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## Maine's Tax Expenditure Review Process

Briefing by the Maine State Legislature's Office of Program Evaluation  
and Government Accountability

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## Enactment & National Context

PL2015 chapter 344 established Maine's current tax expenditure review process.

Maine is one of 30 states that regularly review their tax expenditure programs.

PEW Charitable Trust has highlighted Maine as a leader in tax incentive evaluation.

## **Title 3 Ch. 37 Governs Maine's Process**

The Government Oversight Committee is charged with identifying the universe of tax expenditures in Maine and determining the level of review each should receive.

The 3 categories of review include:

- A. Full Evaluation;
- B. Expedited Review; and
- C. No Review.

The GOC makes these determinations in consultation with the Taxation Committee.

## **Expedited Review of Tax Expenditures - 3 MRSA §1000**

The Taxation Committee conducts these reviews annually to assess the continued relevance of, or need for adjustments to, both:

- the broader tax policy area under review, and
- the individual expenditures grouped in that policy area.

OPEGA provides a summary of information to support the Taxation Committee's review, as required by 3 MRSA §1000(2).

The Taxation Committee reports to the Legislature on the results of each of its expedited reviews of tax expenditures, and is authorized by statute to submit a bill to implement its recommendations.

## **Full Evaluation of Tax Expenditures - 3 MRSA §999**

Full evaluations are conducted by OPEGA in accordance with statute and the tax expenditure review schedule set by the Government Oversight Committee.

The evaluation parameters are set for each individual tax expenditure by the Government Oversight Committee, in consultation with the Taxation Committee, and after receipt of stakeholder input.

Both the Government Oversight Committee and Taxation Committee have statutory roles in the receipt and processing of full evaluation reports.

## **Reviews Conducted from 2015 - 2020**

### Expedited Reviews

The Taxation Committee has performed expedited review of four groups of tax expenditures. After two more groups are reviewed, all of the tax expenditures categorized for expedited review will have been through a review cycle.

### Full Evaluations

- Five full evaluations have been reported out, along with two limited scope or follow-up reviews of tax expenditure programs.
- One full evaluation is in active fieldwork, with a report expected in 2021.
- Two more tax expenditures are in preliminary research – the process of gathering information to support the Government Oversight Committee’s establishment of evaluation parameters.

## Questions?

82 State House Station  
Room 107, Cross State Office Building  
Augusta, ME 04333-0082

(207) 287-1901

<http://legislature.maine.gov/opega/>