

# MAINE STATE LEGISLATURE

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Date 6/14/23 MAJORITY

(Filing No H-530)

TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
131ST LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to HP 538, L D 849, "An Act to Implement the Recommendations of the Working Group to Review the Process for Ongoing Review of Tax Expenditures by the Legislature"

Amend the bill in section 1 in §993 in the first indented paragraph in the 2nd and 3rd lines (page 1, lines 5 and 6 in L D ) by striking out the following "2 members of the committee must be members" and inserting the following 'one member of the committee must be a member'

Amend the bill in section 1 in §993 in the first indented paragraph in the last line (page 1, line 9 in L.D ) by inserting after the following "matters." the following 'No 2 members of the committee may be members of the same joint standing committee of the Legislature and also members of the same political party'

Amend the bill by striking out all of sections 5, 6 and 7 and inserting the following

'Sec. 5. 3 MRSA §1000, as amended by PL 2019, c 161, §2, is repealed

Sec. 6. 3 MRSA §1001, sub-§1, as enacted by PL 2015, c 344, §4, is amended to read

1. Information requests; confidentiality; reporting. The following provisions apply to the performance of duties under sections section 999 and 1000 These powers are in addition to the powers granted to the office and committee under this chapter

A The office may request confidential information from the Department of Administrative and Financial Services, Maine Revenue Services or other state agencies as necessary to address the evaluation objectives and performance measures approved under section 999, subsection 1 The office shall request any confidential information in accordance with section 997, subsection 4 The office shall request that confidential tax information, other than beneficiary contact information, be made accessible to the office as de-identified tax data If Maine Revenue Services is unable to provide such data, the office and representatives of Maine Revenue Services shall determine appropriate methods for the office to access the requested information

COMMITTEE AMENDMENT

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- 1 B Upon request of the office and in accordance with section 997, subsection 4, the  
2 Department of Administrative and Financial Services, Maine Revenue Services or  
3 other state agencies shall provide confidential information to the office. The office shall  
4 maintain the confidentiality of the information provided, in accordance with section  
5 997, subsections 3 and 4. This paragraph does not apply to federal tax information that  
6 is confidential under Title 36, section 191, subsection 3.
- 7 C The office, the committee or the policy committee may consult with governmental  
8 agencies, other entities and experts, including members of the Consensus Economic  
9 Forecasting Commission under Title 5, section 1710.
- 10 D The office may contract with other entities for the purpose of obtaining assistance  
11 in the review of tax expenditures. The office shall require a nondisclosure agreement  
12 as part of any contract entered into pursuant to this paragraph. The office may not  
13 disclose confidential taxpayer information to a contractor, except for
- 14 (1) Contact information for specific beneficiaries of tax expenditures for the  
15 purpose of conducting interviews, surveys or other data collection, and
- 16 (2) Statistics classified so as to prevent the identification of specific taxpayers or  
17 the reports, returns or items of specific taxpayers.
- 18 The contractor shall retain physical control of any information obtained pursuant to  
19 this paragraph until the conclusion of the review for which the information was  
20 provided, after which the information must be immediately destroyed.
- 21 E. The office may report confidential information obtained under this section to  
22 Legislators, legislative committees, state agencies and the public only in the form of  
23 statistics classified so as to prevent the identification of specific taxpayers or the  
24 reports, returns or items of specific taxpayers.
- 25 F Prior to the submission of a tax expenditure evaluation report under section 999,  
26 subsection 2, the office shall provide the State Tax Assessor an opportunity to review  
27 a draft of the report in accordance with the provisions of section 997, subsection 1. The  
28 State Tax Assessor may advise the office on compliance with paragraph E.
- 29 G For purposes of this section, the following terms have the following meanings
- 30 (1) "Beneficiary contact information" means the following information listed on a  
31 tax return or included in a tax return: the name, address, zip code, e-mail address  
32 and telephone number of the taxpayer, and of any related entity, officers, attorneys,  
33 personal representatives and other agents, tax preparers and shareholders of,  
34 partners of or members of the taxpayer or of a listed related entity.
- 35 (2) "De-identified tax data" means tax returns and other confidential tax  
36 information that are redacted or otherwise modified or restricted by Maine  
37 Revenue Services so as to exclude the following
- 38 (a) Beneficiary contact information,
- 39 (b) Identification numbers including federal or state employee identification  
40 numbers, social security numbers and registration numbers, and
- 41 (c) Other information from which the State Tax Assessor determines that the  
42 identity of the taxpayer could reasonably be inferred.

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Amend the bill by striking out all of sections 9 to 12 and inserting the following

'Sec. 9. 5 MRSA §1666, 3rd ¶, as amended by PL 2015, c 344, §5, is further amended to read.

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. 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~~ section 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. This paragraph applies with respect to the preparation of the budget document for the 2008-2009 biennium and thereafter.'

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively

**SUMMARY**

This amendment reduces from 2 to one the number of new members who must be appointed to the Government Oversight Committee from the joint standing committee of the Legislature having jurisdiction over taxation matters and provides that no 2 members may be members of the same joint standing committee of the Legislature and also members of the same political party. The amendment deletes from the bill provisions requiring information relating to expedited reviews to be provided to the joint standing committee of the Legislature having jurisdiction over taxation matters by either the Office of Program Evaluation and Government Accountability or the Department of Administrative and Financial Services, Maine Revenue Services. The amendment deletes from the bill the provision requiring Maine Revenue Services to include in its report on tax expenditures information regarding the number of eligible taxpayers taking advantage of certain tax expenditures. The amendment also fixes cross-references.

**FISCAL NOTE REQUIRED**

(See attached)



# 131st MAINE LEGISLATURE

LD 849

LR 1783(02)

**An Act to Implement the Recommendations of the Working Group to Review the Process for Ongoing Review of Tax Expenditures by the Legislature**

**Fiscal Note for Bill as Amended by Committee Amendment "A" (H-530)**

**Committee: Taxation**

**Fiscal Note Required: Yes**

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## Fiscal Note

### Legislative Cost/Study

#### Legislative Cost/Study

The general operating expenses of this study are projected to be \$4,200 in fiscal year 2023-24 and \$4,450 in fiscal year 2024-25. The Legislature's proposed budget for the 2024-2025 biennium includes \$14,500 in each of fiscal years 2023-24 and 2024-25 for the costs of legislative studies, as well as \$2,234 in projected balances from fiscal year 2022-23 and \$36,777 of balances carried over from prior years for this purpose. Whether these amounts are sufficient to fund all studies will depend on the number of studies authorized by the Legislative Council and the Legislature. The additional costs of providing staffing assistance to the study during the interim can be absorbed utilizing existing budgeted staff resources.