OPEGA
TAX
EXPENDITURE
REPORT

Evaluation of the Credit for Major Business Headquarters Expansions

November
2025

a report to the
Government Oversight Committee and the Legislature
from the
Office of Program Evaluation & Government Accountability
of the Maine State Legislature

GOVERNMENT OVERSIGHT COMMITTEE OF THE 132ND LEGISLATURE

Committee Clerk
Jennifer Greiner
Phone: (207) 287-1901
Fax: (207) 287-1906

Mailing Address:
Government Oversight Committee
82 State House Station
Augusta, Maine 04333-0082

OFFICE OF PROGRAM EVALUATION & GOVERNMENT ACCOUNTABILITY

Director: Peter Schleck

Staff
Matthew Kruk, Principal Analyst
Jennifer Henderson, Senior Analyst
Amy Gagne, Senior Analyst
Kari Hojara, Senior Analyst
Joel Lee, Analyst
Lisa Plimpton, Analyst
Hillary Risler, Analyst
Jennifer Greiner, Administrative Secretary

Mailing Address:
82 State House Station
Augusta, Maine 04333-0082
Phone: (207) 287-1901
Fax: (207) 287-1906
Web: http://legislature.maine.gov/opega

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OPEGA Evaluation of the Credit for Major Business Headquarters Expansions

About the Credit for Major Business Headquarters Expansions

The Credit for Major Business Headquarters Expansions (HQ Expansion Credit) was enacted in 2017 under Title 36 §5219-QQ. It is a refundable income tax credit of up to $16M over 20 years for a business that makes a qualifying investment of $35M to $40M to expand or locate its corporate headquarters in Maine. The credit is capped annually at $800,000 per certified project and is only available in tax years for which the participating business meets job growth requirements. The Department of Economic and Community Development (DECD) and Maine Revenue Services (MRS) jointly administer the credit, and both agencies' administrative costs are small enough to absorb within existing resources.

The HQ Expansion Credit Is Used by One Business, although Its Cap Allowed for More Participation

The HQ Expansion Credit's requirements create a fairly narrow field of businesses that could qualify, but they do not necessarily limit participation to a single Maine business. While few other businesses currently headquartered in Maine may have been able to meet the credit's requirements, many out-of-state businesses could presumably have met the requirements by moving their headquarters into Maine. Despite this, only one business accessed the credit—IDEXX Laboratories, Inc. Consequently, $24M in refundable income tax credit was left unused when the window for qualifying investment closed on December 31, 2022.

The Sole Credit User Invested a Total of $72.5M to Expand Its HQs and Has Met Job Growth Requirements

Along with $40M in qualified investment, IDEXX invested another $32.5M, for a total investment of $72.5M to expand its HQ facility in Maine. Requirements for job growth have been met to date, with 325 employees added so far. To claim the full amount of HQ Expansion Credit, IDEXX will need to continue to grow its Maine employment by another 475 new hires by the year 2030—for a total of 800 new jobs—and will have to maintain that level of employment through 2040. OPEGA notes that it is unclear how the HQ Expansion Credit may have impacted the timing, magnitude, or nature of the company's investment or employment, because many factors influence business decisions, and the relative importance of incentives like this credit among other factors is often not visible from outside the company.

Recommendations from OPEGA's Evaluation

Because the period for qualifying investment under the HQ Expansion Credit has passed, no future applications for the credit are expected. Consequently, OPEGA did not consider opportunities to improve the application and approval process. Instead, our recommendations focus on how design of similar future incentives might be improved and how ongoing data collection could better support oversight.

Recommendations for Legislative Consideration	
1	The Legislature May Want to Consider Other Tools for Providing Incentives to Single Entities in the Future
2	The Legislature May Want to Consider Approaches to Increase Transparency Around Use of Multiple Incentives

PETER SCHLECK
DIRECTOR

MAINE STATE LEGISLATURE

OFFICE OF PROGRAM EVALUATION AND
GOVERNMENT ACCOUNTABILITY

November 19, 2025

Sen. Craig Hickman, Chair
Rep. Anne-Marie Mastraccio, Chair
Members, Government Oversight Committee

As directed by the 131st Legislature's Government Oversight Committee (GOC), and in accordance with the parameters approved by the Committee, OPEGA has completed a review of the Credit for Major Business Headquarters Expansions. The approved project parameters, included in Appendix E, establish the goals, intended beneficiaries, and base performance measures considered in this evaluation. The scope and methods for this review can be found in Appendix A.

OPEGA conducts reviews of tax expenditures in accordance with Title 3 §§998 and 999. The statutory tax expenditure review process ensures that tax expenditures are reviewed regularly, according to a schedule approved by the GOC. The process is detailed in Appendix D.

OPEGA would like to thank the Department of Economic and Community Development (DECD), Maine Revenue Services (MRS), and IDEXX Laboratories, Inc., for their cooperation throughout this review.

In accordance with Title 3 §997, OPEGA provided reviewed agencies an opportunity to submit comments after reviewing the report draft. Both DECD and MRS provided comment letters which are included at the end of this report.

Sincerely,

Peter Schleck
Director, OPEGA

82 STATE HOUSE STATION, ROOM 104 CROSS OFFICE BUILDING
AUGUSTA, MAINE 04333-0082
TELEPHONE: 207-287-1901 FAX: 207-287-1906 E-MAIL: Peter.Schleck@legislature.maine.gov

Table of Contents

Evaluation of the Credit for Major Business Headquarters Expansions

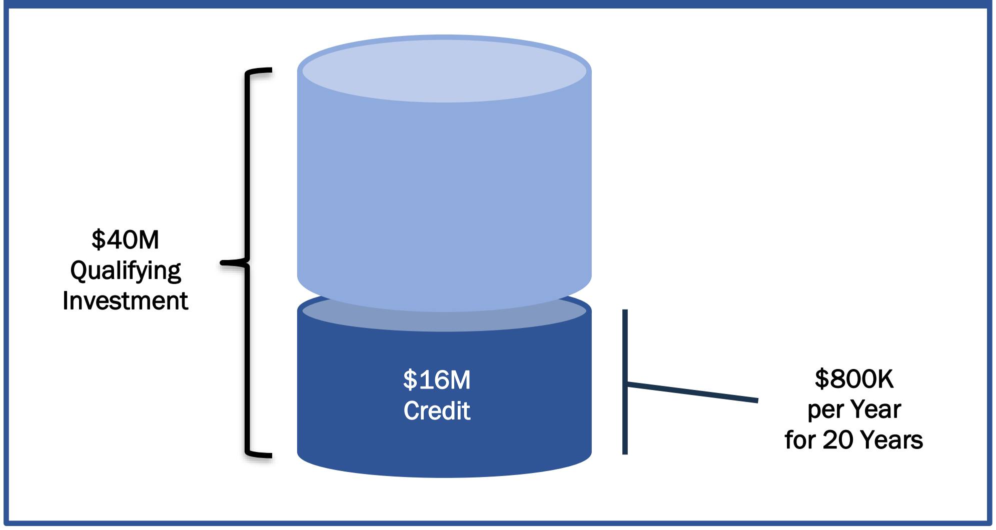
What Is the Credit for Major Business Headquarters Expansions?

The credit is refundable and provides up to $16M over 20 years. It is being used by only one business and is now closed to further applicants.

The Credit Is Refundable and Provides Up to $16M over 20 Years

The Credit for Major Business Headquarters Expansions (HQ Expansion Credit) was enacted in 2017 under Title 36 §5219-QQ. It is a refundable income tax credit for major businesses that expand or locate their headquarters in Maine and hire the required number of new employees. Qualifying investment must be at least $35M, and no more than $40M per certified project, and is capped at $100M for all projects. The credit is for 2% of the qualifying investment per year, for 20 years. This adds to a cumulative credit of 40% of the qualifying investment, up to a maximum of $16M per certified project.

The HQ Expansion Credit Is Equal to 40% of the Qualified Investment Over 20 Years



Both the Department of Economic and Community Development (DECD) and Maine Revenue Services (MRS) have roles in administering the HQ Expansion Credit. DECD is responsible for certifying qualified applicants, providing a certificate of completion once a qualifying investment is made, and collecting annual report data. MRS processes credit claims as part of the normal income tax filing process. Both agencies reported to OPEGA that the annual costs of administering the credit were negligible.[1]

[1] MRS reported that costs could be absorbed within existing resources. DECD reported costs of approximately $1067 annually.

Many Provisions of the Credit Have Been Amended Since Its Enactment

Though the HQ Expansion Credit was enacted somewhat recently, it has already been amended multiple times. These amendments included changes to agency reporting requirements and job creation calculations, clarification of revocation provisions, and establishment of rulemaking authority for DECD and MRS.

Summary of Key Changes to the HQ Expansion Credit Since Its Enactment

2017

HQ Expansion Credit enacted (PL 2017, c. 297)

2018

Amended agency reporting requirements and clarified confidentiality of reports
Required a certificate of completion to receive a credit
Clarified the job threshold calculation
Disallowed counting shifted employees toward required job growth
Clarified revocation provisions
Clarified the basis of the credit amount
Established evaluation guidance
Added rule-making authority for DECD and MRS
(PL 2017, c. 375, Pt. D, §§3-5 & PL 2017, c. 405 §1)

2023

Amended employment requirements, retroactive to 2021, including:

- Changed the base year for jobs from the first year of credit claims to January 1, 2018
- Redefined "employees based in the State" to allow working anywhere in the state rather than specifically at the HQs (PL 2023, c. 157)

The most recent amendments to the credit, in 2023, changed the timing requirement for job creation and allowed for added jobs to be based anywhere in the state. Public testimony on that bill indicated the changes were needed because of employment impacts from the Covid pandemic that were not anticipated at the time of the original legislation. IDEXX Laboratories, Inc. (IDEXX), a user of the credit, testified that when remote work became widespread the company was able to increase jobs in Maine before its HQ expansion had physical space for those workers. Because the jobs were added before the facility was complete, they would have become part of the company's base employment under the credit's original provisions rather than counting toward the employment growth required by the HQ Expansion Credit.

Only One Business is Using the Credit, and the Window for Qualifying Investment Has Closed

To be eligible for the HQ Expansion Credit, a business must meet certain statutory requirements. Some of these requirements, such as those related to business size, apply only at a business's initial application. Other requirements, such as those around job creation and quality, apply throughout a business's participation in the credit and must be met in each year for which the credit is claimed.

Headquarters Definition

"...the principal facility from which the applicant directs its national or global business activities, as determined by the commissioner at the time of application."

