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Proposal for Legislative Review of Maine State Tax Expenditures

Developed by
the Office of Program Evaluation and Government Accountability
pursuant to Resolves 2013, Chapter 115

Submitted to:
Government Oversight Committee
Joint Standing Committee on Taxation

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Office of Program Evaluation and Government Accountability
Maine State Legislature
82 State House Station
Augusta, Maine 04333
Telephone: 207-287-1901

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Overview

The 126th Maine State Legislature tasked OPEGA with developing a proposal for a process to provide ongoing legislative review of the State's tax expenditures (Resolves 2013, Chapter 115; see Appendix B for the full text of the Resolve). Tax expenditures are government revenue losses due to tax provisions that allow individuals, businesses, or organizations to reduce their tax burden through credits, exemptions, deductions, or other provisions, resulting in reduced State revenue. Tax expenditures are associated with various types of taxes, such as Sales and Use, Income, and Property taxes (see Appendix C for descriptions of these tax types).

The purposes of establishing a formal ongoing legislative review process are to ensure that;

- tax expenditures are reviewed regularly according to a strategic schedule organized so that tax expenditures with similar goals are reviewed at the same time
- reviews are rigorous in collecting and assessing relevant data, determining benefits and costs, and drawing clear conclusions based on measurable goals; and
- reviews inform policy choices and the policymaking process.

The development of this proposal is an extension of OPEGA's work with the Tax Expenditure Review Task Force during 2013 (pursuant to PL 2013 Chapter 368, Part S). The proposed ongoing legislative review process assumes that certain tax expenditures warrant more rigorous evaluation, while others warrant less involved review, or no review. The Resolve outlined three levels, or categories, of review for tax expenditures in the State of Maine:

- (A) *Full Evaluation* for tax expenditures that are intended to provide an incentive for specific behaviors, that provide a benefit to a specific group of beneficiaries, or for which measurable goals can be established;
- (B) *Expedited Review* for tax expenditures that are intended to implement broad tax policy goals that cannot be reasonably measured; and
- (C) *No Review* for tax expenditures with an impact on state revenue of less than \$50,000 or that otherwise do not warrant either a full evaluation or expedited review.

Under the proposed process, primary responsibilities for conducting Full Evaluations and Expedited Reviews lie with OPEGA and the Taxation Committee, respectively. The Taxation Committee would also be responsible for considering the results of Full Evaluations and Expedited Reviews, and recommending or initiating legislative action as warranted. Other Joint Standing Committees may also participate in the review of results and recommendations for tax expenditures administered by agencies that fall within their areas of jurisdiction. The Government Oversight Committee would oversee OPEGA's efforts, as well as the overall ongoing legislative review process.

This proposal defines and describes elements to be considered in implementing an ongoing legislative review process. As required by the Resolve, it addresses the following components:

- **Classification of tax expenditures.** Assignment of each tax expenditure to one of the three review categories: (A) Full Evaluation; (B) Expedited Review; or (C) No Review.
- **Evaluation parameters for Full Evaluation (A).** Evaluation parameters for tax expenditures in category A (Full Evaluation), based on guidelines provided in the Resolve.
- **Identification of criteria for Expedited Review (B).** A description of the elements of an Expedited Review (B), based on guidelines provided in the Resolve.

- **Data and data sources.** A description of the type of data and potential data sources needed to complete Full Evaluations and Expedited Reviews, and whether this data is confidential by law.
- **Stakeholder and public comment.** Identification of options for including comments by stakeholders and members of the public in the evaluation process.
- **Schedule.** A schedule for ongoing review of tax expenditures in categories A and B.
- **Assessment of resources.** An estimate the staff and other resources needed to perform the evaluations.
- **Revisions to statute.** Revisions to statute needed to implement the proposed review process.

Classification of Tax Expenditures

OPEGA used the guidelines outlined in Section 1, paragraph 1, of the Resolve (see Appendix B) as a basis for classifying tax expenditures into the review categories. To facilitate grouping similar expenditures for discussion and review, OPEGA assigned a broad “Rationale” to each tax expenditure. Table 1 provides a brief description of these Rationales.

Table 1. Tax Expenditure Rationales – Developed and Assigned by OPEGA

Rationale	Description
<i>Administrative Burden</i>	Avoids administrative costs that would be incurred by requiring tax to be collected on a certain item.
<i>Business Incentive</i>	Provides an incentive for business development, business-related investments in certain areas or industries, or job-creation.
<i>Charitable</i>	Exempts charitable organizations from taxes. For purposes of this classification, charitable organizations include government, educational, nonprofit, religious, health care and other organizations that assist particular groups in need. ¹
<i>Conformity with IRC</i>	Conforms with federal income tax law (Internal Revenue Code).
<i>Inputs to Tangible Products</i>	Exempts from tax items that are a component part, or considered integral to, the production of a tangible product.
<i>Interstate or Foreign Commerce</i>	Exempts certain items from tax to create an incentive to purchase them in Maine, or helps align Maine’s tax policy with other jurisdictions so Maine is not at a competitive disadvantage.
<i>Necessity of Life</i>	Exempts basic needs from tax, such as food and water.
<i>Non-Business Incentive</i>	Creates an incentive for certain behavior (other than business incentives), including offering certain benefits to employees.
<i>Non-Taxable Services</i>	Exempts services from taxation; Maine does not tax most services.
<i>Specific Policy Goal/ Mandate</i>	Supports a specific public policy goal or action mandated by the State.
<i>Tax Fairness</i>	Prevents double taxation or pyramiding (taxing on taxes); provides similar tax treatment of similar transactions/taxpayer situations; or addresses public perception that it would not be fair to tax the item/transaction.
<i>Tax Relief</i>	Reduces taxes for particular groups or in particular situations, and does not fit into one of the other identified Rationales.

¹ OPEGA developed this definition based on 26 U.S. Code §501(c)(3).

Table 2 provides an overview of OPEGA’s classification of tax expenditures into the three Review Categories, and displays counts of expenditures by Review Category and Rationale. Appendix G provides specific information for each of the 196 tax expenditures, including Review Category assignment, Rationale, and a brief description.

Table 2. Number of Expenditures by Review Category and Rationale

Rationale	Review Category*			
	A	B	C	Total
<i>Business Incentive</i>	13		5	18
<i>Non-Business Incentive</i>	7		11	18
<i>Tax Relief</i>	8		2	10
<i>Charitable</i>		33	43	76
<i>Conformity with IRC</i>		2		2
<i>Tax Fairness</i>		14	7	21
<i>Necessity of Life</i>		13		13
<i>Interstate or Foreign Commerce</i>		13	2	15
<i>Inputs to Tangible Products</i>		7	3	10
<i>Specific Policy Goal/Mandate</i>	2		5	7
<i>Non-Taxable Services</i>		2		2
<i>Administrative Burden</i>	1		3	4
Total	31	84	81	196
*Review Category – (A) Full Evaluation, (B) Expedited Review, (C) No Review				

Full Evaluations

OPEGA classified 31 tax expenditures into Review Category A, Full Evaluation. Generally, these are tax expenditures that provide an incentive for specific behaviors, that provide a benefit to a specific group of beneficiaries, or for which measurable goals can be established. Consequently, the majority of them have assigned Rationales of Business Incentive, Non-Business Incentive and Tax Relief. There are a few tax expenditures that met Full Evaluation criteria that we determined warranted no review for various reasons described in the “No Review” section of this proposal.

Full Evaluation Process

Full Evaluations would be conducted by OPEGA, with assistance from consultants as necessary, according to an established schedule approved by the Government Oversight Committee (GOC) in consultation with the Taxation Committee. Prior to beginning each Full Evaluation, OPEGA would recommend, and the GOC would approve (in consultation with the Taxation Committee), the following items that would serve as the foundation for the evaluation design:

1. the purposes, intent or goals of the tax expenditure;
2. the intended beneficiaries of the tax expenditure;
3. the evaluation objectives; and
4. the performance measures, which must be clear and relevant to the specific tax expenditure and to addressing the approved evaluation objectives.

Annually, OPEGA would submit a report on the set of Full Evaluations conducted during the previous year to the GOC and the Taxation Committee. The GOC would assess the report's objectivity and credibility and vote whether to endorse the report. At this point, the GOC would submit a record of the vote on the report and any comments or recommended actions of the committee to the Taxation Committee for its review and consideration. The Taxation Committee would review the Full Evaluation results along with the GOC's comments and submit a report to the Legislature documenting its assessment of the evaluation results and any recommendations. The Taxation Committee would be authorized to submit a bill to the Legislature to implement its recommendations.

Full Evaluation Objectives

The anticipated objectives of a Full Evaluation as listed in the Resolve (see Appendix B) are to evaluate:

- (1) The extent to which those actually benefiting from the tax expenditure are the intended beneficiaries;
- (2) The fiscal impact of the tax expenditure, including past and estimated future impacts;
- (3) The extent to which the design of the tax expenditure is effective in accomplishing its purposes, intent or goals and is consistent with best practices;
- (4) The extent to which the tax expenditure is achieving its purposes, intent or goals;
- (5) The extent to which the desired behavior might have occurred without the tax expenditure;
- (6) The extent to which there are other tax expenditures, state spending or other government programs that have the same purposes, intent or goals as the tax expenditure and whether those additional programs are appropriately coordinated with the tax expenditure and are complementary or duplicative;
- (7) Any opportunities to improve the effectiveness of the tax expenditure in meeting its purposes, intent or goals; and
- (8) 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.

OPEGA anticipates that not all of these objectives would be relevant for every tax expenditure subject to a Full Evaluation and that there may be limited information available to address certain objectives. For example, depending on the nature of the tax expenditure and available data, it may be difficult to independently assess whether the expenditure is benefiting the intended beneficiaries. In this case, the evaluation would instead seek to determine whether there are sufficient mechanisms established at Maine Revenue Services (MRS), or elsewhere, to ensure that only those taxpayers meeting the necessary requirements for eligibility are receiving the tax benefit.

Consequently, OPEGA proposes that the above list of objectives be considered a menu of potential objectives for each Full Evaluation, and that the menu be augmented to include an objective to assess the extent to which administration of the tax expenditure, including compliance efforts, is efficient and effective.

Full Evaluation Parameters

As required by the Resolve, OPEGA has proposed evaluation parameters for each of the 31 tax expenditures assigned to Category A, Full Evaluation. The parameters include:

- the purposes, intents or goals of the tax expenditure;
- the intended beneficiaries of the tax expenditure; and
- the performance measures appropriate for measuring the extent to which the tax expenditure is accomplishing its purposes, intent or goals (according to the objectives specified).

The proposed intent, goals and intended beneficiaries for each of the 31 Full Evaluation expenditures are presented in Appendix H, and the proposed performance measures are presented in Appendix I. The proposed parameters are based on research conducted by OPEGA, as described in Appendix A, Scope and Methods.

OPEGA was unable to identify a legislative purpose, intent or goal for two tax expenditures assigned to the Full Evaluation Category (Certain Telecommunications Services (#44) and Basic Cable and Satellite Televisions Service (#43))². In other instances, OPEGA identified a legislative purpose, intent or goal that dated back to the original enactment of the statute, which was sometimes decades ago. In some cases where a purpose, intent or goal was not stated in Statute or legislative history, OPEGA inferred the intent based on how the Statute was written and who the beneficiaries were.

For each tax expenditure in the Full Evaluation category, OPEGA used the identified intent and goals, as well as specific provisions in statute, as a basis for proposing performance measures. We also considered what other states have used for performance measures in their evaluations. Appendix F includes two examples from other states reports.

OPEGA found that the intent and goals for most of the State’s tax expenditures are fairly general in nature. Specific numeric targets, such as number of jobs or number of beneficiaries, existed for only a few tax expenditures and primarily in the context of eligibility criteria or requirements. Consequently, the proposed performance measures tend to be descriptive of the level of activity, and impact (financial and otherwise) associated with the expenditure, rather than measurement of performance against a particular target or benchmark.

In presenting the suggested performance measures for Full Evaluations (Appendix I), we have organized tax expenditures into groups based on their general purpose. The list of suggested performance measures should be considered a menu of possible measures to be included in any given tax expenditure evaluation. Not all of the measures listed would be relevant for every tax expenditure and there may be data constraints associated with some measures. As part of the evaluation process, specific measures from this menu, or others subsequently identified, would be selected at the outset of each Full Evaluation. Research would likely be needed to assess data availability prior to that selection (see “Data and Data Sources” below for further discussion).

² Tax expenditure numbers given refer to the ID# in Appendices G, H and I which include listings of the tax expenditures.

The performance measures we have included in the proposed menu extend beyond those the Resolve required us to identify. Generally, the suggested performance measures are intended to address one or more of the following:

- level of tax expenditure usage or activity;
- characteristics of the beneficiaries;
- significance of the tax benefit to the beneficiary, primarily in terms of fiscal impact;
- achievement of, or progress toward, the stated intent or goal;
- participation rate, i.e. the percentage of those eligible for the tax benefit that receive it;
- impact to the State budget;
- impact to the regional or State economy; and
- cost-benefit.

In developing the menu of suggested measures, OPEGA identified a set of 11 core measures that were applicable to tax expenditures in the Business Incentive and Non-Business Incentive rationale categories (see Table 3). A subset of these 11 emerged as a common set of measures applicable to tax expenditures in the Tax Relief, Specific Policy Goal/Mandate and Administrative Burden rationale categories. Core measures we consider most appropriate for each of the 31 tax expenditures are identified in Appendix I, along with any additional performance measures we identified as potentially relevant to specific expenditures.

Table 3. Core Performance Measures

Code	Performance Measure
A	# Direct beneficiaries
B	Participation rate, calculated as: [# of direct beneficiaries]/[# of known eligible population**]
C	\$ Value of tax benefit to beneficiaries
D	\$ Value of tax revenue loss to State
E	Net impact on State budget****
F	\$ Value of qualifying activity*
G	\$ Value of tax benefit*** per direct beneficiary (Average, Min, Max)
H	\$ Value of tax benefit*** per \$ of qualifying activity*
I	Leveraging Ratio, calculated as: [\$ of qualifying activity* generated]/[\$ Value of tax revenue loss to State]
J	Indicators of growth in targeted business/industry (e.g. # of employees, \$ payroll, \$ gross revenue)
K	Indicators of economic impact**** in targeted business/industry or geographic area (i.e. jobs created, GDP)
Notes:	
*	activity may include: investments, expenditures, loan payments, tuition contributions, property value, or sales
**	potential beneficiaries of tax expenditure, which may be businesses, investors, or individuals
***	reimbursement, refund, exemption or a reduction in tax liability due to credits and deductions
****	requires economic modeling

Most of the proposed performance measures would be calculated *by year* to allow for analysis of percentage changes year over year and trends over time. Variations on specific measures would also be calculated and analyzed as appropriate for informing the evaluation objectives. Further analysis of individual performance measures would be considered, as appropriate, on the following bases:

- per participant;
- per capita;
- by beneficiary type;
- by new versus continuing beneficiaries;
- by geographic region;
- by income bracket;
- by filing status of individual or business;
- by household size or firm size; and
- by industry.

Two of the proposed measures, intended to measure fiscal and economic impacts more broadly, would require economic modeling and the development of necessary assumptions for the model.

Expedited Reviews

OPEGA classified 84 tax expenditures into Review Category B, Expedited Review. The Expedited Review process is intended for those tax expenditures associated with broad tax policy decisions of the State, particularly where it may be difficult to measure the impacts of individual tax expenditures. Examples of such broad tax policy decisions include conforming with the federal Internal Revenue Code (IRC) and not taxing certain types of organizations or types of purchases.

The 84 tax expenditures in the Expedited Review category have assigned Rationales generally indicative of seven broad tax policy areas that would be reviewed:

- Charitable
- Conformity with IRC
- Tax Fairness
- Necessity of Life
- Interstate or Foreign Commerce
- Inputs to Tangible Products
- Non-Taxable Services

Tax expenditures in these areas with estimated annual revenue loss under \$50,000 were classified in Category C, No Review, with one exception; Meals for Residents of Certain Nonprofit Congregate Housing Facilities (#52)³ that seems to benefit a very specific group or organization.

Expedited Review Process

Expedited Reviews would be conducted by the Taxation Committee using information and data gathered by OPEGA. These reviews would be conducted during the legislative Interim on a rotating schedule (see “Review Schedule” section of this proposal).

³ The tax expenditure number given refers to the ID# in Appendix G, Tax Expenditure Classification.

Each year, the Taxation Committee would submit a report to the Legislature on the Expedited Reviews conducted during the previous year. This report would include descriptions of the Expedited Review process and the results, including any recommendations for changes to State tax policy or to the structure, administration or budget for individual tax expenditures. The Taxation Committee would also be authorized to submit a bill to the Legislature to implement its recommendations.

Expedited Review Objectives and Criteria

Expedited Reviews would include an assessment of the broad tax policy associated with the group of tax expenditures under review, as well as assessment of the individual tax expenditures within that group. The anticipated objectives of an Expedited Review are described in Section 1 paragraph 4 of the Resolve (see Appendix B). OPEGA proposes that the Taxation Committee address those objectives through a two stage process.

The first stage of the Expedited Review would be to consider the broad tax policy. The Taxation Committee would determine whether it is desirable to continue with the broad tax policy as is, with adjustments, or not at all. In making this determination, the Committee may consider criteria such as:

- the reasons the State adopted the tax policy;
- the extent to which the reasons for the adoption of each tax policy still remain or whether the tax policy should be reconsidered;
- the extent to which each tax policy is consistent or inconsistent with other State goals; and
- the fiscal impact of each tax policy including past and estimated future impacts.

The second stage would be to consider the individual tax expenditures associated with the broad tax policy under review. The Taxation Committee would determine whether it is desirable to continue with each tax expenditure as is, with adjustments, or not at all. In making this determination, the Committee may consider criteria such as:

- the extent to which the individual tax expenditure is consistent with the broad tax policy and with the other tax expenditures established in connection with the policy;
- the extent to which the design of the tax expenditure is effective to accomplish its tax policy purpose;
- the fiscal impact of the tax expenditure including past and estimated future impacts;
- the administrative costs and burdens associated with the tax expenditure;
- the extent to which there are adequate mechanisms, including enforcement efforts, to ensure only intended beneficiaries are receiving the tax benefit and that beneficiaries comply with any requirements;
- the extent to which the reasons for establishing the tax expenditure still remain or whether the need for it should be reconsidered; and
- whether there are other reasons to consider discontinuing or amending the tax expenditure.

In support of the Expedited Reviews, OPEGA would gather and provide the following information to the Taxation Committee:

- a general description of the broad tax policy to be reviewed;
- a current list of the individual tax expenditures associated with that tax policy;
- fiscal impacts for each tax expenditure, and for the group of expenditures associated with the broad tax policy, including description of how impacts were calculated; and
- background information on each of these individual tax expenditure including:
 - brief description of the tax expenditure and the mechanism through which the tax credit, exemption, deduction or reimbursement is distributed;
 - administrative costs and burdens associated with the tax expenditure;
 - intended beneficiaries; and
 - legislative history.

