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STATE OF MAINE
ONE HUNDRED AND THIRTY-SECOND LEGISLATURE
COMMITTEE ON TAXATION

MEMORANDUM

TO: Craig V. Hickman, Senate Chair
 Rep. Anne-Marie Mastraccio, House Chair
 Members, Government Oversight Committee

FROM: Nicole Grohoski, Senate Chair^{NG}
 Dan Sayre, House Chair^{DS}
 Members, Joint Standing Committee on Taxation

DATE: January 8, 2026

RE: **Input on Proposed Parameters for Next Three Scheduled Tax Expenditure Evaluations**

The Joint Standing Committee on Taxation (Tax Committee) on Thursday, Jan. 8, discussed proposed parameters for the following three tax expenditures scheduled for evaluation by the Office of Program Evaluation and Government Accountability (OPEGA):

1. Deductions for interest and dividends on Maine state and local securities;
2. Maine Earned Income Tax Credit; and
3. Credit for Affordable Housing.

In response to the letters from the Government Oversight Committee dated Dec. 18, 2025, and pursuant to 3 MRSA §999, the Tax Committee wishes to offer its input.

Members of the Tax Committee expressed general approval with the proposed parameters of the tax expenditures. No specific comments or concerns were expressed about the proposed parameters for evaluations of the deductions for interest and dividends on Maine state and local securities and the Maine Earned Income Tax Credit.

The discussion focused primarily on the Credit for Affordable Housing tax expenditure evaluation.

During the discussion, Tax Committee members spoke about the need to benchmark Maine's Credit for Affordable Housing tax expenditure program against similar programs in other states, as well as against states that do not have a similar program. The members also expressed interest

in comparing the state of affordable housing in Maine prior to enactment of this tax expenditure to after enactment of this tax expenditure, to the extent feasible.

Therefore, the Tax Committee wishes to communicate its interest and special attention on parameters that accomplish that goal, including the following evaluation objectives:

- The extent to which it is likely that the desired behavior might have occurred without the tax expenditure, taking into consideration similar tax expenditures offered by other states (3 MRSA §999, sub-§1, ¶A, sub-¶3, division (a))
- The extent to which the tax expenditure is a cost-effective use of resources compared to other options for using the same resources or addressing the same purposes, intent or goals (3 MRSA §999, sub-§1, ¶A, sub-¶3, division (h))

The Tax Committee appreciates the opportunity to consult with the Government Oversight Committee on this process. If you have any further questions, please feel free to contact us or our committee analysts.