Title 36 §5219-QQ(1)(F)

Statutory Requirements for Certification for the HQ Expansion Credit
Initial Approval Requirements
Location Headquarters must currently be located in Maine or will be in Maine following the qualifying investment. Must have business locations in at least 3 other states or foreign countries. **Business Size** Must have at least 5,000 employees worldwide, and at least 25% are, or will be, based in Maine.
Qualifying Investment Requirements
Must spend at least $35M to design, permit, construct, modify, equip or expand headquarters in the state before December 31, 2022.
Annual Employment Growth Requirements
Must employ at least 80 full-time employees in Maine over the base employment level, per year, for each of the first 10 tax years for which the credit is claimed. Must employ at least 800 additional full-time employees based in Maine for tax years 11 – 20 in which the credit is claimed.

While these requirements create a fairly narrow field of businesses that could qualify for the credit, they do not necessarily limit participation to a single Maine business. OPEGA found only two other businesses currently headquartered in Maine that may have been able to meet the initial requirements if they expanded their headquarters. However, many businesses with headquarters currently elsewhere could have met the requirements by moving their headquarters into Maine. Despite this, only one business accessed the credit, and the credit was not maxed out when the window for investment closed on December 31, 2022.[2]

Since the window for investment is now closed, no further investment can qualify for the credit. This makes the credit one of Maine's handful of single-user income tax credits. OPEGA notes that single-user tax credits may not be the most efficient or effective tools for directing incentives to specific businesses or projects in the state and can complicate the state's tax code. This is discussed further in recommendation 1. OPEGA also explored why no additional applications had been submitted for the HQ Expansion Credit, and this is discussed alongside analysis of the credit's impact on business behavior on page 7.

IDEXX Is the Sole User of Maine's HQ Expansion Credit

Public reporting shows that IDEXX is the only business using the HQ Expansion Credit. As a result, much of the analysis that follows focuses on IDEXX specifically, and information about its business structure and operations is provided below for context.

IDEXX is a global leader in veterinary diagnostics, software, and water microbiology testing. The company was incorporated in Delaware in 1983 but has always been headquartered in Maine and was founded by a Maine resident. Its global headquarters are in Westbrook, Maine, and the renovation and expansion of that facility was the investment that qualified the company for the HQ Expansion Credit.[3]

[2] The HQ Expansion credit was capped at $100M qualified investment for all certificates and $40M per certificate (Title 36 §5219-QQ(2)). One business applied for the credit and was certified for $40M in qualified investment resulting in $16M in credit. There were no other applications for the credit. The remaining $60M in available qualified investment ($24M in credit) were not used.
[3] Based on information from interviews with IDEXX staff and from the company's website (https://www.idexx.com/en/about-idexx/).

Though IDEXX is widely known for veterinary diagnostics, the company operates in three general business segments: companion animals; water quality; and livestock, poultry and dairy.[4]

Companion Animal Group – including diagnostics for companion animals as well as veterinary software and services and diagnostic imaging systems

Water Quality Products – including water quality testing to detect and measure various microbiological parameters in water

Livestock, Poultry and Dairy – including diagnostic tests, services, and instruments used to manage the health of livestock and poultry, to improve producer efficiency, and to ensure the quality and safety of milk

IDEXX has locations in several countries and in multiple U.S. states with a total employee count of approximately 11,000 worldwide. Of those, approximately 3,000 are located in Maine—either at the headquarters in Westbrook or at the company's lab facility in Scarborough.

Has the Credit Influenced Investment in Headquarters Expansions or Locations in Maine?

Publicly visible factors suggest the credit could have influenced IDEXX's headquarters expansion in Maine. However, the credit does not appear to have influenced other businesses to make headquarters investments and it never reached its cap.

The 'But For' Is Difficult to Assess Conclusively Based on Publicly Available Information

The concept of the "but for" refers to the likelihood that a business would, or would not, have engaged in a behavior if an incentive had not been provided. The "but for" is complex and has traditionally been difficult to measure, because incentives are only one of many factors affecting business decisions about location and investment. For most businesses, these factors include things like energy costs, workforce availability, labor costs, infrastructure availability, and housing availability. Other factors are more specific to the business itself and may be difficult or impossible for those outside the business to see. These factors include things such as a business's financial condition or investment strategy—information that private companies are not typically required to report publicly and often do not want revealed to industry competitors.

HQ Expansion Credit Purpose

To create and retain high-quality jobs in the State by encouraging major businesses to locate their headquarters in the State or to expand their headquarters in the State.

[4] IDEXX Laboratories, Inc. 2025. SEC Form 10-K for Fiscal Year Ended December, 31, 2024. (https://www.idexx.com/files/10k20250221.pdf).

The Center for Regional and Economic Competitiveness (CREC), together with Smart Incentives (an organization engaged in efforts to evaluate and improve the effectiveness of incentive programs), has identified conditions that suggest a business may be more likely to be swayed by an incentive with regard to a particular investment.[5] Examples of the conditions that suggest an incentive could be influential include an investment in a new facility rather than expansion of an existing one, business operations in more capital intensive industries, and incentives that are higher in magnitude in comparison to the planned investment and hence more greatly decrease the cost of the investment. OPEGA analyzed IDEXX's headquarters expansion project based on these conditions to assess the likelihood that the HQ Expansion Credit influenced IDEXX's investment in the headquarters. The results of this analysis are discussed below.

Publicly Visible Conditions Suggest the Credit Could Have Influenced IDEXX's Investment

OPEGA's analysis of IDEXX's investment suggests that while the evidence is mixed, the HQ Expansion Credit could have been influential in the company's investment decision. The credit's large incentive amount relative to the investment (40%) and some facts about IDEXX—that it has operations in multiple locations and operates in cost-sensitive or capital-intensive industries—suggest the credit was more likely to be influential. At the same time, the facts that IDEXX is U.S.-owned, and invested in an expansion rather than a new-build facility, suggest the decision may have been less dependent on the credit. OPEGA's analysis is summarized in the table below and the discussion that follows.

Analysis of Likelihood that IDEXX Headquarters Investment Was Influenced by the Credit

Conditions Indicating an Incentive May Be More Influential	Evidence Basis	Present
High Incentive Amount Relative to Projected Investment	Credit Design	Yes
Cost Sensitive or Capital-intensive Industry	Company Profile	Yes
Company Has Operations in Multiple Locations	Company Profile	Yes
Foreign-Owned Company	Company Profile	No
New Facility (not an expansion)	Investment Profile	No
Considered Multiple Locations	Investment Context	Possible
Described Financing Gap or Disadvantage	Investment Context	Possible

Source: OPEGA Analysis & CREC.

High Incentive Amount Relative to Projected Investment – Incentives that are larger relative to businesses' investment are considered more likely to impact business decisions. The MBHE credit provides a large discount on a business's headquarters investment—a total credit of 40% of the qualified investment. Additionally, this credit is refundable, so the company can access it regardless of its state tax liability in any given year. Refundability makes the credit even more valuable.[6]

Cost Sensitive or Capital-Intensive Industry – The CREC found that certain industries that are more cost sensitive or capital-intensive are also more likely to be influenced by incentives. Manufacturing is one such industry, where efficiency and cost reduction are critical. IDEXX operates primarily in cost sensitive industries.

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[5] Center for Regional Economic Competitiveness (CREC). 2020. "Estimating the Influence of Incentives on Investment Decisions: A New Approach to the But-for Question." (https://smartincentives.org/wp-content/uploads/Estimating-the-Influence-of-Incentives-Nov-2020.pdf). See also https://www.creconline.org/about-crec/ and https://smartincentives.org/our-work/.
[6] Title 36 §5219-QQ(3).

Company Has Operations in Multiple Locations – When a business has existing locations in multiple places, it gives weight to the idea that the business may be open to making new investments in various locations and hence that cost (impacted by incentives) may be a more important factor than it would be if the company has fewer pre-existing options. IDEXX has operations in multiple locations in the U.S. and around the world. These include administrative facilities in the U.S. and Switzerland and "over 50 reference laboratories throughout the U.S. and over 25 reference laboratories internationally, including locations in Europe, Canada, Australia, New Zealand, Asia, and South Africa."[7]

Foreign-Owned – The CREC and Smart Incentives note that companies that are foreign-owned may be more likely to be influenced by the availability of incentives. This is not a factor in IDEXX's case since the company is not foreign-owned. It is its own parent company and is headquartered in Westbrook, Maine.[8]

New Facility (not an expansion) – The CREC also notes that businesses may be more influenced by incentive packages for investments in new facilities than for expansions of existing facilities. This is because a new facility typically has more flexibility as to where it is built, hence allowing the business to compare the availability of incentives among locations. Alternately, if an expansion of an existing facility is what a business needs, there is likely less location flexibility. IDEXX's investment for this credit was an expansion of an existing headquarters facility.

Considered Multiple Locations – If a company is actively comparing multiple locations for investment, one can imagine that the incentives available in each location might affect the decision. Unfortunately, information to demonstrate the seriousness with which various locations are considered is typically held confidential by businesses. Since this information is not public, it is hard for legislative oversight bodies or evaluators to prove whether other viable locations were considered and how seriously. With that said, IDEXX has asserted that other locations were considered for its headquarters expansion.[9]

Described Financing Gap or Disadvantage – For companies with a financing gap or other disadvantage connected with an investment, an incentive can be influential by helping to close the gap or offset the disadvantage. IDEXX told OPEGA in 2017 that expanding in Maine was disadvantageous for several reasons including workforce recruiting challenges, physical limitations of the existing headquarters site, risk management associated with having multiple core business functions in one physical location, and the fact that most of the Board of Directors have no ties with Maine. IDEXX also noted other costs to being in Maine such as the fact that the Portland Jetport does not have direct flights to as many cities as larger markets, which increases the cost of bringing customers to visit the facility. IDEXX stated that it needed all the incentives available, including the HQ Expansion Credit, to overcome these increased costs of operating in Maine.[10]

While we note that these challenges may exist regarding the Maine location, it is difficult to know how significant they might be in comparison to those associated with any other sites IDEXX may

[7] Excerpted from IDEXX Laboratories, Inc. 2025. SEC Form 10-K for Fiscal Year Ended December, 31, 2024. (https://www.idexx.com/files/10k20250221.pdf).
[8] Ibid.
[9] In an interview with OPEGA for a 2017 evaluation of the HQ Expansion Credit, IDEXX asserted that it has considered expanding in the Netherlands where it already had about 400 employees. IDEXX noted it also looked at areas in the U.S. where the company has some connection, where tax rates are lower, and where there are generous benefits.
[10] IDEXX reported to OPEGA that it had detailed financial models showing that the incentives were needed, but that these models can't be shared publicly because they would reveal too much about the company to its competitors. Assertions of this nature were also expressed in testimony related to the original enactment of the HQ Expansion Credit by representatives of IDEXX.

have considered for its headquarters expansion. Businesses typically protect this type of information from their competitors and hence do not share the information publicly.