The Taxation Committee would also gather information through:

- requests to Maine Revenue Services or other responsible State agencies; and
- one or more public hearings conducted as part of each Expedited Review.

No Review

Review Category C, No Review, is intended for tax expenditures that have a State revenue loss of less than \$50,000, or that otherwise do not warrant a Full Evaluation or Expedited Review. OPEGA classified 81 expenditures in Review Category C. Of these, 72 had estimated State revenue loss of under \$50,000. Tax expenditures OPEGA assigned to Review Category C for other reasons are as follows. The tax expenditure numbers given refer to the ID # in Appendix G, Tax Expenditure Classification.

- Casual Sales (#195). This expenditure did not seem associated with a broad tax policy nor practical or worthwhile to collect the information and data needed for a Full Evaluation.
- Super Credit for Substantially Increased Research and Development (#15). This credit has been repealed although it will result in continued tax loss over the next 10 years because unused credit amounts from past years may be carried forward.
- Forest Management Planning Income Credits (#33) and Adaptive Equipment for Handicapped Vehicles (#100). These expenditures each had an estimated revenue loss that slightly exceeded \$50,000 and did not seem fitting for review category A or B, and therefore were placed in C.
- Three expenditures that are seldom used, or have not yet been used; therefore, the revenue loss estimates from MRS in these cases were greater than the actual revenue lost. These are:
 - Deduction for Affordable Housing (#29)
 - Maine Fishery Infrastructure Investment Tax Credit (#16)
 - Innovation Finance Credit (#28)
- Two expenditures that are soon expiring and are unlikely to have new beneficiaries (although they will continue to result in revenue loss until they expire). These are:
 - Shipbuilding Facility Credit (#17)
 - Dental Care Access Credit (#27)

OPEGA made the following observations about the expenditures assigned to Review Category C:

- ***Similarities with expenditures in Review Category A.*** Some expenditures in Review Category C, No Review, have characteristics similar to those expenditures OPEGA assigned to Review Category A for Full Evaluation, but were assigned to No Review due to low estimated revenue loss. Examples include: Biofuel Commercial Production and Use (#14), Quality Childcare Investment Credit (#34), and Primary Care Access Credit (#35). Some of these expenditures raised questions for us, such as whether the tax expenditure was fulfilling its legislative intent, or if further discussion of implementation, awareness, enforcement, and associated administrative costs could be warranted. While it may not be appropriate or worthwhile to subject these expenditures to a Full Evaluation, we suggest the Taxation Committee review these at some point to assess their continued relevance, viability or need for enhancements. OPEGA suggests the GOC and/or the Taxation Committee consider whether these should be placed in Category A or B with modified or limited review objectives.
- ***Similarities with expenditures in Review Category B.*** Some expenditures in Review Category C are associated with the same broad tax policies that have been assigned to Review Category B for Expedited Review. These include certain expenditures under the Service Provider tax. OPEGA identified 29 Charitable tax expenditures under the Sales & Use tax with parallel provisions under the Service Provider tax. Some of these have estimated annual revenue loss under \$50,000 and therefore were placed in Review Category C, while those over \$50,000 are in B. The Taxation Committee could choose to include all of these expenditures in Category B in order to include those associated with the same broad tax policies in the review.

Data and Data Sources

The proposed performance measures for Full Evaluations indicate many of the specific data elements that would be required, at both an aggregate and individual taxpayer/beneficiary level, for meaningful evaluations and reviews of tax expenditures. Additional data elements may also be needed for verifying accuracy of benefit calculations, or determining beneficiaries' eligibility for the tax benefit(s) received and compliance with any requirements associated with the benefits.

To date, OPEGA has identified the following as likely data sources. Some of these sources have indicated that the data they hold, particularly on individual taxpayers or beneficiaries, is confidential. OPEGA's enabling statute, Title 3 §997, allows OPEGA access to confidential information under certain conditions (see Appendix D) and at this time we believe this statutory authority is sufficient to allow OPEGA to obtain needed data for analysis. Confidential data would not be included in publicly available documents prepared by OPEGA other than at an aggregate level or in a de-identified manner.

- ***MRS Tax Expenditure Report.*** The Maine Revenue Services (MRS) prepares a biannual summary of tax expenditures which includes estimates of the state tax revenue loss incurred for all tax expenditures.

- ***MRS Tax Return Data.*** MRS data is available for all tax expenditures that require submission of a tax return for receipt of the benefit (i.e., credits, reimbursements, and deductions). While MRS can provide aggregate level data, taxpayer specific data collected by MRS is designated as confidential. Despite OPEGA’s authority to access confidential data, MRS has indicated that it would prefer that there be explicit language in statute authorizing the release of any confidential taxpayer specific data to OPEGA or another evaluation entity. OPEGA has included suggested language for this statutory change in the draft legislation to implement the proposed legislative review process (see “Revisions to Statute” section of this proposal).
- ***MRS Certification Data.*** Due to the nature of Sales and Use tax exemptions, additional financial data is not available beyond total state tax revenue loss estimated by MRS. Since an exemption occurs at the point of sale, no additional data is collected on the dollar amount of that exemption. MRS does, however, issue certificates for some of these exemptions. In those cases, some additional data may be available from the certification forms. Again, this information is designated as confidential tax data and MRS would prefer permission be granted in statute to share this information.
- ***Data Collected by State Agencies.*** State agencies that administer tax expenditures as part of agency programs often collect additional data. Some of this data is confidential by law, and some of it is public. State agencies interviewed by OPEGA in the development of this proposal indicated that, at a minimum, they would be able to provide aggregate data on tax expenditure programs they administer. However, to address certain evaluation objectives, like assessing the extent to which those actually benefitting from the tax expenditure are the intended beneficiaries, OPEGA would need access to additional information on individual beneficiaries from MRS and/or the administering State agency regardless of its confidentiality.
- ***Employment and Wage Data.*** The Maine Department of Labor collects quarterly employment and wage data from Maine businesses. This data could be useful when assessing certain performance measures for expenditures, for example those with the goal of job creation. Some of this data may also be confidential.
- ***Other External Data.*** Data collected by organizations outside of state government may also be useful. Additional research would be needed to identify such data sources. The stakeholder and public comment opportunities in the review process may also provide opportunities to identify additional data sources (see “Stakeholder and Public Comment” section of this proposal).
- ***Beneficiaries.*** If limited data is available through MRS, State agencies, and other identified sources, data could be collected directly from taxpayers who benefit from the given tax expenditure as part of a Full Evaluation. By virtue of being obtained through a formal OPEGA evaluation, OPEGA’s statute could protect sensitive information from potential public disclosure which should help address beneficiaries’ concerns in providing data they desire to keep confidential.

Stakeholder and Public Comment

The proposed legislative review process assumes the following options may be utilized, as appropriate during the process, to obtain input from stakeholders and members of the public:

- conduct public hearings to receive testimony from interested parties;
- hold public comment periods to invite written comments; and
- conduct interviews, focus groups, or surveys, to collect information from stakeholders including, but not limited to, state agencies, individuals, businesses, and other interested parties.

There are a number of points and venues within the review process that may be logical opportunities for stakeholder and public comment. These include, but are not limited to:

- during the annual GOC review and adjustments to the assignments of review categories and evaluation schedule;
- during the public hearings on any legislation that is generated as a result of tax expenditure evaluation and review;
- for Expedited Reviews, during the conduct of the review by the Taxation Committee; and
- for Full Evaluations:
 - at the outset of each annual review cycle, as the GOC Committee is establishing and approving the scope of the evaluations, including objectives and performance measures;
 - during the conduct of the evaluations by OPEGA; and
 - during the GOC, and subsequent, Taxation Committee review and consideration of the OPEGA evaluation report.

Some other states have established advisory or oversight groups that include stakeholders and members of the public as a means to obtain public input. However, we believe this would add complexities and potential inefficiencies to the process that are unnecessary given the other options available and the roles assigned to the Government Oversight Committee and the Taxation Committee in our proposed process.

Review Schedule

OPEGA proposes a six year review cycle for Full Evaluations and Expedited Reviews with the first evaluations and reviews being conducted in 2016. The schedule groups tax expenditures with similar purposes and goals in the same year for review and seeks to balance the workload across years for both OPEGA and the Taxation Committee, anticipating that certain expenditures will require more effort to evaluate or review than others.

The proposed six year review cycle reflects the following considerations:

- providing timely information on tax expenditures to the Legislature;
- limiting required resources for the reviews to an acceptable level; and
- allowing sufficient time for recommended actions resulting from evaluations and reviews to be implemented before the next scheduled evaluation or review.

The proposed schedule by year for Full Evaluations and Expedited Review is in Appendix J. Table 4 summarizes the review schedule including the number and type of expenditures receiving Full Evaluations and Expedited Reviews in each year.

As reflected in the draft legislation in Appendix E, OPEGA proposes that the Government Oversight Committee, in consultation with the Taxation Committee, review, update, and approve the schedule for tax expenditure reviews annually. This would allow some flexibility to shift evaluations or reviews between years and to update the schedule to account for expenditures that have been enacted, repealed or amended during the year.

Table 4. Tax Expenditure Review Schedule Summary

	FULL EVALUATIONS		EXPEDITED REVIEWS	
Year	Count	Rationale	Count	Rationale
2016	4	<ul style="list-style-type: none"> ➤ Business Incentive <ul style="list-style-type: none"> • Job Creation 	13	<ul style="list-style-type: none"> ➤ Necessity of Life
2017	5	<ul style="list-style-type: none"> ➤ Business Incentive <ul style="list-style-type: none"> • Equipment Investment • Research Investment 	14	<ul style="list-style-type: none"> ➤ Tax Fairness
2018	4	<ul style="list-style-type: none"> ➤ Business Incentive <ul style="list-style-type: none"> • Financial Investment • Targeted Industry Support 	14	<ul style="list-style-type: none"> ➤ Charitable <ul style="list-style-type: none"> • Elderly • Government • Veterans • Other
2019	5	<ul style="list-style-type: none"> ➤ Business Incentive <ul style="list-style-type: none"> • Targeted Industry Support ➤ Specific Policy Goal/Mandate ➤ Administrative Burden 	19	<ul style="list-style-type: none"> ➤ Charitable <ul style="list-style-type: none"> • Education • Health & Safety • Low Income • Youth • Other
2020	6	<ul style="list-style-type: none"> ➤ Non-Business Incentive <ul style="list-style-type: none"> • Education • Financial Investment • Health and Safety 	13	<ul style="list-style-type: none"> ➤ Interstate/Foreign Commerce
2021	7	<ul style="list-style-type: none"> ➤ Targeted Tax Relief <ul style="list-style-type: none"> • Individuals • Industry 	11	<ul style="list-style-type: none"> ➤ Inputs to Tangible Products ➤ Conformity with IRC ➤ Non-Taxable Services

Assessment of Resources

OPEGA estimates that two full-time staff dedicated to tax expenditures, as well as funding for potential consultant resources, would be needed in order for OPEGA to carry out the work required under the proposed review process and schedule. The ongoing, annual responsibilities of OPEGA would include:

- planning, conducting, and reporting on an average of five Full Evaluations;
- collecting and preparing supporting data and information for Expedited Reviews on an average of 14 expenditures;
- tracking changes to tax expenditure laws to identify new, repealed and amended tax expenditures;
- conducting research necessary to recommend review category assignments, schedule and evaluation parameters for new or substantially amended tax expenditures;

- supporting the Government Oversight Committee and Taxation Committee, as necessary, in fulfilling their assigned responsibilities including review and consideration of OPEGA’s reports and follow up on any recommended actions; and
- maintaining documentation of current review category assignments and schedule for all tax expenditures subject to the ongoing legislative review process.

To fulfill these responsibilities, we propose the addition of a full time Senior Analyst and a full time Analyst to the OPEGA staff. We also propose the appropriation of an additional \$25,000 annually to OPEGA’s consulting budget. At a minimum, consultants would be needed to conduct economic modeling of tax expenditure impacts, where necessary.

Table 5 presents the estimated funding required for these resources in FY16 and FY17 assuming a start date for the positions of October 5, 2015.

Table 5. Estimated Additional OPEGA Resources Needed

Resource	Estimated Budget	
	FY16	FY17
Senior Analyst	\$75,010	\$110,719
Analyst	\$68,874	\$101,561
Consultants	\$25,000	\$25,000
Total	\$168,884	\$237,280
Note: Budget for OPEGA staff positions includes salary and benefits. FY16 budget represents a partial year.		

The proposed process for ongoing legislative review of tax expenditure programs would require Taxation Committee meetings during the Legislative Interim to conduct Expedited Reviews and consider OPEGA evaluation reports. OPEGA estimates a maximum of six Taxation Committee meetings would be required in each Interim. The estimated cost for per diem and travel-related expenses for six meetings would be approximately \$9,750, assuming that all meetings are held in Augusta. According to the Office of the Executive Director of the Legislative Council, the Legislature’s baseline General Fund budget for FY16 and FY17 assumes a total of 32 Interim meetings in each year, to be divided among the 17 Joint Standing Committees (JSC). The need for additional funding, beyond the baseline budget, for the required Taxation Committee meetings would depend on how many of the 32 budgeted meetings could be allocated to the Taxation Committee.

Lastly, we anticipate OPEGA and the Taxation Committee will require information and/or assistance from staff in the Office of Fiscal and Program Review, Maine Revenue Services, or other State agencies in conducting the Full Evaluations and Expedited Reviews, respectively. In this proposal, we assume such information and assistance can be provided within existing agency resources; however, we suggest further exploration with the agencies regarding how supporting this effort would impact them.

Revisions to Statute

Draft legislation for implementing the proposed ongoing legislative review process for tax expenditures is included as Appendix E. The draft legislation places most all of the implementing language within OPEGA's enabling statute, Title 3, Chapter 37. The draft legislation also includes a suggested revision to Title 36, §191, sub-§2 to add a provision allowing Maine Revenue Services to disclose confidential tax information to OPEGA or its consultant.

While not incorporated in this draft, we note that it may be appropriate to amend Title 36 §199-C and §199-D, which speak to the Taxation Committee's current responsibilities for review of tax expenditures, to incorporate certain aspects of the proposal there rather than in Title 3, Chapter 37. At a minimum, §199-C and §199-D would need to be amended to reference, as appropriate, the statutory process and provisions in Title 3, Chapter 37.

Lastly, we note that current law requires the Department of Economic and Community Development (DECD) to contract with independent evaluators to complete evaluations of the State's research and development programs every 6 years (Title 5, section 13107) and the State's economic development programs every two years (Title 5, section 13056-A). A number of the programs subject to those evaluation requirements are tax expenditures. Consequently, if the Legislature decides to implement the proposed tax expenditure review process, OPEGA suggests that consideration be given to whether there should then be changes to the DECD evaluation requirements, and related adjustments to the relevant statutory provisions.

Appendix A. Scope and Methods

The scope for this special project was limited to the activities required by Resolves 2013, Chapter 115 (see Appendix B). OPEGA's methodology for carrying out these activities including the following work:

- Used Maine Revenue Services' (MRS) biannual summary of tax expenditures—the 2014-2015 Maine State Tax Expenditure Report (Red Book)—to identify the population of State tax expenditures to be classified. Made adjustments to the MRS list as appropriate to the purposes of this project (see further details below).
- Reviewed the relevant sections of Statute for each identified tax expenditure.
- Conducted additional research, as needed, to gain a greater understanding of individual tax expenditures and potential applicable performance measures, including:
 - review of legislative histories provided by the State Law and Legislative Reference Library;
 - interviews with staff at the administering State agencies, when applicable (including the Department of Economic and Community Development, Finance Authority of Maine, MaineHousing, Maine Historic Preservation Commission, Department of Inland Fisheries and Wildlife, and Department of Health and Human Services)
 - review of reports and data on tax expenditures provided by the administering State agencies; and
 - review of reports on tax expenditures published by the federal government, other states, and research organizations.
- Consulted MRS, staff at the administering State agencies (when applicable), and tax experts at the Pew Center on the States.

Differences in OPEGA's Tax Expenditure Information as Compared to the 2014-2015 Maine Revenue Services State Tax Expenditure Report (Red Book)

There are varying benchmarks that may be used to define what is/is not considered a tax expenditure. MRS told OPEGA that their general approach is to be as inclusive as possible in compiling the Maine State Tax Expenditure Report (Red Book). OPEGA did not evaluate the appropriateness of MRS's approach to determining what constitutes a tax expenditure; nor did we undertake a detailed review of Maine tax law in attempt to confirm MRS has identified all existing tax expenditures. Rather, we sought to understand the overall approach used by MRS to define the population.

OPEGA's list of tax expenditures differs slightly from the list in the MRS Red Book. Specifically, OPEGA made the following adjustments to the MRS list:

- ***Non-taxable Services.*** The MRS Red Book includes separate entries for tax expenditures for non-taxable services by service sector (p. 179-192 and p. 195 in the 2014 – 2015 Red Book). MRS has developed the separate entries based on available data for estimating financial impact. However, these are not enumerated as separate tax expenditures in Statute; rather 36 MRSA §1752.17-B defines a limited number of services as taxable. For this reason, OPEGA presents these as one tax expenditure “Non-taxable Services.” (See #191 in Appendix G.)
- ***New tax expenditures.*** Four new tax expenditures were enacted during the 126th Legislature and were included in OPEGA's analysis. These were enacted after publication of 2014 - 2015 version of the Red Book.

