

GASB Statement No. 77: Tax Abatement Disclosures

In August 2015, the Governmental Accounting Standards Board (GASB), the professional organization that sets guidelines for governmental financial reporting, added Statement No. 77 to its collection of accounting rules known as the Generally Accepted Accounting Principles (GAAP). Statement No. 77 requires that state and local governments include a note in their annual financial statements with information on revenues lost to economic development tax abatements.

Good Jobs First played a critical role during the comment period that resulted in GASB's adoption of this landmark advance in transparency, particularly for local government tax expenditures for which there were no accounting rules prior to Statement No. 77. To this day, Montgomery County, Maryland, is the only locality we know of that produces annual tax expenditure budgets like 46 states do.

Most jurisdictions began implementing Statement No. 77 and reporting tax abatements for the first time in FY 2017. Since then, Good Jobs First has been gathering and posting this data at our Tax Break Tracker (<https://www.goodjobsfirst.org/taxbreaktracker>).

Some kinds of tax abatements still slip through the cracks (tax increment financing diversions, some industrial revenue bonds, programs in places that use different accounting standards, etc.), but Statement No. 77 has already generated a massive amount of new data that have been leveraged by journalists, watchdog groups, policy organizations, unions, academics, and governments to expose the steep price of corporate tax breaks and mobilize communities to consider better spending priorities.

Good Jobs First has also used the new data in numerous analyses. We have also assisted many others beginning to use it. To learn more, go to: (<https://www.goodjobsfirst.org/gasb-statement-no-77>) and download our 2-page explainer on what Statement No. 77 is, how it came about, and why it is important (<https://www.goodjobsfirst.org/gasb-77-handout>).