State of Maine - 130th Legislature

TAX EXPENDITURE REVIEW WORKING GROUP

Report

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EXECUTIVE SUMMARY

The Tax Expenditure Review Working Group was established by the 130th Legislature pursuant to S.P. 578, a Joint Study Order "To Create a Working Group To Review the Process for Ongoing Review of Tax Expenditures by the Legislature."[1] The Working Group is composed of eight members, including four members from the Government Oversight Committee (GOC) and four from the Joint Standing Committee on Taxation. The Working Group met four times during the interim between legislative sessions in 2021 and submits this report to the Second Regular Session of the 130th Legislature.

The Maine Legislature has taken a role in tax expenditure review since 1977, when legislation assigned that task to the Taxation Committee. In 1985, the statutes were amended to require Maine Revenue Services, the executive branch agency administering tax laws, to provide specific information about tax expenditures to the Taxation Committee and require the Committee to review that information. In 2015, the current process of tax expenditure review was enacted to provide for a comprehensive ongoing review of tax expenditures with roles for the Office of Program Evaluation and Government Accountability (OPEGA), the GOC and the Taxation Committee. In addition, the Department of Economic Development and Community Development (DECD) is required to oversee the evaluation of certain economic development related tax expenditures.

In its work, the Working Group identified several themes including that tax expenditure reviews continue to have value for legislative oversight and also that the process presents challenges for many of the entities involved. The challenges identified include resource demands on legislative committees, legislative staff, and affected agencies; data availability for the tax expenditures being reviewed; and unmet needs for information on tax expenditures during the legislative session. The Working Group makes the following recommendations to address these challenges.

Table 1. Recommendations	
A. Overall Coordination of Legislative Committees in Tax Expenditure Review	
A.1	Amend the composition of the GOC to improve coordination between and engagement of relevant Legislative committees in the tax expenditure review planning and process. Specifically Amend Joint Rule 371 to include among the GOC's 12 members: • Two members of the Taxation Committee. • One member of Joint Standing Committee on Innovation, Development, Economic Advancement and Business (IDEAB).
A.2	Authorize the Taxation Committee to meet year-round to meet its tax expenditure review responsibilities.

[1] The Joint Order created "The Working Group to Review the Process for Ongoing Review of Tax Expenditures by the Legislature." This report refers to the working group as "The Tax Expenditure Review Working Group" for ease of reference.

Table 1. Recommendations	
B. Expedited Review Process	
B.1	Continue the 6-year cycle for expedited review conducted by the Taxation Committee using information available from Maine Revenue Services' Maine State Tax Expenditure Reports and OPEGA's annual process to update the categorization of tax expenditures.
B.2	Amend statute to repeal the requirement that OPEGA provide information to the Taxation Committee for the expedited review process under 3 MRSA §1000 sub§2.
C. Full Evaluation Process	
C.1	Prioritize business incentive tax expenditures for full review ahead of tax expenditures that are directed primarily to individual tax relief in establishing the schedule for full evaluations.
C.2	Take into consideration statutory sunset dates in prioritizing full evaluations to attempt to complete a full review in time for the Legislature to have the review available in time for its consideration of an extension of the tax expenditure beyond the sunset date.
C.3	Improve coordination and communication between the committees in the annual review of the schedule for full evaluation pursuant to statute (see also recommendations A.1-A.2).
C.4	The Director of OPEGA, in consultation with the GOC and the Taxation Committee, should review the current statutes governing full evaluations of tax expenditures and identify and recommend potential changes to the statutory framework to enhance the efficiency and effectiveness of the full evaluation process going forward, with particular attention to: evaluation parameters, and the schedule and pace of full evaluation reports.
D. Preparing Existing Expenditures for Future Evaluation	
D.1	Establish a one-time Legislative task force to meet during the 2022 interim with the primary purpose of reviewing the statutes relating to the tax expenditures categorized for full evaluation to identify whether existing statutes include elements needed for evaluation and to recommend changes.
D.2	Establish a process under which the Taxation Committee would review proposed legislation, including bills referred to other policy committees to: a. Identify if the proposed or amended tax expenditure is likely to receive a full evaluation and b. If so, identify whether the legislation includes elements needed for full evaluation, including policy goals, intended outcomes and provisions for data collection
E. Limited Analysis Projects	
E.1	Authorize the Taxation Committee to request two tax expenditure "limited analysis projects" per year based on existing data and information to be completed by OPEGA for the purpose of providing additional research and analytical support to the Taxation Committee in its consideration of tax expenditure legislation before the committee.
F. Enhancements to Maine State Tax Expenditure Report	
F.1	Amend the MRS tax expenditure reporting requirements to require that the biennial Maine State Tax Expenditure Report (MSTER) provide six years of forgone revenue for each tax expenditure (actual figures for the previous four years and two years of projections for the biennium in which the report is submitted).
F.2	Enhance the information provided by MRS in the MSTER to include, to the extent possible, the estimated "take-up rate" (participation rate) for tax expenditures relating to the economic security of low-income people and other economic assistance to individual taxpayers (e.g. the Property Tax Fairness Credit, the Sales Tax Fairness Credit, the Earned Income Credit, the Credit for Educational Opportunity).

Table 1. Recommendations	
G. Staff Resources	
G.1	Provide at least one additional full-time staff position to OPEGA, with the appropriate number of additional positions to be determined based on any actions taken as a result of this report.
G.2	Consider whether additional staffing is required by the Taxation Committee based on how the recommendations of the Working Group are implemented (particularly, recommendations A-2, B-2 and D-2).
H. Relationship to DECD Evaluation Responsibilities	
H.1	Refer for consideration by the IDEAB Committee the possible repeal of 5 MRSA §13070-O regarding DECD analysis of legislation containing economic development proposals.
H.2	Refer for consideration by the IDEAB Committee the possible amendment of 5 MRSA §13070-P, the independent third-party review every four years of all economic development incentives, to include an emphasis from a macro perspective of the State's economic incentives and their interactions and relationships.

