Tax Abatements and Cincinnati-Area Public School Revenues

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Executive Summary

New government data reveals that, compared to eight neighboring school districts, Cincinnati Public School (CPS) students are disproportionately harmed by tax abatements. Compared to other major Hamilton County school districts, on an absolute and per-student basis, Cincinnati school children have lost significantly more revenue to tax breaks given in the name of economic development.

Specifically: CPS lost $80.9 million in the past six fiscal years to tax abatements, or $2,394 per student.

Among the nine school districts, there is a clear pattern of discrimination by race and income. The three school districts that are majority-students of color (Cincinnati, Winton Woods, and Princeton City) all lose three to 23 times more per student than the six majority-White districts. Those same three school districts also are the poorest: most of their students are eligible for Free or Reduced Priced Meals.

Table A:
Net Revenue Loss to Tax Abatements 2017-2022, Enrollment, Percentage Students of Color, and Percentage Eligible for Free and Reduced Priced Meals (FRPM)

School District	Cumulative 6-Year Revenue Loss	Cumulative 6-Year Net Loss per student	% Students of Color	% Free or Reduced Price Meals
Cincinnati Public Schools	$80,893,200	$2,394	73%	54%
Winton Woods City Schools	$6,861,114	$1,588	84%	66%
Princeton City School District	$7,000,744	$1,187	77%	52%
Southwest Local School District	$1,721,439	$378	6%	29%
Northwest Local School District	$2,972,465	$359	48%	48%
Sycamore Community Schools	$1,817,484	$304	31%	16%
Loveland City Schools	$1,028,687	$255	9%	13%
Oak Hills Local School District	$398,128	$104	13%	36%
Forest Hills Local School District	Unknown	Unknown	9%	11%

These findings for Cincinnati and the eight most-populous suburban school districts in Hamilton County come primarily from the districts' own Annual Comprehensive Financial Reports (ACFRs). Since FY 2017, under Governmental Accounting Standards Board (GASB) Statement No. 77 on Tax Abatements Disclosures, most school districts in the United States have been required to report the amount of revenue they lose to economic development tax abatement programs. The same is true for most cities, counties and other local taxing jurisdictions.

Only one of the nine school districts, Forest Hills, did not report any tax abatement revenue losses in its financial reports. That may or may not indicate it avoided any such losses.

In some districts, the ACFR disclosures were so oddly reported that we had to inquire with local officials to decipher them (and we have examined tens of thousands of ACFRs since 2017). Because the power to grant abatements resides primarily with cities and townships, those jurisdictions also have disclosure obligations. In some cases, congruence between the disclosures from actively abating governments and passively losing jurisdictions was unclear.

Cincinnati Public Schools did not routinely report one major abatement program that accounts for half its revenue losses. The City's Residential Tax Abatement program has cost CPS at least $41.5 million since 2017.[1] Even though those losses meet the functional definition of "tax abatement," CPS has not been disclosing them as such in its Annual Comprehensive Financial Reports (ACFRs).

As it has in some other Ohio localities, tax increment financing (TIF) presents a disclosure problem in the Cincinnati area. Good Jobs First holds that TIF, which usually *diverts* tax revenue (to the benefit of one or very few property owners) should be disclosed as an abatement, especially because its effects on revenues for schools and other local public services are tantamount to those of a tax exemption or reduction. Some Cincinnati-area jurisdictions we examined report TIF in unusual ways, forcing us to contact the governments for interpretation.

To resolve these education harms and racial disparities, we recommend that the school share of the property tax be excluded from future abatements in Hamilton County (or at the very least that school boards be given sole control over their shares of property taxes). To resolve the reporting oddities and barriers, we also make technical recommendations for Cincinnati-area governments to more completely and accurately state their abatement disclosures.

GASB shaped parts of Statement No. 77 specifically with school funding in mind. We believe GASB did that because it knows that the tensions between abatements and equitable, adequate school funding run long and deep. These tensions are especially pronounced in states like Ohio where property taxes still comprise a larger-than-national-average share of school funding.

