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**Information to Support 2019 Expedited Reviews
of Maine State Tax Expenditures**

**“Charitable” Tax Expenditures
Sales and Use Tax
Service Provider Tax**

Prepared by

**the Office of Program Evaluation and Government Accountability
Pursuant to Title 3 Section 1000 sub-section 2**

Submitted to

**Joint Standing Committee on Taxation
and
Government Oversight Committee**

June 2019

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Overview

The Office of Program Evaluation and Government Accountability (OPEGA) is tasked by 3 MRSA §1000(2) with providing information to support the Legislature’s Joint Standing Committee on Taxation in carrying out expedited reviews of certain Maine State tax expenditures. As defined by 3 MRSA §992 and 5 MRSA §1666, "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 information OPEGA is required to provide includes:

- a description of the tax policy under review;
- descriptions of each tax expenditure associated with that policy, including the mechanism through which it is distributed and its intended beneficiaries;
- the legislative history of each tax expenditure; and
- the fiscal impact of the tax policy and each related tax expenditure, including past and future impacts.

As required by 3 MRSA §998, the Legislature’s Government Oversight Committee (GOC), in consultation with the Taxation Committee, previously assigned each Maine State tax expenditure to one of three review categories: (a) full evaluation; (b) expedited review; (c) no review. Tax expenditures selected by the Committees for expedited review are those intended to implement broad tax policy goals that cannot be reasonably measured.¹ The 17 tax expenditures selected by the Committees for expedited review in 2019 include exemptions from the sales and use tax and exemptions from the service provider tax. Each of these tax exemptions were classified under the policy area described as “Charitable.”

“Charitable” Policy Areas: Definitions

OPEGA’s 2015 Proposal for Legislative Review of Maine State Tax Expenditures defined the “Charitable” policy area as:

*Charitable expenditures are expenditures which exempt 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.*²

OPEGA notes that the expenditures that were categorized under the “charitable” rationale in the 2015 proposal are diverse and do not share a common tax policy. Consequently, a concise description of how these expenditures relate to a single broad tax policy is not possible. To aid in categorizing the tax expenditures for evaluation by the Taxation Committee, OPEGA has grouped the 2019 tax expenditures into groupings of similar exemptions, based on the intended beneficiaries. The groupings of expenditures described as “Charitable” are listed as:

- 1) Public Support for Certain Organizations
- 2) Public Support for Students, Youth and Schools
- 3) Public Support for Persons with Disabilities

The 17 tax expenditures in the 2019 cohort are grouped by category in Table 1.

¹ 3 MRSA §998(1)(B)

² OPEGA considered 26 US Code §501(c)(3) when developing this definition.

Table 1: 2019 Tax Expenditures Grouped by Category

| Category | Expenditures |
|--|--|
| Public Support for Certain Organizations | Sales to Hospitals, Research Centers, Churches and Schools |
| | Sales to Certain Nonprofit Residential Child Care Institutions |
| | Sales to Ambulance Services and Fire Departments |
| | Sales to Community Mental Health Facilities, Community Adult Developmental Services Facilities and Community Substance Use Disorder Facilities |
| | Sales to Historical Societies, Museums, and Certain Memorial Foundations |
| | Sales to Child Care Facilities |
| | Sales to Emergency Shelters and Feeding Organizations |
| | Sales to Community Action Agencies, Child Abuse Councils, Child Advocacy Organizations |
| | Sales to any Nonprofit Free Libraries |
| | Sales to Nonprofit Youth Athletic and Scouting Organizations |
| | Sales to Nonprofit Home Construction Organizations |
| | Sales to Nonprofit Housing Development Organizations |
| Public Support for Students, Youth and Schools | Meals Served by Public or Private Schools |
| | Meals Served by Youth Camps Licensed by DHHS |
| | Rental of Living Quarters at Schools |
| | Sales by Schools and School-Sponsored Organizations |
| Public Support for Persons with Disabilities | Adaptive Equipment for Vehicles of Persons with Disabilities |

Fiscal Impact Estimates

The fiscal impact estimates presented in this report represent estimated foregone revenue for the State. Maine Revenue Services (MRS) is required to prepare these estimates biennially based on the current tax law in effect at the time of the estimate. MRS uses various methods to estimate the forgone General Fund revenue loss. The estimates reported here are taken from the Maine State Tax Expenditure Reports (MSTER).³

The individual tax expenditure descriptions beginning on page 6 include MRS' estimates of revenue loss by fiscal year (FY) with notation of the estimation method used.

³ The MSTER is a report prepared by MRS in odd-numbered years to meet the requirements of 36 MRSA §199-B.

Table 2: Estimated Fiscal Impact of 2019 Cohort of Tax Expenditures by Category

| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Public Support for Certain Organizations | \$10,224,989 | \$10,224,989 | \$10,224,989 | \$10,224,989 | \$10,224,989 | \$10,224,989 |
| Public Support for Students, Youth and Schools | \$21,578,139 | \$23,015,799 | \$15,269,999 | \$16,009,999 | \$16,589,999 | \$17,119,999 |
| Public Support for Persons with Disabilities | \$70,228 | \$72,334 | \$70,000 | \$80,000 | \$80,000 | \$81,000 |
| 2019 Total | \$31,873,356 | \$33,313,122 | \$25,564,988 | \$26,314,988 | \$26,894,988 | \$27,425,988 |
| Source: Estimates for FY16 & FY17 are from the 2018-2019 MSTER while the estimates for FY18 through FY21 are from the 2020-2021 MSTER. Where ranges are reported, the average of the lower and upper end of the range is used. | | | | | | |

Table 2 shows the total estimated fiscal impact of the 17 tax expenditures as reported by MRS. These are grouped by the categories described in the previous section of this report. It is evident from the table that the four expenditures grouped into the category of “Public Support for Students, Youth and Schools” constitute the majority of these 17 tax expenditures. Appendix B shows the breakdown of the impact of each of the individual expenditures by year.

