

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

## **An Act To Create a Tax Expenditures Budget Process**

**Be it enacted by the People of the State of Maine as follows:**

**Sec. 1. 5 MRSA §1666, 3rd ¶**, as amended by PL 2007, c. 1, Pt. P, §2, is further amended to read:

A budget document transmitted by the Governor or Governor-elect must include a part that asks the Legislature whether it wishes to continue funding each individual tax expenditure provided in the statutes. For purposes of this paragraph, "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. The part must include for each tax expenditure a statutory section reference, a brief description of each tax expenditure and the loss of revenue estimated to be incurred by funding source and fiscal year. This paragraph applies with respect to the preparation of the budget document for the 2008-2009 biennium and thereafter. Gross unified budget bills for the General Fund and the Highway Fund must include a part that requires the Legislature to express support for continuation of the tax expenditures identified in the budget document submitted by the Governor or Governor-elect. When reviewing this part of a budget bill, the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs shall consider the most recent report on tax expenditures submitted by the joint standing committee of the Legislature having jurisdiction over taxation matters under Title 36, section 199-C.

**Sec. 2. 36 MRSA §199-C, sub-§1**, as enacted by PL 2001, c. 652, §7, is amended to read:

**1. Odd-numbered years.** During each odd-numbered year the committee ~~may~~shall review the report required under section 199-B. By November 1st of each odd-numbered year the committee shall submit a report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs that includes a recommendation for retention, repeal or amendment of each tax expenditure and the reason for the recommendation.

**Sec. 3. 36 MRSA §199-D**, as enacted by PL 2001, c. 652, §7, is amended to read:

### **§ 199-D. Report**

~~The committee shall notify the Legislature of the results of each review conducted under section 199-C and may issue a report of its findings and recommendations. The committee may report to the Legislature any legislation necessary to implement recommendations resulting from the review conducted under section 199-C.~~

## **SUMMARY**

This bill requires the joint standing committee of the Legislature having jurisdiction over taxation matters to review all tax expenditures in odd-numbered years and submit a report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs recommending

retention, amendment or repeal of tax expenditures described in the biennial report to the committee by the Department of Administrative and Financial Services, Bureau of Revenue Services. The bill also requires gross unified budget bills to include a part indicating the Legislature's support for tax expenditures and requires the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs to consider the report from the joint standing committee of the Legislature having jurisdiction over taxation matters when reviewing that part of the budget bill.