

Testimony in Support of LD 1804, An Act to Provide Transparency and Accountability for Corporate Tax Expenditures

May 11, 2023

Senator Grohoski, Representative Perry, and members of the Taxation Committee, my name is Maura Pillsbury and I am an analyst at the Maine Center for Economic Policy. I am here today to testify in support of LD 1804. LD 1804 would provide the Legislature and the public with more information about some of the largest business tax breaks in Maine, including:

- the Pine Tree Development Zone program
- the Employment Tax Increment Financing program
- the Business Equipment Tax Exemption and Business Equipment Tax Reimbursement
- the Shipbuilding Facility Credit

We discuss several of the pitfalls of current business tax giveaway data collection and transparency in Maine in our recent report *Are Tax Giveaways Worth the Money?*ⁱ including:

- program data to measure outcomes is often either not collected, inaccessible, or unreliable
- limited data access and availability make program effectiveness difficult to determine
- data limitations often mean OPEGA cannot fully review the impact of tax giveaway programs
- as a result, lawmakers have inadequate program information to inform policy decisions

A recent reportⁱⁱ from Good Jobs First also found Maine's transparency on business tax giveaways ranks among the worst in the nation due to the lack of data transparency, behind states including Texas and Nevada who publicly post their data.

We urge the Committee to consider what information is collected about business tax subsidies as a whole and how this could be improved. Maine loses over \$1 billion per year to these programs, with little evidence to show that they deliver on the promises they make. As we have testified previously, the Legislature, public, and agencies should understand how well these programs are working and opportunities to improve them. And lawmakers need to be able to weigh the benefit of business tax subsidies against other types of investments in our state like education, affordable housing, and other services families and businesses rely on. We appreciate Senator Bennett putting forward this bill and encourage the Committee to consider what additional data would be helpful across all of Maine's business tax subsidy programs.

ⁱ Pillsbury, Maura. *Are Tax Giveaways Worth the Money?* Maine Center for Economic Policy. April 2023. <https://www.mecep.org/wp-content/uploads/2023/05/MECEP-Policy-Brief-Are-tax-giveaways-worth-the-money.pdf>

ⁱⁱ Good Jobs First, *"Financial Exposure: Rating the States on Economic Development Transparency."* April 2022. <https://www.goodjobsfirst.org/wp-content/uploads/docs/pdf/Financial%20Exposure.pdf>

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