

## 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 Indiana.

For fiscal years 2017 through 2021, the State of Indiana and its five largest cities and counties **lost over \$959 million** due to economic development tax breaks — enough to pay the average salary for an additional 3,482 teachers in Indiana over five years. The table above represents **only** the five most populous cities and counties – school districts are excluded (see Note). The actual statewide total is presumably much higher. The known spending trend is up sharply: over the five years, total annual reported revenue losses grew from \$148 million to \$247 million— a jump of 62%.

Foregone Tax Revenue, Five Most Populous Cities, Counties and State of Indiana					
	2017	2018	2019	2020	2021
<b>City of Indianapolis</b>	\$4,048,000	\$4,115,000	\$4,502,000	\$4,793,000	\$4,017,000
<b>City of Fort Wayne</b>	\$2,547,442	\$3,053,926	\$3,756,200	\$3,789,410	\$4,073,656
<b>City of Evansville</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>City of South Bend</b>	\$1,051,208	\$1,332,504	\$1,766,580	\$2,147,799	\$1,930,975
<b>City of Carmel</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Marion County</b>	\$2,220,337	\$2,191,303	\$2,480,042	\$2,636,618	\$2,265,545
<b>Lake County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Allen County</b>	\$3,602,005	\$4,282,074	\$5,868,544	\$7,106,546	\$6,216,797
<b>Hamilton County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>St. Joseph County</b>	No Disclosure	No Disclosure	\$5,116,847	\$5,303,250	\$2,926,216
<b>State of Indiana</b>	\$138,877,000	\$145,776,000	\$168,698,000	\$184,775,498	\$226,232,000

Annual Total	\$148,747,589	\$160,750,807	\$192,188,213	\$210,552,121	\$247,662,189
<b>Selected Cities, Counties, and State Five-Year Total: \$959,900,919</b>					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Only six out of the 11 Indiana jurisdictions analyzed disclosed tax abatement data in their ACFRs. For those that do disclose, some suffered sharply larger losses from economic development tax abatements over this five-year period.

**Key findings:**

- **From 2017 to 2021, Allen County’s revenue losses grew proportionately the most, increasing 73%** — from \$3,602,005 and \$6,216,797.
  - 48% (\$13,021,000) of the county’s losses are passive — i.e., taxes abated by other jurisdictions (including the cities of Fort Wayne, New Haven, Woodburn, and others).
- Revenue losses for **City of Fort Wayne’s increased by 60%** —from \$2,547,442 to \$4,073,656. These abatements occur through agreements that phase in the amount of property taxes a company pays in a specified geographic area.
- **The largest revenue losses in raw numbers were at the state level.** The State of Indiana’s revenue losses grew from \$139 million in 2017 to \$226 million in 2021 (an increase of 63%). The largest losses come from two abatement programs: Research and Development, and the Economic Development for a Growing Economy (EDGE) program.

Again: these findings are only from four Indiana cities, counties, and school districts. The state has 1,575 municipalities, 91 counties, and 294 school districts.

*Note: Instead of GAAP, Indiana’s school districts use the accounting standards set forth by the Indiana State Board of Accounts. Therefore, GASB 77 does not apply to them, even though local tax abatement programs in Indiana do abate school revenues.*

~~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).