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**78th Legislative Assembly**  
**JOINT COMMITTEE ON TAX CREDITS**  
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## Tax Credit Committee Policy Questions

When reviewing the tax credit sunset extension bills and proposed new credits, the Joint Committee on Tax Credits intends to address the follow questions:

- What is the public policy purpose of this credit? Is there an expected timeline for achieving this goal?
- Who (groups of individuals, types of organizations or businesses) directly benefits from this credit? Does this credit target a specific group? If so, is it effectively reaching this group?
- What is expected to happen if this credit fully sunsets? Could adequate results be achieved with a scaled down version of the credit? What would be the effect of reducing the credit by 50%?
- What background information on the effectiveness of this type of credit is available from other states?
- Is use of a tax credit an effective and efficient way to achieve this policy goal? What are the administrative and compliance costs associated with this credit? Would a direct appropriation achieve the goal of this credit more efficiently?
- What other incentives (including state or local subsidies, federal tax expenditures or subsidies) are available that attempt to achieve a similar policy goal?
- Could this credit be modified to make it more effective and/or efficient? If so, how?

## CREDIT SUNSET REVIEW PROCESS SUMMARY

### *Interim Process*

- Pre-session file bills extending sunset for all credits with 2016 sunset date.
- Allocate sunset extension bills to relevant policy committee with subsequent referral to revenue committee.
- Pre-session file and allocate to relevant policy committee extension for those credits with 2018 sunset date that meet criteria for early consideration.

### *Policy Committee Process*

- Review goal or purpose of credit.
- Evaluate effectiveness of credit in achieving goal.
- Consider new credits for achieving policy goals.
- Prioritize credits based on evaluation.
- Decide on action:
  - Simple extension—refer bill to joint tax credit committee.
  - Extension with modifications-amend bill refer to joint tax credit committee.
  - Allow credit to sunset—take no action on bill.
  - Replace existing credit with new more effective credit—refer new credit to joint tax credit committee.

### *Joint Tax Credit Committee Process*

- Determine credit revenue base—revenue impact of straight credit extension.
- Determine deviations from base in allowable total credit revenue impact based on:
  - Overall revenue and budget situation.
  - Consultations with leadership and ways & means co-chairs.
- Evaluate individual credits based on:
  - Policy committee recommendations.
  - Policy committee prioritizations.
  - Sound overall tax policy criteria such as equity and administration.
  - Prioritization of credits within overall credit “budget”.
- Take action on credit bills based on evaluation.