As can be seen in Appendix B, estimates for each of the 17 tax expenditures in this report are generally consistent across years. The most variation is seen in “Meals Served by Public or Private Schools” (36 MRSA §1760(6-A)) between FY17 and FY18. MRS described how the new estimate was based on the economic model’s output and a review and analysis of Maine Department of Education (DOE) data, which indicated that the original estimate was high and therefore the estimate was lowered.

Information on Individual Tax Expenditures

The remainder of this report contains a series of tables summarizing the information OPEGA is required to provide under 3 MRSA §1000(2) for each individual tax expenditure. OPEGA gathered this information from the following sources:

- Sections of Maine statute pertaining to each exemption;
- MSTER for 2018-2019 and 2020-2021; and
- Direct request for tax expenditure information from MRS.

In addition, the legislative history summarized in this report was prepared by OPEGA based on details researched and provided to OPEGA by the Law and Legislative Reference Library. Of the sources we reviewed, none directly identified intended beneficiaries for these exemptions, so OPEGA has defined these based on our understanding of the expenditures.

The MSTER are the source of the fiscal impact estimates OPEGA has included in this report for Fiscal Years 2016 through 2021. The estimates for FY16 and FY17 were published in the 2018-2019 MSTER. The estimates for FY18-FY21 were published in the 2020-2021 MSTER.

MRS told OPEGA they do not use these estimates to look at trends; rather, the numbers are “point in time” based on the economic forecast using the best information available at the time. Estimates are influenced by the anticipated tax rates; economic activity; policy changes; available data; and other factors. This makes it challenging to discern any trends or policy impacts over time using the revenue loss estimates published in the MSTER. Consequently, MRS is unable to determine the amount of impact from each of these factors in a given year. They may adjust an estimate based on their assessment of the anticipated impact of certain changes, but that may be one of many factors that contribute to an estimate in a given year.

Neither OPEGA nor MRS was able to identify any existing data that could be used to assess how closely MRS’ estimates reflected actual forgone revenue, or that would better illustrate trends in fiscal impact. It is beyond the scope and resources of OPEGA to delve more deeply into the methods used to calculate individual tax expenditures or more fully research other potential data sources. If the Legislature is interested in understanding fiscal impact trends and/or actual impacts from policy changes on these tax expenditures, we suggest the Joint Standing Committee on Taxation confer with MRS and OFPR on options for obtaining such analyses in the future.

| Tax Expenditure | Meals Served by Public or Private Schools | | |
|----------------------------------|---|---|--|
| Statutory reference | 36 MRSA §1760(6)(A) | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | |
| Brief description | Tax exemption on sales of meals in the school lunchroom during the school day or by a school or student organization at a school event. | | |
| Intended beneficiaries | Students and teachers | | |
| Estimated fiscal impact | FY16 | \$13,428,940 | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY17 | \$14,602,000 | |
| | FY18 | \$7,030,000 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$7,400,000 | |
| | FY20 | \$7,690,000 | |
| | FY21 | \$7,990,000 | |
| Notes on estimated fiscal impact | The estimated revenue loss is based on the sales tax micro simulation model and Maine DOE data. MRS described how the economic model’s output and a review and analysis of DOE data indicated that the estimate from previous years was high and therefore the estimate was lowered in the 2020-2021 MSTER. | | |
| Legislative history | Public Law | Change | |
| | PL 1951, c. 250 | Enacted the sales tax exemption for meals served by public or private schools, school districts, student organizations and parent-teacher associations to the students or teachers of a school. | |

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|----------------------------------|---|--|--|
| Tax Expenditure | Meals Served by Youth Camps Licensed by DHHS | | |
| Statutory reference | 36 MRSA §1760(6-F) | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | |
| Brief description | Tax exemption on sales of meals served by licensed youth camps established for the primary purpose of providing an outdoor group experience for children. | | |
| Intended beneficiaries | Youth and others attending camp | | |
| Estimated fiscal impact | FY16 | \$250,000 - \$999,999 | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY17 | \$250,000 - \$999,999 | |
| | FY18 | \$250,000 - \$999,999 | |
| | FY19 | \$250,000 - \$999,999 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY20 | \$250,000 - \$999,999 | |
| | FY21 | \$250,000 - \$999,999 | |
| Notes on estimated fiscal impact | The estimated revenue loss is a range because little or no data is available. | | |
| Legislative history | Public Law | Change | |
| | PL 2007, c. 529 | Enacted the sales tax exemption for meals served by licensed youth camps with the primary purpose of providing an outdoor group living experience with social, recreational, spiritual objectives for children and used for five or more consecutive days. | |
| | PL 2009, c. 211 | Amended to create a separate definition of “youth camps” and include reference to the definition in this provision. | |