I. Background

A. Creation of the Working Group

The Tax Expenditure Review Working Group ('the Working Group') was established by the 130th Maine Legislature pursuant to S.P. 578, a Joint Study Order "To Create a Working Group To Review the Process for Ongoing Review of Tax Expenditures by the Legislature."[2] The Working Group was directed to examine and make recommendations regarding the process for the ongoing review of tax expenditures by the Legislature. In its work, the Working Group was directed to consider:

A. The provisions of the Maine Revised Statutes under Title 3 and Title 36 governing tax expenditure reviews;

B. The experiences of key entities involved in tax expenditure reviews under the Maine Revised Statutes, Title 3 since 2015, including the Government Oversight Committee, the Office of Program Evaluation and Government Accountability, the Joint Standing Committee on Taxation and the Department of Administrative and Financial Services, Bureau of Revenue Services;

C. Tax expenditure review policies, approaches and processes in other states; and

D. Input from stakeholders engaged in the administration of tax expenditures, including but not limited to the Department of Administrative and Financial Services, Bureau of

[2] See Appendix A for the text of the Joint Study Order establishing the Working Group. Text in italics is quoted from the Joint Study Order

> *Revenue Services, the Department of Economic and Community Development and other state agencies.*

The Working Group was directed to: *"make recommendations, including any appropriate changes to the Maine Revised Statutes, for improvements to the tax expenditure review process to ensure it meets the needs of the Legislature for oversight, evaluation and improvement of tax expenditure policies for the State."*

The Working Group submits this report to the Second Regular Session of the 130th Legislature pursuant to its charge.

B. Membership

The Working Group was composed of 8 members, appointed as follows:

> *A. Four members of the Senate appointed by the President of the Senate, including members from each of the 2 parties holding the largest number of seats in the Legislature. Of these 4 members, 2 members must be members of the Government Oversight Committee and 2 members must be members of the Joint Standing Committee on Taxation; and*
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> *B. Four members of the House of Representatives appointed by the Speaker of the House, including members from each of the 2 parties holding the largest number of seats in the Legislature. Of these 4 members, 2 members must be members of the Government Oversight Committee and 2 members must be members of the Joint Standing Committee on Taxation.*

The members of the Working Group were:

- Senator Nathan Libby, Chair (Taxation & GOC)
- Representative Maureen Terry, Chair (Taxation)
- Senator Donna Bailey (GOC)
- Senator Matthew Pouliot (Taxation)
- Senator Richard Bennett (GOC)
- Representative Holly Stover (GOC)
- Representative Theodore Kryzak (Taxation)
- Representative Sawin Millett (GOC)

The Working Group received staff assistance from legislative staff in the Office of Fiscal and Program Review and the Office of Program Evaluation and Government Accountability.

II. Framework of Tax Expenditure Reviews in the Maine Legislature

A. History of Tax Expenditure Reviews

The Maine Legislature's involvement in tax expenditure review began with PL 1977, c. 490 which enacted a tax expenditure review process requiring the Joint Standing Committee on Taxation to review property tax exemptions and sales tax exemptions on a 4-year rotating cycle. In PL 1985, c. 430, income tax expenditures were added and property tax exemptions were removed. In 2002, the tax expenditure review process was changed again to require Maine Revenue Services to submit a report to the Taxation Committee during each First Regular Session of the Legislature containing information relating to each tax expenditure.[3] The Taxation Committee was directed to review the MRS report during odd-numbered years and authorized to submit a report and recommended legislation to the full Legislature. During even-numbered years the committee was authorized to review current issues of tax policy. This process is still part of current law.[4]

In 2013, legislation was enacted as part of the biennial budget bill requiring the establishment of a Tax Expenditure Review Task Force to review tax expenditure review process and make recommendations for improvements to the process.[5] In December 2013, the Tax Expenditure Review Task Force provided its final report and recommendations. The Task Force recommended that the Joint Standing Committee on Appropriations and Financial Affairs continue to work with OPEGA, the GOC and the Joint Standing Committee on Taxation on developing an ongoing process for tax expenditure evaluation and report out legislation to the 2nd Regular Session of the 126th Legislature.

To this end, in the 2nd Regular Session the 126th Maine Legislature passed Resolve 2013, c.115, which directed OPEGA to develop and submit to the Legislature a proposal for a process to provide ongoing legislative review of the State's tax expenditures. In March, 2015, OPEGA submitted to the GOC and Taxation Committee its "Proposal for Legislative Review of Maine State Tax Expenditures," which defined and described elements to be considered in implementing an ongoing legislative tax review process.

After considering that proposal, the 127th Legislature enacted PL 2015, c. 344 ('An Act to Improve Tax Expenditure Transparency and Accountability') which established a statutory framework and provisions, within the OPEGA statutes, for the ongoing review of tax expenditures. The new statute included:

- A process for the GOC, in consultation with the Taxation Committee, to assign each tax expenditure to a review category: full evaluation, expedited review, or no review and to

[3] PL 2001, c. 652.
[4] 36 MRSA c. 10.
[5] PL 2013, c. 368, Part S.

establish a schedule of ongoing review of those assigned for full or expedited review. It also established an annual process for the GOC and the Taxation Committee to review and make any adjustments to the review category assignments and schedule.

- A process for OPEGA to conduct full evaluations of tax expenditures, with the GOC approving the purpose, intent or goals of the expenditure, the intended beneficiaries, the evaluation objectives, and appropriate performance measures (with input from the Taxation Committee and others). It also required that evaluation reports be considered by the GOC and the Taxation Committee, with the Taxation Committee submitting to the Legislature a report documenting its activities and recommendations.
- A process for the Taxation Committee to conduct expedited reviews of tax expenditures, including assessment of the tax policy and each tax expenditure, and submit a report to the Legislature. In order to support the Taxation Committee's role in conducting expedited reviews, it required OPEGA to gather and submit specified information to the Taxation Committee annually.

