The Revenue Impact of Corporate Tax Incentives

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 most state and local governments (including school districts) to report tax abatement programs (if they have such a program/s) 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 money for public services is lost to tax breaks given to corporations. This fact sheet summarizes that foregone revenue for the five most populous cities, counties, and school districts (where available) and the state itself in Colorado.

Between fiscal years 2017 and 2021, the state of Colorado and its five largest cities and counties **lost over $734 million** due to economic development tax breaks – more than the state's total spending on Public Health and the Environment in 2021 alone ($611.7 million). The statewide total is presumably much higher. The spending trend is sharply up: over the five years total revenue losses increased from $124,938,785 to $213,739,643— an increase of 71%.

Foregone Tax Revenue, Five Most Populous School Districts					
	2017	2018	2019	2020	2021
Denver Public Schools	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Jefferson County School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Douglas County School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Cherry Creek School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Aurora Joint School District #28	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Annual Total	Unknown	Unknown	Unknown	Unknown	Unknown
Selected School Districts Five-Year Total Foregone Revenue: Unknown					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Foregone Tax Revenue, Five Most Populous Cities, Counties and State of Colorado					
	2017	2018	2019	2020	2021
Aurora	$2,081,964	$2,500,870	$2,968,443	$772,189	$701,209
Colorado Springs	$790,349	$826,323	$115,195	$88,341	$440,340
Fort Collins	$875,443	$1,188,882	$1,283,521	$291,518	$333,159
Lakewood	$3,403,939	$3,825,215	$3,945,922	$3,319,863	$3,893,610
City and County of Denver	$17,825,000	$19,440,000	$19,333,000	$4,365,000	$59,621,000
Adams County	$57,370	$193,911	$291,298	$388,409	$357,183
Arapahoe County	$54,402	$57,840	$96,704	$119,684	$11,359
El Paso County	$0	$0	$75,559	No Disclosure	No Disclosure
Jefferson County	$731,318	$763,262	$447,620	$485,855	$650,783
State of Colorado	$99,119,000	$86,513,000	$96,347,100	$144,889,400	$147,731,000
Annual Total	$124,938,785	$115,309,303	$124,901,362	$154,720,259	$213,739,643
Selected Cities, Counties, and State Five-Year Total Foregone Revenue: $733,612,352					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

During this five-year period, some jurisdictions increased the amount of foregone tax revenue from economic development tax abatements significantly. Most of the jurisdictions analyzed failed to report any meaningful details about their tax abatements, using vague jargon such as "various abatements" and "Company A" or "a data center." Governments receiving and spending public tax dollars should publicly demonstrate their accountability for those dollars.

Key findings:

- During this five-year period, **proportionate revenue losses for Adams County increased the most** — from $57,370 in 2017 to $357,183 in 2021, a jump of 523%. This ballooning of revenue loss represents an increase in tax breaks for unknown deals with unspecified "technology, food/beverage, and manufacturing" companies. The county's financial report provides no details about the benefits residents will receive as a result of these tax abatements.
- **Revenue losses for the State of Colorado increased by 49% and the most in absolute terms** (from $99 million in 2017 to $147 million in 2021) mostly due to the state's Enterprise Zone program. Enterprise Zones are geographic areas in which companies can qualify for a variety of subsidies. These programs cost a lot of lost revenue and like many subsidy programs, it is often unclear whether the developments would have happened in the area anyway.
- **The City and County of Denver lost the most total revenue of any locality, $121 million,** due to tax abatements, 99% of which were Tax Increment Financing (TIF) deals. TIF agreements capture the increase in property taxes, and sometimes other

taxes, resulting from new development, and divert that revenue to subsidize new development or re-development. Denver's Annual Comprehensive Financial Report (ACFR) provides no details about the companies receiving these TIF deals.

- **From 2017 to 2021 the City of Lakewood lost $18.4 million in tax revenue, about half ($8.8 million) of that to the global retail giant Walmart.**
- **None of Colorado's 182 school districts in the state posted any GASB 77 disclosures,** though they are required to do so if they lose any revenue to tax abatements.

Again: these findings are only from a handful of Colorado cities and counties. The state has a total of 272 cities and towns and 64 counties.

For more information about these abatements, see **taxbreaktracker.goodjobsfirst.org.**
For company-specific information, see **subsidytracker.goodjobsfirst.org.**