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|--|--|---|-----------------------|--|
| Tax Expenditure | Sales to Hospitals, Research Centers, Churches and Schools | | | |
| Statutory reference | For exemptions from sales tax: 36 MRSA §1760(16) For exemptions from service provider tax: 36 MRSA §2557(3) | | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | | |
| Brief description | Tax exemption on sales to hospitals, nonprofit medical or residential care facilities or centers, nonprofit assisted housing programs for the elderly, nonprofit medical and scientific research organizations, nonprofit educational telephone or radio stations, schools, and churches. | | | |
| Intended beneficiaries | The organizations listed above. | | | |
| Estimated fiscal impact | | 36 MRSA §1760(16) | 36 MRSA §2557(3) | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY16 | \$6,000,000+ | \$250,000 - \$999,999 | |
| | FY17 | \$6,000,000+ | \$250,000 - \$999,999 | |
| | FY18 | \$6,000,000+ | \$250,000 - \$999,999 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$6,000,000+ | \$250,000 - \$999,999 | |
| | FY20 | \$6,000,000+ | \$250,000 - \$999,999 | |
| | FY21 | \$6,000,000+ | \$250,000 - \$999,999 | |
| Notes on estimated fiscal impact | The estimated revenue loss is a range because little or no data is available. Number of exempt organizations on file: 55 hospitals; 7 nursing homes; 27 home health care agencies; 76 rural community health centers; 11 dental health centers; 98 residential care facilities; 27 medical research organizations; 19 biology/ecology labs; 15 educational TV/radio stations; 725 schools; 26 literacy assistance organizations; 4 organizations that assist children with dyslexia; 2,232 churches; 1 free medical clinic; 1 federal qualified health center. | | | |
| Legislative history 36 MRSA §1760(16) | Public Law | Change | | |
| | PL 1951, c. 250 | Enacted the sales tax exemption for sales to hospitals and regularly organized churches or houses of religious worship except for sales, storage or use in activities that are mainly commercial enterprises. | | |
| | PL 1953, c. 109 | Amended to include incorporated non-profit medical research institutions in the exemption. | | |
| | PL 1953, c. 407 | Amended to include incorporated schools in the exemption. | | |
| | PL 1961, c. 380 | Amended to include incorporated nonprofit institutions operating educational television or radio stations in the exemption. | | |
| | PL 1971, c. 23 | Amended to include incorporated nonprofit institutions establishing and maintaining laboratories for scientific study and investigation in biology and ecology in the exemption. | | |
| | PL 1971, c. 508 | Amended to include incorporated nonprofit licensed nursing homes in the exemption. | | |
| | PL 1977, c. 559 | Amended to include certified incorporated nonprofit home health care agencies in the exemption. | | |

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| | PL 1981, c. 502 PL 1981, c. 706 | Amended to include incorporated nonprofit rural community health centers delivering (or providing facilities for) comprehensive primary health care in exemption. |
| | PL 1983, c. 560 | Amended to include incorporated nonprofit dental health centers in exemption. |
| | PL 1987, c. 343 | Amended to include incorporated nonprofit, licensed boarding care facilities in exemption. |
| | PL 1999, c. 485 | Amended to include incorporated nonprofit organizations whose purpose is to provide literacy assistance or free clinical assistance to children with dyslexia in exemption. |
| | PL 2003, c. 705 | Amended to include incorporated nonprofit assisted housing programs for the elderly in the exemption. |
| | PL 2005, c. 622 | Reorganized parallel exemption to the sales tax and the service provider tax for greater clarity and consistency. |
| | PL 2007, c. 416 | Amended to include incorporated nonprofit medical clinics whose sole mission is to provide free medical care to the indigent or uninsured in the exemption. |
| | PL 2015, c. 510 | Amended to include incorporated nonprofit federally qualified health centers in the exemption. |
| Legislative history 36 MRSA §2557(3) | PL 2003, c. 673 | Enacted the service provider tax exemption for sales to hospitals, nonprofit licensed nursing homes, nonprofit licensed residential care facilities, nonprofit certified home health agencies, nonprofit rural community health centers, nonprofit dental health centers, nonprofit corporations conducting medical research or laboratories for scientific study or operating educational television or radio stations, schools, nonprofit organizations providing literacy assistance or free clinical assistance to children with dyslexia, regularly organized churches or houses of worship, excepting sales, storage or use in activities that are mainly commercial. All but regularly organized churches or houses of worship were required to be incorporated. |
| | PL 2005, c. 622 | Reorganized parallel exemption to the sales tax and the service provider tax for greater clarity and consistency. |
| | PL 2009, c. 361 PL 2009, c. 652 | Amended to include nonprofit medical clinics whose sole mission is to provide free medical care to the indigent or uninsured, retroactive to October 1, 2007. |
| | PL 2015, c. 510 | Amended to include incorporated nonprofit federally qualified health centers in the exemption. |

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| Tax Expenditure | Sales to Certain Nonprofit Residential Child Care Institutions | | | |
| Statutory reference | For exemptions from sales tax: 36 MRSA §1760(18-A) For exemptions from service provider tax: 36 MRSA §2557(4) | | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | | |
| Brief description | Tax exemption on sales to nonprofit residential, licensed child care facilities. | | | |
| Intended beneficiaries | Nonprofit residential, licensed child care facilities | | | |
| Estimated fiscal impact | | 36 MRSA §1760(18-A) | 36 MRSA §2557(4) | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY16 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY17 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY18 | \$50,000 - \$249,999 | 0 - \$49,999 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY20 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY21 | \$50,000 - \$249,999 | 0 – \$49,999 | |
| Notes on estimated fiscal impact | The estimated revenue loss is a range because little or no data is available. MRS has 98 exempt organizations on file. | | | |
| Legislative history 36 MRSA §1760(18-A) | Public Law | Change | | |
| | PL 1971, c. 507 | Enacted the sales tax exemption for sales to private, incorporated nonprofit licensed residential child caring institutions. | | |
| | PL 2015, c. 300 | Amended to change language from “institutions” to “facilities.” | | |
| Legislative history 36 MRSA §2557(4) | PL 2003, c. 673 | Enacted the service provider tax exemption for sales to incorporated private, nonprofit licensed residential child care institutions. | | |
| | PL 2007, c. 438 | Amended to change language from “institutions” to “facilities.” | | |

