

From: Steve Burdett
Sent: Monday, November 03, 2014 4:31 PM
To: Director - GASB
Subject: Project No. 19-20E

I strongly agree with the proposed disclosure requirements for tax abatement incentives awarded by local governments. These agreements not only result in the current reporting period reduction of tax revenues, but they also represent commitments to future year revenue reduction. I adamantly feel the disclosure should also include commitments for at least the next five years. The conceptual framework for requiring this information wouldn't be any different from those that are applied to pension, OPEB and other commitments of future financial resources.

Tax abatements represent financial commitments and users/readers deserve access to the information. The information would also be valuable to citizens, rating agencies and the elected officials themselves. The information will be formally published and the elected officials will be required to show accountability for their decisions.

I thought I would also share several example events that occurred both in government and private industry that could have been resolved earlier if disclosure was adequate. The first examples are the Orange County Florida derivative investments and the Florida State Board of Administration pooled investments. The private industry example is the taxpayer bailout of American International Group due to poor risk management of its derivative products (and obvious lack of disclosure to their investors). It shouldn't be necessary for these major events to occur before sufficient disclosure is required.

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