- **Repealed tax expenditures.** Three tax expenditures were repealed during the 126th Legislature and are not included in OPEGA’s analysis. These include Publications Sold on Short Intervals, Snowmobiles & All-terrain Vehicles Purchased by Nonresidents, and the Maine Residents Property Tax (Circuitbreaker) Program.
- **Expired tax expenditures.** OPEGA identified two expenditures that have expired but remain in Statute. We removed these from our list and suggest the Taxation Committee determine whether they should be repealed and removed from statute. These are Sales of Tangible Personal Property to Qualified Wind Power Generators, and Reimbursement of Tax to Certain Qualified Wind Power Generators.
- **Conformity with Internal Revenue Code.** For certain income tax deductions, credits and exclusions, Maine law fully conforms with federal tax law (the Internal Revenue Code, or IRC). In the Red Book, MRS breaks some of these out as individual tax expenditures and includes the rest in one item called “Other Conformity” as shown in Appendix A on page 209 of the 2014 – 2015 Red Book. OPEGA has collapsed all full conformity tax expenditures into one item “Conformity with IRC” (this item also includes the “Additional standard deduction for the elderly and disabled”, and the “Deduction for exempt associations, trusts, and organizations”, which MRS reports separately). MRS told OPEGA that in this version of the Red Book they chose to individually report only those conformity items for which they had data or could reasonably estimate the impact and that they use the “Other conformity” category as a catch all for numerous relatively small conformity provisions that they do not have enough precision to estimate separately. The “standard deduction” and “personal exemption” are no longer included in the MRS Red Book; MRS reported that this is consistent with the federal government’s approach to reporting on tax expenditures.
- **OPEGA “Rationale” vs. Red Book “Reason for Exemption”.** The Red Book identifies “Reason(s) for exemption” for each tax expenditure. The OPEGA-assigned Rationale is similar in concept to the MRS Reason for exemption. However, these are not identical. Differences between the two may result from how OPEGA interpreted the tax expenditure or from the limited set of Rationales OPEGA assigned. OPEGA used the Rationales to assist in grouping tax expenditures with similar characteristics together for scheduling.
- **Tax Expenditure Title.** In some instances, OPEGA modified the title of the tax expenditure from that used in the Red Book for clarification or to make them more descriptive.
- **FY15 Estimated Tax Loss.** In some instances, OPEGA adjusted the FY15 estimated tax revenue loss for a given tax expenditure based on information from Office of Fiscal and Program Review (OFPR) on the fiscal impact of new tax laws from the 126th Legislature.
- **Combined or Separated Items.** OPEGA combined several tax expenditures that were listed separately in the Red Book. These included the three Pine Tree Development Zone tax expenditures (p. 42, 160, and 161 in the 2014 - 2015 version) and the Air and Water Pollution Control Facilities tax expenditures (p. 107 and 108). Based on information from the administering agency, OPEGA also separated Employment Tax Increment Financing including certain Job Increment Financing Programs (p. 50) into two expenditures, “Employment Tax Increment Financing,” and “Job Increment Financing Fund – Brunswick Air Station.”

- ***Changes from Prior Information Release by OPEGA.*** OPEGA made a small number of changes to review category classifications that were presented in prior drafts of work on this project released in August and November of 2014. In addition, OPEGA removed three tax expenditures previously classified under Full Evaluation review (A) and moved them to Expedited Review (B) after further assessment. These were Sales of Certain Qualified Snowmobile Trail Grooming Equipment (#49); Construction Contracts with Exempt Organizations: Sales of Fabrications Service (#48); and Construction Contracts with Exempt Organizations: Sales of Tangible Personal Property (#47).

Appendix B. Resolves 2013, Chapter 115, LD 1463, 126th Maine State Legislature

Resolve, To Develop a Process for Tax Expenditure Review

Sec. 1 Office of Program Evaluation and Government Accountability to develop proposal for review of tax expenditures. Resolved: That the Office of Program Evaluation and Government Accountability, referred to in this resolve as "the office," shall develop a proposal for implementing a process for ongoing review of tax expenditures by the Legislature for the purpose of facilitating evaluation of the effectiveness of tax expenditures and providing a framework for recommendations to the Legislature and its committees. The proposal must include the following elements:

1. Classification of tax expenditures. The assignment of each tax expenditure to one of the following review categories:

- A. Full evaluation review for tax expenditures that are intended to provide an incentive for specific behaviors, that provide a benefit to a specific group of beneficiaries or for which measurable goals can be established;
- B. Expedited review for tax expenditures that are intended to implement broad tax policy goals that cannot be reasonably measured; and
- C. No review for tax expenditures with an impact on state revenue of less than \$50,000 or that otherwise do not warrant either a full evaluation or expedited review;

2. Schedule. A schedule for ongoing review of the tax expenditures in the categories identified under subsection 1, paragraphs A and B. To the extent practicable, the office shall attempt to group tax expenditures with similar goals during the same review cycle;

3. Evaluation parameters for full evaluations. Evaluation parameters for each tax expenditure identified under subsection 1, paragraph A, including:

- A. The purposes, intent or goals of the tax expenditure;
- B. The intended beneficiaries of the tax expenditure; and
- C. The performance measures appropriate for measuring the extent to which the tax expenditure is accomplishing its purposes, intent or goals. Performance measures must be clear and relevant to the specific expenditure and the following evaluation objectives:
 - (1) The extent to which those actually benefiting from the tax expenditure are the intended beneficiaries;
 - (2) The fiscal impact of the tax expenditure, including past and estimated future impacts;
 - (3) The extent to which the design of the tax expenditure is effective in accomplishing its purposes, intent or goals and is consistent with best practices;
 - (4) The extent to which the tax expenditure is achieving its purposes, intent or goals identified under paragraph A;
 - (5) The extent to which the desired behavior might have occurred without the tax expenditure;
 - (6) The extent to which there are other tax expenditures, state spending or other government programs that have the same purposes, intent or goals as the tax expenditure and whether those additional programs are appropriately coordinated with the tax expenditure and are complementary or duplicative;
 - (7) Any opportunities to improve the effectiveness of the tax expenditure in meeting its purposes, intent or goals; and

- (8) 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.

When determining evaluation parameters, the office shall consider legislative intent and may consider subsequent developments in the State's economy and economic or tax strategies, goals and policies. The office shall seek and consider input from the joint standing committee of the Legislature having jurisdiction over taxation matters and the Government Oversight Committee and may seek input from stakeholders and experts in evaluation, economics, economic development or tax policy;

4. Identification of criteria for expedited review. A description of elements of an expedited review by the appropriate joint standing committee of the Legislature having jurisdiction over a tax expenditure identified under subsection 1, paragraph B with the objectives of identifying:

- A. A description of each tax policy basis associated with a tax expenditure and the reasons the State adopted the tax policy;
- B. The fiscal impact of each tax policy and each related tax expenditure, including past and estimated future impacts;
- C. The extent to which each tax policy is consistent or inconsistent with other state goals;
- D. The extent to which the reasons for the adoption of each tax policy still remain or whether the tax policy should be reconsidered;
- E. The extent to which the design of each tax expenditure is effective to accomplish its tax policy purpose; and
- F. Whether there are reasons to consider discontinuing or amending a specific tax expenditure;

5. Data and data sources. A description of the type of data, and potential sources of that data, that would be needed to accomplish full evaluations and expedited reviews consistent with the proposed objectives in subsections 3 and 4 for each tax expenditure identified under subsection 1, paragraphs A and B. The description must indicate if any needed information is designated by law as confidential and identify procedures for protection of the confidentiality of that information;

6. Stakeholder and public comment. Identification of options for including in the evaluation process an opportunity for comment by stakeholders and other members of the public;

7. Assessment of resources. An estimate of the staff and other resources that would need to be budgeted for the office to perform the full evaluations of the tax expenditures identified pursuant to subsection 1, paragraph A to meet the objectives set forth in subsection 3, paragraph C and to provide the information needed for expedited reviews of the tax expenditures identified pursuant to subsection 1, paragraph B to meet the objectives in subsection 4, in accordance with the schedule proposed in subsection 2; and

8. Revisions to statute. Revisions to statute that would be needed to implement a process and schedule for ongoing legislative review of tax expenditures and provide for effective evaluations.

The office may request information and assistance from the Department of Administrative and Financial Services, Maine Revenue Services, the Department of Economic and Community Development or other sources, as needed, to develop this proposal; and be it further

Sec. 2 Submission of proposal; legislation. Resolved: That the office shall submit the proposal developed under section 1 to the Government Oversight Committee and the joint standing committee of the Legislature having jurisdiction over taxation matters by March 1, 2015. The joint standing committee of the Legislature having jurisdiction over taxation matters may submit legislation related to the proposal to the First Regular Session of the 127th Legislature.

Appendix C. Tax Expenditure Types by Review Category

Tax expenditures can apply to various types of taxes. Table C1 provides a brief description of the types of taxes affected by the State’s tax expenditures and Table C2 summarizes the number of tax expenditures by tax type.

Table C1. Description of Tax Types

Tax Type	Description
<i>Sales & Use</i>	<p><i>Sales:</i> Tax imposed on the value of tangible personal property, products transferred electronically, and services designated as taxable services, sold at retail in this State.</p> <p><i>Use:</i> Tax imposed on the storage, use or other consumption of tangible personal property or a service, at the same rate as the sales tax, that applies when the sales tax has not been charged; purchases made out-of-state are the most common type of transactions subject to use tax.</p>
<i>Service Provider</i>	Tax imposed on the value of certain services sold in this State. The liability for this tax is on the seller of the service.
<i>Income</i>	Tax imposed on the Maine taxable income of individuals, estates and trusts, and business entities (such as corporations, limited liability companies, and partnerships).
<i>Property</i>	Tax imposed on all real estate within the State, all personal property of residents of the State and all personal property within the State of persons not residents of the State.
<i>Other</i>	<p><i>Gasoline:</i> Tax imposed on internal combustion engine fuel used or sold in the State.</p> <p><i>Special Fuel:</i> Tax imposed on all suppliers of distillates sold, on all retailers of low-energy fuel sold, and on all users of special fuel used in this State.</p> <p><i>Cigarette:</i> Tax imposed on all cigarettes imported into or held in this State by any person for sale.</p> <p><i>Real Estate Transfer:</i> Tax imposed on each deed by which any real property in this State is transferred.</p>

Source: OPEGA summary of information from Maine Revised Statutes, Title 36.

Table C2. Review Category by Tax Type

Tax Type	Review Category			
	A	B	C	Total
<i>Sales & Use</i>	5	66	36	107
<i>Service Provider</i>	2	5	24	31
<i>Income</i>	20 ⁴	5	20	45
<i>Property</i>	3			3
<i>Other</i>	1	8	1	10
Total	31	84	81	196

⁴ Pine Tree Development Zones is included here as an Income Tax Credit. Although it falls under both Income and Sales & Use, the Income tax credit is the largest portion of the Pine Tree Development Zones tax expenditures.

Appendix D: OPEGA Access to Confidential Data and Confidentiality of Work Papers

Title 3 §997. Conduct and issuance of program evaluation reports.

The director and the office shall adhere to the following provisions relative to conducting and issuing program evaluation reports under this chapter.

3. Confidentiality. The director shall issue program evaluation reports, favorable or unfavorable, of any state agency or other entity, and these reports are public records, except that, prior to the release of a program evaluation report pursuant to subsection 2 or the point at which a program evaluation is no longer being actively pursued, all papers, physical and electronic records and correspondence and other supporting materials comprising the working papers in the possession of the director or other entity charged with the preparation of a program evaluation report are confidential and exempt from disclosure pursuant to Title 1, chapter 13. All other records or materials in the possession of the director or other entity charged with the preparation of a program evaluation report under this chapter that would otherwise be confidential or exempt from disclosure are exempt from disclosure pursuant to the provisions of Title 1, chapter 13. Prior to the release of a program evaluation report pursuant to subsection 2 or the point at which a program evaluation is no longer being actively pursued, all papers, physical and electronic records and correspondence and other supporting materials comprising the working papers in the possession of the director or other entity charged with the preparation of a program evaluation report are confidential and may not be released or disclosed by the director to the Legislative Council or an agent or representative of the Legislative Council. This subsection may not be construed to prohibit or prevent public access to the records of a state agency or other entity in the possession of the director that would otherwise be subject to disclosure pursuant to the provisions of Title 1, chapter 13. The director shall refer requests for access to those records directly to the state agency or other entity that is the official custodian of the requested records, which shall respond to the request for public records.

4. Information available to office. Upon request of the office and consistent with the conditions and procedures set forth in this section, state agencies or other entities subject to program evaluation must provide the office access to information that is privileged or confidential as defined by Title 1, chapter 13, which governs public records and proceedings.

A. Before beginning a program evaluation under this chapter that may require access to records containing confidential or privileged information, the office shall furnish a written statement of its determination that it is necessary for the office to access such records and consult with representatives of the state agency or other entity to discuss methods of identifying and protecting privileged or confidential information in those records. During that consultation, the state agency or other entity shall inform the office of all standards and procedures set forth in its policies or agreements to protect information considered to be confidential or privileged. The office shall limit its access to information that is privileged or confidential by appropriate methods, which may include examining records without copying or removing them from the source.

B. Documentary or other information obtained by the office during the course of a program evaluation under this chapter is privileged or confidential to the same extent under law that that information would be privileged or confidential in the possession of the state agency or other entity providing the information. Any privilege or statutory provision, including penalties, concerning the confidentiality or obligation not to disclose information in the possession of a state agency or other entity or its officers or employees applies equally to the office. Privileged or confidential information obtained by the office during the course of a program evaluation may be disclosed only as provided by law and with the agreement of the state agency or other entity subject to the program evaluation that provided the information.

C. If the office accesses information classified as privileged or confidential pursuant to state agency or other entity policy or procedures or by agreement, the office shall comply with the state agency's or other entity's standards or procedures for handling that information. The office may include in its working papers the excerpts from information classified as confidential or privileged as may be necessary to complete the program evaluation under this chapter, as long as the use does not infringe on department policies or procedures applicable to the original provision of information.

5. Confidentiality of working papers. Except as provided in this subsection, working papers are confidential and may not be disclosed to any person. Prior to the release of the final program evaluation report, the director has sole discretion to disclose working papers to the state agency or other entity subject to the program evaluation when disclosure will not prejudice the program evaluation. After release of the final program evaluation report, working papers may be released as necessary to the state agency or other entity that was subject to the program evaluation under this chapter.

6. Confidential sources. If data supplied by an individual are needed to initiate, continue or complete a program evaluation under this chapter, the director may, by written memorandum to the file, provide that the individual's identity will remain confidential and exempt from disclosure under Title 1, chapter 13, and this written memorandum protects the identity of the person from disclosure under Title 1, chapter 13, notwithstanding any other provision of law to the contrary.

Appendix E: Suggested Legislation to Implement Legislative Review Process

**LEGISLATION TO IMPLEMENT THE PROPOSED PROCESS FOR ONGOING
LEGISLATIVE REVIEW OF TAX EXPENDITURES**

Pursuant to Resolves 2013, c. 115

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

Sec. 1. 3 MRSA §992, sub-§4-A is enacted to read:

4-A. Policy committee. “Policy committee” means the joint standing committee of the Legislature having jurisdiction over taxation matters.

Sec. 2. 3 MRSA §992, sub-§5 is amended to read:

5. Program evaluation. “Program evaluation” means an examination of any government program that includes performance audits, management analysis, inspections, operations, research or examinations of efficiency, effectiveness or economy or the evaluation of any tax expenditure required under this chapter.

Sec. 3. 3 MRSA §992, sub-§6-A is enacted to read:

6-A. Tax expenditure. “Tax expenditure” has the same meaning as under Title 5, section 1666.

Sec. 4. 3 MRSA §998 to 1000 are enacted to read:

§998. Process for review of tax expenditures

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

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

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

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

2. Schedule. By October 1, 2015, the committee, in consultation with the policy committee, shall establish a schedule of ongoing review of the tax expenditures assigned to the Full Evaluation and Expedited Review categories pursuant to subsection 1, paragraphs A and B. The schedule must provide for

review of each of these tax expenditure at least once every six years. To the extent practicable, the committee shall schedule the review of tax expenditures with similar goals during the same year.

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

4. Office responsibilities. The office shall maintain a current record of the review category assignments and the schedule.

§999. Full evaluation of tax expenditures

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

A. By January 31 of each year, the committee, after consideration of recommendations by the office, shall approve the following for each tax expenditure subject to full evaluation review in that year:

- (1) The purposes, intent or goals of the tax expenditure, as informed by original legislative intent as well as subsequent legislative and policy developments and changes in the state economy and fiscal condition;
- (2) The intended beneficiaries of the tax expenditure;
- (3) The evaluation objectives, which may include an assessment of:
 - (a) The fiscal impact of the tax expenditure, including past and estimated future impacts;
 - (b) The extent to which the design of the tax expenditure is effective to accomplish its purpose, intent or goals and consistent with best practices;
 - (c) The extent to which the tax expenditure is achieving its purpose, intent or goals;
 - (d) The extent to which those actually benefiting from the tax expenditure are the intended beneficiaries;
 - (e) The extent to which it is likely that the desired behavior might have occurred without the tax expenditure;

(f) The extent to which the State's administration of the tax expenditure, including enforcement efforts, is efficient and effective;

(g) The extent to which there are other state or federal tax expenditures, direct expenditures or other programs that have similar purpose, intent or goals as the tax expenditure, and the extent to which such similar initiatives are coordinated, complementary or duplicative;

(h) The extent to which the tax expenditure is a cost-effective use resources compared to other options for using the same resources or addressing the same purpose, intent or goals; and

(g) Any opportunities to improve the effectiveness of the tax expenditure in meeting its purpose, intent or goals.

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

Before final approval of items pursuant to this paragraph the committee shall seek and consider input from the policy committee and may seek input from experts.

2. Action by office; report. By December 31 of each year, beginning in 2016, the office shall complete the tax expenditure evaluations scheduled for that year and submit a report on the results to the committee and the policy committee. For each tax expenditure evaluated, the report must include conclusions regarding the extent to which the tax expenditure is meeting its purposes, intent or goals, and may include recommendations for continuation, repeal or modification of the tax expenditure to improve its performance.

3. Action by committee. The committee shall review the report submitted by the office under subsection 2, assess the report's objectivity and credibility and vote whether to endorse the report. By June 1 of each year, beginning in 2017, the committee shall submit a record of the vote on the report and any comments or recommended actions of the committee to the policy committee for its review and consideration.

4. Action by policy committee. The policy committee shall review the results of the tax expenditure evaluation and of the committee's review based on materials submitted under subsection 3. By December 1 of each year beginning in 2017, the policy committee shall submit to the Legislature a report documenting its activities and any recommendations resulting from its review of the materials submitted under subsection 3. The policy committee may submit a bill to the next regular session of the Legislature to implement its recommendations.

§1000. Expedited review of tax expenditures

1. Expedited review process. Beginning July 1, 2016, the policy committee shall conduct expedited reviews of tax expenditures and associated tax policies identified under section 998, subsection 1, paragraph B, in accordance with the schedule established in section 998, subsection 2.

A. For each tax policy subject to review, the policy committee shall assess the continued relevance, or need for adjustments to, the policy, considering:

- (1) the reasons the tax policy was adopted;
- (2) the extent to which the reasons for the adoption still remain or whether the tax policy should be reconsidered;
- (3) the extent to which the tax policy is consistent or inconsistent with other state goals; and
- (4) the fiscal impact of the tax policy including past and estimated future impacts.

B. For each individual tax expenditures related to the tax policy under review, the policy committee shall assess the continued relevance of, or need for adjustments to, the expenditure, considering:

- (1) the fiscal impact of the tax expenditure including past and estimated future impacts;
- (2) the administrative costs and burdens associated with the tax expenditure;
- (3) the extent to which the individual tax expenditure is consistent with the broad tax policy and with the other tax expenditures established in connection with the policy;
- (4) the extent to which the design of each tax expenditure is effective to accomplish its tax policy purpose;
- (5) the extent to which there are adequate mechanisms, including enforcement efforts, to ensure only intended beneficiaries are receiving benefits and that beneficiaries are compliant with any requirements;
- (6) the extent to which the reasons for establishing the tax expenditure still remain or whether the need for it should be reconsidered; and
- (7) whether there are other reasons to consider discontinuing or amending a specific tax expenditure.

