

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

Between fiscal years 2017 and 2021, the state of Texas and its five largest cities, counties, and school districts **lost nearly \$7.9 billion** due to economic development tax breaks — more than the State of Texas spent on transportation (\$6.5 billion) 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 Texas					
	2017	2018	2019	2020	2021
Houston Independent Schools	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Dallas Independent Schools	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Cypress-Fairbanks Independent Schools	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Northside Independent Schools	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Katy Independent Schools	\$183,187	\$122,829	\$125,641	No Disclosure	No Disclosure
Annual Total	\$183,17	\$122,829	\$125,641	Unknown	Unknown
Selected School Districts Five-Year Total: \$431,657					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions.

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

	2017	2018	2019	2020	2021
City of Houston	\$135,101,581	\$140,814,427	\$418,700,736	\$391,142,862	\$536,919,524
City of San Antonio	\$8,926,216	\$7,830,000	\$7,946,000	\$7,006,000	\$7,819,000
City of Dallas	\$22,246,000	\$41,307,000	\$54,838,000	\$59,388,000	\$45,280,000
City of Austin	\$13,300,000	\$10,200,000	\$9,300,000	\$5,900,000	\$6,900,000
City of Fort Worth	\$20,868,000	\$17,741,381	\$28,547,901	\$31,714,627	\$29,921,327
Bexar County	\$1,944,771	\$2,054,563	\$2,084,526	\$2,186,346	\$2,432,721
Dallas County	\$1,127,000	\$930,000	\$791,000	\$825,000	\$891,000
Harris County	\$235,231	\$178,521	\$281,758	\$448,064	\$565,568
Tarrant County	\$2,494,000	\$2,214,000	\$4,797,000	\$6,711,000	\$5,776,143
Travis County	\$9,106,880	\$7,926,988	\$5,924,196	\$4,949,564	\$4,873,751
State of Texas	\$769,816,000	\$1,321,176,000	\$1,341,663,000	\$1,152,670,000	\$1,151,492,000
Annual Total	\$985,165,679	\$1,552,372,880	\$1,874,874,117	\$1,662,941,463	\$1,792,871,034
Selected Cities, Counties, and State Five-Year Total: \$7,868,225,173					
Selected School Districts, Cities, Counties, and State Five-Year Total Foregone Revenue: \$7,868,656,830					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Jurisdictions in Texas lose significant revenue to two subsidy programs (in addition to others), Chapter 311 and Chapter 312. Chapter 311 Tax Increment Financing permits cities and counties to create a Tax Increment Financing Zone (TIRZ), geographical boundaries created to incentivize development. TIRZ capture the increase in property taxes, and sometimes other taxes, resulting from new development, and divert that revenue to subsidize the development. Chapter 312 Property Redevelopment and Tax Abatements allows local governments to offer full or partial property tax exemptions for new investments in a designated zone for up to ten years. Abatements are provided for new developments or the expansion of existing ones. Chapter 312 does not apply to school districts.

Key findings:

- **The amount of revenue the City of Houston lost to tax abatements ballooned by 297%**, from \$135 million in 2017 to \$537 million in 2021. Of these losses, 99% were due to TIRZ.
- **Harris County's revenue loss increased by 140%**, from \$235,231 in 2017 to \$565,568 in 2021, due to Chapter 312 agreements with distribution and manufacturing facilities.
- From 2017 through 2021: **Tarrant County's revenue loss increased by 132%**, from \$2.5 million in 2017 to \$5.8 million in 2021. These losses were largely due to Chapter 312 abatements for corporate offices and data centers (between 2019 and 2021 these tax breaks increased 43%). About 35% of all revenue loss was due to tax breaks for unknown manufacturing facilities in 2021.
- **The City of Dallas's revenue loss increased by 104%**, from \$22.3 million in 2017 to \$45.3 million in 2021; 76% of these losses were due to Tax Increment Financing (TIF).
- **The State of Texas lost over \$5.7 billion due to economic development tax breaks.** Most of these losses were due to the state's research and development tax credit program, in addition to several agricultural and timber programs.

Again: these findings are only from a handful of Texas cities, counties, and school districts. The state has over 1,200 municipalities, 254 counties, and 1,022 school districts.

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

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