

**§999. Full evaluation of tax expenditures**

**1. Evaluation process.** Beginning January 1, 2016, the office shall evaluate each tax expenditure identified under section 998, subsection 1, paragraph A in accordance with the schedule established in section 998, subsection 2.

A. Prior to the beginning of each evaluation, the committee, after consideration of recommendations from the office, shall approve the following for each tax expenditure subject to full evaluation:

- (1) The purposes, intent or goals of the tax expenditure, as informed by original legislative intent as well as subsequent legislative and policy developments and changes in the state economy and fiscal condition;
- (2) The intended beneficiaries of the tax expenditure;
- (3) The evaluation objectives, which may include an assessment of:
  - (a) The fiscal impact of the tax expenditure, including past and estimated future impacts;
  - (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;
  - (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;
  - (d) The extent to which those actually benefiting from the tax expenditure are the intended beneficiaries;
  - (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;
  - (f) The extent to which the State's administration of the tax expenditure, including enforcement efforts, is efficient and effective;
  - (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;
  - (h) The extent to which the tax expenditure is a cost-effective use of resources compared to other options for using the same resources or addressing the same purposes, intent or goals; and
  - (i) Any opportunities to improve the effectiveness of the tax expenditure in meeting its purposes, intent or goals; and
- (4) The performance measures appropriate for analyzing the evaluation objectives. Performance measures must be clear and relevant to the specific tax expenditure and the approved evaluation objectives. [PL 2017, c. 266, §2 (AMD).]

B. Before final approval pursuant to paragraph A, the committee shall seek and consider input from the policy committee and stakeholders and may seek input from experts. [PL 2015, c. 344, §4 (NEW).]  
[PL 2017, c. 266, §2 (AMD).]

**2. Action by office; report.** The office shall submit a report on the results of each evaluation to the committee and the policy committee. The office shall seek stakeholder input as part of the report. For each tax expenditure evaluated, the report must include conclusions regarding the extent to which the tax expenditure is meeting its purposes, intent or goals and may include recommendations for

continuation or repeal of the tax expenditure or modification of the tax expenditure to improve its performance.

[PL 2017, c. 266, §3 (AMD).]

**3. Action by committee.** The committee shall review the report submitted by the office under subsection 2, assess the report's objectivity and credibility and vote whether to endorse the report. The committee shall submit a record of the vote on any reports submitted by the office and any comments of or actions recommended by the committee to the policy committee for its review and consideration. [PL 2017, c. 266, §3 (AMD).]

**4. Action by policy committee.** The policy committee shall review the results of the tax expenditure evaluations and of the committee's review based on materials submitted under subsections 2 and 3. The policy committee shall submit to the Legislature by the later of 90 days after receipt of materials submitted under subsections 2 and 3 and the adjournment sine die of the regular session during which the materials were received, if applicable, a report documenting its activities under this chapter and any recommendations resulting from its review of the materials submitted under subsections 2 and 3. The policy committee may submit a bill to the Legislature to implement the policy committee's recommendations.

[PL 2019, c. 161, §1 (AMD).]

#### SECTION HISTORY

PL 2015, c. 344, §4 (NEW). PL 2017, c. 266, §§2, 3 (AMD). PL 2019, c. 161, §1 (AMD).

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