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**State Auditor Tim Keller Announces New Accounting Standard for Tax Breaks**

*GASB 77 requires disclosure of tax abatement agreements, provides data for cost-benefit analysis*

SANTA FE, NM — For years, New Mexico policymakers have struggled to access data that would reveal whether the state’s many tax exemptions, credits, deductions and rebates are truly effective in supporting economic growth. An historic development in national accounting standards now requires state and local governments to take the first steps toward collecting that information in their audited financial statements. The Governmental Accounting Standards Board (GASB) issued the new standard, GASB 77, that will be required for most agencies beginning on July 1, 2016.

“Understanding the return on investment of tax breaks will change the landscape when it comes to our state’s ability to track whether or not we are spurring economic growth,” stated State Auditor Tim Keller. “New Mexico’s tax carve-outs may add up to as much as a billion dollars a year and now our local governments will begin to collect data on some of them through the annual audit process. The information will allow the state to finally shed light on which tax credits truly move the needle in our economy.”

The Office of the State Auditor (OSA) is working with GASB to determine the scope of the new standard. Some of the tax credits that may be included in GASB 77 are: Industrial Revenue Bonds (IRBs), Film Production Credits, High-Wage Jobs Credits, and Rural Job Credits.

The OSA encourages agencies to learn about GASB 77 as soon as possible, to prepare for the new financial reporting requirements. The OSA has issued an informative bulletin, [available here](#), and will continue to issue guidance as the standard is implemented nationally.

*The Office of the State Auditor helps government work better by providing transparency and accountability for government spending; informing policy choices; and tackling fraud, waste and abuse. OSA is an independently elected executive agency responsible for examining the use of public dollars in New Mexico.*

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