Policy Matters Ohio

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Tax policy

Local tax abatement in Ohio: A flash of transparency

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Policy Matters Ohio

Introduction

For the first time, governments across Ohio and the country are reporting the cost of tax abatements they grant for economic development. The information is required under a new rule by the nonprofit that sets national financial reporting standards for governments,[1] the Governmental Accounting Standards Board (GASB). It has been dribbling out since last spring and will continue as governments further report on calendar 2016 and later fiscal years. This promises a new era of transparency for corporate tax breaks, but it will take a strong commitment by public officials and residents alike to make the most of the opportunity. In Ohio, some governments are taking the requirements more seriously than others, while the auditor of state has not taken an aggressive approach to maximizing the transparency offered by the new rule.

The new GASB standard covers tax abatements in which tax revenue is reduced because of an agreement between a government and a taxpayer. Generally, it applies when a government agrees to forgo revenue, and the taxpayer promises to take specific action contributing to economic development or otherwise benefiting the government or citizens broadly.[2] Governments are required to disclose in notes to their financial statements the specific taxes being abated, the authority for doing so, and the criteria that make a recipient eligible. The report should include the amount abated under each program. The standard covers governments that use Generally Accepted Accounting Principles, which includes most municipalities in the state.

Policy Matters Ohio has reviewed the disclosures made by 59 counties and 84 cities, villages and townships to start the process of learning from this new tool, known as GASB Statement No. 77. The 10 largest counties reported a total of $25.8 million in abatements for 2016 under the new rule; more than half of that was in Franklin County, the state's largest. The city of Cleveland reported abatements totaling nearly $3.7 million, although it also noted in its report that it "has additional development programs that do not meet the requirements of GASB Statement No. 77." This underlines that, while the new reporting provides better transparency, it remains incomplete, and GASB needs to broaden the information that is required to be disclosed.

Most of the disclosures report on property tax abatements under the two major such programs available under state law, the Enterprise Zone (EZ) and Community Reinvestment Area (CRA) programs. Since school districts receive nearly two-thirds of local property tax levies and most only completed their most recent fiscal year last June, most of the abatement has not yet been reported. However, since the standard requires governments to report abatements experienced because of another government's action, school districts will have much to report. Table 1 shows reports by the 10 largest counties in Ohio, while Table 2 covers the 10 largest cities:

[1] Statement No. 77 of the Governmental Accounting Standards Board, Tax Abatement Disclosures, August 2015, at http://www.gasb.org/jsp/GASB/Document_C/GASBDocumentPage?cid=1176166283745&acceptedDisclaimer=true
[2] Ibid., p. 2.

Table 1	
Top 10 Ohio Counties: Revenue Lost from Tax Abatements, 2016	
Top 10 Counties by Population	**Total Revenue Lost**
Cuyahoga County	$3,245,383
Franklin County	$13,249,000
Hamilton County	$2,933,000
Montgomery County	$1,818,353
Summit County	--
Lucas County	$1,663,808
Stark County	$297,983
Butler County	$418,200
Lorain County	$352,127
Mahoning County	$1,851,357

Source: County financial reports. Summit County did not report any revenue lost from tax abatements.

Table 2	
10 Largest Ohio Cities: Revenue Lost from Tax Abatements, 2016	
Top 10 Cities by Population	Total Revenue Lost
Columbus	$1,912,028
Cleveland	$3,681,000
Cincinnati	--
Toledo	$915,000
Akron	$32,777
Dayton	$1,512,299
Parma	--
Youngstown	--
Canton	$48,898
Lorain	$188,913

Source: City financial reports. Cincinnati has a fiscal year that ended before GASB 77 was implemented, and Parma and Youngstown had not yet released their financial audits for FY 2016 at the time of this report.

FY ending 12/31/2016

WEAK REPORTING

At the same time, some governments implement the new rules in ways that could leave taxpayers mystified. Some don't mention the rule at all in their 2016 financial statements, the first year it was required. One of those was Washington County in Southeast Ohio.[3] Asked why this did not elicit any comment from the state auditor, Deputy State Auditor Robert R. Hinkle said in an email that some of the county's abatement agreements did not meet the GASB definition, "as the work preceded the agreement. Other agreements that did meet the

[3] See https://ohioauditor.gov/auditsearch/Reports/2017/Washington_County_16-Washington_Report.pdf. Another county with no mention of the standard in its 2016 report was Monroe County. It had no agreements to evaluate, according to the state auditor's office. https://ohioauditor.gov/auditsearch/Reports/2017/Monroe_County_16-Monroe_report.pdf

definition as they reduced the County's tax revenue by a trivial amount, thus they were deemed immaterial and no disclosure was required."[4]

Hinkle also noted that Washington County implemented the new standard in 2015, and said in its report for that year that it had made the change. "This disclosure is only required in the year of implementation and was not needed in the 2016 report," he said. Thus, a Washington County taxpayer wanting to know about abatements would have to consult an earlier financial report to know that the county was indeed tracking them.

