GOOD JOBS FIRST

Exposing Wasteful Subsidies,
Revealing Corporate Misconduct,
Empowering Communities

NORTH CAROLINA

GASB 77 Findings

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 North Carolina.

Between fiscal years 2017 and 2021, the state of North Carolina was the only jurisdiction of those analyzed to disclose any tax abatements, as the state forbids local tax abatements. During this period the state **lost $222.4 million** due to economic development tax breaks. That's enough to hire an additional 4,100 teachers in the state that continues to struggle with a teacher shortage.

Foregone Tax Revenue, Five Most Populous Cities, Counties and State of North Carolina					
	2017	2018	2019	2020	2021
State of North Carolina	$44,600,000	$48,800,000	$46,500,000	$43,460,000	$38,990,00
Annual Total	$44,600,000	$48,800,000	$46,500,000	$43,460,000	$38,990,000
State Five-Year Total: $222,350,000					

Source: Annual Comprehensive Financial Reports for the state

During this five-year period, North Carolina lost an average of $44.5 million every year due to economic development tax breaks. All of these abatements were due to the state's Job Development Investment Grant (JDIG) program, which provides grants to businesses locating or expanding in the state. The effectiveness of this program is questionable – a 2015 study revealed that every time a company is approved by the JDIG, there is 60% of chance that the company will fall short on its jobs, investment or wage promises. The study also found 60% of all approved grants went to three counties with the fastest job growth, questioning the need for the incentive in the first place.

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