

Subsidy Trackers 1+2 and GASB 77: New Equity Tools

Greg LeRoy ~ Good Jobs First

New Partners for Smart Growth
February 3, 2018 ~ San Francisco

GOOD
JOBS
FIRST

Good Jobs First:

Since 1998, a Resource for
Grassroots, Policymakers, Journalists

- Independent, non-partisan, non-profit
- Model Research and Publications
- 50-state “report card” studies
- Subsidy Trackers & Violation Tracker
- Testimony, Training and Speaking

**GOOD
JOBS
FIRST**

>\$70 Billion per Year!

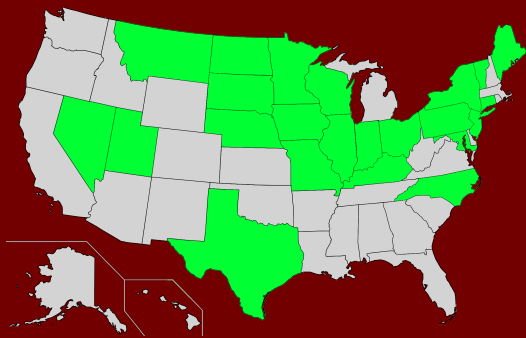
- Property Tax Abatements
- Tax Increment Financing (TIF) Districts
- Corporate Income Tax Credits
- Personal Income Tax Diversions
- Sales Tax Exemptions & Diversions
- Tax-free Loans
- Enterprise Zones
- Training Grants
- Dedicated Infrastructure

**GOOD
JOBS
FIRST**

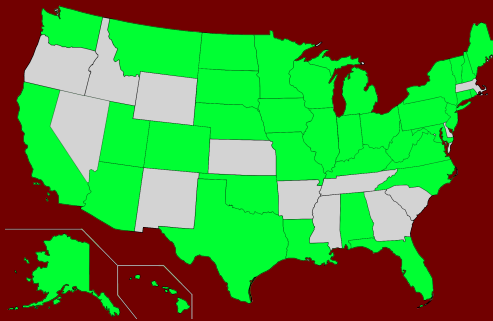
Transparency = Cornerstone Reform

- Job shortfalls? > Clawbacks, Rescissions
- Poverty wages? > Job quality standards
- Excessive costs? > Sunsets, Caps
- Bias against urban poor? > Targeting
- Hogged by big business? > Caps, Barriers
- Huge \$ to XYZ Corp? > Community benefits
- Big \$ to political donors? > Campaign Reforms