Introduction: Chronic Problem, New Data

Tax abatements' harm to school funding is a *very* longstanding issue in Ohio. Good Jobs First knows of complaints about the issue from cities such as Cincinnati, Dayton, Toledo, and Cleveland dating back to the 1990s.

The issue even became so contentious in Cleveland that it went to a ballot initiative in 1997; the proposal to shield the school increment from abatements failed, but the city became more cautious after the vote. Abatements and school finance are very much a public issue today also in Columbus, even figuring into the campaign platforms of local school board candidates there in a recent election.

In 2003, when we at Good Jobs First released our first 50-state study on this issue, we included a case study on Ohio and our press conference featured the research director of the Ohio Education Association.

Today, this debate is more meaningful because of the availability of new official data on how much abatements *cost* schools. For all these previous decades, Ohio, like other states, was forced to have a cost-benefit debate *without reliable, uniform data on costs*. Elected officials, as political scientists show us, have always been prone to exaggerating the benefits of tax-break deals while downplaying costs. Now, thanks to an obscure new government-accounting rule, we can have a more balanced, empirical debate.

GASB Statement No. 77 and Its Passive-Loss Provision

The Governmental Accounting Standards Board (GASB) is the independent, professional organization that establishes and continuously improves standards of accounting and financial reporting for U.S. state and local governments. GASB's rules are known as Generally Accepted Accounting Principles (GAAP).

Most states, including Ohio, legally require at least some localities (cities, counties, school districts, etc.) to conform to GAAP. Many other localities conform to GAAP as a condition of federal funding (including Title I funding to some schools) or to get the best possible credit ratings (and thus the lowest possible interest rate costs) when they borrow money by issuing bonds.

In August 2015, GASB amended GAAP by adding Statement No. 77 on Tax Abatement Disclosures. Statement No. 77 requires that state and local governments, including school districts, add a note in their annual financial statements with information on revenues lost to economic development tax abatements. For most governments, the rule first applied to FY 2017 records, which for most governments ended on June 30, 2017. So, the first abatement disclosures began being issued months later, in late 2017 and early 2018.

The Statement requires that each taxing jurisdiction report its own portion of the lost revenue, even when it loses revenue *passively* as the result of another government's tax abatement awards.

That passage of Statement No. 77 was written expressly to cover school districts because in a large majority of states, including Ohio, abatements amount to an "intergovernmental free lunch." Under state laws, the power to grant abatements is typically given to cities and/or counties, even though the biggest losers of revenue are the school districts.

Many school districts, including some in Ohio, receive some form of offsetting revenue to reduce the net cost of abatements. The term Payments in Lieu of Taxes (PILOTs) is sometimes applied to such offsets. (In Hamilton County, we also see the term "Revenue in Lieu of Taxes.") In such cases, we may refer to a *gross* abatement, an offset, and the *net.* Unless otherwise labeled in this study, the figures we present in this study are net abatement costs.

The term "tax abatement" is usually used in reference to a property tax reduction. However, for purposes of accounting, as defined by GASB, the term refers to any kind of foregone revenue for economic development — property, sales, or income tax.

Equal access to good public services — especially education — is fundamental to every American debate about economic opportunity, intergenerational mobility, and civil rights. No matter the public need, everything depends on a fair and sufficient tax base. That is why Statement No. 77 is such a critical tool for government transparency and more equitable fiscal policy.

Ohio and GAAP Compliance: A Messy History

According to a national analysis published by GASB in 2008[2], 61 of Ohio's 88 counties, 268 of its 2,250 cities, and 574 of its 667 school districts are required to follow GAAP under state law. Ohio has a significant number of local governments that do not comply with GAAP and use cash accounting instead.

In 2017, Good Jobs First engaged on Statement 77 with the Ohio State Auditor's office. The Auditor signaled then that the state legal code is silent on remedies for noncompliance with GAAP, leaving the office unable to meaningfully enforce GAAP compliance. (GASB itself, despite its name, is actually not a governmental entity and has no enforcement powers over GAAP.)

