

## 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 Jersey.

Between fiscal years 2017 and 2021, the state of New Jersey and its five largest cities, counties, and school districts **lost over \$2.1 billion** due to economic development tax breaks – three-fourths the amount the State of New Jersey spent on community development and the environment 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 one of five school districts. The true statewide total is presumably much higher.

Foregone Tax Revenue, Five Most Populous School Districts in New Jersey					
	2017	2018	2019	2020	2021
Newark Public School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Elizabeth Public Schools	\$5,270,783	\$5,711,883	\$5,703,270	\$6,653,292	\$6,622,724
Jersey City School District*	\$51,950,931	\$47,466,589	\$45,952,567	\$57,194,262	\$69,248,485
Paterson Public School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Edison Township School District	\$372,600	\$440,003	\$440,003	\$440,003	\$2,258,105
Annual Total	\$57,594,314	\$53,618,475	\$52,095,840	\$64,287,557	\$78,129,314
<b>Selected School Districts Five-Year Total: \$305,725,500</b>					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions.

\*Reported by Jersey City

Foregone Tax Revenue, Five Most Populous Cities, Counties and State of New Jersey					
	2017	2018	2019	2020	2021
<b>City of Newark</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Jersey City</b>	(\$38,313,929)	(\$38,981,908)	(\$31,230,928)	(\$10,398,938)	(\$30,777,849)
<b>City of Paterson</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>City of Elizabeth</b>	No Disclosure	No Disclosure	\$15,208,476	\$15,032,064	\$15,638,938
<b>Toms River Township</b>	\$571,170	\$475,173	\$773,173	\$1,028,840	\$1,028,840
<b>Bergen County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Middlesex County</b>	No Disclosure	\$3,134,767	\$3,134,767	\$1,368,793	\$1,465,747
<b>Essex County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Hudson County*</b>	\$53,273,047	\$51,148,721	\$49,223,183	\$51,153,579	\$48,477,401
<b>Ocean County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>State of New Jersey</b>	\$209,159,000	\$358,740,000	\$308,336,000	\$396,265,000	\$437,797,000
<b>Annual Total</b>	\$224,689,288	\$374,516,753	\$345,444,671	\$454,449,338	\$473,630,077
<b>Selected Cities, Counties, and State Five-Year Total: \$1,872,730,127</b>					
<b>Selected School Districts, Cities, Counties, and State 5-Year Total Foregone Revenue: \$2,178,455,627</b>					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

\*Reported by Jersey City

Some jurisdictions in New Jersey claim, in their GASB 77 compliance notes, that they cannot disclose the amount of taxes abated because the calculation is too complex. Some also claim they suffer no net loss because they increased property tax rates on other taxpayers to offset revenue lost to abatements. However, Statement No. 77 requires gross abatement losses to be disclosed, no matter if they are partially or fully offset. When jurisdictions acknowledge they raise tax rates on property owners to make up for tax breaks given to corporations, it is proof that abatements cause a tax-burden shift, which we and other incentive critics have long argued.

**Key findings:**

- **Jersey City reports the tax abatement amounts for Jersey City Public Schools and Hudson County. Although the city itself has negative amounts due to receiving PILOT payments, the county and school district lost over \$250 million and \$270 million respectively over these five years.**
- **The State of New Jersey lost \$1.7 million in abatements, 35% of which were due to the state’s Grow New Jersey Assistance (GROW NJ) program, which provides tax credits up to \$5,000 per job per year for job creation and retention for 10 years.**

Again: these findings are only from a handful of New Jersey cities, counties, and school districts. The state has a total of 564 municipalities, 21 counties, and 686 school districts.

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).