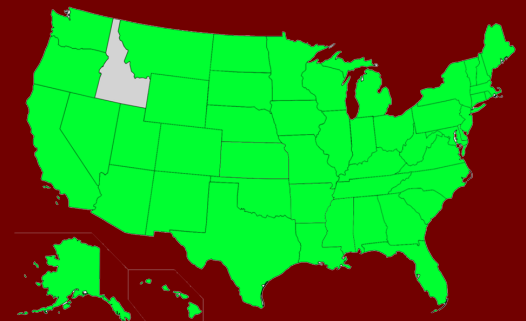
Online Disclosure Progress



2007



2010



2015

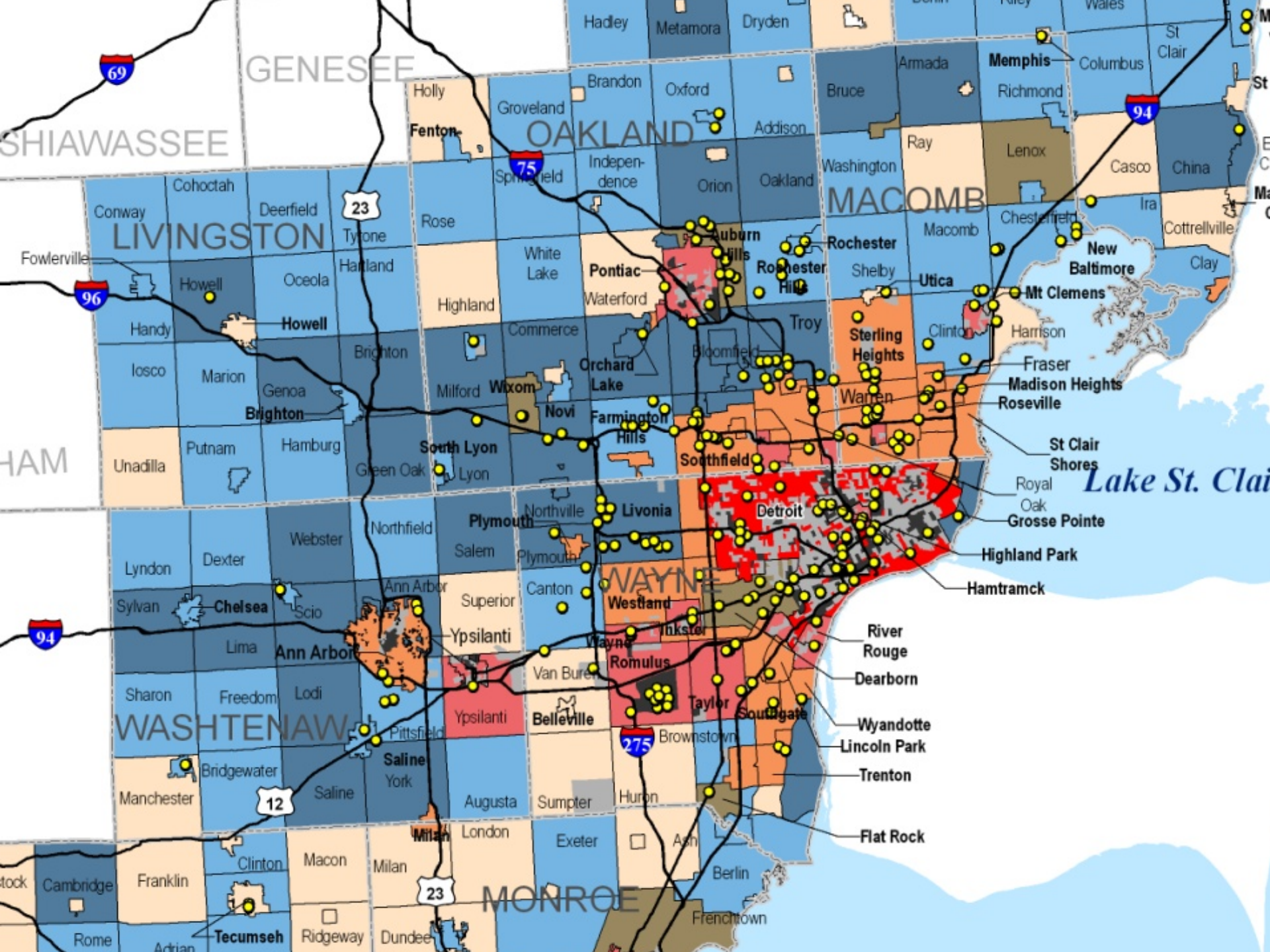
GOOD
JOBS
FIRST

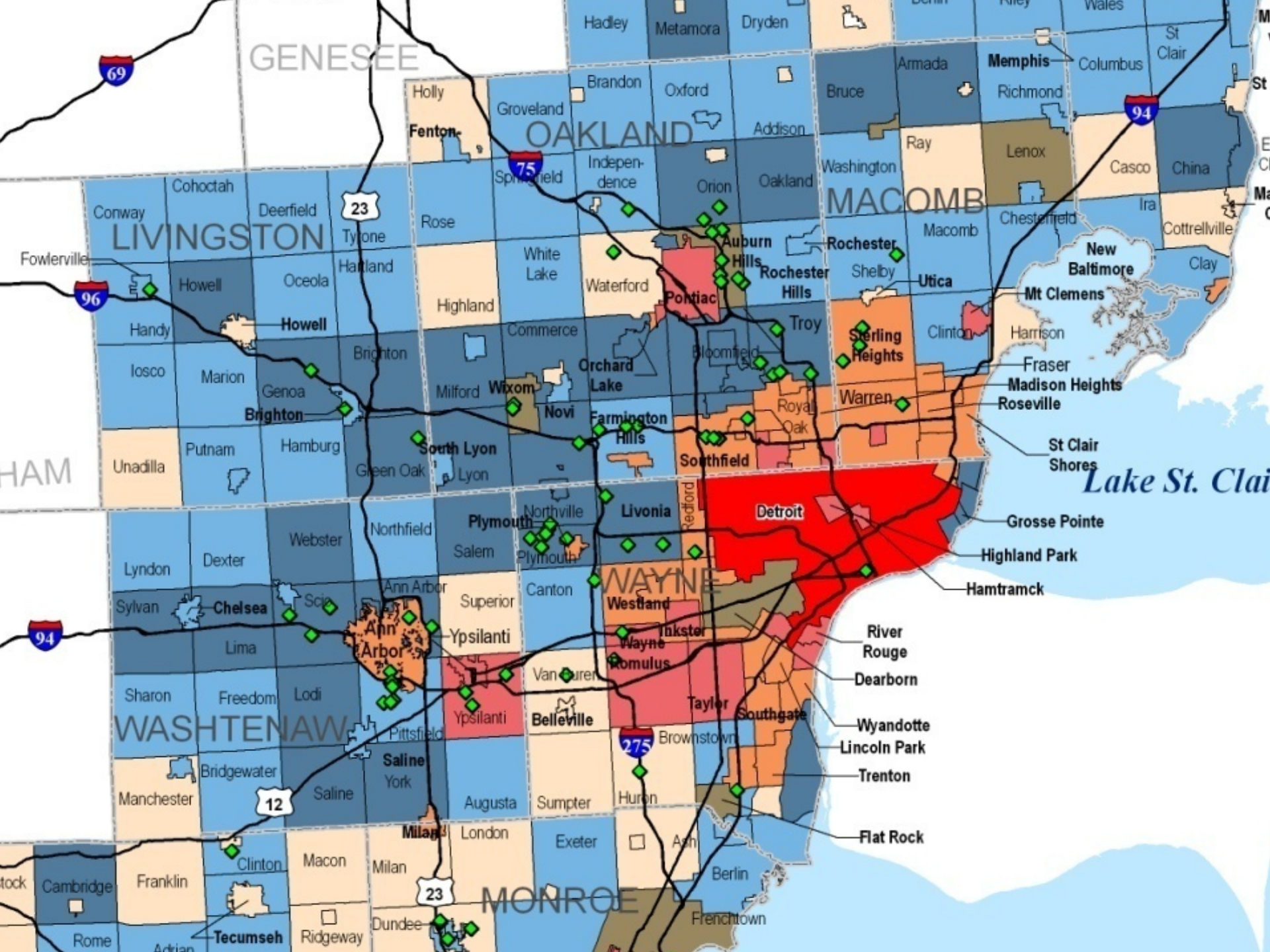
Subsidy Tracker



