Proposed Parameters for OPEGA's Full Evaluation of the Employment Tax Increment Financing (ETIF) Program

Enacted	Statute(s)	Type	Category	Est. Revenue Loss
1995	36 MRSA Chapter 917	Income Reimbursement	Business Incentive, Job Creation	FY16 $13,289,000 * FY17 $13,949,000 *

Source for Estimated Revenue Loss: Maine State Tax Expenditure Report 2016 – 2017, adjusted by OPEGA to remove $722,000 per year estimated attributable to the Brunswick Naval Air Station and Loring Job Increment Financing Fund programs.

Program Description

Employment Tax Increment Financing (ETIF) is a program that reimburses approved, for-profit businesses 30-50% of the Maine state withholding taxes paid on behalf of qualified employees. The reimbursement rate goes up to 80% for Pine Tree Development Zone certified businesses. To qualify for ETIF a business must:

- have plans to hire 5 or more new, full-time employees over a two year period; and
- offer each new employee health and retirement benefits and an annual income higher than the most recent annual per capita personal income in the county where the employee works.

The portion of withholding taxes a business is eligible to be reimbursed for is based on the level of local unemployment. The withholding taxes refunded may only include the standard amount required to be withheld, not any excess withholding.

Only for-profit businesses may receive ETIF reimbursements, and retail businesses are eligible only under very limited circumstances. Businesses in Pine Tree Development Zones (PTDZ) are automatically approved for the ETIF program as part of their PTDZ application, with a minimum of at least 5 new hires. Once approved, businesses may continue to claim the reimbursement for up to ten years.

The Department of Economic and Community Development (DECD) assists businesses with the ETIF application process and is authorized to approve qualified applicants. Under statute the State Economist is charged with reviewing ETIF applications and providing an advisory opinion to assist in DECD's approval decision. The State Tax Assessor is responsible for calculating the actual reimbursement due to approved businesses and authorizing payment. In addition, under 36 MRSA §6761 the Assessor may audit business recipients of ETIF. This program may not exceed $20,000,000 annually (adjusted by the % change in CPI from 1996 to the date of calculation).

Evaluation Parameters Subject to Committee Approval

The following parameters are submitted for GOC approval as required by 3 MRSA §999 subsection 1, paragraph A.

(1) Purposes, Intent or Goals

Intent — To encourage the creation of net new quality jobs in this State, improve and broaden the tax base, and improve the general economy of the State.

Goal — To encourage the creation of net new quality jobs.

(2) Beneficiaries

Primary Intended Beneficiaries — For-profit businesses that create new quality jobs

Secondary Intended Beneficiaries — Job seekers

(3) Evaluation Objectives

Below are the objectives the evaluation proposes to address. The objectives are coded to indicate which of the performance measures in section (4) below could potentially be applicable.

Each objective will be explored to the degree possible based on the level of resources required and the availability of necessary data.

Objectives Allowed Under 3 MRSA §999 subsection 1 paragraph A		**Applicable Measures**
(a)	The fiscal impact of the tax expenditure, including past and estimated future impacts;	C, D, E
(b)	The extent to which the design of the tax expenditure is effective in accomplishing the tax expenditure's purposes, intent or goals and consistent with best practices;	Qualitative
(c)	The extent to which the tax expenditure is achieving its purposes, intent or goals, taking into consideration the economic context, market conditions and indirect benefits;	A, F, I, J, L
(d)	The extent to which those actually benefiting from the tax expenditure are the intended beneficiaries;	A, B, L, J
(e)	The extent to which it is likely that the desired behavior might have occurred without the tax expenditure, taking into consideration similar tax expenditures offered by other states;	C, G, M
(f)	The extent to which the State's administration of the tax expenditure, including enforcement efforts, is efficient and effective;	Qualitative
(g)	The extent to which there are other state or federal tax expenditures, direct expenditures or other programs that have similar purposes, intent or goals as the tax expenditure, and the extent to which such similar initiatives are coordinated, complementary or duplicative;	Qualitative
(h)	The extent to which the tax expenditure is a cost-effective use resources compared to other options for using the same resources or addressing the same purposes, intent or goals; and	C, D, E, F, H, K, M
(i)	Any opportunities to improve the effectiveness of the tax expenditure in meeting its purposes, intent or goals.	Qualitative

(4) Performance Measures

Performance measures are coded to indicate which of the above objectives they could potentially help address. Measures will be calculated to the degree possible based on the level of resources required and the availability of necessary data.

