

**3. Category A - Full Review by OPEGA**  
**List of in progress and future evaluations**  
**Presented to the Government Oversight Committee on March 12, 2021**

NOTE: The list below of future evaluations are grouped by broad tax policy goals and appear in priority order as set/endorsed by previous Committees. The cycle of reviews re-starts with those tax expenditures listed under the "completed reviews" section.

ID #	Expenditure Program Name	Brief Description	Tax Type	Expenditure Type	FY22 Revenue Loss Estimate	FY23 Revenue Loss Estimate	Statutory Cite
<b>IN PROGRESS</b>							
4	Maine Seed Capital Tax Credit (Progress: In fieldwork)	Tax credit of up to 50% for capital investment in eligible businesses (including manufacturing, value-added natural resource enterprises, export businesses, advanced technology, and visual media production), with limitations.	Income	Credit	\$6,900,000	\$8,400,000	36 MRS §5216-B & 10 MRS §1100-T
6	Credit for Rehabilitation of Historic Properties (Progress: In preliminary research)	Income tax credit for expenditures in rehabilitation of certified historic properties, with limitations. Fiscal impact is expected to increase \$1.4 million in FY17 and perhaps more in future years as a result of recently enacted legislation. Tied to federal credit.	Income	Credit	\$8,950,000	\$9,200,000	36 MRS §5219-BB
3	Research Expense Tax Credit (Progress: In preliminary research)	Tax credit for qualified research expenses associated with certain technological and experimental research, with limitations. 15 year carry forward.	Income	Credit	\$1,650,000	\$2,180,000	36 MRS §5219-K
<b>FUTURE EVALUATIONS</b>							
<b>Policy group: Business Incentive - Targeted Industry</b>							
171	Shipbuilding Facility Credit	Nonrefundable income tax credit for 15 years (from tax years beginning on or after January 1, 2020) for major investments in a shipbuilding facility when criteria are met. Requires the credit to be reviewed by 2024 by OPEGA.	Income	Deduction	\$2,850,000	\$2,850,000	36 MRS §5219-RR
5	Tax Benefits for Media Production Companies	Tax credit (5% of nonwage production expenses, if >\$75,000) and reimbursement (12% of production wages) for certified productions of visual media production companies.	Income	Credit	\$150,000	\$150,000	36 MRS §5219-Y, 6902

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ID #	Expenditure Program Name	Brief Description	Tax Type	Expenditure Type	FY22 Revenue Loss Estimate	FY23 Revenue Loss Estimate	Statutory Cite
185	Major Food Processing & Manufacturing Facilities Expansion Credit	Refundable income tax credit for construction or expansion of a qualifying food processing and manufacturing facility in Maine. Credit amount is equal to 1.8% of the taxpayer's qualified investment.	Income	Credit	\$0	\$1,111,500	36 MRS §5219-VV
14	Deduction for Contributions to Capital Construction Funds for maintenance or replacement of fishing vessels	Deduction for contributions to a capital construction fund for maintenance or replacement of fishing vessels.	Income	Deduction	\$520,000	\$520,000	36 MRS §5122.2.I
<b>Policy group: Non-business incentives (various)</b>							
16	Credit for Educational Opportunity	Tax credit for certain educational loan payments made by participants in the Job Creation Through Educational Opportunity Program and their employers; participants must be residents who remain in Maine after obtaining a degree here.	Income	Credit	\$41,500,000	\$47,900,000	36 MRS §5217-D
172	Employer credit for family and medical leave	Tax credit (for tax years beginning in 2018 and 2019) under the income tax and insurance premium tax equal to the federal credit for employer-paid family and medical leave. The credit is nonrefundable.	Income	Credit	\$40,000	\$0	36 MRS §5219-UU & 2536
19	Deduction for Interest and Dividends on Maine State and Local Securities - Individual Income Tax	Individual income tax deduction for interest or dividends on securities issued by the State and its political subdivisions.	Income	Deduction	\$45,000	\$40,000	36 MRS §5122.2.N

