

1 Sec. 1. EVALUATION OF TAX EXPENDITURES

2 (a) **Definitions.** As used in this section “expedited review” means an
3 evaluation of a tax expenditure that analyzes the purpose of the tax
4 expenditure, delineates its cost and benefits, and considers whether it still
5 meets its policy goals.

6 (b) **Expedited review.** The Department of Taxes and the Joint Fiscal
7 Office shall conduct an expedited review of certain tax expenditures as
8 outlined in Appendix C of the report required by 2015 Acts and Resolves
9 No. 33. The specific tax expenditures receiving expedited review, and the
10 schedule for conducting that review, shall be as follows:

11 (1) For the tax expenditure report due in January 2017, the tax
12 expenditures related to encouraging economic growth and investment shall be
13 reviewed.

14 (2) For the tax expenditure report due in January 2019, the tax
15 expenditures related to incentivizing a specific desirable outcome, including
16 agriculture, and related to excluding charitable and public service
17 organizations from taxation shall be reviewed.

18 (3) For the tax expenditure report due in January 2021, the tax
19 expenditures related to enhancing community development, including housing
20 and historic revitalization, shall be reviewed.

1 (4) For the tax expenditure report due in January 2023, the tax
2 expenditures related to promoting income security and encouraging work;
3 exempting the necessities of life, including health care, from taxation; and
4 implementing State tax policy and other priorities shall be reviewed..

5 (b) **Report.** On or before January 15, 2019, the Joint Fiscal Office shall
6 develop recommendations for the standards and processes to conduct an
7 evaluation of individual tax expenditures, as outlined in the report titled “Tax
8 Expenditure Review Report 2016,” submitted to the General Assembly on
9 January 15, 2016, as required by 2015 Acts and Resolves No. 33. The report
10 shall include recommendations on how to structure and fund an office designed
11 to evaluate tax expenditures. The Joint Fiscal Office shall submit its
12 recommendations and report to the Senate Committees on Finance and on
13 Economic Development, Housing and General Affairs and the House
14 Committees on Ways and Means and on Commerce and Economic
15 Development.

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