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| Tax Expenditure | Rental of Living Quarters at Schools | | |
| Statutory reference | 36 MRSA §1760(19) | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | |
| Brief description | Tax exemption on rent for living quarters, sleeping or housekeeping to students necessitated by attendance at a school. | | |
| Intended beneficiaries | Students paying rent for living quarters at schools | | |
| Estimated fiscal impact | FY16 | \$6,899,200 | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY17 | \$7,163,800 | |
| | FY18 | \$6,990,000 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$7,360,000 | |
| | FY20 | \$7,650,000 | |
| | FY21 | \$7,880,000 | |
| Notes on estimated fiscal impact | The estimated revenue loss is based on the sales tax micro simulation model. | | |
| Legislative history | Public Law | Change | |
| | PL 1959, c. 350 | Enacted the sales tax exemption for rent charged for living quarters, sleeping or housekeeping accommodations to any student necessitated by attendance at school. | |

| Tax Expenditure | Sales to Ambulance Services and Fire Departments | | | |
|--|---|---|------------------|--|
| Statutory reference | For exemptions from the sales tax: 36 MRSA §1760(26) For exemptions from the service provider tax: 36 MRSA §2557(5) | | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | | |
| Brief description | Tax exemption on sales to nonprofit fire departments, ambulance services, and air ambulance services. | | | |
| Intended beneficiaries | Nonprofit fire departments, ambulance services and air ambulance services | | | |
| Estimated fiscal impact | | 36 MRSA §1760(26) | 36 MRSA §2557(5) | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY16 | \$250,000 - \$999,999 | 0 - \$49,999 | |
| | FY17 | \$250,000 - \$999,999 | 0 - \$49,999 | |
| | FY18 | \$250,000 - \$999,999 | 0 - \$49,999 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$250,000 - \$999,999 | 0 - \$49,999 | |
| | FY20 | \$250,000 - \$999,999 | 0 - \$49,999 | |
| | FY21 | \$250,000 - \$999,999 | 0 - \$49,999 | |
| Notes on estimated fiscal impact | The estimated revenue loss is a range because little or no data is available. MRS has 117 exempt organizations on file. | | | |
| Legislative history 36 MRSA §1760(26) | Public Law | Change | | |
| | PL 1957, c.354 | Enacted the sales tax exemption for sales to incorporated volunteer fire departments. | | |
| | PL 1971, c.604 | Amended to include incorporated volunteer nonprofit ambulance corps in the exemption. | | |
| | PL 1997, c. 723 | Amended to add the requirement that fire departments be nonprofit and removed the requirement that fire departments or ambulance services be volunteer. | | |
| | PL 2007, c. 419 | Amended to include air ambulance services that are limited liability companies whose members are nonprofit organizations in the exemption. | | |
| Legislative history 36 MRSA §2557(5) | PL 2003, c. 673 | Enacted the service provider tax exemption for sales to incorporated nonprofit fire departments and incorporated nonprofit ambulance services. | | |
| | PL 2007, c. 419 | Amended to include air ambulance services that are limited liability companies whose members are nonprofit organizations in the exemption. | | |

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| Tax Expenditure | Sales to Community Mental Health Facilities, Community Adult Developmental Services Facilities and Community Substance Use Disorder Facilities | | | |
| Statutory reference | For exemptions of sales tax: 36 MRSA §1760(28) For exemptions of service provider tax: 36 MRSA §2557(6) | | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | | |
| Brief description | Tax exemption on sales to specified mental health facilities, adult developmental services facilities or substance use disorder facilities. | | | |
| Intended beneficiaries | Mental health facilities, adult developmental services facilities and substance use disorder facilities | | | |
| Estimated fiscal impact | | 36 MRSA §1760(28) | 36 MRSA §2557(6) | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY16 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY17 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY18 | \$50,000 - \$249,999 | 0 - \$49,999 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY20 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY21 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| Notes on estimated fiscal impact | The estimated revenue loss is a range because little or no data is available. MRS has 450 exempt organizations on file. | | | |
| Legislative history 36 MRSA §1760(28) | Public Law | Change | | |
| | PL 1967, c. 46 | Enacted the sales tax exemption for sales to community mental health facilities receiving support under specified federal or state statute. | | |
| | PL 1975, c. 773 | Amended to include mental health facilities and mental retardation facilities receiving support under specified federal or state statute in the exemption. | | |
| | PL 1999, c. 708 | Amended to include substance abuse facilities in the exemption. | | |
| | PL 2011, c. 542 | Amended to update language from "mental retardation facilities" to "adult developmental services facilities." | | |
| | PL 2017, c. 407 | Amended to update language from "substance abuse" to "substance use disorder." | | |
| Legislative history 36 MRSA §2557(6) | PL 2003, c. 673 | Enacted the service provider tax exemption for sales to mental health facilities, mental retardation facilities or substance abuse facilities that are receiving support under specified federal or state statute. | | |
| | PL 2011, c. 542 | Amended to update language from "mental retardation facilities" to "adult developmental services facilities." | | |
| | PL 2017, c. 407 | Amended to update language from "substance abuse" to "substance use disorder." | | |