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ID #	Expenditure Program Name	Brief Description	Tax Type	Expenditure Type	FY22 Revenue Loss Estimate	FY23 Revenue Loss Estimate	Statutory Cite
20	Deduction for Interest and Dividends on U.S., Maine State and Local Securities	Corporate income tax deduction for interest or dividends on securities issued by the State and its political subdivisions.	Income	Deduction	\$20,000 - \$100,000	\$20,000 - \$100,000	36 MRS §5200-A.2.A & §5200-A.2.K
18	Earned Income Credit	Tax credit equal a percentage of the federal earned income tax credit (EITC) received that year; EITC is a credit for individuals who have earned income under a certain limit. Note: The estimate is net of the transfer of TANF funds that partially offsets the General Fund loss. Without this transfer, the General Fund revenue loss would be approximately \$24.7 million in FY22 and FY23.	Income	Credit	\$16,630,000	\$16,630,000	36 MRS §5219-S
<b>Policy Group: Tax relief - individuals</b>							
37	Additional Standard Deduction for the Blind and Elderly	Additional \$1,550 standard deduction if single, or \$1,250 if married available to taxpayers who are blind beginning in tax year 2016.	Income	Deduction	\$10,400,000	\$10,900,000	36 MRS §5124-A
29	Income Tax Credit for Child & Dependent Care Expense	Tax credit for child and dependent care expenses in the amount of 25% of the federal tax credit; the credit doubles for expenses incurred for quality child care services. Max of \$500.	Income	Credit	\$4,150,000	\$4,150,000	36 MRS §5218
30	Deduction for Pension Income & IRA Distributions	Deduction for pension benefits received under employee retirement plans and taxable distributions from individual retirement accounts, up to \$10,000.	Income	Deduction	\$31,200,000	\$31,600,000	36 MRS §5122.2.M
31	Deduction for Social Security Benefits Taxable at Federal	Deduction for social security benefits and railroad retirement benefits.	Income	Deduction	\$110,200,000	\$119,600,000	36 MRS §5122.2.C
32	Property Tax Fairness Credit	Property tax credit for Maine residents based on a formula, not to exceed \$600 for those under 65 years of age, or \$900 for those over 65, with income limitations.	Property	Credit	\$35,350,000	\$35,350,000	36 MRS §5219-KK

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ID #	Expenditure Program Name	Brief Description	Tax Type	Expenditure Type	FY22 Revenue Loss Estimate	FY23 Revenue Loss Estimate	Statutory Cite
27	Sales Tax Fairness Credit	Tax credit to provide sales tax relief to low and middle income families.	Income	Credit	\$23,800,000	\$23,500,000	36 MRS §5213-A & §5403.5
<b>Policy Group: Tax Relief - Targeted Industry</b>							
33	Railroad Track Materials	Tax exemption on sales of railroad track materials for installation on railroad lines within the State.	Sales & Use	Exemption	\$670,000	\$680,000	36 MRS §1760.52
34	Refund of Sales Tax on Purchases of Parts and Supplies for Windjammers	Refund of sales tax paid on purchases of parts and supplies for use for operation, repair or maintenance of a windjammer providing commercial cruises.	Sales & Use	Refund	\$50,000 - \$249,999	\$50,000 - \$249,999	36 MRS §2020
36	Certain Telecommunications Services	Tax exemption on sales of interstate and international telecommunications services.	Service Provider	Exemption	\$1,000,000 - \$2,999,999	\$1,000,000 - \$2,999,999	36 MRS §2557.33 & 2557.34
<b>Policy Group: Specific Policy Goal/Mandate</b>							
189	<b>Credit for Affordable Housing (NEW)</b>	Taxpayer receiving a tax credit certificate from MSHA for an affordable housing project located in Maine, may claim a refundable tax credit for that taxable year. Credit is equal to either (1) the total federal low-income housing tax credit claimed under IRC section 42 using entire federal credit period for all buildings in a qualified Maine project, or (2) an amount equal to the lesser of \$500,000 or 50% of the qualified basis of an affordable housing project that incurs at least \$100K includable in eligible basis in construction or rehabilitation of an affordable housing project for which IRC section 42 is not claimed.	Income	Credit	\$8,645,000	\$9,500,000	36 MRS §5219-WW
154	Partial Cigarette Stamp Tax Exemption for Licensed Distributors	Allows licensed cigarette distributors to purchase cigarette stamps with a face value of \$2 at a discount of 1.15%. (General Fund)	Other	Exemption	\$1,347,621	\$1,320,665	36 MRS §4366-A.2

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155	Air & Water Pollution Control Facilities	Tax exemption on sales of certified air and water pollution control facilities and parts or accessories, construction materials, and chemicals or supplies of these facilities.	Sales & Use	Exemption	\$500,000 - \$1,999,998	\$500,000 - \$1,999,998	36 MRS §1760.29 & §1760.30
<b>Policy Group: Administrative Burden</b>							
165	Sales Through Coin Operated Vending Machines	Tax exemption on sales of certain products through vending machines by retailers who make the majority of their sales via vending machines.	Sales & Use	Exemption	\$1,000,000	\$1,000,000	36 MRS §1760.34

**Completed reviews**

NOTE: After the full cycle of Category A (full reviews) is completed, the cycle starts again, using the following list of completed evaluations.

Expenditure Program Name	Report year
New Markets Capital Investment Credit	2017
Pine Tree Development Zones	2017
Major Business Headquarters Expansion	2017*
Employment Tax Increment Financing	2019
Reimbursement For Business Equipment Tax Exemption to Municipalities (BETE)	2020
Reimbursement for Taxes Paid on Certain Business Property (BETR)	2020
Maine Capital Investment Credit	2020
Pine Tree Development Zones	2020*

\*Limited scope review