PL 2017, c. 266 ("An Act to Implement Recommendations of the Government Oversight Committee to Improve the Efficiency and Effectiveness of Legislative Reviews of Tax Expenditures") removed statutory deadlines to provide more flexibility in scheduling, completion and reporting on full evaluations. The reason for this change was to allow for a better fit with legislative schedules and to ensure OPEGA could complete a comprehensive and quality review of each tax expenditure within available capacity. PL 2019, c.161 ("An Act to Amend the Tax Expenditure Review Process") adjusted the dates by which the Taxation Committee is required to submit to the Legislature its reports on evaluation activities, and adjusted the date by which OPEGA is required to provide information to the Taxation Committee to support their expedited reviews of tax expenditures.

B. Government Oversight Committee and OPEGA - Current Statutory Processes

Title 3, chapter 37 of the Maine Revised Statutes (see Appendix B) governs the process for tax expenditure reviews in Maine. The GOC is charged with identifying the universe of tax expenditures in Maine and determining the level of review each should receive. The three levels of review are defined in statute to include:

(A) Full evaluation (conducted by OPEGA) – for tax expenditures that are intended to provide an incentive for specific behaviors, that provide a benefit to a specific group or for which measurable goals can be identified.

(B) Expedited review (conducted by the Taxation Committee, with information provided by OPEGA) – for tax expenditures that are intended to implement broad tax policy goals that cannot be reasonably measured.

(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.[6]

The GOC, in consultation with the Taxation Committee, annually considers and updates the tax expenditure universe and categorization of expenditures, and sets the review schedule.

C. State Agencies with Involvement or Coordinating Roles

Maine Revenue Services (MRS) administers through the tax filing process many of the tax expenditures that are subject to Legislative review under the OPEGA statutes. As a result, MRS is required to coordinate with OPEGA in the full evaluations of tax expenditures as both an administrator of tax expenditures and as a source of data for the evaluations. MRS also produces the Maine State Tax Expenditure Report (MSTER) on a biennial basis, combining requirements under 5 MRSA§1664 and 36 MRSA §199-B, to provide estimated loss of revenue for tax expenditures and to provide a description of the purpose and background of the tax expenditures as well as their intended beneficiaries. OPEGA relies in part upon MRS' MSTER in compiling information it is required to submit to the Taxation Committee for that Committee's completion of the expedited reviews.

The Department of Economic and Community Development is also engaged with OPEGA in the course of full evaluations of tax expenditures related to economic development. Separately, ~~the~~ DECD has its own responsibilities with regard to tax expenditures that are economic development incentives.[7] First, under 5 MRSA §13070-O DECD is required to submit to the TAX committee an analysis of legislation containing economic development proposals.[8] Second, under 5 MRSA §13070-P, DECD is required to submit to the Governor and the Legislature every four years beginning in February 2021 a report that includes a "comprehensive evaluation of state economic development investments."[9] DECD is required to contract with an independent third-party entity to conduct the evaluation.

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[6] Although the statute does not specify, it is assumed that the $50,000 threshold is meant to apply to average annual impact of the tax expenditure.

[7] "Economic development investment is defined to include "…commitments of state funds, dedicated revenue funds and <u>tax expenditures as defined by section 1666</u> for research and development activities and economic development incentive programs. " 30-A MRSA §13070-J.1.D-1. (Underlining added)

[8] "Economic development proposal is defined as:

> "E. "Economic development proposal" means proposed legislation that establishes a new program or that expands an existing program that:
>
> (1) Is intended to encourage significant business expansion or retention in the State; and
>
> (2<u>) Contains a tax expenditure, as defined in section 1666</u>, or a budget expenditure with a cost that is estimated to exceed $100,000 per year. " (Underlining added.)

[9] The report due in February 2021 was delayed because entities responding to DECD's RFP exceed the amount available to fund the evaluation. It is understood that DECD will be resoliciting for applicants.

III. Activities of the Working Group

The Working Group met four times. It considered the history of the development and implementation of a tax expenditure review process in Maine and also received presentations and testimony from the following:

- The Pew Charitable Trusts, State Fiscal Health Project, on the experience of other states in conducting tax expenditure reviews
- The Office of Program Evaluation and Government Accountability
- The Maine Department of Economic and Community Development
- The Finance Authority of Maine, and
- The Maine Revenue Service.

The Working Group also devoted a portion of one of its meetings to receiving public comment from interested parties. Public comment was received from Maine Equal Justice, the Maine Center for Economic Policy, the Maine State Chamber of Commerce and the Maine Real Estate and Development Association.

IV. Recommendations

Regarding the overall tax expenditure evaluation process, the Working Group heard a number of recurring themes including that the tax expenditure reviews continue to have value for legislative oversight but also that there are challenges for many of the entities involved in the process. The challenges identified include resource demands on legislative committees, legislative staff, and affected agencies; data availability for the tax expenditures being reviewed; and unmet needs for information on tax expenditures during the legislative session. The Working Group makes the following recommendations to address these challenges.

A. Overall Coordination of Legislative Committees in Tax Expenditure Review

During the course of its deliberations the Working Group concluded that the overall process of tax expenditure review would be enhanced by improving coordination between and engagement of the major joint standing committees with an interest in and responsibilities for tax expenditure reviews and process. The Working Group makes the following recommendations:

A.1 Amend the composition of the GOC to improve coordination between and engagement of relevant Legislative committees in the tax expenditure review planning and process. Specifically Amend Joint Rule 371 to include among the GOC's 12 members:

- Two Taxation Committee members,
  - This will better incorporate the Taxation Committee in planning, monitoring and reviewing tax expenditure evaluations throughout the process.
  - The two members would include one from the majority party and one from the party having the second highest number of members.