2. Action by the office. By July 1 of each year beginning in 2016, the office shall collect, prepare and submit to the policy committee the following information to support the expedited reviews pursuant to subsection 1:

A. A description of the tax policy under review;

B. Summary information on each tax expenditure associated with the tax policy under review, including:

- (1) A description of the tax expenditure and the mechanism through which the tax benefit is distributed;
- (2) The intended beneficiaries; and
- (3) A legislative history; and

C. The fiscal impact of the tax policy and each related tax expenditure, including past and estimated future impacts.

2. Report by policy committee; legislation. By December 1 of each year beginning in 2016, the policy committee shall submit to the Legislature a report on the results of the expedited reviews conducted that year. The policy committee may submit legislation related to the report to the next regular session of the Legislature to implement its recommendations.

§1001. Additional powers. In addition to the authorities granted to the office and committee elsewhere in this chapter, the following provisions apply when carrying out responsibilities under sections 999 and 1000.

A. The office, the committee or the policy committee may request research, analysis and data from the Department of Administrative and Financial Services, Maine Revenue Services, the Department of Economic and Community Development, the Department of Labor or other sources, as needed, to complete the reviews required under this section.

B. The Department of Administrative and Financial Services, Maine Revenue Services, the Department of Economic and Community Development and the Department of Labor shall provide any confidential information requested to the office as long as the office maintains the confidentiality of the materials as provided in section 997 and the confidentiality requirements pertaining to the agency supplying the information. This paragraph does not apply to federal tax information that is confidential under Title 36, section 191, subsection 3.

C. The office, the committee or the policy committee may consult with any governmental agencies, contract with external entities and consult experts, including members of the Maine Consensus Economic Forecasting Commission.

D. The committee may submit to any Regular Session of the Legislature legislation it considers necessary to improve the process or availability of data for review of tax expenditures.

Sec. 5. 5 MRSA §1666 is amended to read:

§1666. REVIEW AND REVISION OF ESTIMATES

The Governor-elect or the Governor, with the assistance of the State Budget Officer, shall review the budget estimates, altering, revising, increasing or decreasing the items of the estimates as may be determined necessary in view of the needs of the various departments and agencies and the total anticipated income of the State Government during the ensuing biennium. This review must cover all budgets regardless of source of funds, including, but not limited to, budgets related to the Highway Fund, the Federal Revenue Sharing Fund and other special revenue funds. The State Budget Officer, at the direction of the Governor-elect or the Governor shall then prepare a state budget document in the form required by law. The Governor-elect or the Governor is fully responsible for all budgetary recommendations made to the Legislature. The Governor shall transmit the budget document to the Legislature not later than the Friday following the first Monday in January of the first regular legislative session. At that time the Governor shall also transmit any emergency bills that authorize additional appropriations or allocations in the current fiscal year that the Governor may wish to propose. A Governor-elect elected to a first term of office shall transmit the budget document to the Legislature not later than the Friday following the first Monday in February of the first regular legislative session. At that time the Governor-elect shall also transmit any emergency bills that authorize additional appropriations or allocations in the current fiscal year that the Governor may wish to propose. [2005, c. 601, §4 (AMD).]

The Governor, when submitting the budget to the Legislature, shall submit the budget document and the General Fund and Highway Fund bills in a manner that identifies the gross amount of resources for each program. The gross unified budget bills and budget document encompass resources from the General Fund, Highway Fund, Federal Expenditures Fund, Federal Block Grant Fund, Other Special Revenue Funds, internal service funds and enterprise funds. Separate gross unified budget bills must be submitted for the General Fund and the Highway Fund. All funds except trust and agency funds, bond funds and costs of goods sold expenditures in internal service funds and enterprise funds are subject to legislative allocation. All programs with Highway Fund allocations and all internal service funds, enterprise funds and Other Special Revenue Funds accounts of the Department of Transportation and the TransCap Trust Fund in the Maine Municipal Bond Bank are subject to legislative allocations and are presented for informational purposes only in the budget document and General Fund budget bills unless a separate Highway Fund budget is not enacted. [2007, c. 538, Pt. K, §1 (AMD).]

A budget document transmitted by the Governor or Governor-elect must include a part that asks the Legislature whether it wishes to continue funding each individual tax expenditure provided in the statutes. For purposes of this paragraph, "tax expenditures" means those state tax revenue losses attributable to provisions of Maine tax laws that allow a special exclusion, exemption or deduction or provide a special credit, a preferential rate of tax or a deferral of tax liability. The part must include for each tax expenditure a statutory section reference, a brief description of each tax expenditure and the loss of revenue estimated to be incurred by funding source and fiscal year. ~~This paragraph applies with respect to the preparation of the budget document for the 2008-2009 biennium and thereafter.~~ The joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs shall consider any reports regarding the evaluation of tax expenditures completed during the previous 2 years pursuant to Title 3, sections 999 and 1000 and shall hold at least one public hearing to receive public comment regarding those tax expenditures when reviewing the continuation of tax expenditures pursuant to this section. [2007, c. 1, Pt. P, §2 (AMD).]

The Department of Public Safety, Bureau of State Police shall annually identify and quantify the activities of the Department of Public Safety, Bureau of State Police that may be eligible for funding from

the Highway Fund pursuant to the Constitution of Maine, Article IX, Section 19. Starting March 1, 2018 and every 4 years thereafter, the Department of Public Safety, Bureau of State Police shall report the average annual percentage for the previous 4 years of activities eligible for funding from the Highway Fund pursuant to the Constitution of Maine, Article IX, Section 19 to the Governor, the joint standing committee of the Legislature having jurisdiction over transportation matters and the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs. The Governor or Governor-elect shall use such reports as a guide in developing budgets for the Department of Public Safety, Bureau of State Police. [2013, c. 354, Pt. F, §2 (AMD).]

Sec. 6. 36 MRSA, §191, SUB-§2, ¶ZZ is enacted to read:

ZZ. The disclosure by the state tax assessor or the associate commissioner of tax policy to a program review office of the legislature or its consultant of information requested pursuant to Title 3, chapter 37.

Summary

This bill establishes a process for six year cycle of ongoing legislative review of tax expenditures.

Appendix F: Examples of Performance Measures in Other States Evaluations

EXAMPLE #1 – JOB CREATION BUSINESS INCENTIVE

The Report

Nebraska Department of Revenue: An Examination of Nebraska Advantage Tax Incentive Programs (2013),
Nebraska Legislative Performance Audit Committee

Full report available online: http://nebraskalegislature.gov/pdf/reports/audit/tax_2013.pdf

The Program

The Advantage Act

A multi-benefit tax expenditure program that allows qualified businesses to receive:

- refunds of sales and use taxes;
- property tax exemptions;
- credits to offset payroll withholding taxes, income taxes, and more.

Program Intent: To encourage new business to locate in Nebraska, retain existing businesses and aid their expansion, promote creation and retention of new jobs, and attract and retain investment capital. (The report noted this intent was too vague to support a solid evaluation.)

The Data

Some examples of the types of data Nebraska reported:

Metrics	Actual Data Reported
Total \$ amount of benefits received from 2008 to 2011, by type of tax reduction	\$101 million in total benefits: \$86 million in credits and refunds estimated; \$15 million in property tax exemptions estimated
Total # of businesses benefitting from 2008 to 2011	33 businesses
Total # new jobs attributable to the program (with % of total) for FY10-11 (includes jobs directly and indirectly attributed to the program via an economic modeling tool)	373 new jobs estimated; representing 23.5% of all new jobs created that year
Cost per job estimate #1 Calculation used: [Total \$ benefits used / Total # new jobs estimated to the program] (excludes benefits that may have been “earned” but not yet used and had no job creation associated with them to date)	\$42,747 per job created
Cost per job estimate #2 Calculation used: [Total \$ all benefits earned / Total # new jobs estimated to the program] (excludes property tax exemption benefits because only a few businesses used them)	\$234,568 per job created
% of Business recipients in manufacturing industry	57% of recipients are in the manufacturing industry 43% are in non-manufacturing industries

EXAMPLE #2 – TARGETED TAX RELIEF (NON-BUSINESS)

The Report

Michigan Earned Income Tax Credit: Tax Year 2011,

Office of Revenue and Tax Analysis, Michigan Department of Treasury

Full report available online: https://www.michigan.gov/documents/treasury/2011EITCReport_409134_7.pdf

The Program

The Michigan Earned Income Tax Credit (EITC)

A refundable income tax credit equal to 20% of a taxpayer’s federal EITC, available to low-income filers (credit reduced to 6% after tax year 2011).

Program Intent: The report does not include any specific goals or intent for this program, but does discuss the program’s ability to lift low-income working families out of poverty.

The Data

Some examples of the types of data Michigan reported:

Metrics	Actual Data Reported (all for tax year 2011)
# Taxpayers claiming Michigan EITC	793,200 taxpayers
Total \$ EITC claimed	\$353.7 million
Average EITC \$ claimed	\$446 per claimant
Average AGI of all claimants	\$16,848 per claimant
Average AGI of claimants with AGI >\$0	\$17,364 per claimant
EITC as a % of average AGI for claimants with AGI >\$0	2.6% of AGI
% EITC claimants with at least 1 dependent child under the age of 18	70% of claimants
Average \$ credit for taxpayers who do not claim a child exemption	\$128 per claimant
# of Claimants below poverty guidelines based on their AGI alone (without the addition of federal or Michigan EITCs)	443,740 claimants
# of Claimants moving above poverty guidelines due to the impact of the federal EITC on their income	91,670 claimants
# of Additional claimants moving above poverty guidelines due to the combined impact of the federal and Michigan EITCs	22,240 additional claimants
Total # claimants moved above poverty guidelines due to federal and Michigan EITCs	113,900 claimants
% of Claimants moved above poverty guidelines due to federal and Michigan EITCs	Approximately 25%

Appendix G: Tax Expenditures Classification

Prepared by the Office of Program Evaluation and Government Accountability

ID #	Rationale	Review Category	Tax Type	Expenditure Type	Expenditure Program Name	Brief Description	FY15 Revenue Loss (estimate)*	Statutory Cite: Title 36
1	Business Incentive	A	Income	Credit	High-Technology Investment Tax Credit	Tax credit for costs of eligible equipment used in certain high technology activities, including the design and production of computer software and equipment, and the provision of Internet and telecommunications services, with limitations. Five year carry forward.	\$1,000,000	5219-M
2	Business Incentive	A	Income	Credit	Jobs and Investment Tax Credit	Tax credit for qualified investment of at least \$5,000,000 in property within the State and creation of at least 100 new jobs (with a designated level of wages, health and retirement benefits), with limitations.	C	5215
3	Business Incentive	A	Income	Credit	New Markets Capital Investment Credit	Tax credits of up to 39% of a project's total cost for qualified equity investments in low-income community businesses made via a community development entity, with limitations.	\$5,600,000	5219-HH
4	Business Incentive	A	Sales & Use Income	Credit, Exemption, Reimbursement	Pine Tree Development Zones -Income Tax Credit, Sales Tax Exemption (Electricity & Tangible Personal Property), and Sales & Use Tax Reimbursement (Certain Tangible Personal Property)	Reimbursement of sales & use taxes on certain tangible personal property; exemption from sales taxes on tangible personal property and electricity; and credits for qualified businesses that expand or begin operations in the State (100% of Maine income tax liability is waived for the first 5 years, and 50% for years 6 to 10). Ends in 2028/2029.	E \$2016 \$1760.87 \$5219-W	
5	Business Incentive	A	Income	Credit	Research Expense Tax Credit	Tax credit for qualified research expenses associated with certain technological and experimental research, with limitations. 15 year carry forward.	\$850,000	5219-K
6	Business Incentive	A	Income	Credit	Seed Capital Investment Tax Credit	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.	\$1,653,000	5216-B
7	Business Incentive	A	Income	Credit	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.	B	5219-Y, 6902
8	Business Incentive	A	Income	Credit	Credit for Rehabilitation of Historic Properties	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.	\$7,900,000	5219-BB
9	Business Incentive	A	Income	Reimbursement	Employment Tax Increment Financing	Reimbursement to certain businesses of income tax attributed to qualified employees (those receiving a designated level of wages, health and retirement benefits), subject to limitations including unemployment rates in the area; ends in 2028.	\$10,599,000 (includes JTIF)	Chapter 917
10	Business Incentive	A	Income	Reimbursement	Job Increment Financing Fund - Brunswick Naval Air Station	Reimbursement to SMCC and MRRA of income tax attributed to qualified employees (those receiving a designated level of wages, health and retirement benefits) at businesses in the Brunswick Naval Air Station Area.	Included in ETIF total	5 MRSA \$13083 S-1 (not in Title 36)
11	Business Incentive	A	Property	Reimbursement	Reimbursement For Business Equipment Tax Exemption to Municipalities (BETE)	Reimbursement to municipalities of revenue losses, with limitations, due to the property tax exemption for qualified business equipment.	\$27,103,362	Chapter 105, subc. 4-C
12	Business Incentive	A	Property	Reimbursement	Reimbursement for Taxes Paid on Certain Business Property (BETR)	Reimbursement of property tax paid on qualified business property, with limitations. FY15 tax loss shows a decrease from prior years resulting from recently enacted legislation.	\$31,080,000	Chapter 915

*FY15 Revenue Loss Estimate Coded: A=\$0-49,000; B=\$50,000-149,000; C=\$250,000-999,000; D=\$1,000,000-2,999,999; E=\$3,000,000-5,999,999; F=\$6,000,000 or more.

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13	Business Incentive	A	Sales & Use	Exemption	New Machinery for Experimental Research	Tax exemption on sales of machinery and equipment for certain research and development activities, and for biotechnology research.	B	1760.32
14	Business Incentive	C	Income	Credit	Biofuel Commercial Production and Commercial Use	Tax credit on income derived from biofuel production; equal to 5 cents per gallon of biofuel.	A	5219-X
15	Business Incentive	C	Income	Credit	Super Credit for Substantially Increased Research & Development	Additional tax credit for taxpayers qualifying for the Research Expense Tax Credit (#6) with expenses beyond what is covered under that credit, with certain limitations. Beginning in tax year 2014, except for carry forward amounts this is no longer an active tax credit. Allowable carry forward period is 10 years.	\$2,055,800	5219-L
16	Business Incentive	C	Income	Credit	Maine Fishery Infrastructure Investment Tax Credit	Tax credit for up to 50% of investment in eligible fishery infrastructure projects to benefit the public; requires tax credit certificate from the Department of Inland Fisheries and Wildlife. Per IF&W, credit has not yet been used.	\$135,000	5216-D
17	Business Incentive	C	Income	Credit	Shipbuilding Facility Credit	Tax credit against withholding taxes for owners of shipbuilding facilities with at least 6,500 employees, who invest at least \$200,000,000 related to construction, improvement, modernization or expansion of a 10 acre facility, with limitations.	\$2,968,750	Chapter 919
18	Business Incentive	C	Income	Deduction	Deduction for Contributions to Capital Construction Funds	Deduction for contributions to a capital construction fund for maintenance or replacement of fishing vessels.	A	5122.2.I
19	Non-Business Incentive	A	Income	Credit	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.	\$5,210,000	5217-D
20	Non-Business Incentive	A	Income	Credit	Credit for Wellness Programs	Tax credit to employers with 20 or fewer employees for expenditures on wellness programs up to \$2,000.	\$318,000	5219-FF
21	Non-Business Incentive	A	Income	Credit	Earned Income Credit	Tax credit equal to 4% 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.	\$937,000	5219-S
22	Non-Business Incentive	A	Income	Deduction	Deduction For Contributions To IRC 529 Qualified Tuition Plans	Deduction for contributions to qualified tuition programs under Section 529 of the Internal Revenue Code (529 plans) up to \$250 per beneficiary, with income limitations.	\$257,000	5122.2.Y
23	Non-Business Incentive	A	Income	Deduction	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.	\$120,000	5122.2.N
24	Non-Business Incentive	A	Income	Deduction	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.	\$320,000	5200-A.2.A, 5200-A.2.K
25	Non-Business Incentive	A	Income	Deduction	Deduction for Premiums Paid for Long-Term Health Care Insurance	Deduction for premiums spent for qualified long-term care insurance contracts.	\$2,001,000	5122.2.L, 5122.2.T
26	Non-Business Incentive	C	Income	Credit	Credit for Contributions to Family Development Account Reserve Funds	Tax credit for eligible individuals who contribute to family development accounts, with limitations; these are savings accounts for education, job training, home expenses and other basic necessities.	A	5216-C

*FY15 Revenue Loss Estimate Coded: A=\$0-49,000; B=\$50,000-149,000; C=\$250,000-999,000; D=\$1,000,000-2,999,999; E=\$3,000,000-5,999,999; F=\$6,000,000 or more.

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ID #	Rationale	Review Category	Tax Type	Expenditure Type	Expenditure Program Name	Brief Description	FY15 Revenue Loss (estimate)*	Statutory Cite: Title 36
27	Non-Business Incentive	C	Income	Credit	Dental Care Access Credit	Tax credit (not to exceed \$12,000 or \$15,000) for a limited number of licensed dentists (five or six) per year who agree to practice in underserved areas of the State for at least 5 years and are certified eligible by the State's Oral Health Program; credit ends in 2020, with certification ending in 2015.	\$162,000	5219-DD
28	Non-Business Incentive	C	Income	Credit	Innovation Finance Credit	Refundable tax credit available to the Maine Public Employees Retirement System for capital losses sustained in the Innovation Finance Program administered by the Finance Authority of Maine, which encourages investment in venture capital funds for innovative Maine businesses. Ends in 2029. Per FAME, this has never been utilized.	up to \$4,000,000	5219-EE
29	Non-Business Incentive	C	Income	Deduction	Deduction for Affordable Housing	Deduction for income resulting from sale of certified multifamily affordable housing properties. Per MaineHousing, this has been used only three times since its enactment.	D	5122.2.Z
30	Non-Business Incentive	C	Income	Credit	Credit for Dependent Health Benefits Paid	Tax credit for employers with <5 employees for a portion of dependent health benefits paid for low-income employees under a health benefit plan, with limitations.	A	5219-O
31	Non-Business Incentive	C	Income	Credit	Credit for Employer-Assisted Day Care	Tax credit to employers for a portion of their costs to provide day care services to employees.	A	5217
32	Non-Business Incentive	C	Income	Credit	Credit for Employer-Provided Long-Term Care Benefits	Tax credit to employers for a portion of their costs to provide long-term care insurance to employees.	A	5217-C
33	Non-Business Incentive	C	Income	Credit	Forest Management Planning Income Credits	Tax credit for the cost of developing a forest management and harvest plan for forest land over 10 acres every 10 years; maximum of \$200.	\$70,000	5219-C
34	Non-Business Incentive	C	Income	Credit	Quality Child Care Investment Credit	Tax credit for individual or corporate investment in providing quality child care services, with limitations.	A	5219-Q
35	Non-Business Incentive	C	Income	Credit	Primary Care Access Credit	Tax credit for outstanding student loans available to a limited number of primary care medical professionals who agree to practice in underserved areas of the state for at least 5 years, with limitations.	\$22,230	5219-KK
36	Non-Business Incentive	C	Income	Deduction	Deduction for Dentists with Military Pensions	Deduction for military pension benefits received by licensed dentists who work at least 20 hours per week and accept MaineCare patients.	A	5122.2.BB
37	Tax Relief	A	Income	Credit	Income Tax Credit for Child 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. Maximum of \$500.	\$3,972,000	5218
38	Tax Relief	A	Income	Deduction	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.	\$30,300,000	5122.2.M
39	Tax Relief	A	Income	Deduction	Deduction for Social Security Benefits Taxable at Federal Level	Deduction for social security benefits and railroad retirement benefits.	\$57,500,650	5122.2.C
40	Tax Relief	A	Property	Credit	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.	\$34,505,000	5219-KK

*FY15 Revenue Loss Estimate Coded: A=\$0-49,000; B=\$50,000-149,000; C=\$250,000-999,000; D=\$1,000,000-2,999,999; E=\$3,000,000-5,999,999; F=\$6,000,000 or more.

