



January 30, 2015

Mr. David R. Bean
Director of Research and Technical Activities
Governmental Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Project No. 19-20E – Tax Abatement Disclosures

Dear Mr. Bean,

I am writing in response to the Exposure Draft on Tax Abatement Disclosures. Founded in 2012, Smart Incentives works with communities to make sound decisions throughout the economic development incentives process.

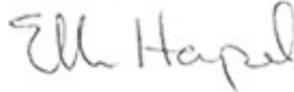
It is my understanding that the proposed guidelines are intended to provide insight into how certain economic development incentives might diminish a community's tax base. While we, like many others providing comments, would like to see better reporting plus more transparency and accountability in incentive use for broader policy reasons, the comments below will be limited to those that might affect the narrower issue of understanding the effect on tax base.

1. **The language in the proposed standard is not clear on the matter performance-based agreements.** The standard indicates that programs in which the commitment to abate taxes occurs *after* the taxpayer has performed the activity for which the abatement is provided are excluded from the disclosure requirement. This could mean that performance-based incentives are exempt. However, it is my understanding that it is GASB's intent to cover this type of incentive and accompanying financial commitment. It would be helpful to clarify this point.
 2. **Disclosing the amount of taxes abated during each reporting period without context on related commitments in other years or the reasons for providing the abatement is of limited value.** Other comments have also emphasized these points. It seems users of government financial statements would wish to understand the reasons for the tax abatement, whether there is a multi-year financial commitment, and the anticipated fiscal and economic value that the incentivized project offers the community.
 3. **The draft standard assumes that the required reporting would not be an administrative burden for local government.** Our work with economic development organizations and state and local governments suggests that both gathering and reporting single year financial data for projects could be more
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complicated than GASB anticipates. Further, as others have explained in their comments, confidentiality laws may hinder the ability to report required data if single or few projects fall under the requirement.

Thank you for your consideration and for the opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads "Ell Harpel".

Ellen Harpel, Ph.D.
Founder, Smart Incentives
www.SmartIncentives.org