

OPEGA Report to the Legislative Council

on

Resource Implications of New OPEGA Tax Expenditure Review Work Requirements

Why This Report

PL 2023, ch. 417 enacted two new tax expenditure review provisions involving OPEGA staff. They are codified at [3 M.R.S. § 998\(6\)](#) and [3 M.R.S. § 1002](#). The first of these permits the Taxation Committee to request two "limited analysis projects" from OPEGA during each regular legislative session. The second calls upon OPEGA to assist the Taxation Committee with evaluating legislation that proposes a new or changes an existing tax expenditure prior to enactment to help ensure the provisions contain certain requirements that will be necessary for later evaluation by OPEGA, per the overall tax expenditure review regimen.

In this vein, section 10 of PL 2023, ch. 417 called upon the OPEGA Director to advise the Legislative Council by January 15, 2025¹, whether the new work requirements could be satisfied within current resources or not.

OPEGA Director Response

Because the new work processes associated with these new services have not yet actually been requested by the Taxation Committee, the OPEGA Director seeks to hold off until further notice on requesting, if ever, any resources outside of current resources. In the meantime, OPEGA also seeks to have a more holistic discussion with stakeholders regarding evolving work dynamics, more generally, including with the Government Oversight Committee and the Taxation Committee. The OPEGA Director began those discussions with the Government Oversight Committee on January 24, 2025.

For the time being, and only to the extent these initiatives may be pursued within existing resources, OPEGA will explore the first two opportunities, but not the third, below, as follows:

(1) Contracting for Economic Modeling	<p>OPEGA has performed much of the economic modeling for past evaluations in-house but may consider contracting future modeling to be performed under close direction of OPEGA. Contracting with those who specialize in economic modeling would free up OPEGA's limited tax expenditure staff to focus on other elements of the evaluations and to work more with Committees on implementation of recommendations—an area that was identified for improvement.</p> <p>Tax expenditure evaluators in some other states routinely contract for economic analysis, in some cases via the state university system. The Virginia Joint Legislative Audit and Review Commission (JLARC) is one such example.</p> <p>The Director will consider whether this approach can be funded within the existing budget for consultants, while also considering the extent to which consulting funds need to remain available for other non-tax work.</p>
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¹ On January 13, 2025, the OPEGA Director communicated to the Executive Director of the Legislative Council his desire to discuss this matter at the tax-specific orientation session of the Government Oversight Committee on January 24, 2025, and expressed his hope that this would be seen as part of a good-faith effort to be responsive to the statutory direction, while including a key stakeholder in any path forward.

<p>(2) Research Interns</p>	<p>OPEGA would like to explore options for accepting summer interns to assist with research tasks in tax expenditure reviews. This could be a positive way to expose college students to public service work, while also benefitting OPEGA and the Legislature with additional resources and with the skills and perspectives of Maine’s vibrant college population.</p> <p>OPEGA can explore if academic credit may be available to interns in lieu of any salary funded by the Legislature.</p>
<p>(3) One Additional Tax Expenditure Staff Person</p>	<p>As OPEGA’s tax expenditure work increases, one additional OPEGA staff member would allow us to keep evaluations running while also responding to the emerging needs of Members during session. An additional staff member to lead evaluations and participate in OPEGA’s work with Committees would also provide better continuity of service for the Legislature.</p> <p>This staff increase would require additional funding.</p>