

Director of Research and Technical Activities

Project No. 19-20E

I comment on the ED *Tax Abatement Disclosures*. I agree with the end result of this ED, that is, the disclosures of, well, tax abatements. What I quibble with is mainly found in the first 2 paragraphs, and in certain other paragraphs in this document. The ED asserts that the government is “reducing” tax revenue from these abatements. That is simply an incorrect assumption. The government has as much revenue after the abatement is granted as it had before the abatement was granted. Further, there has to be an implied assumption in the ED that the government would have collected more had the abatement not been granted, and that is also a false assumption. In fact, the government might not have collected one cent more had the abatement not been granted; the subject of the abatement might never have been subject to such taxation in the first place. For example, if an abatement is granted in order for a property to be improved upon, if that improvement is never made because no abatement is granted, then the government has the exact amount of revenue it had before. Nothing has been “reduced”.

There seems to be a presumption among governments (and possibly GASB) that they are somehow entitled to revenues, which is not true. They are only entitled to such revenues as they are entitled to; and tax abatements do not entitle them to those revenues in the first place.

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