A	# Total businesses receiving ETIF reimbursement
B	Participation rate (% of Maine businesses certified for the program)
C	Total $ value of reimbursements paid to businesses
D	Total direct program cost (direct tax revenue lost plus administrative costs)
E	Net impact on State budget
F	Total $ value of payroll and benefits associated with new quality jobs created by businesses receiving ETIF reimbursement
G	Average tax reimbursement per business, including min & max
H	Leveraging Ratio, for example [$ of payroll & benefits associated with new jobs]/[Total direct program cost]
I	Indicators of economic impact in targeted business/industry or geographic area (i.e. jobs created, GDP)
J	# New quality jobs created by recipients of ETIF reimbursement
K	Cost per new quality job created, for example [Total direct program cost]/[# new quality jobs created

	by recipients of ETIF reimbursement]
L	Comparison of actual wages and benefits for qualifying jobs to minimum requirements
M	Return on Investment, for example [$ amount reimbursed to businesses]/[$ value of payroll and benefits associated with new quality jobs created by businesses receiving ETIF reimbursement]

Performance measures would typically be calculated by year to allow for analysis of percentage changes year over year, trends, etc. Further calculations and breakouts that would be considered, as appropriate, include:

- per beneficiary,
- by new vs. continuing beneficiary,
- by county,
- by firm size, or
- by industry.

Proposed Parameters for OPEGA's Full Evaluation of the
Pine Tree Development Zone (PTDZ) Program

Enacted	Statute(s)	Type	Category	Est. Revenue Loss
2003	30-A MRSA Ch206 Subchapter 4 and related statutes: 35-A MRSA §3210-E 36 MRSA §5219-W 36 MRSA §2016 36 MRSA §2529 36 MRSA §1760.87 36 MRSA §6754.1.D	Sales & Use Exemptions and Reimbursements, Income Credits, Withholding Reimbursements and Other	Business Incentive, Job Creation	FY16 $2,609,000 - $4,108,998 FY17 $2,723,000 - $4,222,998

Source for Estimated Revenue Loss: Maine State Tax Expenditure Report 2016 – 2017. A range of numbers is included because Maine Revenue Services has little data on which to base an estimate of the sales & use tax exemption or reimbursement portions of the program.

Program Description

The Pine Tree Development Zone (PTDZ) program offers reduction of a number of taxes for up to 10 years for certain businesses that expand or begin operations in eligible areas of Maine (PTD zones). Depending on the location and level of a business's qualified activity, potential PTDZ benefits include:

- Corporate Income Tax Credits – 100% credit for 5 years, 50% for an additional 5 years for businesses in tier 1 locations;
- Withholding Tax Reimbursements – 80% of Maine income taxes withheld on behalf of employees filling new jobs may be reimbursed to the business for up to 10 years;
- Sales and Use Tax Exemptions – exemption from tax on purchases of tangible personal property and electricity used for qualified business activity for up to 10 years for tier 1 locations or 5 years for tier 2 locations;
- Sales and Use Tax Reimbursements – reimbursement to contractors or subcontractors of tax paid on tangible property purchases that are to be physically incorporated in, and become a permanent part of, real property of a qualified business and used in its qualified business activity (for example, reimbursement of sales taxes paid on materials used in constructing a new facility);
- Insurance Premiums Tax Credits – 100% credit for 5 years, 50% for an additional 5 years for businesses in tier 1 locations (only applies to Financial Services sector);
- Access to reduced electricity rates and more favorable line extension terms and conditions as approved by the Public Utilities Commission; and
- Access to conservation programs offered by Efficiency Maine Trust.

To be eligible for this program a business must be engaged in qualified business activity and must intend to hire at least one qualified new employee to work in these activities. Qualified business activities include operations in targeted business sectors and within eligible PTD zones.

Business sectors that currently qualify for the PTDZ program include:

- Financial Services,
- Manufacturing,
- Biotechnology,
- Information Technology,
- Aquaculture and Marine Technology,
- Precision Manufacturing Technology,
- Composite Materials Technology,
- Environmental Technology,
- Advanced Technologies for Forestry and Agriculture, and
- Call centers in Aroostook or Washington Counties (as of the 127th Legislature).

