STATE OF MAINE
128TH LEGISLATURE
SECOND REGULAR SESSION

Joint Standing Committee on Taxation

Tax Expenditure Review

December 2018

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TAX EXPENDITURE REVIEW

REPORT OF THE JOINT STANDING COMMITTEE ON TAXATION

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Executive Summary

The Joint Standing Committee on Taxation is required under 3 MRSA §§999 and 1000 to conduct an annual review of tax expenditures based on information and analysis provided by the Office of Program Evaluation and Governmental Accountability (OPEGA). The provisions subject to review in 2018 include 15 expedited review provisions included under the following tax policies:

1. Public support for government organizations
2. Public support for certain tax exempt organizations
3. Public support of the elderly
4. Public support for veterans' service organizations
5. Public support for charitable donations
6. Support for a specific policy goal/mandate

The tax expenditures subject to review by the Taxation Committee in 2018 do not include any provisions subject to full OPEGA evaluation.

Pursuant to statute, OPEGA provides background information on expedited review provisions to the Taxation Committee for review. The Taxation Committee reviews that information and may make recommendations for legislative or administrative changes. The committee is required to report its findings and recommendations to the Legislature by December1st. With regard to the expedited provisions subject to review this year, the Committee is recommending no statutory changes at this time; however, the Committee is recommending that the Taxation Committee of the 129th Legislature take a further look at several provisions to fill gaps in the availability of information to facilitate future reviews.

1. Donations to certain "nonprofit" entities. The Committee notes that there are two exemptions reviewed during this cycle that relate to the donation of merchandise by a retailer to certain "nonprofit" entities. 36 MRSA §1863 exempts the donation of used merchandise to an Internal Revenue Code section 501(c)(3) entity when the original purchaser was granted a refund or credit. 36 MRSA §1864 exempts donations by a retailer of merchandise from inventory to an organization that is exempt from sales tax. The committee recommends that the Taxation Committee of the 129th Legislature review these exemptions to determine whether there should be consistency in the types of eligible donee organizations.

2. Congregate housing facilities. The Committee notes that the language of 36 MRSA §1760.6.D has become outdated and provides ambiguous provisions that could complicate administration. The Committee also notes that the facilities intended to be exempted by this provision may also be covered under 36 MRSA §1760.6.D. The Committee recommends that the Taxation Committee of the 129th Legislature review this provision to determine whether it should be clarified or repealed as no longer necessary.

3. Income tax increment financing for former military base redevelopment. The Committee notes that the mechanism for support of the two regions supported by these provisions operates in a fashion similar to the Employment Tax Increment Financing (ETIF) program which falls under the category of tax expenditures subject to full evaluation. The Committee recommends that the Taxation Committee of the 129th Legislature consider whether these two provisions should be evaluated with the ETIF review rather than through the current expedited review procedure.

TAX EXPENDITURE REVIEW

REPORT OF THE JOINT STANDING COMMITTEE ON TAXATION

PART I
INTRODUCTION
GENERAL BACKGROUND

The Joint Standing Committee on Taxation is required under 3 MRSA §§999 and 1000 to conduct an annual review of tax expenditures based on information and analysis provided by the Office of Program Evaluation and Governmental Accountability (OPEGA).

In 2015, the 127th Maine Legislature enacted legislation establishing a process requiring legislative review of tax expenditures.[1] Under the new law, the Legislature's Government Oversight Committee (GOC) has responsibility for the details of establishing and overseeing the operation of the review process.

The tax expenditure review law requires the GOC, assisted by its staff in OPEGA, and in consultation with the Taxation Committee, to assign tax expenditures to one of the following three categories.

> **1. Full evaluation review**. Provisions that provide an incentive for certain behavior, that benefit a specific group or for which measurable goals can be identified.
>
> **2. Expedited review.** Provisions that are intended to implement broad tax policy goals that cannot be reasonably measured; and
>
> **3. No review.** Provisions that result in revenue loss less than $50,000 or that do not otherwise warrant full or expedited review.

The Office of Program Evaluation and Government Accountability (OPEGA) which staffs the GOC has responsibility for evaluation of full review tax expenditures and providing information on expedited review provisions to the Joint Standing Committee on Taxation (Taxation

[1] The current statutes governing tax expenditure review are located in 3 MRSA §§998-1001. See Appendix A. "Tax expenditure" is defined by statute as " …those state tax revenue losses attributable to provisions of Maine tax laws that allow a special exclusion, exemption or deduction or provide a special credit, a preferential rate of tax or a deferral of tax liability." 3 MRSA §997.6-B; 5 MRSA §1666.

Committee). The Taxation Committee has responsibility for reviewing the OPEGA reports and submitting a report and legislation, if recommended, to the full Legislature.

The initial assignment of tax expenditures to the three categories was completed in 2015, and the first round of review (expedited review only) was completed in 2016.[2] Review in 2017 included both expedited review provisions and two full review provisions.

The tax expenditures subject to review by the Taxation Committee in 2018 contain expedited review provisions only. No full evaluation reports were submitted by OPEGA to the Taxation Committee within the 2018 review timeframe. Provisions subject to expedited review covered by this report are those identified as falling under the following tax policies:

1. Public support for government organizations
2. Public support for certain tax exempt organizations
3. Public support of the elderly
4. Public support for veterans' service organizations
5. Public support for charitable donations
6. Support for a specific policy goal/mandate

Tax expenditures have been subject to legislative review in one form or another since 1979.[3] The depth of review varied from year to year, and, in the years immediately preceding enactment of the current process, was limited to review of the biennial report on tax expenditures submitted to the Taxation Committee by Maine Revenue Services pursuant to 36 MRSA §199-B.

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[2] The original categorization provided for a six-year rotating schedule of review for both full evaluations and expedited reviews. The statutes were amended in 2017 to provide for a flexible schedule with regard to full evaluations to accommodate the complexity of review and the availability of OPEGA resources. PL 2017, c. 266

[3] The original law providing for tax expenditure review was enacted in PL 1979, chapter 467. The law governing tax expenditure review prior to enactment of the current process can still be found at 36 MRSA c. 10.

PART II
EXPEDITED REVIEW TAX EXPENDITURES
ANALYSIS OF TAX POLICIES

A. Scope of report

Pursuant to 3 MRSA §§ 998-1001, the Taxation Committee is required to review certain tax expenditures that fall under the category of expedited review as identified by the Government Oversight Committee and to report the results of its review to the next Regular Session of the Legislature by December 1st. For tax expenditures falling within the category of "expedited review," the Taxation Committee is required by statute to consider the following information:

1. For each tax policy subject to review:
   a. The reasons the tax policy was adopted;
   b. The extent to which the reasons for the adoption remain or whether reconsideration is needed;
   c. The extent to which the tax policy is consistent with other state goals; and
   d. The past and estimated future fiscal impact of the tax policy.

These considerations are discussed in Part D of this report (page 6).

2. For each individual tax expenditure;
   a. The past and estimated future fiscal impact;
   b. The administrative costs and burdens;
   c. The extent to which the tax expenditure is consistent with the policy being reviewed and with other tax expenditures;
   d. The extent to which the tax expenditure is effective in accomplishing its tax policy purpose;
   e. The extent to which there are adequate mechanisms to ensure only intended beneficiaries are receiving benefits;
   f. The extent to which the reasons for establishing the tax expenditure still remain or whether there is a need for reconsideration; and
   g. Any other reasons to discontinue or amend the tax expenditure.

These individual tax expenditures are analyzed in the worksheet in Part E of this report (page 15).

B. Process

In the identification of tax policies, the categorization of individual tax expenditures and the development of the schedule for tax expenditure review, the primary responsibility, under law, falls on the GOC with staff support from OPEGA. Input from the Taxation Committee was sought at each step in the process as required by statute.

As required by 3 MRSA §1000, sub-§ 2, in July, 2018, OPEGA submitted to the Taxation Committee and the GOC of the 128th Legislature *Information to Support 2018 Expedited Reviews of Maine State Tax Expenditures: "Charitable" and "Specific Policy Goal" Tax Expenditures*.[4] Pursuant to statute, the information provided in the report includes:

- A description of the tax policy under review,
- A description of each tax expenditure associated with that policy, including the mechanism through which it is distributed and its intended beneficiaries,
- The legislative history of each tax expenditure, and
- The fiscal impact of the tax policy and each related tax expenditure, including past and future impacts.[5]

C. Provisions subject to review

The specific tax expenditures identified for review during the 2018 cycle are the following:[6]

1. Sales tax exemption and service provider tax exemption for sales to the State and political subdivisions of the State;[7]
2. Gasoline tax exemption for gasoline sold in bulk to the State or political subdivision of the State.[8]
3. Special fuel tax exemption for special fuel sold in bulk to the State or political subdivision of the State.[9]
4. Sales tax exemption and service provider tax exemption for sales to a construction contractor or its subcontractor of tangible personal property to be physically incorporated in and become a permanent part of real property for sale to any exempt organization or government agency;[10]

[4] The OPEGA report is located in Appendix B and is available online at http://legislature.maine.gov/doc/2365.
[5] Fiscal impact estimates are included for fiscal year 2013-14 through fiscal year 2018-19.
[6] The text of the statutory provisions subject to review this year can be found in Appendix C.
[7] 36 MRSA §1760.2 and §2557.2
[8] 36 MRSA §2903.4.C
[9] 36 MRSA §3204-A.3
[10] 36 MRSA §1760.61 and §2557.31

5. Sales tax exemption for sales to incorporated, non-profit snowmobile clubs of snowmobiles and snowmobile trail grooming equipment;[11]
6. Sales tax exemption for sales of publications and printed materials included in a publication for distribution free of charge and printed paper materials including advertising flyers and promotional materials for inclusion in a publication;[12]
7. Sales tax exemption for meals sold to residents of an incorporated, non-profit, church-affiliated congregate housing facility for primarily low-income elderly;[13]
8. Sales tax exemption for meals sold by hospitals, schools, long-term care facilities, food contractors and restaurants to incorporated, nonprofit area agencies on aging for the purpose of providing meals to the elderly;[14]
9. Sales tax exemption for meals sold to residents of a retirement facility when the meal program is a condition of occupancy or the cost is included in a comprehensive fee;[15]
10. Sales tax exemption for sales to an organization that provides services to veterans and their families that is federally chartered and recognized as a veterans' service organization by the US Department of Veterans Affairs;[16]
11. Sales tax exemption for meals and related items and services sold by a nonprofit auxiliary organization of the American Legion in connection with a fund-raising event;[17]
12. Use tax exemption for donation to a 501(c)(3) organization of merchandise returned to a retailer that was under warranty or with refund by a retailer;[18]
13. Use tax exemption for donation of merchandise by a retailer from inventory to an organization that is exempt from sales tax;[19]
14. Job tax increment (an amount based on income tax withholding above base level of employment) allocated to support of the Midcoast Regional Development Authority for economic development at former Brunswick Naval Air Station;[20] and
15. Job tax increment (an amount based on income tax withholding above base level of employment) allocated to support of the Loring Development Authority for economic development at former Loring Air Force Base.[21]

Following receipt of the OPEGA report, the Tax Committee met to receive briefings from OPEGA, review the OPEGA report and resolve any questions Committee members might have regarding the report or the individual tax expenditures subject to review. Representatives from Maine Revenue Services were invited to attend, but the invitation was declined.

[11] 36 MRSA §1760.90
[12] 36 MRSA §1760.14-A
[13] 36 MRSA §1760.6.D
[14] 36 MRSA §1760.6.C
[15] 36 MRSA §1760.6.G
[16] 36 MRSA §1760.100
[17] 36 MRSA §1760.85
[18] 36 MRSA §1863
[19] 36 MRSA §1864
[20] 5 MRSA §13083-S-1
[21] 5 MRSA c. 383

This report contains the Taxation Committee's conclusions. These conclusions are made in the context of review of individual tax expenditures required under current law. They do not necessarily indicate opinions of the Committee or its members if the provisions were to be considered in the context of overall tax reform.

D. Analysis of tax policies

For each tax policy subject to review the Taxation Committee is directed by statute to "… assess the continued relevance of, or need for, adjustments to … " the policy considering:

- The reasons the tax policy was adopted;
- The extent to which the reasons for the adoption remain or whether reconsideration is needed;
- The extent to which the tax policy is consistent with other state goals; and
- The past and estimated future fiscal impact of the tax policy.[22]

<u>A note on categorization of tax policies:</u> The Taxation Committee notes that the Maine Legislature has never explicitly adopted tax policies under which individual provisions should be categorized. By requiring Legislative committees and agencies to identify tax policies and categorize existing tax expenditures under those policies, the tax expenditure review process is, in a sense, backing the Legislature into tax policy categories that may not have been explicitly identified when the provisions subject to review were enacted. The Committee recognizes that policy categorization is useful for evaluation and finds that the categories identified in the evaluation process are appropriate unless otherwise indicated.

The original tax policy for many of the tax expenditures reviewed in 2018 was identified as falling under an umbrella category of "charitable purposes." Upon further review OPEGA noted in its report that beneficiaries of the tax expenditures are diverse and do not share a common broad tax policy. Consequently, the categories were re-identified as "public support" indicating that the Legislature identified a public policy of support for certain entities that may or may not be considered "charitable." It should also be noted that some tax expenditures designated for review in subsequent years have also been categorized as charitable/public support.

[22] 3 MRSA §1000.

1. Public support for government organizations

a. Reasons for tax policy

The provisions reviewed in this category include sales tax exemptions, service provider tax exemptions and motor fuel tax exemptions for government purchases that would otherwise be subject to sales tax, service provider tax or motor fuel tax. The sales tax exemption for state and local government entities has been in existence since the adoption of the sales tax. The service provider tax exemption was enacted when the service provider tax was created and several services previously taxed under the sales tax were moved to the service provider tax. The motor fuel tax exemption for state and local entities was originally a refund rather than an exemption, but a mechanism has always been available to relieve government agencies of needing to pay the tax. The impact of the exemption is different depending on the level of government receiving it. The exemptions for state agencies recognize that the need to pay a tax will require the use of other revenue available to the agency. Exempting state agencies is ultimately a revenue neutral policy and avoids the necessity of government agencies using revenue from one pocket to pay taxes to generate revenue in a different pocket and alleviates the administrative burden of making those adjustments. Exemptions for political subdivisions recognize that those governmental levels are subdivisions of the State and would likely need to raise revenue from another source, usually the property tax, in order to pay state taxes.

b. The extent to which the reasons for the adoption remain or whether reconsideration is needed

The Taxation Committee finds that the policy providing for public support for governmental organizations should be maintained, The Committee believes that reconsideration of this policy is not warranted at this time.

c. The extent to which the tax policy is consistent with other state goals

The Taxation Committee finds that this policy is consistent with other state tax policies designed to reduce the impact of taxes on Maine taxpayers by reducing the administrative burdens of tax collection and administration and avoiding the need for one unit of government to raise revenue in order to pay another revenue.

d. The past and estimated future fiscal impact of the tax policy

The OPEGA report provides estimates for FY 14 through FY 19 for the revenue loss attributable to each tax policy and to each individual tax expenditure subject to review. The estimates are derived from information provided by Maine Revenue Services in its 2015 and 2017 biennial tax expenditure reports. The estimates are prepared by Maine Revenue Services based upon state and local expenditure data from the U.S. Census Bureau, Annual Survey of State Government Finances as well as Maine state motor fuel tax returns. The total estimate of the revenue loss for the tax expenditures in this category accounts for a large percentage of the provisions subject to review in 2018. The estimated revenue loss attributable to this policy increased from $179,408,772 in FY14 to an estimated loss in FY19 of $200,443,702. Approximately 97% of the estimated loss in this category in FY19 comes from the sales tax exemption for sales to the State and its political subdivisions.

