

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 North Dakota’s five most populous cities, counties, and school districts and the state itself, where available.

Between fiscal years 2017 and 2021, the state of North Dakota and its five largest cities, counties, and school districts **lost over \$103 million** due to economic development tax breaks. For context, that is a third of what the entire 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; however, among this group, only 11 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 North Dakota					
	2017	2018	2019	2020	2021
Bismarck School District No. 1	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
West Fargo Public Schools	\$1,607,437	\$1,823,620	\$2,518,360	\$2,674,602	\$2,994,502
Fargo Public Schools	\$2,816,339	\$3,442,398	\$4,554,861	\$4,090,874	\$5,119,059
Minot School District No. 1	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Grand Forks Public Schools	No Disclosure	No Disclosure	\$1,505,291	\$352,402	\$2,659,437
Annual Total	\$4,423,776	\$5,266,018	\$8,578,512	\$7,117,878	\$10,772,998
Selected School Districts Five-Year Total: \$36,159,182					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Foregone Tax Revenue, Five Most Populous Cities, Counties and State of North Dakota

	2017	2018	2019	2020	2021
City of Fargo	\$4,876,964	\$1,617,824	\$1,754,301	\$1,429,699	\$1,879,165
City of Bismarck	\$791,703	\$687,182	\$491,691	\$285,408	\$165,525
City of Grand Forks	\$1,667,386	\$1,639,773	\$2,168,989	\$1,715,536	\$1,856,925
City of Minot	\$76,955	\$83,758	\$35,346	\$37,025	\$18,358
City of West Fargo	No Disclosure	No Disclosure	No Disclosure	\$574,000	\$700,649
Cass County	\$1,815,319	\$1,510,872	\$2,274,883	\$2,481,839	\$2,457,267
Burleigh County	\$3,911,156	\$5,308,574	\$5,103,552	\$5,303,275	\$5,104,811
Ward County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Grand Forks County	\$1,852,389	\$1,411,163	\$1,395,786	\$1,379,487	\$1,856,925
Williams County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
State of North Dakota	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Annual Total	\$14,991,872	\$12,259,146	\$13,224,548	\$13,206,269	\$14,039,625

Selected Cities, Counties, and State Five-Year Total: \$67,721,460

Selected School Districts, Cities, Counties, and State Five-Year Total Foregone Revenue: \$103,880,642

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

During this five-year period, some jurisdictions increased the amount of foregone tax revenue from economic development tax abatements significantly. Many of these abatements are due to two programs: the Public Charity Exemption, which completely exempts charitable organizations from taxation; and the Single Family Residence program, which exempts up to 150% of the value of all new single-family homes from taxation for the first two years after the home is built and occupied.

Key findings:

- **Between 2017 and 2021 all three of the school districts that report tax abatement losses increased foregone revenue by more than three-fourths.**
 - West Fargo School District's revenue losses increased by 86%, largely due to the Public Charity Exemption and the Single Family Residence program.
 - Fargo School District's revenue losses increased by 82%, largely due to the Public Charity Exemption.
 - Grand Forks School District's revenue losses increased by 77%, largely due to the Public Charity Exemption.
- **During this period, Cass County's revenue losses increased 35%**, from \$1.8 million in 2017 to \$2.5 million in 2021. The majority of these losses (71%) were due to the Public Charity Exemption, with another 20% stemming from the Single Family Residence abatement.
- **Burleigh County lost the greatest amount of revenue, over \$25 million**, 94% of which was due to the Public Charity Exemption.

Again: these findings are only from eleven North Dakota cities, counties, and school districts. The state has a total of 357 municipalities, 53 counties, and 170 school districts.

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

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