Summit County cited its implementation of the change in its 2016 financial report, and said it did not have any effect on its financial statements.[5] "No further disclosure was required since the county had no agreements meeting the GASB 77 definition or any agreements meeting the definition were immaterial," Hinkle said. Indeed, GASB standards "relate only to *significant (material)* amounts," GASB notes, and it does not provide specific guidance on what that means.[6]

While such reports may meet the rule's technical requirements, they don't provide the disclosure advocates expected when the rule was approved. Any Ohioan should be able to look at the financial report of their local government and see what tax abatement is costing. If it's costing nothing, the government should say so – and explain how that is so if there are abatement agreements.

Other elements in the GASB standard have been widely disregarded, such as the requirement to disclose other commitments beyond tax reductions made by governments as part of the abatement agreement.[7] Local governments are supposed to report provisions for recapturing abated taxes, often known as clawbacks, but have rarely done so in their 2016 financial statements. A far more vigorous effort needs to be made, not just by local officials but by the state auditor, so that Ohioans can benefit from this important new transparency requirement.

The GASB rules are important in part because the amount of revenue affected by tax abatement in Ohio is substantial. Statewide, real property valued at more than $10 billion was abated as of 2015, according to figures from the Ohio Department of Taxation.[8] A very rough calculation suggests this could be costing government across Ohio as much as $600 million a year in revenue.[9] This does not include abatements of other taxes, such as municipal income taxes or local sales taxes.

Cuyahoga County calculated that county-wide, the amount of taxes abated for local governments and schools came to nearly $96.4 million in 2016.[10] Schools accounted for $60.6 million of that, with the Cleveland Municipal School District alone amounting to $34.2 million.

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[4] Email from Deputy Auditor Robert R. Hinkle, Nov. 21, 2017. He also noted that, "Subsequent to the issuance of Washington County's 2016 statements, it was discovered that the County entered into an agreement in 2016 that would meet the GASB 77 definition. This agreement had no impact on 2016 tax revenue, and will be included in 2017's report."

[5] https://ohioauditor.gov/auditsearch/Reports/2017/Summit_County_16-Summit.pdf p. 50 Data from the Ohio Department of Taxation available at https://www.tax.ohio.gov/Portals/0/tax_analysis/tax_data_series/real_property/pe3/PE3CY15.pdf As of Tax Year 2015, there were tax abatements on property in Summit County, but most of them were tax increment financing, much of which is not required to be disclosed under the GASB 77 rule. See Footnote 11 below.

[6] Governmental Accounting Standards Board, "The Materiality Box: Why It's Important," at http://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176168716224

[7] This might include such commitments as "constructing streets and other infrastructure around a new office complex for which a property tax abatement has been provided," under the GASB rule. See p. 18.

[8] Ohio Department of Taxation, Assessed Valuation of Real Property Exempted by Tax Abatements, by County, Tax Year 2015, at https://www.tax.ohio.gov/tax_analysis/tax_data_series/publications_tds_property/PE3TY3.aspx

[9] This is based on an average statewide effective tax rate of 59.42 mills for that tax year. See Ohio Department of Taxation, Annual Report, Fiscal Year 2016, p. 136, at https://www.tax.ohio.gov/communications/publications/annual_reports/2016annualreport.aspx.

[10] Cuyahoga County Fiscal Officer, GASB – 77 Tax Abatements / Foregone Tax Dollars by Authority for Tax Year 2016, at http://fiscalofficer.cuyahogacounty.us/pdf_fiscalofficer/en-US/BudgetCom/2016GASB.pdf

Table 3 lists the 10 jurisdictions with the most forgone revenue. These figures are based on reports on abated property values; they include tax increment financing not currently subject to the GASB reporting requirements.[11] Some local governments may have figured the forgone revenue from abatements differently than the county did. The county itself reported $13.7 million in forgone revenue using this method, compared to just $3.2 million in its financial report. Though the figures reported by the county don't necessarily correspond to what individual governments report, they give an idea of the revenue at stake. As the county's figures demonstrate, most of the abated property taxes would go to local school districts.

