by 3 MRS §999(4) to:

- Review the results of tax expenditure evaluations and any materials submitted by the GOC;
- Submit a report to the Legislature describing its activities and any recommendations resulting from its review.

Review of Evaluation Reports & Additional Activities

At the Committee’s request, OPEGA will present evaluation reports and answer questions about evaluation work, conclusions, findings and recommendations.

As part of its review, the Committee may also engage in additional activities such as:

- **Requesting additional information** from legislative staff or state agency administrators related to evaluation conclusions, findings or recommendations, or to any actions taken to address opportunities for improvement identified in the evaluation process;
- **Requesting future updates** to the Committee, from legislative staff or state agency administrators, on progress implementing recommendations or making improvements;
- **Sending a letter to another legislative committee** to convey Committee concerns or recommendations.

Committee Recommendations & Report to the Legislature

- **Recommendations** – After review of a tax expenditure evaluation, the Committee determines what recommendations it would like to make, if any. No recommendations are required. The Committee may submit a bill to implement its recommendation.
- **Report** – After the Committee has determined its recommendations, if any, the Committee analyst drafts a report to the Legislature, on behalf of the Committee.

30-Day Limited Analysis Projects Guide

Newly enacted OPEGA work product for the Taxation Committee under PL 2023, Ch. 417

3 MRS §998(6) Limited Analysis Project. “Notwithstanding any provision of this chapter to the contrary, the policy committee may request the committee to approve up to 2 limited analysis projects related to legislation before the policy committee to be completed by the office during each regular legislative session. For the purposes of this section, ‘limited analysis project’ means a limited review of a tax expenditure based on information readily available to the office that is intended to be completed and submitted to the committee and the policy committee within 30 days of approval by the committee.”

Quick Facts

- Up to 2 projects per regular session, related to bills before the TAX Committee
- Scoped to be completed based on readily-available information within 30 days
- Subject to request by TAX and approval by GOC
- Work to be completed by OPEGA staff
- Results to be provided to TAX and GOC

