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S.41

Introduced by Senator Ashe

Referred to Committee on Finance

Date: January 27, 2015

Subject: Taxation; tax expenditures; evaluation

Statement of purpose of bill as introduced: This bill proposes to have the Joint Fiscal Committee develop a strategy for evaluating the effectiveness of individual tax expenditures.

An act relating to developing a strategy for evaluating the effectiveness of individual tax expenditures

It is hereby enacted by the General Assembly of the State of Vermont:

~~Sec. 1. EVALUATION OF TAX EXPENDITURES~~

~~(a) The Joint Fiscal Committee shall develop a strategy to evaluate the effectiveness of each tax expenditure in the report required by 32 V.S.A. § 312. The Joint Fiscal Committee shall consider the experiences of other states in evaluating the effectiveness of tax expenditures, and shall propose a strategy that identifies:~~

- ~~(1) any overarching goals for Vermont's tax expenditures;~~
- ~~(2) an appropriate schedule for evaluating individual tax expenditures;~~

1 ~~(3) specific metrics for different tax expenditures based on an analysis~~

2 of the statutory purposes;

3 (4) sources of data and economic models, if any, that are matched to the
4 identified metrics; and

5 (5) the composition and mandate of an appropriate body, if other than
6 the General Assembly, to consider the effectiveness of tax expenditures.

7 (b) The Joint Fiscal Committee shall present its findings and
8 recommendations to the Senate Committee on Finance and the House
9 Committee on Ways and Means on or before January 15, 2016. For the
10 purpose of this report, the Committee shall have the assistance of the
11 Department of Taxes, the Joint Fiscal Office, and the Office of Legislative
12 Council. Upon receipt of the report under this section, the Senate Committee
13 on Finance shall introduce a bill to evaluate the effectiveness of Vermont's tax
14 expenditures during the 2016 legislative session.

15 Sec. 2. EFFECTIVE DATE

16 ~~This act shall take effect on July 1, 2015.~~

Sec. 1. EVALUATION OF TAX EXPENDITURES

(a) The Joint Fiscal Office shall, in consultation with an organization or organizations with experience in the evaluation of tax expenditures, develop a strategy to evaluate the effectiveness of each Vermont tax expenditure in the report required by 32 V.S.A. § 312. The Joint Fiscal Office shall consider the experiences of other states and shall propose a strategy that identifies but is not limited to:

(1) an appropriate schedule and approach for evaluating tax expenditures;

(2) specific metrics for different tax expenditures based on the statutory purposes;

(3) sources of data and economic models, if any, that are matched to the identified metrics; and

(4) the composition and mandate of an appropriate body, if other than the General Assembly, to consider the effectiveness of tax expenditures.

(b) The Joint Fiscal Office shall present its findings and recommendations as well as an example of a Vermont tax expenditure evaluation to the Senate Committee on Finance and the House Committee on Ways and Means by January 15, 2016. The Joint Fiscal Office shall, in addition to consulting with outside organizations, have the assistance of the Department of Taxes and the Office of Legislative Council.

Sec. 2. EFFECTIVE DATE

This act shall take effect on passage.