



Amalgamated Transit Union

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Office of the International President

January 15, 2015

Sent via email to: director@gasb.org

RE: Project No. 19-20E

Director
Governmental Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Dear GASB Director:

On behalf of the approximately 190,000 members of the Amalgamated Transit Union, AFL-CIO (ATU), I write in support of GASB's Exposure Draft on Tax Abatement Disclosures. Our members need and deserve better reporting of tax expenditures for economic development.

Although the ATU has nearly 190,000 members in 44 U.S. States, the District of Columbia, and nine Canadian provinces, approximately 85,000 members work directly for the public sector. These members include metropolitan and school bus drivers; paratransit, light rail, subway, streetcar, and ferry boat operators; mechanics and other maintenance workers; clerks, baggage handlers, and municipal workers.

In bargaining with these public agency employers, and in advocating around public policies that benefit our members who work in the construction of infrastructure, we routinely use Comprehensive Annual Financial Reports and other public budget documents to assess the financial condition of our employers and to help create more goods jobs for our members in addressing America's critical infrastructure deficit.

That is where we see the greatest value in the GASB's proposed new standard, and that is also why we believe the standard needs to be improved.

Specifically:

We need a full accounting of tax abatement obligations into future years. In the same way your standards for infrastructure depreciation have helped shape a more robust debate over the nation's long-term infrastructure needs, the long-term tax abatement obligations that states and

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localities enter into also need to be accounted for. With economic development agreements often committing future revenues for 10 or 20 years, they are highly relevant to the financial condition of a government, and a critical variable in planning long-term public investments such as infrastructure and the borrowing they necessitate.

Our public employee members are also affected by your new standards on pensions and other post-employment benefits. Simply put, if the GASB insists upon long-term accounting of costs associated with labor, it is only right and fair that you also call for a full accounting of the long-term government obligations to capital.

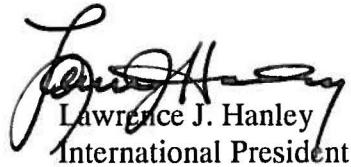
It is also highly necessary for accurate budget and credit analysis and prudent expenditure planning. This is not an abstract issue for many of our locals.

We also recommend that the GASB standard provide for recipient-specific disclosure. We believe this is necessary because in some jurisdictions, a single company or a single industry receives a very large share of tax abatement benefits, distorting the tax base in ways that can harm public services and undermine funding for infrastructure.

Finally, we recommend that the GASB ensure that all forms of tax expenditures for economic development are captured by the new standard. We are concerned here that your draft definition, by requiring that a recipient receive a tax reduction, will miss many expenditures that involve other people's money or indirect spending flows. We refer here to abatements such as tax increment financing, payments in lieu of taxes, income tax diversions and sales tax diversions. If, in the name of economic development, a company benefits from the expenditure of tax revenue that would otherwise support public services or infrastructure, the GASB should ensure such revenues losses are fully disclosed, by recipient name and for their entire time duration.

Thank you for your endeavor. By helping ensure that state and local governments accurately account for tax abatements, the GASB will also protect public investments in education, infrastructure and other public goods and services that are the foundation of a sound economy and a stable tax base.

Sincerely,



Lawrence J. Hanley
International President

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