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The Governmental Accounting Standards Board (GASB) is seek comments on a proposed Statement, *Tax Abatement Disclosures*, which would require state and local governments for the first time to disclose information about property and ...

Isaac M. O'Bannon • Nov. 13, 2014

The [Governmental Accounting Standards Board](#) (GASB) issued for public comment an Exposure Draft of a proposed Statement, *Tax Abatement Disclosures*, which would require state and local governments for the first time to disclose information about property and other tax abatement agreements.

Governments generally agree to abate or reduce the taxes of businesses and other taxpayers to promote economic development, job growth, redevelopment of blighted or underdeveloped areas, and other actions that are beneficial to the government or its citizens. Many state and local governments currently have tax abatement programs in place and the effects of tax abatements on their financial health and ability to raise revenue can be substantial. However, it is difficult to discern the magnitude and nature of those effects from financial statements at present.

The disclosure requirements proposed by the GASB are designed to provide financial statement users with essential information about these programs. Specifically, the proposed tax abatement disclosure requirements would include:

- General descriptive information, such as:
 - The tax being abated
 - Criteria that must be met for the taxpayer to be eligible for the abatement
 - Provisions for recapturing abated taxes
 - The types of commitments made by tax abatement recipients
- Number of tax abatement agreements

- Dollar amount of taxes abated

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into by the reporting government, as well as those initiated by other governments that reduce the reporting government's tax revenues.

The Exposure Draft is available on the GASB website, www.gasb.org. Stakeholders are encouraged to review the proposals and provide comments by January 30, 2015.

Taxes

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