Eligible PTD zones of the State are divided into two tiers:

- Tier 1 locations – defined under 30-A MRSA §5250-J.3-A as:
    - Property within a military redevelopment zone;
    - Units of local government that had been designated by the Department of Economic and Community Development (DECD) as participating in the PTDZ program as of December 31, 2008;
    - For calendar year 2009, all units of local government, regardless of county;
    - Beginning January 1, 2010, units of local government in counties other than Cumberland or York County;
    - Beginning January 1, 2010, units of local government within Cumberland or York County with a municipal unemployment rate 15% higher than its labor market unemployment rate, based on Department of Labor (DOL) data from the last completed calendar year;
    - As of the 127th Legislature, The Town of Sanford; or
    - Beginning January 1, 2016, the Town of Berwick in York County.
- Tier 2 locations – defined under 30-A MRSA §5250-J.3-B as:
    - Beginning January 1, 2010, all units of local government in Cumberland or York County that are not tier 1 locations.

Although no new businesses may be certified in tier 2 locations as of December 31, 2013, those already certified prior to that date may continue to receive the benefits for which they were determined to be eligible through December 31, 2018. New businesses in tier 1 locations may continue to apply for certification until December 31, 2018 with all PTDZ benefits ending on December 31, 2028.

To receive PTDZ benefits a business must first be certified by DECD. This process requires an interested business to submit a letter to DECD notifying the commissioner of its intent to apply for program benefits and describing why the proposed business project could not go forward without the aid of PTDZ benefits (this letter is referred to as the "but for" letter). The business must also submit a completed application including the following information:

- a description of the proposed project that requires PTDZ support;
- employment and payroll information for the three calendar years preceding the application (to establish the business's base employment levels); and
- certification that any new employees that will be claimed as "qualified employees" for the purposes of obtaining benefits under this program will be offered retirement and health benefits and will be paid more than the average per capita income for the county in which they are employed.

After being certified as eligible for PTDZ benefits, a business must certify that it will hire at least one qualified employee above its base level of employment within two years in order to begin receiving most benefits (five new employees are required for the reimbursement of withholding taxes). The business must continue to have qualified employees above its base level in order to continue to receive benefits. Statute and rules promulgated by DECD both specify that PTDZ benefits may not be received based on the transfer of employees or property from a nonqualified business activity to a qualified one.

The PTDZ program is administered by DECD. By April 1st of each odd-numbered year DECD's commissioner is required to report to the joint standing committee of the Legislature with jurisdiction over economic development matters on the status of the program. In addition, 5 MRSA § 13056-A requires DECD to submit to the Legislature a biennial comprehensive evaluation of state investments in economic development. The PTDZ program is required to be included in this evaluation and businesses certified under the program are required to submit any information requested by DECD as part of the evaluation effort. The most recent comprehensive evaluation was released in 2014 and did include analysis of the Pine Tree Development Zone program.

Evaluation Parameters Subject to Committee Approval

The following parameters are submitted for GOC approval as required by 3 MRSA §999 subsection 1, paragraph A.

(1) Purposes, Intent or Goals

Intent — To encourage development in economically distressed communities in Maine in order to provide new employment opportunities; improve existing employment opportunities; improve and broaden the tax base; and improve the general economy of the State.

Goal — To provide new qualifying employment opportunities in certain industries in economically distressed communities.

(2) Beneficiaries

Primary Intended Beneficiaries — Businesses in Pine Tree Development Zones that add new qualifying jobs in certain industries

Secondary Intended Beneficiaries — Workers and job seekers; economically distressed communities

(3) Evaluation Objectives

Below are the objectives the evaluation proposes to address. The objectives are coded to indicate which of the performance measures in section (4) below could potentially be applicable.

Each objective will be explored to the degree possible based on the level of resources required and the availability of necessary data.

	Objectives Allowed Under 3 MRSA §999 subsection 1 paragraph A	Applicable Measures
(a)	The fiscal impact of the tax expenditure, including past and estimated future impacts;	C, D, E
(b)	The extent to which the design of the tax expenditure is effective in accomplishing the tax expenditure's purposes, intent or goals and consistent with best practices;	Qualitative
(c)	The extent to which the tax expenditure is achieving its purposes, intent or goals, taking into consideration the economic context, market conditions and indirect benefits;	A, F, I, J, K
(d)	The extent to which those actually benefiting from the tax expenditure are the intended beneficiaries;	A, B, I
(e)	The extent to which it is likely that the desired behavior might have occurred without the tax expenditure, taking into consideration similar tax expenditures offered by other states;	C, G, M
(f)	The extent to which the State's administration of the tax expenditure, including enforcement efforts, is efficient and effective;	Qualitative
(g)	The extent to which there are other state or federal tax expenditures, direct expenditures or other programs that have similar purposes, intent or goals as the tax expenditure, and the extent to which such similar initiatives are coordinated, complementary or duplicative;	Qualitative
(h)	The extent to which the tax expenditure is a cost-effective use resources compared to other options for using the same resources or addressing the same purposes, intent or goals; and	C, D, E, F, H, L, M
(i)	Any opportunities to improve the effectiveness of the tax expenditure in meeting its purposes, intent or goals.	Qualitative