In that same engagement, the State Auditor's office made it clear that it does not regard TIF as an "abatement" as defined by Statement 77, and therefore TIF-driven revenue losses need not be disclosed in ACFRs. Good Jobs First strongly disagrees and has long publicly argued that all forms of TIF should be treated as disclosable abatements under Statement 77 and GAAP. (For purposes of this study, suffice it to say that this is a complicated issue because there are three major variations of TIF.)

Key Findings

Between 2017 and 2022, Cincinnati Public Schools (CPS) lost at least $244.4 million in gross revenue due to tax abatements (including Community Reinvestment Area, Tax Increment Financing, and Residential Abatement losses). During the same six years, the school district also received a total of $163.5 million in offsetting reimbursements, for a net revenue loss of $80.9 million.

Table B: Cincinnati Public Schools Revenue Loss 2017 – 2022

Community Reinvestment Area + Tax Increment Financing				Residential Abatement Program Loss	Total Net Loss
	Gross Revenue Loss	Offsets	Net Revenue Loss		
2017	$28,557,854	$22,852,876	$5,704,978	$8,346,009	$14,050,987
2018	$29,821,020	$23,037,573	$6,783,447	$7,471,595	$14,255,042
2019	$31,697,777	$26,768,763	$4,929,014	$6,183,410	$11,112,424
2020	$34,589,225	$26,166,101	$8,423,124	$5,883,480	$14,306,604
2021	$38,504,044	$33,427,778	$5,076,266	$6,638,708	$11,714,974
2022	$39,753,654	$31,296,709	$8,456,945	$6,996,224	$15,453,169
Total	**$202,923,574**	**$163,549,800**	**$39,373,774**	**$41,519,426**	**$80,893,200**

Understanding the true impact of tax abatements for CPS is made needlessly difficult by the district's chronic inaccuracies in its ACFRs. In 2017, CPS erroneously stated in its ACFR that the City of Deer Park abated $18.4 million when that abatement was in fact by the City of Cincinnati. The district also incorrectly reported the amount of offsetting revenue it received. CPS's 2017 ACFR notes that it did not receive any revenue to offset the cost of abatements. In fact, it received $22.9 million.

In total, the district told GJF that it received $163.5 million in CRA and TIF reimbursements between fiscal years 2017 and 2021; this revenue is not accounted for in the ACFRs.

In addition, the disclosure wording in the district's ACFRs is inconsistent and ambiguous, sometimes referring to "revenue reduced by CRA agreements" and other times noting "the total revenue related to CRAs."

The inaccuracies of CPS's reporting were first documented five years ago, in a report by Policy Matters Ohio report entitled "Tax abatements cost Ohio schools at least $125 million."[3]

In absolute dollars, Cincinnati Public Schools' losses to abatements dwarfed those of Hamilton County's next eight biggest school districts — combined. CPS lost $80.9 million (net) while the eight suburban districts reported losses of $21.8 million. This despite the fact that the combined student enrollment of the eight suburban districts is about 30% greater than Cincinnati's.

Table C: Net Revenue Loss Due to Tax Abatements by School District by Year, 2017–2022

School District	2017	2018	2019	2020	2021	2022	Total Net Loss
Cincinnati Public Schools	$14,050,987	$14,255,042	$11,112,424	$14,306,604	$11,714,974	$15,453,169	**$80,893,200**
Winton Woods City	$409,495	$1,107,675	$1,057,833	$1,372,086	$1,434,079	$1,479,946	**$6,861,114**
Princeton City	$424,071	$1,514,913	$1,737,580	$1,339,999	$1,531,573	$452,608	**$7,000,744**
Northwest Local	$145,750	$155,859	$548,114	$548,114	$849,941	$724,687	**$2,972,465**
Sycamore Community City	$83,760	$148,502	$212,112	$277,411	$361,896	$733,803	**$1,817,484**
Southwest Local	$243,919	$327,717	$39,973	$351,482	$328,100	$430,248	**$1,721,439**
Loveland City	$506,803	$149,834	$133,122	$119,197	$58,354	$61,377	**$1,028,687**
Oak Hills Local	$2,159	$2,159	$131,270	$131,270	$131,270	$0	**$398,128**
Forest Hills Local	N/D	N/D	N/D	N/D	N/D	N/D	**Unknown**
Total Annual Net Revenue Loss	$15,866,944	$17,661,701	$14,972,428	$18,446,163	$16,410,18	$19,335,838	$102,693,261