2. Public support for certain tax exempt organizations

a. Reasons for tax policy

The provisions reviewed in this category include tax exemptions for purchases by contractors of items and services included in the fabrication of property for exempt government agencies, equipment used by certain nonprofit snowmobile trail grooming clubs to maintain public snowmobile trails and printed materials that are free publications or certain inclusions in publications. The exemption for contractors recognizes that the real property being fabricated is for sale to a government entity and continues the purpose identified for sales to government entities. The exemption for snowmobile trail grooming recognizes that the nonprofit groups receiving the exemption are performing a public benefit by maintaining snowmobile trails for public use. The exemption for free publications and related materials recognizes that the publications are provided without charge.

b. The extent to which the reasons for the adoption remain or whether reconsideration is needed

The Taxation Committee finds that the policy benefiting the organizations and transactions covered under this category supports public purposes. The Committee believes that reconsideration of this policy is not warranted at this time.

c. The extent to which the tax policy is consistent with other state goals

The Taxation Committee finds that this policy is consistent with other state tax policies designed to reduce the impact of taxes organizations serving the public.

d. The past and estimated future fiscal impact of the tax policy.

The OPEGA report provides estimates for FY 14 through FY 19 for the revenue loss attributable to each tax policy and to each individual tax expenditure subject to review. The estimates are derived from information provided by Maine Revenue Services in its 2015 and 2017 biennial tax expenditure reports. The estimates are prepared by Maine Revenue Services primarily through use of its economic microsimulation model. The model is adjusted periodically to update the base year for economic assumptions and to incorporate factors determined annually by the Maine Economic Forecasting Commission and other entities. The estimated revenue loss attributable to this policy increased from $3,943,726 in FY14 to an estimated loss in FY19 of $4,783,539.

3. Public support for the elderly

a. Reasons for tax policy

The provisions reviewed in this category include sales tax exemptions for certain institutions providing meals to elderly residents in certain residential settings and through other programs.

b. The extent to which the reasons for the adoption remain or whether reconsideration is needed

The Taxation Committee finds that the policy providing for public support for services for elderly individuals in need should be maintained, The Committee believes that reconsideration of this policy is not warranted at this time.

The Taxation Committee notes that the sales tax exemption for meals served to residents of an incorporated, non-profit, church-affiliated congregate housing facility for the elderly with at least 75% of the units leased to eligible low-income residents appears to have become outdated and should be further reviewed by the Joint Standing Committee on Taxation of the 129th Legislature. Originally enacted in 1992, “congregate housing facilities” were, at that time, regulated and defined under Title 22 of the Maine Revised Statutes. The statutory provisions covering “congregate housing facilities” were repealed in 1996 and replaced by a category of licensure called “assisted living.” There is currently no provision in Maine law that defines “congregate housing.” The Committee further notes that although the exemption requires that at least 75% of the units must be leased to “low-income” residents, there does not appear to be any statutory definition of the term “low-income” as it applies to this exemption. Given the statutory and regulatory changes since enactment of this provision, the Committee questions whether there are currently any facilities qualifying for this exemption that would not qualify under the exemption for meals served by a retirement facility (see discussion in worksheet regarding this item).

c. The extent to which the tax policy is consistent with other state goals

The Taxation Committee finds that this policy is consistent with other state tax policies designed to reduce the impact of taxes on organizations serving the public.

d. The past and estimated future fiscal impact of the tax policy

The OPEGA report provides estimates for FY 14 through FY 19 for the revenue loss attributable to each tax policy and to each individual tax expenditure subject to review. The estimates are derived from information provided by Maine Revenue Services in its 2015 and 2017 biennial tax expenditure reports. The estimates are prepared by Maine Revenue Services based upon audit information or estimated as a range of possible values because little or no data is available. The estimated revenue loss attributable this policy increased from $999,217 in FY14 to an estimated loss in FY19 of $1,274,999.

4. Public support for veterans

a. Reasons for tax policy

The provisions reviewed in this category include sales tax exemptions for sales to certain nonprofit organizations providing or supporting services for veterans.

b. The extent to which the reasons for the adoption remain or whether reconsideration is needed

The Taxation Committee finds that the policy providing for public support for nonprofit organizations proving or supporting services for veterans' organizations, The Committee believes that reconsideration of this policy is not warranted at this time.

c. The extent to which the tax policy is consistent with other state goals

The Taxation Committee finds that this policy is consistent with other state tax policies designed to reduce the impact of taxes on organizations serving the public.

d. The past and estimated future fiscal impact of the tax policy

The OPEGA report provides estimates for FY 14 through FY 19 for the revenue loss attributable to each tax policy and to each individual tax expenditure subject to review. The estimates are derived from information provided by Maine Revenue Services in its 2015 and 2017 biennial tax expenditure reports. The estimates are prepared by Maine Revenue Services based upon fiscal notes prepared for the legislation or estimated as a range of possible values because little or no data is available. The estimated revenue loss attributable to this policy increased from $150,000 in FY14 to an estimated loss in FY19 of $245,954.

5. Public support for the certain charitable donations

a. Reasons for tax policy

The provisions reviewed in this category include use tax exemptions for certain donations of merchandise by retailers to certain tax-exempt organizations in order to support their operations.

b. The extent to which the reasons for the adoption remain or whether reconsideration is needed

The Taxation Committee finds that the policy providing for public support for certain charitable donations should be maintained. The Committee believes that reconsideration of this policy is not warranted at this time.

c. The extent to which the tax policy is consistent with other state goals

The Taxation Committee finds that this policy is consistent with other state tax policies designed to reduce the impact of taxes on organizations serving the public.

The Taxation Committee notes two exemptions included under this category are inconsistent in that they benefit two different categories of donees. 36 MRSA §1863 exempts donations to charitable organizations that are exempt from taxation under Sec. 501 (c)(3) of the Internal Revenue Code. 36 MRSA §1864 exempts donations to an organization that is exempt from Maine sales tax. While there is a great deal of overlay between these two categories of donees, there are organizations that would be covered under either exemption that would not be covered under the other exemption. It is unclear whether inconsistency was intended.

RECOMMENDATION 1: The Taxation Committee recommends that the Taxation Committee of the 129th Legislature review these two provisions to determine if there should be consistency with regard to the authorized donees of these exemptions.

d. The past and estimated future fiscal impact of the tax policy

The OPEGA report provides estimates for FY 14 through FY 19 for the revenue loss attributable to each tax policy and to each individual tax expenditure subject to review. The estimates are derived from information provided by Maine Revenue Services in its 2015 and 2017 biennial tax expenditure reports. The estimates are prepared by Maine Revenue Services as a range of possible values because little or no data is available. The estimated revenue loss attributable to this policy was estimated to be $299,999 each year from FY14 to FY19.

6. Support for a specific policy goal/mandate

a. Reasons for tax policy

The provisions reviewed in this category include payments to two economic development entities to support business development in regions negatively affected by the closure of military facilities: (1) the Midcoast Regional Redevelopment Authority for the former Brunswick Naval Air Station and (2) the Loring Development Authority for the former Loring Air Force Base.

b. The extent to which the reasons for the adoption remain or whether reconsideration is needed

The Taxation Committee finds that the policy providing support for regions negatively affected by the closure of military facilities should be maintained the Committee believes that reconsideration of this policy is not warranted at this time.

c. The extent to which the tax policy is consistent with other state goals

The Taxation Committee finds that this policy is consistent with other state tax policies designed to reduce the impact of taxes on organizations serving the public.

The Taxation Committee notes that the mechanism for support of these two regions operates in a fashion similar to the Employment Tax Increment Financing (ETIF) program which falls under the category of tax expenditures subject to full evaluation. The Committee recommends that the Taxation Committee of the 129th Legislature consider whether these two provisions should be evaluated with the ETIF review rather than through the current expedited review procedure.

<u>d. The past and estimated future fiscal impact of the tax policy</u>

The OPEGA report provides estimates for FY 14 through FY 19 for the revenue loss attributable to each tax policy and to each individual tax expenditure subject to review. The estimates are derived from information provided by Maine Revenue Services in its 2015 and 2017 biennial tax expenditure reports. The estimates are prepared by Maine Revenue Services based upon actual payments and projections based on MRS growth assumptions. The total estimate of the revenue loss for the tax expenditures in this category accounts for a large percentage of the provisions subject to review in 2018. The estimated revenue loss attributable to this policy ranged from a revenue loss of $856,138 in FY14 to an estimated revenue loss of $827,834 in FY19 with the estimate for FY 17 reaching as high as $1,449,368.

E. Analysis of individual tax expenditures.

The following worksheet reflects the conclusions of the Taxation Committee with regard to each individual tax expenditure subject to review in 2018.

TAX EXPENDITURE REVIEW -- 2018
TAX EXPENDITURE WORKSHEET – EXPEDITED REVIEW

CONSIDERATIONS FOR EXPEDITED REVIEW:

I. TAX POLICIES:

A. Public support for government organizations

Items 1 to 3 on chart

B. Public support for certain tax exempt organizations

Items on 4 to 6 on chart

C. Public support for the elderly

Items 7 to 9 on chart

D. Public support for veterans service organizations

Items 10 to 11 on chart

E. Public support for charitable donations

Items 12 to 13 on chart

F. Support for a specific policy goal/mandate

Items 14 to 15 on chart

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	Est. revenue loss[3] FY 19	Taxation Committee comments
I. PUBLIC SUPPORT FOR GOVERNMENTAL ORGANIZATIONS						
1	**Sales tax exemption and service provider tax exemptions for sales to:** **A. The State or a political subdivision of the State;** **B. The Federal Government: or** **C. A wholly owned incorporated agency or instrumentality of A or B.** **Does not apply to corporations organized under Title IV, Part E of the Farm Credit Act of 1971, 12 USC §§2211-2214** **36§1760.2** **36§2557.2**	6	56	Sales tax: $188,264,851 Service provider tax: $1,000,000 To $2,999,999	Sales tax: $193,912,797 Service provider tax: $1,000,000 To $2,999,999	Number of exempt entities on file: 1131(per MRS) Estimate based on local government expenditures as reported in the Statistical Abstract of the United States.
	Summary: Sales to State, local and federal government entities are exempt from sales tax and service provider tax.					Sales tax rate: 5.5% Service provider tax rate: 6% When the service provider tax was enacted in 2004 the following services subject to sales tax were moved to the service provider tax. Revenue from these services accrues to the General Fund. 1. Cable and satellite television or radio services 2. Fabrication services 3. Rental of video media and equipment 4. Rental of furniture, audio media and audio equipment pursuant to a rental-purchase agreement 5. Telecommunications services 6. The installation, maintenance or repair of telecommunications equipment 7. Ancillary services related to telecommunications services

[1] Office of Program Evaluation and Government Accountability. *Information to support 2018 Expedited Reviews of Maine State Tax Expenditures; "Charitable" and "Specif Policy Goal" Tax Expenditures.* July 2018
[2] Department of Administrative and Financial Services, Maine Revenue Services. *Maine State Tax Expenditure Report 2018 – 2019.* February 15, 2017.
[3] Revenue estimates reflect General Fund impacts (unless otherwise indicated). Estimates are based on data provided by Maine Revenue Services .

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	FY 19	Taxation Committee comments
						Service provider tax also applies to the following services that were never subject to sales tax. Revenue from these services accrues to <u>dedicated accounts</u> to match federal Medicaid payments. 8. Private nonmedical institution services 9. Community support services (mental health) 10. Community support services (intellectual disabilities or autism) 11. Home support services 12. Group residential services (brain injuries)
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B)
	B. Administrative costs or burdens					The Committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the broad tax policy and other TEs					The Committee sees no inconsistency related to this exemption.
	D. Extent to which the design of the TE is effective in accomplishing its purpose					This exemption appears to be effective in accomplishing its purpose.
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					The Committee sees no issues with the benefits of this provision reaching its intended beneficiaries.
	F. Extent to which the original reasons for the TE still exist					The Committee believes this item still warrants exemption.
	G. Are there other reasons to amend or repeal					None noted.
	H. Other recommendations (retain, repeal, amend)					Retain

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	Est. revenue loss[3] FY 19	Taxation Committee comments
2	**Fuel tax (gasoline) exemption for sales in bulk to an agency of the State or a political subdivision of the State** **36§2903.4.C**	**7**	**184**	**Highway Fund $2,209,187**	**Highway Fund $2,264,766**	**See also item 3 – same exemption for special fuel** **Estimate is based on info reported on fuel tax returns.**
	Summary: Fuel tax is a tax on the ultimate consumer of the fuel, but the distributer that first receives the fuel is primarily responsible for collection of the tax. Fuel tax exemption is for <u>bulk sales</u> to state or local government. This exemption does not apply to regular retail sales to fill up a vehicle at the pump; however, eligible government entitites can receive a refund for pump purchases.					Sales of motor fuels that are subject to fuel tax are initially exempt from sales tax. Sales of motor fuel for off-highway use are generally entitled to a refund of fuel tax which is reduced by the amount of sales tax which is retained by the State and accrues to the General Fund. Non-bulk sales to a government agency are entitled to a refund of fuel tax paid (36§2910-B,)
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B)
	B. Administrative costs or burdens					The Committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the broad tax policy and other TEs					The Committee sees no inconsistency related to this exemption.
	D. Extent to which the design of the TE is effective in accomplishing its purpose					This exemption appears to be effective in accomplishing its purpose.
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					The Committee sees no issues with the benefits of this provision reaching its intended beneficiaries.
	F. Extent to which the original reasons for the TE still exist					The Committee believes this item still warrants exemption.
	G. Are there other reasons to amend or repeal					None noted.
	H. Recommendations (retain, repeal, amend)					Retain

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	Est. revenue loss[3] FY 19	Taxation Committee comments
3	**Fuel tax (special fuel) exemption for sales in bulk to an agency of the State or a political subdivision of the State** **36§3204-A.3**	**8**	**186**	**$2,243,702**	**$2,266,139**	**See also item 2 – same exemption for gasoline** **Estimate based on info reported on fuel tax returns.**
	Summary: Fuel tax is a tax on the ultimate consumer of the fuel, but the supplier and retailer are primarily responsible for collection of the tax. Fuel tax exemption is for bulk sales to state or local government. This exemption does not apply to regular retail sales to fill up a vehicle at the pump; however, eligible government entities can receive a refund for pump purchases.					Sales of motor fuels that are subject to fuel tax are initially exempt from sales tax. Sales of motor fuel for off-highway use are generally entitled to a refund of fuel tax which is reduced by the amount of sales tax which is retained by the State and accrues to the General Fund. Non-bulk sales to a government agency are entitled to a refund of fuel tax paid (36§3208-A,)
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B)
	B. Administrative costs or burdens					The Committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the broad tax policy and other TEs					The Committee sees no inconsistency related to this exemption.
	D. Extent to which the design of the TE is effective in accomplishing its purpose					This exemption appears to be effective in accomplishing its purpose.
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					The Committee sees no issues with the benefits of this provision reaching its intended beneficiaries.
	F. Extent to which the original reasons for the TE still exist					The Committee believes this item still warrants exemption.

