

## 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 (where available) and the state itself in Hawaii.

Hawaii’s local governmental structure is unique. It has just one level of government: its four counties. There are no municipal governments or independent school districts. Between Fiscal Years 2017 and 2021, Hawaii’s counties lost **nearly \$359 million** due to economic development tax breaks — enough to hire 2,700 more teachers and give all teachers a \$23,000 raise, many who struggle to make ends meet. The tables below represent **only** the four county governments; the State itself does not disclose any tax breaks, despite the existence of known state tax-expenditure programs such as Enterprise Zones and Tax Credit for Research Activates. The spending trend is up: over the five years total annual revenue losses grew from \$67,781,062 to \$78,268,685 — a jump of 15%.

Foregone Tax Revenue, Counties, and State of Hawaii					
	2017	2018	2019	2020	2021
City and County of Honolulu	\$21,459,000	\$15,694,806	\$29,298,000	\$31,157,000	\$35,413,000
Hawaii County	\$32,183,659	\$29,953,144	\$31,314,031	\$29,905,379	\$30,670,926
Kauai County	\$8,638,403	\$9,294,578	\$9,064,454	\$9,018,961	\$9,684,759
Maui County	\$5,500,000	\$5,400,000	\$7,200,000	\$5,600,000	\$2,500,000
State of Hawaii	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Annual Total	\$67,781,062	\$60,342,528	\$76,876,485	\$75,681,340	\$78,268,685
<b>Selected Cities, Counties, and State Five-Year Total: \$358,950,100</b>					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Hawaii has poor transparency around subsidies. While the state does not report tax -based subsidies as “abatements” in its ACFR under GASB 77, these costs are included in the state’s annual “Tax Credits Claimed by Hawaii Taxpayers” report published by the Department of Taxation. The 2020 report lists 29 different tax credits, 11 of which are to encourage economic activities including tax breaks for motion picture, digital media, and film production, research activities, and fuel tax credit for commercial fishers. For the jurisdictions that do disclose GASB 77 abatements, some increased the amount of foregone tax revenue from economic development tax abatements significantly between 2017 and 2021.

**Key findings:**

- **From 2017 to 2021, the City and County of Honolulu’s revenue losses grew the most, increasing 65%** over the five-year period, from \$21.5 million to \$35.4 million. The majority of these losses were due abatements to encourage agricultural use or preservation of vacant agricultural land.
- **Revenue losses for Maui County increased by 12%**, from \$7.8 million in 2017 to \$8.7 million in 2021. Of these total losses, 90% (\$41 million) were for agricultural land use or preservation.

Again: these findings are only from Hawaii’s four county government. The State does not report tax abatements under GASB 77, even though it does disclose some economic development tax expenditures in its tax expenditure budget.

*Note: Hawaii does not have independent school districts (public education is managed by the state). The state requires dependent school districts to follow the Generally Accepted Accounting Principles (GAAP) that includes GASB Statement 77, though these disclosures are not reported in the state’s ACFR, signaling a lack of compliance.*

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For more information about these abatements, see [taxbreaktracker.goodjobsfirst.org](https://taxbreaktracker.goodjobsfirst.org).  
For company-specific information, see [subsidytracker.goodjobsfirst.org](https://subsidytracker.goodjobsfirst.org).