

# MAINE STATE LEGISLATURE

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# 132nd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2025

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Legislative Document

No. 136

S.P. 72

In Senate, January 8, 2025

**An Act to Transfer the Responsibility for Tax Expenditure Review  
from the Government Oversight Committee to the Joint Standing  
Committee on Taxation**

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Reference to the Committee on State and Local Government suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator BENNETT of Oxford.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 3 MRSA §994, sub-§3-B** is enacted to read:

3 **3-B. Tax expenditure evaluations.** To direct the office to conduct tax expenditure  
4 evaluations pursuant to the processes established in section 999;

5 **Sec. 2. 3 MRSA §998**, as amended by PL 2023, c. 417, §§2 to 4, is further amended  
6 to read:

7 **§998. Process for review of tax expenditures**

8 **1. Assignment of review categories.** ~~By October 1, 2015, the~~ The policy committee,  
9 in consultation with the policy committee, shall assign each tax expenditure to one of the  
10 following review categories:

11 A. Full evaluation for tax expenditures that are intended to provide an incentive for  
12 specific behaviors, that provide a benefit to a specific group of beneficiaries or for  
13 which measurable goals can be identified;

14 B. Expedited review for tax expenditures that are intended to implement broad tax  
15 policy goals that cannot be reasonably measured; and

16 C. No review for tax expenditures with an impact on state revenue of less than \$50,000  
17 or that otherwise do not warrant either a full evaluation or expedited review.

18 **2. Schedule.** ~~The policy committee,~~ The policy committee, in consultation with the ~~policy~~ committee, shall  
19 establish a prioritized schedule of ongoing review of the tax expenditures assigned to the  
20 full evaluation and expedited review categories pursuant to subsection 1, paragraphs A and

21 B. To the extent practicable, the policy committee shall group the review of tax  
22 expenditures with similar goals together. ~~Beginning in 2024, when~~ When prioritizing  
23 ongoing review of tax expenditures assigned to the full evaluation category, the policy  
24 committee, in consultation with the ~~policy~~ committee, shall give priority to tax  
25 expenditures that are intended to provide an incentive to businesses over tax expenditures  
26 that are directed primarily toward individual tax relief and shall consider the impact of any  
27 statutory provisions regarding the expiration of a tax expenditure that may be the subject  
28 of legislation to extend the tax expenditure.

29 **3. Annual review of assignments and schedule.** ~~By October 1st of each year,~~  
30 ~~beginning in 2016,~~ the policy committee, in consultation with the ~~policy~~ committee, shall  
31 review and make any necessary adjustments to the review category assignments and  
32 schedule pursuant to subsections 1 and 2, including adjustments needed to incorporate tax  
33 expenditures enacted, amended or repealed during the preceding year.

34 **4. Office responsibilities.** The office shall maintain a current record of the review  
35 category assignments and the schedule under this section.

36 **5. Policy committee meetings.** In order to perform its functions under this chapter,  
37 the policy committee may meet monthly or as often as is determined necessary by the chairs  
38 of the policy committee.

39 **6. Limited analysis projects.** Notwithstanding any provision of this chapter to the  
40 contrary, the policy committee may request the committee to approve up to 2 limited  
41 analysis projects related to legislation before the policy committee to be completed by the  
42 office during each regular legislative session. For the purposes of this ~~section~~ subsection,

1 "limited analysis project" means a limited review of a tax expenditure based on information  
2 readily available to the office that is intended to be completed and submitted to the  
3 committee and the policy committee within 30 days of approval by the committee  
4 following a request by the policy committee.

5 **Sec. 3. 3 MRSA §999, sub-§1**, as amended by PL 2017, c. 266, §2, is further  
6 amended to read:

7 **1. Evaluation process.** ~~Beginning January 1, 2016, the~~ The office shall evaluate each  
8 tax expenditure identified under section 998, subsection 1, paragraph A in accordance with  
9 the schedule established in section 998, subsection 2.

10 A. Prior to the beginning of each evaluation, the committee shall direct the office to  
11 present recommendations to the policy committee. The policy committee, after  
12 consideration of recommendations from the office, shall approve the following for each  
13 tax expenditure subject to full evaluation:

- 14 (1) The purposes, intent or goals of the tax expenditure, as informed by original  
15 legislative intent as well as subsequent legislative and policy developments and  
16 changes in the state economy and fiscal condition;
- 17 (2) The intended beneficiaries of the tax expenditure;
- 18 (3) The evaluation objectives, which may include an assessment of:
  - 19 (a) The fiscal impact of the tax expenditure, including past and estimated  
20 future impacts;
  - 21 (b) The extent to which the design of the tax expenditure is effective in  
22 accomplishing the tax expenditure's purposes, intent or goals and consistent  
23 with best practices;
  - 24 (c) The extent to which the tax expenditure is achieving its purposes, intent or  
25 goals, taking into consideration the economic context, market conditions and  
26 indirect benefits;
  - 27 (d) The extent to which those actually benefiting from the tax expenditure are  
28 the intended beneficiaries;
  - 29 (e) The extent to which it is likely that the desired behavior might have  
30 occurred without the tax expenditure, taking into consideration similar tax  
31 expenditures offered by other states;
  - 32 (f) The extent to which the State's administration of the tax expenditure,  
33 including enforcement efforts, is efficient and effective;
  - 34 (g) The extent to which there are other state or federal tax expenditures, direct  
35 expenditures or other programs that have similar purposes, intent or goals as  
36 the tax expenditure, and the extent to which such similar initiatives are  
37 coordinated, complementary or duplicative;
  - 38 (h) The extent to which the tax expenditure is a cost-effective use of resources  
39 compared to other options for using the same resources or addressing the same  
40 purposes, intent or goals; and
  - 41 (i) Any opportunities to improve the effectiveness of the tax expenditure in  
42 meeting its purposes, intent or goals; and

1 (4) The performance measures appropriate for analyzing the evaluation objectives.  
2 Performance measures must be clear and relevant to the specific tax expenditure  
3 and the approved evaluation objectives.

4 B. Before final approval pursuant to paragraph A, the committee shall seek and  
5 consider input from ~~the policy committee~~ and stakeholders and may seek input from  
6 experts.

7 **Sec. 4. 3 MRSA §1001, sub-§2**, as enacted by PL 2015, c. 344, §4, is amended to  
8 read:

9 **2. Legislation.** The policy committee may submit to the Legislature any legislation it  
10 considers necessary to improve the process or availability of data for the review of tax  
11 expenditures.

12 **SUMMARY**

13 This bill amends the laws governing tax expenditure review by the Legislature. The  
14 bill transfers the primary responsibility for tax expenditure review and evaluation from the  
15 jurisdiction of the Government Oversight Committee to the joint standing committee of the  
16 Legislature having jurisdiction over taxation matters.