

**Tax Expenditure Review Task Force**  
**Monday, November 18, 2013**

**OPEGA/OFPR spreadsheets based on previous discussions of Task Force**  
**Listing of Programs Based on Categories Task Force Selected to Review at Its 11-4-13 Meeting**

**Description of Workbook Contents**

"Sales & Use - Undetermined" contains expenditures from the sales and use tax expenditure category that OPEGA is unable to determine a tax policy rationale for and may potentially fall within one of the categories of interest.

"Income - Business Related Incentives" contains expenditures from the income tax expenditure category that benefit business.

"Sales & Use - Business Related" contains expenditures from the sales and use tax expenditure category that benefit business.

"Sales & Use - Service Provision" contains expenditures from the sales and used tax expenditure category that have a rationale of service provision.

"Sales Tax Expenditures Primarily Benefitting Nonprofit Entities" refer to sales tax exemptions primarily benefitting nonprofit entities.

"Additional suggestions not Previously Discussed" is a compilation of suggestions made by members of the Task Force for further analysis.

**Sources of Data and Information Contained in the Spreadsheets/Tabs**

This workbook is based on materials originally prepared by OPEGA for the Tax Expenditure Review Task Force and subsequently modified by OFPR and contains subsets of expenditures and related information drawn from the first master workbook, "Tax Expenditure Table Spreadsheet" found at [http://www.maine.gov/legis/ofpr/studies\\_commissions/TERTF-Materials.htm](http://www.maine.gov/legis/ofpr/studies_commissions/TERTF-Materials.htm). These workbooks were developed based on information provided by Maine Revenue Services and then augmented with further information found in statute, the "Red Book," and the "1997 Report." The "Red Book" referenced in the column headings on each spreadsheet is the Maine State Tax Expenditure Report 2014-2015. The "1997 Report" referenced in the Sales & Use spreadsheet is the 1997 Report to Taxation Committee on Sales Tax Expenditures. An N/A indicates that information was not readily available from one of these sources.

Some of the columns contain interpretive analysis and category assignments as determined by OPEGA or OFPR based on information in statute or the referenced reports. All columns are marked as such.

There is one coded column - Fiscal Amount Coded - that is the estimated spread in revenue loss and is the same as what is represented in the "Red Book." Data definitions are provided below.

Fiscal Amount Coded	
A	\$0-\$49,999
B	\$50,000-\$249,999
C	\$250,000-\$999,000
D	\$1,000,000-\$2,999,999
E	\$3,000,000-\$5,999,999
F	\$6,000,000 or more

	A	B	C	D	E	F	G	H	I
1	<b>Sales &amp; Use - Undetermined</b>								
2	<b>Page in Red Book</b>	<b>Expenditure Program Name</b>	<b>FY'15 Estimated Revenue Loss (Red Book)</b>	<b>FY'15 Estimated Revenue Loss Coded</b>	<b>Reason for Exemption (Red Book)</b>	<b>Reason for Exemption (1997 Report)</b>	<b>Rationale (1997 Report)</b>		
3	107	Water Pollution Control Facilities	C	C	Subsidize the installation of pollution control facilities	Recognizes (1) that the State should not profit through sales taxes from state imposed environmental policy mandates; and (2) exemption provides incentives to business to add these facilities faster than they otherwise might.	Economic Development		
4	108	Air Pollution Control Facilities	C	C	Subsidize the installation of pollution control facilities	Recognizes (1) that the State should not profit through sales taxes from state imposed environmental policy mandates; and (2) exemption provides incentives to business to add these facilities faster than they otherwise might.	Economic Development		
5	101	Certain Vehicles Purchased or Leased by Qualifying Resident Businesses	\$897,251	C	leased by qualifying resident businesses for use outside of this State	N/A	N/A		

