

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 Alabama.

Between fiscal years 2017 and 2021, the state of Alabama and its five largest cities and counties that disclose GASB 77 data **lost over \$972 million** due to economic development tax breaks – for comparison, the state spent \$962 million on the community college system in 2021. The table below lists **only** the five most populous cities and counties and the state itself — the true statewide total is presumably much higher.

Foregone Tax Revenue, Five Most Populous Cities, Counties and State of Alabama

	2017	2018	2019	2020	2021
City of Birmingham	\$12,544,085	\$3,918,045	\$5,346,189	\$7,419,265	\$6,367,627
City of Huntsville	No Disclosure	\$11,200,000	\$16,400,000	\$23,500,000	\$23,800,000
City of Mobile	\$3,399,479	\$3,610,322	\$4,519,132	\$4,880,296	\$4,354,771
City of Montgomery	\$5,373,076	\$8,308,072	\$7,550,053	\$6,073,165	\$4,636,005
City of Tuscaloosa	\$1,243,557	\$1,391,721	\$1,417,938	\$1,682,239	\$2,419,977
Baldwin County	\$112,780	\$81,424	\$119,906	\$121,687	\$58,114
Jefferson County	No Disclosure	\$4,713,000	\$5,795,000	\$7,219,000	\$9,323,449
Mobile County	\$3,752,559	\$11,173,255	\$10,925,496	\$9,680,414	\$9,706,148
Shelby County	\$316,326	\$188,942	No Disclosure	No Disclosure	No Disclosure
Tuscaloosa County	\$2,745,617	\$667,700	\$596,152	\$1,263,252	N/A
State of Alabama	\$146,742,000	\$165,857,000	\$143,730,000	\$139,154,000	\$127,184,000
Annual Total	\$176,229,479	\$211,109,481	\$196,399,866	\$200,993,318	\$187,850,091

Selected Cities, Counties, and State Five-Year Total: \$972,582,235

Source: Annual Comprehensive Financial Reports (ACFR) for the reported jurisdictions. N/A indicates ACFR is not yet available.

During this five-year period the amount of foregone tax revenue from economic development tax abatements varied widely among jurisdictions. The details of most of these deals are unknown, as the jurisdictions analyzed in Alabama fail to provide any meaningful information through GASB 77 or any other data portal about the number of deals made, the costs and benefits, the names of companies involved, or the number of jobs gained from these tax breaks. Furthermore, there appears to be a trend of declining transparency in places such as Mobile County and Tuscaloosa County, which previously reported the names of companies receiving tax abatements and then stopped, more recently reporting only vague generic descriptions of programs and jurisdictions involved.

Key findings

- From 2017 through 2021: **Mobile County revenue losses ballooned by 159%**, largely due to property tax breaks for the Calvert steelmaking facility.
- **The City of Huntsville revenue losses grew by 113%**, from \$11.2 million in 2018 to \$23.8 million in 2021. The city's financial report lacks any information about the purpose, recipient(s), and number of deals that comprise these tax breaks.
- **Jefferson County's losses increased by 98%**, of which 51% were for unknown deals with undisclosed "local businesses".
- **The City of Tuscaloosa losses grew by 95%**, including \$2.0 million in tax breaks for Hunt, an oil refining company and \$1.5 million for Mercedes-Benz manufacturing plant.

Again: these findings are only from a very small sample of Alabama places. The state has a total of 461 municipalities, 67 counties, and 139 school districts.

Note: Alabama's school districts do not issue annual comprehensive financial reports because they are component units of cities or counties.

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