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MAINE STATE LEGISLATURE
GOVERNMENT OVERSIGHT COMMITTEE

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DATE: August 20, 2019

TO: Senator Benjamin Chipman, Senate Chair
Representative Ryan Tipping, House Chair
Members of the Taxation Committee

FROM: Senator Justin Chenette, ^{JC (DDF)} Senate Chair
Representative Anne-Marie Mastraccio, ^{AMM (DDF)} House Chair
Government Oversight Committee

RE: Tax Expenditures in the Expedited Review Category: "Revenue foregone expressed in ranges due to little or no available data"

At the meeting of the Government Oversight Committee on Wednesday, August 14th, members received a briefing on the report prepared by OPEGA for your committee – *Information to Support 2019 Expedited Reviews of Maine State Tax Expenditures*. As you know, the group of expenditures scheduled for review this year is "charitable" tax exemptions from the sales and use tax and the service provider tax.

Committee members noted that this report, as well as previously reviewed expedited reports, included numerous expenditures where the revenue foregone is expressed in a range because little or no data is available. As noted in the report, the source of the estimates of revenue foregone is from Maine Revenue Services (MRS).

For the benefit of future expedited reports and to improve the oversight function that this report is intended to support, we think it would be helpful for MRS to explore ways in which more accurate information can be made available, including what the actual historical revenue loss was for the previous fiscal year for a particular exemption or expenditure. For example, with regard to the charitable category subject of this year's report, if information is presented at point-of-sale to demonstrate eligibility for the exemption, shouldn't reports or records maintained by the merchant or the purchaser be available to facilitate an accounting of actual revenue foregone on those purchases? Will the new tax management system to be implemented pursuant to funding received in this year's biennial budget allow for this sort of accounting? And finally, if more accurate data is truly not available, members of the Legislature should understand why.