OPEGA acknowledges that discussion of "but for" regarding incentives like the HQ Expansion Credit can often be binary—suggesting that the incentive pushed the company to make an investment decision in the state's favor or not and therefore was a "good" use of state funds or not. However, logic dictates that incentives are never 0% or 100% responsible for an investment, and research demonstrates that they are just one factor among many in any business investment decision. The analysis above provides some evidence-based context for what the relative importance of the HQ Expansion Credit may have been in IDEXX's decision-making.

$24M in HQ Expansion Credit Went Unused

It is noteworthy that no businesses other than IDEXX applied for the HQ Expansion Credit even though the credit never reached its cap. This resulted in roughly $24M in refundable income tax credit left unused. OPEGA noted that there are few businesses headquartered in Maine with a large enough worldwide presence to qualify for the credit, and those that exist may not have had headquarters investments that lined up neatly with the credit's qualifying investment window or required investment size ($35M minimum). However, the question remains why there were no applications from businesses considering relocate their headquarters to Maine.

Stakeholders OPEGA spoke with were unsure why the credit was not used more but thought its specific requirements may have been difficult for others to meet. The credit is substantial—40% of the qualifying investment over 20 years—and since it is refundable, the full value of the credit is available regardless of a business's income tax liability in Maine. However, the fact that no other businesses used it suggests that, despite its size, it was not enough (even in combination with other available state incentives) to make any major businesses move their headquarters to Maine.[11]

Relocation of major business headquarters (such as those with a multi-state or global presence, as required by this credit) are not everyday events, and when they do happen states often vie for them with such large financial incentives that this credit could not compete effectively. Perhaps the most extreme and publicly visible example of this was in the competition among U.S. cities to attract Amazon's HQ2 after the company released an RFP in 2017 inviting bids from potential sites.[12] Offers for HQ2 included direct incentives of up to $1.525 billion from New York City, $573 million from Arlington, $7 billion from New Jersey, and $8.5 billion in incentives and infrastructure from Maryland. However, even New Jersey and Maryland's multibillion dollar offers were not enough to secure HQ2, and the company reported it chose the locations it did based on access to strong local and regional talent pools.[13]

Indeed, available financial incentives are just one of the many factors businesses consider when comparing potential headquarters locations. Other factors are equally, or perhaps even more important, including access to talent, transportation infrastructure, and proximity to cutting edge research and higher education facilities.[14]

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11 OPEGA notes the credit may not have been heavily promoted, but that a credit like this rarely needs heavy promotion because the major companies that could qualify are often acutely aware of the tax policies and incentives in various locations.

12 RFP at https://images-na.ssl-images-amazon.com/images/G/01/Anything/test/images/usa/RFP_3._V516043504_.pdf.

13 See https://blogs.worldbank.org/en/psd/cents-and-sensibility-three-takeaways-investment-incentives-amazon-hq2 and https://www.aboutamazon.com/news/company-news/amazon-selects-new-york-city-and-northern-virginia-for-new-headquarters.

14 Washington's Joint Legislative Audit and Review Committee published a 2018 evaluation which listed the primary factors prompting a relocation based on their review of current national data and academic literature (page 8 and 9, https://leg.wa.gov/jlarc/taxReports/2018/CorpHeadquarters/f/default.html). The factors listed in that report match those identified via OPEGA's research and discussions with stakeholders, including discussions with IDEXX.

Location Considerations for Large Business Headquarters

- Access to an adequate current and future pool of workforce talent
- Location effects on reestablishing or building the corporate brand or culture
- Availability of business services and same industry clusters
- Good transportation infrastructure, including access to international airports
- Proximity to cutting edge research and higher education facilities
- Quality of life and cultural amenities that appeal to current and potential employees

While larger financial incentives may offset a location's relative weakness in one or more of these areas, financial incentives alone are unlikely to make a location viable if it cannot acceptably meet the other needs of a large business headquarters facility. This may mean that incentives are most likely to impact business decisions on the margins—where a business may already be inclined to a location based on other factors, and the availability of incentives may be a deciding factor.

What Investment and Job Creation Has Been Connected with the HQ Expansion Credit?

IDEXX reported making $40M in qualifying investment and adding 325 qualifying employees since 2018. It is unclear how much these jobs and investment may have been due to the HQ Expansion Credit. Stakeholders cite additional benefits to having IDEXX's headquarters in Maine.

IDEXX Reported $40M in Qualified Investment, Resulting in $16M in HQ Expansion Credit Over 20 Years, and Invested an Additional $32.5M in the Headquarters Expansion

IDEXX reported spending $40M of qualified investment between 2018 and 2019 to update and expand its headquarters building in Westbrook. Based on this qualified investment amount, DECD authorized a credit for the company of $16M over 20 years ($800,000 per year). Since the credit is refundable, the company will be able to claim all of the authorized credit, regardless of its tax liability in any given year as long as it continues to meet the credit's employment and other requirements.

Investment and employment growth discussed here are as reported by IDEXX. While they are connected to the company's use of the HQ Expansion Credit, it is unclear how strongly the jobs or investment may be directly attributable to the credit.

IDEXX first claimed the credit in tax year 2021 and has claimed $800,000 per year since then according to MRS public reporting. These reports also show that in tax years 2021 and 2022, IDEXX's credit did not offset any tax liability and hence was refunded. Most recently, for tax year 2023, the report shows the credit offset $138,762 of tax liability (hence $661,238 was refunded). Assuming IDEXX continues to meet the requirements of the credit, it appears the company will continue to claim $800,000 per year through tax year 2040.

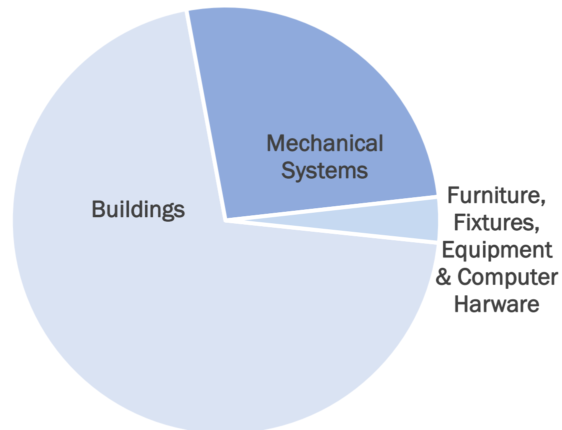
The HQ Expansion Credit requires annual reporting from the credit user to DECD and from MRS and DECD to the Legislature. These reports are all publicly available.

Title 36 §5219-QQ(4)

In addition to $40M in qualifying investment, IDEXX also reported investing an additional $32.5M in the headquarters expansion project between 2019 and 2024, for a total project cost of $72.5M.

IDEXX told OPEGA that the project costs were largely for improvements to buildings, as one might expect when updating and expanding a headquarters facility, but there were also expenses for other asset types.

Most of IDEXX's $72.5M Headquarters Investment Was Spent on Buildings



Roughly 95% of the Investment in IDEXX's HQ Expansion Was Incurred with Maine Vendors, with Ripple Effects for Maine's Economy

Although the HQ Expansion Credit does not require preference for in-state vendors, the amount of qualifying investment that goes to Maine suppliers has repercussions for the economic ripple effects that flow outward from the headquarters expansion project to the regional and state economy. IDEXX reported to OPEGA that roughly 95% of the investment in the headquarters expansion was paid to vendors located in Maine.[15]

OPEGA estimated the one-time economic ripple effects from the investment that went to Maine vendors. We found that IDEXX's headquarters expansion project temporarily supported approximately 761 jobs. Of these, 468 jobs were supported by the qualified investment for the HQ Expansion Credit, and the remaining 292 jobs were supported by IDEXX's additional investments in the headquarters expansion.[16] The in-state spending also generated approximately $2.8M of additional state tax revenue and $50.3M additional state GDP in that timeframe.

As discussed previously, it is unknown how much the HQ Expansion Credit influenced the nature or size of IDEXX's headquarters investment. Consequently, it is unclear precisely how much the investment's economic ripple effects should be attributed to the credit. The table below shows how the credit's benefit to the state, in terms of the economic impacts of the qualifying investment, varies widely depending on how much one assumes the credit influenced the qualifying investment.

IDEXX's Qualifying Investment Has Economic Impacts, But It Is Unclear How Much the Credit Influenced These Impacts

Credit's Assumed Influence	One-Time Impacts from the Qualifying Investment		
	Jobs	State Tax Revenue	State GDP
0%	0	$0	$0
25%	190	$0.7M	$12.6M
50%	381	$1.4M	$25.2M
75%	571	$2.1M	$37.7M
100%	761	$2.8M	$50.3M

Source: OPEGA economic modeling analysis. See Appendix B.

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15 IDEXX noted the possibility that in some cases it may have used a Maine vendor who then subcontracted to an out-of-state vendor, but that it did not know if or how often that may have occurred.

16 "Temporarily supported jobs," refers to jobs supported during the specific one-time qualifying investment and does not include ongoing employment in IDEXX facilities. Additional information about the economic modeling is provided in Appendix B.

While it is unlikely that the credit had 0% or 100% influence over the investment, it is unknown what level of influence is more likely. Isolating the role of a single factor amongst the many that influence behavior is commonly referred to as attribution. Attribution is a challenge for evaluations of tax incentives because of the multitude of factors involved in investment decisions generally. The challenge is greater after the investment has already been made—as in this case—because the actual conditions at the time the investment was considered are no longer observable.

There Is Limited Readily Available Public Information about Other Incentives IDEXX Used in Combination with the HQ Expansion Credit

Another factor in assessing the influence of an incentive on business activities is the value of other incentives that support the same activities. Understanding how multiple incentives come together to support a given business or project has also been a common area of interest for policymakers in recent years. However, it can often be challenging to obtain this data, and use it in oversight, for several reasons. This matter extends beyond the HQ Expansion Credit and is discussed in recommendation 2.

The complete package of incentives used by IDEXX at the time of its headquarters expansion was not public information when this evaluation began, so OPEGA requested this information from the company. IDEXX told OPEGA that it "faces significant economic challenges when determining if, when or where to make capital investments. In making such investment decisions in Maine we rely on any incentives that are available to us that will make the project feasible."

The company said it has benefited from a Westbrook Tax Increment Financing District (TIF District)[17] in addition to the Pine Tree Development Zone Program (Pine Tree)[18], but it did not provide the amount of benefits received. Public reporting shows IDEXX also benefitted from the Employment Tax Increment Financing Program (ETIF).[19] The benefit amount received per individual company is not routinely publicly reported for the Pine Tree or ETIF programs. However, DECD provided OPEGA with IDEXX's benefit amounts which the Department released in response to a 2025 FOAA request. This data shows that for calendar year 2024, IDEXX requested an ETIF payment of approximately $2.27M.[20] The approved ETIF payment would have been paid directly to IDEXX rather than offsetting tax liability, because ETIF is a direct payment benefit processed outside of the income tax filing system. DECD's data also shows that IDEXX reported receiving at least $285,000 in non-ETIF benefits from the Pine Tree program in 2024.[21]

OPEGA's research indicates the company has also likely benefitted from a Scarborough TIF and from the Business Equipment Tax Exemption Program (BETE)[22] and Business Equipment Tax Reimbursement

17 TIF Districts are locally driven economic development tools via which a municipality may use new property taxes generated by a particular investment project or within a particular geographic area to finance public or private projects. For more information see Title 30-A, Chapter 206, Subchapter 1. A business may directly benefit from a TIF District or may benefit indirectly via infrastructure, or other, improvements financed by the District.