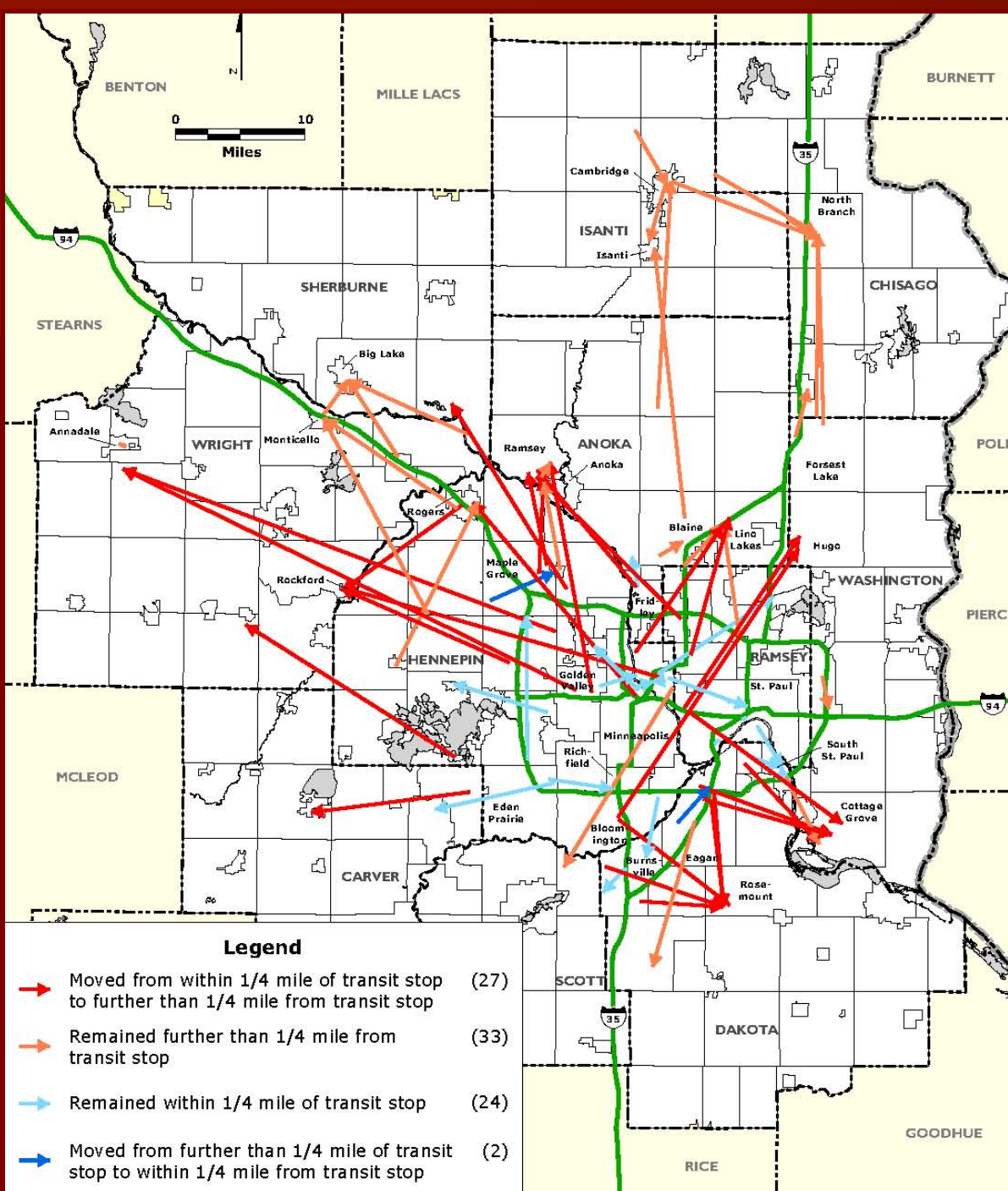
Company-specific and searchable
50 states + DC + localities
+ federal deals