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	Est. revenue loss[3] FY 19	Taxation Committee comments
	G. Are there other reasons to amend or repeal					None noted.
	H. Recommendations (retain, repeal, amend)					Retain
II. PUBLIC SUPPORT FOR CERTAIN TAX EXEMPT ORGANIZATIONS AND SALES						
4	**Service provider tax exemption for sales of fabrication services and sales tax exemption for sales of tangible personal property to a construction contractor or its subcontractor if the fabrication services or tangible personal property are to be physically incorporated in and become permanent part of real property for sale to any organization or government agency that is exempt from tax if the real property is used primarily in the exempt activity** **ST 36§1760.61** **SPT 36§2557.31**	**9**	**126**	**ST $1,000,000 to $2,999,999** **SPT $250,000 To $999,999**	**ST $1,000,000 to $2,999,999** **SPT $250,000 To $999,999**	**Estimated range.** **Little or no data available**
	Summary: Exemption for sales to government agency or exempt organization of tangible personal property or fabrication services to a construction contractor or subcontractor if that property or the services are to be incorporated into and become a permanent part of real property					Enacted in PL 1987, c. 497 to codify administrative practice. Attorney General's Office had advised MRS in 1987 that past administrative practice considering these sales to be not taxable might not be statutorily authorized. Example: BIW Non-medical services provided under SPT: 1. Cable and satellite television or radio services **2. Fabrication services** 3. Rental of video media and equipment 4. Rental of furniture, audio media and audio equipment pursuant to a rental-purchase agreement 5. Telecommunications services 6. The installation, maintenance or repair of telecommunications equipment 7. Ancillary services related to telecommunications services
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B)

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3]		Taxation Committee comments
				FY 18	FY 19	
	B. Administrative costs or burdens					The Committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the broad tax policy and other TEs					The Committee sees no inconsistency related to this exemption.
	D. Extent to which the design of the TE is effective in accomplishing its purpose					This exemption appears to be effective in accomplishing its purpose.
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					The Committee sees no issues with the benefits of this provision reaching its intended beneficiaries.
	F. Extent to which the original reasons for the TE still exist					The Committee believes this item still warrants exemption.
	G. Are there other reasons to amend or repeal					None noted.
	H. Recommendations (retain, repeal, amend)					Retain
5	**Sales tax exemption for sales to incorporated non-profit snowmobile clubs of snowmobiles and snowmobile trail grooming equipment used directly and exclusively for the grooming of snowmobile trails** **36§1760.90**	**11**	**153**	**$100,730**	**$103,753**	**Estimate based on number of entities that could use exemption and purchases that would be exempt**
	Summary: Sales tax exemption for sales to incorporated non-profit snowmobile clubs of snowmobiles and snowmobile trail grooming equipment used directly and exclusively for the grooming of snowmobile trails					

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	Est. revenue loss[3] FY 19	Taxation Committee comments
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B)
	B. Administrative costs or burdens					The Committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the broad tax policy and other TEs					The Committee sees no inconsistency related to this exemption.
	D. Extent to which the design of the TE is effective in accomplishing its purpose					This exemption appears to be effective in accomplishing its purpose.
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					The Committee sees no issues with the benefits of this provision reaching its intended beneficiaries.
	F. Extent to which the original reasons for the TE still exist					The Committee believes this item still warrants exemption.
	G. Are there other reasons to amend or repeal					None noted.
	H. Recommendations (retain, repeal, amend)					Retain
6	**Sales of publications and printed materials included in:** **A. A publication purchased for distribution free of charge; and** **B. Printed paper materials including advertising flyers and promotional materials purchased for inclusion in a publication** **36§1760.14-A**	**12**	**80**	**$1,994,889**	**$2,034,787**	**Estimated using sales tax micro-simulation model** OPEGA report indicates that MRS has noted that this provision may not meet identified policy area of "charitable." Eligible publications may include advertising and solicitation publications.
	Summary: Sales tax exemption for free publications and components of those publications (e.g. advertising					

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	FY 19	Taxation Committee comments
	flyers, promotional materials,)					
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B)
	B. Administrative costs or burdens					The Committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the broad tax policy and other TEs					The Committee sees no inconsistency related to this exemption.
	D. Extent to which the design of the TE is effective in accomplishing its purpose					This exemption appears to be effective in accomplishing its purpose.
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					The Committee sees no issues with the benefits of this provision reaching its intended beneficiaries.
	F. Extent to which the original reasons for the TE still exist					The Committee believes this item still warrants exemption.
	G. Are there other reasons to amend or repeal					None noted.
	H. Recommendations (retain, repeal, amend)					Retain
III. PUBLIC SUPPORT FOR THE ELDERLY						
7	**Sales tax exemption for sales of meals to residents of incorporated, nonprofit, church-affiliated, congregate housing facilities for the elderly in which at least 75% of the units are available for leasing to eligible lower-income residents** **36§1760.6.D**	**13**	**65**	**$0 to $49,999**	**$0 to $49,999**	**Estimated range.** **Little or no data available**
	Summary: Sales tax exemption for meals sold to residents of an					The Taxation Committee notes that the language of this statutory provision has become outdated and

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	Est. revenue loss[3] FY 19	Taxation Committee comments
	incorporated, non-profit church-affiliated congregate housing facility for the elderly with at least 75% of units leased to eligible low-income residents.					provides potentially ambiguous terms that could complicate administration. At the time of enactment in 1991, "congregate housing facilities" were regulated by the Department of Health and Human Services (former 22 MRSA c. 1457-A). In 1996 the laws relating to congregate housing were repealed and replaced by provisions relating to assisted living services. There have been no definitions in Maine Statutes of "congregate housing facilities" since 1996. The committee also notes that the terms "elderly" and "lower-income residents" are not defined.
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B) The Taxation Committee notes that the fiscal estimate for this item appears to fall within the impact range that would result in it being appropriately placed in the category of tax expenditures that are not subject to review.
	B. Administrative costs or burdens					The committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the broad tax policy and other TEs					This provision may overlap with the sales tax exemption for residents of certain retirement facilities (see item 8 in this report).
	D. Extent to which the design of the TE is effective in accomplishing its purpose					Due to current statutory ambiguities, it is unclear whether the design of this provision is effective in accomplishing its purpose.
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					Due to current statutory ambiguities, it is unclear precisely who the intended beneficiaries are.
	F. Extent to which the original reasons for the TE					The Taxation Committee recommends that the

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	FY 19	Taxation Committee comments
	still exist					Taxation Committee of the 129th Legislature determine whether this provision should be amended to clarify its application or whether sales of meals under this provision are also exempted under 36 MRSA §1760.6.G (item 8 in this report) permitting this provision to be repealed. The Taxation Committee also notes that the revenue loss estimate for this provision is below the threshold at which review is ordinarily exempted.
	G. Are there other reasons to amend or repeal					
	H. Recommendations (retain, repeal, amend)					
8	**Sales tax exemption for sales of meals to residents of a retirement facility when the meal program is a condition of occupancy or the cost of meals is included in a comprehensive fee** **36§1760.6.G**	**15**	**68**	**$250,000 To $999,999**	**$250,000 To $999,999**	Estimate based on audit information
	Summary: Sales tax exemption for meals served by a retirement facility to its residents if participation in a meal program is a condition of occupancy or the cost of the meals is included in a comprehensive fee. "Retirement facility" means a facility that includes residential dwelling units where, on a monthly basis, at least 80% of the residents are 62 years of age or older.					
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B)
	B. Administrative costs or burdens					The Committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the broad tax policy and other TEs					The OPEGA report indicates that MRS has noted that this provision may not meet the original identified policy area of "charitable." The Committee notes that

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3]		Taxation Committee comments
				FY 18	FY 19	
						the exemption appears to fall more appropriately under the current description of the policy of "public support for the elderly." The enactment of this provision arose in the context of an MRS audit determining that meals served by certain retirement facilities were taxable. Information presented to the Taxation Committee at the time of enactment indicated that some retirement facilities had been collecting sales tax and some had not. The mixed purposes of the exemption appear to have been to provide relief from the administrative burden on retirement facilities of collecting taxes, the additional cost of meals for the elderly if subject to sales tax and audit assessments made against facilities that had not been collecting taxes.
	D. Extent to which the design of the TE is effective in accomplishing its purpose					This exemption appears to be effective in accomplishing its purpose.
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					The Committee sees no issues with the benefits of this provision reaching its intended beneficiaries.
	F. Extent to which the original reasons for the TE still exist					The Committee believes this item still warrants exemption.
	G. Are there other reasons to amend or repeal					See recommendation under item 7.
	H. Recommendations (retain, repeal, amend)					See recommendation under item 7.

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	FY 19	Taxation Committee comments
9	**Sales of meals by hospitals, schools, long-term care facilities, food contractors and restaurants to incorporated, nonprofit area agencies on aging for the purpose of providing meals to the elderly** **36§1760.6.C**	**14**	**64**	**$250,000 to $999,999**	**$250,000 to $999,999**	**Estimated range.** **Little or no data available**
	Summary: Sales tax exemption for meals sold by hospitals, schools, long-term care facilities, food contractors and restaurants to incorporated nonprofit agencies on aging for the purpose of providing meals to the elderly (e.g. meals on wheels).					There are 5 area agencies on aging covering all of Maine. "Area agencies on aging" are created pursuant to the federal "Older Americans Act" but are not defined in Maine statutes. "Elderly" is not defined for the purposes of this exemption. Several definitions exist for different purposes. The federal Older Americans Act defines "older individual" as a person who is 60 years of age or older.
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B)
	B. Administrative costs or burdens					The Committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the broad tax policy and other TEs					The Committee sees no inconsistency related to this exemption.
	D. Extent to which the design of the TE is effective in accomplishing its purpose					This exemption appears to be effective in accomplishing its purpose.
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					The Committee sees no issues with the benefits of this provision reaching its intended beneficiaries.
	F. Extent to which the original reasons for the TE still exist					The Committee believes this item still warrants exemption.
	G. Are there other reasons to amend or repeal					None noted.

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	FY 19	Taxation Committee comments
	H. Recommendations (retain, repeal, amend)					Retain
IV. PUBLIC SUPPORT FOR VETERANS' SERVICE ORGANIZATIONS						
10	**Sales tax exemption for meals and related items and services sold by a nonprofit auxiliary organization of the American Legion in connection with fund-raising event in a room separate from alcohol lounge facilities** **36§1760.85**	**17**	**148**	**$50,000 To $249,999**	**$50,000 To $249,999**	**Estimated range.** **Little or no data available**
	Summary: Sales tax exemption for sales of meals and related items and services by a nonprofit auxiliary of the American Legion: 1. In connection with a fund-raising event sponsored by the auxiliary organization 2. If meals etc. provided in a room separate from lounge facilities; and 3. Customers are prohibited from taking alcoholic beverages from lounge facilities to the room where meals etc. are provided.					
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B)
	B. Administrative costs or burdens					The Committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the broad tax policy and other TEs					The Committee sees no inconsistency related to this exemption.
	D. Extent to which the design of the TE is effective in accomplishing its purpose					This exemption appears to be effective in accomplishing its purpose.

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	FY 19	Taxation Committee comments
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					The Committee sees no issues with the benefits of this provision reaching its intended beneficiaries.
	F. Extent to which the original reasons for the TE still exist					The Committee believes this item still warrants exemption.
	G. Are there other reasons to amend or repeal					None noted.
	H. Recommendations (retain, repeal, amend)					Retain
11	**Sales tax exemption for sales to an organization that provides services to veterans and their families that is chartered under the United States Code, including posts or local offices, and that is recognized as a veterans' service organization by the US Dept. of Veterans Affairs 36§1760.100**	**16**	**161**	**$91,822**	**$95,954**	**Estimate based on fiscal note prepared for enacted bill (2015)** **One entity is exempt according to MRS**
	Summary: Sales tax exemption for sales to an organization, including posts and local offices, that: 1. Provides services to veterans and their families 2. That is chartered under federal law; and 3. that is recognized as a veterans' service organization by the US Dept. of Veterans Affairs.					Examples of potentially qualifying organizations American Legion AMVETS Disabled American Veterans Veterans of foreign Wars Wounded Warrior Project
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B)
	B. Administrative costs or burdens					The Committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the broad tax policy and other TEs					The Committee sees no inconsistency related to this exemption.

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	FY 19	Taxation Committee comments
	D. Extent to which the design of the TE is effective in accomplishing its purpose					This exemption appears to be effective in accomplishing its purpose.
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					The Committee sees no issues with the benefits of this provision reaching its intended beneficiaries.
	F. Extent to which the original reasons for the TE still exist					The Committee believes this item still warrants exemption.
	G. Are there other reasons to amend or repeal					None noted.
	H. Recommendations (retain, repeal, amend)					Retain
V. PUBLIC SUPPORT FOR CHARITABLE DONATIONS						
12	**Use tax exemption for donation of returned merchandise under warranty or with refund by a retailer to a 501(c)(3) organization** **36§1863**	**18**	**163**	**$50,000 To $249,999**	**$50,000 To $249,999**	**Estimated range.** **Little or no data available**
	Summary: Use tax exemption for donation of used merchandise by a retailer to a 501(c)(3) when original purchaser is granted a refund or credit for purchase price.					
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B)
	B. Administrative costs or burdens					The Committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the broad tax policy and other TEs					The Taxation Committee notes that this item is very similar to the item described in item 13; however, the

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3]		Taxation Committee comments
				FY 18	FY 19	
						types of the eligble donee organizations are different. Item 12 exempts donations to organizations exempt from federal income tax under Sec. 501 (c)(3) of the Internal Revenue code. Item 13 exempts donations to organizations exempt from Maine sales tax.
	D. Extent to which the design of the TE is effective in accomplishing its purpose					This exemption appears to be effective in accomplishing its purpose.
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					The Committee sees no issues with the benefits of this provision reaching its intended beneficiaries.
	F. Extent to which the original reasons for the TE still exist					The Committee believes this item still warrants exemption.
	G. Are there other reasons to amend or repeal					The Taxation Committee recommends that the Taxation Committee of the 129th Legislature review items 12 and 13 to determine whether there should be consistency in the types of eligible donee organizations.
	H. Recommendations (retain, repeal, amend)					
13	**Use tax exemption for donation of merchandise by a retailer from inventory to an organization that is exempt from sales tax 36§1864**	**19**	**164**	**$50,000 To $249,999**	**$50,000 To $249,999**	**Estimated range. Little or no data available**
	Summary:					
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B)
	B. Administrative costs or burdens					The Committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the					The Taxation Committee notes that this item is very