	A	B	C	D	E	F	G	H	I	J
1	<b>Income - Business Related Incentives</b>									
2	<b>Page in Red Book</b>	<b>Expenditure Program Name</b>	<b>Year Enacted (Statute)</b>	<b>Expenditure Type (Red Book)</b>	<b>FY'15 Estimated Revenue Loss (Red Book)</b>	<b>FY'15 Estimated Revenue Loss Coded</b>	<b>Beneficiary Size (Red Book)</b>	<b>Reason(s) for Exemption (Red Book)</b>	<b>Individual vs. Corporations</b>	<b>Specific Sub-population?</b>
3	50	Employment Tax Increment Financing, including certain Job Increment Financing Programs	1995	Reimbursement	\$10,599,000	F	Approximately 105	Provides incentives for businesses to hire new employees with a designated level of wages, health and retirement benefits	Corporations	N/A
4	40	Credit for Rehabilitation of Historic Properties	1999	Credit	\$7,900,000	F	Approximately 125	Designed to enlist private funds for the rehabilitation of historic properties	Both	Investors in the rehabilitation of Historic Properties
5	36	Super Credit for Substantially Increased Research & Development	1997	Credit	\$4,000,000	E	Approximately 85	Provides an incentive for businesses to substantially increase investment in research and development in Maine	Corporations	Research & Development
6	42	Pine Tree Development Zone Tax Credit	2003	Credit	\$3,300,000	E	Approximately 70	Provides an incentive for economic development in Maine	Corporations	Businesses in Pine Tree Development Zones
7	52	Shipbuilding Facility Credit	1997	Credit	\$2,968,750	D	Fewer than 5	Encourages major investment in shipbuilding projects in Maine	Corporations	Ship-building
8	37	High-Technology Investment Tax Credit	1997	Credit	\$1,000,000	D	Approximately 60	Provides an incentive for businesses to invest in equipment that is used in high-technology business activity	Corporations	High-Technology
9	25	Jobs and Investment Tax Credit	1977	Credit	C	C	Fewer than 10	Provides an incentive to businesses to make substantial capital investments in the state	Corporations	Large Business (over \$5M investment or 100 jobs)
10	35	Research Expense Tax Credit	1995	Credit	\$850,000	C	Approximately 85	Provides an incentive to encourage Maine businesses to invest in research and development in Maine	Corporations	Research & Development

	A	B	C	D	E	F	G	H	I	J
1	<b>Sales &amp; Use - Business Related</b>									
2	<b>Page in Red Book</b>	<b>Expenditure Program Name</b>	<b>FY'15 Estimated Revenue Loss (Red Book)</b>	<b>FY'15 Estimated Revenue Loss Coded</b>	<b>Reason for Exemption (Red Book)</b>	<b>Reason for Exemption (1997 Report )</b>	<b>Rationale (1997 Report)</b>	<b>Rationale Category (OPEGA Analysis)</b>		
3	160	Time Tree Development Zone Businesses; Reimbursement of Certain Taxes	C	C	Economic Development (in certain regions in the State)	N/A	N/A	Economic Development		
4	161	Sales of Tangible Personal Property to Qualified Development Zone Businesses	C	C	Economic Development (in certain regions in the State)	N/A	N/A	Economic Development		
5	129	Railroad Track Materials	\$361,000	C	Subsidizes the purchase of track materials	Enables railroads to compete with publicly subsidized trucking industry and encourages improvements in track roadbed.	Interstate Competition	Interstate Competition		

	A	B	C	D
1				
2				
3				
4				
5	<b>Sales &amp; Use - Service Provision</b>			
6	<b>Page in Red Book</b>	<b>Expenditure Program Name</b>	<b>FY'15 Estimated Revenue Loss (Red Book)</b>	<b>FY'15 Estimated Revenue Loss Coded</b>
7	186	Finance, Insurance & Real Estate Services including medical and hospitalization insurance, income loss insurance, workers' compensation insurance, brokerage charges and investment counseling fees, bank service charges, trust services, safe deposit boxes, services furnished without payment by financial intermediaries, expenses of handling life insurance and pension plans, motor vehicle insurance, nondepository credit intermediation and related activities, securities, commodity contracts, investments, monetary authorities and depository credit intermediation, real estate services and rental and leasing activities.	\$337,022,000	F

	A	B	C	D
8	187	Professional, Scientific, and Technical Services including legal services, accounting and bookkeeping services, architectural and engineering services, specialized design services, custom computer programming, computer systems design, other computer related services including facilities management, management consulting services, environmental and other technical consulting services, scientific research and development services, advertising and related services, veterinary services and all other miscellaneous professional and technical services	\$114,541,500	F
9	191	Construction Services including residential building, commercial and institutional building, manufacturing and industrial building, water, sewer and pipeline construction services	\$102,125,000	F
10	185	Social, Religious, Welfare, Membership and Other organization services including consumer purchases of professional association memberships, club and fraternal organization memberships, domestic services, other household operations services and religious and welfare activities (includes donations to).	\$86,478,500	F
11	188	Administrative and Support Services including office administrative services, facilities support services, employment services, business support services, travel arrangement and reservation services, investigation and security services, services to buildings and dwellings, waste management and remediation services and all other support services	\$72,456,500	F
12	190	Transportation and Warehousing Services including purchases of airline, bus, railroad, taxicab, truck, water, limousine, toll road, pipeline, postal, couriers, messenger, warehousing and storage services	\$54,872,000	F

