



Big News: Accounting Board Beefs Up Tax Abatement Disclosure Requirements

Published on *Show-Me Institute* (<https://showmeinstitute.org>)



By: *Patrick Ishmael*

Back in April I noted that the Government Accounting Standards Board (GASB) was [mulling significant changes](#) to the way that cities and counties reported their tax incentive liabilities. For a long time, local governments have been able to sidestep the question of how much of their tax revenue is given away through local incentive programs. In order for the public to get a better sense of their governments' financial conditions, reform was needed in the way governments reported their incentive liabilities.

Well, earlier this month GASB issued long-awaited guidance on local tax abatement reporting, and it's a doozy for abatement-happy governments. From [GASB's Statement](#) :

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period

- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The accountants out there can find greater detail about the policy change at the link above.

Also, [this story](#) from *American City & County* magazine has an excellent rundown of the reactions to GASB's guidance seen in the policy sphere. Greg LeRoy of [Good Jobs First](#), while generally supportive of the change, notes that GASB's guidance doesn't necessarily require local governments to disaggregate tax abatements by company, and I do think that's a shortcoming of the reform. The other reservation I have is that many of these reforms won't become effective until later this year, with the first round of data becoming available sometime in 2017. I hope that in the interest of being proactive and transparent, local governments in Missouri will release a version of this data well before then.

Overall, GASB's reform is a significant improvement over the status quo. Tax abatement liabilities have long been a public policy concern; it's terrific that local governments, many of which have been less than forthcoming about them, will now have to reveal those costs annually.

About the Author



*Patrick Ishmael
Director of Government Accountability*

Patrick Ishmael is the director of government accountability at the Show-Me Institute.

Read Online

<https://showmeinstitute.org/blog/subsidies/big-news-accounting-board-beefs-tax-abatement-disclosure-requirements>

Links

[1] <https://showmeinstitute.org/blog/subsidies/big-news-accounting-board-beefs-tax-abatement-disclosure-requirements>

[2] <http://showmeinstitute.org/blog/corporate-welfare/tax-incentives-how-much-money-do-governments-give-away>

[3] http://www.gasb.org/jsp/GASB/Document_C/GASBDocumentPage?cid=1176166283745&acceptedDisclaimer=true

[4] http://m.americancityandcounty.com/finance/new-standard-will-require-cities-and-counties-report-corporate-tax-breaks?NL=AMC-01&issue=AMC-01_20150826_AMC-01_862&sfvc4enews=42&cl=article_3&utm_rid=CPEQW000001065600&utm_campaign=5256&utm_medi

um=email&elq2=ba285b6b567642ad8e62f184d964189a
[5] http://www.goodjobsfirst.org/gasb_analysis

Mission Statement

Advancing liberty with responsibility by promoting market solutions for Missouri public policy.

Show-Me Institute

5297 Washington Place	3645 Troost Avenue
Saint Louis, MO 63108	Kansas City, MO 64109
Phone: (314) 454-0647	Phone: (816) 287-0370
Fax: (314) 454-0667	

Email: info@showmeinstitute.org

Support Our Work

The Show-Me Institute is a tax-exempt 501(c)(3) nonprofit organization. Make your tax deductible contribution today: <http://ShowMeInstitute.org/donate>