

## Summary of Comments for GOC Consideration Regarding Evaluation Parameters

3 MRSA §999.1.B requires that “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.”

The following is a summary of the points made in written comments submitted to OPEGA that pertain specifically to the parameters for 2016 full evaluations (as defined by 3 MRSA §999.1.A). Comments regarding other portions of the parameter proposal documents, or regarding the evaluation effort in general, have been taken into account but are not summarized here as they do not pertain to the GOC’s statutory requirement under 3 MRSA §999.

### Key to OPEGA’s Responses:

- **Substantive Change** – OPEGA recommends a change that substantially alters the original parameters
- **Clarifying Language Only** – OPEGA recommends a change that clarifies the original intent of the parameters but does not change them
- **No Change** – OPEGA does not recommend any change to the original parameters

Summary of Comment	Comment Contributor	OPEGA Response
<b>FOR ALL EVALUATIONS</b>		
<i>Concerning Parameter (1) Purpose, Intent or Goals</i>		
“Creation and retention of businesses” should be added as a purpose or goal	Maine Center for Economic Policy	<b>No Change</b> – While creation and retention of businesses may be a general goal of all business incentive programs, it does not appear to be a direct goal for any of the 2016 programs as expressed in statutory language and design for the program or in the legislative history.
<i>Concerning Parameter (2) Beneficiaries</i>		
Beneficiaries should include job seekers  Beneficiaries should include taxpayers	Maine State Chamber of Commerce  Maine Center for Economic Policy	<b>No Change</b> – Parameters are intended to be specific to individual programs in order to provide a valid basis for assessing their effectiveness as directly as possible. What is established for intended beneficiaries will directly affect the nature and amount of work OPEGA needs to do to answer Objective (d). Consequently we prefer to keep the list of intended beneficiaries as short and directly linked to the program as possible. We expect to capture indirect benefits and impacts in the performance measures for “net impact on State budget” and “indicators of economic impact”.
<i>Concerning Parameter (3) Evaluation Objectives</i>		
The evaluation should include information that is available in the general economic development literature regarding the	Taxation Committee	<b>Substantive Change</b> – Although this type of work is sometimes included in OPEGA evaluations as time allows, it has not currently been included in the parameter proposal as a commitment of OPEGA

<p>effectiveness of the specific type of tax expenditure being reviewed and the review results of other states that may have conducted reviews of similar types of tax expenditure provisions</p>		<p>resources. To include this in the proposal documents, OPEGA suggests inserting an extra sentence after the table of objectives as follows: “OPEGA will perform additional work as necessary, and as possible within existing resources, to provide context for OPEGA’s assessment of this program in Maine, including review of literature or reports concerning these programs nationally or in other states.”</p>
<p>Investigation of Legislative intent should consider, to the extent possible, the original intent of each provision as well as subsequent statutory changes to the provision and evaluate the effect of subsequent changes on the performance of the provision</p>	<p>Taxation Committee</p>	<p><b>Clarifying Language Only</b> – To the extent that there have been substantive changes to a program’s statute OPEGA intends to explore, to the degree possible, how those changes have affected the program with regard to the evaluation objectives. OPEGA suggests making this clear by amending the language in the 2nd introductory paragraph in the (3) Evaluation Objectives section to: “Each objective, will be explored to the degree possible based on the resources required and the availability of necessary data. Any substantial statutory changes since the program’s enactment will be considered in addressing objectives impacted by those changes.”</p>
<p>Interviews should be conducted to determine the extent to which the behavior would have occurred without the program being evaluated</p> <p>“Qualitative” should be added as a possibly applicable measure for all objectives except (a)</p>	<p>Maine State Chamber of Commerce</p> <p>Kris Eimicke – Pierce Atwood</p>	<p><b>Clarifying Language Only</b> – OPEGA had intended that qualitative data (such as that from interviews) would be considered as appropriate for all evaluation objectives since this is central to how OPEGA evaluations are typically conducted. OPEGA recommends adding “Qualitative” as a possibly applicable measure for all objectives in section (3).</p>
<p><i>Concerning Parameter (4) Performance Measures</i></p>		
<p>Dynamic fiscal modeling should be used to achieve an accurate revenue picture</p> <p>Measure F should have the following language added at its end: “(taking into account tax revenues created as a result of the investment)” (New Markets specifically, but same OPEGA response)</p>	<p>Maine State Chamber of Commerce</p> <p>Kris Eimicke – Pierce Atwood</p>	<p><b>Clarifying Language Only</b> – This is already intended with the measures: Net Impact on State Budget and Indicators of Economic Impact. We suggest adding clarifying language to specify those measures will include “economic modeling, as possible and appropriate, to include capture of indirect benefits and costs”.</p>