Table 3

Top 10 Cuyahoga County Jurisdictions with Highest Forgone Tax Dollars, Tax Year 2016

Top 10 Jurisdictions	Forgone Tax Dollars
Cleveland Municipal School District	$34,246,605.91
Cuyahoga County	$13,704,223.37
City of Cleveland	$7,062,791.88
Warrensville Heights City School District	$4,553,326.67
Cuyahoga Community College	$3,900,350.85
Cleveland Library	$3,601,390.25
Strongsville City School District	$2,916,849.16
Mayfield City School District	$2,781,659.07
Cleveland Metro Parks	$2,681,334.36
Cleveland Heights-University Heights City School District	$2,104,751.09

Source: Cuyahoga County Budget Commission

The GASB standard also applies to states, and in late December, the State of Ohio released its financial report for its 2017 fiscal year, for the first time reporting on the cost of tax abatement under the new rule.[12] It disclosed that six programs – five tax credits and a sales-tax exemption – together cost a total of $225.6 million. The largest was the Job Creation Credit. Table 4 shows the forgone revenue the state reported for fiscal year 2017. Most of the amounts reported are similar to those reported in the state's biennial tax expenditure report.[13] However, the state did not explain why it lumped in with the Job Creation Credit revenue forgone from a different program, the sales-tax exemption for computer data center equipment.[14]

[11] Under tax increment financing (TIF), payments on the additional value of a property undergoing development are diverted from the general fund for a period of time to uses exclusively within the TIF district, sometimes to build infrastructure supporting the development and sometimes for other purposes. GASB has said that such payments that are used to finance debt do not need to be separately disclosed in the GASB 77 footnote, but certain other TIF payments must be cited. See below. Tax increment financing accounts for more than half of the property tax abatement in the state.
[12] State of Ohio, Comprehensive Annual Financial Report, Fiscal Year Ended June 20, 2017, p. 63 at http://obm.ohio.gov/StateAccounting/financialreporting/doc/cafr/2017/cafr_2017.pdf
[13] Governor John R. Kasich, The State of Ohio Executive Budget, Fiscal Years 2018-2019, Tax Expenditure Report, at https://www.tax.ohio.gov/portals/0/communications/publications/FY18-19_Tax_Expenditure_Report.pdf
[14] The report says that the sales-tax exemption "also requires job creation" but does not provide additional explanation. Policy Matters Ohio asked the Office of Budget & Management why the two were lumped together but did not receive a response in time for this report.

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Table 4	
State of Ohio, Forgone Revenue from Tax Abatement in FY2017 (in thousands)	
Job Creation Credit	$113,355
Job Retention Credit	$54,251
Historic Preservation Tax Credit	$34,695
Motion Picture Tax Credit	$18,957
New Markets Tax Credit	$4,359
Total of Tax Abatements	$225,617

Source: State of Ohio, Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2017. The state included in the total for the Job Creation Credit the abatement under another program, the sales-tax exemption for computer data center equipment.

BEST PRACTICES

The rule is not hard to implement. Tiny Silverton,[15] a village of 4,788 outside Cincinnati, cited two specific properties on which it had abated taxes for 10 years up to specific maximums, which reduced tax revenue in 2016 by a total of $5,417. It said about each: "There are no recapture provisions, no commitments made in exchange for the abatement (except for the remodeling of the property), nothing will be received or due from other governments in association with the abated taxes and no other associated commitments were made by the abated government." It went on to say: "The Village had no tax abatement agreements with other governments, which would reduce the Village's tax revenues." The village went beyond GASB requirements in describing how long the abatements will last—a key data point for taxpayers and investors alike that GASB should add to its rule. Silverton also complied with the GASB 77 rule by reporting on other commitments and recapture provisions, when most other Ohio local governments have not included that in their reports. Silverton offers a strong model of how other Ohio governments could improve compliance.

