

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 Utah.

Between fiscal years 2017 and 2021, the state of Utah's five largest cities, counties, and school districts **lost \$191 million** due to economic development tax breaks. The tables below list **only** the five most populous cities, counties, school districts (of which, none disclose losses), and the state itself. The true statewide total is presumably much higher. Over the five years reported revenue losses increased by 96%, with an average annual loss of **\$38 million**.

Foregone Tax Revenue, Five Most Populous School Districts in Utah					
	2017	2018	2019	2020	2021
Alpine School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Davis School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Granite School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Jordan School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Washington County School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Annual Total	Unknown	Unknown	Unknown	Unknown	Unknown
Selected School Districts Five-Year Total: Unknown					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

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

	2017	2018	2019	2020	2021
Salt Lake City	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
West Valley City	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of West Jordan	No Disclosure	No Disclosure	\$323,877	\$390,454	\$736,146
City of Provo	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Orem	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Salt Lake County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Utah County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Davis County	\$2,103,253	\$2,397,080	\$2,498,437	\$2,492,903	\$2,484,683
Weber County	No Disclosure	No Disclosure	No Disclosure	\$2,336,952	\$2,445,500
Washington County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
State of Utah	\$25,628,000	\$43,398,000	\$31,521,000	\$23,316,000	\$48,625,000
Annual Total	\$27,731,253	\$45,795,080	\$34,343,314	\$28,536,309	\$54,291,329
Selected Cities, Counties, and State Five-Year Total: \$190,697,285					

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 losses are due to 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:

- **Between 2017 and 2021 only three of the fifteen most populous cities, counties, and school districts disclosed the amount of revenue lost to tax abatements**, despite state law that requires them to follow the Generally Accepted Accounting Principles (GAAP), which includes GASB 77.
- **During this period the State of Utah's revenue losses increased by 90%**, from \$25.6 million in 2017 to \$48.6 million in 2021. Nearly half (47%) of these losses were due to TIF, and another 40% due to tax credits for motion picture films.
- **All of Davis County's (\$11.9 million) and Weber County's (\$4.8 million) losses were due to TIF.**
- **The City of West Jordan only disclosed losses for three years (2019-2021).** During this period the city lost \$1.5 million, 21% of which was in the form of tax breaks for PayPal.

Again: these findings are only from a handful of Utah cities, counties, and school districts. The state has a total of 246 municipalities, 29 counties, and 41 school districts.

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

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