Measures concerning job creation should include whether the jobs are permanent or temporary	Maine Center for Economic Policy	<b>Clarifying Language Only</b> – Additional detailed breakouts of performance measures will be considered as appropriate during the review. OPEGA recommends adding “by job type (FT, PT, temporary, permanent)” to the bulleted list of potential additional calculations for each performance measure (following the table of measures) for the programs that have measures related to job creation.
Measures concerning job creation should be benchmarked against broader trends in the same industry or geographic region	Maine Center for Economic Policy	<b>Clarifying Language Only</b> – Comparison of measures against benchmarks will be considered as appropriate. OPEGA recommends adding “comparison to industry or geographic trends” to the bulleted list of potential additional calculations for each performance measure (following the table of measures).
Additional measures should be used to assess the extent to which the behavior would have occurred without the program; these include: years of operation in Maine; profitability, asset holdings and valuation; executive compensation and residency; whether owners are aware they are using the program	Maine Center for Economic Policy	<b>No Change</b> – Although these additional measures should perhaps be considered if OPEGA’s resources allow, they would represent a significant additional effort beyond what is already committed to in the proposal document. OPEGA cannot commit to performing additional work at this point.
Measures concerning job creation should be based on total payroll and employment figures prior to receipt of program benefits and at annual intervals thereafter	Maine Center for Economic Policy	<b>Clarifying Language Only</b> – Comparison of measures on a pre-program to post-program basis will be considered as appropriate and possible. OPEGA recommends adding “comparison to time period preceding program implementation or receipt of program benefits” to the bulleted list of potential additional calculations for each performance measure (following the table of measures).
Clear standards exist that should be considered as measures for assessing the State’s administration of the program	Maine Center for Economic Policy	<b>No Change</b> – No specific standard was recommended.
When assessing objective (d) – the extent to which those benefitting are the intended beneficiaries – OPEGA should consider who is eligible but not benefitting as another view of the Participation Rate	Maine Center for Economic Policy	<b>No Change</b> –This additional view of Participation Rate if of interest and could be explored if time and resources allowed. However, depending on the program, it could require capturing a unique set of data not necessarily needed for any of the current measures and not necessarily easily obtainable (the population of eligible non-participants could be many and resource-intensive to identify). OPEGA cannot commit to performing additional work at this point.

<b>NEW MARKETS CAPITAL INVESTMENT PROGRAM</b>		
<i>Concerning Parameter (1) Purpose, Intent or Goals</i>		
Purpose statement should be modified to read: “To promote economic development and community development by encouraging major private capital investment in qualified businesses and non-profits located in economically distressed areas of the State; to preserve and create jobs, to develop thriving communities, and make the State more competitive in attraction of investment capital.”	Kris Eimicke – Pierce Atwood	<b>No Change</b> –The purpose as currently stated in the proposed parameters is reflective of language existing in State statute.
Goal and beneficiaries sections should be amended to include “non-profits”	Kris Eimicke – Pierce Atwood	<b>No Change</b> – OPEGA finds no reference specifically to non-profits in the State statutory definitions, statement of legislative intent, or the program purpose. State statute does reference the federal code for the federal New Markets credit in defining “qualified low-income community business” and the federal code’s definition of the term does specify that non-profit corporations fall within the definition. Consequently, non-profits are already captured in OPEGA’s parameters as “qualified businesses”.
<i>Concerning Parameter (2) Beneficiaries</i>		
Primary and secondary beneficiaries should be swapped, with “residents of economically distressed communities” being primary and qualified businesses being secondary	Kris Eimicke – Pierce Atwood	<b>No Change</b> – Both primary and secondary intended beneficiaries will be considered in this evaluation. OPEGA consistently identified each program’s primary beneficiary as the parties most directly receiving some benefit and intended to be helped by the program. Secondary beneficiaries were identified as the parties still indicated in statute as intended to be helped but less directly receiving the program’s benefits.
<i>Concerning Parameter (3) Evaluation Objectives</i>		
Additional measures (detailed in the following section as N, O, P, Q and R) should be included as possibly applicable (in whole or part) to objectives (c), (d) and (e)	Kris Eimicke – Pierce Atwood	<b>No Change</b> – OPEGA does not suggest the additional measures be incorporated in the document (specific reasons per measure are detailed in the following section).
<i>Concerning Parameter (4) Performance Measures</i>		
In the bulleted list of possible additional breakouts for performance measures the following should be added: “by type of qualifying business”	Kris Eimicke – Pierce Atwood	<b>Clarifying Language Only</b> – OPEGA recommends the suggested language be added as a possible additional breakout.

