



Peter Franchot
Comptroller

January 28, 2015

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

RE: Project No. 19-2220E

Dear GASB Director:

As the elected Comptroller of the State of Maryland I support increased transparency in government and I am therefore, in overall support of GASB's Exposure Draft on Tax Abatement Disclosures.

I understand that the intention of the Statement is not to encompass all forms of tax expenditures but to specifically address a subset of those transactions referred to as tax abatements, and that the Board considered a variety of features that might distinguish tax abatements from other types of tax expenditures prior to the issuance of the Exposure Draft. However, as previously stated I am a strong advocate for increased transparency and it is for this reason that I recommend that the GASB undertake an additional project or a series of projects that further define tax expenditures (e.g. performance based incentives, property tax abatements) and specify appropriate disclosures to better inform taxpayers, bond rating agencies and government officials of the full extent of these tax diversions.

In addition, I am concerned with the omission of future year liability exposure. I can appreciate that tax abatement agreements are often not legally enforceable and that the continuation of the abatement is based on acts of the non-governmental entity. However, in my opinion the disclosure of the estimated value of future tax abatements, in the aggregate, and the duration of the most significant agreements are important components for a clear understanding of tax abatement programs.

I believe that the disclosure of tax abatements is a substantive step toward generating discussion and consideration of these tax expenditures as a material component of governmental finances. While taxpayers and decision makers are aware of a number of these programs a comprehensive disclosure of tax abatements is not currently available.

GASB Letter
January 28, 2015
Page 2

This information will be of benefit to taxpayers and readers of the comprehensive annual reports in obtaining a clear understanding of the reporting entities finances and to decision makers in several areas of consideration including but not limited to new and/or existing tax and grant programs.

Thank you for the work you do in improving the transparency of governmental units and for the opportunity to comment of this exposure draft.

Sincerely,

A handwritten signature in black ink that reads "Peter Franchot". The signature is written in a cursive style with a large, stylized initial "P".

Peter Franchot
Comptroller of Maryland