Appendix G: Tax Expenditures Classification

ID #	Rationale	Review Category	Tax Type	Expenditure Type	Expenditure Program Name	Brief Description	FY15 Revenue Loss (estimate)*	Statutory Cite: Title 36
41	Tax Relief	A	Sales & Use	Exemption	Railroad Track Materials	Tax exemption on sales of railroad track materials for installation on railroad lines within the State.	\$361,000	1760.52
42	Tax Relief	A	Sales & Use	Refund	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.	\$79,800	2020
43	Tax Relief	A	Service Provider	Exemption	Basic Cable & Satellite Television Service	Tax exemption on the sale of the minimum service that can be purchased from a cable or satellite television supplier.	\$4,455,500	2551.2
44	Tax Relief	A	Service Provider	Exemption	Certain Telecommunications Services	Tax exemption on sales of interstate and international telecommunications services.	\$10,678,000	2557.33, 2557.34
45	Tax Relief	C	Income	Credit	Retirement and Disability Credit	Partial tax credit (20%) of the allowable federal tax credit for those retired on disability or 65 and older with income below \$17,500 (single) or \$25,000 (married).	\$5,000	5219-A
46	Tax Relief	C	Income	Deduction	Deduction for Holocaust Victim Settlement Payments	Deduction for settlement payments received by Holocaust victims.	A	5122.2.O
47	Charitable	B	Sales & Use	Exemption	Construction Contracts with Exempt Organizations	Tax exemption on sales of tangible personal property to contractors for incorporation in real property for sale to any sales tax exempt organization or government agency.	D	1760.61
48	Charitable	B	Service Provider	Exemption	Construction contracts with Exempt Organizations	Tax exemption on sales of fabrication services to contractors for incorporation in real property for sale to any sales tax exempt organization or government agency.	C	2557.31
49	Charitable	B	Sales & Use	Exemption	Sales of Certain Qualified Snowmobile Trail Grooming Equipment	Tax exemption on sales of snowmobile trail grooming equipment to incorporated snowmobile clubs.	\$81,236	1760.90
50	Charitable	B	Other	Exemption	State and Local Government Exemption from the Gasoline Tax	Gasoline Tax exemption for sales to the State or any political subdivision of the State. (Highway Fund)	\$1,957,126	2903.4.C
51	Charitable	B	Other	Exemption	State & Local Government Exemption from the Special Fuel Tax	Special Fuel Tax exemption for sales to the State or any political subdivision of the State. (Highway Fund)	\$2,316,821	3204-A.3
52	Charitable	B	Sales & Use	Exemption	Meals for Residents of Certain Nonprofit Congregate Housing Facilities	Tax exemption on sales of meals to residents of nonprofit church-affiliated congregate housing facilities for the lower-income elderly.	A	1760.6.D
53	Charitable	B	Sales & Use	Exemption	Certain Sales by an Auxiliary Organization of the American Legion	Tax exemption on sales of meals and related items and services by a nonprofit auxiliary organization of the American Legion in connection with a fundraising event, under specified conditions.	B	1760.85
54	Charitable	B	Sales & Use	Exemption	Sales to the State & Political Subdivisions	Tax exemption on sales to the State or federal government or to any political subdivision, agency, or instrumentality of them.	\$171,745,988	1760.2
55	Charitable	B	Sales & Use	Exemption	Meals Served by Public or Private Schools	Tax exemption on sales of meals served by schools and school organizations to students and teachers.	\$11,331,579	1760.6.A
56	Charitable	B	Sales & Use	Exemption	Providing Meals for the Elderly	Tax exemption on sales of meals to nonprofit area agencies on aging to provide meals to the elderly.	\$328,063	1760.6.C
57	Charitable	B	Sales & Use	Exemption	Meals Served by Youth Camps Licensed by DHHS	Tax exemption on sales of meals served by state-licensed youth camps.	C	1760.6.F
58	Charitable	B	Sales & Use	Exemption	Meals Served by a Retirement Facility to its Residents	Tax exemption on sales of meals served by a retirement facility to its residents under specified conditions.	\$570,950	1760.6.G

*FY15 Revenue Loss Estimate Coded: A=\$0-49,000; B=\$50,000-149,000; C=\$250,000-999,000; D=\$1,000,000-2,999,999; E=\$3,000,000-5,999,999; F=\$6,000,000 or more.

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ID #	Rationale	Review Category	Tax Type	Expenditure Type	Expenditure Program Name	Brief Description	FY15 Revenue Loss (estimate)*	Statutory Cite: Title 36
59	Charitable	B	Sales & Use	Exemption	Sales to Hospitals, Research Centers, Churches and Schools	Tax exemption on sales to schools, churches, hospitals, certain nonprofit health and human service organizations, certain research organizations, and educational television and radio stations.	F	1760.16
60	Charitable	B	Sales & Use	Exemption	Sales to Certain Nonprofit Residential Child Caring Institutions	Tax exemption on sales to State-licensed private nonprofit residential child caring institutions.	B	1760.18-A
61	Charitable	B	Sales & Use	Exemption	Rental of Living Quarters at Schools	Tax exemption on rental charges for living quarters required for attendance at a school.	E	1760.19
62	Charitable	B	Sales & Use	Exemption	Sales to Ambulance Services & Fire Departments	Tax exemption on sales to nonprofit fire departments, ambulance services, and air ambulance services.	C	1760.26
63	Charitable	B	Sales & Use	Exemption	Sales to Comm. Mental Health, Substance Abuse & Mental Retardation Facilities	Tax exemption on sales to community mental health, adult developmental services and substance abuse services facilities.	B	1760.28
64	Charitable	B	Sales & Use	Exemption	Sales to Historical Societies & Museums	Tax exemption on sales to certain nonprofit memorial foundations, historical societies, and museums.	B	1760.42
65	Charitable	B	Sales & Use	Exemption	Sales to Day Care Centers & Nursery Schools	Tax exemption on sales to licensed nonprofit nursery schools and day care centers.	B	1760.43
66	Charitable	B	Sales & Use	Exemption	Sales to Emergency Shelters & Feeding Organizations	Tax exemption on sales to nonprofit organizations providing free temporary emergency shelter or food to underprivileged individuals.	B	1760.47-A
67	Charitable	B	Sales & Use	Exemption	Sales to Comm. Action Agencies; Child Abuse Councils; Child Advocacy Orgs.	Sales to nonprofit child abuse and neglect prevention councils, certain child advocacy organizations and community action agencies.	C	1760.49
68	Charitable	B	Sales & Use	Exemption	Sales to any Nonprofit Free Libraries	Tax exemption on sales to nonprofit government-funded free public lending libraries, and sales by the library or a nonprofit established to support the library.	B	1760.50
69	Charitable	B	Sales & Use	Exemption	Sales to Nonprofit Youth Athletic & Scouting Organizations	Tax exemption on sales to nonprofit youth organizations whose primary purpose is to provide athletic instruction, and nonprofit scouting organizations.	C	1760.56
70	Charitable	B	Sales & Use	Exemption	Sales by Schools & School-Sponsored Organizations	Tax exemption on sales by schools and school organizations, provided that sales benefit the school, organization, or a charitable purpose.	C	1760.64
71	Charitable	B	Sales & Use	Exemption	Sales to Nonprofit Home Construction Organizations	Tax exemption on sales to nonprofit organizations that construct low-cost housing for low-income people.	B	1760.67
72	Charitable	B	Sales & Use	Exemption	Sales to Nonprofit Housing Development Organizations	Tax exemption on sales to nonprofit organizations whose primary purpose is developing housing for low-income people.	B	1760.72
73	Charitable	B	Sales & Use	Exemption	Returned Merchandise Donated to Charity	Tax exemption on donations of returned merchandise by a retailer to a charitable organization exempt from federal income tax under 501(c)(3).	B	1863
74	Charitable	B	Sales & Use	Exemption	Merchandise Donated from a Retailer's Inventory to Exempt Organizations	Tax exemption on donations of merchandise from inventory by a retailer to an organization exempt from Maine sales tax.	B	1864
75	Charitable	B	Sales & Use	Exemption	Free Publications	Tax exemption on sales of publications purchased for distribution free of charge and sales of printed materials for inclusion in such publications.	\$1,797,609	1760(14-A)

*FY15 Revenue Loss Estimate Coded: A=\$0-49,000; B=\$50,000-149,000; C=\$250,000-999,000; D=\$1,000,000-2,999,999; E=\$3,000,000-5,999,999; F=\$6,000,000 or more.

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ID #	Rationale	Review Category	Tax Type	Expenditure Type	Expenditure Program Name	Brief Description	FY15 Revenue Loss (estimate)*	Statutory Cite: Title 36
76	Charitable	B	Service Provider	Exemption	Sales to the State & Political Subdivisions	Tax exemption on sales to the State or federal government or to any political subdivision, agency, or instrumentality of them.	D	2557.2
77	Charitable	B	Service Provider	Exemption	Sales to Hospitals, Research Centers, Churches and Schools	Tax exemption on sales to schools, churches, hospitals, certain incorporated nonprofit health and human service organizations, certain research organizations, and educational television and radio stations.	C	2557.3
78	Charitable	B	Service Provider	Exemption	Sales to Comm. Action Agencies; Child Abuse Councils; Child Advocacy Orgs.	Tax exemption on sales to nonprofit child abuse and neglect prevention councils, certain child advocacy organizations and community action agencies.	B	2557.13
79	Charitable	B	Service Provider	Exemption	Sales to Nonprofit Youth & Scouting Organizations	Tax exemption on sales to nonprofit youth organizations whose primary purpose is to provide athletic instruction, and nonprofit scouting organizations.	B	2557.18
80	Charitable	C	Sales & Use	Exemption	Automobiles Used in Driver Education Programs	Tax exemption on automobile sales to automobile dealers to equip and provide them to schools for driver education programs.	A	1760.21
81	Charitable	C	Sales & Use	Exemption	Automobiles Sold to Certain Disabled Veterans	Tax exemption on sales of automobiles to certain amputee and blind veterans.	A	1760.22
82	Charitable	C	Sales & Use	Exemption	Goods & Services for Seeing Eye Dogs	Tax exemption on sales of tangible personal property and taxable services for the care and maintenance of seeing eye dogs to aid any	A	1760.35
83	Charitable	C	Sales & Use	Exemption	Sales to Regional Planning Agencies	Tax exemption on sales to regional planning commissions and councils of government.	A	1760.37
84	Charitable	C	Sales & Use	Exemption	Sales to Church Affiliated Residential Homes	Tax exemption on sales to church affiliated nonprofit organizations operating a residential home for adults under charter by the Legislature.	A	1760.44
85	Charitable	C	Sales & Use	Exemption	Sales to Organ. that Provide Residential Facilities for Med. Patients	Tax exemption on sales to nonprofit organizations providing temporary residential accommodations to medical patients and their families.	A	1760.46
86	Charitable	C	Sales & Use	Exemption	Sales to Veterans' Memorial Cemetery Associations	Tax exemption on sales to nonprofit Veterans' Memorial Cemetery Associations.	A	1760.51
87	Charitable	C	Sales & Use	Exemption	Sales to Nonprofit Rescue Operations	Tax exemption on sales to nonprofit volunteer search and rescue	A	1760.53
88	Charitable	C	Sales & Use	Exemption	Sales to Hospice Organizations	Tax exemption on sales to nonprofit hospice organizations.	A	1760.55
89	Charitable	C	Sales & Use	Exemption	Self-Help Literature on Alcoholism	Tax exemption on sales of self-help literature on alcoholism to alcoholics anonymous groups.	A	1760.57
90	Charitable	C	Sales & Use	Exemption	Portable Classrooms	Tax exemption on sales of tangible personal property to become part of a portable classroom for lease to a school.	A	1760.58
91	Charitable	C	Sales & Use	Exemption	Sales to Certain Nonprofit Educational Orgs.	Tax exemption on sales to State-funded nonprofit educational organizations providing decision making programs about drugs, alcohol and relationships at residential youth camps.	A	1760.59
92	Charitable	C	Sales & Use	Exemption	Sales to Nonprofit Animal Shelters	Tax exemption on sales to nonprofit animal shelters of tangible personal property used in the operation and maintenance of the shelter and animal care.	A	1760.60
93	Charitable	C	Sales & Use	Exemption	Sales to Certain Charitable Suppliers of Medical Equipment	Tax exemption on sales to nonprofit charitable organizations that lend medical supplies and equipment free of charge.	A	1760.62

*FY15 Revenue Loss Estimate Coded: A=\$0-49,000; B=\$50,000-149,000; C=\$250,000-999,000; D=\$1,000,000-2,999,999; E=\$3,000,000-5,999,999; F=\$6,000,000 or more.

Appendix G: Tax Expenditures Classification

Prepared by the Office of Program Evaluation and Government Accountability

ID #	Rationale	Review Category	Tax Type	Expenditure Type	Expenditure Program Name	Brief Description	FY15 Revenue Loss (estimate)*	Statutory Cite: Title 36
94	Charitable	C	Sales & Use	Exemption	Sales to Orgs that Fulfill the Wishes of Children with Life-Threatening Diseases	Tax exemption on sales to nonprofit organizations whose sole purpose is to fulfill the wishes of children with life-threatening diseases.	A	1760.63
95	Charitable	C	Sales & Use	Exemption	Sales to Monasteries and Convents	Tax exemption on sales of tangible personal property to nonprofit monasteries and convents for use in their operation and maintenance.	A	1760.65
96	Charitable	C	Sales & Use	Exemption	Sales to Providers of Certain Support Systems for Single-Parent Families	Tax exemption on sales to nonprofit organizations providing support systems for single-parent families.	A	1760.66
97	Charitable	C	Sales & Use	Exemption	Sales to Orgs that Create & Maintain a Registry of Vietnam Veterans	Tax exemption on sales to nonprofit organizations whose sole purpose is to maintain a registry of Vietnam veterans.	A	1760.69
98	Charitable	C	Sales & Use	Exemption	Sales to Orgs that Provide Certain Services for Hearing-Impaired Persons	Tax exemption on sales to nonprofit organizations whose primary purpose is to promote understanding of hearing impairment and assist hearing-impaired persons.	A	1760.70
99	Charitable	C	Sales & Use	Exemption	Sales to Eye Banks	Tax exemption on sales to nonprofit organizations whose primary purpose is to medically evaluate and distribute eyes for transplantation, research, and education.	A	1760.77
100	Charitable	C	Sales & Use	Exemption	Adaptive Equipment for Handicapped Vehicles	Tax exemption on sales of adaptive equipment used to make a motor vehicle operable or accessible by a person with a disability.	\$59,337	1760(95)
101	Charitable	C	Service Provider	Exemption	Sales to Certain Nonprofit Residential Child Care Institutions	Tax exemption on sales to State-licensed private nonprofit residential child caring institutions.	A	2557.4
102	Charitable	C	Service Provider	Exemption	Sales to Ambulance Services & Fire Departments	Tax exemption on sales to nonprofit fire departments, ambulance services and air ambulance services.	A	2557.5
103	Charitable	C	Service Provider	Exemption	Sales to Comm. Mental Health, Substance Abuse & Mental Retardation Facilities	Tax exemption on sales to community mental health, adult developmental services and substance abuse services facilities.	A	2557.6
104	Charitable	C	Service Provider	Exemption	Sales to Regional Planning Agencies	Tax exemption on sales to Regional Planning Commissions and Councils of Government.	A	2557.7
105	Charitable	C	Service Provider	Exemption	Sales to Historical Societies & Museums	Tax exemption on sales to certain nonprofit memorial foundations, historical societies, and museums.	A	2557.8
106	Charitable	C	Service Provider	Exemption	Sales to Day Care Centers & Nursery Schools	Tax exemption on sales to licensed nonprofit nursery schools and day care centers.	A	2557.9
107	Charitable	C	Service Provider	Exemption	Sales to Church Affiliated Residential Homes	Tax exemption on sales to church affiliated nonprofit organizations operating a residential home for adults under charter by the Legislature.	A	2557.10
108	Charitable	C	Service Provider	Exemption	Sales to Organ. that Provide Residential Facilities for Med. Patients	Tax exemption on sales to nonprofit organizations providing temporary residential accommodations to medical patients and their families.	A	2557.11
109	Charitable	C	Service Provider	Exemption	Sales to Emergency Shelters & Feeding Organizations	Tax exemption on sales to nonprofit organizations that provide free temporary emergency shelter or food.	A	2557.12
110	Charitable	C	Service Provider	Exemption	Sales to any Nonprofit Free Libraries	Tax exemption on sales to nonprofit government-funded free public lending libraries, and sales by the library or a nonprofit established to support the library.	A	2557.14
111	Charitable	C	Service Provider	Exemption	Sales to Veterans Memorial Cemetery Associations	Tax exemption on sales to nonprofit Veterans' Memorial Cemetery Associations.	A	2557.15