<p>Job creation should be added as a measure</p> <p>Measure N should be added with the language “Jobs created as a result of investments made (direct, indirect and induced)”</p> <p>Measure Q should be added with the language “Quality of jobs created or retained as a result of the investments made”</p>	<p>Maine Center for Economic Policy</p> <p>Kris Eimicke – Pierce Atwood</p> <p>Kris Eimicke – Pierce Atwood</p>	<p><b>No Change</b> –Performance measures and other parameters are intended to be specific to individual programs in order to provide a valid basis for assessing their effectiveness as directly as possible. “Job creation” and “quality jobs created or retained” are not called out in statute in a way that suggests they are the primary goal of the program – in contrast, for example, to the statutory language and requirements for PTDZ and ETIF. Consequently, we consider jobs created and retained as more of an indirect goal or benefit of this program. We expect to capture such indirect benefits and impacts in the performance measures for “net impact on State budget” and “indicators of economic impact”.</p>
<p>In all performance measures where the word “value” appears it should be replaced by the word “amount”</p>	<p>Kris Eimicke – Pierce Atwood</p>	<p><b>No Change</b> – “Value” seems an adequate word and is further specified by the \$ (dollar) in front of it.</p>
<p>Measure B should have the following language added at its end: “and the amount of such investment (on a county-by-county basis)”</p>	<p>Kris Eimicke – Pierce Atwood</p>	<p><b>No Change</b> – Additional detailed breakouts of performance measures will be considered as appropriate during the review. The measure recommended here is already included in the proposed parameters via measure G “Total qualified investment received by businesses” and the possible additional breakout “per geographic region” bulleted after the table of measures.</p>
<p>Measure C should have the following language added at its end: “(taking into account only investments certified by FAME as eligible for tax credits)”</p>	<p>Kris Eimicke – Pierce Atwood</p>	<p><b>No Change</b> – It is unclear to OPEGA how credits could appropriately be paid under this program if they were not based on investments certified by FAME as eligible for credits. As part of our standard procedure, OPEGA would make note of any credits paid under this program that did not appear to have been certified appropriately.</p>
<p>Measure M should have the following language added at its end: “(on a county-by-county basis)”</p>	<p>Kris Eimicke – Pierce Atwood</p>	<p><b>No Change</b> – Additional detailed breakouts of performance measures will be considered as appropriate during the review. The possible additional breakout “per geographic region” is already in the bulleted list following the table of measures in the proposed parameters.</p>
<p>Measure P should be added with the language “Additional capital attracted to the State as a result of investments made”</p>	<p>Kris Eimicke – Pierce Atwood</p>	<p><b>No Change</b> – This new measure would represent a significant additional effort beyond what is already committed to in OPEGA’s proposed parameters, could be difficult to quantify directly, and would likely require economic modeling.</p>

<p>Measure Q should be added with the language “Level of economic distress in communities receiving investment (on a municipality and county basis)”</p>	<p>Kris Eimicke – Pierce Atwood</p>	<p><b>Clarifying Language Only</b> – This is a possible additional breakout for some of the performance measures OPEGA has recommended. OPEGA recommends the following language be added as a possible additional breakout in the bulleted list following the table of measures in the proposed parameters – “by relevant indicator of community economic distress level, i.e. per capita income.” unemployment rate, etc.”</p>
<p>Measure R should be added with the language “Economic development programs and other incentives offered by competing states”</p>	<p>Kris Eimicke – Pierce Atwood</p>	<p><b>No Change</b> – This is not really a measure of program activity or performance and the concept is already included in evaluation objective (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”.</p>