Losses by type of abatement program

Community Reinvestment Areas (CRA) are the most common kind of tax abatement affecting school revenues in Hamilton County: seven of the nine school districts analyzed in this report reported CRA revenue losses. (Three districts — Princeton, Winton Woods and Southwest — aggregated their CRA and enterprise zone losses).

For Cincinnati schools, TIF and the Residential Abatement program are also major financial issues. Cincinnati's Residential Tax Abatement program alone accounts for 40% ($41.5 million) of all abatement costs documented here, making it the single costliest abatement program.

CPS does not break down CRA losses from those caused by TIF, but we are able to estimate the gross costs of each program from the share of offsetting revenue that was assigned to each of them over the six years. That shows TIF is by far the larger of the two at $28 million. (The City now has more than 30 TIF districts.)

Using that estimate for CPS, CRA plus enterprise zone abatements cost seven school districts a total of $30 million and TIF cost three school districts a total of $30.6 million. (Forest Hills reported no abatement losses of any kind.[4])

Table D: Cumulative Net Revenue Loss by School District and Program Type, 2017-2022

School District	Community Reinvestment Area	Tax Increment Financing	Solar Abatement Programs	Brownfield	Residential Abatement Program	TOTAL
Cincinnati Public School District	$11,361,745	$28,012,029			$41,519,426	**$80,893,200**
Loveland City School District	$528,687	$500,000				**$1,028,687**
Northwest Local School District	$903,846	$2,068,61				**$2,972,465**
Oak Hills Local School District			$398,128			**$398,128**
Forest Hills Local School District	N/D	N/D	N/D	N/D	N/D	**Unknown**
Princeton City School District	$7,000,744*					**$7,000,744**
Southwest Local School District	$1,721,439*					**$1,721,439**
Sycamore Community City School District	$1,661,298			$156,186		**$1,817,484**
Winton Woods City School District	$6,861,114*					**$6,861,114**
Total by Program	$30,038,873	$30,580,648	$398,128	$156,186	$41,519,426	$102,693,261

*Indicates revenue reported as the aggregate of Community Reinvestment Area and Enterprise Zone abatements

Cincinnati's Residential Abatement Program Deserves Disclosure

Cincinnati's Residential Tax Abatement program cost the city's public school system at least $41.5 million between 2017 and 2022. And even though those losses meet the functional definition of "tax abatement," Cincinnati Public Schools has not been disclosing them as such in its Annual Comprehensive Financial Reports (ACFRs).

The way the program works conforms closely to GASB's definition of a tax abatement. A property owner must apply and pay an application fee. The City must certify the application as eligible. And for the transaction to take effect, the owner must improve the property — i.e., a community benefit. That "quid pro quo" based on an agreement — or tax abatement in exchange for a public benefit — is exactly how GASB defines "tax abatement."

And even though CPS does not grant residential tax abatements, it suffers revenue losses passively when the City grants them. Statement No. 77 anticipates such passive revenue losses and has explicit provisions covering such situations because they are common in many states.

Tax Increment Financing (TIF) Disclosures

Two of the nine districts analyzed reported Tax Increment Financing (TIF) agreements in their financial reports (in addition to CRA abatement losses): Northwest Local School District and Loveland City School District. As noted above, Cincinnati Public Schools does not report how much revenue was lost due to TIF and CRA separately, but we estimated the split.

