

Tax Abatement Reporting in Alabama

*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 Alabama.*

Who in state government is most likely to influence GASB 77 disclosure? Chief Examiner of Public Accounts, Rachel Riddle. The Department of Public Accounts has the authority under Title 41, Chapter 5 of the Alabama Code, to audit all governmental bodies receiving state or federal funding. The Department reports to the State Legislature. A joint legislative committee appoints a Chief Examiner to five-year terms.

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 Alabama's counties, municipalities or school districts are required by state law to use GAAP accounting. Alabama's public universities are required by state law to be GAAP-compliant. However, as in many other states, GAAP compliance is more common than is required by law. Government bodies that are not legally required to follow GAAP often do so anyway, presumably to satisfy credit ratings agencies and obtain the lowest possible interest rates on bond borrowings, or as a condition of receiving federal funding.

Is there a state office that collects Annual Comprehensive Financial Reports (ACFRs) from counties/cities/school districts? The Examiner's office [posts audits](#) it conducts of jurisdictions' ACFRs online, which often include abatement data. The state Department of Education also collects ACFRs from school districts and publishes both aggregate and summary financial information by district in its annual Report Card on state schools, but does not post

individual school districts’ ACFRs or audits. The Department of Education’s compilations do not include GASB Statement 77 tax abatement disclosures.

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 Huntsville	N/A. Alabama shields school revenues from abatement programs.
City of Montgomery	
City of Birmingham	
City of Mobile	
City of Tuscaloosa	
Jefferson County	
Mobile County	
Baldwin County	
Shelby County	
Tuscaloosa County	

Does the state government or do any academic/NGO institutions provide technical assistance on GAAP, GASB, or completing ACFRs? The Examiner of Public Accounts provides some educational resources to local governments but does not advise on how to complete an ACFR or on compliance with new GASB Statements. In May 2016, the Association of County Commissions of Alabama [presented an update \(slides 30-37\)](#) on various new GASB requirements that included several slides on GASB 77.

Does state government monitor fiscal stress within counties/municipalities/school districts? Alabama has no formal stress testing in place; the Examiner of Public Accounts informally fulfills this role through the normal audit process.

Which state office is responsible for completing state’s ACFR? The Alabama Department of Finance, Office of the State Comptroller.

Who commented on the GASB 77 Exposure Draft from Alabama?

- [Alabama Education Association](#) (a National Education Association affiliate) called for inclusion of personal income tax diversions, sales tax diversions, and film tax credits, and asked that the projected future liabilities associated with tax abatements also be disclosed.
- [School Superintendents of Alabama](#) called for inclusion of income and sales tax diversions, and also asked for full-cost accounting of tax abatements.
- [Arise Citizens Policy Project](#), in a comment co-signed with the Mississippi Economic Policy Center, called for disclosure of sales tax diversions and the disclosure of long-term liabilities associated with abatements.

- Two [American Federation of Teachers](#) affiliates, in Jefferson County and Birmingham, echoed the concerns of the above groups with regard to income and sales tax diversions and disclosure of long-term liabilities associated with abatements.

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

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