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	FY 19	Taxation Committee comments
	broad tax policy and other TEs					similar to the item described in item 12; however, the types of eligible donee organizations are different. Item 12 exempts donations to organizations exempt from federal income tax under Sec. 501 (c)(3) of the Internal Revenue code. Item 13 exempts donations to organizations exempt from Maine sales tax.
	D. Extent to which the design of the TE is effective in accomplishing its purpose					This exemption appears to be effective in accomplishing its purpose.
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					The Committee sees no issues with the benefits of this provision reaching its intended beneficiaries.
	F. Extent to which the original reasons for the TE still exist					The Committee believes this item still warrants exemption.
	G. Are there other reasons to amend or repeal					The Taxation Committee recommends that the Taxation committee of the 129th Legislature review items 12 and 13 to determine whether there should be consistency in the types of eligible donee organizations.
	H. Recommendations (retain, repeal, amend)					
VI. SUPPORT FOR A SPECIFIC POLICY GOAL/MANDATE						
14	**Job tax increment (income tax withholding increment above withholding for base level of employment) within former Brunswick Naval Air Station, after deduction of withholding amounts paid to businesses under ETIF and PTZ business, is deposited in fund to be used for payments to:** **A. Southern Maine Community College**	**20**	**39**	**$149,711**	**$117,676**	**Projected payments based on prior actual payments and MRS growth assumptions.**

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	FY 19	Taxation Committee comments
	(50%)for costs of higher education services and **B. Midcoast Regional Redevelopment Authority (50%) to fund the cost of municipal services** **5 MRSA §13083-S-1**					
	Summary: Amount of state revenue calculated based on income tax withholding from incremental jobs created within development zone is set aside in separate fund to be used to fund SMCC education services and the cost of municipal services within the zone.					
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B)
	B. Administrative costs or burdens					The Committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the broad tax policy and other TEs					The Committee sees no inconsistency related to this exemption.
	D. Extent to which the design of the TE is effective in accomplishing its purpose					This exemption appears to be effective in accomplishing its purpose.
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					The Committee sees no issues with the benefits of this provision reaching its intended beneficiaries.
	F. Extent to which the original reasons for the TE still exist					The Committee believes this item still warrants exemption.
	G. Are there other reasons to amend or repeal					None noted.
	H. Recommendations (retain, repeal, amend)					The Taxation Committee notes that this program operates in a very similar manner to employment tax increment financing (ETIF) and appears to be

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3] FY 18	FY 19	Taxation Committee comments
						intended to provide an incentive for new job creation. The extent of new job creation cannot be evaluated without further analysis. The Committee recommends that the Taxation Committee of the 129th Legislature consider whether this provision should be evaluated together with the ETIF full evaluation.
15	**Job tax increment (income tax withholding increment above withholding for base level of employment) within former Loring Air Force Base, is deposited in fund to be used for payments to fund the cost of municipal services. Increment is excluded if business is receiving ETIF.**	**21**	**39**	**$650,158**	**$650,158**	**Projected payments based on prior actual payments and MRS growth assumptions.**
	Summary: Amount of state revenue calculated based on income tax withholding from incremental jobs created within development zone is set aside in separate fund to be used to fund the cost of municipal services within the zone.					
	A. Past and future fiscal impact					Please see OPEGA report (Appendix B)
	B. Administrative costs or burdens					The Committee has received no information indicating that there are administrative burdens connected with this exemption.
	C. Extent to which this TE is consistent with the broad tax policy and other TEs					The Committee sees no inconsistency related to this exemption.
	D. Extent to which the design of the TE is effective in accomplishing its purpose					This exemption appears to be effective in accomplishing its purpose.
	E. Extent to which the benefits reach intended beneficiaries including consideration of enforcement mechanisms					The Committee sees no issues with the benefits of this provision reaching its intended beneficiaries.
	F. Extent to which the original reasons for the TE still exist					The Committee believes this item still warrants exemption.
	G. Are there other reasons to amend or repeal					None noted.

	Tax Expenditure	OPEGA[1] rept page	MRS TER[2] page	Est. revenue loss[3]		Taxation Committee comments
				FY 18	FY 19	
	H. Recommendations (retain, repeal, amend)					The Taxation Committee notes that this program operates in a very similar manner to employment tax increment financing (ETIF) and appears to be intended to provide an incentive for new job creation. The extent of new job creation cannot be evaluated without further analysis. The Committee recommends that the Taxation Committee of the 129th Legislature consider whether this provision should be evaluated together with the ETIF full evaluation.

Appendix A

Tax Expenditure Statutes

Title 3: LEGISLATURE

Chapter 37: LEGISLATIVE OVERSIGHT OF GOVERNMENT AGENCIES AND PROGRAMS

Table of Contents

Maine Revised Statutes

Title 3: LEGISLATURE

Chapter 37: LEGISLATIVE OVERSIGHT OF GOVERNMENT AGENCIES AND PROGRAMS

§992. DEFINITIONS

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings. [2001, c. 702, §2 (NEW).]

1. **Committee.** "Committee" means a joint legislative committee established to oversee program evaluation and government accountability matters.

[2001, c. 702, §2 (NEW) .]

2. **Director.** "Director" means the Director of the Office of Program Evaluation and Government Accountability.

[2001, c. 702, §2 (NEW) .]

3. **Office.** "Office" means the Office of Program Evaluation and Government Accountability established in section 991.

[2001, c. 702, §2 (NEW) .]

4. **Other entity.** "Other entity" means any public or private entity in this State that may be subject to program evaluation under this chapter as the result of its receipt or expenditure of public funds. "Other entity" may include local and county governments, quasi-municipal governments, special districts, utility districts, regional development agencies or any municipal or nonprofit corporation.

[2003, c. 673, Pt. GGGG, §2 (AMD) .]

4-A. **Policy committee.** "Policy committee" means the joint standing committee of the Legislature having jurisdiction over taxation matters.

[2015, c. 344, §1 (NEW) .]

5. **Program evaluation.** "Program evaluation" means an examination of any government program that includes performance audits, management analysis, inspections, operations, research or examinations of efficiency, effectiveness or economy or the evaluation of any tax expenditure required under this chapter.

[2015, c. 344, §2 (AMD) .]

5-A. **Qualified auditor.** "Qualified auditor" means an auditor who meets the education and experience requirements of the Office of State Auditor as defined in Title 5, section 241.

[2003, c. 463, §2 (NEW) .]

6. **State agency.** "State agency" means each state board, commission, department, program, office or institution, educational or otherwise, of this State.

[2001, c. 702, §2 (NEW) .]

6-A. **Statistic.** "Statistic" means a numerical value computed from a set of data. "Statistic" includes, but is not limited to, a sum, mean, median, maximum, minimum, range and variance.

[2015, c. 344, §3 (NEW) .]

6-B. **Tax expenditure.** "Tax expenditure" has the same meaning as under Title 5, section 1666.

[2015, c. 344, §3 (NEW) .]

7. **Working paper.** "Working paper" means all documentary and other information acquired, prepared or maintained by the office during the conduct of a program evaluation, including all intra-agency and interagency communications relating to a program evaluation and includes electronic messages and draft reports or any portion of a draft report.

[2001, c. 702, §2 (NEW) .]

SECTION HISTORY

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§998. PROCESS FOR REVIEW OF TAX EXPENDITURES

1. **Assignment of review categories.** By October 1, 2015, the committee, in consultation with the policy committee, shall assign each tax expenditure to one of the following review categories:

A. Full evaluation for tax expenditures that are intended to provide an incentive for specific behaviors, that provide a benefit to a specific group of beneficiaries or for which measurable goals can be identified; [2015, c. 344, §4 (NEW).]

B. Expedited review for tax expenditures that are intended to implement broad tax policy goals that cannot be reasonably measured; and [2015, c. 344, §4 (NEW).]

C. No review for tax expenditures with an impact on state revenue of less than $50,000 or that otherwise do not warrant either a full evaluation or expedited review. [2015, c. 344, §4 (NEW).]

[2015, c. 344, §4 (NEW) .]

2. **Schedule.** The committee, in consultation with the policy committee, shall establish a prioritized schedule of ongoing review of the tax expenditures assigned to the full evaluation and expedited review categories pursuant to subsection 1, paragraphs A and B. To the extent practicable, the committee shall group the review of tax expenditures with similar goals together.

[2017, c. 266, §1 (AMD) .]

3. **Annual review of assignments and schedule.** By October 1st of each year, beginning in 2016, the committee, in consultation with the policy committee, shall review and make any necessary adjustments to the review category assignments and schedule pursuant to subsections 1 and 2, including adjustments needed to incorporate tax expenditures enacted, amended or repealed during the preceding year.

[2015, c. 344, §4 (NEW) .]

4. **Office responsibilities.** The office shall maintain a current record of the review category assignments and the schedule under this section.

[2015, c. 344, §4 (NEW) .]

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

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§1000. EXPEDITED REVIEW OF TAX EXPENDITURES

1. **Expedited review process.** Beginning July 1, 2016, the policy committee shall conduct expedited reviews of tax expenditures and the associated tax policies identified under section 998, subsection 1, paragraph B, in accordance with the schedule established in section 998, subsection 2.

A. For each tax policy subject to review, the policy committee shall assess the continued relevance of, or need for adjustments to, the policy, considering:

(1) The reasons the tax policy was adopted;

(2) The extent to which the reasons for the adoption still remain or whether the tax policy should be reconsidered;

(3) The extent to which the tax policy is consistent or inconsistent with other state goals; and

(4) The fiscal impact of the tax policy, including past and estimated future impacts. [2015, c. 344, §4 (NEW).]

B. For each tax expenditure related to the tax policy under review, the policy committee shall assess the continued relevance of, or need for adjustments to, the expenditure, considering:

(1) The fiscal impact of the tax expenditure, including past and estimated future impacts;

(2) The administrative costs and burdens associated with the tax expenditure;

(3) The extent to which the tax expenditure is consistent with the broad tax policy and with the other tax expenditures established in connection with the policy;

(4) The extent to which the design of the tax expenditure is effective in accomplishing its tax policy purpose;

(5) The extent to which there are adequate mechanisms, including enforcement efforts, to ensure that only intended beneficiaries are receiving benefits and that beneficiaries are compliant with any requirements;

(6) The extent to which the reasons for establishing the tax expenditure remain or whether the need for it should be reconsidered; and

(7) Any other reasons to discontinue or amend the tax expenditure. [2015, c. 344, §4 (NEW).]

[2015, c. 344, §4 (NEW) .]

2. Action by the office. By July 1st of each year, beginning in 2016, the office shall collect, prepare and submit to the policy committee the following information to support the expedited reviews under subsection 1:

A. A description of the tax policy under review; [2015, c. 344, §4 (NEW).]

B. Summary information on each tax expenditure associated with the tax policy under review, including:

(1) A description of the tax expenditure and the mechanism through which the tax benefit is distributed;

(2) The intended beneficiaries of the tax expenditure; and

(3) A legislative history of the tax expenditure; and [2015, c. 344, §4 (NEW).]

C. The fiscal impact of the tax policy and each related tax expenditure, including past and estimated future impacts. [2015, c. 344, §4 (NEW).]

[2015, c. 344, §4 (NEW) .]

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

[2015, c. 344, §4 (NEW) .]

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

Appendix B

OPEGA 2017 Report on Expedited Review Provisions

Information to Support 2018 Expedited Reviews of Maine State Tax Expenditures

"Charitable" and "Specific Policy Goal" Tax Expenditures

Prepared by

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

Submitted to

Joint Standing Committee on Taxation
and
Government Oversight Committee

July 2018

Office of Program Evaluation and Government Accountability
Maine State Legislature
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Overview

The Office of Program Evaluation and Government Accountability (OPEGA) is tasked by 3 M.R.S. § 1000(2) with providing information to support the Legislature's Joint Standing Committee on Taxation in carrying out expedited reviews of certain Maine State tax expenditures[1]. The information OPEGA is required to provide includes:

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

As required by 3 M.R.S. § 998, the Legislature's Government Oversight Committee (GOC), in consultation with the Taxation Committee, previously assigned each Maine State tax expenditure to one of three review categories: (a) full evaluation; (b) expedited review; (c) no review. Tax expenditures selected by the Committees for expedited review are those intended to implement broad tax policy goals that cannot be reasonably measured.[2] The 15 tax expenditures selected by the Committees for expedited review in 2018 include sales and use tax exemptions, exemptions from the service provider tax, exemptions from the gasoline tax and special fuel tax, and the tax expenditures associated with the Job Increment Financing Funds for redevelopment of the former Brunswick Naval Air Station and former Loring Air Force Base. The Job Increment Financing Funds are classified under the "Specific Policy Goal" tax policy area while the sales and use, service provider and fuel tax exemptions were classified under the policy area described as "Charitable."

"Charitable" and "Specific Policy Goal/Mandate" Policy Areas: Definitions

OPEGA's 2015 Proposal for Legislative Review of Maine State Tax Expenditures defined the "Charitable" and "Specific Policy Goal/Mandate" policy areas.

1) *Charitable expenditures are expenditures which exempt charitable organizations from taxes. For purposes of this classification, charitable organizations include government, educational, nonprofit, religious, health care and other organizations that assist particular groups in need.*[3]

2) *Expenditures associated with Specific Policy Goals or Mandates support a specific public policy goal or action mandated by the State.*

OPEGA notes that the expenditures that were categorized under the "charitable" rationale in the 2015 proposal are diverse and do not share a common tax policy. Consequently, a concise description of how these expenditures relate to a single broad tax policy is not possible. To aid in categorizing the tax expenditures for evaluation by the Taxation Committee, OPEGA worked with the Office of Fiscal and

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[1] As defined by 3 M.R.S. § 992 and 5 M.R.S. § 1666, "tax expenditures" means "those state tax revenue losses attributable to provisions of Maine tax laws that allow a special exclusion, exemption or deduction or provide a special credit, a preferential rate of tax or a deferral of tax liability."

[2] 3 M.R.S. § 998(1)(B)

[3] OPEGA developed this definition based on 26 U.S. Code § 501(c)(3).

Program Review (OFPR) to classify the 2018 tax expenditures into groupings of similar exemptions. The groupings of expenditures described as "Charitable" are listed as:

1) Public Support for Government Organizations
2) Public Support for Certain Tax Exempt Organizations
3) Public Support for the Elderly
4) Public Support for Veterans' Service Organizations
5) Public Support for Charitable Donations

The tax policy area described as "Specific Policy Goal/Mandate" remains as:

6) Support for a Specific Policy Goal/Mandate

The 15 tax expenditures in the 2018 cohort are grouped by category in Table 1.

Table 1: 2018 Tax Expenditures Grouped by Category

Category	No.	Expenditures
Public Support for Government Organizations	1	Tax Exemption on Sales to the State and Political Subdivisions of the State
	2	Exemption from the Gasoline Tax for State and Local Governments
	3	Exemption from the Special Fuel Tax for State and Local Governments
Public Support for Certain Tax Exempt Organizations	4	Tax Exemption on Sales of Tangible Goods and Fabrication Services for Certain Construction Contracts with Certain Exempt Organizations
	5	Sales Tax Exemption for Certain Qualified Snowmobile Trail Grooming Equipment
	6	Exemption from Sales and Use Tax for Free Publications and Components of Publications
Public Support of the Elderly	7	Sales Tax Exemption for Meals for Residents of Certain Nonprofit Congregate Housing Facilities
	8	Sales Tax Exemption for Providing Meals for the Elderly
	9	Sales Tax Exemption for Meals Served by a Retirement Facility to its Residents
Public Support for Veterans' Service Organizations	10	Sales and Use Tax Exemption for Certain Veterans' Service Organizations
	11	Tax Exemption on Certain Sales by an Auxiliary Organization of the American Legion
Public Support for Charitable Donations	12	Use Tax Exemption on Returned Merchandise Donated to Charity
	13	Use Tax Exemption on Merchandise Donated from a Retailer's Inventory to Exempt Organizations
Support for a Specific Policy Goal/Mandate	14	Job Increment Financing Fund – Brunswick
	15	Job Increment Financing Fund – Loring

Maine Revenue Services has noted to OPEGA that the "Exemption from Sales and Use Tax for Free Publications and Components of Publications" and the "Sales Tax Exemption for Meals Served by a Retirement Facility to its Residents" do not necessarily fit their view of the "Charitable" policy area. The Taxation Committee may wish to consider assigning a different policy area for these two expenditures in the next scheduled review of these expenditures.

