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

Between fiscal years 2017 and 2021, the state of Minnesota and its five largest cities and counties **lost nearly $196 million** due to economic development tax breaks — 81% of what the state spent on economic and workforce development in 2021 alone. The tables below list **only** the five most populous cities, counties, school districts, and the state itself; however, among this group, only eight of the 16 entities disclosed any revenue lost to tax breaks. The true statewide total is presumably much higher.

| Foregone Tax Revenue, Five Most Populous School Districts in Minnesota | | | | | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| **Anoka-Hennepin Public School District** | No Disclosure | No Disclosure | No Disclosure | No Disclosure | No Disclosure |
| **St. Paul Public School District** | No Disclosure | No Disclosure | No Disclosure | No Disclosure | No Disclosure |
| **Minneapolis Public School District** | No Disclosure | No Disclosure | No Disclosure | No Disclosure | No Disclosure |
| **Rosemount-Apple Valley-Eagan Independent School District** | No Disclosure | No Disclosure | No Disclosure | No Disclosure | No Disclosure |
| **Osseo Public School District** | No Disclosure | No Disclosure | No Disclosure | No Disclosure | No Disclosure |
| Annual Total | Unknown | Unknown | Unknown | Unknown | Unknown |
| **Selected School Districts Five-Year Total: Unknown** | | | | | |

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

| Foregone Tax Revenue, Five Most Populous Cities, Counties, and State of Minnesota | | | | | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| **City of Minneapolis** | $8,872,000 | $8,795,000 | $9,261,000 | $9,573,000 | $9,496,000 |
| **City of St. Paul** | No Disclosure | No Disclosure | No Disclosure | No Disclosure | No Disclosure |
| **City of Rochester** | No Disclosure | No Disclosure | No Disclosure | No Disclosure | No Disclosure |
| **City of Bloomington** | $400,000 | $250,000 | $790,241 | $771,839 | $1,365,839 |
| **City of Brooklyn Park** | $550,018 | $533,831 | $546,287 | $438,229 | $229,396 |
| **Hennepin County** | $11,925,027 | $11,770,718 | $13,234,670 | $10,999,496 | $10,894,333 |
| **Ramsey County** | $3,737,925 | $5,029,611 | $6,560,604 | $7,198,588 | $7,555,279 |
| **Dakota County** | No Disclosure | No Disclosure | No Disclosure | No Disclosure | No Disclosure |
| **Anoka County** | $841,579 | $1,178,550 | $1,551,059 | $1,193,945 | $2,582,115 |
| **Washington County** | $1,031,647 | $477,800 | $502,256 | $524,711 | $1,057,906 |
| **State of Minnesota** | $15,187,000 | $11,769,000 | $6,782,000 | $3,885,000 | $6,383,000 |
| Annual Total | $42,545,196 | $39,804,510 | $39,228,117 | $34,584,808 | $39,563,868 |
| **Selected Cities, Counties, and State Five-Year Total: $195,726,499** | | | | | |

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

During this five-year period, nearly all of the revenue lost to tax abatements are in the form of Tax Increment Financing (TIF) agreements, which capture the increase in property taxes (and sometimes other taxes) resulting from new development and divert that revenue to subsidize the development.

**Key findings:**

- From 2017 to 2021, three jurisdictions' revenue losses to tax abatements increased by over 100%, all due to TIF.
    - **The City of Bloomington's losses increased by 241%,** from $400,000 to $1.4 million.
    - **Anoka County's losses increased by 207%,** from $841,600 to $2.6 million in 2021.
    - **Ramsey County's losses increased by 102%,** from $3.7 million in 2017 to $7.6 million.
- **The State of Minnesota lost $44 million in abatements**, 95% of which were due to the state's Angel Tax Credit Program, which provides income tax breaks for investors making investments in start-up businesses headquartered in Minnesota. The remaining 5% is due to the state's Border City Enterprise Zone program, which provides tax breaks to businesses near bordering states in an effort to attract and retain business in Minnesota.
- **None of the state's five most populous school districts report tax abatements, though all are required to by state law.**

Again: these findings are only from a handful of Illinois cities, counties, and school districts. The state has a total of 855 municipalities, 87 counties, and 331 school districts.

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