



January 15, 2015

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localities enter into also need to be accounted for. With economic development agreements often committing future revenues for 10 or 20 years, they are highly relevant to the financial condition of a government, and a critical variable in planning long-term public investments such as infrastructure and the borrowing they necessitate.

Our public employee members are also affected by your new standards on pensions and other post-employment benefits. Simply put, if the GASB insists upon long-term accounting of costs associated with labor, it is only right and fair that you also call for a full accounting of the long-term government obligations to capital.

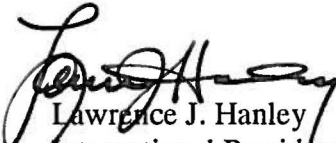
It is also highly necessary for accurate budget and credit analysis and prudent expenditure planning. This is not an abstract issue for many of our locals.

We also recommend that the GASB standard provide for recipient-specific disclosure. We believe this is necessary because in some jurisdictions, a single company or a single industry receives a very large share of tax abatement benefits, distorting the tax base in ways that can harm public services and undermine funding for infrastructure.

Finally, we recommend that the GASB ensure that all forms of tax expenditures for economic development are captured by the new standard. We are concerned here that your draft definition, by requiring that a recipient receive a tax reduction, will miss many expenditures that involve other people's money or indirect spending flows. We refer here to abatements such as tax increment financing, payments in lieu of taxes, income tax diversions and sales tax diversions. If, in the name of economic development, a company benefits from the expenditure of tax revenue that would otherwise support public services or infrastructure, the GASB should ensure such revenues losses are fully disclosed, by recipient name and for their entire time duration.

Thank you for your endeavor. By helping ensure that state and local governments accurately account for tax abatements, the GASB will also protect public investments in education, infrastructure and other public goods and services that are the foundation of a sound economy and a stable tax base.

Sincerely,

  
Lawrence J. Hanley  
International President

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