Fiscal Impact Estimates

The fiscal impact estimates presented in this report represent estimated foregone revenue for the State. Maine Revenue Services (MRS) is required to prepare these estimates biennially based on the current tax law in effect at the time of the estimate. MRS uses various methods to estimate the foregone General Fund revenue loss. Most of the estimates reported here are also presented in the Maine State Tax Expenditure Reports. However, the Maine State Tax Expenditure Report combines the estimates of General Fund revenue loss due to the Job Increment Financing Funds (Brunswick & Loring) with the Employment Tax Increment Financing (ETIF) program. Consequently, OPEGA requested and received additional data from MRS which describes the estimates specific to the Brunswick and Loring Job Increment Financing.

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

Table 2: Estimated Fiscal Impact of 2018 Cohort of Tax Expenditures by Category

	FY14	FY15	FY16	FY17	FY18	FY19
"Charitable" Tax Policy	**$184,801,713**	**$193,892,894**	**$190,122,620**	**$195,649,640**	**$201,255,177**	**$207,028,192**
Public Support for Government Organizations	$179,408,772	$187,874,351	$183,760,251	$189,158,207	$194,717,740	$200,443,702
Public Support for Certain Tax Exempt Organizations	$3,943,726	$4,511,969	$4,637,372	$4,678,568	$4,720,618	$4,763,539
Public Support for the Elderly	$999,217	$1,056,576	$1,274,999	$1,274,999	$1,274,999	$1,274,999
Public Support for Veterans' Organizations	$150,000	$150,000	$150,000	$237,868	$241,822	$245,954
Public Support for Charitable Donations	$299,999	$299,999	$299,999	$299,999	$299,999	$299,999
"Specific Policy Goal/ Mandate" Tax Policy	**$856,139**	**$810,619**	**$707,447**	**$1,449,368**	**$799,869**	**$827,834**
2018 Total	**$185,657,852**	**$194,703,513**	**$190,830,067**	**$197,099,008**	**$202,055,046**	**$207,856,026**

Source: For tax expenditures under the "Charitable" tax policy estimates for FY14 & FY15 are from the 2016-2017 Maine State Tax Expenditure Report while the estimates for FY16 through FY19 are from the 2018-2019 Maine State Tax Expenditure Report. Where ranges are reported, the midpoint of the range is used. For expenditures under the "Specific Policy Goal/Mandate" tax policy the estimates were provided to OPEGA by MRS.

Table 2 shows the total[4] estimated fiscal impact of the 15 tax expenditures as reported by MRS. These are grouped by tax policy and also by the categories described in the previous section of this report. It is evident from the table that the three expenditures grouped into the category of "Public Support for Government

[4] To derive the totals, the midpoint of the range is used where ranges are given; otherwise, the individual estimate is used.

Organizations" constitute the overwhelming majority of these 15 tax expenditures. Appendix B (page 24) shows the breakdown of the impact of each of the individual expenditures by year.

As can be seen in Appendix B, estimates for each of the 15 tax expenditures in this report are generally consistent across years. The most variation is seen in the Brunswick and Loring Job Increment Financing Fund amounts which involve a method of calculation based upon State income tax withholding from employees working for businesses operating within the former base areas.

Information on Individual Tax Expenditures

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

- Sections of Maine statute pertaining to each exemption;
- MRS' Maine State Tax Expenditure Reports for 2018-2019 and 2016-2017; and
- Direct request for tax expenditure information from MRS.

In addition, the legislative history summarized in this report was prepared by OPEGA in consultation with OFPR based on details researched and provided to OPEGA by the Law and Legislative Reference Library.

None of the sources we reviewed directly identified intended beneficiaries for these exemptions, so OPEGA has defined these based on our understanding of the expenditures.

MRS' biennial reports are the source of the fiscal impact estimates OPEGA has included in this report for Fiscal Years 2014 through 2019. The estimates for FY14 and FY15 were published in the 2016-2017 Maine State Tax Expenditure Report. The estimates for FY16-FY19 were published in the 2018-2019 Maine State Tax Expenditure Report. The estimates for the Job Increment Financing Funds for Brunswick and Loring were calculated by MRS specifically for this report.

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

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

Tax Expenditure	**Tax Exemption on Sales to the State and Political Subdivisions of the State**		
Statutory reference	For exemptions on the sale of goods and certain services to governments: 36 M.R.S. § 1760(2). For exemptions of service provider tax imposed on providers of certain services to governments: 36 M.R.S. § 2557(2).		
Distribution mechanism	Exempted from taxation at the point of sale.		
Brief description	Tax exemption on sales to the State or federal government or to any political subdivision, agency, or instrumentality of them.		
Intended beneficiaries	Taxpayers, due to efficiencies of not taxing entities funded by taxation.		
Estimated fiscal impact 36 M.R.S. § 1760(2)	FY14	$172,596,735	*Source:* 2016-2017 Maine State Tax Expenditure Report
	FY15	$180,984,614	
	FY16	$177,457,679	*Source:* 2018-2019 Maine State Tax Expenditure Report
	FY17	$182,781,409	
	FY18	$188,264,851	
	FY19	$193,912,797	
Estimated fiscal impact 36 M.R.S. § 2557(2)	FY14	$1,000,000 - $2,999,999	*Source:* 2016-2017 Maine State Tax Expenditure Report
	FY15	$1,000,000 - $2,999,999	
	FY16	$1,000,000 - $2,999,999	*Source:* 2018-2019 Maine State Tax Expenditure Report
	FY17	$1,000,000 - $2,999,999	
	FY18	$1,000,000 - $2,999,999	
	FY19	$1,000,000 - $2,999,999	
Notes on estimated fiscal impact	Based on State and local government expenditures as reported in the Statistical Abstract of the United States. MRS states that future estimates will use state and local expenditure data from the U.S. Census Bureau, Annual Survey of State Government Finances since the Abstract is no longer being published.		
Legislative history 36 M.R.S. § 1760(2)	Public Law	Change	
	P.L. 1951, ch.250	Enacted the sales tax exemption for sales to the state or any political subdivision, or to the federal government or to any agency of either of them.	
	P.L. 1983, ch.519	Amended to exclude any organization where one of the levels of government is holding title or has taken as security for any financing arrangement from the exemption.	
	P.L. 1997, ch.729	Amended in 1998 to exclude corporations organized under Title IV, Part E of the Farm Credit Act of 1971, 12 United States Code, Sections 2211 to 2214 from the exemption.	
	P.L. 2005, ch.622	Amended to add clarification that political subdivisions are subdivisions of this State. Reinstated the exemption for any organization where one of the levels of government is holding title or has taken as security for any financing arrangement.	
Legislative history 36 M.R.S. § 2557(2)	P.L. 2003, ch.673	Enacted an exemption to the service provider tax for government entities when certain services became subject to that tax.	

<table>
<tr><td>Tax Expenditure</td><td colspan="3">Exemption from the Gasoline Tax for State and Local Governments</td></tr>
<tr><td>Statutory reference</td><td colspan="3">36 M.R.S. § 2903(4)(C)</td></tr>
<tr><td>Distribution mechanism</td><td colspan="3">Exempted from taxation at the point of sale.</td></tr>
<tr><td>Brief description</td><td colspan="3">Gasoline tax exemption for sales in bulk to the State or any political subdivision of the State.</td></tr>
<tr><td>Intended beneficiaries</td><td colspan="3">Taxpayers, due to efficiencies of not taxing entities funded by taxation.</td></tr>
<tr><td rowspan="6">Estimated fiscal impact</td><td>FY14</td><td>$2,079,225</td><td rowspan="2">Source: 2016-2017 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY15</td><td>$2,129,597</td></tr>
<tr><td>FY16</td><td>$2,103,080</td><td rowspan="4">Source: 2018-2019 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY17</td><td>$2,155,311</td></tr>
<tr><td>FY18</td><td>$2,209,187</td></tr>
<tr><td>FY19</td><td>$2,264,766</td></tr>
<tr><td>Notes on estimated fiscal impact</td><td colspan="3">The estimated revenue loss is based on information reported on motor fuel tax returns.</td></tr>
<tr><td rowspan="4">Legislative history</td><td>Public Law</td><td colspan="2">Change</td></tr>
<tr><td>P.L. 1983, ch.438</td><td colspan="2">Enacted the allowance of a refund on the tax associated with purchases of internal combustion fuel by the State and political subdivisions of the State.</td></tr>
<tr><td>P.L. 1997, ch.738</td><td colspan="2">Enacted to provide an exemption for State gasoline taxes for fuel sold in bulk to any political subdivision of this State. Replaced the provisions where State and local governments were refunded for taxes paid.</td></tr>
<tr><td>P.L. 2005, ch.457</td><td colspan="2">Amended to include any agency of this State along with any political subdivision of this State as exempt for the State gasoline tax.</td></tr>
</table>

<table>
<tr><th>Tax Expenditure</th><th colspan="3">Exemption from the Special Fuel Tax for State and Local Governments</th></tr>
<tr><td>Statutory reference</td><td colspan="3">36 M.R.S. § 3204-A(3)</td></tr>
<tr><td>Distribution mechanism</td><td colspan="3">Exempted from taxation at the point of sale.</td></tr>
<tr><td>Brief description</td><td colspan="3">Special Fuel tax exemption for sales to the State or any political subdivision of the State.</td></tr>
<tr><td>Intended beneficiaries</td><td colspan="3">Taxpayers, due to efficiencies of not taxing entities funded by taxation.</td></tr>
<tr><td rowspan="6">Estimated fiscal impact</td><td>FY14</td><td>$2,732,812</td><td rowspan="2">Source: 2016-2017 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY15</td><td>$2,760,140</td></tr>
<tr><td>FY16</td><td>$2,199,492</td><td rowspan="4">Source: 2018-2019 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY17</td><td>$2,221,487</td></tr>
<tr><td>FY18</td><td>$2,243,702</td></tr>
<tr><td>FY19</td><td>$2,266,139</td></tr>
<tr><td>Notes on estimated fiscal impact</td><td colspan="3">The estimated revenue loss is based on information reported on motor fuel tax returns.</td></tr>
<tr><td rowspan="4">Legislative history</td><td>Public Law</td><td colspan="2">Change</td></tr>
<tr><td>P.L. 1983, ch.94</td><td colspan="2">Enacted the special fuel excise tax levied upon all suppliers of special fuel sold except for sales made to the State or any political subdivision thereof.</td></tr>
<tr><td>P.L. 1995, ch.271</td><td colspan="2">Enacted the exemption from the special fuel tax imposed by § 3203 when sold to the State or any political subdivision of the State. This language was included when the prior special fuel chapter was repealed and replaced.</td></tr>
<tr><td>P.L. 2007, ch.438</td><td colspan="2">Amended to specify that only fuel sold in bulk was exempt from taxes under this section.</td></tr>
</table>

Tax Expenditure	**Tax Exemption on Sales of Tangible Goods and Fabrication Services for Certain Construction Contracts with Certain Exempt Organizations**		
Statutory reference	For exemptions of sales tax on tangible property: 36 M.R.S. § 1760(61). For exemptions of service provider tax on fabrication services that are incorporated into the real property of certain exempt organizations: 36 M.R.S. § 2557(31).		
Distribution mechanism	Exempted from taxation at the point of sale.		
Brief description	Tax exemption on the sale of tangible personal property and fabrication services to contractors that will incorporate the personal property into physical assets owned by any organization or government entity that is exempt from sales or service provider tax.		
Intended beneficiaries	Contractors who are hired by organizations that are exempt from sales taxes on goods under § 1760 or service provider tax under §2557.		
Estimated fiscal impact 36 M.R.S. § 1760(61)	FY14	$1,000,000 - $2,999,999	*Source:* 2016-2017 Maine State Tax Expenditure Report
	FY15	$1,000,000 - $2,999,999	
	FY16	$1,000,000 - $2,999,999	*Source:* 2018-2019 Maine State Tax Expenditure Report
	FY17	$1,000,000 - $2,999,999	
	FY18	$1,000,000 - $2,999,999	
	FY19	$1,000,000 - $2,999,999	
Estimated fiscal Impact 36 M.R.S. § 2557(31)	FY14	$250,000 - $999,999	*Source:* 2016-2017 Maine State Tax Expenditure Report
	FY15	$250,000 - $999,999	
	FY16	$250,000 - $999,999	*Source:* 2018-2019 Maine State Tax Expenditure Report
	FY17	$250,000 - $999,999	
	FY18	$250,000 - $999,999	
	FY19	$250,000 - $999,999	
Notes on estimated fiscal impact	The revenue loss is estimated as a range of possible values because little or no data is available. MRS notes that estimate ranges for expenditures with little or no data are based on several factors, including the experience of tax administrators and the analyst, as well as fiscal notes from past relevant legislation. The estimates are subject to ongoing review and new data sources are included as they become available.		
Legislative history 36 M.R.S. § 1760(61)	Public Law	Change	
	P.L. 1987, ch.769	Enacted to provide a sales tax exemption to purchases by contractors for tangible property that will be physically incorporated in facilities of any organization or governmental entity that is listed as exempt from sales tax.	
	P.L. 1999, ch.414	Amended to allow contractors to qualify for the exemption prior to entering into a construction contract with the exempt organization.	
	P.L. 2003, ch.588	Amended to included subcontractors of contractors in the exemption.	

	P.L. 2005, ch.622	Amended the exemption from sales tax for contractors to include exceptions from the exemption as provided by section 1760-C.
Legislative history 36 M.R.S. § 2557(31)	P.L. 2005, ch.218	Enacted to provide an exemption from service provider tax for fabrication services that are physically incorporated in facilities of any organization or governmental entity that is listed as exempt from the service provider tax.

