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**MAINE STATE LEGISLATURE
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Maine Seed Capital Tax Credit Program –Evaluation Parameters

At its meeting on January 10, 2020, the Government Oversight Committee (GOC) considered proposed evaluation parameters for OPEGA’s full evaluation of the Maine Seed Capital Tax Credit Program and received stakeholder input. On January 24, 2020, the GOC voted to approve the following evaluation parameters, pursuant to 3 MRSA §999(1)(A).

<p>Purpose</p> <p>(1) To increase job opportunities for residents of the State in businesses that export products or services from the State;</p> <p>(2) To increase private investment in small new and existing businesses, especially those that experience significant difficulty in the absence of investment incentives in obtaining equity financing to carry the businesses from start-up through initial development; and</p> <p>(3) To increase municipal tax bases.</p>
<p>Beneficiaries</p> <p>(1) Small new and existing businesses, especially those that experience significant difficulty in the absence of investment incentives in obtaining equity financing to carry the businesses from start-up through initial development; and</p> <p>(2) Jobseekers in the State.</p>
<p>Evaluation objectives</p> <p>Each objective will be addressed to the degree possible based on its relevance, the level of resources required and the availability of necessary data.</p> <p>(a) The fiscal impact of the tax expenditure, including past and estimated future impacts;</p> <p>(b) The extent to which the design of the tax expenditure is effective in accomplishing the tax expenditure's purposes, intent or goals and consistent with best practices;</p> <p>(c) The extent to which the tax expenditure is achieving its purposes, intent or goals, taking into consideration the economic context, market conditions and indirect benefits;</p> <p>(d) The extent to which those actually benefiting from the tax expenditure are the intended beneficiaries;</p> <p>(e) 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;</p> <p>(f) The extent to which the State's administration of the tax expenditure, including enforcement efforts, is efficient and effective;</p> <p>(g) The extent to which there are other state or federal tax expenditures, direct expenditures or other programs that have similar purposes, intent or goals as the tax expenditure, and the extent to which such similar initiatives are coordinated,</p>

complementary or duplicative;

(h) 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; and

(i) Any opportunities to improve the effectiveness of the tax expenditure in meeting its purposes, intent or goal.

Performance measures

(1) The number and geographic distribution of full-time employees added or retained during a period being reviewed who would not have been added or retained in the absence of the credit;

(2) The amount of qualified investment in eligible businesses during the period being reviewed;

(3) The change in the number of businesses created or retained in the State as a result of the credit;

(4) Measures of fiscal impact and overall economic impact to the State;

(5) The amount of the tax revenue loss for each year being reviewed divided by the number of jobs created or retained; and

(6) The amount of total investments made in eligible businesses leveraged by the tax credit eligible investments.