

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 accounting standards. GASB 77 requires state and local governments (including school districts) to report tax abatements in their annual financial statements, specifying the *amount of revenue foregone* as a result of tax abatements. 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 and counties (where available) in Iowa.

Between Fiscal Years 2017 and 2021, the State of Iowa and its five largest cities, counties, and school districts **lost nearly \$930 million** due to economic development tax breaks – more than the state spent on transportation, agriculture, and economic development combined in 2021 (\$816 million). The tables below represents **only** the five most populous cities, counties, school districts, and the state itself. The statewide total is presumably much higher. The spending trend is up: over the five years revenue losses grew from \$164,143,474 to \$193,053,324 — a jump of 18%.

Forgone Tax Revenue, Five Most Populous School Districts in Iowa

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-------------|-------------|-------------|-------------|--------------|
| Cedar Rapids Community School District | \$514,349 | \$593,797 | \$53,530 | \$965,903 | \$1,574,339 |
| Davenport Community School District | \$97,711 | \$358,376 | \$568,396 | \$370,116 | \$574,758 |
| Des Moines Independent Community School District | \$2,669,220 | \$3,189,109 | \$3,632,376 | \$4,214,865 | \$16,879,701 |
| Iowa City Community School District | \$302,777 | \$431,976 | \$616,095 | \$931,395 | \$849,348 |
| Sioux City Community School District | \$53,082 | \$33,933 | \$168,042 | \$136,144 | \$182,390 |
| Annual Total | \$3,637,139 | \$4,607,191 | \$5,038,439 | \$6,618,423 | \$20,060,536 |

Selected School Districts Five-Year Total: \$39,961,728

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

| Forgone Tax Revenue, Five Most Populous Cities, Counties and State of Iowa | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Black Hawk County | \$331,965 | \$416,237 | \$94,638 | \$726,833 | \$606,900 |
| City of Ankeny | \$213,730 | \$318,526 | \$360,099 | \$420,555 | \$416,161 |
| City of Cedar Rapids | \$2,395,726 | \$898,185 | \$2,507,180 | \$4,096,213 | \$4,627,091 |
| City of Davenport | \$1,915,000 | \$3,287,000 | \$3,016,000 | \$3,182,000 | \$3,924,001 |
| City of Des Moines | \$10,493,332 | \$4,000,692 | \$4,681,243 | \$5,428,704 | \$6,202,225 |
| City of Sioux City | \$613,361 | \$498,166 | \$1,061,618 | \$898,228 | \$2,381,778 |
| Johnson County | \$490,094 | \$602,805 | \$493,549 | \$781,032 | \$767,580 |
| Linn County | \$1,064,809 | \$1,199,252 | \$1,384,013 | \$1,922,827 | \$2,372,980 |
| Polk County | \$3,691,970 | \$4,397,860 | \$4,667,864 | \$8,436,290 | \$10,220,933 |
| Scott County | \$1,664,348 | \$1,205,122 | \$1,564,388 | \$1,774,256 | \$1,849,139 |
| Iowa | \$137,632,000 | \$171,299,000 | \$157,763,000 | \$162,782,000 | \$139,624,000 |
| Annual Total | \$160,506,335 | \$188,122,845 | \$177,593,592 | \$190,448,938 | \$172,992,788 |
| Selected Cities, Counties, and State Five-Year Total: \$889,664,498 | | | | | |
| Selected School Districts, Cities, Counties, and State 5-Year Total Forgone Revenue: \$929,626,226 | | | | | |

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

During this five-year period some jurisdictions increased the amount of forgone tax revenue from economic development tax abatements significantly. Many of these abatements are in the form of Tax Increment Financing (TIF) agreements, which capture the increase in property taxes, and sometimes other taxes, resulting from new development, and divert that revenue to subsidize the development.

Key findings:

- From 2017 through 2021: **All school districts analyzed increased revenue losses by over 180%.** Notably:
 - **The Des Moines Independent Community School District's revenue losses grew the most, increasing 532%** over the five-year period; and
 - Revenue losses for **Sioux City increased by 288%**, including \$14.9 million in TIF.
 - All of the revenue losses reported by the Iowa counties were passive losses — meaning taxes abated by other jurisdictions. **These passive losses totaled \$52.8 million.**

Again: these findings are only from a handful of Iowa cities, counties, and school districts. The state has a total of 946 municipalities, 99 counties, and 327 school districts.

For more information about these abatements, see taxbreaktracker.goodjobsfirst.org.

For company-specific information, see subsidytracker.goodjobsfirst.org.