| Tax Expenditure | Sales to Historical Societies, Museums, and Certain Memorial Foundations | | | |
|--|---|--|------------------|--|
| Statutory reference | For exemptions of sales tax: 36 MRSA §1760(42) For exemptions of service provider tax: 36 MRSA §2557(8) | | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | | |
| Brief description | Tax exemption on sales to historical societies, museums and nonprofit memorial foundations that provide cultural programs free to the public. | | | |
| Intended beneficiaries | Historical societies, museums and certain nonprofit memorial foundations | | | |
| Estimated fiscal impact | | 36 MRSA §1760(42) | 36 MRSA §2557(8) | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY16 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY17 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY18 | \$50,000 - \$249,999 | 0 - \$49,999 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY20 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY21 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| Notes on estimated fiscal impact | The estimated revenue loss is a range because little or no data is available. MRS has 443 exempt organizations on file. | | | |
| Legislative history 36 MRSA §1760(42) | Public Law | | | |
| | PL 1983, c. 560 | Enacted the sales tax exemption for sales to incorporated nonprofit historical societies and museums. | | |
| | PL 2001, c. 439 | Amended to include memorial foundations that primarily provide cultural programs free to the public in the exemption. | | |
| Legislative history 36 MRSA §2557(8) | PL 2003, c. 673 | Enacted the service provider tax exemption for sales to incorporated nonprofit memorial foundations that primarily provide cultural programs free to the public, historical societies and museums. | | |

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|--|--|---|------------------|--|
| Tax Expenditure | Sales to Child Care Facilities | | | |
| Statutory reference | For exemptions of sales tax: 36 MRSA §1760(43) For exemptions of service provider tax: 36 MRSA §2557(9) | | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | | |
| Brief description | Tax exemption on sales to licensed nonprofit child care facilities. | | | |
| Intended beneficiaries | Licensed nonprofit child care facilities | | | |
| Estimated fiscal impact | | 36 MRSA §1760(43) | 36 MRSA §2557(9) | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY16 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY17 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY18 | \$50,000 - \$249,999 | 0 - \$49,999 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY20 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY21 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| Notes on estimated fiscal impact | The estimated revenue loss is a range because little or no data is available. MRS has 53 exempt organizations on file. | | | |
| Legislative history 36 MRSA §1760(43) | Public Law | Change | | |
| | PL 1983, c. 560 | Enacted the sales tax exemption for sales to licensed, nonprofit nursery schools and day-care centers. | | |
| | PL 1983, c. 828 | Amended the exemption to require incorporation. | | |
| | PL 2015, c. 300 | Amended to change language to “child care facilities.” | | |
| Legislative history 36 MRSA §2557(9) | PL 2003, c. 673 | Enacted the service provider tax exemption for sales to licensed incorporated nonprofit nursery schools and day-care centers. | | |
| | PL 2015, c. 300 | Amended to change language to “child care facilities.” | | |

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|--|---|---|-------------------|--|
| Tax Expenditure | Sales to Emergency Shelters and Feeding Organizations | | | |
| Statutory reference | For exemptions of sales tax: 36 MRSA §1760(47-A) For exemptions of service provider tax: 36 MRSA §2557(12) | | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | | |
| Brief description | Tax exemption on sales to nonprofit organizations that provide free temporary emergency shelter or food for under-privileged individuals. | | | |
| Intended beneficiaries | Nonprofit organizations providing free temporary, emergency shelter or food | | | |
| Estimated fiscal impact | | 36 MRSA §1760(47-A) | 36 MRSA §2557(12) | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY16 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY17 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY18 | \$50,000 - \$249,999 | 0 - \$49,999 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY20 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY21 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| Notes on estimated fiscal impact | The estimated revenue loss is a range because little or no data is available. MRS has 143 exempt organizations on file. | | | |
| Legislative history 36 MRSA §1760(47-A) | Public Law | Change | | |
| | PL 1995, c. 625 | Enacted the sales tax exemption for sales to incorporated nonprofit organizations providing free temporary emergency shelter or food for underprivileged individuals in the State. | | |
| Legislative history 36 MRSA §2557(12) | PL 2003, c. 673 | Enacted the service provider tax exemption for sales to incorporated nonprofit organizations providing free temporary emergency shelter or food for underprivileged individuals in the State. | | |

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|--|--|--|----------------------|--|
| Tax Expenditure | Sales to Community Action Agencies, Child Abuse Councils, Child Advocacy Organizations | | | |
| Statutory reference | For exemptions of sales tax: 36 MRSA §1760(49) For exemptions of service provider tax: 36 MRSA §2557(13) | | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | | |
| Brief description | Tax exemption on sales to nonprofit child abuse and neglect councils, certain child advocacy organizations and designated community action agencies. | | | |
| Intended beneficiaries | Nonprofit child abuse and neglect councils, certain child advocacy organizations, designated community action agencies | | | |
| Estimated fiscal impact | | 36 MRSA §1760(49) | 36 MRSA §2557(13) | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY16 | \$250,000 - \$999,999 | \$50,000 - \$249,999 | |
| | FY17 | \$250,000 - \$999,999 | \$50,000 - \$249,999 | |
| | FY18 | \$250,000 - \$999,999 | \$50,000 - \$249,999 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$250,000 - \$999,999 | \$50,000 - \$249,999 | |
| | FY20 | \$250,000 - \$999,999 | \$50,000 - \$249,999 | |
| | FY21 | \$250,000 - \$999,999 | \$50,000 - \$249,999 | |
| Notes on estimated fiscal impact | The estimated revenue loss is a range because little or no data is available. MRS has 23 exempt organizations on file. | | | |
| Legislative history 36 MRSA §1760(49) | Public Law | Change | | |
| | PL 1985, c. 535 | Enacted the sales tax exemption for sales to designated community action agencies, except for sales, storage or use for activities which are mainly commercial enterprises. | | |
| | PL 1999, c. 499 | Amended to include in the exemption incorporated nonprofit child abuse and neglect councils, and statewide organizations that advocate for children and that are members of the Medicaid Advisory Committee. | | |
| | PL 2005, c. 622 | Amended to strike reference to the tax exemption being not applicable to sales that are mainly commercial enterprises. (§1760-C provides that all exemptions in §1760 apply only when the sale is related to the entity’s charitable purpose.) | | |
| | PL 2009, c. 204 | Amended to clarify the exemption is for nonprofit child abuse and neglect prevention councils. | | |
| Legislative history 36 MRSA §2557(13) | PL 2003, c. 673 | Enacted the service provider tax exemption for sales to incorporated nonprofit child abuse and neglect councils, statewide organizations that advocate for children and that are members of the Medicaid Advisory Committee, and designated community action agencies (except for the sale, storage or use for activities that are mainly commercial enterprises). | | |
| | PL 2005, c. 622 | Amended to strike reference to this exemption being not applicable to sales that are mainly commercial enterprises. (§2560 provides that exemptions in §2557 apply only when the service is related to the entity’s charitable purpose.) | | |
| | PL 2009, c. 204 | Amended to clarify the exemption is for nonprofit child abuse and neglect prevention councils. | | |

