

# INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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Sent Via Email: [director@gasb.org](mailto:director@gasb.org)

**RE: Project No. 19-20E**

Director  
Governmental Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear GASB Director:

On behalf of the 1.4 million members of the International Brotherhood of Teamsters, including more than 260,000 who work in the public sector and more than 50,000 in the building and construction trades, I support GASB's Exposure Draft on Tax Abatement Disclosures and recommend some additional technical improvements to strengthen it. Better reporting and greater transparency of tax expenditures used for economic development will help provide more accurate financial information needed to plan, budget and fund critical public services and infrastructure projects.

More than a quarter of a million Teamster members work in the public sector--responding to life threatening emergencies as EMTs and ambulance drivers; cleaning public schools; driving city and county buses; providing security in public buildings; caring for the elderly and veterans; maintaining roads; and recycling garbage. Teamsters work as doctors, nurses, police officers, deputy sheriffs, safety aides, and corrections officers.

The Teamsters also represent tens of thousands of members in the building and construction trades—many who work for private construction contractors that build and maintain all forms of public infrastructure including: schools; roads; bridges; transit; water; sewer; and, public office buildings.

We rely upon Comprehensive Annual Financial Reports and other public budget documents, to provide accurate financial information in order to effectively bargain with our members' governmental employers and advocate for sound public policies that benefit our members who work in the construction of infrastructure. That is why we support the GASB's proposed standard with some technical improvements to strengthen it. Specifically, we believe:

- A full accounting of tax abatement commitments into future years will greatly help states and localities in their long-term planning and budgeting for public services and infrastructure projects. Economic development agreements can impact future tax revenues for decades to come making them highly relevant to the financial condition of city, county and state governments. Just as the GASB's standards for infrastructure depreciation has helped inform the debate over our nation's infrastructure needs, so too can the accounting of long-term tax abatement commitments improve budget and credit analysis and support more prudent financial planning.

In Washington State, for example, the Teamsters represent more than 5,500 state corrections officers. These officers provide an important and personally dangerous public service but have received no raises in six years due to the state's budgetary restraints. Currently, Washington's state legislature is reviewing a tentative agreement that includes modest wage increases for the corrections officers over the next two years and will be weighing the appropriation against other budgetary constraints. Meanwhile, in 2013, the state legislature approved a tax abatement extension for Boeing and its suppliers projected to cost the state \$8.7 billion in lost tax revenue over 16 years. These enormous future abatements would not be disclosed under the GASB Exposure Draft. Without a full accounting of government's long-term abatement obligations, policymakers cannot ensure responsible budgeting for public services and infrastructure projects. Meaningful collective bargaining for employees who provide the services and work on infrastructure projects will also be impaired.

- The GASB standard should require recipient-specific disclosure. Improved disclosure and transparency about recipients can help policy-makers and advocates track the costs and benefits of specific abatements over time and inform future financial decisions. Sometimes a single company or industry may receive a large share of tax abatement benefits, which can distort the tax

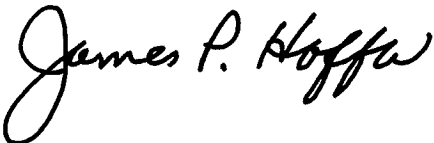
base in ways that can hurt public services or undermine funding for future infrastructure improvements.

- The GASB should require a full accounting of long-term costs associated with tax abatements, especially in light of new standards on pensions and other post-employment benefits, which impact Teamster-represented public employees. If the GASB insists upon long-term accounting of costs associated with labor, we believe it is important to also call for a full accounting of tax abatement commitments into the future.
- We recommend that the GASB ensures that all forms of tax expenditures for economic development are captured by the new standard including: tax increment financing; payments in lieu of taxes; income tax diversions; and sales tax diversions. If a company benefits from the abatement of tax payments that would otherwise support public services or infrastructure, the GASB should require that such revenue losses are fully disclosed, by recipient name, and for the full duration of the abatement.

We support and appreciate the GASB's efforts to improve financial reporting and transparency around tax abatements. Requiring a full accounting into future years of all abatements by recipient will provide valuable information to help public policy-makers and advocates protect financial resources needed to fund critical public services and infrastructure projects.

Thank you.

Sincerely,



James P. Hoffa  
General President

JPH/cz