

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 (where available) and the state itself in Florida.

Between the fiscal years 2017 and 2021, the state of Florida and its five largest cities and counties **lost over \$2.6 billion** due to economic development tax breaks – 99% of which were given by the state. For context, \$2.6 billion is about three fourths of what the state spent on the environment in 2021 alone. The table below represents **only** the five most populous cities, counties, and the state itself (school districts do not report). The statewide total is presumably much higher. The spending trend is up: over the five years total revenue losses increased from \$339,667,958 to \$617,651,240— an increase of 82%.

Foregone Tax Revenue, Five Most Populous Cities, Counties and State of Florida					
	2017	2018	2019	2020	2021
City of Hialeah	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Miami	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Orlando	\$827,141	\$530,264	\$580,211	\$4,259,375	\$2,370,825
City of St. Petersburg	\$134,671	\$173,891	\$163,044	\$48,619	\$49,696
City of Tampa	\$118,719	\$181,104	\$169,782	\$53,812	\$42,505
Broward County	\$87,325	\$0	\$139,657	\$224,021	\$275,000
Hillsborough County	\$1,283,568	\$1,541,091	\$936,000	\$1,046,262	\$1,137,600
Miami-Dade County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Orange County	\$614,493	\$693,126	\$729,167	\$603,959	\$1,213,543
Palm Beach County	\$555,041	\$576,699	\$870,982	\$1,243,996	\$1,152,571
State of Florida	\$336,047,000	\$324,318,000	\$613,172,000	\$775,783,000	\$611,409,500
Annual Total	\$339,667,958	\$328,014,175	\$616,760,843	\$783,263,044	\$617,651,240
Selected Cities, Counties, and State Five-Year Total: \$2,685,357,260					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

During this five-year period, some jurisdictions increased the amount of foregone tax revenue from economic development tax abatements significantly. Broward County, Orlando, and Palm Beach County increased revenue losses by over 100%. Jurisdictions in Florida were required to provide a local match to a state level program called Qualified Target Industry (QTI), often calling this match QTI as well. QTI was a state-level multiple tax refund program for firms in targeted industries which meet job creation and wage requirements. It had been used extensively before it ended in 2020 but there are efforts to bring the program back. While no new agreements can be made under QTI, many jurisdictions continue to make payments to companies to honor years-long agreements made prior to ending, and the public will be paying the leftover costs for decades to come.

Key findings:

- Between 2017 and 2021, **revenue losses for Broward County increased the most** —from \$87,325 in 2017 to over \$275,000 in 2021, a growth of 214.9%. This ballooning of revenue loss reflects an increase in the county's historic property credit and the addition of a new abatement program in 2019, the Direct Cash/Job Creation Incentive Program, which pays companies relocating or expanding in the county up to \$2,000 per new job created. The County's Annual Comprehensive Financial Report (ACFR) provides no details about the individual companies receiving these tax deals.
- **Revenue losses for Orlando increased by 186.6%**, from \$827,241 in 2017 to \$2.4 million in 2021, due to a significant increase in the city's economic development incentive program which makes grants to private companies for expanding business in the city. No further details are provided in the city's ACFR about the number of jobs created under these deals or the specific companies that receive tax breaks. The program has no provision for recapture, meaning there is no way for the city to get back the funds and/or terminate agreements if a company fails to meet its obligations in the abatement agreement.
- **During this five-year period, Palm Beach County's revenue loss from tax abatements grew by 107.7%**, from \$555,041 in 2017 to over \$1.1 million in 2021 due to an increase in the county's economic development abatement program and the historic property tax exemption program.
- **The State of Florida lost over \$2.6 billion** due to tax abatements. In addition to the QTI program, the state has over a dozen other abatement programs that reduce tax revenue for vital public services including tax breaks for major league baseball teams and the entertainment industry.
- **The local match to the state Quality Targeted Industry (QTI) program accounts for 100% of tax revenue loss in Tampa, 56% of tax revenue loss in Hillsborough County, and over a quarter of losses in Orange County.**

Again: these findings are only from the state of Florida and a handful of Florida cities and counties. The state has a total of 411 municipalities, 67 counties, and 73 school districts.

Note: School district data are excluded because the state shields schools from all forms of tax abatements.

For more information about these abatements, see taxbreaktracker.goodjobsfirst.org.

For company-specific information, see subsidytracker.goodjobsfirst.org.