18 The Pine Tree Development Zone Program was authorized under Title 30-A, Chapter 206, Subchapter 4. It provided a number of benefits for eligible businesses, including income tax credits, reimbursement of sales taxes, and reduced electricity costs. The program is no longer certifying new participants and is repealed effective July 1, 2035. However, statute provides that businesses certified prior to December 31, 2024 can continue to receive benefits through December 31, 2034.

19 Under Title 36, Chapter 917, ETIF provides payments to businesses that increase employment above an established base level. The report submitted by DECD in March, 2025 showed that IDEXX had 543 ETIF employees—the second highest count of all participating businesses in that year (https://legislature.maine.gov/doc/11651).

20 The requested ETIF amount cited here may vary slightly from the amount distributed to IDEXX. This is because DECD receives and process ETIF payment requests but then forwards them to MRS for final review, approval, and distribution of funds. As such, DECD has data about what each company requested, but not what was approved. OPEGA notes that in a prior evaluation of the ETIF program we did not find major differences between requested and approved ETIF payments.

21 The precise value of Pine Tree benefits is difficult to pinpoint, because the program offers a number of varied benefits (including an expansion of the ETIF program), and companies report all of these benefits together as a single sum. Here, OPEGA subtracted the amount of IDEXX's requested ETIF payment from the total Pine Tree benefits reported by the company to estimate the separate benefits of the two programs.

22 BETE (pursuant to Title 36, Chapter 105, Subchapter 4-C) eliminates personal property tax on qualifying business equipment.

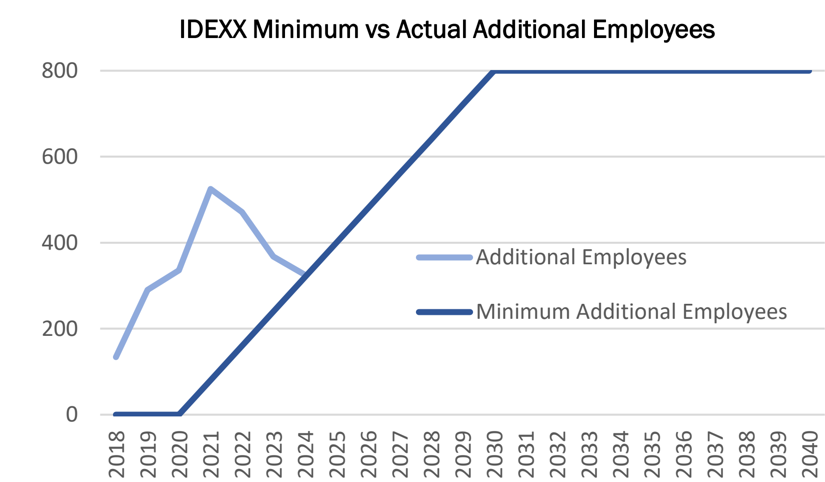
Program (BETR). Public reporting shows that the company received approximately $18,000 in BETR payments in 2023, the most recent year for which MRS reports on the program are available.[23] OPEGA could have requested information from MRS about IDEXX's benefits from other programs that it administers. However, we chose not to request any confidential taxpayer information, as we would not have been able to include it in this report.

In the public discussion of evaluation parameters for this credit, the idea was also raised that Maine's apportionment method may represent an additional, or duplicative, benefit for some large, multistate businesses like IDEXX. OPEGA's analysis indicates that the shifts in Maine's apportionment method in 2007 and 2009 do provide sizable tax benefits for companies with substantial in-state assets and employment, and export sales. However, review of the public record shows that the Legislature has not made changes to apportionment when this information was brought to its attention, suggesting that apportionment may be functioning as intended and in tandem with tax incentives such as the HQ Expansion Credit. Maine's current single factor apportionment is consistent with the approach in use in many U.S. states.[24]

Apportionment refers to the process of determining what percentage of a multistate business's profits should be subject to income tax in a given state. Maine's current apportionment method is the same as that in use in many other U.S. states.

IDEXX Has Met Requirements for Employment Growth to Date

IDEXX has met the HQ Expansion Credit's requirements for employment growth to date. Whether similar job growth would have occurred without the credit is unclear. However, the state is receiving the expected benefits in terms of jobs, with 325 employees added above the company's base employment level so far. To claim the full amount of HQ Expansion Credit associated with its qualifying investment, IDEXX will need to continue to grow its Maine employment by another 475 new hires by the year 2030—for a total of 800 new jobs—and will have to maintain that level of employment through 2040.[25]



IDEXX was not required to meet employment growth thresholds until 2021 when it first claimed the credit. However, as shown in the chart at right and the table that follows, all of IDEXX's employment growth to date occurred between 2018 and 2021. Employment levels have decreased annually since then. Despite the decreases in total employment in recent years, total growth in IDEXX's employment since 2018 has remained high enough to meet the statutory threshold for

23 BETR (pursuant to Title 36, Chapter 915) refunds a portion of personal property tax on qualifying business equipment. Statute requires public reporting on use of BETR. Reports are available online (https://www.maine.gov/revenue/taxes/tax-policy-office).
24 Federation of Tax Administrators. 2023. "State Apportionment of Corporate Income." (https://taxadmin.org/wp-content/uploads/resources/tax_rates/apport.pdf). For additional information about how apportionment factors into calculation of Maine corporate income tax and related tax credits, see MRS's 2025 Report on Corporate Income Tax Data (https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/Corporate_Tax_Data_Report.pdf).
25 The credit is not available for any tax year in which employment targets are not met (Title 36 §519-QQ(3)(B)).

claiming the HQ Expansion Credit. However, OPEGA noted that the company reported only five additional employees over the required amount in its 2024 report. This means that further employment growth will be necessary to continue to meet the employment levels required to claim the remaining 16 years of its HQ Expansion Credit.

IDEXX Employees Added vs Employment Growth Requirements, 2018-2024			
Year	Employees Added Since the Prior Year	Cumulative Employees Added	Minimum Employment Requirements
2018	134	134	0
2019	156	290	0
2020	46	336	0
2021	189	525	80
2022	-54	471	160
2023	-103	368	240
2024	-43	325	320

Source: OPEGA analysis of statute and IDEXX annual reporting.

Statute requires that employees counted for the purposes of claiming the HQ Expansion Credit must be based in Maine.[26] IDEXX told OPEGA that, as of the end of 2023, all but about 200 of its roughly 3,000 Maine employees were assigned to either the Westbrook or Scarborough locations. These employees worked either fully on-site or in hybrid arrangements. IDEXX also noted that its employees are drawn from 14 of Maine's 16 counties and reside in over 200 different towns.

The HQ Expansion Credit does not require that employees counting toward required employment growth under the credit have access to benefits. However, the credit does require participant businesses to report annually on the degree to which benefits are accessible to these additional employees. In each of its annual reports since 2018, IDEXX reported that 100% of its additional employees had access to health and retirement benefits. According to the company's website, all U.S. employees have access to retirement plans and some health benefits, with full medical plans (and other benefits) accessible for those that work at least 60 hours per biweekly period.[27]

Annual reporting must include the "percentage and number of all additional full-time employees above the certified applicant's base level of employment who have access to retirement benefits and health benefits."

Title 36 §5219-QQ(4)(A)(6)

IDEXX acknowledges that additional employees that count for the HQ Expansion Credit may also be counted for the company's benefits from other state incentives such as the Pine Tree Development Zones Program. This complicates efforts to estimate the employment effects of any of the incentives in isolation. As discussed in the preceding section and in recommendation 2, existing data collection makes it difficult to know the full package of state incentives from which an individual company is receiving benefits.

[26] "Employees based in the State" is defined by Title 36 §5219-QQ(1)(C) as employees that perform more than 50% of employee-related activities for the employer at a location in the State. Statute is silent as to whether employees must reside in Maine.
[27] See employee benefit descriptions at https://careers.idexx.com/us/en/us-benefits.

Stakeholders Told OPEGA that IDEXX's Presence Provides Additional Benefits for Maine

As a large regional employer, IDEXX naturally has a substantial economic impact on the communities of Westbrook and Scarborough and the surrounding region. In speaking with stakeholders, and with the staff of DECD and IDEXX, OPEGA frequently heard about other, harder to measure, ways that IDEXX's presence benefits the region and the state as a whole. Some of the benefits are more common among large employers, such as the community volunteering and contributions that IDEXX and its employees provide. Others are more unique to having a major business headquartered in Maine or to how IDEXX's specific expertise has benefited Mainers.

The existence of the headquarters of a major company, like IDEXX, is often cited as making a location more attractive for other new or smaller headquarters. The new headquarters can settle in the area with the knowledge the specialized services and infrastructure they need are already there, and by clustering with other headquarters they're able to share the unique employee talent pool such facilities require. Many of those OPEGA spoke with shared that the presence of IDEXX's headquarters in Westbrook has made the region much more attractive as a headquarters location for other companies, both because IDEXX's presence demonstrates that a headquarters can thrive here and because IDEXX attracts highly skilled workers from within Maine and from outside the state.

More specific to IDEXX is the benefit the business was able to offer Maine citizens during the covid pandemic in 2020. DECD Commissioner Johnson told OPEGA that IDEXX prioritized covid tests for Maine over other customers, quickly providing the tool the state needed for the moment. The Commissioner noted that this kind of benefit is not necessarily something one can plan for in advance but is the kind of benefit that can flow from having major bioscience businesses in the state.

Of course, it is impossible to say whether the HQ Expansion Credit impacted IDEXX's continued presence in Maine and hence whether the credit had any effect on these less-measurable benefits. Still, when states offer incentives like this one—targeting headquarters or other specific niches—often the hoped-for outcomes are to build enough of a specialized hub that similar businesses will continue to be attracted to the region for the co-location benefits, even after the incentives expire.

How Does This Credit Compare to Headquarters Incentives in Other States?

Some other states offer incentives specifically for investment in headquarters facilities, though low uptake is common. States also use broader or more discretionary incentive tools to attract major headquarters.

Among States that Offer Headquarters-Specific Incentives Low Uptake Is Common

OPEGA researched incentives offered by other states and found that incentives limited to just headquarters are relatively rare. Those we found were in states with larger populations than Maine and they varied in type. The incentives included income tax credits, like the HQ Expansion Credit, as well as sales tax benefits, grants, and reimbursements. These incentives are summarized in the table that follows.

