

From: Kaitsa, George
Sent: Friday, January 30, 2015 3:03 PM
To: Pamela Dolan
Subject: Tax Abatement Disclosures Project No. 19-20E

To: Director of Research and Technical Activities

Re: Project 19-20E

In response to the request for comments regarding the exposure draft for Tax Abatement Disclosures (Project 19-20E), I would like to point out that in Ohio, tax abatements are approved on the local level and do not result in a reduction in tax revenues. Tax abatements apply only to new construction on a prospective basis; tax abatements are not approved for land or existing structures which continue to be included in the existing tax base. In order for the tax revenues to be reduced, the tax base would need to be reduced by the tax abatement. Since the tax abatement applies only to new construction, the tax base is not reduced by the tax abatement; the tax base is simply not increased by the amount of abated new construction. When the abatement expires, the value of abated construction increases the tax base and tax revenues accordingly. In addition, incentive programs to promote economic development such as job creation tax credits and below market rate business loans are administered at the state level through JobsOhio, a private entity that is not required to disclose information related to various tax incentives granted to companies. The reporting jurisdiction at the local level such as a school district, a township, or a county does not have access to any tax incentives authorized at the state level and would be unable to provide the information contemplated by this disclosure pronouncement. The state level incentives do not affect tax revenues for the local jurisdictions. I am very concerned that this GASB pronouncement continues to force local governments in Ohio down the path of producing inaccurate financial statements. Thank you for the opportunity to comment on this exposure draft.

George Kaitsa

Delaware County Auditor