(4) Performance Measures

Performance measures are coded to indicate which of the above objectives they could potentially help address. Measures will be calculated to the degree possible based on the level of resources required and the availability of necessary data.

A	# Total businesses receiving any benefits under the PTDZ program (also by benefit type)
B	Participation rate (% of Maine businesses certified for the program; also % of Maine communities with PTDZ certified businesses)
C	Total $ value of PTDZ tax benefits received by businesses (also by benefit type)
D	Total direct program cost (direct tax revenue lost plus administrative costs)
E	Net impact on State budget
F	Total $ value of payroll and benefits associated with new quality jobs created by certified PTDZ businesses
G	Average tax benefit per business, including min & max (also by benefit type)
H	Leveraging Ratio, for example [$ of payroll & benefits associated with new jobs]/[Total direct program cost]
I	Change in unemployment rate for each community where a business received PTDZ benefits, compared to change in unemployment rate for the State
J	Indicators of economic impact in targeted business/industry or geographic area (i.e. jobs created, GDP)
K	# New quality jobs created by PTDZ certified businesses
L	Cost per new quality job created (i.e. [Total direct program cost]/[# new quality jobs created by PTDZ certified business])
M	Return on Investment, for example [$ amount reimbursed to businesses]/[$ value of payroll and benefits associated with new quality jobs created by certified PTDZ businesses]

Performance measures would typically be calculated by year to allow for analysis of percentage changes year over year, trends, etc. Further calculations and breakouts that would be considered, as appropriate, include:

- per capita,
- by business sector,
- by new vs. continuing beneficiary,
- by county or municipality,
- by firm size.

Proposed Parameters for OPEGA's Full Evaluation of the New Markets Capital Investment Program

Enacted	Statute(s)	Type	Category	Est. Revenue Loss
2011	36 MRSA §5219-HH 10 MRSA §1100-Z	Income Credit	Business Incentive, Financial Investment	FY16 $9,205,000 FY17 $13,509,000

Source for Estimated Revenue Loss: Maine State Tax Expenditure Report 2016 – 2017

Program Description

Maine's New Markets Capital Investment Program is a state program modeled after the federal New Markets Tax Credit program. It provides a 39% credit for investors with qualified equity investments in low-income community businesses made via a qualified community development entity (CDE). To be considered qualified, a CDE must meet a number of requirements including:

- being certified by the US Treasury, and
- having an existing allocation agreement under the federal New Markets program.

The credit may be taken over seven years, with 0% allowed in the first two years, 7% in year three and 8% in each of the remaining years. The credit is fully refundable or may be carried forward for up to 20 years. This means credits may be paid out in full if the investor owes no taxes in the state. Credits may also be subject to recapture by the State Tax Assessor pursuant to 36 MRSA §5219-HH.7. Total authorized credits under this program may not exceed $20,000,000 per year. As of the writing of this document, all funds available under this program had been allocated.

There is a two step application process for the New Markets program. First the Finance Authority of Maine (FAME) reviews each CDE's application for an allocation. If approved, an allocation reserves tax credits to be claimed against future qualified investments and is valid for to up to two years.

The second step occurs once the CDE has a pool of funding (from private investors or issuance of long term debt) ready to invest in a qualified low-income community business. At that point the CDE must file a certification application with FAME providing details of the proposed investment such as:

- a description of the qualified low-income community business proposed to receive the investment proceeds; and
- how the qualified business intends to use the investment proceeds.

FAME reviews the proposed investment to determine whether it can be approved as a qualified equity investment under program rules. Upon approval, FAME notifies Maine Revenue Service of the investors (individuals or businesses) deemed eligible for the credit and how much each is entitled to. The investors later claim their credit by filing with Maine Revenue Services.

The New Markets program requires all CDEs that have been approved for allocations and all those that have received certifications to file annual reports with FAME. Statute also required FAME to report to the Taxation Committee and Appropriations Committee on the New Markets program, including the amount of private investment received and number of jobs created or retained, by January 31, 2015. No further reports from FAME are required under statute.