Headquarters Tax Incentives in Other States	
Benefits	**Eligibility Requirements**
Tennessee – Headquarters Sales Tax Credit	
Credit for state sales or use tax paid on the purchase of qualified tangible personal property used exclusively in the HQs and directly related to the creation of the new jobs.[28]	– Company must establish a HQ in Tennessee with at least $10M investment. – Must create 100 full-time HQ jobs located at the HQ site. – Pay must be 150% of TN average wage for each occupation. – The facility must be used as a HQ for 10 years beyond the initial investment period.
Washington State - Corporate Headquarters Investment Project Sales Tax Incentive	
Sales and use taxes are deferred on building expenses. The company must pay back a portion of the waived taxes if it does not continue to meet eligibility requirements for a total of eight years. Limited to two projects per biennium.	– At least $30M qualified investment in a corporate HQ. – HQ facility must be where corporate staff are physically employed and must handle most of the company's regional or national management. – Must result in at 300 full-time positions earning at least the state annual average wage.
Mississippi - National or Regional Headquarters Tax Credits and Tax Exemptions	
1) Income tax credit of $500 to $2,000 annually per new full-time employee, depending on employee salary level, for 5 years. 2) Income tax credit for business relocation costs of up to $1M per year. Nonrefundable. 3) Sales tax exemption for HQ construction materials and equipment for the facility.	– At least 20 new jobs, assigned to the HQ, must be created and filled within one year. – Qualifying relocation costs include non-depreciable expenses necessary to relocate HQs employees to newly established HQ facility in MS. – The sales tax exemption is also available for expansions of existing HQs, as long as employment requirements are met.
South Carolina - Corporate Headquarter Credit	
Credit is for 20% of the value of the portion of a facility dedicated to HQ operations or direct lease costs for the first five years of operation. The credit can be applied against either corporate income tax or license fees.	– Company must invest at least $50,000 in qualifying costs in the HQ facility. – HQ must be where the majority of the company's financial, legal, personnel, planning and/or other staff functions are handled and must be the sole corporate HQ in the region or nation with other facilities that report to it. – Must create at least 40 new full-time jobs that are performing HQ-related functions and earn at least two times the state per capita income.
Sources: Tennessee, https://www.tn.gov/revenue/taxes/sales-and-use-tax/exemptions-certificates-credits/headquarters-tax-credit.html; Washington State, https://leg.wa.gov/jlarc/taxReports/2018/CorpHeadquarters/f/print.pdf; Mississippi, https://mississippi.org/wp-content/uploads/FY2024-Incentives-Report.pdf; South Carolina, https://www.sccommerce.com/why-sc/incentives/corporate-income-tax-incentives.	

The headquarters incentives in Tennessee and Washington State had publicly available evaluations which noted that the incentives had low uptake. The Tennessee evaluation found that 14 businesses had claimed $14.7M in sales tax credits between 2015 and 2018 and noted that "a sales tax credit is a particularly

[28] This is not a point-of-sale tax exemption. It is paid by revenue services as a credit against the company's monthly sales tax liability.

inefficient way to provide incentives for relocating headquarters due to compliance costs."[29] The report from Washington State's Joint Legislative Audit and Review Committee found that state's sales tax credit had never been used, although the state's Department of Commerce had provided companies with information about the incentive.[30]

OPEGA also found two states that previously had a headquarters incentive but either broadened it beyond headquarters or repealed it altogether, in some cases after finding it was not being used. Indiana enacted the Headquarters Relocation Tax Credit in 2005 to provide up to 50% of relocation costs incurred in the tax year for a business that moved a qualifying headquarters facility into Indiana. The credit was not used until after the General Assembly expanded eligibility requirements in 2013 to include research centers and to reduce the annual worldwide revenue requirements for a qualifying business from $100M to $50M. Even after those changes, as of 2017 the credit had been approved for only two projects.[31] Georgia also had a Headquarters Income Tax Credit for headquarters established in, or relocated to, the state prior to 2009.[32] However, the state does not appear to have a credit for present day headquarters facility investments.

States Also Use Broader or More Discretionary Incentive Tools to Attract Major Headquarters

Rather than incentives focused specifically on headquarters (or sometimes in addition to those incentives), OPEGA observed that other states offer programs that allow headquarters as one on a list of qualifying project types. For some incentives a broad range of projects or business industries might be allowed. Whereas, in other cases the range of allowed sectors is more limited and focused specifically on sectors the state has determined are high-return such as biotech, R&D or manufacturing.

In addition, some states use closing funds[33] or other discretionary incentive tools to attract large projects they consider desirable, including headquarters facilities. Appendix C includes a summary of some of the types of discretionary incentives in use in other states. These types of incentives allow states to flexibly target the highest-value economic development project opportunities of the moment without having specific incentives for each potentially high-value business sector or investment project. In recommendation 1 of this report, OPEGA suggests the Legislature may want to consider whether, in the future, a discretionary incentive might a be a more efficient tool for Maine than a variety of micro-targeted income tax credits.

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29 Anderson Economic Group, LLC for the Tennessee Department of Economic & Community Development and Tennessee Department of Revenue. 2016. "The Economic Impact of Business Tax Credits in Tennessee." (https://www.tn.gov/content/dam/tn/transparenttn/documents/Tax-Credit-Analysis-TNECD.pdf).

30 Washington's Joint Legislative Audit and Review Committee (JLARC). 2018. "Corporate Headquarters Investment Projects." (https://leg.wa.gov/jlarc/taxReports/2018/CorpHeadquarters/f/default.html).

31 Indiana Office of Fiscal and Management Analysis Legislative Services Agency. 2017. "2017 Indiana Tax Incentive Evaluation." (https://documents.ncsl.org/wwwncsl/Fiscal/evaluationDB/2017_Indiana_Tax_Incentive_Evaluation.pdf).

32 See https://dor.georgia.gov/document/document/tax-credit-summary-12-9-20pdf/download.

33 Closing funds are pools of capital set aside by states for use when funding is needed to secure a particular economic development project. Examples include the Governor's Economic Development Strategic Reserve Fund in Washington State (https://app.leg.wa.gov/rcw/default.aspx?cite=43.330.250&utm_medium=email&utm_source=govdelivery) and the Texas Enterprise Fund (https://gov.texas.gov/business/page/texas-enterprise-fund).

Overall Conclusions & Performance Measures

Overall Conclusions

- The HQ Expansion Credit is used by only one business which was certified for $16M in total credit, available as $800,000 annually over 20 years as long as job growth and other requirements are met. Credit claims began in tax year 2021 and are expected through tax year 2040.
- The credit's statutory cap allowed room for an additional participation. However, there were no applications for the remaining $24M in tax credit, and the window for investment has now closed.
- Job creation and investment by the HQ Expansion Credit's sole user have met, or exceeded, statutory minimums to date. It is unclear precisely how much job growth or investment may be directly attributable to the credit.
- Limited readily accessible public information about other incentives makes it difficult to see the relative importance of the HQ Expansion Credit within the full package of incentives that a credit claimant may be using.
- Maine is one of a handful of states offering tax incentives specifically for headquarters, and other states have also experienced low uptake of these incentives. The Legislature may want to consider other tools for directing financial incentives to specific businesses or projects.

Performance Measures for the HQ Expansion Credit

Title 36 §5219-QQ(5)(B) specifies performance measures to be used in evaluation of the HQ Expansion Credit. The Government Oversight Committee also approved three more performance measures for inclusion in this evaluation (measures six, seven and eight below). The performance measures have been discussed in applicable sections of this report and are summarized in the table below for ease of reference.

Performance Measures for Evaluation of the HQ Expansion Credit (M=million)	
(1) The number of additional full-time employees added during a period being reviewed and how employment during that period compares to the minimum employment requirements	As of year-end 2024 Minimum required additional employees: 320 Reported additional employees: 325
(2) The amount of qualified investment during a period being reviewed, and how expenditures compare to the minimum level of expenditure required	As of year-end 2024 Minimum required qualified investment: $35M Reported qualified investment: $40M Reported additional investment: $32.5M
(3) The change in the number of major business headquarters located in the State and the number of expansions of those headquarters during a period being reviewed	No new headquarters have moved into Maine by businesses using the credit. 1 business expanded existing headquarters in Maine and used the credit.

(4) Measures of fiscal impact and overall economic impact on the State	Expected cost to the state: $16M over 20 years[34] Estimated **One-Time Impacts of Headquarters Investment** on Maine's Economy:[35] 761 jobs temporarily supported $2.8M in state tax revenue $50.3M in state GDP See discussion of additional fiscal and other impacts beginning on page 8 of the report.
(5) The number of new employees for whom health benefits and retirement benefits are available	100% of additional employees are reported to have access to health and retirement benefits.
(6) Annual revenues of each parent company of recipients (IDEXX is its own parent company)	$3.9B revenue in 2024 $2.2B revenue in 2018 (year of certification)
(7) CEO salaries, stock buybacks, and executive sales of stock following receipt of the tax credit for each recipient	CEO Total Compensation[36] $13.0M in 2024 $9.8M in 2022 (first calendar year the credit was claimed) Stock Buybacks 1,760 shares repurchased in 2024 1,984 shares repurchased in 2022 Executive Sales of Stock $16.9M in 2022 (first calendar year the credit was claimed)
(8) Summary of information on profitability from SEC filings after receipt of the tax credit for each recipient	Net Income $887.9M in 2024 $679.1M in 2022 (first year MBHE credit was claimed) Return on Investment 27.0% in 2024 24.7% in 2022

Sources: Employment and investment figures are from participant application and annual reports. Economic impacts were estimated by OPEGA (see Appendix B for more information). Measures 6, 7 and 8 rely on data from IDEXX's SEC filings, and executive sales of stock were identified using the website www.insidertrades.com.

[34] Assuming that the full credit amount is claimed. $2.4M of the total $16M was claimed between tax years 2021 – 2023.
[35] Estimated impacts reflect the economic effects of the total HQ expansion investment, including the $40M in qualified investment and $32.5M in additional investment made by IDEXX.
[36] Total CEO compensation includes base salary, performance bonus, and stock and option awards as provided in IDEXX's Proxy Statement for 2022 and 2024.

Recommendations

Since the period for qualifying investment for the HQ Expansion Credit is closed, no future applications for initial certificates of approval are expected. Consequently, OPEGA did not consider opportunities to improve that process. Instead, our recommendations focus on how design of similar future incentives might be improved and how ongoing data collection could better support oversight.

Recommendations for Legislative Consideration	
1	The Legislature May Want to Consider Other Tools for Providing Incentives to Single Entities in the Future
2	The Legislature May Want to Consider Approaches to Increase Transparency Around Use of Multiple Incentives

1 The Legislature May Want to Consider Other Tools for Providing Incentives to Single Entities in the Future

OPEGA observed that the HQ Expansion Credit is quite narrowly targeted and is only used by one business. It is not the only Maine tax incentive that provides financial incentives to single entities, and incentives directing benefits to specific entities are increasingly common in other states. However, single-user income tax credits may not be an efficient or effective way to target benefits to individual entities. Other states use a variety of tools such as closing funds and discretionary grants to provide these types of micro-targeted incentives, and some of these tools may offer opportunities for Maine to increase effectiveness or efficiency in the following areas.

