

## Tax Abatement Reporting in Illinois

*The Governmental Accounting Standards Board (GASB) is the professional organization that establishes standards of accounting and financial reporting for state and local governments. In 2015, GASB added "[Statement No. 77 on Tax Abatement Disclosures](#)" to its Generally Accepted Accounting Principles (GAAP). GASB 77 requires most state and local governments (including school districts) to report tax abatement programs (if they have such a program/s) in their annual comprehensive financial reports (ACFRs), specifying the **amount of revenue reduced or foregone** as a result of these tax abatements programs. This new rule, GASB 77, allows the public to see how much public-service revenue is lost due to tax breaks given to corporations. This road map highlights key people and organizations involved in the implementation of GASB 77, the reporting status of jurisdictions in the state, and other information relevant to GASB 77 compliance in Illinois.*

**Who in state government is most likely to influence GASB 77 disclosure?** State Comptroller Susana Mendoza. Mendoza was previously City Clerk for Chicago and also served as a delegate in the Illinois House of Representatives. As Comptroller she has the responsibility for oversight of all state and local government accounts. The Comptroller is constitutionally charged with managing fiscal accounts and ordering payments as the state's Chief Financial Officer, while the Treasurer is charged with the safe-keeping and investment of public funds. The State Treasurer is Michael Frerichs, who previously served as Champaign County Auditor and detailed the use of tax increment financing (TIF) in county financial reports.

**Does the state's most recent ACFR include GASB 77 disclosure on state revenue losses?**  
Yes.

**How many counties, municipalities and school districts in the state are required to conform with Generally Accepted Accounting Principles (GAAP) and therefore GASB Statements?** According to GASB's [research brief](#) titled "State and Local Government Use of Generally Accepted Accounting Principles for General Purpose External Financial Reporting" (2008), none of Illinois's 102 counties, 2,722 municipalities and 934 school districts is explicitly required by state law to use GAAP accounting. However, the same study indicates that many jurisdictions that are not legally required to follow GAAP do so anyway, presumably to satisfy accounting requirements for governments receiving federal funding and to satisfy credit ratings agencies and obtain the lowest possible interest rates on bond borrowings.

**Does state government monitor fiscal stress within county/municipality/school district?**  
Illinois does not monitor for fiscal stress among local governments but it [will intervene](#) when it learns of issues via other means.

**Which of the state’s five most populous counties, municipalities, and school districts reported GASB 77 disclosures [in the most recent ACFR available?](#)**

Report Tax Abatements	Do Not Report Tax Abatements
City of Chicago	City of Naperville
City of Aurora	City of Rockford
City of Joliet	DuPage County
Cook County	Will County
Chicago Public Schools	Lake County
	Kane County
	School District U-46
	Rockford School District
	Indian Prairie Community Unit School District
	Plainfield School District

**Does the state government or do any academic/NGO institutions provide technical assistance on GAAP, GASB, or completing ACFRs?** The State’s Comptroller’s [Local Government Division](#) assists local governments in their financial reporting responsibilities. The division hosts an annual training session which identifies changes in reporting and audit requirements.

**Is there a state office that collects Annual Comprehensive Financial Reports (ACFRs) from counties/cities/school districts?** The State Comptroller’s Office collects ACFRs from counties, cities, school districts and other local governmental bodies, including TIF Districts. All of these documents are available on the state’s [Local Government Warehouse](#). The site contains completed ACFRs and a list of delinquent ACFRs. In addition, the Comptroller compiles key data for an [annual aggregate report](#) of local government finance. The Comptroller also publishes [annual report cards](#) for each jurisdiction – this would be an excellent place to post GASB 77 data in easy to find form.

**Who commented on the GASB 77 Exposure Draft from Illinois?**

- The [Illinois Education Association](#) (an NEA affiliate) joined fiscal policy groups in Iowa and New Jersey in a comment calling for disclosure of intra-governmental impacts of tax abatements and inclusion of TIF districts in GASB reporting.
- The [Chicago Teacher’s Union and Grassroots Organizing Project](#) joined in a comment calling for inclusion of TIF disclosure, including future-year liabilities.
- The [Illinois Federation of Teachers](#) called for inclusion of TIF data in disclosures.
- Former [Cook County Clerk David Orr](#) called for greater TIF disclosure noting that his office prints on taxpayer’s property tax bills whether their property is in a TIF district and how much of their taxes are being diverted away from the general fund.
- The [TIF Illumination Project of Civic Lab](#) offered a comment calling on GASB to include strong TIF disclosure, including recipient names and long-term liabilities associated with TIFs.

- The Small Business Advocacy Council joined three fiscal policy organizations from other states in a comment asking for disclosure of tax diversion programs.
- The [Illinois Government Finance Officers Association](#) issued a comment broadly critical of the exposure draft, paralleling the concerns expressed by national GFOA. Specifically, they raised concerns about a distorted picture if disclosure of abatement benefits were not also required, and they opposed disclosure of intra-governmental losses, claiming it would cause an undue burden on school districts and other special districts.
- Professors Philip Ashton (UI-Chicago), Edward Feser (UI-Urbana), David Merriman (UI-Chicago) and Rachel Weber (UI-Chicago) joined [44 other academic colleagues](#) in a comment broadly supportive of GASB 77.
- State Rep. Will Guzzardi and Lake County Commissioner Terry Wilke joined 60 other [state and local elected officials](#) in submitting a comment broadly supportive of GASB 77.
- [Truth in Accounting](#) asked for immediate implementation of GASB 77 and called for disclosure of historical abatements over the previous decade.

**Which state office is responsible for completing state's ACFR?** Illinois Office of the State Comptroller.

**For more information on GASB 77, visit [goodjobsfirst.org/tax-abatement-disclosures](https://goodjobsfirst.org/tax-abatement-disclosures)**

*Updated January 2023*