	A	B	C	D
13	192	Management of Companies and Enterprises Services including services related to the administration, oversight, and management of other establishments of the company or enterprise. Some examples are centralized administrative offices, corporate offices, district and regional offices, head offices, holding companies that manage and skubsidary <u>managment offices</u>	\$51,594,500	F
14	195	Repair, Maintenance and Other Labor Service Fees includes the price received for labor or services used in installing or applying or repairing property sold or fabricated, if separately charged or stated.	\$45,657,000	F
15	189	Information Servicesincluding purchases of services from newspaper publishers, periodicals publishers, book publishers, database, directory and other publishers, software publishers, motion picture and video industries, sound recording industries, radio and television broadcasters, cable networks and program distributors, data processing businesses and <u>other providers of information services</u>	\$25,412,500	F
16	182	Amusement & Recreational Services including theaters and opera performances, movies, pari-mutuel racing receipts, spectator sporting events, commercial participant amusements and all other purchases of recreational services	\$24,757,000	F
17	181	Business and legal services include tax return preparation services, legal services and other personal business services purchased by consumers	\$21,679,000	F
18	179	Services provided by a barber shops, beauty parlors and health clubs	\$6,146,500	F
19	180	Cleaning, Storage and Repair of Clothing and Shoes	\$2,774,000	D

	A	B	C
1	<b>ADDITIONAL SUGGESTIONS NOT PREVIOUSLY DISCUSSED</b>		
2	<b>COMPILATION OF MEMBER SUGGESTIONS TO CHAIRS</b>		
3			
4	<b>Page in Red Book</b>	<b>Item for consideration</b>	<b>FY 15 Fiscal Impact</b>
5		Reduce cap on itemized deductions from \$27,500 to \$25,000	
6	4 and 5	Remove BETR/BETE eligibilgty for retail	Needs more detail for fiscal estimate
7	50	Cut ETIF in half	
8		Current revenue loss estimate -- full amount	\$10,599,000
9	112	Treatment of vending machine sales	\$442,955
10		Increase tax on car rentals from 10% to 15%	Technically not a tax expenditure-- 2013 estimate \$3,500,000 + annually
11		Equalize tobacco taxes	Technically not a tax expenditure
12		Increase alcohol taxes	Technically not a tax expenditure
13		Current law:	Needs more detail for fiscal estimate
14		Spirits -- subject to contract currently out to bid	
15		Malt liquor -- Per gallon 35c	2013 estimate -- doubling tax raises \$12,000,000 ±
16		Wine -- Per gallon -- sparkling wine \$1.24/hard cider 35c/other wine 60c	
17		Cap amount of home mortgage interest deduction that can be included in itemized deductions	Needs more detail for fiscal estimate
18	168	Plastic bags sold to redemption centers and used to sort, store or transport returnable containers	\$29,813
19	197	Service provider tax exemption for basic cable and satellite TV	\$4,455,500

	A	B	C
20			
21		Capture income that escapes to tax havens/ beyond water's edge	Needs more detail for fiscal estimate
22		Credit default swap income sent offshore	Needs more detail for fiscal estimate
23		Passive to "active" income (companies deferring payment of taxes on unearned income until it is brought back to US	Needs more detail for fiscal estimate
24		Foreign Account Tax Compliance Act (30% tax on funds transferred to foreign financial institutions)	Needs more detail for fiscal estimate
25		Nowhere income ???	Needs more detail for fiscal estimate
26		Undetermined value ???	Needs more detail for fiscal estimate
27		Close the door on multiple program usage	Needs more detail for fiscal estimate
28		More detail requested on component parts of finance, insurance and real estate or transportation and warehousing services	See "service provision" worksheet
29		Component parts of BETR	Needs more detail for fiscal estimate
30		Tax on Limousines	Needs more detail for fiscal estimate