- One member of Joint Standing Committee on Innovation, Development, Economic Advancement and Business (IDEAB).
  - This will better incorporate the IDEAB perspective in the review of the many tax expenditures relating to economic development matters.

A.2 Authorize the Taxation Committee to meet year-round to meet its tax expenditure review responsibilities.

- This will allow the Taxation committee to complete tax expenditure work during interim periods when the committee is not fully engaged in completing substantial session-related responsibilities.

B. Expedited Review Process

For the expedited reviews of tax expenditures conducted by the Taxation Committee, the original categorization of expenditures in this category was completed in 2016 and provided for a 6-year cycle to complete the expedited reviews. Under the expedited review process, OPEGA prepares information to support the expedited reviews which are conducted by the Taxation Committee; OPEGA does not perform an evaluation function. After conducting the expedited reviews using the information provided by OPEGA, the Taxation Committee is required to submit a report of its findings to the Legislature.

With its December 2021 submission to Taxation, OPEGA will have provided information for the sixth and final set of expenditures in the expedited review category including information about the tax policy justification for each expenditure; legislative history, intended beneficiaries and estimated fiscal impact. Given the material compiled in the first 6-year cycle and the information available in the biennial Maine Revenue Services' Maine State Tax Expenditure Reports (MSTER), the Working Group concludes that most of the necessary information needed for expedited reviews in the future is available or can be obtained from future editions of the MSTER.

The Working Group suggests the expedited review process continue with the following changes.

B.1 Continue the 6-year cycle for expedited review conducted by the Taxation Committee using information available from Maine Revenue Services' Maine State Tax Expenditure Reports (MSTER) and OPEGA's annual process to update the categorization of tax expenditures.

- The Working Group noted that the Taxation Committee is tasked with receiving and considering the MSTER on a biennial basis. Together with OPEGA's annual update to the categorization of tax expenditures, which also identifies new tax expenditures for review, the Taxation Committee should have the information needed to continue the expedited review process on a biennial basis, make a report to the Legislature, and introduce any needed legislation identified as a result of the review.

B.2 Amend statute to repeal the requirement that OPEGA provide information to the Taxation Committee for the expedited review process under 3 MRSA §1000 sub§2.

- The Working Group noted that OPEGA's continued provision of information to the Taxation Committee to facilitate expedited reviews would be largely duplicative given information provided in previous OPEGA reports or contained in Maine Revenue Services' biennial MSTER.

C. Full Evaluation Process

At the outset of each full evaluation, OPEGA provides information to the GOC which, in consultation with the Taxation Committee, identifies the purposes, intent and goals of each full review tax expenditure, the intended beneficiaries of the expenditure and evaluation objectives. OPEGA then completes the evaluation project and submits and presents a final evaluation report to the GOC. After taking public comments and reviewing the report in work session, the GOC votes on endorsement of the report. The report is then submitted to the Taxation Committee which reviews the report and submits a report of its findings to the Legislature. The Taxation Committee is authorized to submit legislation to implement its recommendations.

When tax expenditure review legislation was enacted, the full evaluations were scheduled to be completed on a 6-year cycle, as established for expedited reviews. Soon after the full evaluations began it became clear that that schedule was unrealistic given the scope of the work and available resources. The Legislature considered options and ultimately removed the timetable for review of full evaluations. Instead, current law requires that the GOC and Taxation Committee establish a prioritized schedule of full evaluations (3 MRSA §998(2)).

There are currently 32 tax expenditures on the list of tax expenditures categorized for full review. To date, OPEGA has completed full evaluations of seven tax expenditures in this category. The GOC has reviewed and endorsed the reports on these evaluations and submitted them to the

Taxation Committee for its review and subsequent reporting to the Legislature.[10] The Taxation Committee has reviewed and submitted its report to the Legislature for three of these evaluations (New Markets Tax Credit, the Pine Tree Development Zone Program, Employment Tax Increment Financing Program) and has four evaluations pending review (Business Equipment Tax Exemption (BETE)/ Business Equipment Tax Reimbursement (BETR) Programs, Maine Capital Investment Credit, Seed Capital Tax Credit).

The Working Group makes the following recommendations regarding full evaluations:

C.1 Prioritize business incentive tax expenditures for full review ahead of tax expenditures that are directed primarily to individual tax relief in establishing the schedule for full evaluations.

C.2 Take into consideration statutory sunset dates in prioritizing full evaluations to attempt to complete a full review in time for the Legislature to have the review available in time for its consideration of an extension of the tax expenditure beyond the sunset date.

C.3 Improve coordination and communication between the committees in the annual review of the schedule for full evaluation pursuant to statute (see also recommendations A.1-A.2)

C.4 The Director of OPEGA, in consultation with the GOC and the Taxation Committee, should review the current statutes governing full evaluations of tax expenditures and identify and recommend potential changes to the statutory framework to enhance the efficiency and effectiveness of the full evaluation process going forward, with particular attention to: evaluation parameters, and the schedule and pace of full evaluation reports.

D. Preparing Existing Expenditures for Future Evaluation

There are 23 tax expenditures currently awaiting a full evaluation by OPEGA (two full evaluations are currently in progress). In order for future evaluations to be undertaken with efficiency, the Working Group recommends that work be done to make sure those expenditures waiting for future evaluations are set up to be evaluated.

The Working Group also recognizes that new tax expenditures are likely to be enacted and existing expenditures amended by the Legislature and that there should be a process to ensure new or amended expenditures are set up to facilitate evaluation and legislative oversight.

The Working Group makes the following recommendations regarding preparing existing expenditures for future evaluation:

[10] One report included 2 tax expenditures, BETR/BETE.