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112	Charitable	C	Service Provider	Exemption	Sales to Nonprofit Rescue Operations	Tax exemption on sales to nonprofit volunteer search and rescue organizations.	A	2557.16
113	Charitable	C	Service Provider	Exemption	Sales to Hospice Organizations	Tax exemption on sales to nonprofit hospice organizations.	A	2557.17
114	Charitable	C	Service Provider	Exemption	Sales to Certain Incorporated Nonprofit Educational Orgs.	Tax exemption on sales to State-funded nonprofit educational organizations providing decision making programs about drugs, alcohol and relationships at residential youth camps.	A	2557.19
115	Charitable	C	Service Provider	Exemption	Sales to Certain Charitable Suppliers of Medical Equipment	Tax exemption on sales to nonprofit charitable organizations that lend medical supplies and equipment free of charge.	A	2557.20
116	Charitable	C	Service Provider	Exemption	Sales to Orgs that Fulfill the Wishes of Children with Life-Threatening Diseases	Tax exemption on sales to nonprofit organizations whose sole purpose is to fulfill the wishes of children with life-threatening diseases.	A	2557.21
117	Charitable	C	Service Provider	Exemption	Sales to Providers of Certain Support Systems for Single-Parent Families	Tax exemption on sales to nonprofit organizations providing support systems for single-parent families.	A	2557.22
118	Charitable	C	Service Provider	Exemption	Sales to Nonprofit Home Construction Organizations	Tax exemption on sales to nonprofit organizations that construct low-cost housing for low-income people.	A	2557.23
119	Charitable	C	Service Provider	Exemption	Sales to Orgs that Create & Maintain a Registry of Vietnam Veterans	Tax exemption on sales to nonprofit organizations whose sole purpose is to maintain a registry of Vietnam veterans.	A	2557.24
120	Charitable	C	Service Provider	Exemption	Sales to Orgs that Provide Certain Services for Hearing-Impaired Persons	Tax exemption on sales to nonprofit organizations whose primary purpose is to promote understanding of hearing impairment and assist hearing-impaired persons.	A	2557.25
121	Charitable	C	Service Provider	Exemption	Sales to Nonprofit Housing Development Organizations	Tax exemption on sales to nonprofit organizations whose primary purpose is developing housing for low-income people.	A	2557.27
122	Charitable	C	Service Provider	Exemption	Sales to Eye Banks	Tax exemption on sales to nonprofit organizations whose primary purpose is to medically evaluate and distribute eyes for transplantation, research, and education.	A	2557.28
123	Conformity with IRC	B	Income	Deduction	Itemized Deductions	Maine generally conforms to itemized deductions allowed by the U.S. Internal Revenue Code with some exceptions.	\$140,094,000	5125
124	Conformity with IRC	B	Income	Deduction	Sum of All Other Conformity Provisions	Maine generally conforms to exclusions and deduction provisions in the U.S. Internal Revenue Code used to calculate federal adjusted gross income.	\$804 million - \$905 million	Various
125	Tax Fairness	B	Income	Credit	Credit for Income Tax Paid to Other Jurisdiction	Tax credit for residents of income tax paid to another state or jurisdiction, with limitations.	\$48,480,000	5217-A
126	Tax Fairness	B	Income	Deduction	Deduction for Active Duty Military Pay Earned Outside of Maine	Deduction for military pay earned for service performed outside the State.	\$1,972,000	5122.2.II
127	Tax Fairness	B	Income	Deduction	Deduction for Dividends Received from Nonunitary Affiliates	Deduction for 50% of dividend income received by a business from an affiliated corporation that is not part of the taxpayer's unitary (i.e. central/integrated) business.	\$10,200,000	5200-A.2.G
128	Tax Fairness	B	Other	Exemption	Exemptions of the Real Estate Transfer Tax	Real estate tax exemption for certain types of deeds, including deeds to property transferred to or by governmental entities, and certain transfers of property. (General Fund, H.O.M.E. Fund, Housing and Economic Recovery Fund)	C	4641-C

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ID #	Rationale	Review Category	Tax Type	Expenditure Type	Expenditure Program Name	Brief Description	FY15 Revenue Loss (estimate)*	Statutory Cite: Title 36
129	Tax Fairness	B	Other	Refund	Refund of the Gasoline Tax for Off-Highway Use and for Certain Bus Companies	Gasoline Tax refund (except one cent per gallon) for taxes paid on gasoline used in certain off-highway vehicles or in buses primarily offering tax-exempt fares. This gasoline is additionally subjected to Use Tax. (Highway Fund)	\$960,000	2908, 2909
130	Tax Fairness	B	Other	Refund	Refund of the Special Fuel Tax for Off-Highway Use and for Certain Bus Companies	Special Fuel Tax refund (except one cent per gallon) for taxes paid on gasoline used in certain off-highway vehicles or in buses primarily offering tax-exempt fares. This gasoline is additionally subjected to Use Tax. (Highway Fund)	\$4,500,000	3215, 3218
131	Tax Fairness	B	Sales & Use	Exemption	Certain Returnable Containers	Tax exemption on sales of returnable containers when sold with contents at retail, or when resold for refilling.	\$1,365,839	1760.12
132	Tax Fairness	B	Sales & Use	Exemption	Packaging Materials	Tax exemption on sales of packaging materials to businesses engaged in packaging, transporting, shipping, or servicing tangible property.	\$10,773,000	1760.12-A
133	Tax Fairness	B	Sales & Use	Exemption	Certain Loaner Vehicles	Tax exemption on use of a loaner vehicle provided by a new vehicle dealer to a service customer pursuant to warranty.	\$241,956	1760.21-A
134	Tax Fairness	B	Sales & Use	Exemption	Mobile & Modular Homes	Tax exemption on sales of used manufactured housing and sales of new manufactured housing excluding the cost of materials, up to 50% of the sale price.	\$18,271,911	1760.40
135	Tax Fairness	B	Sales & Use	Exemption	Certain Property Purchased Out of State	Tax exemption on sales of certain property purchased and used out of state, including automobiles, snowmobiles, ATVs, aircraft, and property brought into the state for use in a declared state disaster or emergency, subject to certain restrictions.	D	1760.45
136	Tax Fairness	B	Sales & Use	Exemption	Meals & Lodging Provided to Employees	Tax exemption on meals or lodging provided to employees at the place of employment when credited toward the wages of the employees.	\$147,250	1760.75
137	Tax Fairness	B	Sales & Use	Exemption	Trade-in Credits	Tax exemption on trade-in value for property including motor vehicles, watercraft, aircraft, trailers, truck campers, and other equipment, when traded toward the sale price of a similar item.	\$26,739,298	1765
138	Tax Fairness	B	Sales & Use	Exemption	Motor Vehicle Fuel	Tax exemption on sales of motor fuels on which motor fuel taxes have been paid.	\$125,160,584	1760.8.A
139	Tax Fairness	C	Income	Credit	Credit for Income Tax Paid to Other State by an Estate or Trust	Tax credit for residents of income tax paid on an estate or trust to another state or jurisdiction.	A	5165
140	Tax Fairness	C	Income	Credit	Credit to Beneficiary for Accumulation Distribution	Tax credit to a beneficiary of a trust for tax already paid by the trust on the income (when distributed from the trust to the beneficiary).	A	5214-A
141	Tax Fairness	C	Other	Refund	Refund of Excise Tax on Fuel Used in Piston Aircraft	Gasoline Tax refund (except four cents per gallon) for gasoline used in propelling piston engine aircraft. (State Transit, Aviation and Rail Fund)	\$23,996	2910
142	Tax Fairness	C	Sales & Use	Exemption	Sales to State-Chartered Credit Unions	Tax exemption on sales to State-chartered credit unions.	A	1760.71
143	Tax Fairness	C	Sales & Use	Exemption	Electricity Used for Net Billing	Tax exemption on sale or delivery of electricity to net energy billing customers for which no money is paid.	A	1760.80
144	Tax Fairness	C	Sales & Use	Exemption	Certain Vehicle Rentals	Tax exemption on rental of an automobile for less than one year when rental is to a service customer pursuant to a warranty and the rental fee is paid by the vehicle dealer or warrantor.	A	1760.92

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145	Tax Fairness	C	Service Provider	Exemption	Sales to State-Chartered Credit Unions	Tax exemption on sales to State-chartered credit unions.	A	2557.26
146	Necessity of Life	B	Sales & Use	Exemption	Grocery Staples	Tax exemption on sales of grocery staples, which are defined as food products ordinarily consumed for human nourishment.	\$83,410,000	1760.3
147	Necessity of Life	B	Sales & Use	Exemption	Prescription Drugs	Tax exemption on sales of prescription medicines for humans, excluding marijuana.	\$16,919,500	1760.5
148	Necessity of Life	B	Sales & Use	Exemption	Prosthetic Devices	Tax exemption on sales of devices to correct or alleviate physical incapacity for a particular individual, including prosthetic aids, hearing aids, eyeglasses, crutches and wheelchairs.	\$5,244,000	1760.5-A
149	Necessity of Life	B	Sales & Use	Exemption	Meals Served to Patients in Hospitals & Nursing Homes	Tax exemption on sales of meals to patients of state-licensed hospitals, nursing homes, and certain care facilities.	\$4,522,000	1760.6.B
150	Necessity of Life	B	Sales & Use	Exemption	Fuels for Cooking & Heating Homes	Tax exemption on sales of coal, oil, wood and other fuels, except gas and electricity, used for cooking and heating in residential buildings.	\$37,135,500	1760.9
151	Necessity of Life	B	Sales & Use	Exemption	Certain Residential Electricity	Tax exemption on sale and delivery of: A. the first 750 kWh of residential electricity per month; B. off-peak residential electricity used for heating via electric thermal storage.	\$26,125,000	1760.9-B
152	Necessity of Life	B	Sales & Use	Exemption	Gas Used for Cooking & Heating in Residences	Tax exemption on sales of gas for use in cooking and heating in residential buildings other than hotels.	\$4,740,500	1760.9-C
153	Necessity of Life	B	Sales & Use	Exemption	Rental Charges for Living Quarters in Nursing Homes and Hospitals	Tax exemption on rental charges for living or sleeping quarters in state-licensed nursing homes and hospitals.	C	1760.18
154	Necessity of Life	B	Sales & Use	Exemption	Rental Charges on Continuous Residence for More Than 28 Days	Tax exemption on rental charges for residence for 28 days or more at a hotel, rooming house, or tourist or trailer camp under certain circumstances.	\$20,957,000	1760.20
155	Necessity of Life	B	Sales & Use	Exemption	Funeral Services	Tax exemption on sales of funeral services.	\$3,885,500	1760.24
156	Necessity of Life	B	Sales & Use	Exemption	Diabetic Supplies	Tax exemption on sales of equipment and supplies used in diabetes diagnosis or treatment.	\$1,045,363	1760.33
157	Necessity of Life	B	Sales & Use	Exemption	Water Used in Private Residences	Tax exemption on sales of water used in residential buildings, other than hotels.	\$8,331,500	1760.39
158	Necessity of Life	B	Sales & Use	Exemption	Positive Airway Pressure Equipment & Sales	Tax exemption on sale or lease of positive airway pressure equipment and supplies for personal use.	\$279,319	1760.94
159	Interstate or Foreign Commerce	B	Other	Exemption	Gasoline Exported from the State	Gasoline Tax exemption for sales wholly for export from the State. (Highway Fund)	\$73,330,523	2903.4.A
160	Interstate or Foreign Commerce	B	Other	Exemption	Special Fuel Exported from the State	Special Fuel Tax exemption for sales of distillates and low energy fuel to be exported from the State by a licensed supplier. (Highway Fund)	\$17,991,845	3204-A.5
161	Interstate or Foreign Commerce	B	Other	Exemption	Excise Tax Exemption on Jet or Turbo Jet Fuel - International Flights	Gasoline Tax exemption for gasoline used to propel jet engine aircraft on international flights. (State Transit, Aviation and Rail Fund)	\$364,971	2903.4.D
162	Interstate or Foreign Commerce	B	Sales & Use	Exemption	Ships' Stores	Tax exemption on sales of supplies and bunkering oil to ships engaged in interstate or foreign commerce.	C	1760.4
163	Interstate or Foreign Commerce	B	Sales & Use	Exemption	Certain Jet Fuel	Tax exemption on sales of fuel to propel jet engine aircraft.	\$3,207,848	1760.8.B

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ID #	Rationale	Review Category	Tax Type	Expenditure Type	Expenditure Program Name	Brief Description	FY15 Revenue Loss (estimate)*	Statutory Cite: Title 36
164	Interstate or Foreign Commerce	B	Sales & Use	Exemption	Certain Vehicles Purchased or Leased by Nonresidents	Tax exemption on sale or lease of motor vehicles, semitrailers, aircraft, and camper trailers to nonresidents, if the vehicle is intended to be removed from the State immediately.	C	1760.23-C
165	Interstate or Foreign Commerce	B	Sales & Use	Exemption	Certain Vehicles Purchased or Leased by Qualifying Resident Businesses	Tax exemption on sale or lease of certain motor vehicles to a business if the vehicle is intended to be removed from the State immediately and for use exclusively in out of state business.	\$897,251	1760.23-D
166	Interstate or Foreign Commerce	B	Sales & Use	Exemption	Watercraft Purchased by Nonresidents	Tax exemption on sales to or use by a nonresident of watercraft or materials used in watercraft, subject to certain restrictions.	C	1760.25
167	Interstate or Foreign Commerce	B	Sales & Use	Exemption	Property Used in Interstate Commerce	Tax exemption on sales of a vehicle, railroad car, aircraft or watercraft used in interstate or foreign commerce, subject to certain restrictions.	D	1760.41
168	Interstate or Foreign Commerce	B	Sales & Use	Exemption	Sales of Property Delivered Outside this State	Tax exemption on sales of tangible personal property delivered outside the State for use outside the State.	F	1760.82
169	Interstate or Foreign Commerce	B	Sales & Use	Exemption	Sales of Certain Printed Materials	Tax exemption on sales of printed advertising or promotional materials transported outside the State for use outside the State.	C	1760.83
170	Interstate or Foreign Commerce	B	Sales & Use	Exemption	Sales of Certain Aircraft	Tax exemption on sales or leases of aircraft that weight over 6,000 pounds, are propelled by turbine engine, or are in use by certain Federal Aviation Administration (FAA) classified operators.	\$904,177	1760.88
171	Interstate or Foreign Commerce	B	Sales & Use	Exemption	Sale, Use or Lease of Aircraft and Sales of Repair and Replacement Parts	Tax exemption on sales, use or leases of aircraft and sales of aircraft repair and replacement parts from July 1, 2011 to June 30, 2021.	\$617,942	1760.88-A
172	Interstate or Foreign Commerce	C	Sales & Use	Exemption	Certain Aircraft Parts	Tax exemption on sale or use of aircraft parts used by a commercial airline under Federal Aviation Administration (FAA) regulations.	A	1760.76
173	Interstate or Foreign Commerce	C	Sales & Use	Refund	Refund of Sales Tax on Goods Removed from the State	Refund of sales tax paid on business purchases of supplies and equipment withdrawn from inventory for use at a location in another taxing jurisdiction.	A	2012
174	Inputs to Tangible Products	B	Sales & Use	Exemption	Products Used in Agricultural and Aquacultural Production & Bait	Tax exemption on sales of products used in aquaculture production and bait, commercial agriculture production, and animal agriculture.	\$2,926,000	1760.7-A, 1760.7-B,
175	Inputs to Tangible Products	B	Sales & Use	Exemption	Fuel and Electricity Used in Manufacturing	Tax exemption on sales of fuel and electricity (95% of value) purchased for use at a manufacturing facility.	\$25,699,424	1760.9-D
176	Inputs to Tangible Products	B	Sales & Use	Exemption	Machinery & Equipment	Tax exemption on sales of machinery and equipment used in production of tangible personal property for consumption, or in generation of radio and television broadcast signals.	\$22,778,910	1760.31
177	Inputs to Tangible Products	B	Sales & Use	Exemption	Seedlings for Commercial Forestry Use	Tax exemption on sales of tree seedlings used in commercial forestry.	B	1760.73
178	Inputs to Tangible Products	B	Sales & Use	Exemption	Property Used in Manufacturing Production	Tax exemption on sales of tangible personal property that is used in the manufacturing production of tangible personal property for later sale or lease.	\$103,770,590	1760.74
179	Inputs to Tangible Products	B	Sales & Use	Exemption	Certain Sales of Electrical Energy	Tax exemption on sale or use of electrical energy, or water stored for generating electricity, to or by a wholly owned subsidiary or to its parent corporation.	C	1760.91

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ID #	Rationale	Review Category	Tax Type	Expenditure Type	Expenditure Program Name	Brief Description	FY15 Revenue Loss (estimate)*	Statutory Cite: Title 36
180	Inputs to Tangible Products	B	Sales & Use	Refund	Refund of Sales Tax on Certain Depreciable Machinery and Equipment	Refund of sales tax paid on electricity or depreciable machinery and equipment purchased for use in commercial agricultural or aquaculture production, fishing, or wood harvesting, or purchases of fuel for use in a commercial fishing vessel.	\$2,849,532	2013
181	Inputs to Tangible Products	C	Sales & Use	Exemption	Fuel Oil for Burning Blueberry Land	Tax exemption on sales of fuel used to burn blueberry fields.	A	1760.9-A
182	Inputs to Tangible Products	C	Sales & Use	Exemption	Fuel Oil or Coal which becomes an Ingredient or Component Part	Tax exemption on sales of fuel oil or coal which becomes an ingredient or component part of tangible personal property for later sale.	A	1760.9-G
183	Inputs to Tangible Products	C	Sales & Use	Exemption	Sales of Certain Farm Animal Bedding & Hay	Tax exemption on sales of organic bedding materials for farm animals and hay.	A	1760.78
184	Specific Policy Goal/Mandate	A	Other	Exemption	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)	\$1,422,163	4366-A.2
185	Specific Policy Goal/Mandate	A	Sales & Use	Exemption	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.	C or D	1760.29, 1760.30
186	Specific Policy Goal/Mandate	C	Sales & Use	Exemption	Animal Waste Storage Facility	Tax exemption on sales of materials used in construction, repair or maintenance of an animal waste storage facility, under specified conditions.	A	1760.81
187	Specific Policy Goal/Mandate	C	Sales & Use	Exemption	Sales to Centers for Innovation	Tax exemption on sales to centers for innovation, established by State law, which represent specific industry sectors with significant potential for growth and development.	A	1760.84
188	Specific Policy Goal/Mandate	C	Sales & Use	Exemption	Plastic Bags Sold to Redemption Centers	Tax exemption on sales to a local redemption center of plastic bags used to sort, store or transport returnable beverage containers.	\$29,813	1760.93
189	Specific Policy Goal/Mandate	C	Sales & Use	Refund	Fish Passage Facilities	Refund of sales or use tax paid on materials used in construction of fish passage facilities in dams, under specified conditions.	A	2014
190	Specific Policy Goal/Mandate	C	Service Provider	Exemption	Sales to Centers for Innovation	Tax exemption on sales to centers for innovation, established by State law, which represent specific industry sectors with significant potential for growth and development.	A	2557.29
191	Non-Taxable Services	B	Sales & Use	Exemption	Non-Taxable Services	Services, other than specifically defined "Taxable Services," are not subject to Sales and Use Tax.	\$1.3 billion	1752.11, 1752.17-B
192	Non-Taxable Services	B	Sales & Use	Exemption	Repair, Maintenance and Other Labor Service Fees	Tax exemption on price of labor or services used in installing, applying or repairing property, if separately charged or stated.	\$45,657,000	1752.14.B(4)
193	Administrative Burden	A	Sales & Use	Exemption	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.	\$442,955	1760.34
194	Administrative Burden	C	Sales & Use	Exemption	Certain Meals Served by Colleges to Employees of the College	Tax exemption on sales of meals served by a college to its employees if purchased with college-issued debit cards.	A	1760.6.E
195	Administrative Burden	C	Sales & Use	Exemption	Casual Sales	Tax exemption on any casual sale, defined as an isolated transaction in which tangible personal property or a taxable service is sold other than in the ordinary course of repeated transactions by the person making the sale; e.g. at a yard sale.	D	1752.11.B(1)

*FY15 Revenue Loss Estimate Coded: A=\$0-49,000; B=\$50,000-149,000; C=\$250,000-999,000; D=\$1,000,000-2,999,999; E=\$3,000,000-5,999,999; F=\$6,000,000 or more.

