National Association of State
Auditors, Comptrollers
and Treasurers

NASACT

Headquarters Office
449 Lewis Hargett Circle, Suite 290
Lexington, KY 40503-3590
P (859) 276-1147, F (859) 278-0507
www.nasact.org

Washington Office
The Hall of the States
444 N. Capitol Street, NW, Suite 548
Washington, DC 20001
P (202) 989-6801, F (202) 989-6804

April 24, 2026

Mr. Alan Skelton
Director of Research and Technical Activities
Governmental Accounting Standards Board
801 Main Avenue
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Dear Mr. Skelton:

On behalf of the National Association of State Auditors, Comptrollers and Treasurers, we appreciate the opportunity to respond to the Governmental Accounting Standards Board's Exposure Draft (ED), *Financial Reporting Model Improvements – Subsidies*.

We have the following specific comments that we believe the Board should consider as it finalizes this statement.

Question 4.1
We appreciate this clarification and how the contractual relationship (or lack thereof) affects the subsidy evaluation. However, we believe that additional context regarding the purpose of the supplemental payments to hospitals could help clarify the response.

Question 4.2
We request that the Board clarify if this guidance pertains to all types of donations, and not just donations for scholarships.

Question 4.4
We request that this question and answer be expanded to include an analysis of whether and how paragraph 14a(1) is met due to research grants normally delivering a research report, product, or patent, i.e., goods or services have been provided to the grantor. We also request clarification on how to apply this guidance to the administrative or indirect portion of such grants, specifically if the grant would not offset existing operating costs. It would seemingly require a bifurcation of the expenses, which would be a burden on preparers and auditors, particularly for institutions that receive a large amount of research grants.

Question 4.5
While we appreciate the response to this question, we believe it would be helpful to distinguish between taxes and special assessments, and to clarify that this does not include special assessments. In addition, the proposed response introduces the use of "directly" that does not exist in paragraph 14a(1), since this would introduce a new requirement beyond what's in the standard, we request that "directly" be removed from the response.

Question 4.6
We request that the answer be expanded to include why passenger facility charges are similar to taxes and therefore considered subsidies. There are characteristics of passenger facility charges that indicate that services are being provided to the passengers. Further, we request clarification of whether this answer is limited solely to passenger facility charges and excludes other fees an airport may charge to airlines and passengers. Finally, the proposed response



introduces the use of “directly” that does not exist in paragraph 14a(1), since this would introduce a new requirement beyond what’s in the standard, we request that “directly” be removed from the response.

Questions 4.7 and 4.8
We have no concerns with this proposed question and answer and appreciate the Board providing this response.

Questions 6 and 7
We have no concerns with the proposed effective date and transition provisions.

We appreciate the opportunity to provide our comments. Should you have any questions or need additional information regarding our response, please contact Kim O’Ryan of NASACT at (859) 276-1147.

Sincerely,

Steve McCoy

Steve McCoy
President, NASACT
State Treasurer, Georgia