

#	DRAFT Recommendations of the TERWG	Topic
1	Continue the 6-year cycle for expedited review conducted by the Taxation Committee using information available from: <ul style="list-style-type: none"> • MRS Red Book (MSTER) and • OPEGA’s annual process and information provided to update the categorization of tax expenditures for legislative changes (new/amended/repealed) 	Expedited Review Process (pgs. 7-8)
2	Amend statute to repeal the requirement that OPEGA provide information to the Taxation Committee annually for the expedited review process (3 MRSA §998)	
3	Require targeted enhancements to the MRS Red Book to facilitate the expedited reviews of tax expenditures by the Taxation Committee as follows: <ul style="list-style-type: none"> • Include 6 years of foregone revenue for tax expenditures (4 years of history and 2 years of projections) • Include the “take-up rate” for certain tax expenditures, including but not limited to the Property Tax Fairness Credit, Earned Income Credit, and the Credit for Educational Opportunity 	
4	In establishing the prioritized schedule (order) for future full evaluations: <ul style="list-style-type: none"> • Prioritize business incentive tax expenditures for full evaluation over tax expenditures that are directed primarily to individual tax relief • Take statutory sunset dates into consideration to attempt to complete evaluations in time for consideration by the Legislature in advance of the sunset • Consider options to better incorporate the Taxation Committee in the annual review of updates to the categorization and schedule for future full evaluations [seeking input] 	Full Evaluation Process (pgs. 8-9)
5	The Working Group recommends that the OPEGA director, in consultation with the GOC and TAX, review the current statutes governing the full evaluation process and identify potential changes to the statutory framework/language to enhance the efficiency and effectiveness of the full evaluation process going forward, with attention to: <ul style="list-style-type: none"> • Evaluation parameters • Schedule and pace of full evaluation reports [seeking input]	
6	The Working Group recommends a legislative review of existing statutes governing the tax expenditures classified for full evaluation to identify where amendments are needed to ensure the expenditures are ready for evaluation (options for implementing this recommendation are described in the Table below on “Mechanisms”)	Preparing Existing Expenditures for Future Evaluation (pg. 9)

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7	A legislative process should be established to ensure that legislation to establish or amend a tax expenditure contains provisions to facilitate the subsequent review of those tax expenditures (options for implementing this recommendation are described in the Table below on “Mechanisms”)	Ensuring Newly Enacted or Amended Expenditures can be Evaluated (pg. 10)
8	The TAX Committee be authorized to request two tax expenditure “limited analysis projects” per year to be completed by OPEGA based on existing data and information to provide additional research and analytical support to Taxation in the consideration of tax expenditure legislation. <i>[referred to as “superfast” “superquick” in last meeting]</i>	Limited Analysis Projects (pg. 10)
9	Take steps to ensure OPEGA can access relevant and necessary data for tax expenditure evaluations; examine best practices in other states regarding data sharing between evaluation offices and the state tax agencies and program administrators; develop relevant proposals for improvements in Maine [seeking input]	Data (pg. 11)
10	Develop standardized processes and formats for tax expenditure data collection and reporting by administrating agencies [seeking input]	
11	Ensure existing and new statutes governing tax expenditures include provisions for data collection [see 6 & 7 above]	
12	Provide additional staff resources to OPEGA, with the appropriate number of additional positions to be determined based on the actions taken as a result of this report.	Staff Resources (pg. 11)
13	<i>Depending on how recommendations are implemented there may be additional staffing needs for Taxation Committee and/or the “subcommittee”</i> (options for implementing recommendations are described in the Table below on “Mechanisms”) [seeking input]	
14	The Working group suggests that 5 MRSA §13070-O could be repealed (DECD analysis of legislation containing economic development proposals)	Relationship to DECD Evaluation Responsibilities (pg. 12)
15	The Working group suggests that 5 MRSA §13070-P, the independent 3 rd party evaluation every 4 years of all economic development incentives, could be amended to emphasize a macro perspective of the State’s economic incentives and their interactions and relationships.	

Draft – Proposed Mechanisms for Accomplishing Recommendations (pg. 12-13)	
Joint Advisory Committee (“subcommittee”)	Chairs Proposal - Alternative Approach
<ul style="list-style-type: none"> • Consisting of TAX and GOC members • Authorized to meet throughout biennium 	<ul style="list-style-type: none"> • GOC membership to include 2 members of TAX and 1 member of IDEA • TAX committee authorized to meet year-round
<p>Would do the following:</p> <ol style="list-style-type: none"> 1. Expedited review of tax expenditures 2. Review, and provide input on, the annual categorization and prioritization of tax expenditures 3. Review of tax expenditure currently assigned for full evaluation to identify which are “ready for review.” For those that are not, the group would identify goals, metrics, and required data needed for evaluation 4. Prioritize schedule of remaining full evaluations with a focus on economic development programs and make recommendations to the GOC 5. Review OPEGA’s full evaluation reports and make recommendations to the Taxation Committee 	<p>The duties proposed for the Joint Advisory Committee would be allocated to as follows:</p> <ol style="list-style-type: none"> 1. Taxation Committee continues Expedited review of tax expenditures 2. Taxation Committee and GOC continue to review, and provide input on, the annual categorization and prioritization of tax expenditures 3. Create a one-time Legislative Task Force (interim study) to review tax expenditures currently assigned for full evaluation to identify which are “ready for review.” For those that are not, the group would identify goals, metrics, and required data needed for evaluation. The Task Force would include members of GOC, TAX and IDEA. 4. TAX and GOC continue to develop prioritized scheduled of remaining full evaluations, with a focus on economic development programs 5. GOC and TAX continue to review OPEGA’s full evaluation reports and make recommendations
<p>In addition to the responsibilities outlined above, the recommendations propose changes to certain responsibilities of OPEGA and MRS including:</p> <ul style="list-style-type: none"> • OPEGA: The recommendations above would remove OPEGA’s role providing information to facilitate expedited tax evaluations under 3 MRSA §998 but continue the office’s role in the annual categorization of tax expenditures under that same provision. Additionally, OPEGA’s role conducting full tax evaluations under the direction of the GOC would continue (3 MRSA §999). The recommendations introduce a new role for OPEGA in providing up to two limited analysis projects per session to the Taxation Committee per GOC approval. • MRS: The recommendations suggest that the Legislature increase required information in the Maine State Tax Expenditure Report in two ways: (1) by requiring the inclusion of 6 years of foregone revenue for tax expenditures included in that report, and (2) by requiring the inclusion of the “take-up rate” for certain tax expenditures. 	