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Joe Chrisman  
State Auditor

January 30, 2015

Director of Research and Technical Activities (Project No. 19-20E)  
Governmental Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, Connecticut 06856-5116

Dear Director of Research:

Thank you for the opportunity to comment on the Governmental Accounting Standards Board's Exposure Draft (ED), *Tax Abatement Disclosures*.

We disagree with the ED and do not believe it should be implemented for three reasons. First, we do not believe the Comprehensive Annual Financial Report (CAFR) is the appropriate place to report tax abatement information at the state level. State legislatures that authorize such programs typically require the administering agency to report directly to the legislature on the effectiveness of these programs, or provide similar information as part of the budget process. Including similar information in the CAFR would be redundant to information already available elsewhere and would likely lead to lengthy note disclosures that would add little value for a state's CAFR.

Second, we agree with others that disclosure of tax abatement information as proposed in the ED presents only the cost and not the benefits generated by the tax abatements. We believe the appropriate place for tax abatement disclosures, including benefits derived from abatements, is in the reports that the state legislatures have determined to be necessary to oversee the economic development programs.

Finally, we are concerned that if tax abatement disclosures are codified, GASB may seek to issue future statements to expand similar disclosure requirements to other tax credits and/or deductions that do not meet the definition of tax abatements.

We appreciate the opportunity to provide our comments. If you have any questions, please contact Bryan Naab, who coordinated our response, at (608) 266-2818.

Sincerely,

Joe Chrisman  
State Auditor

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