| | | | | |
|--|--|--|-------------------|--|
| Tax Expenditure | Sales to any Nonprofit Free Libraries | | | |
| Statutory reference | For exemptions of sales tax: 36 MRSA §1760(50) For exemptions of service provider tax: 36 MRSA §2557(14) | | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | | |
| Brief description | Tax exemption on sales to nonprofit free public lending libraries that are funded with public funds and on sales by a library or nonprofit corporation organized to support the library provided the proceeds of the sale are used to benefit the library. | | | |
| Intended beneficiaries | Public libraries | | | |
| Estimated fiscal impact | | 36 MRSA §1760(50) | 36 MRSA §2557(14) | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY16 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY17 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY18 | \$50,000 - \$249,999 | 0 - \$49,999 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY20 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY21 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| Notes on estimated fiscal impact | The estimated revenue loss is a range because little or no data is available. MRS has 276 exempt organizations on file. | | | |
| Legislative history 36 MRSA §1760(50) | Public Law | Change | | |
| | PL 1983, c. 859 | Enacted the sales tax exemption for sales to nonprofit free public lending libraries that are partly or wholly funded by the State or federal government. | | |
| | PL 2013, c. 420 | Amended to add to the exemption sales by such library or nonprofit corporation organized to support that library as long as the proceeds from the sales are used to benefit the library. | | |
| Legislative history 36 MRSA §2557(14) | PL 2003, c. 673 | Enacted the service provider tax exemption for sales to nonprofit free public lending library that is partly or wholly funded by the State or federal government. | | |

| Tax Expenditure | Sales to Nonprofit Youth Athletic and Scouting Organizations | | | |
|--|--|--|----------------------|--|
| Statutory reference | For exemptions of sales tax: 36 MRSA §1760(56) For exemptions of service provider tax: 36 MRSA §2557(18) | | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | | |
| Brief description | Tax exemption on sales to nonprofit youth organizations whose primary purpose is to provide athletic instruction in a nonresidential setting, or to local units of nonprofit scouting organizations. | | | |
| Intended beneficiaries | Nonprofit youth organizations providing athletic instruction and scouting organizations | | | |
| Estimated fiscal impact | | 36 MRSA §1760(56) | 36 MRSA §2557(18) | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY16 | \$250,000 - \$999,999 | \$50,000 - \$249,999 | |
| | FY17 | \$250,000 - \$999,999 | \$50,000 - \$249,999 | |
| | FY18 | \$250,000 - \$999,999 | \$50,000 - \$249,999 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$250,000 - \$999,999 | \$50,000 - \$249,999 | |
| | FY20 | \$250,000 - \$999,999 | \$50,000 - \$249,999 | |
| | FY21 | \$250,000 - \$999,999 | \$50,000 - \$249,999 | |
| Notes on estimated fiscal impact | The estimated revenue loss is a range because little or no data is available. MRS has 358 exempt organizations on file. | | | |
| Legislative history 36 MRSA §1760(56) | Public Law | Change | | |
| | PL 1987, c. 343 | Enacted the sales tax exemption for sales to nonprofit youth organizations whose primary purpose is to provide athletic instruction in a nonresidential setting. | | |
| | PL 1989, c. 533 | Extends exemption to councils and local units of incorporated nonprofit national scouting organizations. | | |
| Legislative history 36 MRSA §2557(18) | PL 2003, c. 673 | Enacted the service provider tax exemption for sales to nonprofit youth organizations whose primary purpose is to provide athletic instruction in a nonresidential setting or sales to councils and local units of incorporated nonprofit national scouting organizations. | | |

| Tax Expenditure | Sales by Schools and School-Sponsored Organizations | | |
|----------------------------------|---|---|--|
| Statutory reference | 36 MRSA §1760(64) | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | |
| Brief description | Tax exemption on sales by schools and student organizations sponsored by schools, provided the profits from sales are used to benefit the school, student organization or for a charitable purpose. | | |
| Intended beneficiaries | Schools and school-sponsored student organizations | | |
| Estimated fiscal impact | FY16 | \$250,000 - \$999,999 | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY17 | \$250,000 - \$999,999 | |
| | FY18 | \$250,000 - \$999,999 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$250,000 - \$999,999 | |
| | FY20 | \$250,000 - \$999,999 | |
| | FY21 | \$250,000 - \$999,999 | |
| Notes on estimated fiscal impact | The estimated revenue loss is a range because little or no data is available. | | |
| Legislative history | Public Law | Change | |
| | PL 1987, c. 895 | Enacted the sales tax exemption for sales by public and private elementary and secondary schools and student organizations sponsored by the school, including booster clubs and student or parent-teacher organizations, provided the profits from the sales are used to benefit the school or student organization or are used for a charitable purpose. | |
| | PL 2003, c. 588 | Amended to create a separate definition of “school” to the sales and use tax law and repeals definitional language from the exempting statute and replaced it with a reference to the new definition. | |