<table>
<tr><th>Tax Expenditure</th><th colspan="3">Sales Tax Exemption for Certain Qualified Snowmobile Trail Grooming Equipment</th></tr>
<tr><td>Statutory reference</td><td colspan="3">36 M.R.S. § 1760(90)</td></tr>
<tr><td>Distribution mechanism</td><td colspan="3">Exempted from taxation at the point of sale.</td></tr>
<tr><td>Brief description</td><td colspan="3">Sales tax exemption on sales of snowmobile trail grooming equipment to incorporated nonprofit snowmobile clubs used directly and exclusively for grooming of snowmobile trails.</td></tr>
<tr><td>Intended beneficiaries</td><td colspan="3">Nonprofit snowmobile clubs in the State.</td></tr>
<tr><td rowspan="6">Estimated fiscal impact</td><td>FY14</td><td>$84,392</td><td rowspan="2">Source: 2016-2017 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY15</td><td>$89,361</td></tr>
<tr><td>FY16</td><td>$94,948</td><td rowspan="4">Source: 2018-2019 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY17</td><td>$97,796</td></tr>
<tr><td>FY18</td><td>$100,730</td></tr>
<tr><td>FY19</td><td>$103,753</td></tr>
<tr><td>Notes on estimated fiscal impact</td><td colspan="3">Estimate of the number of entities that could use the exemption and their purchases of tangible personal property that would be exempt.</td></tr>
<tr><td rowspan="3">Legislative history</td><td>Public Law</td><td colspan="2">Change</td></tr>
<tr><td>P.L. 2007, ch.429</td><td colspan="2">Enacted to extend sales tax exemptions to purchases of snowmobiles and snow grooming equipment by nonprofit snowmobile clubs that are used directly and exclusively for grooming of snowmobile trails.</td></tr>
<tr><td>P.L. 2009, ch.491</td><td colspan="2">Amended to clarify eligibility for the exemption. The snowmobile club must be incorporated under the provisions of Title-13-B (Maine Nonprofit Corporation Act) in order to be exempt from sales tax on snow grooming equipment.</td></tr>
</table>

<table>
<tr><th>Tax Expenditure</th><th colspan="3">Exemption from Sales and Use Tax for Free Publications and Components of Publications</th></tr>
<tr><td>Statutory reference</td><td colspan="3">36 M.R.S. § 1760(14-A)</td></tr>
<tr><td>Distribution mechanism</td><td colspan="3">Free publications and components of those publications are exempted from taxation at the point of sale or delivery.</td></tr>
<tr><td>Brief description</td><td colspan="3">Tax exemption on sales of publications purchased for distribution free of charge and sales of printed paper materials purchased for inclusion in a publication.</td></tr>
<tr><td>Intended beneficiaries</td><td colspan="3">Publishers of free publications.</td></tr>
<tr><td rowspan="6">Estimated fiscal impact</td><td>FY14</td><td>$1,234,335</td><td rowspan="2">Source: 2016-2017 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY15</td><td>$1,797,609</td></tr>
<tr><td>FY16</td><td>$1,917,425</td><td rowspan="4">Source: 2018-2019 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY17</td><td>$1,955,773</td></tr>
<tr><td>FY18</td><td>$1,994,889</td></tr>
<tr><td>FY19</td><td>$2,034,787</td></tr>
<tr><td>Notes on estimated fiscal impact</td><td colspan="3">Sales tax micro-simulation model.</td></tr>
<tr><td rowspan="2">Legislative history</td><td>Public Law</td><td colspan="2">Change</td></tr>
<tr><td>P.L. 2013, ch.564</td><td colspan="2">Enacted to exempt from sales tax, publications that are provided free of charge and printed paper materials, including advertising flyers and promotional materials, purchased for inclusion in a publication are exempt from sales tax. Publication means printed paper material issued at average intervals not exceeding 3 months that manifests a continuity of identity from issue to issue.</td></tr>
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<tr><td>Tax Expenditure</td><td colspan="3">Sales Tax Exemption for Meals for Residents of Certain Nonprofit Congregate Housing Facilities</td></tr>
<tr><td>Statutory reference</td><td colspan="3">36 M.R.S. § 1760(6)(D)</td></tr>
<tr><td>Distribution mechanism</td><td colspan="3">Exempted from taxation at the point of sale.</td></tr>
<tr><td>Brief description</td><td colspan="3">Tax exemption on sales of meals to residents of nonprofit, church-affiliated congregate housing facilities for the lower-income elderly.</td></tr>
<tr><td>Intended beneficiaries</td><td colspan="3">Certain nonprofit congregate housing facilities.</td></tr>
<tr><td rowspan="6">Estimated fiscal impact</td><td>FY14</td><td>$0 - $49,999</td><td rowspan="2">Source: 2016-2017 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY15</td><td>$0 - $49,999</td></tr>
<tr><td>FY16</td><td>$0 - $49,999</td><td rowspan="4">Source: 2018-2019 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY17</td><td>$0 - $49,999</td></tr>
<tr><td>FY18</td><td>$0 - $49,999</td></tr>
<tr><td>FY19</td><td>$0 - $49,999</td></tr>
<tr><td>Notes on estimated fiscal impact</td><td colspan="3">The revenue loss is estimated as a range of possible values because little or no data is available. MRS notes that estimate ranges for expenditures with little or no data are based on several factors, including the experience of tax administrators and the analyst, as well as fiscal notes from past relevant legislation. The estimates are subject to ongoing review and new data sources are included as they become available.</td></tr>
<tr><td rowspan="2">Legislative history</td><td>Public Law</td><td colspan="2">Change</td></tr>
<tr><td>P.L. 1991, ch.846</td><td colspan="2">Enacted to provide a sales tax exemption for meals to residents of incorporated nonprofit church-affiliated congregate housing facilities for the elderly in which at least 75% of the units are available for leasing to eligible lower-income residents.</td></tr>
</table>

<table>
<tr><th>Tax Expenditure</th><th colspan="3">Sales Tax Exemption for Providing Meals for the Elderly</th></tr>
<tr><td>Statutory reference</td><td colspan="3">36 M.R.S. § 1760(6)(C)</td></tr>
<tr><td>Distribution mechanism</td><td colspan="3">Exempted from taxation at the point of sale.</td></tr>
<tr><td>Brief description</td><td colspan="3">Tax exemption on sales of meals to nonprofit area agencies on aging to provide meals to the elderly.</td></tr>
<tr><td>Intended beneficiaries</td><td colspan="3">Nonprofit area agencies on aging.</td></tr>
<tr><td rowspan="6">Estimated fiscal impact</td><td>FY14</td><td>$363,300</td><td rowspan="2">Source: 2016-2017 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY15</td><td>$384,690</td></tr>
<tr><td>FY16</td><td>$250,000 - $999,999</td><td rowspan="4">Source: 2018-2019 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY17</td><td>$250,000 - $999,999</td></tr>
<tr><td>FY18</td><td>$250,000 - $999,999</td></tr>
<tr><td>FY19</td><td>$250,000 - $999,999</td></tr>
<tr><td>Notes on estimated fiscal impact</td><td colspan="3">2018-2019: The revenue loss is estimated as a range of possible values because little or no data is available. 2016-2017: Estimate is based on the number of meals served in fiscal year 2002 and the average cost of each meal served in fiscal years 2002 and 2003.</td></tr>
<tr><td rowspan="2">Legislative history</td><td>Public Law</td><td colspan="2">Change</td></tr>
<tr><td>P.L. 1979, ch.513</td><td colspan="2">Enacted to exempt from sales tax, the sale of meals by hospitals, schools, long-term care facilities, food contractors and restaurants to incorporated nonprofit area agencies on aging for the purpose of providing meals to the elderly.</td></tr>
</table>

Tax Expenditure	**Sales Tax Exemption for Meals Served by a Retirement Facility to its Residents**		
Statutory reference	36 M.R.S. § 1760(6)(G)		
Distribution mechanism	Exempted from taxation at the point of sale.		
Brief description	Tax exemption on sales of meals served by a retirement facility to its residents under specified conditions including that 80% of residents in the residential housing are 62 years of age or older.		
Intended beneficiaries	Retirement facilities and consumers of meals in retirement facilities.		
Estimated fiscal impact	FY14	$610,917	*Source:* 2016-2017 Maine State Tax Expenditure Report
	FY15	$646,886	
	FY16	$250,000 - $999,999	*Source:* 2018-2019 Maine State Tax Expenditure Report
	FY17	$250,000 - $999,999	
	FY18	$250,000 - $999,999	
	FY19	$250,000 - $999,999	
Notes on estimated fiscal impact	Estimate of revenue loss is based upon audit information. This estimate is based on a sample – the subset of facilities the state has audited.		
Legislative history	Public Law	Change	
	P.L. 2011, ch.380	Enacted to exempt from sales tax, the meals served by a retirement facility to its residents when the cost of meals is included in a comprehensive fee that includes the right to reside in a residential dwelling unit and meals and other services.	

<table>
<tr><th>Tax Expenditure</th><th colspan="3">Sales and Use Tax Exemption for Certain Veterans’ Service Organizations</th></tr>
<tr><td>Statutory reference</td><td colspan="3">36 M.R.S. § 1760(100)</td></tr>
<tr><td>Distribution mechanism</td><td colspan="3">Exempted from taxation at the point of sale.</td></tr>
<tr><td>Brief description</td><td colspan="3">Tax exemption on sales to an organization that provides services to veterans and their families that is chartered under 36 United States code, subtitle II, Part B.</td></tr>
<tr><td>Intended beneficiaries</td><td colspan="3">Certain organizations that provide services to veterans and their families.</td></tr>
<tr><td rowspan="6">Estimated fiscal impact</td><td>FY14</td><td>$N/A</td><td rowspan="2">Source: 2016-2017 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY15</td><td>$N/A</td></tr>
<tr><td>FY16</td><td>$0</td><td rowspan="4">Source: 2018-2019 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY17</td><td>$87,868</td></tr>
<tr><td>FY18</td><td>$91,822</td></tr>
<tr><td>FY19</td><td>$95,954</td></tr>
<tr><td>Notes on estimated fiscal impact</td><td colspan="3">Estimate of revenue loss is based on the fiscal note prepared for the legislation.</td></tr>
<tr><td rowspan="2">Legislative history</td><td>Public Law</td><td colspan="2">Change</td></tr>
<tr><td>P.L. 2015, ch.465</td><td colspan="2">Enacted to exempt from sales tax, the sales to an organization that provides services to veterans and their families that is chartered under 36 United States Code Subtitle II, Part B and that is recognized as a veterans' service organization by the United States Department of Veterans Affairs.</td></tr>
</table>

Tax Expenditure	**Tax Exemption on Certain Sales by an Auxiliary Organization of the American Legion**		
Statutory reference	36 M.R.S. § 1760(85)		
Distribution mechanism	Exempted from taxation at the point of sale.		
Brief description	Tax exemption on sales of meals and related items and services by a nonprofit auxiliary organization of the American Legion in connection with a fundraising event, under specified conditions.		
Intended beneficiaries	Nonprofit auxiliary organizations of the American Legion when sponsoring fund-raising events.		
Estimated fiscal impact	FY14	$50,000 - $249,999	*Source:* 2016-2017 Maine State Tax Expenditure Report
	FY15	$50,000 - $249,999	
	FY16	$50,000 - $249,999	*Source:* 2018-2019 Maine State Tax Expenditure Report
	FY17	$50,000 - $249,999	
	FY18	$50,000 - $249,999	
	FY19	$50,000 - $249,999	
Notes on estimated fiscal impact	The revenue loss is estimated as a range of possible values because little or no data is available. MRS notes that estimate ranges for expenditures with little or no data are based on several factors, including the experience of tax administrators and the analyst, as well as fiscal notes from past relevant legislation. The estimates are subject to ongoing review and new data sources are included as they become available.		
Legislative history	Public Law	Change	
	P.L. 2001, ch.439	Enacted to provide a tax exemption for sales of meals and related items and services by a nonprofit auxiliary organization of the American Legion in connection with a fund-raising event sponsored by the auxiliary organization if the meals are provided in a room that is separate from the lounge facilities, if any, of the American Legion and patrons are prevented from taking alcoholic beverages from the lounge facilities to the separate room where the meals and related items and services are provided.	

<table>
<tr><td>Tax Expenditure</td><td colspan="3">Use Tax Exemption on Returned Merchandise Donated to Charity</td></tr>
<tr><td>Statutory reference</td><td colspan="3">36 M.R.S. § 1863</td></tr>
<tr><td>Distribution mechanism</td><td colspan="3">Donor of returned merchandise does not remit use tax on donations.</td></tr>
<tr><td>Brief description</td><td colspan="3">Tax exemption on donations of returned merchandise by a retailer to a charitable organization exempt from federal income tax under U.S. Code Section 501c(3).</td></tr>
<tr><td>Intended beneficiaries</td><td colspan="3">501c(3) organizations that are exempt from federal income tax.</td></tr>
<tr><td rowspan="6">Estimated fiscal impact</td><td>FY14</td><td>$50,000 - $249,999</td><td rowspan="2">Source: 2016-2017 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY15</td><td>$50,000 - $249,999</td></tr>
<tr><td>FY16</td><td>$50,000 - $249,999</td><td rowspan="4">Source: 2018-2019 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY17</td><td>$50,000 - $249,999</td></tr>
<tr><td>FY18</td><td>$50,000 - $249,999</td></tr>
<tr><td>FY19</td><td>$50,000 - $249,999</td></tr>
<tr><td>Notes on estimated fiscal impact</td><td colspan="3">The revenue loss is estimated as a range of possible values because little or no data is available. MRS notes that estimate ranges for expenditures with little or no data are based on several factors, including the experience of tax administrators and the analyst, as well as fiscal notes from past relevant legislation. The estimates are subject to ongoing review and new data sources are included as they become available.</td></tr>
<tr><td rowspan="2">Legislative history</td><td>Public Law</td><td colspan="2">Change</td></tr>
<tr><td>P.L. 1981, ch.503</td><td colspan="2">Enacted an exemption from the use tax for donations by a retailer of returned items when donated to an organization exempt from taxation under U.S. Internal Revenue Code, Section 501(c)(3) as amended.</td></tr>
</table>

<table>
<tr><td>Tax Expenditure</td><td colspan="3">Use Tax Exemption on Merchandise Donated from a Retailer’s Inventory to Exempt Organizations</td></tr>
<tr><td>Statutory reference</td><td colspan="3">36 M.R.S. § 1864</td></tr>
<tr><td>Distribution mechanism</td><td colspan="3">Donor of merchandise from inventory does not remit use tax on donations.</td></tr>
<tr><td>Brief description</td><td colspan="3">Tax exemption on donations of merchandise from inventory by a retailer to an organization exempt from Maine sales tax.</td></tr>
<tr><td>Intended beneficiaries</td><td colspan="3">Organizations which are exempt from sales tax under 36 M.R.S. § 1760.</td></tr>
<tr><td rowspan="6">Estimated fiscal impact</td><td>FY14</td><td>$50,000 - $249,999</td><td rowspan="2">Source: 2016-2017 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY15</td><td>$50,000 - $249,999</td></tr>
<tr><td>FY16</td><td>$50,000 - $249,999</td><td rowspan="4">Source: 2018-2019 Maine State Tax Expenditure Report</td></tr>
<tr><td>FY17</td><td>$50,000 - $249,999</td></tr>
<tr><td>FY18</td><td>$50,000 - $249,999</td></tr>
<tr><td>FY19</td><td>$50,000 - $249,999</td></tr>
<tr><td>Notes on estimated fiscal impact</td><td colspan="3">The revenue loss is estimated as a range of possible values because little or no data is available. MRS notes that estimate ranges for expenditures with little or no data are based on several factors, including the experience of tax administrators and the analyst, as well as fiscal notes from past relevant legislation. The estimates are subject to ongoing review and new data sources are included as they become available.</td></tr>
<tr><td rowspan="2">Legislative history</td><td>Public Law</td><td colspan="2">Change</td></tr>
<tr><td>P.L. 2001, ch.439</td><td colspan="2">Enacted an exemption from the use tax for donations of merchandise by a retailer from inventory to an organization if sales to that organization are exempt from sales tax under section 1760.</td></tr>
</table>

