

Summary of LD 849 – “An Act to Implement the Recommendations of the Working Group to Review the Process for Ongoing Review of Tax Expenditures by the Legislature”

Prepared by OPEGA for the GOC – April 14, 2023

Proposed Amendments to 3 MRS Chapter 37 (GOC & OPEGA Statute)	Potential Impact on GOC Responsibility or Authority	Potential Impact on OPEGA Resources	Bill Section(s)
<p>Amends the membership of the GOC under 3 MRS §993 to include at least 2 members also on TAX and one member also on IDEAB, beginning with the 132nd Legislature.</p>	✓		1
<p>Amends GOC tax expenditure review scheduling responsibilities under 3 MRSA §998(2).</p> <ul style="list-style-type: none"> • Prioritizes reviews of business incentives over individual tax relief tax expenditures • Requires sunset dates, and legislation to extend expenditures, be considered in setting the schedule 	✓		2
<p>Enacts 3 MRS §998(6) creating “limited analysis projects” to be completed by OPEGA.</p> <ul style="list-style-type: none"> • Up to 2 per regular session, related to bills before the TAX Committee • Subject to request by TAX and approval by GOC • Projects to be based on readily available data and submitted to the GOC and TAX within 30 days of GOC approval 	✓	✓	4
<p>Enacts 3 MRS §998(5) authorizing the TAX Committee to meet year-round as necessary to complete work under Ch. 37.</p>		✓	3
<p>Enacts 3 MRS §1002, requiring proposed tax expenditure legislation to be evaluated by the TAX Committee, in consultation with OPEGA, before being enacted.</p> <ul style="list-style-type: none"> • Policy committee sends bills supported by a majority of members to TAX for review • For the those determined likely to require full evaluation, TAX Committee, in consultation with OPEGA, evaluates whether the proposal: <ol style="list-style-type: none"> A. Identifies purposes and goals B. Identifies data/information necessary for evaluation, and agency responsible for collection C. Requires applicable data be reported to OPEGA D. Provides the framework for OPEGA to evaluate the expenditure under §999 • TAX reports recommendations for bill amendments to policy committee, if needed 		✓	8
<p>Repeals OPEGA’s annual responsibility under 3 MRS §1000(2) to provide information to support TAX Committee expedited reviews, and enacts 3 MRS §1000(2-A) directing MRS to provide the information to TAX.</p> <ul style="list-style-type: none"> • Also enacts 3 MRS §1000(4), requiring each tax expenditure subject to expedited review by TAX be reviewed on a rotating schedule of 6 years 		✓	5, 6 & 7

Proposed One-Time Efforts Involving GOC and/or OPEGA	Potential Impact on GOC Responsibility or Authority	Potential Impact on OPEGA Resources	Bill Section(s)
<p>Requires OPEGA Director to review laws governing full evaluations of tax expenditures and recommend statutory changes to the GOC and TAX Committees to enhance the efficiency and effectiveness of the process.</p> <ul style="list-style-type: none"> • Focus on evaluation parameters, and the schedule and pace of full evaluations • Recommendations to GOC and TAX by 11/1/24 • GOC may submit related legislation to the First Regular Session of the 132nd 	✓	✓	13
<p>Creates the Full Evaluation Review Task Force to review existing tax expenditures subject to full evaluation and recommend statutory changes, where needed, to ensure each has adequate elements to permit effective evaluation.</p> <ul style="list-style-type: none"> • Would include at least two GOC members (one Senator and one Representative) • Staffed by OPEGA & OFPR • Final report and recommended legislation submitted to TAX Committee by 11/2/24 	✓	✓	14
<p>Requires OPEGA and OFPR to report to the Legislative Council whether additional staff are needed to perform the functions contained in the bill, by 1/15/25.</p>		✓	15

Other Proposed Changes Related to the Tax Expenditure Review Process	Potential Impact on GOC Responsibility or Authority	Potential Impact on OPEGA Resources	Bill Section(s)
<p>Amends requirements for the Maine State Tax Expenditure Report (Red Book or MSTER) provided biennially by MRS, to the TAX Committee, pursuant to 36 MRS §199-B to require:</p> <ul style="list-style-type: none"> • additional years of historical data on estimated cost of each tax expenditure, including actual losses, if available • assessment of participation rate for tax expenditures intended to enhance economic stability, or provide economic assistance, for individual taxpayers 			9-12