D.1 Establish a one-time Legislative task force to meet during the 2022 interim with the primary purpose of reviewing the statutes relating to the tax expenditures categorized for full evaluation to identify whether existing statutes include elements needed for evaluation and recommend changes.

The task force should identify those statutes governing the tax expenditures that do not have language needed for evaluation, including stated legislative purposes, intent or goals, intended outcomes and provisions for data collection and recommend suggested legislation to ensure the information is available going forward. The task force would also examine and make recommendations on data-related evaluation issues including: best practices in other states regarding data sharing processes between evaluation offices and relevant state agencies and develop proposals for improvements; and standardized processes and formats for collecting and reporting data related to tax expenditures and recipients by relevant state agencies.

The task force would include members of the GOC, the Taxation Committee and the IDEAB Committee. Staffing would be provided by the Legislative Council.

D.2 Establish a process under which the Taxation Committee would review proposed legislation, including bills referred to other policy committees to:

a. Identify if the proposed or amended tax expenditure is likely to receive a full evaluation, and
b. If so, identify whether the legislation includes elements needed for full evaluation, including policy goals, intended outcomes and provisions for data collection.

The goal of this process would be to ensure that new or amended tax expenditure legislation includes provisions to facilitate evaluation of the tax expenditure. This process should be based on processes currently in place in either statute for public records exceptions or by Joint Rule for legislation relating to funding under the Fund for a Healthy Maine, judicial proceedings priorities and criminal penalties.[11] The Taxation Committee would be authorized to consult with OPEGA as needed.

E. Limited Analysis Projects

A review of the current tax expenditure review process has identified a need by the Taxation Committee for information as it reviews legislation amending existing tax expenditures, which must be considered during a legislative session when those tax expenditures have not yet been evaluated or are in the early stages of evaluation. It has been a challenge for the Taxation Committee to obtain relevant information and analysis in a timeframe responsive to legislative

[11] Public records exceptions, 1 MRSA §434; Fund for a Healthy Maine funding, Joint Rule 317; judicial proceedings priorities, Joint Rule 318; Criminal penalties, Joint Rule 319.

needs during sessions and outside of the regular tax expenditure review process. To address that challenge, the Working Group makes the following recommendation:

E.1 Authorize the Taxation Committee to request two tax expenditure "limited analysis projects" per year based on existing data and information to be completed by OPEGA for the purpose of providing additional research and analytical support to the Taxation Committee in its consideration of tax expenditure legislation before the committee.

OPEGA's completion of the limited analysis projects would be subject to GOC approval. A limited analysis project would be completed within 30 days of approval.

F. Enhancements to Maine State Tax Expenditure Review to Facilitate Evaluation

Maine Revenue Services is currently required to submit a report regarding tax expenditures (MSTER) to the Taxation Committee biennially.[12] To facilitate the review of tax expenditures by the Legislature, the Working Group recommends the following changes to that report:

F.1 Amend the MRS tax expenditure reporting requirements to require that the biennial Maine State Tax Expenditure Report (MSTER) provide six years of forgone revenue for each tax expenditure (actual figures for the previous four years and two years of projections for the biennium in which the report is submitted).

The MSTER biennial report currently required by statute is intended to provide basic information to the Taxation Committee including a summary of each tax expenditure, a description of the purpose, background and groups likely to benefit, an estimate of the cost, issues that need consideration by the Legislature any recommendation to amend, repeal or replace the tax expenditure.[13] MRS tax expenditure information is also required to be submitted by the Governor to the Legislature as part of the biennial budget submission.[14]

F.2 Enhance the information provided by Maine Revenue Services in the MSTER to include, to the extent possible, the estimated "take-up rate" (participation rate) for tax expenditures relating to the economic security of low-income people and other economic assistance to individual taxpayers (e.g. the Property Tax Fairness Credit, the Sales Tax Fairness Credit, the Earned Income Credit, the Credit for Educational Opportunity).

The Working Group notes that public testimony indicated concerns that the availability of the tax credits described above may not be well understood among eligible populations. The Working Group believes that it is important to have reliable data with regard to participation in these tax credits intended in order to address these concerns.

[12] 36 MRSA §199-B. This report is sometimes referred to as the "red book."
[13] 36 MRSA §199-B
[14] 5 MRSA §1666.

G. Staff Resources

The recommendations of the Working Group could expand significantly the amount of tax expenditure work required of OPEGA staff. For example, OPEGA's role could expand to include completing two "limited analysis projects" annually to the Taxation Committee during Legislative sessions, providing staff support for the review of existing and newly proposed tax expenditure statutes to align them with evaluation needs, and other needs emerging from the recommendations of this group.

The Working Group makes the following recommendations regarding staff resources:

G.1 Provide at least one additional full-time staff position to OPEGA, with the appropriate number of additional positions to be determined based on any actions taken as a result of this report.

The GOC should be authorized to submit legislation to provide for additional staff resources. The OPEGA Director should identify to the GOC the additional staff resources needed.

G.2 Consider whether additional staffing is required by the Taxation Committee based on how recommendations of the Working Group are implemented, particularly recommendations A-2, B-2 and D-2.

The Taxation Committee is currently staffed by one committee analyst in OFPR. It is also supported by one fiscal analyst who is responsible for preparing fiscal analysis for most taxation legislation as well as fiscal analysis for several other policy areas.

H. Relationship to DECD Evaluation Responsibilities

The Department of Economic and Community Development has evaluation responsibility with regard to tax expenditures that are economic development investments outside of the legislative tax expenditure evaluation process. Under 5 MRSA c. 383, subchapter 2, Article 6 DECD is assigned two responsibilities with regard to tax expenditures related to economic development.

