February 15, 2018

Mr. David Bean
Director of Research and Technical Activities
Governmental Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Project No. 24-16ED


Dear Mr. Bean,

The International Association of Fire Fighters represents more than 310,000 fire fighters and paramedics in all 50 of the United States and every province of Canada.

Our members rely on CAFRs for a range of data used to defend emergency services funding in their communities and to protect firefighter wages, benefits, and pensions in order that their departments may attract and retain top talent to serve their communities.

We are concerned that the proposed changes to Statement No. 77 disclosures outlined in Questions 4.6 and 4.8 of GASBs’ Implementation Guide Exposure Draft undermine the original intent of Statement No 77, a reform that has so excited us and many others. By exempting projects that use titling of corporate projects in the name of government agencies in order to provide an abatement blocked by law or constitutional provisions and to exclude incremental tax (TIF) revenue used to build public infrastructure would make tax abatement disclosures far more opaque and far less useful to our members.

Comments on Question 4.8

To date, we have seen a very uneven application of Statement No. 77 in states where PILOTs and Industrial Revenue Bonds are used to skirt state prohibitions of subsidies.

- Members of IAFF Local 244, serving Albuquerque, NM were pleased at their city’s disclosure of losses associated with abatements associated with Industrial Revenue Bond financings. Those losses totaled $545,000 and were reported in great detail on 15 pages of the city’s 2017 CAFR.
• Members of IAFF Local 4877, serving Rio Rancho, NM got a different view of the cost of their city’s IRB abatements. Unlike Albuquerque, Rio Rancho omitted the cost of their abatements to their local government, while providing extensive information on the passive losses of their abatements on other entities in the state.

• Our members of IAFF Local 1784, serving Memphis, TN, had still another experience, where their city reported only a miniscule share of previously estimated costs of PILOTs in their city.

Such broad divergence of disclosure standards is untenable for an organization such as ours, trying to aggregate data and analyze national trends in order to provide useful information to our members. Question 4.8, as proposed, would reduce the disclosure standard to the lowest common denominator, a move that would render Statement No. 77 far less useful, in our opinion. Instead, we would rather GASB raise the standard to the level of disclosure demonstrated in Albuquerque’s CAFR.

Comments on Question 4.6

Similarly, we believe proposed Question 4.6 is also misguided, removing essential public disclosure from the CAFR and undermining the usefulness of Statement No. 77. As you are no doubt aware, infrastructure spending is among the largest use of TIF funding. However, the boundary between infrastructure for public use and private use is far less clear, as in many cases when TIF- financed “public infrastructure” is built to disproportionately serve the commercial interests of private interests.

Fire protection and emergency medical services are unarguably valued public goods and they help keep insurance rates down and property values stable. Every day our members have to compete for funding against the interests of private businesses and developers that receive tax abatements that greatly erode funding for public safety. We believe it serves the interests of citizens and taxpayers to have accurate and comprehensive data about the full impact of economic development decisions in CAFRs, and therefore hope that GASB will reject its proposed changes outlined in Question 4.6 and instead consider a new question in which all tax revenues diverted through TIF financing be reported under Statement No. 77.

Sincerely,

Harold A. Schaitberger
General President