GASB's rule unfortunately does not require governments to name the individual recipients of tax abatements they report. However, a number of Ohio governments commendably have done so voluntarily. Montgomery County showed how much in enterprise zone abatements, worth $1.8 million to the county in 2016, were granted by each of 14 different municipalities. It also listed individual job and investment commitments by companies in four communities that had used enterprise zones, allowing readers to see how each has turned out.[16] Hardin County included the proportion of the property tax abated, the length of the abatement, the scope of the project, number of new employees and estimated annual payroll, and the 2016 tax savings for the company.[17] Williams County didn't supply the job and investment data, but produced a table showing the company, the tax district, the abatement period, the market value of the abated property, the tax abated by the county, the tax abated by other entities, and total tax abated for 2016.[18]

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[15] Village of Silverton, Basic Financial Statements, December 31, 2016, pp. 29-30, at https://ohioauditor.gov/auditsearch/Reports/2017/Village_of_Silverton_16-Hamilton.pdf Silverton's financial statements are presented on a modified cash basis of accounting, which differs from generally accepted accounting principles.

[16] Montgomery County Single Audit for the Year Ended December 31, 2016, pp. 101-102, at https://ohioauditor.gov/auditsearch/Reports/2017/Montgomery_County_16-Montgomery_CAFR.pdf

[17] Hardin County, Compilation of the Basic Financial Statements under Comprehensive Basis Other than Generally Accepted Accounting Principles, For the Year Ended December 31, 2016, pp. 31-32.

[18] Williams County Single Audit for the Year Ended December 31, 2016, pp. 33-34, at https://ohioauditor.gov/auditsearch/Reports/2017/Williams_County_16_Williams.pdf

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Some cities also went beyond the requirements. The city of Hamilton provided the names of the two recipients of enterprise zone abatements.[19] Marysville listed the taxes abated for each of nine companies, ranging from $583 for Fiesta Grande to $193,502 for Sumitomo.[20] Bedford included information on the amount paid to the Bedford City School District under abatements that require sharing of municipal income tax.[21]

Many governments distinguished, as GASB requires, between those abatements they had granted themselves and those that were granted by other governments but affected their own revenues. This rule will be especially important going forward for school districts. Others described how abatements had affected specific government agencies; many counties have levies for particular purposes, so abatements affect not just general operating revenue, but how much is raised for specific human services. For instance, Franklin County reported that abated property taxes amounted to $5.47 million less for its board of developmental disabilities; $3.89 million less for its children's services board; $1.72 million less for the alcohol, drug and mental health board, and more than $1 million less for its senior services agency.[22]

Table 5 lists a number of local governments that have demonstrated how GASB 77 can work. Their reporting, sometimes going beyond GASB's requirements, shows that governments large and small can provide a broader measure of transparency for tax abatements.

Table 5

Local governments that that have demonstrated how GASB 77 can work

Village of Silverton	Names specific recipients, length of time for abatements
Montgomery County	Names specific recipients, abatement performance
Hardin County	Provides specific recipients, length of time of abatement
Williams County	Provides company names, abatement period
City of Hamilton	Provides company names
City of Marysville	Provides company names, abatement period
City of Bedford	Describes payments to school district under tax-sharing requirements
City of Grandview Heights	Discloses other commitments: Pledges for payments for debt service on TIF bonds
Franklin County	Shows effects of abatements on different agencies
Lake County	Shows effects of abatements on different county funds

Source: Government financial reports

[19] City of Hamilton, Ohio, Schedule of Expenditures of Federal Awards and Other Single Audit Reports, Year Ended December 31, 2016, p. 64, at https://ohioauditor.gov/auditsearch/Reports/2017/City_of_Hamilton_16-Butler.pdf
[20] City of Marysville, Ohio, Comprehensive Annual Financial Report for the year ended December 31, 2016, p. 85, at https://www.marysvilleohio.org/ArchiveCenter/ViewFile/Item/3565
[21] City of Bedford, Cuyahoga County, Regular Audit for the Year Ended December 31, 2016, p. 79, at https://ohioauditor.gov/auditsearch/Reports/2017/City_of_Bedford_16-Cuyahoga.pdf
[22] http://www.franklincountyauditor.com/public/documents/pdf/55209bc9-bb15-815f-e6742266afd69c32.pdf see p. 95

THE ROLE OF THE AUDITOR OF STATE

Ohio's auditor of state is responsible for auditing all public offices in Ohio. The auditor establishes auditing standards and can require that local government financial reports include any information he considers proper.[23] So far, Auditor Dave Yost has not seized the opportunity to make the new data widely and easily available so we can compare abatement across the state. He has not spurred local governments to provide the maximum transparency the new standard can bring. The auditor's web site could post key information reported by local governments across Ohio in one place, enabling residents to easily see what their community has said and compare it with others. So far, there has been no public effort to move in that direction.[24]

Early last year, the auditor produced a bulletin on the subject for fiscal officers and independent public accountants,[25] as well as a frequently asked questions page.[26] The auditor's office has done trainings for county auditors and others. But this falls well short of the aggressive initiative for openness that the new GASB standard could promote. In New Mexico, the state auditor delivered a spreadsheet to every local government in the state and instructed them to complete it, including names of subsidy recipients, the tax revenue forgone, and more.[27] The state auditor's office there promised it would collate the results and post them online.

