

Government Oversight Committee - Work Session on Proposed Evaluation Parameters
Research Expense Tax Credit (5/14/21)

Proposed Parameters	Public Comment	OPEGA Notes
Purposes, Intent or Goals of the Credit		
<ul style="list-style-type: none"> • To stimulate R&D investment • To create high-quality jobs by encouraging investments in R&D and to encourage the recruitment and training of employees • To improve the overall economy of the State by expanding the number of businesses conducting and investing in R&D 	none	<ul style="list-style-type: none"> • There is not a clear statement of legislative intent or goals in statute. • OPEGA identified possible goals for the purpose of evaluation from: statements of intent for the federal credit, upon which the state credit is based, and language in proposed legislation related to the credit (specifically LD 977 'An Act to Restore the Super Credit for Substantially Increased Research and Development'¹ in the 129th Legislature).
Intended Beneficiaries of the Credit		
<ul style="list-style-type: none"> • Businesses conducting/investing in R&D • Indirectly, qualified organizations performing contracted R&D 	none	<ul style="list-style-type: none"> • There is not a clear statement of <i>intended beneficiaries</i> of the credit in statute beyond those taxpayers who take the credit (direct beneficiaries). • The "Purpose, Intent, Goals of the Credit" speak to broader groups that benefit (indirect beneficiaries).
Evaluation Objectives: What the Evaluation Will Assess		
<ul style="list-style-type: none"> a. Fiscal impact b. Effectiveness of design (relative to goals and best practices) c. Achievement of purpose, intent or goals d. Actual beneficiaries relative to intended e. Whether behavior would occur "but for" the credit f. Efficiency and effectiveness of administration g. Similar state or federal tax expenditures h. Cost-effectiveness i. Opportunities for improvement 	none	<ul style="list-style-type: none"> • OPEGA proposes to consider each of the 9 objectives (a)-(i) for evaluation and report on each to the extent that is warranted and practical based on our assessment of: the availability of the necessary data; the level of resources required/available; and the relevance of the particular objective to the tax credit.

¹ LD 977 was introduced in the First Regular Session of the 129th Legislature and in June 2019, the bill (as amended by Committee Amendment "A" (H-621)) was carried over on the Special Appropriations Table. LD 977 died upon conclusion of the 129th Legislature in November 2020.

Government Oversight Committee - Work Session on Proposed Evaluation Parameters
 Research Expense Tax Credit (5/14/21)

Proposed Parameters	Public Comment	OPEGA Notes
Performance Measures		
<ul style="list-style-type: none"> • Tax credits claimed (\$) • State budget impact (revenue loss and net impacts) (\$) • Number, location and income of employees added or retained • Number and amount of R&D investments made by credit recipients • Measures of direct and indirect improvement in the state economy 	none	<ul style="list-style-type: none"> • OPEGA proposes to answer the evaluation questions to the degree possible by first considering available existing data and analyses and providing an independent assessment of those data/analyses.