February 15, 2018

Director of Research and Technical Activities
Governmental Accounting Standards Board
Norwalk, CT

Via email to: director@gasb.org

Re: Project No. 24-16ED

Dear Director:

The Los Angeles Alliance for a New Economy (LAANE) is a non-profit 501(c)(3) research and advocacy organization founded in 1993 dedicated to the creation of an economy that works for all. We are actively engaged in public policy debates over spending and investment priorities in our state, county and city. More than any other group, we pioneered what have come to be called Community Benefits Agreements. We gather and analyze CAFRs and other government data in order to understand how governments spend our tax dollars, and published our first analyses of tax increment spending about 20 years ago.

We were very excited when GASB proposed and adopted Statement No. 77 providing far more transparency of the revenues lost to economic development tax abatements.

Although new TIF districts have not been created since the program was discontinued in a state budget deal in 2012, pre-existing TIFs remain and Los Angeles utilizes pay-as-you-go TIF to fund a range of economic development activities, especially infrastructure in small areas of our community. We are concerned that Question 4.6 in the draft Implementation Guide would remove much of this public spending information from public view.

Doing so would remove important data from the debate over public priorities. CAFRs should provide useful information about all of the spending activities of government, including spending made through tax abatements. It makes little public policy sense to require the reporting of the salaries of teachers in the CAFR but exclude spending on a parking garage built for a luxury hotel, where some of the spaces are available for public use.

We believe the core principles of Statement No. 77, that the costs of tax abatements be clearly and fully disclosed, are worth defending. We therefore hope that GASB will reject the proposed language in Question 4.6 and instead submit a new question in future Implementation Guides which requires the full disclosure of all TIF expenditures in the Statement No. 77 Note.

Sincerely,

Jon Zerolnick
Research Director