- Under 5 MRSA §13070-O DECD is required to review each "economic development proposal" and report to the Taxation Committee the extent to which the proposal: meets statutorily specified requirements regarding the objective of the proposal; provides a method for measuring the success of eligible businesses in meeting those goals; and includes a 10-year projected estimate of the cost to the State of the proposal and penalties for businesses that do not meet the statutory goals. This language was originally enacted in 2000; however, it appears that potential ambiguities in the statute have resulted in no reports having been submitted by DECD under this section.

- Under 5 MRSA §13070-P, DECD is required to submit to the Governor and the Legislature every four years, beginning in February 2021, a report that includes a "comprehensive evaluation of state economic development investments.[15] DECD is required to contract with an independent third-party entity to conduct the evaluation.

The Working Group makes the following suggestions for consideration by the IDEAB committee as the policy committee with Legislative oversight of DECD:

H.1 Refer for consideration by the IDEAB Committee the possible repeal of 5 MRSA §13070-O regarding DECD analysis of legislation containing economic development proposals.

The Working Group believes that the purposes of 5 MRSA §13070-O would be better met through the recommendations of this group (outlined under recommendation D.2) to set up a legislative process to ensure that legislation to establish or amend a tax expenditure contains provisions to facilitate the subsequent review of those tax expenditures.

H.2 Refer for consideration by the IDEAB Committee the possible amendment of 5 MRSA §13070-P, the independent third-party review every four years of all economic development incentives, to include an emphasis from a macro perspective of the State's economic incentives and their interactions and relationships.

While OPEGA's reviews offer an independent evaluation of individual tax expenditures, they are not designed to provide a comprehensive picture of how tax expenditures interact and work together in the State. The Working Group suggests that the process under 5 MRSA §13070-P could be amended to emphasize that perspective, but understands that this report is under the jurisdiction of the IDEAB report and provides a different type of evaluation from the GOC/TAX review.

[15] The report due in February 2021 was delayed because entities responding to DECD's RFP exceeded the amount available to fund the evaluation. It is understood that DECD will be resoliciting for applicants.

Appendix A

Joint Study Order, To Create a Working Group To Review the Process for Ongoing Review of Tax Expenditures by the Legislature

STATE OF MAINE

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In Senate__________

ORDERED, the House concurring, that the Working Group To Review the Process for Ongoing Review of Tax Expenditures by the Legislature is established as follows.

1. Working Group To Review the Process for Ongoing Review of Tax Expenditures by the Legislature established. The Working Group To Review the Process for Ongoing Review of Tax Expenditures by the Legislature, referred to in this order as "the working group," is established.

2. Membership. The working group consists of 8 members appointed as follows:

A. Four members of the Senate appointed by the President of the Senate, including members from each of the 2 parties holding the largest number of seats in the Legislature. Of these 4 members, 2 members must be members of the Government Oversight Committee and 2 members must be members of the Joint Standing Committee on Taxation; and

B. Four members of the House of Representatives appointed by the Speaker of the House, including members from each of the 2 parties holding the largest number of seats in the Legislature. Of these 4 members, 2 members must be members of the Government Oversight Committee and 2 members must be members of the Joint Standing Committee on Taxation.

3. Working group chairs. The first-named Senator is the Senate chair of the working group and the first-named member of the House is the House chair of the working group.

4. Appointments; convening of working group. All appointments must be made no later than 30 days following passage of this order. The appointing authorities shall notify the Executive Director of the Legislative Council once all appointments have been made. When the appointment of all members has been completed, the chairs of the working group shall call and convene the first meeting of the working group. If 30 days or more after the passage of this order a majority of but not all appointments have been made, the chairs may request authority and the Legislative Council may grant authority for the working group to meet and conduct its business.

5. Duties. The working group shall examine and make recommendations regarding the process for the ongoing review of tax expenditures by the Legislature. In its work, the working group shall consider:

A. The provisions of the Maine Revised Statutes under Title 3 and Title 36 governing tax expenditure reviews;

B. The experiences of key entities involved in tax expenditure reviews under the Maine Revised Statutes, Title 3 since 2015, including the Government Oversight Committee, the Office of Program Evaluation and Government Accountability, the Joint Standing Committee on Taxation and the Department of Administrative and Financial Services, Bureau of Revenue Services;

C. Tax expenditure review policies, approaches and processes in other states; and

D. Input from stakeholders engaged in the administration of tax expenditures, including but not limited to the Department of Administrative and Financial Services, Bureau of Revenue Services, the Department of Economic and Community Development and other state agencies.

The working group shall make recommendations, including any appropriate changes to the Maine Revised Statutes, for improvements to the tax expenditure review process to ensure it meets the needs of the Legislature for oversight, evaluation and improvement of tax expenditure policies for the State.

6. Staff assistance. The Legislative Council shall provide necessary staffing services to the working group, except that the Legislative Council staff support is not authorized when the Legislature is in regular or special session.

7. Report. No later than December 1, 2021, the working group shall submit a report that includes its findings and recommendations, including suggested legislation, to the Second Regular Session of the 130th Legislature.

SPONSORED BY: ________________________________

(Senator LIBBY, N.)

COUNTY: Androscoggin

Appendix B

3 MRSA §998- §1001

§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 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: PL 2015, c. 344, §4 (NEW). PL 2017, c. 266, §1 (AMD).

§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. Prior to the beginning of each evaluation, the committee, after consideration of recommendations from the office, shall approve the following for each tax expenditure subject to full evaluation:

(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 in accomplishing the tax expenditure's purposes, intent or goals and consistent with best practices;
(c) The extent to which the tax expenditure is achieving its purposes, intent or goals, taking into consideration the economic context, market conditions and indirect benefits;
(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, taking into consideration similar tax expenditures offered by other states;
(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 purposes, 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 of resources compared to other options for using the same resources or addressing the same purposes, intent or goals; and
(i) Any opportunities to improve the effectiveness of the tax expenditure in meeting its purposes, intent or goals; and

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

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

2. Action by office; report. The office shall submit a report on the results of each evaluation to the committee and the policy committee. The office shall seek stakeholder input as part of the report. 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 or repeal of the tax expenditure 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. The committee shall submit a record of the vote on any reports submitted by the office and any comments of or actions recommended by 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 evaluations and of the committee's review based on materials submitted under subsections 2 and 3. The policy committee shall submit to the Legislature by the later of 90 days after receipt of materials submitted under subsections 2 and 3 and the adjournment sine die of the regular session during which the materials were received, if applicable, a report documenting its activities under this chapter and any recommendations resulting from its review of the materials submitted under subsections 2 and 3.

