



Melanie Sachs

84 Kelsey Ridge Road

Freeport, ME 04032

Residence: 207-299-6825

Melanie.Sachs@legislature.maine.gov

HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION

AUGUSTA, MAINE 04333-0002

(207) 287-1400

TTY: MAINE RELAY 711

May 14, 2025

**Testimony of Representative Melanie Sachs introducing
LD 1107, Act to Create a Working Group to Support Tax Expenditure Evaluation Efforts
Before the Joint Standing Committee on Taxation**

Senator Grohoski, Representative Cloutier and esteemed members of the Joint Standing Committee on Taxation, my name is Melanie Sachs, and I am proud to represent the community of Freeport in the Maine Legislature.

I am here today to present **LD 1107, An Act to Create a Working Group to Support Tax Expenditure Evaluation Efforts**. This bill builds on the momentum of two important measures enacted during the 131st Legislature and seeks to further strengthen our approach to evaluating tax expenditures.

In 2023, the Legislature passed two key laws that laid the groundwork for this proposal:

- **Public Law 2023, Chapter 417, Section 9** directed the Office of Program Evaluation & Government Accountability (OPEGA) to review our tax expenditure review laws and recommend statutory changes to improve their efficiency and effectiveness.
- **Public Law 2023, Chapter 631, Section 3**—originally introduced as LD 1804 by Sen. Rick Bennett—took meaningful steps toward transparency by requiring Maine Revenue Services to provide aggregated tax expenditure data to both the Taxation and Economic Development Committees.

Following those actions, OPEGA delivered a report to the Government Oversight Committee (GOC) on October 28, 2024, which included draft legislation. That draft forms the basis of the first two sections of this bill. The third section builds on the work begun in LD 1804.

LD 1107 addresses three core areas:

1. **Updating the timeline and process for tax expenditure review assignments.**
2. **Establishing a task force to address data accessibility and quality.**
3. **Clarifying the confidentiality statute to promote transparency.**

1. Adjustments to the Tax Expenditure Review Process

Currently, Title 3 §998(3) requires the GOC, in consultation with the Tax Committee, to update tax expenditure review categories and schedules by **October 1** of each year. LD 1107 proposes two key changes to improve this process:

- **First**, it removes outdated statutory references to “expedited reviews,” which are no longer part of the evaluation process.
- **Second**, it proposes moving the annual deadline from October 1 to **mid-February**.

This change reflects OPEGA’s recommendation and addresses long-standing challenges. Per their report, “the October deadline often misaligns with the start of legislative work, meaning that outgoing committees may set evaluation priorities for incoming committees they won’t serve on. Additionally, OPEGA frequently cannot complete its preparatory analysis by early fall, as much of the necessary data becomes available only after summer. A February deadline would allow new committees to better align evaluations with session priorities, legislative proposals and OPEGA’s broader evaluation schedule.”

2. Creation of the Incentive Data Task Force

LD 1107 also establishes a dedicated **Incentive Data Task Force** to address persistent data issues identified in OPEGA’s evaluations. As noted in OPEGA’s 2024 report:

“A recurring finding of OPEGA’s tax expenditure evaluations has been that the data available to analyze incentives is often either not available, or not maintained to a standard needed to support legislative oversight.”

To address this, OPEGA suggested the possibility of a task force to examine these issues. As defined in LD 1107, this task force will have three key responsibilities:

- Develop a plan to **centralize and standardize tax expenditure and incentive data** to ensure consistency and availability.
- Identify and recommend solutions to **barriers that limit access** to this data.
- Explore and evaluate methods for making this information more **accessible to the public**, supporting transparency and informed debate.

A centralized, managed data system—potentially in the form of a public-facing portal—could significantly improve how we track and assess the use of taxpayer dollars.

3. Updating the Confidentiality Statute

A central concern raised during the LD 1804 discussions was the **lack of statutory authority** for Maine Revenue Services to disclose which businesses receive tax incentives. LD 1107 addresses this by proposing a narrow, thoughtful update to Maine’s confidentiality statute to allow for such disclosure.

Other states—from Iowa to Texas to Massachusetts—already publish information on how public resources are used in the form of tax incentives, grants and similar instruments. Maine should be able to do the same, in a responsible way that balances transparency with taxpayer privacy.

LD 1107 continues the positive, bipartisan progress we've made toward a more transparent, accountable and effective tax expenditure system in Maine. It brings clarity to outdated processes, improves alignment with legislative schedules, creates a thoughtful path toward better data and addresses long-recognized transparency barriers.

Thank you for your time and consideration. I look forward to working with this committee to advance this important legislation.