



LUCIA A. NIXON
DIRECTOR

MAINE STATE LEGISLATURE
OFFICE OF PROGRAM EVALUATION AND
GOVERNMENT ACCOUNTABILITY

TO: Members, Government Oversight Committee
FROM: Lucia Nixon, Director
DATE: March 5, 2021
RE: Annual review and adjustment of tax expenditure review category assignments and schedules

Each year, the Government Oversight Committee is required by statute to review and make any necessary adjustments to the review category assignments and schedule for tax expenditure evaluations, including adjustments to incorporate tax expenditures enacted, amended or repealed in the preceding year. The tax expenditure review categories set forth in statute are as follows:

- A. Full evaluation, conducted by OPEGA
- B. Expedited review, conducted by the Taxation Committee
- C. No review

These provisions are found in Title 3, section 998, Process for review of Tax Expenditures, which is provided on page of this memo for your reference. To assist the GOC in conducting this annual review and adjustment of the category assignments and schedule for tax expenditure evaluations, OPEGA has prepared the following three documents:

1. Proposed adjustments to tax expenditure review category assignments. This provides a summary of recommended changes by review category. For each proposed change, it provides a brief description of the tax expenditure, revenue loss estimates for FY22 and FY23 and outlines the proposed adjustment. The proposed adjustments by category are as follows:

- A. Full Evaluation: Add one newly enacted expenditure
- B. Expedited Review: Remove one repealed expenditure; add two newly enacted expenditures
- C. No Review: Add 5 newly enacted tax expenditures

2. Category B - Expedited Review by Taxation Committee. This provides an outline of the prioritized schedule for expedited reviews, which are organized by broad tax policy goals, with a notation of the proposed adjustments.

3. Category A - Full Evaluation by OPEGA. This provides a list of the full evaluations that OPEGA has in progress followed by a prioritized schedule for future full evaluations to be completed. At the end we provide a list of completed full evaluations by year.

The Committee is invited to consider the proposed adjustments to the tax expenditure review category assignments and whether it wishes to make changes to the prioritized schedules for future expedited reviews or full evaluations.

Maine Revised Statutes - Title 3: Legislature
Chapter 37: Legislative Oversight of Government Agencies and Programs
Section 998: Process for review of tax expenditures

§998. Process for review of tax expenditures

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

- A. Full evaluation for tax expenditures that are intended to provide an incentive for specific behaviors, that provide a benefit to a specific group of beneficiaries or for which measurable goals can be identified;
- B. Expedited review for tax expenditures that are intended to implement broad tax policy goals that cannot be reasonably measured; and
- C. No review for tax expenditures with an impact on state revenue of less than \$50,000 or that otherwise do not warrant either a full evaluation or expedited review.

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

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

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