

## Tax Abatement Reporting in Maryland

*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 Maryland.*

**Who in state government is most likely to influence GASB 77 disclosure?** Legislative Auditor Gregory Hook. Maryland's Legislative Auditor is principally charged with auditing state agencies and entities receiving state funds. The Local Government Article, Section 16-307 of the Maryland Code, gives the Legislative Auditor the additional responsibility of annually reviewing the audit opinions of local governments and taxing authorities.

**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 Maryland's counties, municipalities, and school districts are required by state law to use GAAP accounting. Public universities are not required to follow GAAP, but all do anyway.

**Does state government monitor fiscal stress within county/municipality/school district?**  
The Maryland Assembly's [Office of Legislative Audits](#) monitors fiscal stress among local governments.

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

- Former [Maryland Comptroller Peter Franchot](#) issued a broadly supportive comment, calling on GASB to extend disclosure to include future year liabilities.
- [The Democracy Collaborative](#) submitted a broadly supportive comment
- [The Annie E. Casey Foundation](#) joined eight other foundations in a supportive comment that especially praised school districts disclosing revenues they lose to tax abatements.

- Former State Delegate Sheila Hixson, Baltimore City Council member Sharon Middleton and Baltimore Comptroller Bill Henry, Rockville City Council member Tom Moore, Montgomery County Commissioner Hans Riemer, and New Carrollton City Council member Jim Wildoner joined [56 other local public officials](#) in submitting a comment broadly supportive of GASB 77.

**Does the state government or do any academic/NGO institutions provide technical assistance on GAAP, GASB, or completing ACFRs?** In 2022 the Comptroller issued guidance on several financial matters in [including GASB 77](#).

**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 Baltimore	City of Columbia
Prince George’s County	City of Germantown
Baltimore County	City of Waldorf
Anne Arundel County	City of Silver Spring
Howard County	Montgomery County
	All Maryland school districts

**Is there a state office that collects Annual Comprehensive Financial Reports (ACFRs) from counties/cities/school districts?** The Office of Legislative Audits (OLA) gathers audit statements from all counties, cities, and taxing districts. The OLA publishes a [Review of Local Government Audit Reports](#) that highlights problems including non-compliance with reporting guidelines. No local government ACFRs are posted centrally online. OLA audits each school district every six years, and [posts reports](#) of its review.

**Which state office is responsible for completing state’s ACFR?** Maryland General Accounting Division, Office of the State Comptroller.

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

*Updated January 2023*