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Director of Research and Technical Activities, Project No. 19-20E  
Governmental Accounting Standards Board  
401 Merritt 7  
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[director@gasb.org](mailto:director@gasb.org)

Dear Director:

I am writing on behalf of the New York State United Teachers (NYSUT) in response to the Governmental Accounting Standards Board's (GASB) exposure draft of a proposed statement of accounting standards for tax abatement disclosures (Project No. 19-20E).

NYSUT is more than 600,000 people who work in, or are retired from, New York's schools, colleges, and healthcare facilities. We are classroom teachers, college and university faculty and professional staff, school bus drivers, custodians, secretaries, cafeteria workers, teacher assistants and aides, nurses and healthcare technicians. NYSUT is a federation of more than 1,200 local unions, each representing its own members. We are affiliated with the American Federation of Teachers (AFT) and the National Education Association (NEA). We are also part of organized labor - the AFL-CIO - and of Education International, with more than 20 million members worldwide.

As the representative of school district employees, NYSUT often uses Comprehensive Annual Financial Reports that conform to GASB's standards to accurately assess and analyze the fiscal health of entities that employ our members. At present, generally accepted accounting principles do not require state and local governments to disclose information related to tax abatements. Therefore, NYSUT supports the intent of this requirement to disclose information about the nature and magnitude of tax abatements to make these agreements more transparent to the users of financial statements.

The issue of tax abatement reporting is especially important to school districts because other government entities besides school districts usually grant abatements that reduce not only their own tax revenues, but also the tax revenues of the school districts within the geographic region. Therefore, NYSUT strongly supports requiring disclosure of tax abatement agreements regardless of whether or not the reporting government was directly involved in the agreement.

Despite our overarching support of this initiative, we share the concerns expressed by other groups that the proposed rule is inadequate and should be improved. We fully support the recommendations provided for in the December 3, 2014 letter received by GASB that was signed by various labor unions and community organizations in New York State, including the Public Employees Federation and the Civil Service Employees Association.

NYSUT believes that GASB should enact a rule that would require the reporting of the broad range of economic development tax expenditures that impact a government's tax revenue.

In the GASB proposed rule, tax abatements as defined does not include Payments in Lieu of Taxes (PILOTs). PILOTs are property tax abatement agreements in which the recipient does not receive a full abatement but instead pays only a portion of what it would normally pay in the absence of such an agreement. PILOTs are typically included as part of an agreement with a commercial or industrial development project that is receiving a tax benefit. PILOT agreements can provide for one-time payments or payments over a number of years.

Given the magnitude of PILOT payments in New York State—according to a recent report from the New York State Comptroller property tax exemptions in 2011 were partially offset by over \$900 million in PILOT payments, we believe that GASB should view PILOTs as part of a tax abatement program and ensure that they are expressly included in this new reporting requirement.

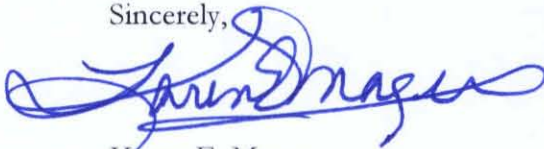
In addition to PILOTs, we also support explicitly including in the definition of “tax abatements” other specific tax-based economic development subsidies including both performance-based incentives and as-of-right incentives.

Another improvement to the proposal would be a requirement for government entities to report on the long-term cost of tax abatements as future year liabilities. The current draft rule only requires a government entity to report on a single year of lost revenue. We expect GASB to be consistent with similar rules on long term liabilities, such as GASB's rule on “other post-employment benefits,” which requires governments to report on future year costs of retiree healthcare.

Finally, in the interest of promoting greater transparency, we believe that the proposal would be greatly improved by requiring the disclosure of the name of each company and specific information on each tax abatement the company received.

Thank you for the opportunity to submit comments on the proposal. Again, while we strongly support the intent of the proposed rule, it is our sincere hope that these improvements that we have called for will be reflected in the final rule on tax abatement disclosures.

Sincerely,



Karen E. Magee  
President

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