Evaluation Parameters Subject to Committee Approval

The following parameters are submitted for GOC approval as required by 3 MRSA §999 subsection 1, paragraph A.

(1) Purposes, Intent or Goals

Intent – To promote economic development by encouraging major investments in qualified businesses and developments located in economically distressed areas of the State; to preserve jobs and make the State more competitive in the attraction of investment capital.

Goal – To encourage new investments in qualified businesses and developments located in economically distressed areas of the State.

(2) Beneficiaries

Primary Intended Beneficiaries – Qualified businesses in economically distressed areas of the State

Secondary Intended Beneficiaries – Economically distressed communities

Credit Recipient – Investors (or others to whom the credits are transferred)

(3) Evaluation Objectives

Below are the objectives the evaluation proposes to address. The objectives are coded to indicate which of the performance measures in section (4) below could potentially be applicable.

Each objective will be explored to the degree possible based on the level of resources required and the availability of necessary data.

	Objectives Allowed Under 3 MRSA §999 subsection 1 paragraph A	**Possibly Applicable Measures**
(a)	The fiscal impact of the tax expenditure, including past and estimated future impacts;	C, D, E, F
(b)	The extent to which the design of the tax expenditure is effective in accomplishing the tax expenditure's purposes, intent or goals and consistent with best practices;	Qualitative
(c)	The extent to which the tax expenditure is achieving its purposes, intent or goals, taking into consideration the economic context, market conditions and indirect benefits;	A, B, C, D, G, H, J, L
(d)	The extent to which those actually benefiting from the tax expenditure are the intended beneficiaries;	A, B, C, G, H, I, M
(e)	The extent to which it is likely that the desired behavior might have occurred without the tax expenditure, taking into consideration similar tax expenditures offered by other states;	C, D, I, J
(f)	The extent to which the State's administration of the tax expenditure, including enforcement efforts, is efficient and effective;	Qualitative
(g)	The extent to which there are other state or federal tax expenditures, direct expenditures or other programs that have similar purposes, intent or goals as the tax expenditure, and the extent to which such similar initiatives are coordinated, complementary or duplicative;	Qualitative
(h)	The extent to which the tax expenditure is a cost-effective use resources compared to other options for using the same resources or addressing the same purposes, intent or goals; and	E, F, G, H, I, J, K
(i)	Any opportunities to improve the effectiveness of the tax expenditure in meeting its purposes, intent or goals.	Qualitative

(4) Performance Measures

Measures will be calculated to the degree possible based on the level of resources required and the availability of necessary data.

A	# Total businesses receiving qualified investments under the program
B	# Economically distressed communities where businesses received qualified investment under the program
C	$ Value of tax credits to investors ($ value paid in past years and expected in coming years)
D	$ Value of credits available compared to credits taken
E	Total direct program cost (credits plus administrative costs)
F	Net impact on State budget
G	Total qualified investment received by businesses
H	$ Value of average qualified investment received per business (also min and max)
I	Average value of tax credits per investor (also min and max)
J	$ Value of tax credits received by investors per $ of qualified investment
K	Leveraging Ratio, for example [$ of qualified investment]\[Net impact on State budget]
L	Indicators of economic growth in economically distressed areas with businesses that received qualified investments under the program (such as change in # qualifying businesses, # jobs, per capita income, or unemployment rate)
M	Participation Rate (% of economically distressed communities in the State that have benefitted from the program)

Performance measures would typically be calculated by year to allow for analysis of percentage changes year over year, trends, etc. Further calculations and breakouts would be considered as appropriate. For example:

- per beneficiary,
- per geographic region,
- by new vs. continuing beneficiary,
- by taxpayers' state of residence,
- by reduction of tax liability vs refunded credit,
- by taxpayer type.

Proposal for Re-categorization and Re-classification of the Brunswick Naval Air Station Job Increment Financing Fund & Loring Job Increment Financing Fund

Program Descriptions

BRUNSWICK NAVAL AIR STATION JOB INCREMENT FINANCING FUND

Enacted	Statute(s)	Type	Category	Revenue Loss
2009	5 MRSA §13083-S-1	Income Reimbursement	Business Incentive, Job Creation	FY14 $75,840 FY15 $106,045

Source for Revenue Loss: Maine Revenue Services provided the actual amount distributed under the program for the most recent fiscal years.

