

Tax Abatement Reporting in Minnesota

*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 Minnesota.*

Who in state government is most likely to influence GASB 77 disclosure? State Auditor Julie Blaha. The elected State Auditor has primary responsibility for auditing local governments. The State's Legislative Auditor (Judy Randall, hired by the Legislature) is responsible for auditing state government, the courts and public universities.

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 Minnesota's counties and school districts are required by state law to use GAAP accounting. Two hundred and fifty of Minnesota's more than 2,600 municipalities are required by state statute to use GAAP, with the remainder exempted because they have fewer than 2,500 residents.

Who commented on the GASB 77 Exposure Draft from Minnesota?

- [State Reps. Ryan Winkler and former Ann Lenczewski](#) submitted a joint comment pointing out Minnesota's leadership on TIF disclosure and calling upon GASB to require this in all jurisdictions.
- State Rep. Tina Liebling and Ely (MN) City Councilmember Paul Kess, joined 60 other [local elected officials](#) in submitting a comment broadly supportive of GASB 77.
- Professors Ann Markusen and Arthur Rolnick (formerly of the Minneapolis Federal Reserve) were among [48 academics](#) to co-sign a comment broadly supportive of GASB 77.

- [Eide Bailly](#), a Twin Cities-based public accounting firm, submitted a comment calling for GASB to a) include TIF in disclosure reporting; b) require disclosure of benefits related to economic development subsidies, including expected future increases in tax revenues expected from subsidies. It also raised technical issues relating to differing fiscal years of government reporting bodies.

Does the state government or do any academic/NGO institutions provide technical assistance on GAAP, GASB, or completing ACFRs? In April 2017, the Tax Increment Financing (TIF) Division of the Office of the State Auditor (OSA), [provided GASB 77 guidance](#) relative to TIFs, noting correctly that in many cases debt-financed TIFs would not trigger reporting requirements, whereas pay-as-you-go TIF are more likely to require disclosure. The Office of the State Auditor also provides a [series of videos](#) on all aspects of setting up TIFs and completing annual state TIF disclosure forms. Minnesota has some of the strongest statewide-TIF reporting in the U.S. The Auditor’s Office has compiled a broad list of “[statements of position](#)” to assist local government officials and their auditors. There are several items pertaining to TIFs in financial reports, and this would be an ideal spot to include additional guidance on conforming with 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 Minneapolis	City of Rochester
City of St. Paul	Dakota County
City of Bloomington	Anoka-Hennepin Public School District
City of Brooklyn Park	St. Paul Public School District
Hennepin County	Minneapolis Public School District
Ramsey County	Rosemount-Apple Valley-Eagan Independent School District
Anoka County	Osseo Public School District
Washington County	

Is there a state office that collects Annual Comprehensive Financial Reports (ACFRs) from counties/cities/school districts? The State Auditor’s office gathers ACFRs from counties and cities. Neither are posted online. The State Auditor does, however, produce an annual [consolidated city finances report](#) for all Minnesota cities. This would be an ideal location to aggregate GASB 77 disclosure information. The State Department of Education collects ACFRs from school districts. They are not posted online, but the department does [provide summary financial data](#) for each of the state’s school districts.

Does state government monitor fiscal stress within county/municipality/school district? Minnesota is one of 22 states to operate programs to [monitor fiscal stress](#) among local governments, though it has not adopted rules for intervention.

Which state office is responsible for completing the state's ACFR? Minnesota Office of Management and Budget.

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

Updated January 2023