

## Tax Abatement Reporting in Michigan

*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 Michigan.*

**Who in state government is most likely to influence GASB 77 disclosure?** State Treasurer Rachael Eubanks. The State Treasurer has the legal authority (MCL 21.41(1)) to set accounting standards for Michigan's counties and to establish a chart of accounts for all units of local government in the state.

**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?** [Michigan's uniform reporting format](#) guidelines require all local governments to conform with GAAP. In 2022 Michigan [adopted legislation](#) that provides funding for local governments to implement machine-readable financial disclosures.

### Who commented on the GASB 77 Exposure Draft from Michigan?

- [Michigan's Auditor General Doug Ringler](#) submitted a broadly supportive comment, which called on GASB to clarify which abatements were to be included and called for disclosure of which fiscal year's data was being used, since various governments' fiscal years end in different months. His office has publicly criticized the internal controls for financial reporting at the Michigan Economic Development Corporation.
- Former Pontiac School Board Vice President Brenda Carter, Oakland County Commissioner Dave Woodward, Former Meridian Township Clerk Brett Dreyfus, Former Ypsilanti City Council Member Pete Murdock and former West Bloomfield Township Supervisor Michele Ureste joined 56 other [local elected officials](#) in submitting a comment broadly supportive of GASB 77.

- Professor Margaret Dewar (University of Michigan) and Upjohn Institute for Employment Research’s chief economist Tim Bartik were among [48 academics](#) to cosign a comment broadly supportive of GASB77.

**Does the state government or do any academic/NGO institutions provide technical assistance on GAAP, GASB, or completing ACFRs?** The State Treasurer’s office provides a broad range of technical assistance through the Local Government Financial Services division. The division has published [manuals on financial reporting](#), but has not published guidance on GASB 77. The State Treasurer also publishes a useful [citizen’s guide](#) to understanding financial statements and audit opinions.

**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 Detroit	
City of Grand Rapids	
City of Warren	
City of Sterling Heights	
City of Ann Arbor	
Wayne County	
Oakland County	
Macomb County	
Kent County	
Genesee County	
Detroit Public Schools Community District	
Utica Community Schools	
Dearborn City School District	
Ann Arbor Public Schools	
Plymouth-Canton Community Schools	

**Is there a state office that collects Annual Comprehensive Financial Reports (ACFRs) from counties/cities/school districts?** The State Treasurer collects ACFRs and annual reports from counties and cities and posts them, along with audit opinions, in a [searchable database](#).

**Does state government monitor fiscal stress within county/municipality/school district?** Michigan is one of 22 states to operate a program to [monitor fiscal stress](#) among local governments. The state has a variety of laws giving it the authority to oversee municipal stress and to appoint emergency managers over municipal affairs, as has happened in cities such as Detroit and Flint. The stress analysis employed by the Treasurer includes nine factors one of which is “impact of tax increment finance authorities and tax abatements.” The [State’s Office of](#)

[School Review and Fiscal](#) Accountability stress-tests school districts. The Treasurer maintains an online listing of local governments and school districts [experiencing fiscal distress](#).

**Which state office is responsible for completing state's ACFR?** Michigan State Budget Office.

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

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