

**TESTIMONY OF  
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation  
Hearing Date: *May 14, 2025*

LD 1107 – “*Act to Create a Working Group to Support Tax Expenditure  
Evaluation Efforts*”

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Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Against LD 1107, “*Act to Create a Working Group to Support Tax Expenditure Evaluation Efforts.*”

This bill, with the sponsor’s proposed amendment, would repeal references to expedited tax expenditure reviews and adjust the time frame for the annual review of assignments and scheduling of tax expenditure reviews. In addition, it establishes a task force to address the need for data centralization for tax expenditures, including evaluation of barriers to access to this data and disclosure of Maine tax expenditures and incentives information to the public. Finally, the bill also allows the public disclosure of tax data related to business tax expenditures.

The Administration would like to note the high number of proposed tax workgroups, studies, reports, and similar evaluations and the limited resources to accomplish them. As such, the Administration recommends that the Committee consider carefully whether this particular workgroup is a priority of the Committee.

In addition, the Administration has serious concerns with the amendment's confidentiality provision allowing for the public disclosure of tax data related to "state tax incentives and expenditures benefiting businesses." If – as perhaps indicated by the bill's use of the term "data" – this provision intends only to allow the disclosure of aggregated data that meets current aggregation standards, then it is unnecessary. If, on the other hand, it intends to allow the disclosure of otherwise confidential and protected taxpayer information, then the Administration strongly suggests that it is premature and should await the findings and recommendations of the workgroup.

If passing some form of additional disclosure is a priority for the Committee, the Administration would highly recommend a more limited approach, such as the Committee being granted access to currently confidential tax information related to business tax expenditures for the purposes of decision making on bills. This approach would be less invasive and less costly from an administrative standpoint compared to full public disclosure.

Finally, if the Committee decides the proposed Study is a priority of the Committee and it intends to move forward with the bill, the Administration suggests adding an interim status report back to the Legislature prior to the October 30, 2026, final report date.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.