<u>Nimble and Predictable Incentives</u>

Enacting single-entity credits, one at a time, is not nimble or predictable for businesses or for the state. This method requires drafting and passage of new statutory language for each single-entity credit—a resource intensive effort. It is also bound to the legislative calendar, rather than the timing of business investment decisions or emerging state economic priorities. Attempting to navigate this timing issue can create risks for both the business considering investment locations and for the state. Other states have developed processes to nimbly support targeted businesses through discretionary incentives with expedited processes, some of which include legislative approval.

<u>A Simpler Tax Code</u>

Single-entity tax incentives seem to be increasingly common, and when a state has a handful of these credits, each with differing requirements and rules, they contribute to a more complicated tax code. A simple tax code is desirable because it makes the tax system easier for taxpayers to navigate and allows for more efficient state administration. Although the added complexity from adding just one targeted credit may be small, it adds up quickly as the single-entity credits increase in number. Additionally, OPEGA notes that administering incentives through a pre-existing structure that reaches most Maine citizens and businesses, like the income tax filing system, can be efficient for an incentive that is available to a large pool of taxpayers. However, a structure with broad reach like the tax filing system is not an efficient way to administer narrowly targeted incentives that each have differing requirements and often require the creation of unique tax forms.

Comparative Value for the State

OPEGA notes that when resources are limited, comparing options before committing state funds can help ensure incentives are targeting the highest economic priorities and delivering the most value for Maine. However, this kind of thorough cost-benefit comparison is difficult in the context of bills for single-user tax credits that come before the Legislature over time. In addition, the timing of processing bills may not allow for a thorough cost analysis, and such an analysis often includes information that businesses may not want shared in the setting of a public meeting. Discretionary incentives in other states sometimes include processes for comparing potential projects up-front to identify the best cost-benefit for the state. The selection processes for awarding these discretionary incentives are sometimes public, but in other cases allow for protection of certain information that businesses consider confidential.

Recommended Legislative Action: If there is a desire to direct incentives to individual entities or projects, the Legislature may want to consider alternate vehicles that could be more effective and efficient. Instead of numerous individually targeted tax credits, other states sometimes use discretionary incentives to direct state funds to specific entities as determined necessary. Appendix C includes a list of some programs in other states for policymaker consideration. The vehicles currently in use by these states reflect a variety of structures, including:

- pre-award processes to assess the "but for," analyze value and cost-benefit for the state, and weigh the relative value of various possible state investments;
- factors that target state priorities of the moment, as may be reflected in a state's economic development plan, potentially including heritage industries, targeted growth industries, or particular geographic areas; and
- legislative oversight at various stages, including in the design of discretionary incentive programs, at review and approval of applications, and in ongoing monitoring to ensure the state receives the value expected.

OPEGA notes that this recommendation is future looking, and long-term oriented, and is not meant to suggest changes to incentives already committed.

2 The Legislature May Want to Consider Approaches to Increase Transparency Around Use of Multiple Incentives

Beyond the HQ Expansion Credit, the Legislature has shown interest in monitoring co-use of incentives and understanding how incentives may come together as a package to help support a business's investment in Maine. However, OPEGA has found time and again, that this kind of oversight is limited by challenges in bringing together data across tax expenditures.

Basic data about program use is public for some incentives, like the HQ Expansion Credit, but is confidential for others. This presents a challenge for public reporting on co-use of incentives, because even though OPEGA can often access confidential data, we are typically unable to report the analysis of that data publicly for policymaker use in oversight.

In addition, even when information is not confidential, or is publicly reported, it is sometimes not quickly accessible when needed for oversight. For example, one may have to formally request the data from an agency or sift through documents presented to legislative committees in past years to locate the public report. Another challenge arises from the fact that data about tax incentives is managed differently by the various administering agencies, and even for different incentives within the same agency, with great variance in the quality and consistency of data collection.

For this evaluation, OPEGA gathered information from various sources about some of the incentives IDEXX accessed during the period that its qualified investment occurred. However, that sort of cross-incentive information is not readily available to the public or to support legislative oversight on an ongoing basis. Without being able to see easily which incentives are being used in combination, it is difficult to assess whether the state is effectively offering a comprehensive suite of incentives or whether there may be combined incentives use that might raise concern for policymakers.

Recommended Legislative Action: If there is a desire to monitor co-use of incentives, then some additional system or reporting may be needed. This could be accomplished in various ways. On the lower resource end, transparency could be increased with an assessment up-front of the overall package being used by a business at the time they are applying for a substantial credit. For example, when major incentives are awarded to a business in Virginia, the full package of incentives are reported through that states' Major Employment and Investment Project Approval Commission.[37]

Up-front assessment could add transparency for substantial incentives, but would not provide policymakers with ongoing access to data about how incentives are used in combination. For a longer term, and more resource intensive effort, the state could consider moving toward standard online reporting that is publicly accessible for some, or all, incentives. An example of online reporting is Tennessee's searchable database of its FastTrack Project Grants.[38] Another example comes from Iowa, where the Department of Revenue oversaw the creation of a database that compiled information from four state agencies and authorities about incentive awards and claims.[39]

[37] "Annual Report of the MEI (Major Employment and Investment) Project Approval Commission." Calendar Year 2018. Reports to the General Assembly. https://rga.lis.virginia.gov/Published/2019/RD66/PDF.
[38] https://www.tn.gov/transparenttn/state-financial-overview/open-ecd/openecd/fasttrack-project-database.html.
[39] https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2018/06/how-states-can-gather-better-data-for-evaluating-tax-incentives.

Appendix A. Methods and References

The GOC approved parameters for the evaluation of the HQ Expansion Credit are detailed in Appendix F.

Much of the information to support this evaluation was obtained from the following sources:

- relevant statute, including the history of changes made since the enactment of the credit;
- documents related to annual reporting by IDEXX, DECD, and MRS;
- documents related to IDEXX's initial application for, and subsequent receipt of, certificates of approval and completion for the credit;
- interviews with state program administrators and IDEXX representatives;
- interviews with business community stakeholders in Maine and with representatives of the local governments for Westbrook and Scarbrough;
- a site visit to IDEXX headquarters facility in Westbrook, Maine;
- review of existing literature about the economic and other effects of headquarters facilities and about the factors most important to businesses in deciding where to locate headquarters; and
- evaluation and audit reports about headquarters-related incentives in other states.

No confidential taxpayer data was obtained in the course of this evaluation.

In addition to analyzing publicly available data, assessing the program design, and interviewing program stakeholders, OPEGA performed economic modeling for this evaluation (see Appendix B).

Works and resources cited in the body of this report or considered during the evaluation include the following:

Anderson Economic Group, LLC for the Tennessee Department of Economic & Community Development and Tennessee Department of Revenue. 2016. "The Economic Impact of Business Tax Credits in Tennessee." (https://www.tn.gov/content/dam/tn/transparenttn/documents/Tax-Credit-Analysis-TNECD.pdf)

Center for Regional Economic Competitiveness (CREC). 2020. "Estimating the Influence of Incentives on Investment Decisions: A New Approach to the But-for Question." (https://smartincentives.org/wp-content/uploads/Estimating-the-Influence-of-Incentives-Nov-2020.pdf)

Federation of Tax Administrators. 2023. "State Apportionment of Corporate Income." (https://taxadmin.org/wp-content/uploads/resources/tax_rates/apport.pdf)

IDEXX Laboratories, Inc. 2025. SEC Form 10-K for Fiscal Year Ended December, 31, 2024. (https://www.idexx.com/files/10k20250221.pdf)

Indiana Office of Fiscal and Management Analysis Legislative Services Agency. 2017. "2017 Indiana Tax Incentive Evaluation." (https://documents.ncsl.org/wwwncsl/Fiscal/evaluationDB/2017_Indiana_Tax_Incentive_Evaluation.pdf)

Maine Revenue Services, Office of Tax Policy. 2025. "Report on Corporate Income Tax Data." (https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/Corporate_Tax_Data_Report.pdf)

Mississippi Development Authority. 2024. "FY2024 Mississippi Incentives Report." (https://mississippi.org/wp-content/uploads/FY2024-Incentives-Report.pdf)

Nelson, Bruce M. 2025. Is it Time to Return to Three-Factor Apportionment? Journal of State Taxation 2025. Retrieved from Maine Legislature Law and Legislative Reference Library on 4/25/2025.

Rephann, Terance J. 2021. Single Sales Factor Apportionment as An Economic Development Incentive: Evidence from An Elective Program for Manufacturing Firms. Weldon Cooper Center for Public Service, University of Virginia Charlottesville. (www.researchgate.net/publication/378856574_Single_Sales_Factor_Apportionment_as_An_Economic_Development_Incentive_Evidence_from_An_Elective_Program_for_Manufacturing_Firms)

State of Maine 119th Legislature. 2000. Final Report of the Commission to Study Single-Sales Factor Apportionment. (www.maine.gov/legis/ofpr/studies_commissions/final_report_single_sales-2000.pdf)

Washington's Joint Legislative Audit and Review Committee (JLARC). 2018. "Corporate Headquarters Investment Projects." (https://leg.wa.gov/jlarc/taxReports/2018/CorpHeadquarters/f/default.html)

Additional sources were accessed to prepare the summary of other states' single-entity incentives in Appendix C. These included online statutes and economic development agency websites for other states and the selected sources listed in that appendix.

Appendix B. Economic Modeling Methodology and Assumptions

OPEGA used the IMPLAN[40] economic modeling software, and data annual reports and from IDEXX, to estimate the impact of the company's investment in expanding its headquarters facility in Maine. The IMPLAN model separately estimates the investment's direct effects on the economy as well as the indirect effects from business sectors likely to benefit from the investment spending. Below we describe the inputs and assumptions used in that modeling, as well as the outputs produced by the model.

Model Inputs

The portion of IDEXX's $40M qualified investment that was reported by the company to have been spent using Maine vendors was approximately $38M. IDEXX also reported spending an additional $30.9 within the state to complete its headquarters expansion. The timing and amount of this in-state investment was based on the total spending that IDEXX reported to DECD in annual reports between 2018 and 2024.

In its application for the certificate of completion, IDEXX also provided a listing of purchased assets which allowed OPEGA to partition and generalize the investment into the following IMPLAN industry sectors: Wholesale – Machinery, equipment, & supplies; Wholesale – Other durable goods merchant wholesalers; Architectural, engineering & related services; and Construction of other new nonresidential structures.

