

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

Between fiscal years 2017 and 2021, the state of West Virginia and its five largest cities, counties, and school districts **lost nearly \$24 million due to economic development tax abatements**. The tables below list the five most populous cities, counties, and school districts, of which only three jurisdictions disclosed any revenue loss to tax abatements. The true statewide total is presumably much higher.

Foregone Tax Revenue, Five Most Populous School Districts in West Virginia					
	2017	2018	2019	2020	2021
Kanawha County Schools	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Berkeley County Schools	\$2,843,464	\$3,053,920	\$3,117,823	\$2,411,955	\$1,931,573
Cabell County Schools	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Wood County Schools	No Disclosure	No Disclosure	\$2,692,771	\$2,859,699	\$2,866,204
Mongolia County Schools*	Unknown	Unknown	Unknown	Unknown	Unknown
Annual Total	\$2,843,464	\$3,053,920	\$5,810,594	\$5,271,654	\$4,797,777
Selected School Districts Five-Year Total: \$21,777,409					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

*Mongolia County Schools only report money received to offset abatements, the ACFR notes that the amount abated is unknown.

Foregone Tax Revenue, Five Most Populous Cities, Counties, and State of West Virginia					
	2017	2018	2019	2020	2021
City of Charleston	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Huntington	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Morgantown	\$387,547	\$457,336	\$475,260	\$443,895	\$446,462
City of Parkersburg	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Wheeling	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Kanawha County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Berkeley County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Monongalia County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Cabell County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Wood County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
State of West Virginia	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Annual Total	\$387,547	\$457,336	\$475,260	\$443,895	\$446,462
Selected Cities, Counties, and State Five-Year Total: \$2,210,500					
Selected School Districts, Cities, Counties, and State Five-Year Total Foregone Revenue: \$23,987,909					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

During this five-year period, only three of the jurisdictions analyzed disclosed revenue lost to tax abatements. Some of these losses were 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 the Berkeley County School District’s lost \$13.4 million to tax abatements.** All these losses were due to agreements entered into by the county, meaning the district passively lost revenue. The district received Payments In Lieu of Taxes (PILOT) to offset these losses, but those payments only accounted for 40% of gross losses.
- **During this period, the City of Morgantown’s revenue losses increased 15%,** from \$388,000 in 2017 to \$446,000 in 2021, all due to TIF.

Again: these findings are only from a handful of West Virginia cities, counties, and school districts. The state has a total of 232 municipalities, 55 counties, and 55 school districts.

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