

Overview of Tax Expenditure Review Legislation Enacted Since 2014
Government Oversight Committee - April 9, 2021

Year	Title	Summary	Notes on Intent from Sponsor's Testimony
2013	Supplemental and Biennial Budget Bill – Part S (PL 2013, c. 368, Part S)	<ul style="list-style-type: none"> • Established Tax Expenditure Review Task Force to examine and evaluate tax expenditures in Maine law, review tax expenditure review procedures in other states and best practices, develop a process for on-going evaluation of tax expenditures and recommend the repeal or reduction of tax expenditures to achieve a savings of at least \$40,000,000 in fiscal year 2014-15. • Required to submit report by December 4, 2013. 	n/a
2014	Resolve, To Develop a Process for Tax Expenditure Review (Resolve 2013, c. 115, LD 1463) Sponsor: Rep. Margaret Rotundo	<ul style="list-style-type: none"> • Directs OPEGA to develop a proposal for implementation of a process for ongoing review of tax expenditures by the Legislature and submit the proposal to the GOC and Taxation Committee by 3/1/2015. 	n/a
2015	An Act To Improve Tax Expenditure Transparency and Accountability (PL 2015, c. 344, LD 941) Sponsor: Sen. Paul Davis	<ul style="list-style-type: none"> • Establishes requirements, framework and process for legislative review of tax expenditures under 3 MRSA §§998-1001, based on OPEGA proposal (Res 2013, c. 115). • Requires GOC to assign each tax expenditure to a review category: (A) full evaluation, (B) expedited review, (C) no evaluation • Requires GOC to establish a schedule for ongoing review of expenditures in categories (A) full evaluation and (B) expedited review (<i>6 year cycle was initially established</i>). • Sets annual deadlines in the evaluation process for full evaluations and expedited reviews. • For (A) full evaluations, conducted by OPEGA: <ul style="list-style-type: none"> ○ 1/31 deadline for GOC to approve evaluation parameters for evaluations scheduled for that year. ○ 12/31 deadline for OPEGA to submit its report to GOC and Taxation Committee (TAX) on the full evaluations scheduled for that year. • For (B) expedited reviews (conducted by TAX): <ul style="list-style-type: none"> ○ 7/1 deadline for OPEGA to submit materials to TAX for expedited reviews scheduled that year. ○ 12/1 deadline for TAX to submit report to Legislature on expedited reviews for that year. • Authorizes the GOC to submit any legislation it considers necessary to improve the process or availability of data for the review of tax expenditures. 	<ul style="list-style-type: none"> • "...will provide Maine policy makers with objective evidence needed to make better informed decisions about economic development tax incentives and other types of tax expenditures" • "Regular, rigorous, independent evaluations can help determine which tax expenditures are working, which are not, and how to improve the effectiveness of these policies" • "As policy makers we want tax expenditures to provide the best possible outcomes for our money."

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2017	An Act to Implement the Recommendations of the GOC to Improve Efficiency and Effectiveness of Legislative Reviews of Tax Expenditures (PL 2017, c. 266, LD 1572) Sponsor: Rep. Anne-Marie Mastraccio for the Government Oversight Committee	<ul style="list-style-type: none"> Amends the law governing the schedule and deadlines for full evaluations of tax expenditures. Amends "schedule" to "prioritized schedule." Amends "schedule the review of expenditures with similar goals during the same year" to "group the review of tax expenditures with similar goals together." Removes annual deadlines for full evaluations, specifically the 1/31 deadline for the GOC approval of evaluation parameters and the 12/31 deadline for OPEGA submission of report on full evaluations. 	<ul style="list-style-type: none"> "This bill is intended to get statutory requirements and expectations more in line with what has proved to be realistic and ensure that OPEGA can produce a quality result for the Legislature." "OPEGA would have at least two evaluations in progress at any given time, with one of the evaluations being given priority until it is complete."
2017	An Act To Implement the Recommendations of the GOC To Improve the Efficiency and Effectiveness of Evaluations of the State's Investments in Economic Development (PL 2017, c. 264, LD 1217) Sponsor: Rep. Anne-Marie Mastraccio for the Government Oversight Committee	<ul style="list-style-type: none"> Combines separate requirements for DECD to have independent evaluations of (a) R&D activities and (b) economic development incentive programs, into a single requirement for a comprehensive evaluation of "economic development investments." Defines "economic development investments" to specifically include <i>tax expenditures</i> for R&D and economic development incentive programs. Establishes evaluation objectives, including assessing the extent to which the economic development investments align with and support the state's strategic economic improvement plan. Changes the evaluation cycle from every 2 to every 4 years. 	n/a
2019	An Act to Amend the Tax Expenditure Review Process (PL 2019, c. 161, LD 1069) Sponsor: Rep. Ryan Tipping	<ul style="list-style-type: none"> Changes the date for Taxation Committee's submission of reports on the expedited review of tax expenditures, from December 1 to March 1, and the corresponding dates for OPEGA's submission of materials to the Taxation Committee in advance of their reviews, from July 1 to December 15. 	<ul style="list-style-type: none"> "This adjustment is to make the committee's work align better with the schedule of the Legislature's calendar, and this will facilitate a more efficient review of all tax expenditure provisions"