

## 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 and counties (where available) and the state itself in Tennessee.

Between Fiscal Years 2017 and 2021, the State of Tennessee and its five largest cities and counties **lost over \$1.4 billion** due to economic development tax breaks – \$124 million more than the state spent on transportation in 2021 (\$1.3 billion). The table below represents **only** the five most populous cities and counties, and the state itself. The statewide total is presumably much higher. The spending trend is up: over the five years revenue losses grew from \$228 million to \$327 million— a jump of 43.1%.

Forgone Tax Revenue, Five Most Populous Cities and Counties in Tennessee					
	2017	2018	2019	2020	2021
<b>City of Chattanooga</b>	\$9,431,047	\$14,041,711	\$14,810,532	\$14,758,562	\$14,302,960
<b>City of Clarksville</b>	\$196,884	\$174,833	\$174,874	\$179,763	\$184,964
<b>City of Knoxville</b>	\$4,078,340	\$4,968,395	\$5,227,210	\$6,273,959	\$7,534,999
<b>City of Memphis</b>	\$11,665,000	\$16,743,000	\$17,531,000	\$16,909,000	\$18,776,000
<b>City of Murfreesboro</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>City of Nashville/ Davidson County</b>	\$4,923,900	\$6,605,724	\$8,782,711	\$9,743,729	\$15,611,952
<b>Hamilton County</b>	\$6,354,254	\$11,434,312	\$10,804,148	\$10,997,663	\$10,859,725
<b>Knox County</b>	\$4,116,975	\$5,586,103	\$5,907,808	\$6,857,479	\$8,160,570
<b>Rutherford County</b>	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
<b>Shelby County</b>	\$42,461,936	\$42,134,289	\$42,626,481	\$37,202,422	\$37,278,238
<b>State of Tennessee</b>	\$145,552,000	\$136,091,000	\$190,667,000	\$224,140,000	\$214,713,000
<b>Annual Total</b>	<b>\$228,780,337</b>	<b>\$237,779,367</b>	<b>\$296,531,764</b>	<b>\$327,062,577</b>	<b>\$327,422,408</b>

## All Jurisdictions Five-Year Total: \$1,417,576,453

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

During this five-year period some jurisdictions increased the amount of forgone tax revenue from economic development tax abatements significantly. Many of these abatements are in the form of Payment in Lieu of Taxes (PILOT) agreements, which effectively provide deep, decades-long property tax discounts to selected companies. Other abatements are in the form of Tax Increment Financing (TIF) agreements, which capture the increase in property taxes, and sometimes other taxes, resulting from new development, and divert that revenue to subsidize the development.

### Key findings:

- From 2017 through 2021: **Knox County revenue losses ballooned by 98.2%**, including \$20.7 million in PILOT agreements and \$9.9 million in TIF agreements.
- **The City of Knoxville's losses increased by 84.8%**, including \$15.9 million in PILOT agreements and \$12.2 million in TIF agreements.
- **Hamilton County's losses grew by 70.9%**, including \$49.7 million in PILOT agreements, and \$797,200 in TIF deals.

Again: these findings are only from a handful of Tennessee cities and counties. The state has a total of 346 municipalities and 95 counties.

*Note: School district data are excluded. Tennessee's school districts do not issue annual comprehensive financial reports because they are component units of cities or counties.*

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For more information about these abatements, see [taxbreaktracker.goodjobsfirst.org](https://taxbreaktracker.goodjobsfirst.org).  
For company-specific information, see [subsidytracker.goodjobsfirst.org](https://subsidytracker.goodjobsfirst.org).