The other five school districts with abatement disclosures also have TIF districts (created by other local governments), but the school districts do not disclose the resulting revenue losses in their financial reports. These districts receive offsets that reportedly cover the full amount of tax revenue the district would have received if not for the TIF.[5]

Northwest Local School District's revenue was reduced via a TIF agreement made by the Colerain Township. Abatement amounts ballooned from $55,000 in 2017 to over $588,000 in 2022 — an increase of more than 960%. Total TIF abatements for the six years equaled $2,070,000.

Loveland City School District's revenue was reduced by a TIF agreement entered into by the Symmes Township. The Symmes Station Project TIF agreement was created in 1991 and lasted for 30 years (it expired in 2021).[6] The Loveland School

District lost 100% of the incremental real property tax revenue from this TIF. The district reported that "the estimated total revenue loss to the Loveland City Schools since the Symmes Township TIF began exceeds $5,000,000." Inexplicably, the district only included this TIF disclosure in 2017. It went silent on the matter from 2018 through 2021.

Other Cincinnati-area school districts referred to TIF in a way we have never seen before. In their ACFRS, they refer mysteriously to "deferred inflows," sometimes making reference to a dollar amount and sometimes making no dollar reference.

When we explored this oddity with one school district official, he told us that tax revenues from local TIF districts arrive to his district via two different routes. The pre-TIF "base value" revenue flows directly (as is normal with TIF). However, he stated, the incremental (or increase in) school-tax revenue (generated by the subsidized redevelopment activity) does not go to the TIF district (as normal). Instead, he said, it goes to the Hamilton County Auditor who then remits it to the school district. Given this second payment of "deferred inflows," the school districts' ACFRs claim, it is not losing any net revenue.

Race and Income Disparities

The abatement disclosures reveal a clear pattern of discrimination by race and income among the nine districts. Nearly three-fourths (73%) of CPS students are of color and over half (54%) are eligible for FRPM.

The two districts with the next-greatest cumulative net losses per student — Winton Woods and Princeton City — also have the highest shares of students of color and students eligible for the Free and Reduced Priced Meal (FRMP) program – a proxy for low-income.

Indeed, these three school districts (Cincinnati, Winton Woods, and Princeton City) all lose three to 23 times more tax revenue per student than the six majority-White districts.

Table E: Net Revenue Loss to Tax Abatements 2017-2022, Total Enrollment, Percentage Students of Color, and Percentage Eligible for Free and Reduced Priced Meals (FRPM)				
School District	**Enrollment 2023**	**Cumulative Net Loss per student**	**% Students of Color**	**% FRPM**
Cincinnati Public Schools	33,795	$2,394	73%	54%
Winton Woods City Schools	4,320	$1,588	84%	66%
Princeton City School District	5,899	$1,187	77%	52%
Southwest Local School District	4,554	$378	6%	29%
Northwest Local School District	8,287	$359	48%	48%
Sycamore Community Schools	5,976	$304	31%	16%
Loveland City Schools	4,028	$255	9%	13%
Oak Hills Local School District	3,822	$104	13%	36%
Forest Hills Local School District	6,848	Unknown	9%	11%

Uneven Compliance with Statement No. 77

As described elsewhere in this report, the ways in which Cincinnati-area governments disclose tax abatements are irregular and inconsistent. While it is beyond the scope of this study to go into great detail about these problems, we do address some of them in our Policy Conclusion.

The net effect of these irregularities is to make analyses such as this needlessly time-consuming. The intent of Statement No. 77 is to allow diverse stakeholders — taxpayers, parents, teachers, bond investors, credit ratings agencies, state and local policymakers — to get a more accurate picture of government expenditures.

For to be sure, economic development tax abatements *are* expenditures, specifically *tax expenditures* (for which every state and the federal government account). The historic significance of Statement No. 77 is that it marks the first time that *local* governments have had to report *any kind* of tax expenditure. We urge all concerned citizens to join us in exercising these new rights to better public accounting.

Policy Conclusions

To address the disproportionate impact of abatements on low-income students and students of color in Hamilton County and the uneven quality of abatement disclosure among its school districts, we make two sets of recommendations:

Remedy #1: Shield School Funding

We recommend that every school district's share of the property tax should simply be 100% shielded from abatements.