Model Outputs

IMPLAN's outputs of economic measures include predicted employment, employee and proprietor compensation, and economic value-added, which is equivalent to Gross Domestic Product of a region (GDP). IMPLAN uses the Bureau of Economic Analysis's (BEA) definition of employment which includes full-time, part-time, and temporary positions. OPEGA converted IMPLAN's employment measure to full-time equivalents (FTEs) using industry ratios based on national averages from the BEA. The resulting FTEs are roughly equivalent to the number of jobs resulting from the impact of IDEXX's qualified and additional investment.

In addition to the economic activity generated by IDEXX's investment spending in the supply chain, IMPLAN also estimates the effects of additional spending from households that benefit from supply chain activity for unrelated businesses such as hospitals, restaurants, and grocery stores. These economic impacts are presented in the table below.

One-Time Impacts of IDEXX Qualified Investment and Additional Investment.

	Supply Chain Impacts	Household Spending Impacts	Total Investment Impacts
Jobs (FTEs)	**579**	**182**	**761**
Qualified Investment	356	112	468
Additional Investment	223	70	293
TOTAL Labor Income ($M)	**$33.0**	**$36.3**	**$69.3**
Qualified Investment	$19.9	$32.6	$52.5
Additional Investment	$13.1	$3.7	$16.8
TOTAL GDP Impact ($M)	**$33.6**	**$16.7**	**$50.3**
Qualified Investment	$18.2	$10.1	$28.3
Additional Investment	$15.4	$6.6	$22.0

[40] IMPLAN® model, 2020 & 2021 Data, using inputs provided by OPEGA and IMPLAN Group LLC, IMPLAN System (data and software), 16905 Northcross Dr., Suite 120, Huntersville, NC 28078 www.IMPLAN.com.

Appendix C. Other States' Approaches to Single-User Incentives

Recommendation 1 suggests that policymakers consider whether other approaches for directing support to single business entities and investments might help Maine be more transparent, nimble, and effective in these sorts of targeted economic development endeavors. This appendix highlights approaches from other states for targeting large business investments.

OPEGA compiled a list (see table that follows) from discussion with stakeholders and additional research. This list is not intended to be comprehensive, but instead, to provide a range of other ways that states approach providing economic development incentives for single users. The list includes funds and programs in six states: Arkansas, California, Michigan, North Carolina, Texas and Virginia. OPEGA looked for the existence of approaches in Massachusetts, New Hampshire, and Vermont as they are neighbors of Maine and New Hampshire and Vermont are demographically similar, small northern New England states. Massachusetts and New Hampshire do not appear to have such incentive vehicles.

From review of the varied approaches in other states, OPEGA prepared a summary of the attributes of the programs especially as they relate to fostering consistency, transparency, value for the state, responsiveness, and legislative oversight role.

Award Methods & Authority

Many of the closing funds and discretionary grants or incentives have statutorily prescribed procedures or standards that are applied in the determination of awards and in some cases, how much is granted (for instance, Arkansas Amendment 82 projects, and Texas Enterprise Fund Awards). Conversely, California Competes, North Carolina Job Development Investment Grants and Michigan Strategic Fund have statutory guidelines but are ultimately discretionary funds. Many other funds appear to be entirely discretionary—Arkansas Governor's Deal Closing Fund, Michigan Strategic Outreach and Reserve Fund, One North Carolina Fund, Virginia Commonwealth Opportunity Fund, Virginia Major Employment and Investment Project.

Transparency & Reporting

Many of the funds announce and report grantees and award amounts after the fact, and the details of the negotiations and considerations are often not transparent. On the lower end of the transparency spectrum, in Texas the Governor and Speaker of the House ultimately decide on the dispersal of Enterprise Funds, with their considerations not made public. The Arkansas Governor's Quick Action Closing Fund has required annual reporting on the incentives provided, but there is not transparency in terms of how the deals are made. However, Arkansas' Amendment 82 Projects must be voted on in the General Assembly, bringing a higher level of public scrutiny (though the underlying economic impact analyses are not necessarily made public). Michigan's Strategic Outreach and Reserve Fund requires legislative approval and thus brings public scrutiny, though again the details of the negotiations may not be public and legislators have had to sign confidentiality agreements in the past.

Measuring Value for the State

Because of the discretionary nature of many of these grants/funds, the determinations used by states to assess value to the state are not always available. However, there are some ways that states try to ascertain and weigh value to the state at the front end. For Arkansas Amendment 82 projects, the Arkansas Economic Development Commission performs economic impact and cost-benefit analysis ahead of the referral of projects to the General Assembly. The General Assembly can also ask for independent verification of the analyses. In California, a competitive application process allows the state to weigh options in terms of their value to the state. In Michigan, Strategic Fund projects are subject to an application and due diligence process (confirmation of application materials), certain types of projects such as job retention and retail are excluded and certain sectors are targeted in seeking value to the state. North Carolina's Job Development Investment Grant projects undergo an application process that includes providing information on the "but for"[41] and undergoing a cost-benefit analysis. Virginia's Commonwealth Opportunity Fund requires "an active and realistic competition between Virginia and another state or country" in addition to a return on investment analysis. The Texas Enterprise Fund also requires that a project be actively considering at least one viable out-of-state location. Considerations for how to assess whether this is true are provided.

Ability to Respond Promptly to Opportunities

All of these funds/grants appear to have the ability to be quickly responsive to economic project needs and opportunities. This appears to be the purpose of many of these programs. They do this in different ways. In Arkansas for Amendment 82 Projects that require General Assembly approval, the approval can take place in regular, fiscal, or extraordinary session. Michigan's legislative approval for the SOAR fund is through a Senate budget subcommittee. Many of these funds have rolling application processes, or in the case of California, multiple application periods in a year. Despite these factors, there have been concerns about transparency of how the decisions are being made[42] and about value to the state[43] given these large investments.

Legislative Oversight

Many of these funds or grants incorporate legislative oversight. In Arkansas, the General Assembly, upon referral by the Governor, makes "the final and definitive decisions" concerning the proposed Amendment 82 projects. California Competes awards are approved by a statutorily-created committee that includes appointees from the Speaker of the Assembly and the Senate Committee on Rules. In Michigan, the state's Michigan Strategic Fund awards SOAR grants from a legislatively created $1 billion fund, which have to receive legislative approval in some cases. In North Carolina, there is a Commission made of Executive Branch officers and legislators that vets Job Development Investment Grant projects according to criteria established in statute. In Virginia, a legislative committee reviews and approves incentives on larger projects. In Texas, the Speaker of the House (along with the Governor and Lt. Governor) is involved in grant approval.

The table that follows lists the incentives identified.

Selected Other States' Approaches to Single-User/Project Incentives					
Incentive	Benefits Determination	Transparency	Value for the State	Legislative Oversight	Allowed with Other Incentives
Arkansas					
Amendment 82 Projects Governor recommends a project for review by the Arkansas Economic Development Commission, the Arkansas Finance Authority and the Chief Fiscal Officer of the state.	The General Assembly authorizes review of proposed projects according to statutorily prescribed procedures.	Selection of projects is voted on in the General Assembly; but economic impact analyses are not public.	Commission does economic impact and cost-benefit analysis before referral to General Assembly.	Governor refers projects to the General Assembly for final selection.	Yes.

[41] https://www.commerce.nc.gov/criteria-job-development-investment-grant-jdig/download?attachment pg. 18-20 provides a list of situations in which grants will be regarded as not necessary, or not necessary for projects to be completed in North Carolina.
[42] See for example, https://www.bridgemi.com/michigan-government/michigan-embraces-silence-tax-break-deals-other-states-move-ban-it.
[43] https://www.commerce.nc.gov/criteria-job-development-investment-grant-jdig/download?attachment pg. 18-20 provides a list of situations in which grants will be regarded as not necessary or not necessary for Projects to be completed in North Carolina.

Selected Other States' Approaches to Single-User/Project Incentives					
Incentive	**Benefits Determination**	**Transparency**	**Value for the State**	**Legislative Oversight**	**Allowed with Other Incentives**
Economic Development Incentive Quick Action Closing Fund Fund to attract new businesses or retain existing to compete with other states.	Variable benefits as determined by the Arkansas Economic Development Commission and the Governor.	Award process is not transparent, but recipients and grant amounts are reported annually.	Unclear whether award process considers "but for" or impact to the state.	Not in individual awards. Annual appropriation to the fund.	Yes (encouraged).
ArkPlus Tax Credit Discretionary 10% income tax credit for competitive situations. Business must meet investment and payroll thresholds.	Awarded at the discretion of the Executive Director of the Arkansas Economic Development Commission.	Required reporting on expenditures and employment.	Value to the state is assessed at the discretion of the Executive Director of the Arkansas Economic Development Commission.	None identified.	Yes.
California					
California Competes Tax Credit (CCTC) Income tax credit available to businesses that want to locate, or stay in California. Three application periods in a year; $180 million available in tax credits.	Statute establishes purpose and factors to be considered by GO-Biz, but award is discretionary.	Award agreements are publicly available. Website lists grantees, investment and incentive amounts.	Competitive application process. Applicants are analyzed on 14 different factors of evaluation.	Approval by a committee that includes appointees from Speaker of the Assembly and Senate Committee on Rules.	Yes.
Michigan					
Business Development Program (Michigan Strategic Fund) Performance-based grants and loans for eligible business seeking to locate or expand in Michigan rather than another state. Rolling applications.	Base standards are established in law. Information on grant award criteria is provided. Awards may not exceed $10M.	Reporting after the fact, criteria are public, actual decision process does not appear to be public and there is room for discretion.	All projects are subject to an application and due diligence process. Retail and retention projects are not eligible. Certain sectors are prioritized.	Reporting to the legislature, after the award.	Commitment of staff, financial or economic support by the local municipality is required for all projects.
Strategic Outreach and Reserve (SOAR) Fund The discretionary $1 Billion economic development fund was created to lure big business.	SOAR grants are awarded by the Michigan Strategic Fund then require legislative approval.	Legislative process is public; though details of negotiations may not be.	Unclear whether award process considers "but for" or impact to the state.	Require legislative approval.	Yes.