	A	B	C	D	E	F	G	H	I	K	L	M	N
1	<b>From Maine Revenue Services, Maine State Tax Expenditure Report</b>												
2	<b>Sales Tax Expenditure Primarily benefitting nonprofit entities</b>												
3													
4	<b>page in Red Book</b>	<b>Sales tax exemption</b>					<b>36 MRSA §</b>			<b>FY'12</b>	<b>FY'13</b>	<b>FY'14</b>	<b>FY'15</b>
5	73	Meals Served by Public or Private Schools					1760.6A			\$10,678,000	\$10,891,560	\$11,109,391	\$11,331,579
6	74	Meals Served to Patients in Hospitals & Nursing Homes					1760.6B			\$4,085,000	\$4,208,500	\$4,360,500	\$4,522,000
7	75	Providing Meals for the Elderly					1760.6C			\$323,190	\$324,806	\$326,430	\$328,063
8	76	Meals to Residents of Certain Nonprofit Congregate Housing Facilities					1760.6D			A	A	A	A
9	77	Certain Meals Served by Colleges to Employees of the College					1760.6E			A	A	A	A
10	78	Meals Served by Youth Camps that are Licensed by DHHS					1760.6F			C	C	C	C
11	79	Meals Served by a Retirement Facility to its Residents					1760.6G			\$1,299,600	\$538,175	\$554,320	\$570,950
12	91	Sales to Hospitals, Research Centers, Churches and Schools					1760.16			F	F	F	F
13		Hospitals											18,080,000
14		Nursing Homes											D
15		Residential care facilities											C
16		Assisted housing											\$34,695
17		Home health agencies											B
18		Rural community health agencies											A
19		Dental Health Centers											A
20		Free clinics											\$3,825
21		Medical research facilities											C
22		Biology, ecology labs											C
23		Educational TV, radio											C
24		Schools											\$1,590,000
25		Literacy assistance											A
26		Churches											\$201,000
27		Rental charges for camps entitled to property tax exemption					1760.17						
28	93	Rental Charges for Living Quarters in Nursing Homes and Hospitals					1760.18			C	C	C	C
29	94	Sales to Certain Nonprofit Residential Child Care Institutions					1760.18A			B	B	B	B
30	95	Rental of Living Quarters at Schools					1760.19			E	E	E	E
31	105	Sales to Ambulance Services & Fire Departments					1760.26			C	C	C	C
32	106	Sales to Mental Health, Substance Abuse & Mental Retardation Facilities					1760.28			B	B	B	B

	A	B	C	D	E	F	G	H	I	K	L	M	N	
33	115	Sales to Regional Planning Agencies						1760.37			A	A	A	A
34	119	Sales to Historical Societies & Museums						1760.42			B	B	B	B
35	120	Sales to Day Care Centers & Nursery Schools						1760.43			B	B	B	B
36	121	Sales to Church Affiliated Residential Homes						1760.44			A	A	A	A
37	124	Sales to Organ. that Provide Residential Facilities for Med. Patients						1760.46			A	A	A	A
38	125	Sales to Emergency Shelters & Feeding Organizations						1760.47A			B	B	B	B
39	126	Sales to Comm. Action Agencies; Child Abuse Councils;						1760.49			C	C	C	C
40	127	Sales to Certain Libraries						1760.5			B	B	B	B
41	128	Sales to Veterans Memorial Cemetery Associations						1760.51			A	A	A	A
42	130	Sales to Nonprofit Rescue Operations						1760.53			A	A	A	A
43	131	Sales to Hospice Organizations						1760.55			A	A	A	A
44	132	Sales to Nonprofit Youth & Scouting Organizations						1760.56			C	C	C	C
45	133	Self-Help Literature on Alcoholism						1760.57			A	A	A	A
46	135	Sales to Certain Incorporated. Nonprofit Educational Orgs.						1760.59			A	A	A	A
47	136	Sales to Incorporated Nonprofit Animal Shelters						1760.60			A	A	A	A
48	137	Construction Contracts with Exempt Organizations						1760.61			D	D	D	D
49	138	Sales to Certain Charitable Suppliers of Medical Equipment						1760.62			A	A	A	A
50	139	Sales to Orgs that Fulfill the Wishes of Children with Life-Threatening Diseases						1760.63			A	A	A	A
51	141	Sales to Monasteries and Convents							1760.65		A	A	A	A
52	142	Sales to Providers of Certain Support Systems for Single-Parent Families							1760.66		A	A	A	A
53	143	Sales to Nonprofit Home Construction Organizations							1760.67		B	B	B	B
54	144	Sales to Orgs that Create & Maintain a Registry of Vietnam Veterans							1760.69		A	A	A	A
55	145	Sales to Orgs that Provide Certain Services for Hearing-Impaired Persons							1760.70		A	A	A	A
56	146	Sales to State-Chartered Credit Unions							1760.71		A	A	A	A
57	147	Sales to Nonprofit Housing Development Organizations							1760.72		B	B	B	B
58	152	Sales to Eye Banks							1760.77		A	A	A	A
59	159	Certain Sales by an Auxiliary Organization of the American Legion							1760.85		B	B	B	B
60	165	Sales of Certain Qualified Snowmobile Trail Grooming Equipment							1760.90		\$74,343	\$76,574	\$78,871	\$81,236