

## 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 Arizona.

Between Fiscal Years 2017 and 2021, the State of Arizona and two of its five largest cities that report tax abatements **lost over \$37 million** due to economic development tax breaks. The statewide total is presumably much higher; however, analyzing tax abatement trends for Arizona's five most populous cities counties, and school districts is nearly impossible due to poor GASB 77 disclosures among jurisdictions. Even with the limited data the spending trend is up: over the five years total revenue losses grew from \$6,766,025 to \$7,078,568 — a jump of 4.6%.

**Foregone Tax Revenue, Five Most Populous Cities and Counties in Arizona**

	2017	2018	2019	2020	2021
<b>City of Chandler</b>	\$3,069,025	\$2,235,512	\$671,883	\$695,406	\$845,568
<b>City of Gilbert</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>City of Mesa</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>City of Phoenix</b>	\$3,697,000	\$4,830,000	\$7,146,000	\$6,325,000	\$5,814,000
<b>City of Tucson</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Maricopa County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Pima County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Pinal County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Yavapai County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Mohave County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>State of Arizona</b>	No Disclosure	\$471,000	\$419,000	\$419,000	\$229,000
Annual Total	\$6,766,025	\$7,536,512	\$8,236,883	\$7,439,406	\$7,078,568
<b>All Jurisdictions Five-Year Total: \$37,057,394</b>					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Jurisdictions in Arizona have poor GASB 77 disclosures — none of the five most populous counties and school districts include tax abatement disclosures in their Annual Comprehensive Financial Reports (ACFRs), although all are required by state law to do so. During this five-year period the City of Phoenix increased the amount of forgone tax revenue from economic development tax abatements by over 50%.

### Key findings

- From 2017 through 2021: **The City of Chandler lost over \$7.5 million in tax revenue** due to the state’s Government Property Lease Excise Tax (GPLET) program and other undisclosed economic development programs. GPLET is an economic development tool in which a jurisdiction leases a property to a developer, charging the developer an excise tax rather than property taxes, and then abating the excise tax for several years.
- **The City of Phoenix’s losses increased by 57.3%**, including \$23.7 million (85%) in GPLET agreements.
- **Although the State of Arizona’s reported tax abatement losses decreased by 11.0%**, it includes significant tax breaks to two well-known hotel chains, Marriot and Hilton, through the state’s Tax Increment Financing (TIF) program called Rio Nuevo. The Rio Nuevo TIF works by designating a certain geographic area as a “TIF District,” capturing sales tax revenue resulting from new development and then diverting that revenue to subsidize the development.

Again: these findings are only from two Arizona cities and the State which comply with GASB 77. The state has a total of 91 municipalities, 15 counties, and over 200 school districts.

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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).