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196	Administrative Burden	C	Sales & Use	Exemption	Sales by Executors	Tax exemption on sales by a personal representative in the settlement of an estate.	A	1752.11.B(2)

Sources: FY15 Revenue Loss (estimates): *Maine Revenue Services 2014-2015 Red Book and Office of Fiscal & Program Review (OFPR) "Tax and Fee Changes Affecting State and Local Tax Burden, 126th Legislature," 1st Regular Session and 2nd Regular Session. All other information: OPEGA analysis of Maine Revenue Services information and Maine Revised Statutes.*

Appendix H: Intent, Goals, and Beneficiaries for Full Evaluations

Prepared by the Office of Program Evaluation and Government Accountability

Count	ID #	Tax Type	Expenditure Program Name	Brief Description	Intent / Goals [^]	Beneficiaries: Direct (n*) / Other
Business Incentive - Equipment Investment						
1	11	Property	Reimbursement For Business Equipment Tax Exemption to Municipalities (BETE)	Reimbursement to municipalities of revenue losses, with limitations, due to the property tax exemption for qualified business equipment.	Intent - To encourage growth of capital investment in the State by overcoming the disincentive created by the high cost of owning business property. Goal - To encourage capital investment in business property. <i>(Source: Statute)</i>	Direct - Municipalities providing business property tax exemptions (n<3,000) Other - Businesses
2	12	Property	Reimbursement for Taxes Paid on Certain Business Property (BETR)	Reimbursement of property tax paid on qualified business property, with limitations. FY15 tax loss shows a decrease from prior years resulting from recently enacted legislation.	Intent - To encourage growth of capital investment in the State by overcoming the disincentive created by the high cost of owning business property. Goal - To encourage capital investment in business property. <i>(Source: Statute)</i>	Direct - Businesses (n=2,000)
Business Incentive - Research Investment						
3	1	Income	High-Technology Investment Tax Credit [#]	Tax credit for costs of eligible equipment used in certain high technology activities, including the design and production of computer software and equipment, and the provision of Internet and telecommunications services, with limitations. Five year carry forward	Intent - To encourage development in the high-technology industry, including computer software and equipment design and production, and provision of Internet access and advanced telecommunications services. <i>(Source: Statute; Legislative History (Bill Summary))</i>	Direct - Individuals or businesses purchasing or leasing eligible equipment for use in high-technology activity; lessors of such equipment (n=60) Other - Individuals using Internet access services and advanced telecommunications services
4	5	Income	Research Expense Tax Credit [#]	Tax credit for qualified research expenses associated with certain technological and experimental research, with limitations. 15 year carry forward.	Intent - To encourage business investment in research and development, in order to foster innovation and promote long-term economic growth. <i>(Source: OPEGA Research)</i>	Direct - Businesses investing in research and development (n=85)
5	13	Sales & Use	New Machinery for Experimental Research	Tax exemption on sales of machinery and equipment for certain research and development activities, and for biotechnology research.	Intent - To encourage development of the high technology industry. Goal - To encourage investment in certain research and development activities; to encourage investment in biotechnology applications. <i>(Source: Statute; Legislative History (Bill Summary))</i>	Direct - Businesses engaging in certain research and development activities
Business Incentive - Financial Investment						
6	3	Income	New Markets Capital Investment Credit	Tax credits of up to 39% of a project's total cost for qualified equity investments in low-income community businesses made via a community development entity, with limitations.	Intent - To promote economic development by encouraging major investments in qualified businesses and developments located in economically distressed areas of the State; to preserve jobs and make the State more competitive in the attraction of investment capital. Goal - To encourage major new investments in qualified businesses in low-income communities in the State. <i>(Source: Statute)</i>	Direct - Qualified investors in eligible businesses in low-income communities Other - Eligible businesses in low-income communities; qualified community development entities

[^]OPEGA Interpretation formulated when intent not found explicitly in statute or initial research.

[#] Similar Federal credit exists

*Number of Beneficiaries; Source: 2014-2015 Red Book blank for missing values.

Appendix H: Intent, Goals, and Beneficiaries for Full Evaluations

Prepared by the Office of Program Evaluation and Government Accountability

Count	ID #	Tax Type	Expenditure Program Name	Brief Description	Intent / Goals [^]	Beneficiaries: Direct (n*) / Other
7	6	Income	Seed Capital Investment Tax Credit	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.	Intent - To increase the availability of risk equity capital to enterprises that have the potential for rapid growth and to bring capital into the State; to encourage growth of new and existing small businesses to increase job opportunities for Maine residents, spending in the State, and municipal tax bases; and to help to develop export markets for Maine products. Goal - To increase availability of investment and risk equity capital for eligible businesses. <i>(Source: Statute)</i>	Direct - Qualified investors in certain types of businesses (n=250) Other - Certain types of businesses
Business Incentive - Job Creation						
8	2	Income	Jobs and Investment Tax Credit [#]	Tax credit for qualified investment of at least \$5,000,000 in property within the State and creation of at least 100 new jobs (with a designated level of wages, health and retirement benefits), with limitations.	Intent - To encourage growth in major industry in the State and the creation of quality jobs. Goal - To encourage capital investments in business property of at least \$5 million that create at least 100 new jobs. <i>(Source: Statute)</i>	Direct - Businesses making an investment of at least \$5 million that creates at least 100 new jobs (n<10) Other - Employees of participating businesses
9	4	Sales & Use Income	Pine Tree Development Zones - Income Tax Credit, Sales Tax Exemption (Electricity & Tangible Personal Property), and Sales & Use Tax Reimbursement (Certain Tangible Personal Property)	Reimbursement of sales & use taxes on certain tangible personal property; exemption from sales taxes on tangible personal property and electricity; and credits for qualified businesses that expand or begin operations in the State (100% of Maine income tax liability is waived for the first 5 years, and 50% for years 6 to 10). Ends in 2028/2029.	Intent - To encourage development in economically distressed areas of the State in order to provide new employment opportunities; improve existing employment opportunities; improve and broaden the tax base; and improve the general economy of the State. Goal - To provide new qualifying employment opportunities in certain industries in economically distressed areas. <i>(Source: Statute)</i>	Direct - Businesses in Pine Tree Development Zones that add new qualifying jobs in certain industries (n=70) Other - Workers and job seekers
10	9	Income	Employment Tax Increment Financing	Reimbursement to certain businesses of income tax attributed to qualified employees (those receiving a designated level of wages, health and retirement benefits), subject to limitations including unemployment rates in the area; ends in 2028.	Intent - To encourage the creation of net new quality jobs in this State, improve and broaden the tax base, and improve the general economy of the State. Goal - To encourage location of new businesses or expansion of existing businesses in this State, and to encourage the creation of new quality jobs. <i>(Source: Statute)</i>	Direct - Businesses locating or expanding in this State that create new quality jobs (n=105) Other - Job seekers
11	10	Income	Job Increment Financing Fund - Brunswick Naval Air Station	Reimbursement to SMCC and MRRA of income tax attributed to qualified employees (those receiving a designated level of wages, health and retirement benefits) at businesses in the Brunswick Naval Air Station Area.	Goal - To encourage job creation in the Brunswick Naval Air Station area. <i>(Source: Statute)</i>	Direct - Southern Maine Community College and Midcoast Regional Redevelopment Authority Other - Job seekers in the Brunswick Naval Air Station area
Business Incentive - Targeted Industry						

[^]OPEGA Interpretation formulated when intent not found explicitly in statute or initial research.

[#] Similar Federal credit exists

*Number of Beneficiaries; Source: 2014-2015 Red Book blank for missing values.

Appendix H: Intent, Goals, and Beneficiaries for Full Evaluations

Prepared by the Office of Program Evaluation and Government Accountability

Proposal for Legislative Review of Maine State Tax Expenditures

Count	ID #	Tax Type	Expenditure Program Name	Brief Description	Intent / Goals [^]	Beneficiaries: Direct (n*) / Other
12	7	Income	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	Intent - To grow the visual media production industry by attracting productions to Maine. Goal - To encourage media production companies to locate film productions in Maine. <i>(Source: Legislative History (Bill Summary))</i>	Direct - Visual media production companies (n=10) Other - Maine film industry and its employees; communities where productions are located
13	8	Income	Credit for Rehabilitation of Historic Properties [#]	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.	Intent - To support redevelopment of historic properties and increased economic activity. Goals - To promote historic preservation; to create jobs (construction industry and permanent jobs in restored property); to redevelop "downtown" properties for business and affordable housing; to increase economic activity in local communities. <i>(Source: Legislative History (Public Testimony, Legislative Record))</i>	Direct - Taxpayers who invest in the rehabilitation of Historic Properties (n=125) Other - Municipalities where projects are located (new jobs, increased property tax valuation); construction industry
14	41	Sales & Use	Railroad Track Materials	Tax exemption on sales of railroad track materials for installation on railroad lines within the State.	Goal - To encourage investment in railroad infrastructure. <i>(Source: Legislative History (Legislative Record))</i>	Direct - Businesses that purchase and install railroad track materials
15	42	Sales & Use	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.	Intent - To support a specific type of business (windjammers offering overnight passenger cruises) with historical significance and an important role in the State's economy, and to attract visitors. <i>(Source: Legislative History (Legislative Testimony))</i>	Direct - Windjammer cruise businesses Other - Tourists and tourism industry

Non-Business Incentive - Education

16	19	Income	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.	Intent - To promote economic opportunity by ensuring access to training and higher education; to bring more and higher-paying jobs to the State by increasing the skill level of the State's workforce; to offer educational opportunity and retraining to individuals impacted by job loss, workplace injury, disability or other hardship; and to keep young people in the State through incentives for educational opportunity and creation of more high-paying jobs. Goals - To retain graduates of Maine colleges and universities in the Maine workforce. <i>(Source: OPEGA Interpretation)</i>	Direct - Qualifying graduates of Maine colleges and universities employed in Maine and making student loan payments and businesses making loan payments on behalf of qualifying employees (n=575)
17	22	Income	Deduction For Contributions To IRC 529 Qualified Tuition Plans	Deduction for contributions to qualified tuition programs under Section 529 of the Internal Revenue Code (529 plans) up to \$250 per beneficiary, with income limitations.	Goal - To encourage saving for higher education through investment in qualified tuition programs. <i>(Source: OPEGA Interpretation)</i>	Direct - Individuals (Residents) investing in qualified tuition programs (n=4,200) Other - Students

[^]OPEGA Interpretation formulated when intent not found explicitly in statute or initial research.

[#] Similar Federal credit exists

*Number of Beneficiaries; Source: 2014-2015 Red Book blank for missing values.

Appendix H: Intent, Goals, and Beneficiaries for Full Evaluations

Prepared by the Office of Program Evaluation and Government Accountability

Count	ID #	Tax Type	Expenditure Program Name	Brief Description	Intent / Goals [^]	Beneficiaries: Direct (n*) / Other
Non-Business Incentive - Financial Investment						
18	23	Income	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.	Goal - To encourage individual investment in State and Local securities. <i>(Source: OPEGA Interpretation)</i>	Direct - Individuals (Residents) investing in State & Local securities (n=3,400) Other - State and Local governments
19	24	Income	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.	Goal - To encourage corporate investment in US, State and Local securities. <i>(Source: OPEGA Interpretation)</i>	Direct - Corporations investing in US, State and Local securities (n=250) Other - Federal, State and Local governments
Non-Business Incentive - Health & Safety						
20	20	Income	Credit for Wellness Programs	Tax credit to employers with 20 or fewer employees for expenditures on wellness programs up to \$2,000.	Goal - To encourage small businesses to provide employee wellness programs. <i>(Source: OPEGA Interpretation)</i>	Direct - Small Businesses (< 20 employees) Other - Employees of small businesses
21	25	Income	Deduction for Premiums Paid for Long-Term Health Care Insurance	Deduction for premiums spent for qualified long-term care insurance contracts.	Goal - To encourage individuals to purchase long-term care health insurance. <i>(Source: OPEGA Interpretation)</i>	Direct - Individuals (Residents) (n=15,000)
Tax Relief - Individuals						
22	21	Income	Earned Income Credit [#]	Tax credit equal to 4% 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.	Intent - To assist in encouraging people to obtain employment, reducing the unemployment rate and reducing the welfare rolls (federal EITC). <i>(Source: OPEGA Research)</i>	Direct - Taxpayers with low to moderate incomes (n=18,000)
23	37	Income	Income Tax Credit for Child and 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. Maximum of \$500.	Goal - To provide tax relief to working parents and others paying for child and dependent care. <i>(Source: OPEGA Interpretation)</i>	Direct - Individuals incurring child and dependent care expenses (n=26,000)
24	38	Income	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.	Goal - To provide tax relief to certain retirees receiving private retirement benefits. <i>(Source: OPEGA Interpretation)</i>	Direct - Individuals (Residents) receiving certain pension benefits and IRA distributions (n=55,000)
25	39	Income	Deduction for Social Security Benefits Taxable at Federal Level	Deduction for social security benefits and railroad retirement benefits.	Goal - To provide tax relief for certain retirees receiving public retirement benefits. <i>(Source: OPEGA Interpretation)</i>	Direct - Individuals (Residents) collecting Social Security and Railroad Benefits (n=77,500)
26	40	Property	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.	Intent - To provide property tax relief to seniors and low-income Maine residents. <i>(Source: Legislative History (Bill Summary))</i>	Direct - Seniors and low-income Maine residents
Tax Relief - Targeted Industry or Consumers						
27	43	Service Provider	Basic Cable & Satellite Television Service	Tax exemption on the sale of the minimum service that can be purchased from a cable or satellite television supplier.	Intent / Goal - Unknown	Direct - Providers of basic cable and satellite television service Other - Consumers of basic cable and satellite television service

[^]OPEGA Interpretation formulated when intent not found explicitly in statute or initial research.

[#] Similar Federal credit exists

*Number of Beneficiaries; Source: 2014-2015 Red Book blank for missing values.

Appendix H: Intent, Goals, and Beneficiaries for Full Evaluations

Prepared by the Office of Program Evaluation and Government Accountability

Proposal for Legislative Review of Maine State Tax Expenditures

Count	ID #	Tax Type	Expenditure Program Name	Brief Description	Intent / Goal - Unknown	Intent / Goals [^]	Beneficiaries: Direct (n*) / Other
28	44	Service Provider	Certain Telecommunications Services	Tax exemption on sales of interstate and international telecommunications services.			Direct - Providers of interstate and international telecommunications services Other - Consumers of interstate and international telecommunications services
Miscellaneous - Specific Policy Goal or Administrative Burden							
29	184	Other	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)	Intent - To facilitate enforcement and implementation of the cigarette tax. Goal - To offset the cost to cigarette distributors of affixing stamps to cigarette packages. <i>(Source: Legislative History (Legislative Record))</i>		Direct - Cigarette distributors Other - State (receives assistance in administering the tax)
30	185	Sales & Use	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.	Goal - To encourage investment in air and water pollution control facilities; to facilitate compliance with environmental regulations. <i>(Source: OPEGA Interpretation)</i>		Direct - Purchasers of air and water pollution control facilities and related materials and equipment
31	193	Sales & Use	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.	Goal - To lower administrative burden on vending machine companies. <i>(Source: Maine Revenue Services, Maine State Tax Expenditure Report (Red Book))</i>		Direct - Businesses with >50% of gross receipts from the retail sale of tangible personal property derived from sales through vending machines. Other - Persons buying certain products in vending machines

[^]OPEGA Interpretation formulated when intent not found explicitly in statute or initial research.

Similar Federal credit exists

*Number of Beneficiaries; Source: 2014-2015 Red Book blank for missing values.

