

## Legislation Text

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**File #:** 2018-1811, **Version:** 1

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Tax Incentive Projects GASB 77 Abatement Information

Issue/Request:

Tax Incentive Projects GASB 77 Abatement Information

Key Issues:

Presentation of GASB 77 Abatement Information on Tax Incentive Projects

Proposed Committee Motion:

I move to recommend to City Council None

Background:

The Government Accounting Standards Board, the governing body that determines the requirements for Government Entity auditing standards, has added statement number 77, that requires government entities to report in a financial statement footnote, the amount of taxes the jurisdiction has not received due to abatements granted to other entities by either the government entity or other governmental entities. The effective date for the application of the statement for the City of Lee's Summit was June 30, 2017. The information presented to the committee is contained in the city's CAFR for the fiscal year ended June 30, 2017.

Impact/Analysis:

GASB 77 Abatement Information is required to be disclosed for all tax amounts that have been abated by either the city or another governmental authority that affects the taxes received by the city. The information is to show the effect of tax abatements for the current year's revenues, and, does not include amounts either before or after the current fiscal year. The information is required to be identified by the type of incentive program that resulted in the abatement of taxes. For the City the four categories are TIFs, Section 353, Section 100, and LCRA tax abatements. The GASB 77 abatement amounts included in the slides indicates all the taxing jurisdictions had a gross abatement of \$12,622,750, from which PILOT payments were deducted leaving a net abatement of \$10,802,860. The TIF abatement percentage was 47.1% resulting in a net abatement amount of \$6,945,090. The City's portion of the gross tax abatement was \$2,075,703, less the city's portion of the PILOTs received (17.376%) resulted in a net tax abatement of city taxes of \$1,714,508.13. The majority of tax abatement in the other jurisdictions was incurred by the Lee's Summit R-7 School District.

Timeline:

Start: \_\_\_\_

Finish: \_\_\_\_

Other Information/Unique Characteristics:

None

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Presenter: Conrad E. Lamb

Recommendation: [Enter Recommendation Here]

Committee Recommendation: [Enter Committee Recommendation text Here]