

## Tax Abatement Reporting in Arkansas

*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 state and local governments (including school districts) to report tax abatement programs 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 Arkansas.*

**Who in state government is most likely to influence GASB 77 disclosure?** State Auditor Dennis Milligan and Legislative Auditor Roger Norman. State Auditor Milligan is the state's chief accountant with the responsibility for establishing accounting standards used by governments throughout the state. Legislative Auditor Milligan conducts financial audits on about 1,000 governmental bodies in Arkansas each year.

**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 Arkansas's 310 school districts (and public universities as well) but none of its 75 counties or any of its 499 municipalities are required by state law to use GAAP accounting. However, the same study indicates that many jurisdictions that are not legally required to follow GAAP do so anyway, presumably to satisfy credit ratings agencies and obtain the lowest possible interest rates on bond borrowings.

**Is there a state office that collects Annual Comprehensive Financial Reports (ACFRs) from counties/cities/school districts?** The Legislative Auditor collects ACFRs, and audits about 1,000 local government financial reports each year. The results are posted in a [searchable database](#). The Legislative Auditor also publishes a list of early released audits.

**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 Little Rock	City of Fayetteville
	City of Fort Smith
	City of Springdale
	City of Jonesboro
	Pulaski County
	Benton County
	Washington County
	Faulkner County
	Sebastian County
	Springdale School District
	Little Rock School District
	Bentonville Public Schools
	Rogers School District
	Fort Smith School District

**Does the state government or do any academic/NGO institutions provide technical assistance on GAAP, GASB, or completing ACFRs?** The Legislative Auditor’s Office is tasked with providing local governments with [technical assistance](#) on financial reporting. Among past documents is an implementation guide for [GASB 34](#).

**Does state government monitor fiscal stress within counties/municipalities/school districts?** The Arkansas Fiscal Assessment and Accountability Program, or fiscal distress, is the state program used to identify and correct school districts that are struggling to maintain fiscal stability. The [Bureau of Legislative Research’s 2020 Fiscal Distress report](#) notes five districts currently in distress.

**Which state office is responsible for completing the state’s ACFR?** Arkansas Department of Finance and Administration, Office of Accounting.

**Who commented on the GASB 77 Exposure Draft from Arkansas?** No one.

**For more information on GASB 77, visit [goodjobsfirst.org/tax-abatement-disclosures](https://goodjobsfirst.org/tax-abatement-disclosures)**

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