

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 Arkansas.

Between fiscal years 2017 and 2021, the state of Arkansas and those four of its five largest cities, counties, and school districts that disclose GASB 77 data **lost over \$311 million** due to economic development tax breaks. The tables below list **only** the five most populous cities, counties, school districts, and the state itself; however, among this group, only four of the 16 entities disclosed any revenue lost to tax breaks. The true statewide total is presumably much higher. Over the five years reported revenue losses decreased slightly, with an average annual loss of **\$62 million**.

Foregone Tax Revenue, Five Most Populous School Districts in Arkansas					
	2017	2018	2019	2020	2021
Bentonville Public Schools	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Fort Smith School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Little Rock School District	\$2,512,039	\$2,451,354	\$2,432,285	\$2,433,733	\$2,329,263
Rogers School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Springdale School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Annual Total	\$2,512,039	\$2,451,354	\$2,432,285	\$2,433,733	\$2,329,263
Selected School Districts Five-Year Total: \$12,158,674					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

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

	2017	2018	2019	2020	2021
City of Fayetteville	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Fort Smith	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Jonesboro	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Little Rock	\$913,967	\$892,321	\$886,806	\$884,749	\$848,773
City of Springdale	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Benton County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Faulkner County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Pulaski County	\$389,333	\$380,112	\$377,764	\$376,887	\$361,562
Sebastian County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Washington County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
State of Arkansas	\$58,147,000	\$60,789,000	\$61,580,000	\$65,545,000	\$46,883,000
Annual Total	\$59,450,300	\$62,061,433	\$62,844,570	\$66,806,636	\$48,093,335
Selected Cities, Counties, and State Five-Year Total: \$299,256,274					
Selected School Districts, Cities, Counties, and State 5-Year Total Forgone Revenue: \$311,414,948					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Pulaski County, the City of Little Rock, and the State of Arkansas are the only jurisdictions that reported revenue lost to tax abatements. Little Rock School District does not report tax revenue losses in its own financial document, but we are able to track its losses because the City of Little Rock reports them on the school district's behalf. This lack of transparency in most local bodies is concerning, especially considering that Arkansas localities use Tax Increment Financing (TIF) and enterprise zones, both of which are funded by local property taxes. Yet such revenue losses are not reported in 12 cases here. Because there is no *negative* reporting requirement under GASB's rules, we cannot know if the lack of reporting is an error, or the places do not have any abatements.

Key findings:

- Only **4 of 16 jurisdictions analyzed reported** how much they lost out on every year due to corporate tax breaks. Some jurisdictions, like Jonesboro, Fort Smith, and Sebastian County have historically failed to ever produce Annual Comprehensive Financial Reports. Others, like Benton and Faulkner Counties, published very brief and not-so-comprehensive balance sheets instead of a report detailing the previous year's spending broken down by activity.
- While annual spending declined over the five-year period, the foregone revenue totals were still significant: the State of Arkansas alone missed out on nearly **\$293 million in foregone tax revenue** via the 12 incentive programs that it offers to businesses.

Again: these findings are only from a very small sample of Arkansas places: The state has a total of 501 municipalities, 75 counties, and 233 school districts.

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

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