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|--|---|--|-------------------|--|
| Tax Expenditure | Sales to Nonprofit Home Construction Organizations | | | |
| Statutory reference | For exemptions of sales tax: 36 MRSA §1760(67) For exemptions of service provider tax: 36 MRSA §2557(23) | | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | | |
| Brief description | Tax exemption on sales to nonprofit organizations whose purpose is to construct low-cost housing for low-income people. | | | |
| Intended beneficiaries | Nonprofit organizations constructing low-cost housing for low-income people | | | |
| Estimated fiscal impact | | 36 MRSA §1760(67) | 36 MRSA §2557(23) | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY16 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY17 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY18 | \$50,000 - \$249,999 | 0 - \$49,999 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY20 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY21 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| Notes on estimated fiscal impact | The estimated revenue loss is a range because little or no data is available. MRS has 33 exempt organizations on file. | | | |
| Legislative history 36 MRSA §1760(67) | Public Law | Change | | |
| | PL 1989, c. 533 | Enacted the sales tax exemption for sales to local branches of incorporated nonprofit organizations whose purpose is to construct low-cost housing for low-income people. | | |
| Legislative history 36 MRSA §2557(23) | PL 2003, c. 673 | Enacted the service provider tax exemption for sales to local branches of incorporated nonprofit organizations whose purpose is to construct low-cost housing for low-income people. | | |

| Tax Expenditure | Sales to Nonprofit Housing Development Organizations | | | |
|--|---|--|-------------------|--|
| Statutory reference | For exemptions of sales tax: 36 MRSA §1760(72) For exemptions of service provider tax: 36 MRSA §2557(27) | | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | | |
| Brief description | Tax exemption on sales to nonprofit organizations whose purpose is to develop housing for low-income people. | | | |
| Intended beneficiaries | Nonprofit organizations developing housing for low-income people | | | |
| Estimated fiscal impact | | 36 MRSA §1760(72) | 36 MRSA §2557(27) | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY16 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY17 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY18 | \$50,000 - \$249,999 | 0 - \$49,999 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY20 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| | FY21 | \$50,000 - \$249,999 | 0 - \$49,999 | |
| Notes on estimated fiscal impact | The estimated revenue loss is a range because little or no data is available. MRS has 159 exempt organizations on file. | | | |
| Legislative history 36 MRSA §1760(72) | Public Law | Change | | |
| | PL 1989, c. 871 | Enacted the sales tax exemption for sales to nonprofit organizations for the development of housing for low-income people. | | |
| | PL 1999, c. 708 | Amended to clarify that the exemption applies to nonprofit organizations whose primary purpose is to develop housing for low-income people. | | |
| Legislative history 36 MRSA §2557(27) | PL 2003, c. 673 | Enacted the service provider tax exemption for sales to nonprofit organizations whose primary purpose is to develop housing for low-income people. | | |

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|----------------------------------|--|---|--|
| Tax Expenditure | Adaptive Equipment for Vehicles of Persons with Disabilities | | |
| Statutory reference | 36 MRSA §1760(95) | | |
| Distribution mechanism | Exempted from taxation at point of sale. | | |
| Brief description | Tax exemption on sales to persons with a disability of adaptive equipment for installation in or on a motor vehicle to make it operable or accessible by a person with a disability. | | |
| Intended beneficiaries | Persons with a disability | | |
| Estimated fiscal impact | FY16 | \$70,228 | Source: 2018-2019 Maine State Tax Expenditure Report |
| | FY17 | \$72,334 | |
| | FY18 | \$70,000 | Source: 2020-2021 Maine State Tax Expenditure Report |
| | FY19 | \$80,000 | |
| | FY20 | \$80,000 | |
| | FY21 | \$81,000 | |
| Notes on estimated fiscal impact | Based on the fiscal note prepared for the enacted legislation. In the 2020-2021 MSTER, MRS rounded the estimates from the fiscal note. | | |
| Legislative history | Public Law | Change | |
| | PL 2013, c. 442 | Enacted the sales tax exemption for sales to a person with a disability or a person at the request of a person with a disability of adaptive equipment for installation in or on a motor vehicle to make that vehicle operable or accessible by a person with a disability who is issued a disability plate or placard. | |

Appendix A: Selected Sections of Statute Relevant to Expedited Reviews of Tax Expenditures

3 MRS §998. Process for review of tax expenditures⁴

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 identified;
- 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. The committee, in consultation with the policy committee, shall establish a prioritized 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. To the extent practicable, the committee shall group the review of tax expenditures with similar goals together.

3. Annual review of assignments and schedule. By October 1st of each year, beginning in 2016, the committee, in consultation with the policy committee, shall review and make any necessary 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 under this section.

SECTION HISTORY
2015, c. 344, §4 (NEW) 2017, c. 266, §1 (AMD)

3 MRS §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 the 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 of, 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 tax expenditure 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 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 the tax expenditure is effective in accomplishing its tax policy purpose;

⁴ In these sections of law, “the office” refers to OPEGA; “the committee” refers to the GOC; “the policy committee” refers to the Taxation Committee.

Appendix A: Selected Sections of Statute Relevant to Expedited Reviews of Tax Expenditures

- (5) The extent to which there are adequate mechanisms, including enforcement efforts, to ensure that 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 remain or whether the need for it should be reconsidered; and
- (7) Any other reasons to discontinue or amend the tax expenditure.

