



1107
Mailing: PO Box 437
Street: 1 Weston Court, Suite 103
Augusta, ME 04332
207.622.7381
mecep.org

Testimony in Support of LD 1107, Act to Create a Working Group to Support Tax Expenditure Evaluation Efforts, sponsored by Rep. Melanie Sachs

5/14/25

Sen. Grohoski, Rep. Cloutier, and members of the Taxation Committee, my name is Maura Pillsbury and I am a tax policy analyst at Maine Center for Economic Policy. We are testifying in support of LD 1107.

The Legislature established the tax expenditure review process in the Office of Program Evaluation and Government Accountability (OPEGA) 10 years ago.ⁱ During that time OPEGA has completed numerous evaluations of tax expenditures, defined as "state tax revenue losses attributable to provisions of Maine tax laws that allow a special exclusion, exemption or deduction or provide a special credit, a preferential rate of tax or a deferral of tax liability."ⁱⁱ

This bill is based on draft legislation from OPEGA, resulting from Public Law 2023, Ch. 417, Section 9 which required OPEGA to review laws related to the tax expenditure review process and make recommendations to improve its efficiency and effectiveness.ⁱⁱⁱ

Legislators have consistently sought to understand the impact of tax expenditures, but have often been hampered by the lack of accessible data. In their October 2024 report, OPEGA states that a recurring finding of their tax expenditure evaluations is data is either unavailable or lacks the integrity necessary for evaluation. In addition, the GOC has often included objectives in OPEGA evaluations seeking to understand the overlap between tax expenditures and their co-use by businesses. But again, there is little to no available data to shed light on this.

OPEGA recommends centralizing data management "to ensure the consistency, reliability, and completeness of the tax expenditure data."^{iv} This is not only a challenge for OPEGA's evaluations but is also an issue of public transparency. Maine taxpayers deserve to know how their tax dollars are spent, and to know the Legislature has the information it needs to make well-informed decisions.

This bill would bring together a working group of experts to identify how data on state tax expenditures could be centralized in a manner that would allow greater efficiency and effectiveness of OPEGA evaluations.

We support this bill as a positive step forward to help the Legislature understand the impact of tax expenditures and create greater public transparency.

Thank you for your time. I would be happy to answer any questions. maura@mecep.org

ⁱ 37 MRSA §998. Process for review of tax expenditures.

<https://legislature.maine.gov/legis/statutes/3/title3sec998.html>

ⁱⁱ 5 MRSA §1666. Review and revision of estimates,

<https://legislature.maine.gov/legis/statutes/5/title5sec1666.html>

ⁱⁱⁱ OPEGA, "OPEGA Proposals in Response to PL 2023, Ch. 417, Section 9." 28 Oct 2024.

<https://legislature.maine.gov/doc/11406>

^{iv} Ibid, p. 6.