

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 Nebraska.

Between the fiscal years 2017 and 2021, the state of Nebraska and its five largest cities, counties, and school districts **lost over \$1.5 billion** due to economic development tax breaks. That's about as much as the state spent on public safety in 2021 alone (\$1.3 billion). The tables below list **only** the five most populous cities, counties, school districts and the state itself; however, among this group, only 10 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 Nebraska					
	2017	2018	2019	2020	2021
Omaha Public Schools	\$4,049	\$17,010	\$18,077	\$19,954	\$20,750
Lincoln Public Schools	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Millard Public Schools	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Papillion-La Vista School District	No Disclosure	No Disclosure	\$10,563	\$74,225	\$224,318
Elkhorn Public Schools	No Disclosure	No Disclosure	No Disclosure	No Disclosure	\$1,062,247
Annual Total	\$4,049	\$17,010	\$28,640	\$94,179	\$245,068
Selected School Districts Five-Year Total Foregone Revenue: \$1,451,193					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Foregone Tax Revenue, Five Most Populous Cities, Counties and State of Nebraska					
	2017	2018	2019	2020	2021
City of Omaha	\$12,056,000	\$15,394,000	\$20,427,000	\$26,433,000	\$15,033,000
City of Lincoln	\$2,394,772	\$2,707,415	\$2,450,091	\$2,994,085	\$4,083,977
City of Bellevue	\$123,000	\$91,000	\$73,000	\$78,000	\$33,000
City of Grand Island	\$1,057,532	\$1,637,000	\$3,126,000	\$2,500,000	\$4,500,000
City of Kearney	\$155,892	\$131,405	\$108,292	\$382,075	\$145,595
Douglas County	\$4,644,000	\$4,670,600	\$4,912,300	\$5,852,000	\$6,400,000
Lancaster County	\$1,166,921	\$1,301,931	\$1,410,396	\$1,666,823	\$1,930,083
Sarpy County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Hall County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Buffalo County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
State of Nebraska	\$362,621,000	\$249,395,000	\$272,043,000	\$256,496,000	\$262,669,000
Annual Total	\$384,219,117	\$275,328,351	\$304,550,079	\$296,401,983	\$294,794,655
Selected Cities, Counties, and State Five-Year Total: \$1,555,294,185					
Selected School Districts, Cities, Counties, and State 5-Year Total Forgone Revenue: \$1,556,745,378					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

During this five-year period, Nebraska and its reporting jurisdictions lost an average of \$280 million every year due to economic development tax breaks. Many of these 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 through 2021 the **City of Grand Island's revenue losses increased 326%**, from \$1.1 million in 2017 to \$4.5 million in 2021, all due to TIF.
- During this time period **Lancaster County's revenue losses increased 65%**, from \$1.2 million in 2017 to \$1.9 million in 2021. All of these losses were due to TIF agreements entered into by other jurisdictions (passive losses).
- **90% of all losses were due to the State of Nebraska's tax abatement programs.** The state has a dozen abatement programs including tax credits for beginner farmers, an angel investment tax credit, and several other tax credits designed to encourage job creation and growth in the state.

Again: these findings are only from a handful of Nebraska cities, counties, and school districts. The state has a total of 529 municipalities, 93 counties, and 245 school districts.

For more information about these abatements, see taxbreaktracker.goodjobsfirst.org.

For company-specific information, see subsidytracker.goodjobsfirst.org.