Various local governments are submitting their financial statements to the Ohio auditor without all of the required GASB 77 disclosures, such as reports on provisions for recapturing abated taxes. Asked if the auditor has requested better disclosure in cases where it has been incomplete, Deputy Auditor Hinkle said the office was "Not aware of any specific incomplete abatement disclosures. However, AOS would discuss any type of noted incomplete footnote disclosures with the government."[28]

Columbus was the first major city in Ohio and one of the first in the country to post its financial statements for 2016, subject to the new standard. The city said in its GASB 77 note that it lost just over $1 million in income-tax revenue and $872,127 in property tax revenue from abatement programs, a total of about $1.9 million.[29] However, elsewhere in the report it noted it made payments under other economic development programs of $14.585 million, $12.2 million of which came out of city income tax paid by employees after employers met job creation goals. The city excluded these from its GASB note, arguing that they did not need to be shown. Since the city had rebated the money to companies, forgiving taxes that had already been paid, it concluded that they were expenses, not forgone revenue, which is what the GASB rule covers.

GASB later came to a different conclusion. In an addition to its implementation guide for 2017, it said in answering a hypothetical example: "Although many tax abatements directly reduce the amount of taxes paid and do not involve the actual collection and return of taxes, the mechanism used to conduct the transaction is not relevant to determining whether a

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[23] See Ohio Revised Code section 117.19, 117.39, 117.43 and for counties, 319.11. See also Ohio Administrative Code Section 117-2.

[24] Policy Matters Ohio recommended this to the auditor's office two years ago. While the financial reports of individual local governments are available on the auditor's web site, GASB 77 disclosures could be summarized and aggregated where the auditor provides summaries of local financial reports.

[25] https://ohioauditor.gov/publications/bulletins/2017/2017-001.pdf

[26] http://www.ohioauditor.gov/references/gasb77.html

[27] See New Mexico, Office of the State Auditor, at https://www.saonm.org/state_auditor_rule See GASB 77 Disclosure Template and GASB 77 Template Instructions

[28] Email from Deputy Auditor Robert R. Hinkle to Zach Schiller, Nov. 21, 2017

[29] See Zach Schiller, "Columbus Leads in Disclosing Tax Abatements," Policy Matters Ohio, Apr. 24, 2017, at https://www.policymattersohio.org/blog/2017/04/24/columbus-leads-in-disclosing-tax-abatements

transaction meets the definition of an abatement. Therefore, the fact that the developer pays property taxes and subsequently receives amounts from the government related to the additional property tax revenues means that the government did, in substance, forgo tax revenues."[30]

This means that tax rebates like those Columbus voluntarily disclosed, along with tax increment financing arrangements in which property taxes are rebated to a company, will have to be reported.[31] Auditor Yost added an answer to his FAQ with this relevant new language. However, his office refused to make any change in the bulletin it had previously issued. "Most TIFs will not meet the GASB 77 definition of a tax abatement," the bulletin states. "In most TIFs, the property owner is still making compensation payments in the same amount as the property tax, so the revenue is not forgone; it is; however, redirected and restricted as to use. However, TIFs should still be reviewed as there is still the potential for a TIF to meet the definition."

The auditor sets a very low bar with such advice, even though it is not incorrect. Assistant Chief Deputy Auditor Marnie Carlisle said in an email to Policy Matters Ohio last spring, "We believe the frequently asked question we are adding to our website will provide sufficient guidance to local governments and will bring the recent GASB implementation guide to their attention."[32]

More striking is the rest of what she said. The auditor's bulletins, she noted, "are not all inclusive. Governments preparing financial statements under GAAP or OCBOA [Other Comprehensive Basis of Accounting], and their independent auditors, are responsible for understanding GASB statements sufficiently to apply them to their financial statements and audit them. While we often provide guidance and training to assist local governments, the Auditor of State is precluded from serving as an extension of a local government's internal controls for financial reporting."

