

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 New Mexico's five most populous cities, counties, and school districts and the state itself, where available.

Between fiscal years 2017 and 2021, the state of New Mexico and its five largest cities and counties **lost over \$254 million** due to economic development tax breaks. For context, \$250 million is about half of what the state spent on public safety in 2021 alone. The tables below list **only** the five most populous cities, counties, school districts, and the state itself. The true statewide total is presumably much higher.

Foregone Tax Revenue, Five Most Populous School Districts in New Mexico					
	2017	2018	2019	2020	2021
Albuquerque Public Schools	\$1,218,916	\$1,357,968	\$1,185,619	\$1,272,560	\$1,486,028
Las Cruces Public Schools	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Rio Rancho Public Schools	\$3,721,587	\$3,416,082	\$3,509,927	\$3,329,625	\$4,297,438
Gadsden Independent Schools	\$41,609	\$74,926	\$15,945	\$78,637	(\$20,513)
Santa Fe Public Schools	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Annual Total	\$4,982,112	\$4,848,976	\$4,711,491	\$4,680,822	\$5,762,953
Selected School Districts Five-Year Total Foregone Revenue: \$24,986,354					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Foregone Tax Revenue, Five Most Populous Cities, Counties, and State of New Mexico					
	2017	2018	2019	2020	2021
City of Albuquerque	\$1,083,155	\$1,040,814	\$160,140	\$1,079,987	\$513,977
City of Las Cruces	\$637,504	\$680,244	\$46,365	\$113,853	\$82,175
City of Rio Rancho	\$292,784	\$494,028	\$497,848	\$371,266	\$595,865
City of Santa Fe	\$0	\$98,321	\$563,073	\$563,980	\$63,112
City of Roswell	\$361,254	\$375,000	\$375,000	\$375,000	\$457,227
Bernalillo County	\$203,032	\$708,685	\$22,919	\$25,714	\$4,088,802
Dona Ana County	\$151,153	\$151,525	\$254,262	\$256,567	\$296,958
Santa Fe County	\$228,278	\$235,647	\$240,222	\$240,306	\$261,331
Sandoval County	(\$8,250,399)	\$433,480	(\$46,921)	\$604,990	\$10,598,978
San Juan County	\$6,800	No Disclosure	No Disclosure	No Disclosure	No Disclosure
State of New Mexico	No Disclosure	\$2,047,313	\$150,000,000	\$55,600,000	No Disclosure
Annual Total	(\$5,286,439)	\$6,265,057	\$152,112,908	\$59,231,663	\$16,958,425
Selected Cities, Counties, and State Five-Year Total: \$229,281,614					
Selected School Districts, Cities, Counties, and State Five-Year Total Foregone Revenue: \$254,267,968					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

During this five-year period, New Mexico and its reporting jurisdictions lost an average of \$50 million every year due to economic development tax breaks. Nearly all of these abatements are in the form of industrial revenue bonds (IRB), which are economic development loans given with low interest rates and tax-free interest to companies. IRBs are essentially a private transaction (a corporation borrows money from a private lender, the bond buyer) laundered through a public authority to become tax free.

Key findings:

- From 2017 through 2021: **the City of Rio Rancho’s foregone revenue increased 104%**, from \$292,800 in 2017 to \$595,900 in 2021. These losses were due to nearly a dozen different IRB agreements with various companies including Bank of America and several real estate developers.
- **During this period, Dona Ana County’s revenue loss increased by 96%**, from \$151 thousand in 2017 to \$296 thousand in 2021, all due to IRBS.
- **Some jurisdictions have incongruent tax abatement reporting.** San Juan County and the State of New Mexico only reported dollar amounts associated with their tax abatements in certain years; other years they claimed their abatements were “immaterial.”

Again: these findings are only from a handful of New Mexico cities, counties, and school districts. The state has a total of 106 municipalities, 33 counties, and 89 school districts.

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