

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, school districts (where available) and the state itself in Connecticut.

Between fiscal years 2017 and 2021, the state of Connecticut and its five largest cities **lost over \$1 billion** due to economic development tax breaks – more than the state spent on legislative affairs, regulation and protection, and conservation combined (\$543 million) in 2021 alone. The table below represents **only** the five most populous cities and the state itself (school districts and counties do not report; see below for explanation).

During this five-year period, some jurisdictions increased the amount of foregone tax revenue from

Foregone Tax Revenue, Five Most Populous Cities and State of Connecticut					
	2017	2018	2019	2020	2021
City of Bridgeport	\$2,808,720	\$4,846,441	\$4,136,557	\$4,118,081	\$6,192,816
City of Hartford	\$3,785,000	\$3,800,000	\$18,747,000	\$19,074,000	\$18,614,000
City of New Haven	\$8,350,000	\$10,992,000	\$8,596,000	\$6,804,000	\$6,795,000
City of Stamford	\$1,763,825	\$726,460	\$547,636	\$707,235	\$1,053,682
City of Waterbury	\$0	\$0	\$293,000	\$296,000	\$5,701,000
State of Connecticut	\$158,810,999	\$202,111,124	\$162,290,197	\$180,602,907	\$207,481,824
Annual Total	\$175,518,544	\$222,476,025	\$194,610,390	\$211,602,223	\$245,838,322
Selected Cities, Counties, and State Five-Year Total: \$1,050,045,504					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

economic development tax abatements significantly.

Key findings:

- Between 2017 and 2021, **revenue losses for Hartford increased** —from \$3.8 million in 2017 to over \$18.6 million in 2021. This ballooning revenue loss (an increase of 392%) represents the addition of two abatement programs (capital projects and other renovation related projects) to the existing abatement program for low-income, disabled, and elderly housing.
- **Revenue losses for Bridgeport increased by 121%** (from \$2.8 million in 2017 to \$6.2 million in 2021) due to a steady increase in the city’s Affordable Housing program and Economic Development Program.
- **The State of Connecticut lost a total of \$911.3 million** due to tax abatements, 52% (\$470.5 million) of which were for film, television, and digital media tax breaks.
- **During this five-year period, all of Stamford’s and New Haven’s revenue loss from tax abatements were due to their Enterprise Zone (EZ) programs.**¹ EZs are geographic areas in which companies can qualify for a variety of state and local subsidies.

Again: these findings are only from a handful of Connecticut cities and the state. The state has a total of 169 cities and towns. Since 1960, counties in Connecticut have existed only essentially on maps, not as governments. The duties and functions of the state’s eight counties were eliminated by legislation passed in 1959 and 1961.²

***Note: School district data are excluded.** Connecticut is one of the six New England states where most school districts do not issue their own financial reports; only a handful of regionalized school districts do. The budgets and finances of the remaining (local) districts are incorporated into the towns’ financial statements.*

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

i New Haven’s tax abatement disclosure figure aggregates losses from the City’s Enterprise Zone Program and the City-Wide Assessment Deferral Program, therefore in Tax Break Tracker we cannot report the cost of each program.
ii [Connecticut General Assembly Office of Legislative Research](#).

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