GOOD
JOBS
FIRST

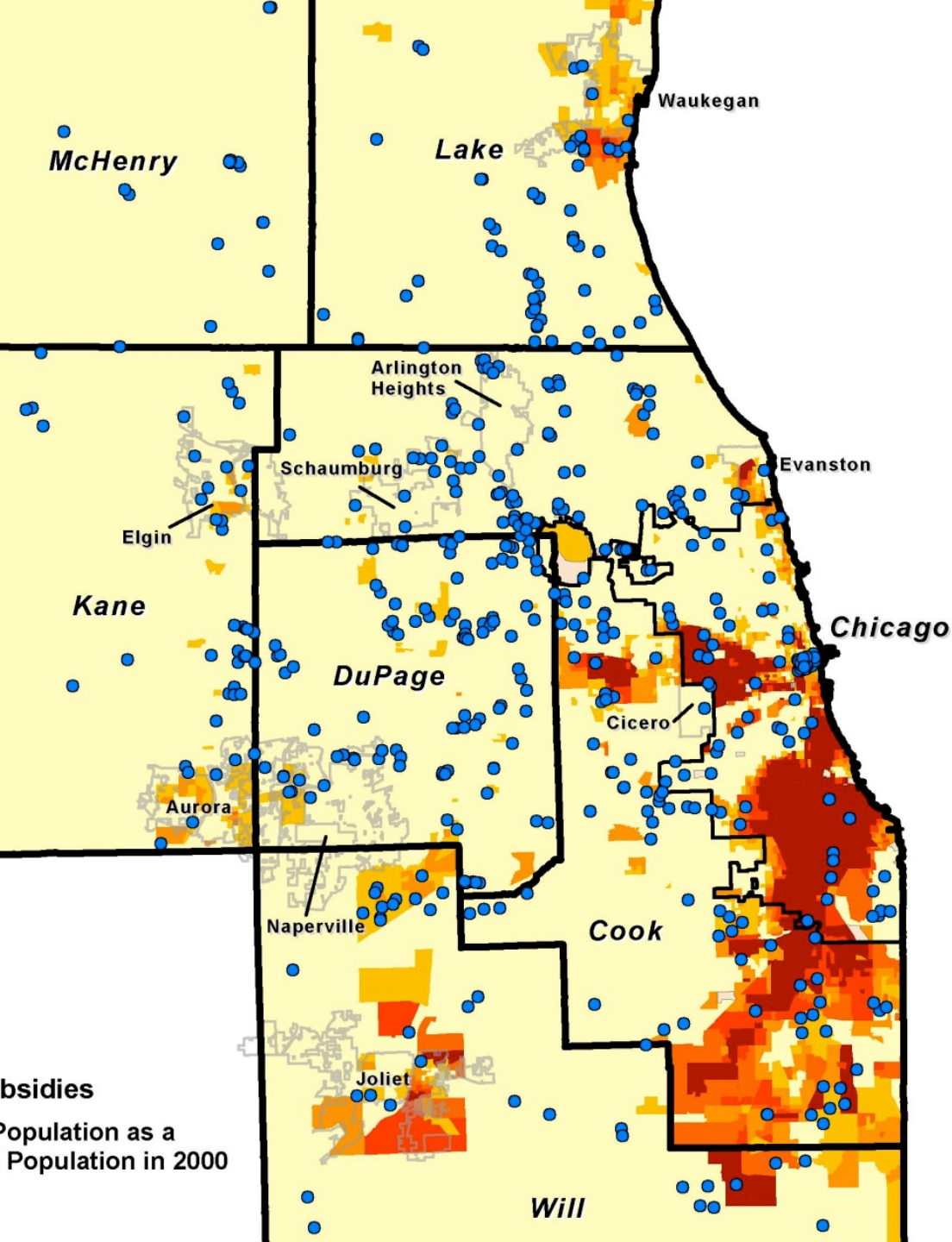




Twin Cities Metro: Subsidized Business Relocations' Access to Public Transit Stops



**GOOD
JOBS
FIRST**



Chicago Region: 15 Years of State Subsidy Locations, w/ African- American Population

GOOD
JOBS
FIRST

Data Breakthrough 2017!

