

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 Montana.

Between fiscal years 2017 and 2021, the state of Montana and its five largest cities, counties, and school districts **lost than \$34 million** due to economic development tax breaks. That’s enough to hire an additional 587 teachers in the state that continues to struggle with a teacher shortage. The tables below list **only** the five most populous cities, counties, school districts and the state itself; however, among this group, only six of the 16 entities consistently disclosed any revenue lost to tax breaks. The true statewide total is presumably much higher.

Foregone Tax Revenue, Five Most Populous School Districts in Montana					
	2017	2018	2019	2020	2021
Billings Elementary School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Great Falls Elementary School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Helena Elementary School District	\$75,156	\$69,155	\$65,288	\$52,439	\$39,491
Missoula County Public Schools	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Bozeman Elementary School District	\$1,437	\$2,718	\$3,585	\$2,297	\$2,156
Annual Total	\$76,593	\$71,873	\$68,873	\$54,736	\$41,647
Selected School Districts Five-Year Total Foregone Revenue: \$313,722					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Foregone Tax Revenue, Five Most Populous Cities, Counties and State of Montana					
	2017	2018	2019	2020	2021
City of Billings	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Missoula	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Great Falls	\$745,110	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Bozeman	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Butte City/ Silver Bow County	No Disclosure	\$16,534	\$41,030	\$29,739	\$14,869
Yellowstone County	\$218,404	\$98,811	\$1,808,002	\$1,376,647	\$1,243,943
Gallatin County	\$76,869	\$76,114	\$69,314	\$32,166	\$30,337
Missoula County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Flathead County	No Disclosure	\$103,668	\$84,283	\$55,106	\$44,057
Cascade County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
State of Montana	\$3,358,000	\$1,396,000	\$3,769,000	\$13,995,000	\$5,264,000
Annual Total	\$4,398,383	\$1,691,127	\$5,771,629	\$15,448,658	\$6,597,206
Selected Cities, Counties, and State Five-Year Total: \$33,947,003					
Selected School Districts, Cities, Counties, and State 5-Year Total Forgone Revenue: \$34,260,725					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

During this five-year period, Montana and its reporting jurisdictions lost an average of \$6.8 million every year due to economic development tax breaks. Some of these abatements are through the state administered New and Expanding Business Tax Credit Program, which provides tax credits to businesses expanding in the state.

Key findings:

- From 2017 through 2021: **Yellowstone County’s revenue losses increased 470%**, from \$218,000 in 2017 to \$1.2 million in 2021. These losses were largely due to
- During this time period, the **State of Montana’s revenue losses increased 57%**, from \$3.4 million in 2017 to \$5.3 million in 2021. All of these losses are due to Montana Board of Investments Commercial Loan Program, which offers infrastructure loans to businesses in the state and provides them with income tax credits.
- **Only two of the five most populous school districts in the state report tax abatements** in their financial reports, though all are required to comply with Generally Accepted Accounting Principles (GAAP), and therefore GASB 77. **About half of Helena School District’s revenue losses were due to tax breaks for the billion-dollar aircraft manufacturing company, Boeing.**

Again: these findings are only from a handful of Montana cities, counties, and school districts. The state has a total of 129 municipalities, 56 counties, and 137 school districts.

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