



Louisiana Federation of Teachers

American Federation of Teachers, AFL-CIO

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Director of Research and Technical Activities, Project No. 19-20E
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
director@gasb.org

Dear Director:

The Louisiana Federation of Teachers (LFT) is submitting comments in response to the Governmental Accounting Standards Board's (GASB) exposure draft of a proposed statement of accounting standards for tax abatement disclosures (Project No. 19-20E).

The LFT is a 21,000-member organization of teachers and school employees that fights to preserve and protect the rights of professional educators. We believe that good educators are the backbone of any school, and we work to ensure that teachers and school employees have the resources and freedom they need to do the jobs they were trained to do. We also believe the state has an obligation to fund schools fairly and equitably. As part of our work, our members and staff analyze the fiscal health of state and local governments using financial documents that conform with GASB standards. GASB's proposal to require disclosure of tax abatements will help us evaluate the true cost of economic development subsidies.

Louisiana has a long history of providing multiyear tax breaks to companies in exchange for promises of job creation. The state is awarding nearly \$1 billion a year in industrial property tax exemptions for existing industrial projects. The state also loses more than \$67 million in corporate income and franchise tax revenue because of the state's Enterprise Zone program—a program that awards rebates to companies in exchange for hiring workers from targeted groups. And the motion picture investor tax credit cost the state more than \$227 million in 2012.

This is money that could have gone into the classroom. The state is still spending 3.2 percent less on students than in fiscal year 2008, when adjusted for inflation.¹ While GASB's proposed rule would require the reporting of some of these programs, others would not meet the proposed rule's definition of tax abatement. Given the large scope of these projects, we think state and local governments should be required to put the cost of all of Louisiana's major tax subsidy programs on their financial statements.

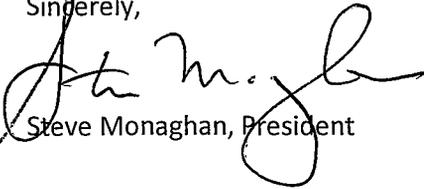
Since Louisiana Economic Development tracks the awards of these programs, requiring state and local governments to disclose their cost would not be a resource-intensive undertaking for reporting entities

¹ www.cbpp.org/cms/?fa=view&id=4213

in Louisiana. Moreover, Louisiana Economic Development reports some multiyear projections on the costs of these programs. These long-term costs should be required to be disclosed on financial statements as well.

With improvements, the proposed GASB rule will allow school districts and other government entities to properly account for the true cost of tax abatements. Thank you for the opportunity to comment on these issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Monaghan". The signature is fluid and cursive, with a large loop at the end of the last name.

Steve Monaghan, President