

December 22, 2014

Sent via email to: director@gasb.org

RE: Project No. 19-20E

Director
Governmental Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Dear GASB Director:

We write in support of GASB's Exposure Draft on Tax Abatement Disclosures, but hasten to add that if it fails to cover tax increment financing (TIF), it will fail to disclose massive tax abatements that are having a major impact on the fiscal conditions of the Chicago Public Schools and the City of Chicago, and those of many other Illinois cities and school districts.

Because TIF has forced itself into the public spending debate here in Chicago, the CivicLab has made it central to our current work. The CivicLab (www.civicl原因ab.us) is America's only shared working (co-working) space dedicated to collaboration, education and innovation for social justice and civic engagement. We help people make democracy via building tools that accelerate and deepen government accountability and citizen democracy efforts. We are the home for the TIF Illumination Project (www.tifreports.com) which is investigating and explaining the impacts of Chicago's TIF on a ward-by-ward basis. The Project has held 27 public meetings around the city since February 2013 that were attended by some 4,000 people; there have been more than 60 stories on this work in local news media.

Consider these facts about how prevalent and costly TIF is to our city:

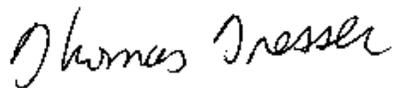
- Chicago has 151 TIFs districts that cover 32 percent of its land area.
- In 2013, TIF districts extracted \$412 million from public services.
- From Chicago alone, TIF has extracted \$6 billion in total since its inception.
- Illinois TIF districts last 23 years (and can be extended for 12 years more).
- One Chicago TIF district alone, the Central Loop TIF, diverted \$986,767,890 before it expired in 2008.
- Twenty-one Chicago TIFs districts take at least 90 percent of all property taxes collected inside their borders.
- The single costliest TIF District, named Near South, collected \$61 million in 2013, representing 92 percent of total property taxes collected inside that district.

- Normally, 56 percent of Chicago property taxes go to the Chicago Public Schools. Parents of children in public school, the Chicago Teachers Union and a wide range of civic leaders decried the diversion of hundreds of millions of property tax dollars away from local units of government and so TIFs were a visible revenue issue during the 2013 strike by the Chicago Teachers Union and in parent protests over school closures.
- Late in the tenure of Mayor Richard M. Daley, it was revealed that enormous TIF sums have been sequestered and unspent, either in individual TIF district accounts or in a secreted mayoral account. As of January 1, 2014, there was \$1.7 billion in property taxes hoarded in these accounts. Civic groups are calling for that money to be released to local units of government; local papers have editorialized in support; and some candidates for public office in our 2015 election are calling for the same.

Chicago taxpayers understand that TIF is causing school closures and putting upward pressure on property tax rates, both of which in turn perversely hurt our city's economic development efforts. We need the GASB standard to provide for clear disclosure of TIF and to cover specific TIF recipients and TIF districts' long-term, 23-year fiscal impact (not just a current-year snapshot).

Thank you for your vital effort on better government expenditure reporting.

Sincerely,



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