

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 California.

Analyzing tax abatement trends in California is nearly impossible due to poor GASB 77 disclosures among jurisdictions. Of the five most populous cities, counties, school districts, and the state itself, only two out of 16 jurisdictions reported any revenue losses due to tax breaks, totaling \$107 million between 2017 and 2021. The statewide total is presumably much higher.

Foregone Tax Revenue, Five Most Populous School Districts in California					
	2017	2018	2019	2020	2021
Los Angeles Unified School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
San Diego Unified School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Fresno Unified School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Long Beach Unified School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
El Grove Unified School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Annual Total	Unknown	Unknown	Unknown	Unknown	Unknown
Selected School Districts Five-Year Total: Unknown					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Foregone Tax Revenue, Five Most Populous Cities and Counties in California					
	2017	2018	2019	2020	2021
City of Los Angeles	\$18,300,000	\$27,600,000	\$33,600,000	\$14,600,000	\$11,600,000
City of Fresno	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of San Diego	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of San Jose	\$0	\$104,000	\$358,000	No Disclosure	\$896,000
City and County of San Francisco	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Los Angeles County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
San Diego County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Orange County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Riverside County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
San Bernardino County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
State of California	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Annual Total	\$18,300,000	\$27,704,000	\$33,958,000	\$14,600,000	\$12,496,000
Selected Jurisdictions Five-Year Total: \$107,058,000					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

California has some of the worst GASB 77 disclosures — only two of the five most populous cities, counties, and school districts include tax abatement disclosures in their Annual Comprehensive Reports (ACFRs), even though all of the state’s counties and school districts are required to do so if they abated revenue. The state itself does not include GASB 77 disclosures, though it has large research and development and Enterprise Zones tax abatements.

Key findings

- **Between 2017 and 2021 San Jose’s annual losses increased by 761.5%** from \$104,000 in 2017 to \$896,000 in 2021, including \$848,000 in tax breaks for high-rise residential developments downtown. The city’s ACFR provides no details about the companies receiving these deals.
- While **the City of Los Angeles revenue losses decreased by 36.6%** from 2017 to 2021, it doubled the number of tax break deals from three to six. The majority of these revenue losses are due to tax breaks for high-end hotels.

Again: these findings are only from two California cities which comply with GASB 77. The state has a total of 482 municipalities, 58 counties, and 1,021 school districts.

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