Selected Other States' Approaches to Single-User/Project Incentives (continued)					
Incentive	**Benefits Determination**	**Transparency**	**Value for the State**	**Legislative Oversight**	**Allowed with Other Incentives**
North Carolina					
One North Carolina Fund (OneNC) Discretionary cash grant program that allows the Governor to respond quickly to competitive job-creation projects. Rolling applications, subject to fund availability.	NC Dept of Commerce administers OneNC on behalf of the Governor. Awards are based on jobs created, level of investment, location and economic impact of the project, and importance of the project to the state and region.	Not up front. Required reporting at the end of each fiscal quarter on the Fund, and yearly on the grant recipients.	NC Dept of Commerce reviews applications and recommends projects to the Governor. Unclear whether award process considers "but for" or impact to the state.	None identified.	Local governments are required to provide an incentive match, based on county tier.
Job Development Investment Grant (JDIG) Cash grants directly to a company that creates jobs and invests in the state. Awarded only in competitive recruitment or retention situations. Rolling applications, subject to fund availability.	Discretionary, but statute sets maximum grant size and factors to consider. Total annual awards capped at $35M or $45M.	Committee votes on awards, but information may be considered confidential and not made public.	Applications subject to cost-benefit analysis. "But for" is considered. Projects are subject to a yearly performance review. Grants are paid out over time.	None identified.	Yes.
Texas					
Texas Enterprise Fund Used for "deal-closing" grants. Appears to have a rolling application process.	Calculated "according to a uniform analytical model for each applicant."	Information on use of fund and individual grants published after the fact. Decision process is not public.	Vetting process is "a thorough 11-step due diligence screening process" that includes economic impact. Grantee must be actively considering viable out-of-state location option.	Approved by Governor and Speaker of the House.	Needs to be supported by locality, particularly in the form of local economic incentive offers.
Virginia					
Commonwealth Opportunity Fund (COF) A "deal-closing" fund at the Governor's discretion to secure a company location or expansion in Virginia in the face of serious competition from other states or countries. Rolling applications.	Negotiated amount determined by the Secretary of Commerce & Trade, based on recommendation of Virginia Economic Development Partnership and subject to approval of the Governor.	Not up front. Public release of approved list of projects. Annual reporting required.	Must be "an active and realistic competition between VA and another state or country." Capital investment and job creation requirements. Pre-award review includes ROI analysis.	None identified.	Yes, and matching local financial participation is required.

Selected Other States' Approaches to Single-User/Project Incentives (continued)					
Incentive	Benefits Determination	Transparency	Value for the State	Legislative Oversight	Allowed with Other Incentives
Major Employment and Investment Project (MEI) Discretionary grant program created to attract competitive projects. Rolling application process.	Custom performance grant. MEI Commission (legislative committee) reviews and approves incentives in certain circumstances, including when the incentives package will exceed $10M.	Not up front. Public release of approved list of projects.	Unclear whether award process considers "but for" or impact to the state.	Legislative commission approves certain projects and reports annually to the General Assembly.	No.

Above table sourced from state economic development websites, online state laws, and the following:

"Amazon Web Services Plans to Invest $35 Billion in the Commonwealth by 2040 to Expand Data Center Campuses." 1.20.2023. *Office of the Governor Glenn Youngkin.* https://www.governor.virginia.gov/newsroom/news-releases/2023/january/name-991808-en.html

"Business Watch: Michigan Approves $846 Million in Aggressive Bid to Attract New Businesses." 9.28.2022. *Bridge Michigan.* https://www.bridgemi.com/business-watch/michigan-approves-846-million-aggressive-bid-attract-new-business

"DePre To Establish HQ, Manufacturing Operations in Tennessee." 9.25.2023. *Business Facilities.* https://businessfacilities.com/depre-to-establish-hq-manufacturing-operations-in-tennessee/

"Michigan Embraces Silence in Tax Break Deals as Other States Move to Ban It." 1.6.2022. *Bridge Michigan.* https://www.bridgemi.com/michigan-government/michigan-embraces-silence-tax-break-deals-other-states-move-ban-it

"Michigan Gives $175M to Gotion Electric Vehicle Project Despite Backlash." 4.20.2023. *MLive.Com.* https://www.mlive.com/public-interest/2023/04/michigan-gives-175m-to-gotion-electric-vehicle-project-despite-backlash.html#:~:text=The%20project%20was%20put%20under%20a%20microscope%20after,gave%20the%20grants%20the%20green%20light%20on%20Thursday.

"Press Release: Governor Whitmer Signs Legislation Enabling Michigan to Attract Billions in Investment, Create Tens of Thousands of Good-Paying Jobs." 12.20.2021. *Michigan.Gov.* https://www.michigan.gov/whitmer/news/press-releases/2021/12/20/governor-whitmer-signs-legislation-enabling-michigan-to-attract-billions-in-investment-create-tens-

Shultis, Ron. 2019. "Tennessee: Open for Business, But Open to the Public? A Review of the Transparency of Tennessee's Economic Development Programs. *Beacon Center of Tennessee.* https://rga.lis.virginia.gov/Published/2019/RD66/PDF

Appendix D. Maine's Tax Expenditure Review Process

OPEGA conducts reviews of tax expenditures in accordance with Title 3 §§998 and 999. Tax expenditures are defined by Title 5 §1666 as "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." Tax expenditure reviews fall into one of two categories, full evaluation and expedited review. The GOC, in consultation with the Joint Standing Committee of the Legislature having jurisdiction over taxation matters, assigns a category to tax expenditures and establishes a prioritized schedule for the reviews.

The tax expenditure review process was established as the result of Resolves, 2013, chapter 115, which directed OPEGA to develop a proposal to be considered by the Joint Standing Committee on Taxation during the 127th Legislative Session. On March 2, 2015, OPEGA submitted the report outlining the proposal for implementing ongoing reviews and included a chart of identified tax expenditures (http://mainelegislature.org/doc/578). The report states that the purposes of establishing a formal, ongoing legislative review process are to ensure that:

- Tax expenditures are reviewed regularly according to a strategic schedule organized so that tax expenditures with similar goals are reviewed at the same time;
- Reviews are rigorous in collecting and assessing relevant data, determining the benefits and costs, and drawing clear conclusions based on measurable goals; and
- Reviews inform policy choices and the policymaking process.

The proposal became LD 941 An Act to Improve Tax Expenditure Transparency and Accountability and was enacted as Public Law 2015, chapter 344. Part of this law, Title 3 §999, provides that the GOC establish parameters for each full review based on the following:

- 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;
- The intended beneficiaries of the tax expenditure;
- The evaluation objectives, which may include an assessment of:
  - The fiscal impact of the tax expenditure, including past and estimated future impacts;
  - 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;
  - 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;
  - The extent to which those actually benefiting from the tax expenditure are the intended beneficiaries;
  - 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;
  - The extent to which the state's administration of the tax expenditure, including enforcement efforts, is efficient and effective;
  - 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;
  - 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
  - Any opportunities to improve the effectiveness of the tax expenditure in meeting its purposes, intent or goals; and
- 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.

Appendix E. GOC Approved Evaluation Parameters

Credit for Major Business Headquarters Expansions – Evaluation Parameters

The Government Oversight Committee (GOC) considered proposed evaluation parameters for OPEGA's full evaluation of the Credit for Major Business Headquarters Expansions and received stakeholder input on March 24, 2023. The GOC voted to approve the following evaluation parameters, pursuant to 3 MRSA §999(1)(A) on April 14, 2023.

Purposes, Intents or Goals

To create and retain high-quality jobs in the State by encouraging major businesses to locate their headquarters in the State or to expand their headquarters in the State.

Intended Beneficiaries

<u>Directly:</u> major businesses locating or expanding their headquarters in Maine

<u>Indirectly:</u> job seekers

Evaluation Objectives

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. This objective will include consideration of the 2007 change to apportionment law;
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 goal.

Performance Measures

1. The number of additional full-time employees added during a period being reviewed and how employment during that period compares to the minimum employment requirements;
2. The amount of qualified investment during a period being reviewed, and how expenditures compare to the minimum level of expenditure required;
3. The change in the number of major business headquarters located in the State and the number of expansions of those headquarters during a period being reviewed;
4. Measures of fiscal impact and overall economic impact to the State;
5. The number of new employees for whom health benefits and retirement benefits are available;
6. Annual revenues of each parent company of recipients;
7. CEO salaries, stock buybacks, and executive officer sales of stock following receipt of the tax credit for each recipient; and
8. Summary of information on profitability from SEC filings after receipt of the tax credit for each recipient.

STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT

JANET T. MILLS
GOVERNOR

MAINE.
ECONOMIC & COMMUNITY
DEVELOPMENT

MICHAEL A. DUGUAY
COMMISSIONER

November 10, 2025

Peter Schleck
Director
Office of Program Evaluation and Government Accountability
82 State House Station
Augusta, ME 04333

Dear Director Schleck,

Thank you for the opportunity to review and respond to OPEGA's report on the Credit for Major Business Headquarters Expansions. Our department was pleased to participate in the review process and found it helpful as we continue to seek to implement and oversee Maine's business incentive programs effectively.

The Department is available to assist the legislature as needed in implementing these recommendations for the Major Business Headquarters Expansion credit and future incentives.

We appreciate your thoughtful review of this program and look forward to continuing to work with you and the Government Oversight Committee.

Sincerely,

Michael A. Duguay

Michael A. Duguay
Commissioner

59 STATE HOUSE STATION • AUGUSTA • MAINE • 04333-0059
PHONE: (207) 624-9800 • FACSIMILE: (207) 287-2681
WWW.MAINE.GOV/DECD

State of Maine
Department of Administrative & Financial Services
Burton M. Cross Building, 3rd Floor
78 State House Station
Augusta, Maine 04333-0078
(207) 624-7800
WWW.MAINE.GOV/DAFS

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JANET T. MILLS
GOVERNOR

ELAINE CLARK
ACTING COMMISSIONER

November 12, 2025

Peter Schleck, Director
Office of Program Evaluation and Government Accountability
Maine State Legislature
82 State House Station
Augusta, ME 04333-0082

RE: Confidential OPEGA Report on the Major Business Headquarters Expansion Credit

Director Schleck,

Thank you for the opportunity to review and comment on the Major Business Headquarters Expansion Credit Report.

The Department appreciates OPEGA's careful review of the credit and thorough analysis. The State of Maine has several highly targeted income tax credits providing incentives to single or potentially small numbers of entities and the Legislature regularly considers enacting new ones. The development of best practices in designing these incentives is an important issue for the State due to their recurring nature.

OPEGA's discussion and recommendations on designing similar incentives and on the consideration of other tools for providing incentives to single entities in the future meaningfully moves the discussion forward in an important area of recurring interest in the State.

In particular, two of OPEGA's comments – that "single-entity tax incentives…contribute to a more complicated tax code" and further, that going forward "the Legislature may want to consider alternative vehicles that could be more effective and efficient" – deserve careful consideration. The Department shares OPEGA's concern that "a structure with broad reach like the tax filing system is not an efficient way to administer narrowly targeted incentives." The Maine tax code and tax filing system touch every taxpayer in the State and are ideally suited to programs with substantial uptake and broad applicability. It is difficult for such a broad-based system to efficiently administer a narrow program tailored to a very particular set of facts and circumstances.

The Department looks forward to working with OPEGA, the Legislature, the Governor's Office, and other stakeholders to continue to develop efficient and effective ways to make sure Maine's economic development programs do as much good as possible, as efficiently as possible.

Sincerely,

Elaine Clark
Acting Commissioner
Department of Administrative and Financial Services