

## 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
<b>Los Angeles Unified School District</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>San Diego Unified School District</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Fresno Unified School District</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Long Beach Unified School District</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>El Grove Unified School District</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Annual Total	Unknown	Unknown	Unknown	Unknown	Unknown
<b>Selected School Districts Five-Year Total: Unknown</b>					

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
<b>City of Los Angeles</b>	\$18,300,000	\$27,600,000	\$33,600,000	\$14,600,000	\$11,600,000
<b>City of Fresno</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure

<b>City of San Diego</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>City of San Jose</b>	No Disclosure	\$104,000	\$358,000	No Disclosure	\$896,000
<b>City and County of San Francisco</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Los Angeles County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>San Diego County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Orange County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Riverside County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>San Bernardino County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>State of California</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Annual Total</b>	\$18,300,000	\$27,704,000	\$33,958,000	\$14,600,000	\$12,496,000
<b>Selected Jurisdictions Five-Year Total: \$107,058,000</b>					

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 2018 and 2021 San Jose’s annual losses increased by 761.5%** from \$104,000 in 2018 to \$896,000 in 2021, including \$848,000 in tax breaks for high-rise residential developments downtown.
- 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](http://taxbreaktracker.goodjobsfirst.org).  
 For company-specific information, see [subsidytracker.goodjobsfirst.org](http://subsidytracker.goodjobsfirst.org).