The Brunswick Naval Air Station Job Increment Financing Fund (the Fund) is a program that distributes a portion of the State income tax withheld on behalf of new employees at businesses in the Brunswick Naval Air Station area to the Midcoast Regional Redevelopment Authority and Southern Maine Community College. New employees are considered to be those above the base number of employees businesses had prior to beginning operations at the Air Station area (statute specifies how the increase in employees may be calculated).

The Authority must provide a report identifying all businesses located in the Air Station area to the Commissioner of the Department of Economic and Community Development (DECD) annually. DECD must in turn provide Maine Revenue Services (MRS) with any data necessary to calculate the amount of withholding taxes attributable to new employees in the Air Station area (this is called the job tax increment). Some of the job tax increment is reimbursed to businesses who added qualified employees under the Employment Tax Increment Financing (ETIF) program or the Pine Tree Development Zone (PTDZ) program. 50% of the amount remaining after these payments is deposited into the Brunswick Naval Air Station Job Increment Financing Fund.

The majority of revenue received by the Fund was statutorily required to be distributed to SMCC from 2011 through 2013, but for 2014 and years after statute distributes the revenue evenly between the College and the Redevelopment Authority. Distributions to the Authority may be used for only for the cost of municipal services such as water, sewer, police and buildings maintenance. Similarly distributions to the College are limited to use for higher education services including faculty salaries, operations, equipment and financing costs.

The Commissioner of the Department of Administrative and Financial Services (DAFS) is statutorily charged with administering the Fund. If at least 5,000 net new jobs are created in the base area before 2031 then the Legislature's Labor, Commerce, Research and Economic Development Committee must perform a review to determine whether the Fund should continue. Unless the Legislature decides to discontinue it at an earlier date, the Fund is set to stop receiving revenues on or after January 2031.

LORING JOB INCREMENT FINANCING FUND

Enacted	Statute(s)	Type	Category	Revenue Loss
1995	5 MRSA Ch.383 Art. 1-C			FY14 $777,444 FY15 $615,840

Source for Revenue Loss: Maine Revenue Services provided the actual amount distributed under the program for the most recent fiscal years.

The Loring Job Increment Financing Fund (the Fund) is a program that distributes a portion of the State income tax withheld on behalf of new employees at businesses in the Loring Air Force Base area to the Loring Development Authority of Maine. New employees are considered to be those above the number of employees businesses had in the Air Force Base area as of July 1, 1996.

Every year the Authority must provide the data the State Tax Assessor needs to calculate the amount of withholding taxes attributable to new employees in the Air Station area. This data includes information about the businesses located in the Air Force Base area, changes in employee counts within the Base area and applicable payroll data. The State Tax Assessor then calculates the employment tax increment, making a number of statutory adjustments, and approves 50% of that amount for deposit into the Fund.

By statute, revenue received by the Fund can be used only for the cost of municipal services such as water, sewer, fire protection, police, sanitation services and buildings maintenance. Statute charges the State Tax Assessor with administering the Fund and specifies the Fund will stop receiving revenues on July 1, 2026.

Proposed Re-categorization and Re-classification

Maine Revenue Services has historically captured the revenue loss estimates for these two tax expenditures in the figures reported for the Employment Tax Increment Financing (ETIF) program in MRS' biennial Maine State Tax Expenditure Report. OPEGA was previously aware that this was the case with the Brunswick Naval Air Station Job Increment Financing Fund and, therefore, had proposed breaking it out as a separate review. OPEGA had also assumed the purpose of this program was similar to that of ETIF and, therefore, assigned it to Rationale category Business Incentive, Job Creation and recommended it for the Full Evaluation classification in 2016. The Loring Job Increment Financing Fund currently is not listed as a separate program in the GOC-approved Classification and Schedule for tax expenditures as OPEGA only recently learned that this is still an active program.

After having learned more about these two programs, it is OPEGA's observation that:

- the purpose of both programs seems to be to provide a funding stream for supporting a statutorily established entity rather than providing any direct business incentives or benefits; and
- most of the objectives established in statute for Full Evaluations do not seem relevant for these programs.

Consequently, OPEGA recommends that both programs be assigned to the Rationale category of Specific Public Policy Goal/Mandate rather than Business Incentive, and that they be moved to the Expedited Review classification. We further recommend that they be scheduled for Expedited Review by the Taxation Committee in 2018 as that is when the other tax expenditures assigned to this Rationale category are scheduled to be reviewed.