

Task Force Overview/Plan

Statutory charge (possible resources and issues to consider)

1. Examine tax expenditures and evaluate specific tax expenditures that provide a direct benefit to business as a catalyst for economic growth or that exempt property from municipal taxation.

- Possible resources include *Maine State Tax Expenditure Report 2014-15*; past reports from Office of Program Evaluation & Government Accountability (OPEGA) and the Department of Administrative and Financial Services (DAFS); past Taxation Committee evaluations; OPEGA's current special project¹
- Work related to exemptions from municipal property tax may overlap with the Nonprofit Tax Review Task Force (PL 2013, c 368, Part AA) and the Task Force to Study the Transition of BETR to BETE (PL 2013, c 368, Part K); may want to clearly define scope for work

2. Review best practices and standardized criteria used by other states for measuring the effectiveness of tax expenditures.

- PEW Center on States, NCSL resources, Others?
- Reports – PEW, Tax Policy Center, federal evaluations such as those published by the Government Accountability Office & Joint Committee on Taxation, others?

3. Determine the purpose of each tax expenditure identified by the task force for evaluation and the data required to measure the economic impact of each tax expenditure, including, but not limited to, revenue loss compared to economic gain, jobs created or retained and administrative burden for taxpayers and the State.

- Maine Revenue Services (MRS) publications and expertise
- OPEGA's special project
- Need to determine availability of data and what the task force can accomplish in established timeframe

4. Prioritize tax expenditures and give highest priority to those tax expenditures that reduce the tax burden on necessities of life, that avoid pyramiding of taxes or that are essential to Maine's economic growth and job creation.

- May want to further define “high priorities” and discuss whether or not these will be considered in discussions of budget savings
- May want to develop criteria for determining what is essential to Maine's economic growth and job creation

5. Develop a process, including a time frame and criteria, for ongoing evaluation of tax expenditures that may include the establishment of an independent commission, tax expenditure budgets, tax expenditure caps and sunset reviews.

- May want to consider a short-term process/strategy for budget savings discussions and long-term process for on-going review
- Need to determine who reviews, when, how; may want to review recommendations from report pursuant to Resolve 2009, chapter 199 (see attachment to email - dated 8/29/13)

6. Recommend the repeal or reduction of tax expenditures to achieve a savings of at least \$40,000,000 for Fiscal Year 2014-15.

- Need to understand estimates of revenue related tax expenditures
- See pages 1-3 in *Maine State Tax Expenditure Report 2014-15*

¹ OPEGA has been charged with a special tax expenditure project described further on their website at <http://www.maine.gov/legis/opega/WIP.html>. Their categorization of existing tax expenditure programs and related spreadsheets may be a good resource for the Task Force.

Task Force Overview/Plan (continued)

Meetings (6 meetings authorized)

- 1st meeting – September 16, 2013 @ 9:00 a.m.
- Future dates to be determined by Chairs with input from task force members at 1st meeting
- Place – Room 127, State House (Taxation Committee Room)

Possible Goals (Subject to change based on work of task force members)

Meeting 1 – develop common understanding of the tax expenditure concept and revenue impact; get familiar with staff/materials/resources; identify plan/set goals for future meetings

Meeting 2 – review best practices/other states; guest speakers/presentations; identify processes for selecting expenditures to review, achieving budget savings and creating framework for on-going evaluation

Meetings 3, 4 and 5 – Identify tax expenditures for review, determine process for achieving budget savings, evaluate selected tax expenditures and identify on-going process

Meeting 6 – Finalize recommendations for budget savings and on-going review process

Useful websites and materials

Legislative Offices

- Office of Fiscal and Program Review - <http://www.maine.gov/legis/ofpr/>
- Office of Program Evaluation & Government Accountability - <http://www.maine.gov/legis/opega/>

Department of Administrative and Financial Services

- Maine Revenue Services - <http://www.maine.gov/revenue/divisions.html>

National Organizations (recent publications on tax expenditures – not a comprehensive list)

- PEW Charitable Trusts (Tax Expenditures) - <http://www.pewstates.org/projects/economic-development-tax-incentives-project-329163>
- National Conference of State Legislatures - http://www.ncsl.org/home/search-results.aspx?zoom_query=tax%20expenditures
- Tax Policy Center - <http://www.taxpolicycenter.org/publications/url.cfm?ID=412857>