The policy committee may submit a bill to the Legislature to implement the policy committee's recommendations.

SECTION HISTORY: PL 2015, c. 344, §4 (NEW). PL 2017, c. 266, §§2, 3 (AMD). PL 2019, c. 161, §1 (AMD).

§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;

(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 in 2016 to 2018 and by December 15th of each year beginning in 2019 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 March 1st of each year, beginning in 2020, 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 Legislature to implement the policy committee's recommendations.

SECTION HISTORY: PL 2015, c. 344, §4 (NEW). PL 2019, c. 161, §2 (AMD).

§1001. Tax expenditure evaluation process details

1. Information requests; confidentiality; reporting. The following provisions apply to the performance of duties under sections 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.

B. Upon request of the office and in accordance with section 997, subsection 4, the Department of Administrative and Financial Services, Maine Revenue Services or other state agencies shall provide confidential information to the office. The office shall maintain the confidentiality of the information provided, in accordance with section 997, subsections 3 and 4. 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 governmental agencies, other entities and experts, including members of the Consensus Economic Forecasting Commission under Title 5, section 1710.

D. The office may contract with other entities for the purpose of obtaining assistance in the review of tax expenditures. The office shall require a nondisclosure agreement as part of any contract entered into pursuant to this paragraph. The office may not disclose confidential taxpayer information to a contractor, except for:

(1) Contact information for specific beneficiaries of tax expenditures for the purpose of conducting interviews, surveys or other data collection; and

(2) Statistics classified so as to prevent the identification of specific taxpayers or the reports, returns or items of specific taxpayers.

The contractor shall retain physical control of any information obtained pursuant to this paragraph until the conclusion of the review for which the information was provided, after which the information must be immediately destroyed.

E. The office may report confidential information obtained under this section to Legislators, legislative committees, state agencies and the public only in the form of statistics classified so as to prevent the identification of specific taxpayers or the reports, returns or items of specific taxpayers.

F. Prior to the submission of a tax expenditure evaluation report under section 999, subsection 2, the office shall provide the State Tax Assessor an opportunity to review a draft of the report in accordance with the provisions of section 997, subsection 1. The State Tax Assessor may advise the office on compliance with paragraph E.

G. For purposes of this section, the following terms have the following meanings:

(1) "Beneficiary contact information" means the following information listed on a tax return or included in a tax return: the name, address, zip code, e-mail address and telephone number of the taxpayer, and of any related entity, officers, attorneys, personal representatives and other agents, tax preparers and shareholders of, partners of or members of the taxpayer or of a listed related entity.

(2) "De-identified tax data" means tax returns and other confidential tax information that are redacted or otherwise modified or restricted by Maine Revenue Services so as to exclude the following:

(a) Beneficiary contact information;

(b) Identification numbers including federal or state employer identification numbers, social security numbers and registration numbers; and

(c) Other information from which the State Tax Assessor determines that the identity of the taxpayer could reasonably be inferred.

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

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

36 MRSA §199

§199-A. Definitions
As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Committee. "Committee" means the joint standing committee of the Legislature having jurisdiction over taxation matters.

2. Tax expenditure. "Tax expenditure" means any provision of state law that results in the reduction of tax revenue due to special exclusions, exemptions, deductions, credits, preferential rates or deferral of tax liability.
SECTION HISTORY: PL 2001, c. 652, §7 (NEW).

§199-B. Report

1. Report. The bureau shall submit a report regarding tax expenditures to the committee by February 15th of each odd-numbered year. The report must contain:

A. A summary of each tax expenditure in the laws administered by the bureau;
B. A description of the purpose and background of the tax expenditure and the groups likely to benefit from the tax expenditure;
C. An estimate of the cost of the tax expenditure for the current biennium;
D. Any issues regarding tax expenditures that need to be considered by the Legislature;
E. Any recommendation regarding the amendment, repeal or replacement of the tax expenditure; and
F. The total amount of reimbursement paid to each person claiming a reimbursement for taxes paid on certain business property under chapter 915.

SECTION HISTORY: PL 2001, c. 652, §7 (NEW). PL 2017, c. 211, Pt. E, §4 (AMD).

§199-C. Review
The committee shall conduct the following reviews according to the following schedule.

1. Odd-numbered years. During each odd-numbered year the committee may review the report required under section 199-B.

2. Even-numbered years. During each even-numbered year the committee may review current issues of tax policy.

A. During each second regular session, the committee shall identify areas of tax policy for review during the period between the end of the second regular session and the first regular session of the next Legislature.
B. The committee may review:
(1) Issues of tax policy related to tax expenditures identified in its review under subsection 1;
(2) Issues related to the overall structure of the State's tax laws and the relative tax burdens on various classes of taxpayers;

(3) The impact of the State's tax structure on taxpayer behavior, including incentives and disincentives to reside or locate businesses in the State;
(4) Issues identified by the committee that require more detailed review than is possible during a regular session of the Legislature; or
(5) Any other tax policy issue identified by the committee as needing legislative review.

3. Specific tax expenditure review. By June 1, 2021, the committee shall review the income tax credit under section 5217-D to determine whether the credit should be retained, repealed or modified. The committee shall consider information provided by the Office of Tax Policy within the bureau and the Department of Education pursuant to Title 20-A, section 12545.

