

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

Between fiscal years 2017 and 2021, the state of Ohio's five largest cities, counties, and school districts **lost nearly \$2.1 billion** due to economic development tax breaks. The tables below list **only** the five most populous cities, counties, school districts, and the state.

| Foregone Tax Revenue, Five Most Populous School Districts in Ohio | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Columbus City School District | \$2,633,141 | \$3,106,193 | \$3,357,606 | \$6,725,412 | \$7,841,782 |
| Cleveland Municipal School District | \$34,246,606 | \$33,070,303 | \$34,685,527 | \$23,467,408 | \$24,314,639 |
| Cincinnati City School District | \$14,050,987 | \$14,255,042 | \$11,112,424 | \$14,306,604 | \$11,714,974 |
| Toledo City School District | \$1,648,153 | \$2,458,968 | \$3,315,575 | \$2,556,122 | \$1,315,878 |
| Olentangy Local School District | \$2,612,317 | \$2,510,095 | \$2,108,199 | \$2,496,620 | \$2,845,489 |
| Annual Total | \$55,191,204 | \$55,400,601 | \$54,579,331 | \$49,552,166 | \$48,032,762 |
| Selected School Districts Five-Year Total: \$262,756,064 | | | | | |

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

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

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|---------------|---------------|---------------|---------------|---------------|
| City of Columbus | \$17,320,000 | \$22,515,000 | \$18,570,000 | \$18,477,000 | \$21,247,000 |
| City of Cleveland | \$4,002,000 | \$7,087,000 | \$7,704,000 | \$6,976,000 | \$9,066,000 |
| City of Cincinnati | \$5,785,000 | \$8,743,000 | \$9,578,000 | \$8,966,000 | \$8,882,000 |
| City of Toledo | \$2,622,000 | \$3,212,000 | \$3,710,000 | \$3,432,000 | \$13,572,000 |
| City of Akron | \$32,777 | \$30,900 | \$69,500 | \$201,269 | \$260,539 |
| Franklin County | \$13,446,00 | \$15,489,000 | \$17,997,000 | \$21,436,000 | \$22,690,000 |
| Cuyahoga County | \$2,993,214 | \$2,993,214 | \$3,572,900 | \$3,717,242 | \$2,401,241 |
| Hamilton County | \$2,931,000 | \$5,032,000 | \$5,316,000 | \$5,820,000 | \$7,518,000 |
| Summit County | No Disclosure | No Disclosure | No Disclosure | No Disclosure | No Disclosure |
| Montgomery County | \$1,819,263 | \$1,599,664 | \$2,047,747 | \$2,076,138 | \$2,985,715 |
| State of Ohio | \$225,617,000 | \$248,981,000 | \$288,008,000 | \$310,113,000 | \$415,063,000 |
| Annual Total | \$263,122,254 | \$315,682,778 | \$356,573,147 | \$381,214,649 | \$503,685,495 |
| Selected Cities, Counties, and State Five-Year Total: \$1,820,278,323 | | | | | |
| Selected School Districts, Cities, Counties, and State 5-Year Total Foregone Revenue: \$2,083,034,387 | | | | | |

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. Most of these abatements are in the form of two programs: the Community Reinvestment Area (CRA) Program, which provides tax breaks to property owners who renovate existing property or construct new buildings in certain areas, and Enterprise Zone (EZ) Programs, which provide tax breaks to business owners in geographically designated areas.

Key findings:

- **Between 2017 and 2021 the City of Akron's losses increased the most, by 695%**, from \$33,000 in 2017 to \$261,000 in 2021. These losses were largely due to a significant increase in the city's residential tax abatement program, which exempts 100% of the added property value on new home construction or renovation for a period of 15 years.
- **During this period, the City of Toledo's revenue losses increased 418%**, from \$2.6 million in 2017 to \$13.6 million in 2021. These losses were also largely due to a significant increase in the CRA program.
- **The Columbus City School District's revenue losses increased 198%**, from \$2.6 million in 2017 to \$7.8 million in 2021. Over half (58%) of these losses were due to EZ and over a third (35%) due to CRA abatements. All losses were passive, meaning they resulted from abatement agreements entered into by other jurisdictions.

Again: these findings are only from a handful of Ohio 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.