GASB
Statement
No. 77

**GOOD
JOBS
FIRST**

Data Will be Crude

- For abating governments, one dollar figure per program per year
- For passive income losers (e.g., school districts), one dollar-loss figure per tax, per source
- No company names, no deal tallies, no future obligations

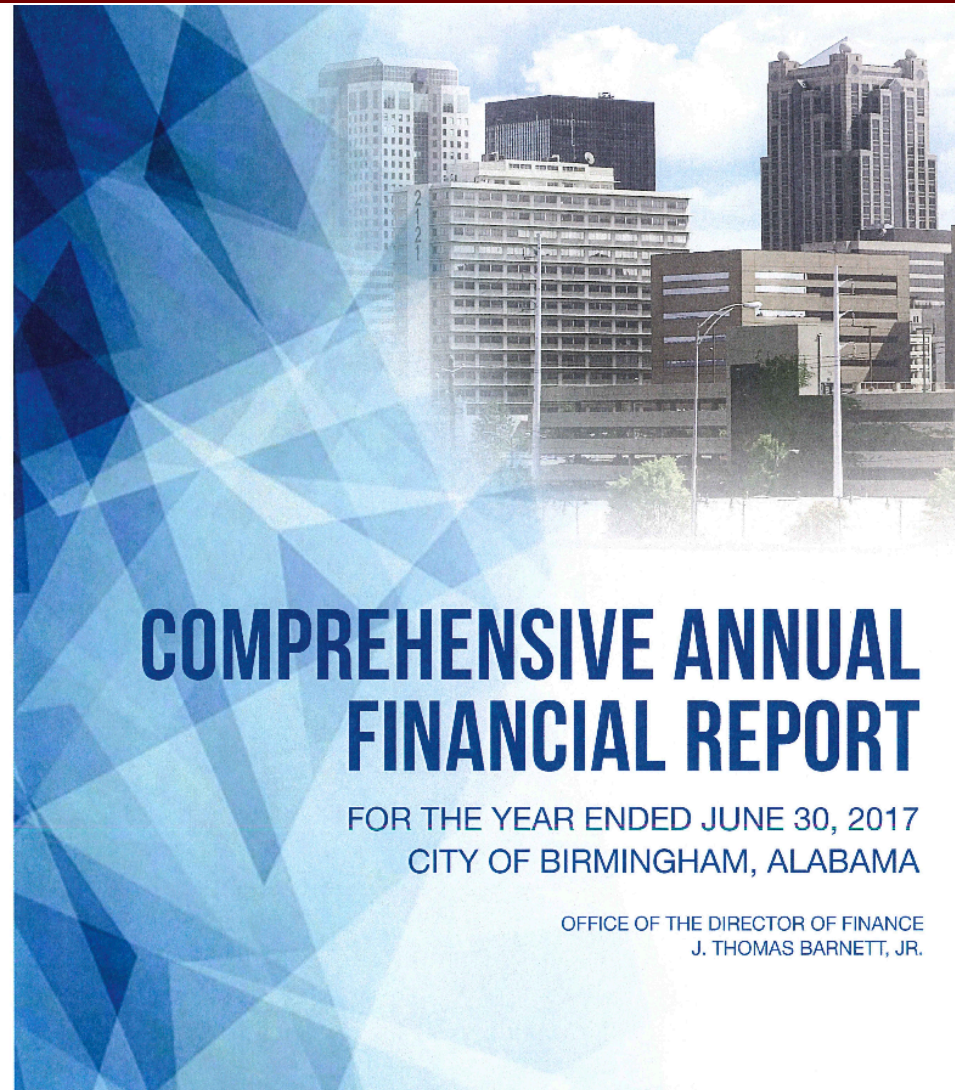
But Voluminous

GASB's principles used by:

- ~80% of counties
- ~71% of school districts
- ~76% of cities and towns

Statement 77 Note in CAFR

- **Comprehensive
Annual
Financial
Report
(CAFR)**



51 State “Roadmaps” Available @ goodjobsfirst.org/gasb

- Who collects CAFRs?
- Are CAFRs posted online?
- Are CAFRs stress-tested?
- When do big cities, counties, school districts report?