4. Review of aviation tax expenditure. The committee, by June 30, 2023, shall review the sales tax exemption under section 1760, subsection 88-A to determine whether the exemption provides an incentive for increasing investment in the aviation sector, attracting and retaining aviation business and basing aircraft in the State.
SECTION HISTORY: PL 2001, c. 652, §7 (NEW). PL 2011, c. 665, §6 (AMD). PL 2013, c. 368, Pt. VVVV, §1 (AMD). PL 2013, c. 379, §1 (AMD). PL 2015, c. 328, §2 (AMD).

§199-D. Report
The committee shall notify the Legislature of the results of each review conducted under section 199-C and may issue a report of its findings and recommendations. The committee may report to the Legislature any legislation necessary to implement recommendations resulting from the review conducted under section 199-C.
SECTION HISTORY: PL 2001, c. 652, §7 (NEW).

§199-E. Elimination of certain tax expenditures
No later than 45 days after the effective date of this section the committee shall report out to the Legislature legislation to permanently eliminate corporate tax expenditures totaling $6,000,000 per biennium, prioritizing for elimination low-performing, unaccountable tax expenditures with little or no demonstrated economic development benefit as determined by the Office of Program Evaluation and Government Accountability established in Title 3, section 991.
SECTION HISTORY: IB 2015, c. 1, §28 (NEW).

5 MRSA §13070-O

§13070-O. Evaluation of economic development proposals

1. **Criteria.** An economic development proposal must:

A. Have a program name that accurately describes the nature of the program;

B. Have specific stated objectives, such as the number of jobs to be created or retained, the wage levels and benefits associated with those jobs or a project with significant value to the State or a community within the State;

C. Specify a method to measure whether the objectives of the program have been met;

D. Require that a business that receives benefits under the program report on the use of the benefits received;

E. Require that the appropriate joint standing committee of the Legislature review the program at specific and regular intervals;

F. Provide incentives for a business to meet objectives of the program and, when incentives are provided in anticipation of contractual performance, penalties for a business that does not meet the objectives of the program;

G. Provide a cost analysis of the program based on at least a 10-year period;

H. Have a clearly defined public purpose;

I. In addition to standard data, report performance data specific to its goals and objectives annually to the entity that is assigned to coordinate the State's portfolio of economic development programs; and

J. Require that a business that receives benefits under the program have a business statement that includes the requirements of section 13070-J, subsection 2-A.

SECTION HISTORY: PL 1999, c. 768, §5 (NEW). PL 2007, c. 434, §§4-8(AMD). PL 2017, c. 264, §12 (AMD).

5 MRSA §13070-P

§13070-P. Comprehensive evaluation of state investments in economic development

1. Conduct evaluation. By February 1, 2021, and every 4 years thereafter, the commissioner shall submit a comprehensive evaluation of state economic development investments, referred to in this section as "the evaluation," not to include programs subjected to independent evaluations required by federal programs, to the Governor and the Legislature.

A. The scope of the evaluation must include research and development activities and economic development incentives in this State.
B. The evaluation must be performed by independent, objective reviewers.
C. The evaluation objectives include, but are not limited to, an assessment of:
(1) The extent to which the State's portfolio of economic development investments, particularly in terms of level and types of investments, aligns with and supports the state strategic economic improvement plan;
(2) The extent to which individual activities and programs, or groups of activities and programs, within the State's portfolio are contributing to the achievement of particular goals, measurable objectives and performance targets associated with the state strategic economic improvement plan;
(3) How the State's portfolio of economic development investments, particularly in terms of level and types of investments, compares to investments in other states;
(4) The effect of the State's economic development investments in improving the competitiveness of the State's established and emerging technology and industry sectors in regional, national and global arenas; and
(5) The extent to which the overall framework for the State's economic development investments provides for sufficient transparency and accountability, effective and efficient coordination among the State's activities and programs and easy access for interested businesses and other entities.
D. The evaluation must include recommendations to the department, the Governor and the Legislature on any identified:
(1) Opportunities to modify the current portfolio of state economic development investments, particularly with regard to level of investment or types of activities and programs, in order to better align resources with the state strategic economic improvement plan and more cost-effectively support achievement of goals, objectives and performance targets associated with the plan;
(2) Opportunities to shift investments from economic development activities and programs to other state efforts in order to better align resources with the state strategic economic improvement plan and more cost-effectively support achievement of goals, objectives and performance targets associated with the plan;
(3) Opportunities to improve transparency and accountability for state economic development investments, coordination among economic activities and programs in the portfolio or accessibility of business and other entities to those activities and programs; and
(4) Areas for improvement.

E. In planning and conducting the evaluation, the department and independent reviewers may consider pertinent information available from the Maine Economic Growth Council, as established in Title 10, section 929-A, and from reviews conducted by the Office of Program Evaluation and Government Accountability, as established in Title 3, section 991. The independent reviewers may consult with the Office of Program Evaluation and Government Accountability on accessing data, confidential or otherwise, necessary for the evaluation.

2. Action on evaluation recommendations. By February 1, 2021 and every 4 years thereafter, the commissioner shall present the evaluation and results from the most recent evaluation required under this section to the joint standing committee of the Legislature having jurisdiction over labor, commerce, research and economic development matters. The commissioner shall report to the Governor and the committee on actions planned by the department and other entities administering the programs to address the recommendations made. The committee shall also consider the independent reviewers' recommendations and may submit a bill to the Legislature to implement recommendations.

By February 1, 2023 and by February 1st every 4 years thereafter, the commissioner shall submit to the Governor and the joint standing committee of the Legislature having jurisdiction over labor, commerce, research and economic development matters a progress report related to the evaluation required under this section that describes the implementation status of the planned actions to address the recommendations from the prior evaluation.

SECTION HISTORY: PL 2017, c. 264, §13 (NEW).