<table>
<tr><th>Tax Expenditure</th><th colspan="3">Job Increment Financing Fund – Brunswick</th></tr>
<tr><td>Statutory reference</td><td colspan="3">5 M.R.S. § 13083-S-1</td></tr>
<tr><td>Distribution mechanism</td><td colspan="3">An amount calculated based on State income tax withholding from employees above the base level of employment of businesses operating within the base area is deposited into a contingent account established by the State Controller. The contingent account is drawn from by Southern Maine Community College and Brunswick Naval Air Station Redevelopment Authority.</td></tr>
<tr><td>Brief description</td><td colspan="3">The Brunswick Job Increment Financing Fund is used to fund the costs of education and municipal services within the geographic boundaries of the former Brunswick Naval Air Station.</td></tr>
<tr><td>Intended beneficiaries</td><td colspan="3">Southern Maine Community College and the Brunswick Naval Air Station Redevelopment Authority.</td></tr>
<tr><td rowspan="6">Estimated fiscal impact</td><td>FY14</td><td>$59,201</td><td rowspan="5">Source: Maine State Revenue Service calculation for OPEGA</td></tr>
<tr><td>FY15</td><td>$72,048</td></tr>
<tr><td>FY16</td><td>$103,924</td></tr>
<tr><td>FY17</td><td>$131,697</td></tr>
<tr><td>FY18</td><td>$149,711</td></tr>
<tr><td>FY19</td><td>$177,676</td><td>Source: 2018-2019 Maine State Tax Expenditure Report</td></tr>
<tr><td>Notes on estimated fiscal impact</td><td colspan="3">Actual and projected payments by MRS. Projections are based upon MRS growth assumptions.</td></tr>
<tr><td rowspan="2">Legislative history</td><td>Public Law</td><td colspan="2">Change</td></tr>
<tr><td>P.L. 2009, ch.641</td><td colspan="2">Enacted the job increment financing fund for the former Brunswick Naval Air Station. The State provides 50% of the amount of state tax withholding attributable to employees above a baseline employed within the boundaries of the former Naval Air Station to be used for municipal services and higher education services to aid in the economic development of the area.</td></tr>
</table>

<table>
<tr><th>Tax Expenditure</th><th colspan="3">Job Increment Financing Fund – Loring</th></tr>
<tr><td>Statutory reference</td><td colspan="3">5 M.R.S. § 13080-O through § 13080-T</td></tr>
<tr><td>Distribution mechanism</td><td colspan="3">An amount calculated based on State income tax withholding from employees above the base level of employment of businesses operating within the base area is deposited into a contingent account established by the State Controller. The contingent account is drawn from by Loring Development Authority.</td></tr>
<tr><td>Brief description</td><td colspan="3">The Loring Job Increment Financing Fund is used to fund the costs of municipal services within the geographic boundaries of the former Loring Air Force Base.</td></tr>
<tr><td>Intended beneficiaries</td><td colspan="3">Loring Development Authority.</td></tr>
<tr><td rowspan="6">Estimated fiscal impact</td><td>FY14</td><td>$796,938</td><td rowspan="5">Source: Maine State Revenue Service calculation for OPEGA</td></tr>
<tr><td>FY15</td><td>$738,571</td></tr>
<tr><td>FY16</td><td>$603,523</td></tr>
<tr><td>FY17</td><td>$1,317,671</td></tr>
<tr><td>FY18</td><td>$650,158</td></tr>
<tr><td>FY19</td><td>$650,158</td><td>Source: 2018-2019 Maine State Tax Expenditure Report</td></tr>
<tr><td>Notes on estimated fiscal impact</td><td colspan="3">Actual and projected payments by MRS. Projections are based upon MRS growth assumptions.</td></tr>
<tr><td rowspan="5">Legislative history</td><td>Public Law</td><td colspan="2">Change</td></tr>
<tr><td>P.L. 1995, ch.644</td><td colspan="2">Enacted the job increment financing fund for the former Loring Air Force Base. The State provides 50% of the amount of state tax withholding attributable to employees above a baseline employed within the boundaries of the former Air Force Base to be used for municipal services to aid in the economic development of the area.</td></tr>
<tr><td>P.L. 1997, ch.504</td><td colspan="2">Amended the program to disallow the use of withholding taxes in the calculation of employment tax increment from any business which claims any withholding-based credits authorized by Title 36 Part 9 which includes the Employment Tax Increment Financing program.</td></tr>
<tr><td>P.L. 2013, ch.413</td><td colspan="2">Amended to extend payments to the fund for 10 more years beyond its initial sunset of 2016 so that the program continues through July 1, 2026.</td></tr>
<tr><td>P.L. 2015, ch.486</td><td colspan="2">Amended the program to provide the full amount of state tax withholding attributable to employees rather than 50% for the year 2016.</td></tr>
</table>

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

3 M.R.S. § 998. Process for review of tax expenditures[5]

1. Assignment of review categories. By October 1, 2015, the committee, in consultation with the policy committee, shall assign each tax expenditure to one of the following review categories:

   A. Full evaluation for tax expenditures that are intended to provide an incentive for specific behaviors, that provide a benefit to a specific group of beneficiaries or for which measurable goals can be identified;

   B. Expedited review for tax expenditures that are intended to implement broad tax policy goals that cannot be reasonably measured; and

   C. No review for tax expenditures with an impact on state revenue of less than $50,000 or that otherwise do not warrant either a full evaluation or expedited review.

2. Schedule. By October 1, 2015, the committee, in consultation with the policy committee, shall establish a schedule of ongoing review of the tax expenditures assigned to the full evaluation and expedited review categories pursuant to subsection 1, paragraphs A and B. To the extent practicable, the committee shall schedule the review of tax expenditures with similar goals during the same year.

3. Annual review of assignments and schedule. By October 1st of each year, beginning in 2016, the committee, in consultation with the policy committee, shall review and make any necessary adjustments to the review category assignments and schedule pursuant to subsections 1 and 2, including adjustments needed to incorporate tax expenditures enacted, amended or repealed during the preceding year.

4. Office responsibilities. The office shall maintain a current record of the review category assignments and the schedule under this section.

3 M.R.S. § 1000(2). Expedited review of tax expenditures

1. Expedited review process. Beginning July 1, 2016, the policy committee shall conduct expedited reviews of tax expenditures and the associated tax policies identified under section 998, subsection 1, paragraph B, in accordance with the schedule established in section 998, subsection 2.

   A. For each tax policy subject to review, the policy committee shall assess the continued relevance of, or need for adjustments to, the policy, considering:

      1. The reasons the tax policy was adopted;

      2. The extent to which the reasons for the adoption still remain or whether the tax policy should be reconsidered;

      3. The extent to which the tax policy is consistent or inconsistent with other state goals; and

      4. The fiscal impact of the tax policy, including past and estimated future impacts.

[5] In these sections of law, "the office" refers to OPEGA; "the committee" refers to the Government Oversight Committee; "the policy committee" refers to the Taxation Committee.

B. For each tax expenditure related to the tax policy under review, the policy committee shall assess the continued relevance of, or need for adjustments to, the expenditure, considering:

1. The fiscal impact of the tax expenditure, including past and estimated future impacts;

2. The administrative costs and burdens associated with the tax expenditure;

3. The extent to which the tax expenditure is consistent with the broad tax policy and with the other tax expenditures established in connection with the policy;

4. The extent to which the design of the tax expenditure is effective in accomplishing its tax policy purpose;

5. The extent to which there are adequate mechanisms, including enforcement efforts, to ensure that only intended beneficiaries are receiving benefits and that beneficiaries are compliant with any requirements;

6. The extent to which the reasons for establishing the tax expenditure remain or whether the need for it should be reconsidered; and

7. Any other reasons to discontinue or amend the tax expenditure.

2. Action by the office. By July 1st of each year, beginning in 2016, the office shall collect, prepare and submit to the policy committee the following information to support the expedited reviews under subsection 1:

A. A description of the tax policy under review;

B. Summary information on each tax expenditure associated with the tax policy under review, including:

1. A description of the tax expenditure and the mechanism through which the tax benefit is distributed;

2. The intended beneficiaries of the tax expenditure; and

3. A legislative history of the tax expenditure; and

C. The fiscal impact of the tax policy and each related tax expenditure, including past and estimated future impacts.

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

Appendix B: Estimated Fiscal Impact of "Charitable" & "Specific Policy Goal/Mandate" Tax Expenditures, FY14-FY19

Expenditure	Statute	FY14	FY15	FY16	FY17	FY18	FY19
Tax Exemption on Sales to the State and Political Subdivisions of the State	36 M.R.S. § 1760(2)	$172,596,735	$180,984,614	$177,457,679	$182,781,409	$188,264,851	$193,912,797
	36 M.R.S. § 2557(2)	$1,000,000 - $2,999,999	$1,000,000 - $2,999,999	$1,000,000 - $2,999,999	$1,000,000 - $2,999,999	$1,000,000 - $2,999,999	$1,000,000 - $2,999,999
Exemption from the Gasoline Tax for State and Local Governments	36 M.R.S. § 2903 (4)(C)	$2,079,225	$2,129,597	$2,103,080	$2,155,311	$2,209,187	$2,264,766
Exemption from the Special Fuel Tax for State and Local Governments	36 M.R.S. § 3204-A(3)	$2,732,812	$2,760,140	$2,199,492	$2,221,487	$2,243,702	$2,266,139
Tax Exemption on Sales of Tangible Goods and Fabrication Services for Certain Construction Contracts with Certain Exempt Organizations	36 M.R.S. § 1760(61)	$1,000,000 - $2,999,999	$1,000,000 - $2,999,999	$1,000,000 - $2,999,999	$1,000,000 - $2,999,999	$1,000,000 - $2,999,999	$1,000,000 - $2,999,999
	36 M.R.S. 2557(31)	$250,000 - $999,999	$250,000 - $999,999	$250,000 - $999,999	$250,000 - $999,999	$250,000 - $999,999	$250,000 - $999,999
Sales Tax Exemption for Certain Qualified Snowmobile Trail Grooming Equipment	36 M.R.S. § 1760(90)	$84,392	$89,361	$94,948	$97,796	$100,730	$103,753
Exemption from Sales and Use Tax for Free Publications and Components of Publications	36 M.R.S. § 1760 (14-A)	$1,234,335	$1,797,609	$1,917,425	$1,955,773	$1,994,889	$2,034,787
Sales Tax Exemption for Meals for Residents of Certain Nonprofit Congregate Housing Facilities	36 M.R.S. § 1760 (6)(D)	$0 - $49,999	$0 - $49,999	$0 - $49,999	$0 - $49,999	$0 - $49,999	$0 - $49,999
Sales Tax Exemption for Providing Meals to the Elderly	36 M.R.S. § 1760 (6)(C)	$363,300	$384,690	$250,000 - $999,999	$250,000 - $999,999	$250,000 - $999,999	$250,000 - $999,999
Sales Tax Exemption for Meals Served by a Retirement Facility to its Residents	36 M.R.S. § 1760 (6)(G)	$610,917	$646,886	$250,000 - $999,999	$250,000 - $999,999	$250,000 - $999,999	$250,000 - $999,999
Sales and Use Tax Exemption for Certain Veterans' Service Organization	36 M.R.S. § 1760 (100)	n/a	n/a	$0	$87,868	$91,822	$95,954
Tax Exemption on Certain Sales by an Auxiliary Organization of the American Legion	36 M.R.S. § 1760(85)	$50,000 - $249,999	$50,000 - $249,999	$50,000 - $249,999	$50,000 - $249,999	$50,000 - $249,999	$50,000 - $249,999
Use Tax Exemption on Returned Merchandise Donated to Charity	36 M.R.S. § 1863	$50,000 - $249,999	$50,000 - $249,999	$50,000 - $249,999	$50,000 - $249,999	$50,000 - $249,999	$50,000 - $249,999
Use Tax Exemption on Merchandise Donated from a Retailer's Inventory to Exempt Organizations	36 M.R.S. § 1864	$50,000 - $249,999	$50,000 - $249,999	$50,000 - $249,999	$50,000 - $249,999	$50,000 - $249,999	$50,000 - $249,999
Job Increment Financing Fund – Brunswick	5 M.R.S.§ 13083-S-1	$59,201	$72,048	$103,924	$131,697	$149,711	$177,676
Job Increment Financing Fund – Loring	5 M.R.S. § 13080-O through $13080-T	$796,938	$738,571	$603,523	$1,317,671	$650,158	$650,158
TOTAL		$185,657,852	$194,703,513	$190,830,067	$197,099,008	$202,055,046	$207,856,026

Appendix C: Additional Discussion of MRS' Microsimulation Model

History of Updates to M.R.S' Office of Tax Policy Microsimulation Model

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

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

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

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

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

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

Appendix C

Provisions Subject to Review

Maine Revised Statutes

Title 5: ADMINISTRATIVE PROCEDURES AND SERVICES

Chapter 383: ECONOMIC AND COMMUNITY DEVELOPMENT

Subchapter 1: GENERAL DEPARTMENT STRUCTURE AND AUTHORITY

Article 1-C: LORING JOB INCREMENT FINANCING FUND

§13080-O. LORING JOB INCREMENT FINANCING FUND

1. **Short title.** This article may be known and cited as the Loring Job Increment Financing Program Act.

[1995, c. 644, §2 (NEW) .]

2. **Establishment of fund.** The Loring Job Increment Financing Fund is established in accordance with this article.

[1995, c. 644, §2 (NEW) .]

SECTION HISTORY
RR 1995, c. 2, §11 (RAL). 1995, c. 560, §B11 (NEW). 1995, c. 644, §2 (NEW).

§13080-P. DEFINITIONS

As used in this article, unless the context otherwise indicates, the following terms have the following meanings. [1995, c. 644, §2 (NEW).]

1. **Affiliated business.** "Affiliated business" means 2 businesses exhibiting either of the following relationships:

A. One business owns 50% or more of the stock of the other business or owns a controlling interest in the other; or [1995, c. 644, §2 (NEW).]

B. Fifty percent of the stock of each business or a controlling interest in each business is directly or indirectly owned by a common owner or owners. [1995, c. 644, §2 (NEW).]

[1995, c. 644, §2 (NEW) .]

2. **Affiliated group.** "Affiliated group" means a qualified business and its corresponding affiliated businesses.

[1995, c. 644, §2 (NEW) .]

3. **Assessor.** "Assessor" means the State Tax Assessor.

[1995, c. 644, §2 (NEW) .]

4. **Authority.** "Authority" means the Loring Development Authority of Maine.

[1995, c. 644, §2 (NEW) .]

5. **Base area.** "Base area" means the area within the geographic boundaries of Loring Air Force Base, as defined in section 13080-A.

[1995, c. 644, §2 (NEW) .]

6. **Base level of employment.** "Base level of employment" means the total employment in the base area as of July 1, 1996.

[1995, c. 644, §2 (NEW) .]

7. **Employment tax increment.** "Employment tax increment" means that level of state income withholding taxes attributed to employees employed within the base area, adjusted pursuant to section 13080-R.

[1995, c. 644, §2 (NEW) .]

8. **Fund.** "Fund" means the Loring Job Increment Financing Fund.

[1995, c. 644, §2 (NEW) .]

9. **Gross employment tax increment.** "Gross employment tax increment" means that level of state income withholding taxes attributed to employees employed within the base area that is greater than the base level of employment.

[1995, c. 644, §2 (NEW) .]

10. **Successor business.** "Successor business" means a business that has acquired the organization, trade or business, or 50% or more of the assets of the organization, trade or business, of another taxpayer.

[1995, c. 644, §2 (NEW) .]

