



126th MAINE LEGISLATURE

FIRST REGULAR SESSION-2013

Legislative Document

No. 1255

H.P. 889

House of Representatives, March 27, 2013

**Resolve, To Provide Greater Depth and Transparency to the Review
of Foregone Revenue Identified in the Biennial Tax Expenditure
Report**

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative STUCKEY of Portland.
Cosponsored by Senator HASKELL of Cumberland and
Representatives: Speaker EVES of North Berwick, GIDEON of Freeport, GOODE of Bangor,
KRUGER of Thomaston, MOONEN of Portland, PRIEST of Brunswick, TIPPING-SPITZ of
Orono, Senator: JACKSON of Aroostook.

1 **Sec. 1. Independent analysis. Resolved:** That, by November 1, 2013, the
2 Department of Administrative and Financial Services, Bureau of Revenue Services shall
3 issue a request for proposals for the purpose of contracting with an independent academic
4 policy analysis organization to review and analyze attempts by the Legislature and
5 executive agencies over the past 20 years, including biennial tax expenditure reports, to
6 determine the impact and effectiveness of tax expenditures as defined in the Maine
7 Revised Statutes, Title 5, section 1666 and recent efforts of other states and the Federal
8 Government to perform a similar function and to recommend options for the Legislature
9 to analyze tax expenditures in the future. The bureau shall select a contractor to perform
10 the work required under this resolve by March 1, 2014. The contract must require
11 completion of the contracted work by December 15, 2014.

12 **1. Format for analysis.** The contract must require the contractor to separate tax
13 expenditures into categories based on the general purpose of the expenditures. Categories
14 may include tax expenditures for government entities, economic development, charitable
15 organizations and education organizations, including those that advance knowledge in the
16 fields of science and the humanities; conformity with federal law; efficiency of
17 administration; and any other categories the contractor determines advisable to facilitate
18 analysis. The contractor shall identify in its analysis any tax expenditures for which the
19 purpose cannot be determined.

20 **2. Options for the Legislature.** The contract must require the contractor to identify
21 and analyze options that may be used by the Legislature to measure the effectiveness of
22 individual tax expenditures based on the purpose of those expenditures. The options may
23 include procedures that focus on those tax expenditures with an estimated cost exceeding
24 a cost level that the contractor considers significant. The options must include methods
25 of identifying the objectives for each expenditure and methods of measuring the extent to
26 which the objectives have been accomplished. The options must include an estimate of
27 the amount of resources and funding that would be necessary to perform the described
28 tasks.

29 **3. Consultation.** The contract must require the contractor to meet at least once with
30 the joint standing committee of the Legislature having jurisdiction over appropriations
31 and financial affairs and the joint standing committee of the Legislature having
32 jurisdiction over taxation matters to provide a preliminary plan for performing the work
33 required under the contract and obtain information regarding the types of data and
34 analysis of tax expenditures that would be most helpful to those committees in
35 performing their legislative oversight functions.

36 **4. Report.** The contract must require the contractor to submit a report providing the
37 elements required under the contract to the bureau and to the joint standing committee of
38 the Legislature having jurisdiction over appropriations and financial affairs and the joint
39 standing committee of the Legislature having jurisdiction over taxation matters of the
40 First Regular Session of the 127th Legislature by December 15, 2014; and be it further

41 **Sec. 2. Appropriations and allocations. Resolved:** That the following
42 appropriations and allocations are made.

1 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**
2 **Bureau of Revenue Services**

3 Initiative: Provides funding to contract with an independent academic policy analysis
4 organization to review, analyze and develop options for evaluation of tax expenditures.

5	GENERAL FUND	2013-14	2014-15
6	All Other	\$100,000	\$0
7			
8	GENERAL FUND TOTAL	<u>\$100,000</u>	<u>\$0</u>

9 **SUMMARY**

10 This resolve requires the Department of Administrative and Financial Services,
11 Bureau of Revenue Services to contract with an independent academic policy analysis
12 organization by March 1, 2014 to review, analyze and develop options that would permit
13 the Legislature to evaluate the effectiveness of tax expenditures and present a report of its
14 work to the joint standing committee of the Legislature having jurisdiction over
15 appropriations and financial affairs and the joint standing committee of the Legislature
16 having jurisdiction over taxation matters of the First Regular Session of the 127th
17 Legislature.