

**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.

	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 MRS §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	<i>Source:</i> 2018-2019 Maine State Tax Expenditure Report
	FY17	\$14,602,000	
	FY18	\$7,030,000	<i>Source:</i> 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.	

Tax Expenditure	Meals Served by Youth Camps Licensed by DHHS		
Statutory reference	36 MRS-A §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	<i>Source: 2018-2019 Maine State Tax Expenditure Report</i>
	FY17	\$250,000 - \$999,999	
	FY18	\$250,000 - \$999,999	<i>Source: 2020-2021 Maine State Tax Expenditure Report</i>
	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 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.	

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.		

	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.

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."		

Tax Expenditure	Rental of Living Quarters at Schools		
Statutory reference	36 MRS §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.		

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)	<i>Source:</i> 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	<i>Source:</i> 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	Change		
	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.		

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."		

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.		

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)	<i>Source:</i> 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	<i>Source:</i> 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 MRS §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.	

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.		

Tax Expenditure	Adaptive Equipment for Vehicles of Persons with Disabilities		
Statutory reference	36 MRS §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	<i>Source:</i> 2018-2019 Maine State Tax Expenditure Report
	FY17	\$72,334	
	FY18	\$70,000	<i>Source:</i> 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.