

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 Maryland's five most populous cities, counties, and school districts and the state itself, where available.

Between fiscal years 2017 and 2021, the state of Maryland and its five largest cities and counties **lost more than \$448 million** due to economic development tax breaks — more than the state spent on the environment, agriculture, and commerce combined in 2021 (\$395 million). The table above lists only the five most populous cities, counties, and the state itself. The true statewide total is presumably much higher.

Foregone Tax Revenue, Five Most Populous Cities, Counties, and State of Maryland

	2017	2018	2019	2020	2021
City of Baltimore	\$23,490,000	\$27,953,000	\$28,439,000	\$29,401,000	\$30,208,000
City of Frederick	\$14,245	\$6,563	\$5,789	No Disclosure	No Disclosure
City of Gaithersburg	\$155,500	\$244,000	\$285,000	\$315,842	\$338,915
City of Rockville	\$246,200	\$251,130	\$101,816	\$77,380	\$77,380
City of Bowie	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Montgomery County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Prince George's County	\$2,752,953	\$4,748,229	\$5,608,742	\$4,537,166	\$4,328,152
Baltimore County	\$4,384,000	\$6,707,000	\$6,683,000	\$6,772,000	\$8,919,000
Anne Arundel County	\$1,910,581	\$1,137,766	\$1,873,343	\$2,125,011	\$2,254,284
Howard County	\$1,645,947	\$1,364,526	\$1,453,661	\$1,598,358	\$1,341,833
State of Maryland	\$61,000,000	\$39,270,000	\$59,500,000	\$34,261,000	\$41,000,000

Annual Total	\$95,599,426	\$81,682,214	\$103,950,351	\$79,087,757	\$88,467,564
Selected Cities, Counties, and State Five-Year Total: \$448,787,312					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Maryland does not require school districts to follow the Generally Accepted Accounting Principles (GAAP) that includes GASB Statement 77. Many jurisdictions that are not legally required to follow GAAP do so anyway, presumably to satisfy credit ratings agencies and obtain the lowest possible interest rates on bond borrowings, according to a GASB research brief.

During this five-year period, Maryland and its reporting jurisdictions lost an average of \$88 million every year due to economic development tax breaks. Many of these abatements are in the form of Payment in Lieu of Taxes (PILOT) and Enterprise Zones (EZ). PILOT agreements effectively provide deep, decades-long property tax discounts to selected companies. Enterprise Zones are geographic areas in which companies can qualify for a variety of state and local subsidies.

Key findings:

- From 2017 through 2021 **Prince George’s County revenue loss increased by 57%**, from \$2.7 million in 2017 to \$4.3 million in 2021. This revenue loss was due to PILOT agreements, EZ abatements, and admissions and amusement tax abatements.
- During this period **the City of Baltimore’s revenue losses increased by 29%**, from \$23.5 million 2017 to \$30.2 million in 2021. Nearly all of these losses were due to various PILOT programs.

Again: these findings are only from a handful of Maryland cities, and counties. The state has a total of 157 municipalities, 24 counties, and 25 school districts.

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