Appendix I: Performance Measures for Full Evaluations

Prepared by the Office of Program Evaluation and Government Accountability

Proposal for Legislative Review of Maine State Tax Expenditures

Count	ID#	Tax Type	Expenditure Program Name	Menu of Core Performance Measures [^] (See Legend on last page)											Potential Additional Measures for Specific Tax Expenditures [^]
				A	B	C	D	E	F	G	H	I	J	K	
Business Incentive - Equipment Investment															
1	11	Property	Reimbursement For Business Equipment Tax Exemption to Municipalities (BETE)	X	X	X	X	X	X	X	X	X	X	X	<ul style="list-style-type: none"> • \$ Value of qualifying property • \$ Value of reimbursements on qualifying property
2	12	Property	Reimbursement for Taxes Paid on Certain Business Property (BETR)	X	X	X	X	X	X	X	X	X	X	X	
Business Incentive - Research Investment															
3	1	Income	High-Technology Investment Tax Credit	X	X	X	X	X	X	X	X	X	X	X	
4	5	Income	Research Expense Tax Credit	X	X	X	X	X	X	X	X	X	X	X	
5	13	Sales & Use	New Machinery for Experimental Research	X	X	X	X	X	X	X	X	X	X	X	
Business Incentive - Financial Investment															
6	3	Income	New Markets Capital Investment Credit	X	X	X	X	X	X	X	X	X	X	X	<ul style="list-style-type: none"> • # Businesses receiving investment associated with credit • Participation rate in terms of businesses, calculated as: (# of businesses receiving investment associated with credit)/(# known eligible businesses) • \$ Value of credits for new vs. continuing business investments • \$ Value of qualified activity for new vs. continuing business investments <i>Note: the above measures are similar to core measures A, B, C, and F, but modified to focus on the "other" beneficiaries.</i>
7	6	Income	Seed Capital Investment Tax Credit	X	X	X	X	X	X	X	X	X	X	X	
Business Incentive - Job Creation															
8	2	Income	Jobs and Investment Tax Credit	X	X	X	X	X	X	X	X	X	X	X	<ul style="list-style-type: none"> • # Qualifying jobs created by direct beneficiaries • Tax revenue loss per qualifying job • Measures of wages and benefits for qualifying jobs
9	4	Sales & Use Income	Pine Tree Development Zones: Income Tax Credit, Sales Tax Exemption (Electricity & Tangible Personal Property), and Sales & Use Tax Reimbursement (Certain Tangible Personal Property)	X	X	X	X	X	X	X	X	X	X	X	
10	9	Income	Employment Tax Increment Financing	X	X	X	X	X	X	X	X	X	X	X	
11	10	Income	Job Increment Financing Fund - Brunswick Naval Air Station	X	X	X	X	X	X	X	X	X	X	X	
Business Incentive - Targeted Industry															
12	7	Income	Tax Benefits for Media Production Companies	X	X	X	X	X	X	X	X	X	X	X	<ul style="list-style-type: none"> • # Media productions receiving the credit/reimbursement • Participation rate in terms of productions, calculated as: (# productions for which tax benefit received)/(# known eligible productions) • \$ Value of tax benefit for new vs. continuing productions • \$ Value of qualified activity for new vs. continuing productions <i>Note: the above measures are similar to core measures A, B, C, and F, but modified to focus on the "other" beneficiaries.</i> <ul style="list-style-type: none"> • % Of total production expenditures that qualify for the credit/reimbursement • # Jobs associated with recipient productions; % of those jobs held by state residents • \$ Total revenue of Maine media production industry; % from recipient productions

Appendix I: Performance Measures for Full Evaluations

Prepared by the Office of Program Evaluation and Government Accountability

Proposal for Legislative Review of Maine State Tax Expenditures

		Menu of Core Performance Measures [^] (See Legend on last page)													
Count	ID#	Tax Type	Expenditure Program Name	A	B	C	D	E	F	G	H	I	J	K	Potential Additional Measures for Specific Tax Expenditures [^]
13	8	Income	Credit for Rehabilitation of Historic Properties	X	X	X	X	X	X	X	X	X	X	X	<ul style="list-style-type: none"> ● # Rehabilitation projects receiving the credit ● Participation rate in terms of projects, calculated as: (# projects for which tax benefit received / (# known eligible projects) ● \$ Value of credits for new vs. continuing projects ● \$ Value of qualified activity for new vs. continuing projects <p><i>Note: the above measures are similar to core measures A, B, C, and F, but modified to focus on the "other" beneficiaries.</i></p> <ul style="list-style-type: none"> ● % Of total rehabilitation project expenditures that qualify for the credit ● # Jobs associated with recipient projects; % of those jobs held by state residents ● % Of recipient projects located in "downtowns" ● % Of completed recipient projects in use for businesses or affordable housing
14	41	Sales & Use	Railroad Track Materials	X	X	X	X	X	X	X	X	X	X	X	
15	42	Sales & Use	Refund of Sales Tax on Purchases of Parts and Supplies for Windjammers	X	X	X	X	X	X	X	X	X	X	X	
Non-Business Incentive - Education															
16	19	Income	Credit for Educational Opportunity	X	X	X	X	X	X	X	X	X	X	X	<ul style="list-style-type: none"> ● # Graduates associated with credits claimed (retained graduates) ● State tax revenue loss per retained graduate
17	22	Income	Deduction For Contributions To IRC 529 Qualified Tuition Plans	X	X	X	X	X	X	X	X	X	X	X	
Non-Business Incentive - Financial Investment															
18	23	Income	Deduction for Interest and Dividends on Maine State and Local Securities - Individual Income Tax	X	X	X	X	X	X	X	X	X	X	X	
19	24	Income	Deduction for Interest and Dividends on U.S., Maine State and Local Securities	X	X	X	X	X	X	X	X	X	X	X	
Non-Business Incentive - Health & Safety															
20	20	Income	Credit for Wellness Programs	X	X	X	X	X	X	X	X	X	X	X	
21	25	Income	Deduction for Premiums Paid for Long-Term Health Care Insurance	X	X	X	X	X	X	X	X	X	X	X	
Tax Relief - Individuals															
22	21	Income	Earned Income Credit	X	X	X	X	X	X	X	X	X	X	X	<ul style="list-style-type: none"> ● Average % reduction in tax liability ● Average income of beneficiaries calculated with and without the credit ● Average % reduction in tax liability
23	37	Income	Income Tax Credit for Child and Dependent Care Expense	X	X	X	X	X	X	X	X	X	X	X	
24	38	Income	Deduction for Pension Income & IRA Distributions	X	X	X	X	X	X	X	X	X	X	X	<ul style="list-style-type: none"> ● Average % reduction in tax liability
25	39	Income	Deduction for Social Security Benefits Taxable at Federal Level	X	X	X	X	X	X	X	X	X	X	X	<ul style="list-style-type: none"> ● Average % reduction in tax liability
26	40	Property	Property Tax Fairness Credit	X	X	X	X	X	X	X	X	X	X	X	<ul style="list-style-type: none"> ● Average % reduction in tax liability ● Average property tax bill of beneficiaries calculated with and without the credit
Tax Relief - Targeted Industry or Consumers															
27	43	Service Provider	Basic Cable & Satellite Television Service	X	X	X	X	X	X	X	X	X	X	X	
28	44	Service Provider	Certain Telecommunications Services	X	X	X	X	X	X	X	X	X	X	X	

Appendix I: Performance Measures for Full Evaluations

Prepared by the Office of Program Evaluation and Government Accountability

Count	ID#	Tax Type	Expenditure Program Name	Menu of Core Performance Measures [^] (See Legend on last page)												
				A	B	C	D	E	F	G	H	I	J	K		
<i>Miscellaneous - Specific Policy Goal or Administrative Burden</i>														Potential Additional Measures for Specific Tax Expenditures [^]		
29	184	Other	Partial Cigarette Stamp Tax Exemption for Licensed Distributors	X	X	X	X	X								
30	185	Sales & Use	Air & Water Pollution Control Facilities	X	X	X	X	X								
31	193	Sales & Use	Sales Through Coin Operated Vending Machines	X	X	X	X	X								

[^] Performance measures would typically be calculated by year to allow for analysis of percentage changes year over year, trends, etc. Further calculations and breakdowns that would be considered, as appropriate, include: per beneficiary, per capita, by beneficiary type, by new vs. continuing beneficiary, by county of taxpayer, by income bracket, by tax filing status of individual or business, by household or firm size, or by industry.

LEGEND - Core Performance Measures	
Code	Performance Measure
A	# Direct beneficiaries
B	Participation rate, calculated as: [# of direct beneficiaries]/[# of known eligible population]**]
C	\$ Value of tax benefit to beneficiaries
D	\$ Value of tax revenue loss to State
E	Net impact on State budget****
F	\$ Value of qualifying activity*
G	\$ Value of tax benefit*** per direct beneficiary (Average, Min, Max)
H	\$ Value of tax benefit*** per \$ of qualifying activity *
I	Leveraging Ratio, calculated as: [\$ of qualifying activity* generated]/[\$ Value of tax revenue loss to State]
J	Indicators of growth in targeted business/industry (e.g. # of employees, \$ payroll, \$ gross revenue)
K	Indicators of economic impact**** in targeted business/industry or geographic area (i.e. jobs created, GDP)

Notes:
 * activity may include: investments, expenditures, loan payments, tuition contributions, property value, or sales
 ** potential beneficiaries of tax expenditure, which may be businesses, investors, or individuals
 *** reimbursement, refund, exemption or a reduction in tax liability due to credits and deductions
 **** requires economic modeling

Appendix J: Tax Expenditure Review Schedule by Year

Prepared by the Office of Program Evaluation and Government Accountability

ID #	Review Category	Expenditure Program Name		2016	2017	2018	2019	2020	2021
2	Full	Jobs and Investment Tax Credit	Business Incentive - Job Creation	X					
4	Full	Pine Tree Development Zones -Income Tax Credit, Sales Tax Exemption (Electricity & Tangible Personal Property), and Sales & Use Tax Reimbursement (Certain Tangible Personal Property)	Business Incentive - Job Creation	X					
9	Full	Employment Tax Increment Financing	Business Incentive - Job Creation	X					
10	Full	Job Increment Financing Fund - Brunswick Naval Air Station	Business Incentive - Job Creation	X					
146	Expedited	Grocery Staples	Necessity of Life	X					
147	Expedited	Prescription Drugs	Necessity of Life	X					
148	Expedited	Prosthetic Devices	Necessity of Life	X					
149	Expedited	Meals Served to Patients in Hospitals & Nursing Homes	Necessity of Life	X					
150	Expedited	Fuels for Cooking & Heating Homes	Necessity of Life	X					
151	Expedited	Certain Residential Electricity	Necessity of Life	X					
152	Expedited	Gas Used for Cooking & Heating in Residences	Necessity of Life	X					
153	Expedited	Rental Charges for Living Quarters in Nursing Homes and Hospitals	Necessity of Life	X					
154	Expedited	Rental Charges on Continuous Residence More Than 28 Days	Necessity of Life	X					
155	Expedited	Funeral Services	Necessity of Life	X					
156	Expedited	Diabetic Supplies	Necessity of Life	X					
157	Expedited	Water Used in Private Residences	Necessity of Life	X					
158	Expedited	Positive Airway Pressure Equipment & Sales	Necessity of Life	X					
11	Full	Reimbursement For Business Equipment Tax Exemption to Municipalities (BETE)	Business Incentive - Equip Investment		X				
12	Full	Reimbursement for Taxes Paid on Certain Business Property (BETR)	Business Incentive - Equip Investment		X				
1	Full	High-Technology Investment Tax Credit	Business Incentive - Research Investment		X				
5	Full	Research Expense Tax Credit	Business Incentive - Research Investment		X				
13	Full	New Machinery for Experimental Research	Business Incentive - Research Investment		X				
125	Expedited	Credit for Income Tax Paid to Other Jurisdiction	Tax Fairness		X				
126	Expedited	Deduction for Active Duty Military Pay Earned Outside Maine	Tax Fairness		X				
127	Expedited	Deduction for Dividends Received from Nonunitary Affiliates	Tax Fairness		X				
128	Expedited	Exemptions of the Real Estate Transfer Tax	Tax Fairness		X				
129	Expedited	Refund of the Gasoline Tax for Off-Highway Use and for Certain Bus Companies	Tax Fairness		X				
130	Expedited	Refund of the Special Fuel Tax for Off-Highway Use and for Certain Bus Companies	Tax Fairness		X				
131	Expedited	Certain Returnable Containers	Tax Fairness		X				
132	Expedited	Packaging Materials	Tax Fairness		X				

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ID #	Review Category	Expenditure Program Name		2016	2017	2018	2019	2020	2021
133	Expedited	Certain Loaner Vehicles	Tax Fairness		X				
134	Expedited	Mobile & Modular Homes	Tax Fairness		X				
135	Expedited	Certain Property Purchased Out of State	Tax Fairness		X				
136	Expedited	Meals & Lodging Provided to Employees	Tax Fairness		X				
137	Expedited	Trade-In Credits	Tax Fairness		X				
138	Expedited	Motor Vehicle Fuel	Tax Fairness		X				
3	Full	New Markets Capital Investment Credit	Business Incentive - Financial Investment			X			
6	Full	Seed Capital Investment Tax Credit	Business Incentive - Financial Investment			X			
7	Full	Tax Benefits for Media Production Companies	Business Incentive - Targeted Industry			X			
8	Full	Credit for Rehabilitation of Historic Properties	Business Incentive - Targeted Industry			X			
58	Expedited	Meals Served by a Retirement Facility to its Residents	Charitable - Elderly			X			
50	Expedited	State and Local Government Exemption from the Gasoline Tax	Charitable - Government			X			
51	Expedited	State & Local Government Exemption from the Special Fuel Tax	Charitable - Government			X			
54	Expedited	Sales to the State & Political Subdivisions	Charitable - Government			X			
76	Expedited	Sales to the State & Political Subdivisions	Charitable - Government			X			
47	Expedited	Construction Contracts with Exempt Organizations	Charitable - Other			X			
48	Expedited	Construction Contracts with Exempt Organizations	Charitable - Other			X			
74	Expedited	Merchandise Donated from a Retailer's Inventory to Exempt Organizations	Charitable - Other			X			
52	Expedited	Meals for Residents of Certain Nonprofit Congregate Housing Facilities	Charitable - Elderly			X			
56	Expedited	Providing Meals for the Elderly	Charitable - Elderly			X			
73	Expedited	Returned Merchandise Donated to Charity	Charitable - Other			X			
49	Expedited	Sales of Certain Qualified Snowmobile Trail Grooming Equipment	Charitable - Other			X			
75	Expedited	Free Publications	Charitable - Other			X			
53	Expedited	Certain Sales by an Auxiliary Organization of American Legion	Charitable - Veterans			X			
41	Full	Railroad Track Materials	Business Incentive - Targeted Industry				X		
42	Full	Refund of Sales Tax on Purchases of Parts and Supplies for Windjammers	Business Incentive - Targeted Industry				X		
184	Full	Partial Cigarette Stamp Tax Exemption for Licensed Distributors	Specific Policy Goal/Mandate				X		

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185	Full	Air & Water Pollution Control Facilities	Specific Policy Goal/Mandate				X		
193	Full	Sales Through Coin Operated Vending Machines	Administrative Burden				X		
55	Expedited	Meals Served by Public or Private Schools	Charitable - Education				X		
61	Expedited	Rental of Living Quarters at Schools	Charitable - Education				X		
70	Expedited	Sales by Schools & School-Sponsored Organizations	Charitable - Education				X		
59	Expedited	Sales to Hospitals, Research Centers, Churches and Schools	Charitable - Other				X		
77	Expedited	Sales to Hospitals, Research Centers, Churches and Schools	Charitable - Other				X		
63	Expedited	Sales to Comm. Mental Health, Substance Abuse & Mental Retardation Facilities	Charitable - Health & Safety				X		
64	Expedited	Sales to Historical Societies & Museums	Charitable - Education				X		
65	Expedited	Sales to Day Care Centers & Nursery Schools	Charitable - Education				X		
68	Expedited	Sales to any Nonprofit Free Libraries	Charitable - Education				X		
62	Expedited	Sales to Ambulance Services & Fire Departments	Charitable - Health & Safety				X		
66	Expedited	Sales to Emergency Shelters & Feeding Organizations	Charitable - Health & Safety				X		
71	Expedited	Sales to Nonprofit Home Construction Organizations	Charitable - Low Income				X		
72	Expedited	Sales to Nonprofit Housing Development Organizations	Charitable - Low Income				X		
60	Expedited	Sales to Certain Nonprofit Residential Child Caring Institutions	Charitable - Youth				X		
67	Expedited	Sales to Comm. Action Agencies; Child Abuse Councils; Child Advocacy Orgs.	Charitable - Youth				X		
69	Expedited	Sales to Nonprofit Youth Athletic & Scouting Organizations	Charitable - Youth				X		
78	Expedited	Sales to Comm. Action Agencies; Child Abuse Councils; Child Advocacy Orgs.	Charitable - Youth				X		
79	Expedited	Sales to Nonprofit Youth & Scouting Organizations	Charitable - Youth				X		
57	Expedited	Meals Served by Youth Camps Licensed by DHHS	Charitable - Youth				X		
19	Full	Credit for Educational Opportunity	Non-business Incentive - Education					X	
22	Full	Deduction For Contributions To IRC 529 Qualified Tuition Plans	Non-business Incentive - Education					X	
23	Full	Deduction for Interest and Dividends on Maine State and Local Securities - Individual Income Tax	Non-business Incentive - Financial Investment					X	
24	Full	Deduction for Interest and Dividends Full on U.S., Maine State and Local Securities - Corporate Income Tax	Non-business Incentive - Financial Investment					X	

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20	Full	Credit for Wellness Programs	Non-business Incentive - Health & Safety					X	
25	Full	Deduction for Premiums Paid for Long-Term Health Care Insurance	Non-business Incentive - Health & Safety					X	
159	Expedited	Gasoline Exported from the State	Interstate or Foreign Commerce					X	
160	Expedited	Special Fuel Exported from the State	Interstate or Foreign Commerce					X	
161	Expedited	Excise Tax Exemption on Jet or Turbo Jet Fuel - International Flights	Interstate or Foreign Commerce					X	
162	Expedited	Ships' Stores	Interstate or Foreign Commerce					X	
163	Expedited	Certain Jet Fuel	Interstate or Foreign Commerce					X	
164	Expedited	Certain Vehicles Purchased or Leased by Nonresidents	Interstate or Foreign Commerce					X	
165	Expedited	Certain Vehicles Purchased or Leased by Qualifying Resident Businesses	Interstate or Foreign Commerce					X	
166	Expedited	Watercraft Purchased by Nonresidents	Interstate or Foreign Commerce					X	
167	Expedited	Property Used in Interstate Commerce	Interstate or Foreign Commerce					X	
168	Expedited	Sales of Property Delivered Outside this State	Interstate or Foreign Commerce					X	
169	Expedited	Sales of Certain Printed Materials	Interstate or Foreign Commerce					X	
170	Expedited	Sales of Certain Aircraft	Interstate or Foreign Commerce					X	
171	Expedited	Sale, Use or Lease of Aircraft and Sales of Repair and Replacement Parts	Interstate or Foreign Commerce					X	
21	Full	Earned Income Credit [#]	Tax Relief - Individuals						X
37	Full	Income Tax Credit for Child and Dependent Care Expense	Tax Relief - Individuals						X
38	Full	Deduction for Pension Income & IRA Distributions	Tax Relief - Individuals						X
39	Full	Deduction for Social Security Benefits Taxable at Federal Level	Tax Relief - Individuals						X
40	Full	Property Tax Fairness Credit	Tax Relief - Individuals						X

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43	Full	Basic Cable & Satellite Television Service	Tax Relief - Individual or Targeted Industry						X
44	Full	Certain Telecommunications Services	Tax Relief - Individual or Targeted Industry						X
123	Expedited	Itemized Deductions	Conformity with IRC						X
124	Expedited	Sum of All Other Conformity Provisions	Conformity with IRC						X
174	Expedited	Products Used in Agricultural and Aquacultural Production & Bait	Inputs to Tangible Products						X
175	Expedited	Fuel and Electricity Used in Manufacturing	Inputs to Tangible Products						X
176	Expedited	Machinery & Equipment	Inputs to Tangible Products						X
177	Expedited	Seedlings for Commercial Forestry Use	Inputs to Tangible Products						X
178	Expedited	Property Used in Manufacturing Production	Inputs to Tangible Products						X
179	Expedited	Certain Sales of Electrical Energy	Inputs to Tangible Products						X
180	Expedited	Refund of Sales Tax on Certain Depreciable Machinery and Equipment	Inputs to Tangible Products						X
191	Expedited	Non-Taxable Services	Non-Taxable Services						X
192	Expedited	Repair, Maintenance and Other Labor Service Fees	Non-Taxable Services						X