

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 Vermont.

Between the fiscal years 2017 and 2021, the state of Vermont and its five largest cities, counties, and school districts **lost \$277 million due to economic development tax abatements**. For context, that's more than the state of Vermont spent on commerce and community development in 2021 alone (\$270 million). The tables below list **only** the five most populous cities, and counties, of which only two jurisdictions disclosed any revenue loss to tax abatements. The true statewide total is presumably much higher.

Foregone Tax Revenue, Five Most Populous Cities, Counties and State of Vermont					
	2017	2018	2019	2020	2021
City of Burlington	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of South Burlington	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Rutland	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Village of Essex Junction	No Disclosure	\$2,001	\$16,811	\$13,145	\$16,559
City of Bennington	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Chittenden County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Washington County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Rutland County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Windsor County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Franklin County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
State of Vermont	\$53,806,626	\$54,360,355	\$53,715,000	\$55,908,589	\$59,173,949

Annual Total	\$53,806,626	\$54,362,356	\$53,731,811	\$55,921,734	\$59,190,508
Selected Cities, Counties, and State Five-Year Total: \$277,013,035					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Key findings:

- **Between 2018 and 2021 Essex Junction’s losses increased by 728%**, from \$2,000 in 2018 to \$17,000 in 2021. The majority of these losses (81%) were due to the Commercial Tax Stabilization policy, which lowers the property tax rate for property owners who make real property improvements to buildings in commercial zones. Fortunately, school district’s taxes are shielded from these abatements.
- **Nealy all (99%) of the total losses were due to the State of Vermont. During this five-year period, the State of Vermont lost nearly \$277 million to tax abatements.** The vast majority (84%) of these losses were due to the state’s agricultural and managed forest land use program, which diverts state education tax to subsidize agricultural landowners.

Again: these findings are only from one jurisdiction and the state itself. The state has a total of 38 municipalities, 95 counties, and 132 school districts.

Note: School district data excluded. All Vermont’s school districts are part of supervisory unions established by the state.

For more information about these abatements, see taxbreaktracker.goodjobsfirst.org.
 For company-specific information, see subsidytracker.goodjobsfirst.org.