

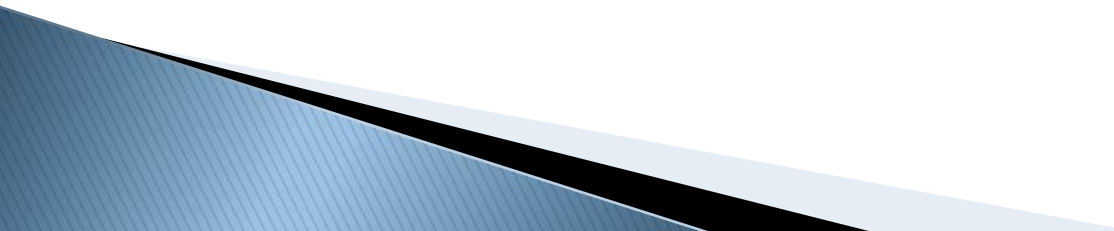
# GASB Statement No. 77

*Tax Abatement Disclosures*

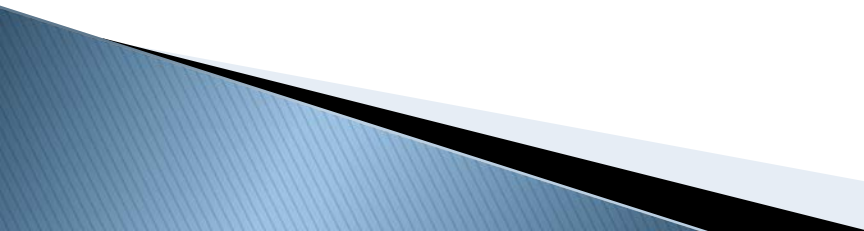
# Under GASB 77, at tax abatement:

- ▶ Results from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues,
  - ▶ And
- ▶ The individual or entity promises to subsequently take specific action *after* the agreement that contributes to economic development or otherwise benefits the government or its citizens.

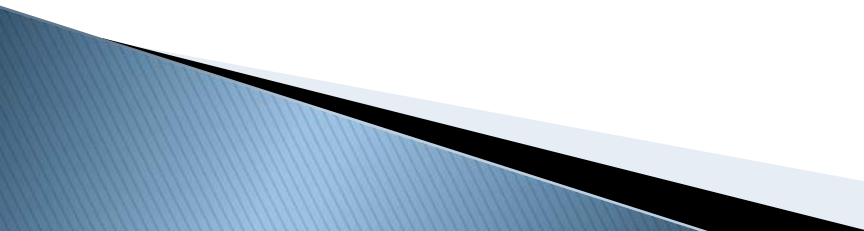
- ▶ The agreement need not be in writing or legally enforceable (it may be in writing or it may be implicitly understood by the government and the individual or entity).

- ▶ Applies to all taxes and tax reductions, regardless of whether they take the form of an exemption, credit, rebate, or traditional abatement.
  - ▶ Applies to taxes only, not licenses or fees.
  - ▶ Does not apply to broadly available tax provisions.
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# Required Disclosures

- ▶ Brief descriptive information, including:
    - Names, if applicable, and purposes of the tax abatement programs.
    - The specific taxes being abated.
    - The authority under which tax abatement agreements are entered into.
    - The criteria that make a recipient eligible to receive a tax abatement.
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# Required Disclosures, cont...

- The mechanism by which the taxes are abated, including:
    - How much the tax abatement recipient's taxes are reduced, such as through a reduction of assessed value
    - How the amount of the tax abatement is determined, such as a specific dollar amount or a specific percentage of taxes owed.
  - Provisions for recapturing abated taxes, if any, including the conditions under which abated taxes become eligible for recapture.
  - The types of commitments made by the recipients of the tax abatements.
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# Required Disclosures, cont...

- The gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of tax abatement agreements.
- If the government made commitments other than to reduce taxes as part of a tax abatement agreement, a description of the following until the government has fulfilled the commitment:
  - The types of commitments made
  - The most significant individual commitments made.

# Required disclosures, cont...

- A government can omit information required by the guidance if it is legally prohibited from being disclosed. If that's the case, the government should describe the general nature of the information that is omitted and the specific law or regulation that prohibits it from being disclosed.
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