

## Tax Abatement Reporting in Texas

*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 Texas.*

**Who in state government is most likely to influence GASB 77 disclosure?** State Comptroller of Public Accounts Glenn Hegar. Comptroller Hegar is the state's chief accountant. His office serves as the hub for Transparency Texas. The State Comptroller incentivizes local government transparency efforts by awarding [Transparency Stars](#) to local governments that post key financial and spending data online.

**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 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 Texas's school districts are required by the Texas Education Code to use GAAP accounting. State law requires only large counties (21 of Texas's 254 counties as of 2008) to use GAAP. None of the state's municipalities are required by state law to use GAAP accounting, though larger cities have chosen to do so, presumably to satisfy credit ratings agencies and obtain the lowest possible interest rates on bond borrowings.

**Is there a state office that collects Annual Comprehensive Financial Reports (ACFRs) from counties/cities/school districts?** The State Auditor has the statutory authority to audit any local government body receiving state funds. As a result, the State Auditor collects ACFRs from most local government bodies, though the office does not post these reports online. The Texas Education Agency [collects](#) annual financial reports from each of the state's school districts, but it also does not appear that it posts them online.

**Does state government monitor fiscal stress within county/municipality/school district?**  
No.

**Which state office is responsible for completing the state’s ACFR?** Texas Comptroller of Public Accounts, Financial Reporting Section.

**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 Houston       | Houston Independent Schools           |
| City of San Antonio   | Dallas Independent Schools            |
| City of Dallas        | Cypress-Fairbanks Independent Schools |
| City of Austin        | Northside Independent Schools         |
| City of Fort Worth    | Katy Independent School District      |
| Harris County         |                                       |
| Dallas County         |                                       |
| Tarrant County        |                                       |
| Bexar County          |                                       |
| Travis County         |                                       |

**Does the state government or do academic/NGO institutions provide technical assistance on GAAP, GASB or completing ACFRs?** The State Comptroller published an [advisory on GASB 77](#) in November 2016, which in addition to providing compliance advice, also encouraged local governments to report on the positive outcomes of subsidies. The State’s [Data Analysis and Transparency Division Services](#) division with the State Comptroller’s office also provides technical assistance to local governments. Among the variety of resources is one on tax-related state and local [economic development programs](#).

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

- IntelligentIncentives, a site location consulting firm, submitted a [comment](#) calling for a broad and inclusive definition of abatement and inclusion of future-year revenue losses resulting from subsidy agreements.
- Professors Michael Oden (UT-Austin), Heywood Sanders (UT-San Antonio) and Bernard Weinstein (Southern Methodist University) joined 45 other academic colleagues in a [comment](#) broadly supportive of GASB 77.
- State Rep. Garnet Coleman joined 61 other local public officials in submitting a [comment](#) broadly supportive of GASB 77.
- Professor Stephen Amberg (UT-San Antonio) [endorsed](#) the exposure draft and called for TIFs to be disclosed.
- Richard Viktorin of Audits in the Public Interest submitted a [comment](#) opposing economic development incentives.

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

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