

Tax Abatement Reporting in Arizona

*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 state and local governments (including school districts) to report tax abatement programs 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 Arizona.*

Who in state government is most likely to influence GASB 77 disclosure? Auditor General Lindsey Perry. The Auditor General's office has [audit responsibility](#) for counties, universities, community college districts and school districts. The Auditor also provides technical assistance to local governments.

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), all of Arizona's 15 counties, 87 municipalities and 310 school districts are required by state law to use GAAP accounting

Is there a state office that collects Annual Comprehensive Financial Reports (ACFRs) from counties/cities/school districts? School districts and counties are required to file annual audits with the state's Auditor General. The Auditor General's office reports on jurisdictions that fail to comply. While the Auditor General posts some *performance* audits (which are not the same as self-reported audits), localities' financial audits are not posted online. The Arizona Department of Education provides cursory [online financial statements](#) (without the Notes where GASB 77 data would be contained) for all districts in the state. The Division of School Audits in the Auditor's office also compiles [summary spending data](#) from school districts across the state. Although GASB 77 data could be included in this compilation, it is not.

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 Phoenix	City of Tucson
City of Chandler	City of Mesa
	City of Gilbert
	Maricopa County
	Pima County
	Pinal County
	Yavapai County
	Mohave County
	Mesa Unified School District
	Chandler Unified School District
	Tucson Unified School District
	Peoria Unified School District
	Gilbert Public Schools

Does the state government or do any academic/NGO institutions provide technical assistance on GAAP, GASB, or completing ACFRs? The State Auditor publishes [financial](#) reporting guidelines for counties, community college districts and school districts. In 2017 the General Accounting Office offered a National Association of State Auditors, Comptrollers, and Treasurers (NASACT) [webinar](#) that included GASB 77 guidance. The Department of Revenue also gave a Government Property Lease Excise Tax (GPLET) [presentation](#) in 2017 that included a slide on GASB 77.

Does state government monitor fiscal stress within counties/municipalities/school districts? Arizona is one of 22 states to monitor fiscal stress among local governments. In 2022, the Arizona State Auditor General looked at six factors and found that [three school districts](#) had [high levels](#) of fiscal stress.

Which state office is responsible for completing state’s ACFR? Arizona Department of Administration, General Accounting Office.

Who commented on the GASB 77 Exposure Draft from Arizona? Professor Arthur Nelson (University of Arizona) joined [47 other academic colleagues](#) in a comment broadly supportive of GASB 77. Then-State Senator Katie Hobbs (now Governor) joined [60 other local public officials](#) in submitting a comment broadly supportive of GASB 77.

For more information on GASB 77, visit goodjobsfirst.org/tax-abatement-disclosures

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