



Pete Ricketts, Governor

Larry Bare
Acting Director

January 30, 2015

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

Re: Project No. 19-20E

Dear Mr. Bean:

The State of Nebraska (State) believes the tax abatement disclosures required in the proposed exposure draft are a duplication of information that the State already provides. The State already discloses this information in a separate report and on the Nebraska Department of Revenue's website. We do not see the value in requiring this information in a financial statement disclosure.

The State has the following tax incentive programs in statute:

- Nebraska Advantage Act;
- Nebraska Advantage Rural Development Act;
- Nebraska Advantage Microenterprise Tax Credit Act;
- Nebraska Advantage Research and Development Act;
- Employment and Investment Growth Act;
- Invest Nebraska Act; and
- Quality Jobs Act.

Per Nebraska Revised Statute 77-5907, the State is required to disclose information related to these tax incentive programs. The statute requires the Tax Commissioner to prepare and issue a report on or before July 15th each year for the previous calendar year. The Department of Revenue is also required by statute to appear before a joint hearing of the Appropriations Committee of the Legislature and the Revenue Committee of the Legislature and present this report. The Nebraska Department of Revenue's 2013 Tax Incentives Annual Report and information about each tax incentive program are available on Revenue's website at: http://www.revenue.nebraska.gov/incentiv/incentive_index.html.

State Accounting Division • Hari Kadavath, Administrator

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Where applicable based on the program the Nebraska Tax Incentives Annual Report includes among other items:

- the amount of investment in the state
- the agreements which have been signed during the previous year
- the agreements which are still in effect
- the identity of each taxpayer who is party to an agreement
- the location of each project
- the number of jobs created under the act
- the expansion of capital investment
- the estimated wage levels of jobs created under the act
- a measurement of the potential revenue gains or losses
- the amount of recaptures

We believe the information we currently provides goes further and provides more detail than the information required in the exposure draft.

We are concerned about the potential confusion caused by inconsistent and non-comparable information, because the Nebraska Department of Revenue's Tax Incentives Annual Report is issued on a calendar year and the State's CAFR is issued on a fiscal year. Could we use the information from the prior calendar year that is presented on or before July 15th each year, or would we have to also compile the information for June 30th the State's fiscal year? We feel this additional disclosure will add time to the preparation of the CAFR and increase the audit costs without providing benefits. We believe the best place for tax abatement reporting is with either the Department of Revenue or the Department of Economic Development and not in the financial report.

We appreciate the opportunity to provide comments. Should you have any questions or need additional information regarding the response, please contact me at (402) 471-0600 or Hari.Kadavath@nebraska.gov.

Sincerely,



Hari Kadavath
State Accounting Administrator
State of Nebraska