

## 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). States in turn have laws or administrative codes that require some or all local governments (including school districts) adhere to GAAP. Overall, this means that, thanks to Statement 77, about two-thirds of localities must now report tax abatement programs (if they have such a program/s) in their annual comprehensive financial reports (ACFRs). Those disclosures must specify the **amount of revenue reduced or foregone** as a result of these tax abatements programs. In other words, GASB 77 allows the public – for the first time ever - to see how much money for public services is lost to tax breaks given to corporations. This fact sheet summarizes this data for Missouri’s five most populous cities, counties, and school districts and for the state itself, where available.

Between fiscal years 2017 and 2021, the State of Missouri and its five largest cities, counties, and school districts **lost over \$2.9 billion** due to economic development tax breaks – about 60% of what the State of Missouri spent on education in 2021 alone (\$4.8 billion). The true statewide total is presumably much higher given that The Show Me state has a total of 1,066 municipalities, 114 counties, and 518 school districts.

Foregone Tax Revenue, Five Most Populous School Districts in Missouri					
	2017	2018	2019	2020	2021
Columbia Public School District	\$208,351	\$1,121,048	\$988,648	\$3,120,471	\$3,636,473
North Kansas City School District 74	\$7,480,000	\$8,023,000	\$11,125,634	\$12,366,662	\$9,621,245
Rockwood R-VI School District	\$426,818	\$76,896	\$76,820	\$83,010	\$723,615
Springfield R-XII School District	\$568,493	\$579,202	\$622,353	\$3,554,820	\$4,319,484
St Louis Public School District	\$10,405,000	\$19,299,365	\$35,775,566	\$34,771,672	\$35,986,422
Annual Total	\$19,088,662	\$29,099,511	\$48,589,021	\$53,896,635	\$54,287,239
<b>Selected School Districts Five-Year Total: \$204,961,068</b>					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Missouri uses numerous property and sales tax abatement programs for residential and commercial properties (with or without arrangements for payments in lieu of taxes, or PILOTs), including various tax abatements attached to industrial revenue bonds, Enterprise Zones, Tax Increment Financing, and other programs as codified in Chapter 353, Chapter 99, and Chapter 100 of the state tax code. Some of the largest subsidies are given through Tax Increment Financing (TIF) agreements, which capture the

Foregone Tax Revenue, Five Most Populous Cities, Counties, and State of Missouri					
	2017	2018	2019	2020	2021
City of Columbia	\$53,368	\$42,069	\$54,455	\$36,738	\$39,095
City of Independence	\$8,339,124	\$8,363,797	\$8,306,174	\$8,492,943	\$9,136,779
City of Kansas City	\$89,580,000	\$100,957,000	\$97,026,000	\$97,984,000	\$77,631,000
City of Springfield	\$1,273,911	\$1,346,529	\$1,464,470	\$6,067,623	\$6,565,800
City of St. Louis	\$16,843,000	\$6,286,000	\$25,634,000	\$25,114,000	\$22,233,000
Clay County	No Disclosure	No Disclosure	No Disclosure	\$4,883,351	\$4,675,533
Greene County	\$325,987	\$362,668	\$404,344	\$519,498	\$556,113
Jackson County	\$9,404,287	\$12,449,321	\$13,267,487	\$12,587,230	\$12,803,163
St. Charles County	\$304,984	\$295,289	\$272,836	\$404,786	\$474,054
St. Louis County	\$1,405,159	\$1,732,860	\$1,984,673	\$2,244,972	\$2,457,628
Missouri	\$371,756,000	\$405,692,000	\$387,950,000	\$427,812,000	\$466,372,000
Annual Total	\$499,285,820	\$537,527,533	\$536,364,439	\$586,147,141	\$602,944,165
<b>Selected Cities, Counties, and State Five-Year Total: \$2,762,269,098</b>					
<b>Selected School Districts, Cities, Counties, and State Five-Year Total Forgone Revenue: \$2,967,230,166</b>					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

increase (or “increment”) in property taxes (and sometimes other taxes) resulting from new development and divert that revenue to subsidize the development.

During this five-year period, Missouri and these 15 local jurisdictions lost an average of \$582 million every year due to economic development tax breaks.

#### Key findings:

- From 2017 through 2021: **The Columbia Public School District’s revenue loss increased by 1,645%**, from \$208,352 in 2017 to over \$3.6 million in 2021. This ballooning of loss is due to several industrial development bond agreements made by Boone County with Aurora Organic Dairy and Kraft Heinz Food, among others. Those bonds are bundled with significant property tax abatements.
- **The Springfield R-XII School district’s revenue loss increased by 660%** (with no detail or justification in their ACFR).
- **The St. Louis Public School District’s losses increased by 246%** (largely due to unspecified TIF agreements and other programs).
- **Revenue loss for three out of the five counties analyzed increased more than 50%:**
  - **St. Louis County’s losses increased 75%** (due largely to Industrial Development Bond and Urban Redevelopment Corporation abatement awards);
  - **Greene County’s losses increased 71%** (due to TIF and other construction and redevelopment tax breaks); and
  - **St. Charles County’s losses increased 55%.**

Again: these findings are only from a handful of Missouri cities, counties, and school districts. The state has a total of 1,066 municipalities, 114 counties, and 518 school districts.

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For more information about these abatements, see [taxbreaktracker.goodjobsfirst.org](http://taxbreaktracker.goodjobsfirst.org).

For company-specific information, see [subsidytracker.goodjobsfirst.org](http://subsidytracker.goodjobsfirst.org).