Obviously, the responsibility for their financial statements falls upon local governments. However, the auditor should encourage maximum disclosure – and is in a position to do so. Ohio law states that, "Each public office, other than a state agency, shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports."[33] The auditor should make use of this authority to require full compliance with GASB 77 requirements, and go beyond them so Ohioans can gain a full understanding of the financial impact of tax abatement.

[30] Governmental Accounting Standards Board, Governmental Accounting Standards Series, Implementation Guide 2017-1, Implementation Guidance Update—2017, p. 12, at http://www.gasb.org/cs/ContentServer?c=Document_C&pagename=GASB%2FDocument_C%2FGASBDocumentPage&cid=1176168990840
[31] GASB said this would not be effective until June 15, 2017, meaning it doesn't affect reports for calendar 2016. Ibid, p. 25.
[32] Email from Assistant Chief Deputy Auditor Marnie Carlisle to Zach Schiller, May 12, 2017
[33] Ohio Revised Code, Section 117.38. Local governments must file their annual financial report to the auditor through the auditor's financial data reporting system.

Recommendations

Taxpayers should demand that their local government provide all of the information that GASB requires. That includes:

- Breaking out which abatements were actively approved by the local government from those that affect local revenues but were approved by another government;
- Describing other commitments beyond the tax abatement itself, and
- Detailing whether there are provisions so the government can claw back abatements when performance has been found wanting.

Existing reports on the state's leading property tax abatement programs allow Ohioans to see if their local governments have provided abatements.[34] With the advent of the GASB rule, residents can compare these reports with disclosures their local governments are making and see if they are complete. They can also look to see if their local government has received an award from the Government Finance Officers Association for its financial reporting, and whether its GASB 77 reporting is sufficient to merit the award.

At the same time, local governments should emulate those like Silverton that already have gone beyond GASB requirements in reporting on tax abatements. That includes naming the individual recipients of each abatement and describing how long it lasts (and thus its possible financial impact, a critical point not only for residents but for would-be investors in municipal bonds).

The Auditor of State can play an important and positive role in taking advantage of the GASB 77 standard. The auditor should publicly announce a commitment to the fullest possible disclosure of tax abatements and adopt practices to achieve that, including to:

- Ensure that all Comprehensive Annual Financial Reports have a clear section on abatements. If they have no abatements, it should clearly say that. Not mentioning abatements will not be acceptable.
- Provide every local jurisdiction required to report under the GASB standard with a spreadsheet and instructions to complete it.
- Encourage local governments to go beyond the minimum requirements of GASB 77, as a number already do, and include the names of subsidy recipients, future liabilities of each subsidy program, payments to school districts to offset abatements they have made, and, if relevant, taxes forgone by affected agency.
- Augment the existing Summarized Annual Financial Reports currently shown on the Auditor's web site at https://ohioauditor.gov/references/summarizedreports.html. Aggregation of GASB 77 data in one place, available and downloadable for Ohioans from a web site, is critical to making the best, full use of the standard. The auditor should use the uniform spreadsheets provided to all jurisdictions to provide the data. It should

[34] See Enterprise Zone Agreement Information at https://development.ohio.gov/OTEISearch/ez and Community Reinvestment Area Agreement Information https://development.ohio.gov/oteisearch/CRA/

allow readers to easily see in one place how much abatements are in every reporting local government and school district, including the most up-to-date figures.[35]
- Use data available from other state agencies, such as the Development Services Agency and the Department of Taxation, to make sure that abatements reported elsewhere are being fully reported in financial statements.
- Provide more complete technical advice to local governments and third-party auditors, and praise for those that do a good job of disclosure.

Candidates for auditor in next November's state-wide election should discuss their intentions for strengthening tax abatement disclosure.

So far, the newly required tax abatement reporting provides just a taste of what Ohioans should expect from this new rule. Forthcoming reports from school districts, which forgo most of the revenue from property tax abatements, will provide more clues on what the new requirements deliver. Ultimately, this new tool will be useful to the degree public officials make it so. Ohioans should insist on full implementation of the GASB rule and transparency that extends beyond it.

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[35] The auditor should also consider incorporating into its Summarized Annual Financial Reports for local governments key information that is already reported by local Tax Incentive Review Councils, which are required to report annually to the director of the Ohio Development Services Agency. See Section 122:4-1-08 of the Ohio Administrative Code.