

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

Between the fiscal years 2017 and 2021, the state of Washington and its five largest cities, counties, and school districts **lost over \$1.8 billion due to economic development tax abatements**. The tables below list the five most populous cities, counties, and school districts. The true statewide total is presumably much higher.

Foregone Tax Revenue, Five Most Populous School Districts in Washington					
	2017	2018	2019	2020	2021
Seattle Public Schools	\$0	\$0	\$782,172	\$1,296,002	\$1,112,488
Lake Washington School District	\$0	No Disclosure	\$0	\$203,225	\$222,312
Tacoma School District	\$2,223,081	\$2,213,978	\$2,042,530	\$2,001,622	\$2,619,923
Spokane School District	\$1,067,885	\$799,393	\$836,543	\$944,566	\$1,071,085
Kent School District	No Disclosure	No Disclosure	\$987,615	\$207,170	\$159,500
Annual Total	\$3,290,966	\$3,013,371	\$4,648,860	\$4,652,585	\$5,185,308
Selected School Districts Five-Year Total: \$20,791,090					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Foregone Tax Revenue, Five Most Populous Cities, Counties, and State of Washington					
	2017	2018	2019	2020	2021
City of Seattle	\$23,362,000	\$22,403,000	\$18,208,000	\$12,510,000	\$14,603,000
City of Spokane	\$3,136,147	\$2,692,442	\$2,915,467	\$3,659,812	\$3,419,587
City of Tacoma	\$1,297,000	\$1,818,000	\$2,463,000	\$2,426,000	\$2,677,000
City of Vancouver	\$166,000	\$273,100	\$518,800	\$745,354	\$1,173,347
City of Bellevue	\$1,415,000	\$1,200,000	\$825,000	\$650,000	\$683,000
King County	\$15,279,000	\$11,672,000	\$16,101,000	\$17,206,000	\$20,117,000
Pierce County	\$686,184	\$479,696	\$450,772	\$555,212	\$526,286
Snohomish County	\$458,183	\$550,339	\$650,459	\$599,166	\$616,065
Spokane County	No Disclosure	\$2,663,000	\$28,534,000	\$15,611,000	\$15,750,000
Clark County	No Disclosure	\$63,467	\$83,395	\$594,852	\$698,731
State of Washington	\$333,360,000	\$343,123,000	\$363,586,000	\$271,590,000	\$206,943,000
Annual Total	\$379,159,514	\$386,938,044	\$434,335,893	\$326,147,396	\$267,207,016
Selected Cities, Counties, and State Five-Year Total: \$1,793,787,863					
Selected School Districts, Cities, Counties, and State Five-Year Total Foregone Revenue: \$1,814,578,953					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

During this five-year period, Washington and its reporting jurisdictions lost an average of \$362 million every year due to economic development tax breaks. Eight of the jurisdictions utilized the Multifamily Property Tax Exemption which provides property tax exemptions for new multi-family housing developments with some affordable housing units. Others also utilized single-family dwelling improvement programs, which provide tax breaks on improvements made to single family dwellings.

Key findings:

- **Between 2018 and 2021, Spokane County’s losses increased by 491%**, from \$2.6 million in 2018 to \$15.8 million in 2021. The majority of these losses (53%) were due to the county’s farm and agricultural abatements.
- **Between 2017 and 2021, the City of Tacoma’s revenue losses increased 106%**, from \$1.3 million in 2017 to \$2.7 million in 2021. These losses were largely due to the Multifamily Housing Property Tax Exemption (41%) and to the Future nonprofit low-income housing program (35%).
- **During this five-year period, 84% of all revenue losses were due to the State of Washington’s tax exemption programs**, largely aerospace and technology-related tax credits.

Again: these findings are only from a handful of Washington cities, counties, and school districts. The state has a total of 281 municipalities, 39 counties, and 295 school districts.

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

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