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OUR STUDENTS. OUR SCHOOLS. OUR FUTURE.

January 20, 2015

RE: Project No. 19-20E

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

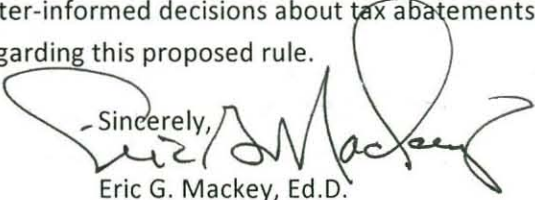
Dear GASB Director:

I am submitting this letter on behalf of School Superintendents of Alabama, the professional association for school system executives in our state. The Governmental Accounting Standards Board (GASB) proposal entitled "Tax Abatement Disclosures" reflects our own commitment to sound public policies, fiscal transparency, and responsible budgeting.

Requiring state and local governments to disclose the costs of economic development tax abatements as well as to require the governments to disclose costs of "agreements entered into by other governments" (Section B14) is an important and fiscally responsible decision. This will allow us to better evaluate the impact of economic development tax abatements on school revenues.

- Full-Term Accounting: It would be prudent and fiscally responsible to require government entities to disclose their long-term fiscal liabilities to tax abatements. We need to see all such costs in their full durations in order to plan our educational future prudently.
- Sales Tax Rebates and Diversions: We are concerned that economic development tax abatements that are structured as sales tax rebates, or "diversions", will escape your coverage (per your "tax abatement" definition in Sec. B12). Instead, these programs divert or rebate to retail companies sales taxes paid by customers at particular stores. This issue is of great importance to us because much of the sales taxes in our state go to education budgets. If GASB's standard fails to cover sales tax abatements, our knowledge of tax abatements' impact on school revenues would be greatly diminished.

We are confident that careful analysis of the proposed rules will produce useful information that will allow school boards and elected officials to make better-informed decisions about tax abatements and school revenue. Thank you for the opportunity to submit comments regarding this proposed rule.

Sincerely,  
  
Eric G. Mackey, Ed.D.

Executive Director

School Superintendents of Alabama