Alternatively, school boards should be given full, sole control over their own tax bases with strict caps on how much or how long they can abate. No state or local agency, board, municipal or county government, or any other political sub-division besides a school board should be allowed to abate school tax revenues unless the districts are guaranteed to be "made whole" by offsets or reimbursements to the district to make up for lost revenue.

(If as claimed, suburban school districts are made whole on TIF via a circuitous route through the County Auditor, why not keep them whole to begin with?)

Remedy #2: Make Reporting Complete and Uniform

We recommend that the Hamilton County Auditor enforce complete, uniform tax abatement disclosures by school districts within the County.

Of the nine districts in Hamilton County analyzed, only two (Loveland City and Northwest Local) report revenue losses due to Tax Increment Financing (TIF) agreements in their ACFRs tax abatement-disclosure notes. Good Jobs First found that at least six out of seven other districts analyzed have TIF agreements with local jurisdictions, but they do not disclose these amounts or specific agreements in their financial reports.

These districts claim to receive "deferred inflows" (i.e., the funds routed via the County Auditor) equal to the share of incremental revenue they would have received if not for the TIF. However, that claim is often not clearly stated or quantified. The County Auditor's office, since it serves as the intermediary for these deferred inflows, should publish an accounting of them to all affected jurisdictions. And each school district should, in turn, report their gross abatements, offsets, and net abatements per the data from the County Auditor.

Appendix A:
Scope and Methodology

This report covers Cincinnati Public Schools and the eight next largest (by enrollment) school districts in Hamilton County:

- Northwest Local School District
- Oak Hills Local School District
- Forest Hills Local School District
- Princeton City School District
- Sycamore Community City School District
- Southwest Local School District
- Loveland City School District
- Winton Woods City School District

Good Jobs First reviewed the Annual Comprehensive Financial Reports (ACFRs, the backwards-looking spending reports) for the nine school districts for fiscal years 2017 through 2022.

Most of the disclosures report property tax abatements granted under a program enabled by state law, the Community Reinvestment Area (CRA) program.

We accessed data about the school districts' student population size, racial composition and FRPM shares from the Ohio Department of Education's Fall Enrollment Headcount data series for October 2022.[7]

In some cases, we corresponded and/or spoke with officials at the school districts, the Hamilton County Auditor's Office, and the City of Cincinnati to clarify our reading of their ACFRs.

Appendix B: Economic Development Incentives Used by Ohio Localities that Abate School Revenue

Community Reinvestment Areas (CRAs)

Community Reinvestment Area (CRA) program is state-enabled and administered by municipal and county governments. It provides tax breaks to property owners who renovate existing property or construct new buildings in certain areas. Local governments must petition the Ohio Department of Development for approval to designate as CRAs certain geographical areas where investment has lagged. Property owners in CRAs who choose to renovate or construct new buildings can receive real property tax exemptions up to 100% for a duration of up to 30 years. CRAs created for residential purposes do not require school board approval, those for commercial or industrial purposes do. CRAs created with the agreement of a school board may abate up to 100% of taxes on renovations or new construction; those created without a school board's agreement may abate up to 50% of taxes.

Enterprise Zones (EZs)

The Enterprise Zones (EZs) program is also state-enabled and by municipal and county governments., It provides tax breaks to business owners in geographically designated areas ("enterprise zones"). Ohio's EZs can provide real and personal property tax exemptions up to 100% to companies that promise to bring new jobs to the area and last up to 30 years. In Ohio, municipalities must only *notify* school districts in advance of most EZ abatements. Municipalities must get the *consent* of school districts only if the tax exemption exceeds 75 percent of the new investment for cities and villages or exceeds 60 percent of the new investment for townships. In 1994, the state passed regulations that allowed school districts to be compensated for lost revenues due to property tax exemptions. However, the compensation rules are complicated, do not apply to all exemptions, and compensation to school districts depends largely on the number and type of new jobs.