SECTION HISTORY
RR 1995, c. 2, §11 (RAL). 1995, c. 560, §B11 (NEW). 1995, c. 644, §2 (NEW).

§13080-Q. PAYMENTS ALLOWED

1. **Fund to receive income tax revenues from job creation.** Subject to the provisions of subsection 2, the fund must receive annually from the State the amount of the employment tax increment determined in accordance with section 13080-S.

[2015, c. 486, §1 (AMD); 2015, c. 486, §5 (AFF) .]

2. **Limitations.** Payments to the fund pursuant to this section are subject to the following limitations.

A. Revenues received under this section must be used solely to fund the costs of municipal services, including, but not limited to, water, sewer, fire protection, police protection, sanitation services and the maintenance of grounds and roads. [1995, c. 644, §2 (NEW).]

B. To the extent that revenues received by the fund are not expended for current costs of municipal services, the fund must retain the revenues to defray future costs of providing the municipal services. [1995, c. 644, §2 (NEW).]

C. State income withholding taxes derived from employment at a business within the base area are not eligible for use in the calculation of a payment to the fund if the business is eligible during the current year to receive a payment under any other program authorized by Title 36, Part 9 that is based on the amount of employer withholding taxes and the business has made or makes an election to receive that payment. [1997, c. 504, §1 (AMD).]

D. Payments made to the fund may not be made for tax years beginning on or after July 1, 2026. [2013, c. 413, §1 (AMD).]

[2013, c. 413, §1 (AMD) .]

SECTION HISTORY
RR 1995, c. 2, §11 (RAL). 1995, c. 560, §B11 (NEW). 1995, c. 644, §2 (NEW). 1997, c. 504, §1 (AMD). 2013, c. 413, §1 (AMD). 2015, c. 486, §1 (AMD). 2015, c. 486, §5 (AFF).

§13080-R. CALCULATION OF EMPLOYMENT TAX INCREMENT

The assessor shall calculate the employment tax increment as follows. [1995, c. 644, §2 (NEW).]

1. **Adjustment for shifted revenues.** The assessor shall subtract from the gross employment tax increment any revenues attributed to employment shifted from affiliated businesses to a business located within the base area. This adjustment is calculated by comparing the current year's income withholding tax revenues for businesses that are members of an affiliated group with revenues for the group as a whole. If the growth in income withholding tax revenue for any group exceeds the growth of income withholding tax revenue generated by the group's member business within the base area, the portion of the gross employment tax increment attributable to that business does not have to be adjusted to remove employment shifted from affiliated businesses. If the growth in income withholding tax revenue for any group is less than the growth in income withholding tax revenue for that group's member business within the base area, the difference is presumed to have been shifted from affiliated businesses to the base area and the portion of the gross employment tax increment attributable to that business is reduced by the difference.

[1995, c. 644, §2 (NEW) .]

2. **Adjustment based on percentage change in withholding taxes for all business in State.** The assessor shall adjust the calculation of the employment tax increment by subtracting from the gross employment tax increment a figure obtained by multiplying the previous year's total amount of income taxes withheld within the base area by the percentage change in withholding taxes for all business within the State as a whole.

[1995, c. 644, §2 (NEW) .]

3. **Adjustment for successor business.** The assessor shall further adjust the calculation of the employment tax increment, for any business that is a successor business, by subtracting from the gross employment tax increment any income tax withholding revenues attributable to a business acquired by the successor business after July 1, 1994.

[1995, c. 644, §2 (NEW) .]

SECTION HISTORY
RR 1995, c. 2, §§12,13 (COR). RR 1995, c. 2, §11 (RAL). 1995, c. 560, §B11 (NEW). 1995, c. 644, §2 (NEW).

§13080-S. INFORMATION TO BE PROVIDED TO THE ASSESSOR; APPROVAL OF PAYMENT

1. **Certification by authority.** The authority shall certify annually to the assessor by October 31st of each year, beginning in 2016, the following information:

A. Employment, payroll and state withholding data necessary to calculate the base level of employment; [1995, c. 644, §2 (NEW); 1995, c. 644, §5 (AFF).]

B. The total number of employees added during the previous year within the base area above the base level of employment, including additional associated payroll and withholding data necessary to calculate the gross employment tax increment and establish the appropriate payment to the fund; [1995, c. 644, §2 (NEW); 1995, c. 644, §5 (AFF).]

C. A listing of all employers within the base area that pay withholding taxes, the locations of those employers and the number of employees at each location; and [1995, c. 644, §2 (NEW); 1995, c. 644, §5 (AFF).]

D. A listing of all affiliated businesses and affiliated groups, data regarding current employment, payroll and state income withholding taxes for each affiliated business within the base area. [1995, c. 644, §2 (NEW); 1995, c. 644, §5 (AFF).]

[2015, c. 486, §2 (AMD); 2015, c. 486, §5 (AFF) .]

2. **Approval of payment.** Upon receipt of the information required by this section, the assessor shall review the information by December 1st immediately following receipt of the information and shall determine the amount of the employment tax increment. If the assessor determines that the requirements of this article are satisfied, the assessor shall approve payment to the fund.

[2015, c. 486, §2 (AMD); 2015, c. 486, §5 (AFF) .]

3. **Deposit and payment of revenue.** On or before July 15th of each year, the assessor shall deposit an amount equal to 50% of the employment tax increment for the preceding year into a contingent account established, maintained and administered by the State Controller. On or before July 31st of each year, the assessor shall pay that amount to the fund.

[2015, c. 486, §3 (AMD); 2015, c. 486, §5 (AFF) .]

4. **Additional deposit and payment of revenue in December 2016.** On or before December 15, 2016, the assessor shall deposit an amount equal to 50% of the employment tax increment for the preceding year into a contingent account established, maintained and administered by the State Controller. On or before December 31, 2016, the assessor shall pay that amount to the fund.

[2015, c. 486, §4 (NEW); 2015, c. 486, §5 (AFF) .]

SECTION HISTORY
RR 1995, c. 2, §11 (RAL). 1995, c. 560, §B11 (NEW). 1995, c. 644, §2 (NEW). 2009, c. 571, Pt. LL, §1 (AMD). 2015, c. 486, §§2-4 (AMD). 2015, c. 486, §5 (AFF).

§13080-T. PROGRAM ADMINISTRATION

The assessor shall administer the Loring Job Increment Financing Program. The assessor may adopt rules pursuant to the Maine Administrative Procedure Act for implementation of the program. The assessor may also by rule establish reasonable fees, including fees payable to the assessor for obligations under this article. Any fees collected pursuant to this article must be deposited into a special revenue account administered by the assessor and these fees may be used only to defray the actual costs of administering the Loring Job Increment Financing Program. [1995, c. 644, §2 (NEW).]

§13080-T. Maine State Film Commission

(As enacted by PL 1995, c. 560, Pt. B, §11 is REALLOCATED TO TITLE 5, SECTION 13090-H)

SECTION HISTORY
RR 1995, c. 2, §14 (COR). RR 1995, c. 2, §11 (RAL). 1995, c. 560, §B11 (NEW). 1995, c. 644, §2 (NEW).

§13083-S. ANNUAL REPORT

1. **Annual financial report.** The authority shall submit annually to the Governor, the Executive Director of the Legislative Council and the joint standing committee of the Legislature having jurisdiction over housing and economic development matters, not later than 120 days after the close of the authority's fiscal year, a complete report on the activities of the authority. The report may also be provided to any other member of the Legislature and to any other person. The report must include all of the following for the previous year:

A. A description of the authority's operations; [2005, c. 599, §1 (NEW).]

B. An accounting of the authority's receipts and expenditures, assets and liabilities at the end of its fiscal year; [2005, c. 599, §1 (NEW).]

C. A listing of all property transactions pursuant to section 13083-K; [2005, c. 599, §1 (NEW).]

D. An accounting of all activities of any special utility district formed under section 13083-L; [2005, c. 599, §1 (NEW).]

E. A listing of any property acquired by eminent domain under section 13083-I; [2005, c. 599, §1 (NEW).]

F. A listing of any bonds issued during the fiscal year under section 13083-I; [2005, c. 599, §1 (NEW).]

G. A statement of the authority's proposed and projected activities for the ensuing year; [2009, c. 641, §6 (AMD).]

H. Recommendations regarding further actions that may be suitable for achieving the purposes of this article; and [2009, c. 641, §7 (AMD).]

I. A description of the authority's progress toward achieving the goals set forth in section 13083-G. [2009, c. 641, §8 (NEW).]

[2009, c. 641, §§6-8 (AMD) .]

SECTION HISTORY
2005, c. 599, §1 (NEW). 2009, c. 641, §§6-8 (AMD).

Maine Revised Statutes

Title 36: TAXATION

Chapter 809: IMPOSITION OF TAX ON ESTATES AND TRUSTS

§1760. EXEMPTIONS

2. **Certain governmental entities.** Sales to the State or any political subdivision of the State, or to the Federal Government, or to any unincorporated agency or instrumentality of either of them or to any incorporated agency or instrumentality of them wholly owned by them. This exemption does not apply to corporations organized under Title IV, Part E of the Farm Credit Act of 1971, 12 United States Code, Sections 2211 to 2214.

[2005, c. 622, §5 (AMD) .]

6. **Certain meals.** Sales of meals:

A. Served by public or private schools, school districts, student organizations and parent-teacher associations to the students or teachers of a school; [1979, c. 663, §220 (AMD).]

C. By hospitals, schools, long-term care facilities, food contractors and restaurants to incorporated nonprofit area agencies on aging for the purpose of providing meals to the elderly; [1999, c. 502, §1 (AMD).]

D. To residents of incorporated nonprofit church-affiliated congregate housing facilities for the elderly in which at least 75% of the units are available for leasing to eligible lower-income residents; [2007, c. 529, §1 (AMD).]

F. Served by youth camps licensed by the Department of Health and Human Services and defined in Title 22, section 2491, subsection 16; and [2011, c. 380, Pt. DDDD, §3 (AMD); 2011, c. 380, Pt. DDDD, §§5, 6 (AFF).]

G. Served by a retirement facility to its residents when participation in the meal program is a condition of occupancy or the cost of the meals is included in or paid with a comprehensive fee that includes the right to reside in a residential dwelling unit and meals or other services, whether that fee is charged annually, monthly, weekly or daily. [2011, c. 380, Pt. DDDD, §4 (NEW); 2011, c. 380, Pt. DDDD, §§5, 6 (AFF).]

[2011, c. 380, Pt. DDDD, §§2-4 (AMD); 2011, c. 380, Pt. DDDD, §§5, 6 (AFF) .]

14-A. **Free publications and components of publications.** Sales of publications and printed materials included in publications as follows:

A. Any publication that is purchased for distribution without charge as a free publication; and [2013, c. 564, §1 (NEW); 2013, c. 564, §3 (AFF).]

B. Printed paper materials, including advertising flyers and promotional materials, purchased for inclusion in a publication. [2013, c. 564, §1 (NEW); 2013, c. 564, §3 (AFF).]

For purposes of this subsection, "publication" means printed paper material, including without limitation newspapers, magazines and trade journals and employee, client and organization newsletters, issued at average intervals not exceeding 3 months that manifests a continuity of identity from issue to issue by a front page masthead bearing the name, date, volume and issue number of the publication and by a continuity of style, format, themes and subject matter. For purposes of this subsection, "publication" does not include printed paper materials consisting primarily of advertisements or the promotion of a single seller's products or services.

[2013, c. 564, §1 (NEW); 2013, c. 564, §3 (AFF) .]

61. **Construction contracts with exempt organizations.** Sales to a construction contractor or its subcontractor of tangible personal property that is to be physically incorporated in, and become a permanent part of, real property for sale to any organization or government agency provided exemption under this section, except as otherwise provided by section 1760-C.

[2005, c. 622, §8 (AMD) .]

72. **Nonprofit housing development organization.** Sales to nonprofit organizations whose primary purpose is to develop housing for low-income people.

[1999, c. 708, §30 (AMD) .]

85. (REALLOCATED FROM T. 36, §1760, sub-§84) **Certain sales by auxiliary organization of American Legion.** Sales of meals and related items and services by a nonprofit auxiliary organization of the American Legion in connection with a fund-raising event sponsored by the auxiliary organization if the meals and related items and services are provided in a room that is separate from the lounge facilities, if any, of the American Legion and patrons are prohibited from taking alcoholic beverages from the lounge facilities to the separate room where the meals and related items and services are provided.

[2001, c. 1, §45 (RAL) .]

90. **Qualified snowmobile trail grooming equipment.** Sales to snowmobile clubs incorporated under the provisions of Title 13-B of snowmobiles and snowmobile trail grooming equipment used directly and exclusively for the grooming of snowmobile trails.

(Subsection 90 as enacted by PL 2007, c. 438, §47 is REALLOCATED TO TITLE 36, SECTION 1760, SUBSECTION 91)

[2009, c. 491, §1 (AMD) .]

§1863. NO TAX ON RETURNED MERCHANDISE DONATED TO CHARITY

No use tax may be imposed on the donation of merchandise by a retailer to an organization exempt from taxation under the United States Internal Revenue Code, Section 501(c)(3), as amended, when the merchandise has been returned to the retailer by the purchaser and the retailer then gives to the purchaser an allowance in cash or by credit pursuant to warranty or when the full price of the merchandise returned is refunded, either in cash or by credit, to the purchaser. [1981, c. 503, (NEW).]

SECTION HISTORY
1981, c. 503, (NEW).

§1864. NO USE TAX ON DONATIONS TO EXEMPT ORGANIZATION

A use tax is not imposed on the donation of merchandise by a retailer from inventory to an organization if sales to that organization are exempt from sales tax under section 1760. [2001, c. 439, Pt. II, §1 (NEW); 2001, c. 439, Pt. II, §2 (AFF).]

SECTION HISTORY
2001, c. 439, §II1 (NEW). 2001, c. 439, §II2 (AFF).

§2557. EXEMPTIONS

2. **Certain governmental entities.** Sales to the State or any political subdivision, or to the Federal Government, or to any unincorporated agency or instrumentality of either of them or to any incorporated agency or instrumentality of them wholly owned by them. This exemption does not apply to corporations organized under Title IV, Part E of the federal Farm Credit Act of 1971, 12 United States Code, Sections 2211 to 2214;

[2003, c. 673, Pt. V, §25 (NEW); 2003, c. 673, Pt. V, §29 (AFF) .]

27. **Nonprofit housing development organizations.** Sales to nonprofit organizations whose primary purpose is to develop housing for low-income people;

[2003, c. 673, Pt. V, §25 (NEW); 2003, c. 673, Pt. V, §29 (AFF) .]

31. **Construction contracts with exempt organizations.** Sales to a construction contractor or its subcontractor of fabrication services that are to be physically incorporated in, and become a permanent part of, real property for sale to any organization or government agency provided exemption under this section, except as otherwise provided by section 2560;

[2007, c. 627, §72 (AMD) .]

§2903. TAX LEVIED; REBATES

4. **Exemptions.** The tax imposed by this section does not apply to internal combustion engine fuel:

C. Sold in bulk to any agency of this State or any political subdivision of this State; [2005, c. 457, Pt. AAA, §1 (AMD).]

§3204-A. EXEMPTIONS

3. **Political subdivision.** Special fuel sold in bulk to this State or any political subdivision of this State;

[2007, c. 438, §77 (AMD) .]