Checklist for 30-Day Projects

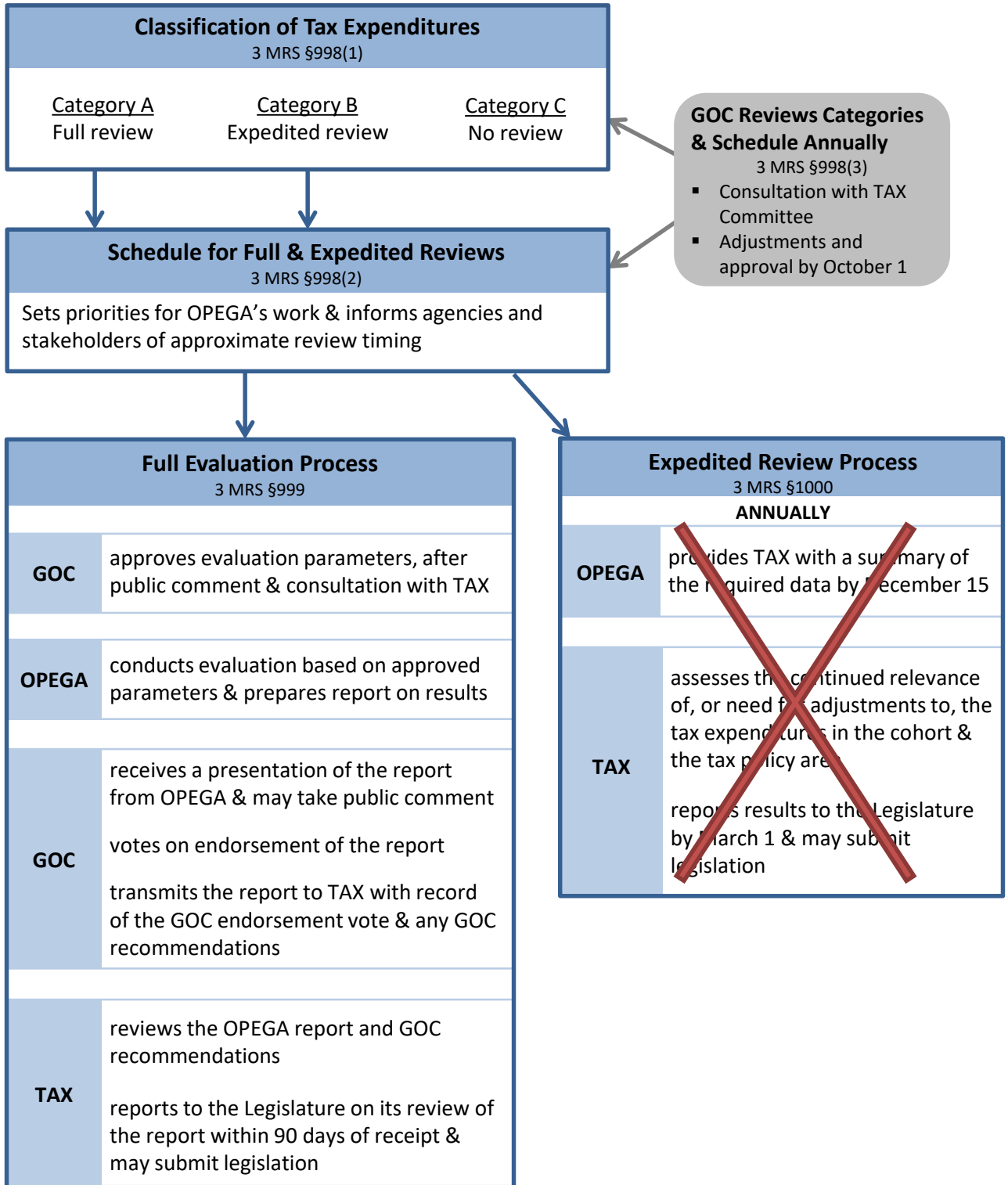
In determining whether a 30-day limited analysis project is the best tool for meeting the Taxation Committee’s needs timely, the Committee might consider:

- Is there time for the request to be completed before the Committee needs the results? (Beyond the 30 days for OPEGA’s work, allowing time for the TAX request and GOC approval)
- Are the questions the 30-day project seeks to address articulated clearly and specifically to ensure the Committee gets the information it needs?
- Have the questions the 30-day project seeks to address already been answered in existing documents that could be provided to the Committee immediately?
- Is the information needed for the 30-day project readily available? Or is the project itself focused on identifying readily available information sources if they exist?
- Is the request best suited to OPEGA’s expertise versus that of other legislative or executive branch staff?
- Is the request consistent with OPEGA’s non-partisan role?

Support Available from OPEGA Staff

OPEGA staff are available, upon request, to answer questions with regard to proposed 30-day projects and to present the results of 30-day projects once they are completed.

Tax Expenditure Review Flowchart – Prepared by OPEGA for the 131st GOC



Tax Expenditure Reports Not Yet Reviewed by TAX Committee as of October 2023

Highlighted rows indicate reports that could be prioritized for review.

| Report Topic | Report Date |
|--|---------------|
| BETR/BETE (full report) (exec summary) | February 2020 |
| Maine Capital Investment Credit (full report) (exec summary) | February 2020 |
| Expedited – Interstate & Foreign Commerce (report) | January 2021 |
| Seed Capital Tax Credit (full report) | August 2021 |
| Expedited – Inputs to Tangible Products; Conformity with IRC (report) | November 2021 |
| Historic Rehabilitation Tax Credit (full report) (exec summary) | November 2021 |
| Research Expense Tax Credit (R&D Credit) (full report) (exec summary) | March 2022 |
| Expedited – Necessities of Life (report) | November 2021 |
| Visual Media Incentives (full report) (exec summary) | March 2023 |

*The Limited Scope Follow-up Review of PTDZ (reported in November 2020) is not included on this list as it was produced outside of the tax expenditure evaluation process delineated in 3 MRS §998 and hence TAX is not required by statute to review it.