

Office of Statewide Reporting and Accounting Policy

State of Louisiana

Division of Administration

JOHN BEL EDWARDS
GOVERNOR



JAY DARDENNE
COMMISSIONER OF ADMINISTRATION

July 12, 2017

MEMORANDUM 18-02

TO: Fiscal Officers
All ISIS State Agencies

FROM: Afranie Adomako, CPA
Director of Management and Finance DOA

SUBJECT: Instruction for Preparation of GASB Statement No. 77, *Tax Abatement Disclosure*

Enclosed are the instructions and forms necessary for the completion of GASB 77 for your entity's Annual Fiscal Report (AFR) for the period ending June 30, 2017. GASB 77 establishes financial reporting standards for tax abatement agreements entered into by state and local governments. Tax abatements are widely used by state and local governments to encourage economic development. GASB 77 focuses on the amount of tax revenue that is not collected as a result of tax abatement agreements, and is aimed at informing the public about how these tax abatements affect governments. See OSRAP Memo 17-23 for more information on GASB 77.

All departments, agencies, and organizational units with tax abatement programs are required to complete and report information on these programs to OSRAP as part of the preparation of the AFR. Agencies need to report their information to OSRAP by program, and by program participant name using the documents provided. Agencies should report information for tax abatements that are administered by their department only. To prevent duplicate reporting, do not report information for tax abatement programs that are administered by the other agencies such as the Department of Revenue.

The deadline to submit the required tax abatement disclosure information to OSRAP is August 31, 2017. There are two formats – Word and Excel. For those agencies that have multiple tax abatement programs to disclose, we have created an Excel format (spreadsheet) that you may complete instead of the attached Word document, if that is more convenient. The Excel spreadsheet is on OSRAP's website. Select "AFR packets" and then select "GASB 77 disclosures" at <http://www.doa.la.gov/Pages/OSRAP/afrpackets.aspx>.

The following steps should be followed in completing the GASB 77 disclosures:

- Prepare and compile the required information using one of the formats.
- Each abatement must be prepared individually on the selected format.

- Send completed Tax Abatements documents electronically to:
 - ❖ Original to Tonia Jackson at tonia.jackson@la.gov
 - ❖ Copy to Louisiana Legislative Auditors at LLAFileroom@lla.la.gov as a single document in multi-page Portable Document Format (PDF) or as a single document in multi-page Tagged Image File Format (TIFF) with your AFR portal packet.
- **Please do not send a hard copy.**

Additional information relating to Tax Abatement Disclosures can be found on OSRAP's website at <http://www.doa.la.gov/Pages/osrap/Index.aspx> under 'Financial Reporting and Accounting Support Portal', select AFR Appendix.

If you have any questions, need further information, or are unable to forward the Tax Abatement documents electronically to the LLA, please contact Donna Melancon-Bourgeois at 225-339-3822 or DMelancon@LLA.la.gov.

If you have any questions concerning the memo, please contact Tonia Jackson at (225) 342-8090.

AA:tj

AGENCY NAME:
AGENCY NUMBER:

**GASB 77 – TAX ABATEMENT
AFR NOTE DISCLOSURES**

A. Agreements Entered into by the Reporting Government:

Tax Abatement Program Title _____
(Examples of major tax abatement programs, economic development zone, abatements under a program to attract television and movie productions, or all other abatements)

1. Descriptive Information:

a. Name of Tax Abatement Program and Name of Program Participant

b. Purpose of Tax Abatement Program

c. Specific taxes being abated

d. The authority under which tax abatement agreements are entered into

e. The criteria that make a recipient eligible to receive a tax abatement

f. The mechanism by which the taxes are abated, including:

i. How the tax abatement recipient's taxes are reduced, such as through a reduction of assessed value

ii. How the amount of the tax abatement is determined, such as a specific dollar amount or a specific percentage of taxes owed

g. Provisions for recapturing abated taxes, if any, including the conditions under which abated taxes become eligible for recapture

h. The types of commitments made by the recipients of the tax abatements

AGENCY NAME:
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2. Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of tax abatement agreements.

For fiscal year 2017, the reduction in taxes totaled \$ _____
Report on an accrual basis for the Fiscal Year (Reporting Period)

3. Amounts received or receivable from other governments in association with the forgone tax revenue:
a. The names of the governments

- b. The authority under which the amounts were or will be paid

- c. The dollar amount received or receivable from other governments

- a. For fiscal year, \$ _____ was received

Report on an accrual basis for the Fiscal (Reporting Period)

4. Description of commitments other than to reduce taxes as part of a tax abatement agreement. For example, to build certain infrastructure. This information should be disclosed until the government has fulfilled the commitment.

- a. Type of commitments made

- b. The most significant individual commitments made

5. If specific information required by GASB 77 was omitted because the information was legally prohibited from being disclosed, provide a description of the nature of the tax abatement information omitted and the specific source of the legal prohibition.

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AGENCY NUMBER:

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AFR NOTE DISCLOSURES**

B. Agreements that are entered into by Other Governments and that Reduce the Reporting Government's Tax Revenues:

Disclose the following information related to tax abatement agreements that are entered into by other governments and that reduce the reporting government's tax revenues. Disclosure information may be provided individually or may be aggregated. Organize disclosures by the government that entered into the tax abatement agreement and the specific tax being abated. If individual tax abatement agreements are disclosed, disclose only those that meet or surpass a quantitative threshold that has been selected by the agency. A brief description of the quantitative threshold used to determine which agreements to disclose individually should be provided.

1. Descriptive Information:

- a. Government Name (Government that entered into the tax abatement agreement)

- b. Specific tax that was reduced or abated.

- c. Gross dollar amount, on an accrual basis, by which the reporting government's taxes were reduced during the reporting period as a result of tax abatement agreements

- d. Amounts received or receivable from other governments in association with the forgone tax revenue:

- i. The names of the governments

- ii. The authority under which the amounts were or will be paid

- iii. The dollar amount received or receivable from other governments

1. For fiscal year, \$ _____ was received

2. A total of \$ _____ was receivable at the end of the fiscal year.

- e. If tax abatement agreements are disclosed individually, a brief description of the quantitative threshold the reporting government used to determine which agreements to disclose individually

AGENCY NAME:
AGENCY NUMBER:

**GASB 77 – TAX ABATEMENT
AFR NOTE DISCLOSURES**

- f. If specific information required by GASB 77 was omitted because the information was legally prohibited from being disclosed, provide a description of the nature of the tax abatement information omitted and the specific source of the legal prohibition.
