

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 Virginia.

Between the fiscal years 2017 and 2021, the state of Virginia and its five largest cities, counties, and school districts **lost over \$557 million due to economic development tax abatements**. For context, that's enough to hire an additional 9,075 teachers, in the state that struggles with a teacher shortage. The tables below list **only** the five most populous cities, counties, and state, of which only six 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 Virginia					
	2017	2018	2019	2020	2021
City of Virginia Beach	\$823,017	\$1,749,621	\$1,771,582	\$2,278,985	\$2,423,925
City of Norfolk	\$4,585,968	\$9,588,326	\$6,625,502	\$6,708,165	\$6,052,754
City of Chesapeake	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Newport News	\$1,483,643	\$1,531,500	\$1,787,007	\$634,214	\$2,098,977
City of Richmond	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Fairfax County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Prince William County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Loudoun County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Chesterfield County	\$1,480,152	\$1,619,691	\$1,464,570	\$1,397,555	\$953,916
Henrico County	\$159,455	\$229,117	\$323,356	\$860,346	\$1,420,374
State of Virginia	\$72,065,373	\$85,300,000	\$92,200,000	\$117,700,000	\$130,300,000

Annual Total	\$80,597,608	\$100,018,255	\$104,172,017	\$129,579,265	\$143,249,946
Selected Cities, Counties, and State Five-Year Total: \$557,617,091					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

During this five-year period, Virginia and its reporting jurisdictions lost an average of \$112 million every year due to economic development tax breaks.

Key findings:

- **Between 2017 and 2021 Henrico County’s losses increased by 791%**, from \$159,000 million in 2017 to \$1.4 million in 2021. The majority of these losses (87%) were due to the county’s partial real estate tax credit program which provides tax credits for property owners who renovate commercial or multi-family dwellings.
- **During this five-year period, the City of Virginia Beach’s revenue losses increased 195%**, from \$823,000 in 2017 to \$2.4 million in 2021. These losses were largely due to sales tax breaks for developers investing in tourism projects (63%) and to business license tax exemptions for new businesses (24%).
- **The State of Virginia lost nearly half a billion (\$498 million) to tax abatements.** The vast majority (95%) of these losses were due to sales and use tax exemptions for data centers – Amazon being one of the largest recipients.

Again: these findings are only from a handful of Virginia cities, counties, and school districts. The state has 38 municipalities, 95 counties, and 132 school districts.

Note: School district data excluded. Only one school district in Virginia is independent. All others are component units of the state, most do not produce their own financial reports.

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