EZs are located in economically depressed areas, the theory being that poverty can be alleviated by encouraging reinvestment. However, there are many problems with this theory, especially the fact that it is very hard to ensure that zone residents actually benefit from corporate investment and job creation. State enterprise zones have been studied extensively by academic researchers, state evaluators, and by the Government Accountability Office. The results are not encouraging. They show that zones generally induce little new economic activity, and that even when zone employment increases, job gains for zone residents are quite modest. Ohio's own Department of Development published a report in 2009 indicating that tax abatement programs (including Enterprise Zones) adversely impact school district revenues, particularly in Ohio's most urbanized counties – with Hamilton County suffering the greatest proportionate revenue losses among all counties.[8]

Payment in Lieu of Taxes (PILOTs)

PILOT agreements are payments negotiated between companies and local governments to cushion the blow to public services caused by property tax abatements. Sometimes PILOTs are pegged to cover a specific portion of a company's normal property tax liability, such as the school increment. The net effect of PILOTs is to provide property tax discounts to selected companies.

Tax Increment Financing (TIF)

Tax Increment Financing (TIF) is a geographically targeted economic development tool Ohio localities in Ohio may use to finance public infrastructure improvements and, in certain circumstances, residential rehabilitation. TIF captures the increase in property taxes, and sometimes other taxes, resulting from new development, and diverts that revenue to subsidize that development. That diversion means local public services do not get the new revenue they would normally get from new re/development. Ohio state law provides that property owners receiving the exemptions make a payment in lieu of taxes (PILOT) to the local government granting the exemption. The PILOT is equivalent to all or some portion of the tax the property owner would otherwise have been obligated to pay. TIFs created with the agreement of the Board of Education may apply to up to 100% of increased value for up to 30 years; those created without the agreement of the Board may apply to up to 75% of new value of project or incentive district for up to 10 years.

Residential abatement program – City of Cincinnati

The City of Cincinnati's Residential Property Tax Abatement allows owners to pay no tax on the increased value of their property generated by new construction or renovation for 10-15 years.[9] Between 2017 and 2022, Cincinnati Public Schools lost $41.5 million in foregone tax revenues to the residential abatement program, with no offsets paid to the school district. The City does not include the residential tax abatement program costs in its ACFR, though it clearly meets GASB's definition of an abatement — it includes an application requiring a taxpayer action that creates a community benefit (better housing), an eligibility determination and certification, and a government quid pro quo (foregone revenue).

Endnotes

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[1] The Cincinnati Residential Abatement program is also the subject of race-discrimination litigation.

[2] Governmental Accounting Standards Board. "State and Local Government Use of Generally Accepted Accounting Principles for General Purpose External Financial Reporting" March 2008, at: GASB Research Brief: State and Local Government Use of Generally Accepted Accounting Principles for General Purpose External Financial Reporting

[3] Zach Schiller, October 2, 2018. "Tax abatements cost Ohio schools at least $125 million," Policy Matters Ohio, at: https://www.policymattersohio.org/search?search_text=Tax+abatements+cost+Ohio+schools+at+least+%24125+million .

[4] The lack of an abatement disclosure does not necessarily mean this school district had no revenue losses. GASB Statement 77 does not have a negative-disclosure requirement. So the lack of a disclosure could mean "no abatements," or it could mean the jurisdiction has not yet started complying with Statement 77.

[5] The districts analyzed use different terms to refer to offsetting payments. Cincinnati Public Schools refer to offsetting payments as "Revenue in Lieu of Taxes"; Sycamore Community School District uses the term "Payment in Lieu of Taxes"; and others do not have use a specific term, just note that they receive funds forwarded to them by the city.

[6] The $500,000 TIF revenue loss reported is a conservative estimate, as the district notes that over the 30-year lifetime of the TIF, they lost $5 million.

[7] At: https://education.ohio.gov/Topics/Data/Frequently-Requested-Data/Enrollment-Data

[8] Ohio Department of Development. Ohio Economic Development Incentive Study. (2009)

[9] City of Cincinnati - Choose Cincinnati Community and Economic Development