Subsidy Tracker 2

Subsidy Tracker 2: The Newest Good Jobs First Database

Find Out How Much Your State & Community are Losing to Corporate Subsidies

[Access the data here »](#)

TAX ABATEMENTS

**Tax Abatement by Programs
For the Year Ended December 31, 2016
(In Thousands)**

Primary Government	
City of Seattle	
Multifamily Property Tax Exemption (MFTE) *	
Supports mixed-income residential development in the urban centers, the MFTE program ensures affordability as the community grows.	
Historic Properties Incentives	
Provides property tax abatements through legislative	

GASB Statement No. 77

2017: The year corporate welfare comes out of the shadows.



Will Amazon Fool Us Twice?

Why Governments Should Stop Subsidizing the Online Giant



Violation Tracker

Violation Tracker Adds Another Ten Years of Coverage Back to 2000



**JOBS
FIRST**

Present at the Birth of a Cottage Industry

- Activists
- Academics
- Journalists
- State Agencies

GOOD
JOBS
FIRST

SPRINGFIELD BLADE ENQUIRER

K MD DC VA M2 V1 V2 V3 V4



Afternoon rain 44/36 • Tomorrow: Mostly sunny 54/37 • DETAILS, B6

January 23rd, 2017

• \$1

STUDY: Poorest Schools Lose Most to Corporate Tax Breaks



"It's the biggest effort yet to make government tax subsidies

Efforts to track such data in the past have been initiated by third-party organizations like Good Jobs First or by media outlets. In 2012, The New York Times reported that

"Schools are obviously the biggest losers when councils grant property tax abatements and tax increment financing agreements." The

Tri-State Free Beacon

K MD DC VA M2 V1 V2 V3 V4

• \$1

Historic law is approved

BY JOHN WAGNER,
PAUL SCHWARTZMAN
AND NED MARTEL

Voters in Maryland have upheld the state's same-sex marriage law, a historic victory for national gay-rights movement that highlights the continuing evolution of the definition of marriage.



Afternoon rain 44/36 • Tomorrow: Mostly sunny 54/37 • DETAILS, B6

January 23rd, 2017

Total Price for Tax Breaks: \$382,239,205



it was

In 2012, The New York Times reported that

"But in many cases, little is known publicly about their total cost and their terms and conditions."

"We had no idea... But seeing

ODESSA NIGHT LIGHT



Afternoon rain 44/36 • Tomorrow: Mostly sunny 54/37 • DETAILS, B6

January 23rd, 2017

W. MOBILE, MD 10101010

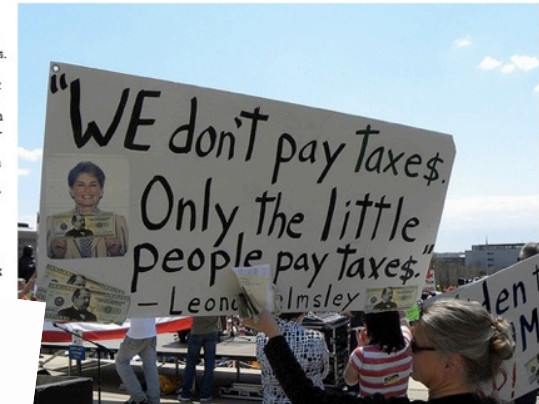
• 87

Huge Giveaways Revealed, Small Biz Leaders Protest

"It's a battle of David vs. Goliath ... We don't have their armies of tax consultants and lawyers and lobbyists. The

In 2012, The New York Times reported that state, county and city incentives total some \$80.4 billion every year. Texas led the nation in incentives, according to the Times, offering around \$19 billion annually. "Tax abatements can significantly reduce the amount of revenue a government receives," said GASB Chair David A. Vaudt in a statement. "But in many cases, little is known publicly about their total size or their terms and conditions. What the Board has proposed

"But in many cases, little is known publicly about their total size or their terms and conditions. What the Board has proposed would make the financial impact of these transactions much more transparent." Efforts to track such data in the past have been initiated by third-party organizations like Good Jobs First or by media outlets. In 2012, The New York Times reported that state, county and city incentives total some \$80.4 billion every year. Texas led the nation in incentives, according to the Times, offering around \$19 billion annually. "Tax



It's time to do away with these pork-barrel favors for big business."

