

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 New Hampshire.

Between fiscal years 2017 and 2021, the state of New Hampshire and its five largest cities and counties **lost more than \$9.4 million** due to economic development tax breaks. For context, that’s enough to hire an additional 147 teachers in the state. The tables below list **only** the five most populous cities and counties and the state itself; however, among this group, only three of the 11 entities disclosed any revenue lost to tax breaks. The true statewide total is presumably much higher.

Foregone Tax Revenue, Five Most Populous Cities, Counties and State of New Hampshire					
	2017	2018	2019	2020	2021
City of Manchester	No Disclosure	No Disclosure	\$244,915	\$467,961	\$582,509
City of Nashua	\$205,587	\$211,491	\$280,642	\$287,920	No Disclosure
City of Concord	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Dover	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Rochester	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Hillsborough County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Rockingham County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Merrimack County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Strafford County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Grafton County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
State of New Hampshire	\$1,011,000	\$1,319,000	\$1,319,000	\$1,619,000	\$1,896,000
Annual Total	\$1,216,587	\$1,530,491	\$1,844,557	\$2,374,881	\$2,478,509
Selected Cities, Counties, and State Five-Year Total: \$9,445,025					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

During this five-year period, New Hampshire and its reporting jurisdictions lost an average of \$1.9 million every year due to economic development tax breaks. Many of these abatements are through the Community Revitalization Tax Relief (CRT) program, a state program that allows municipalities designate certain geographic areas as “community revitalization zones” and provide property tax credits to property owners who invest in the redevelopment of properties located within the zone.

Key findings:

- From 2019 through 2021 (the only years with available data): **The City of Manchester’s revenue loss increased 138%**, from \$245,000 in 2019 to \$583,000 in 2021 – all due to CRT abatements.
- **From 2017 to 2021 the State of New Hampshire’s revenue losses increased 88%**, from \$1.0 million in 2017 to \$1.9 million in 2021. About half of these losses were due to the state’s Economic Revitalization Zone Tax Credit, which provides tax credits to businesses that invest in certain geographic areas. The other half is due to the state’s Education Tax Credit, which allows companies to make donations to scholarship programs for students to attend private schools in exchange for a tax credit.
- **The Cities of Concord, Dover, and Rochester refer to tax abatements in their annual financial reports but do not disclose any dollar amounts associated with these losses.**
- **The majority of jurisdictions (eight out of ten) do not report tax abatement losses in their annual financial reports**, though all are required by state law to use GAAP accounting, and therefore report GASB 77 tax abatements. However, cities and counties are not required to obtain a financial audit and there is no meaningful oversight of local governments in the state.

Again: these findings are only from a handful of New Hampshire cities, counties, and school districts. The state has a total of 13 municipalities, 10 counties, and 175 school districts.

***Note: School district data excluded.** School districts do not issue their own financial reports; only a handful of regionalized school districts do. The budgets and finances of the remaining (local) districts are incorporated into the towns’ financial statements.*

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

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