2. Action by the office. By July 1st 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 under 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 of the tax expenditure; and
 - (3) A legislative history of the tax expenditure; and
- C. The fiscal impact of the tax policy and each related tax expenditure, including past and estimated future impacts.

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

SECTION HISTORY
2015, c. 344, §4 (NEW)

Appendix B: Estimated Fiscal Impact of "Charitable" Tax Expenditures, FY16-FY21

| Expenditure | Statute | FY'16 | FY'17 | FY'18 | FY'19 | FY'20 | FY'21 |
|--|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Meals Served by Public or Private Schools | 36 MRSA §1760(6)(A) | \$13,428,940 | \$14,602,000 | \$7,030,000 | \$7,400,000 | \$7,690,000 | \$7,990,000 |
| Meals Served by Youth Camps Licensed by DHHS | 36 MRSA §1760(6-F) | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 |
| Rental of Living Quarters at Schools | 36 MRSA §1760(19) | \$6,899,200 | \$7,163,800 | \$6,990,000 | \$7,360,000 | \$7,650,000 | \$7,880,000 |
| Sales by Schools and School-Sponsored Organizations | 36 MRSA §1760(64) | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 |
| Sales to Hospitals, Research Centers, Churches and Schools | 36 MRSA §1760(16) | \$6,000,000+ | \$6,000,000+ | \$6,000,000+ | \$6,000,000+ | \$6,000,000+ | \$6,000,000+ |
| | 36 MRSA §2557(3) | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 |
| Sales to Certain Nonprofit Residential Child Care Institutions | 36 MRSA §1760(18-A) | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 |
| | 36 MRSA §2557(4) | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 |
| Sales to Ambulance Services and Fire Departments | 36 MRSA §1760(26) | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 |
| | 36 MRSA §2557(5) | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 |
| Sales to Community Mental Health Facilities, Community Adult Developmental Services Facilities and Community Substance Use Disorder Facilities | 36 MRSA §1760(28) | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 |
| | 36 MRSA §2557(6) | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 |
| Sales to Historical Societies, Museums, and Certain Memorial Foundations | 36 MRSA §1760(42) | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 |
| | 36 MRSA §2557(8) | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 |
| Sales to Child Care Facilities | 36 MRSA §1760(43) | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 |
| | 36 MRSA §2557(9) | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 |
| Sales to Emergency Shelters and Feeding Organizations | 36 MRSA §1760(47-A) | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 |
| | 36 MRSA §2557(12) | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 |
| Sales to Community Action Agencies, Child Abuse Councils, Child Advocacy Organizations | 36 MRSA §1760(49) | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 |
| | 36 MRSA §2557(13) | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 |
| Sales to any Nonprofit Free Libraries | 36 MRSA §1760(50) | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 |
| | 36 MRSA §2557(14) | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 |
| Sales to Nonprofit Youth Athletic and Scouting Organizations | 36 MRSA §1760(56) | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 | \$250,000 - \$999,999 |
| | 36 MRSA §2557(18) | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 |
| Sales to Nonprofit Home Construction Organizations | 36 MRSA §1760(67) | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 |
| | 36 MRSA §2557(23) | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 |
| Sales to Nonprofit Housing Development Organizations | 36 MRSA §1760(72) | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 | \$50,000 - \$249,999 |
| | 36 MRSA §2557(27) | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 | 0 - \$49,999 |
| Adaptive Equipment for Vehicles of Persons with Disabilities | 36 MRSA §1760(95) | \$70,228 | \$72,334 | \$70,000 | \$80,000 | \$80,000 | \$81,000 |
| TOTAL | | \$31,873,356 | \$33,313,122 | \$25,564,988 | \$26,314,988 | \$26,894,988 | \$27,425,988 |

Appendix C: Additional Discussion of MRS' Microsimulation Model

History of Updates to MRS' Office of Tax Policy Microsimulation Model

The sales and excise tax model is one of several microsimulation models MRS uses to forecast state revenues, to estimate the impact of proposed changes to state and local tax laws, and to develop a distributional analysis of Maine's state and local tax systems. The complete system of tax models also includes models for individual income tax, corporate income tax, property tax, and multi-tax incidence. The models are developed by contractors selected by MRS through a competitive bid process.

MRS has had four Sales and Excise tax models since 1999 and has a goal of updating the model every five years. The details on models used to date are:

Model I: Contracted with KPMG, LLP in 1998. Models were completed by end of 1999 and used for fiscal note purposes beginning with the 2000 legislative session. The FY02/03 biennial budget was the first time the models were used for tax expenditure estimates (January 2001).

Model II: Contracted with Barents Group, LLC (at that time a subsidiary of KPMG) in 2002. Models were completed by the end of 2004 and used for fiscal note purposes beginning with the 2005 legislative session. The FY06/07 biennial budget was the first time the models were used for tax expenditure estimates (January 2005). Base year data in this model was for the year 2000. This model was used for fiscal estimates in the 2014-2015 Maine State Tax Expenditure Report.

Model III: Contracted with Chainbridge, LLC in 2011. Models were completed by the end of 2011 and used for fiscal note purposes beginning with the 2012 legislative session. The FY14/15 biennial budget was the first time the models were used for tax expenditure estimates (January 2013). Base year data in this model is for the year 2009. This model was used for fiscal estimates for Sales & Use Tax expenditures in the 2016-2017 Maine State Tax Expenditure Report.

Model IV: Contracted with Chainbridge, LLC in 2016. The Sales tax model was completed by the fall of 2016 and used for fiscal note purposes beginning with the 2017 legislative session. The FY18/19 biennial budget was the first time the models were used for tax expenditure estimates (January 2017). Base year data in this model is from 2012 and 2014. The income tax model was used for fiscal note purposes beginning with the 2018 legislative session.