

# MAINE STATE LEGISLATURE

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**LAWS**  
**OF THE**  
**STATE OF MAINE**

**AS PASSED BY THE**

**ONE HUNDRED AND TWENTY-SIXTH LEGISLATURE**

**FIRST SPECIAL SESSION**  
**August 29, 2013**

**SECOND REGULAR SESSION**  
**January 8, 2014 to May 2, 2014**

**THE EFFECTIVE DATE FOR**  
**FIRST SPECIAL SESSION**  
**EMERGENCY LAW IS**  
**SEPTEMBER 6, 2013**

**THE GENERAL EFFECTIVE DATE FOR**  
**SECOND REGULAR SESSION**  
**NON-EMERGENCY LAWS IS**  
**AUGUST 1, 2014**

**PUBLISHED BY THE REVISOR OF STATUTES**  
**IN ACCORDANCE WITH THE MAINE REVISED STATUTES ANNOTATED,**  
**TITLE 3, SECTION 163-A, SUBSECTION 4.**

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**Augusta, Maine**  
**2014**

with Title 20-A, section 10 and use funds otherwise provided for a contract pursuant to Title 20-A, section 15689-A, subsection 6. The contract authorized in accordance with Title 20-A, section 15689-A, subsection 6 for fiscal year 2014-15 may not exceed the balance of funds remaining after funds are allocated for this purpose; and be it further

**Sec. 9. Staffing assistance; information. Resolved:** That the Department of Education and the Education Research Institute established pursuant to the Maine Revised Statutes, Title 20-A, section 10 shall provide staffing assistance to the commission. The Department of Education and the Education Research Institute shall provide the commission with access to previous reports on school funding in the State and access to database information necessary to carry out the duties pursuant to section 5 of this resolve. The Office of Policy and Legal Analysis shall provide drafting assistance to the commission; and be it further

**Sec. 10. Report; recommendations. Resolved:** That the Department of Education and the Education Research Institute staff assigned to provide staffing assistance to the commission pursuant to section 9 shall present a preliminary report, including the results of the review conducted pursuant to section 5 and the related deliverables included in the work plan established by the commission under section 6, to the commission no later than November 1, 2014. The Department of Education and the Education Research Institute staff assigned to provide staffing assistance to the commission shall work with the commission to prepare a final report, including findings and recommendations related to the results of the review required by this resolve, for submission to the Legislature. The commission shall submit a report containing its findings and recommendations pursuant to sections 5 and 6 of this resolve, including any necessary implementing legislation, to the joint standing committee of the Legislature having jurisdiction over education and cultural affairs by December 9, 2014. The joint standing committee of the Legislature having jurisdiction over education and cultural affairs may submit a bill related to this report to the First Regular Session of the 127th Legislature.

**Emergency clause.** In view of the emergency cited in the preamble, this legislation takes effect when approved.

Effective May 1, 2014.

## CHAPTER 115 H.P. 1048 - L.D. 1463

### 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.

See title page for effective date.

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