Corporate tax incentives have become an increasingly popular way for state and local governments to try to attract new businesses. Now those subsidies could begin affecting governments' budgetary bottom lines, under an accounting change being considered that would require reporting those incentives as lost income in annual financial reports.

On Friday, the Governmental Accounting Standards Board (GASB) issued for public comment proposed rules for requiring state and local governments for the first time to disclose information about property and other tax abatement agreements. If approved, the new disclosures could shed light on a previously murky area of government finance and provide hard data on information that has often been assembled piecemeal, if at all. Stakeholders have until Jan. 30, 2015 to comment. "This is huge,"

Efforts to track such data in the past have been initiated by third-party organizations like Good Jobs First or by media outlets. In 2012, The New York Times reported that state, county and city incentives total some \$80.4 billion every year. Texas led the nation in incentives, according to the Times, offering around \$19 billion annually. "Tax abatements can significantly reduce the amount of revenue a government receives," said GASB Chair David A. Vaudt in a statement. "But in many cases, little is known publicly about their total size or their terms and conditions. What the Board has proposed would make the financial impact of these transactions much more transparent."

Many state and local governments currently have tax abatement programs in place, and the impact of those abatements can be substantial. But there's no way to know the magnitude or the nature of those programs just by looking at government financial statements. "Tax abatements can significantly reduce the amount of revenue a government receives," said GASB Chair David A. Vaudt in a statement. "But in many cases, little is known publicly about their total size or their terms and conditions. What the Board has proposed would make the financial impact of these transactions much more transparent."

"Schools are obviously the biggest losers when councils grant property tax abatements and tax increment financing agreements," LeRoy said. "Typically about half of that money would have gone to school districts." Also of note is the provision requiring governments to report the criteria that businesses must meet for the abatement and how governments will get that money back if the goals aren't achieved, commonly referred to as claw-back provisions.

That requirement "puts this on the forefront of disclosures," said Justin Marlowe, a Governing contributor and a public finance professor at the University of Washington's Evans School. "The fact that they're going to make entities disclose whether they've ever done a clawback is really big and will reveal something about that jurisdiction from a policy standpoint that might not otherwise be known."

THE TAKE
Can the same president build a new landscape of a 2009 Journal of Financial Management article that outlined their total size or their terms and conditions. What the Board has proposed would make the financial impact of these transactions much more transparent."

Chidroitland Free Press



Afternoon rain 44/36 • Tomorrow: Mostly sunny 54/37 • DETAILS, B6

January 23rd, 2017

W. MOBILE, MD 10101010

• 87

Reverse Robin-Hood: Social Costs of Corp. Welfare Revealed

FROM THE EDITORIAL BOARD

Corporate tax incentives have become an increasingly popular way for state and local governments to try to attract new businesses. Now those subsidies could begin affecting governments' budgetary bottom lines, under an accounting change being considered that would require reporting those incentives as lost income in annual financial reports.

On Friday, the Governmental Accounting Standards Board (GASB) issued for public comment proposed rules for requiring state and local governments for the first time to disclose information about property and other tax abatement agreements. If approved, the new disclosures could shed light on a previously murky area of government finance and provide hard data on information that has often been assembled piecemeal, if at all. Stakeholders have until Jan. 30, 2015 to comment. "This is huge,"

In 2012, The New York Times reported that state, county and city incentives total some \$80.4 billion every year. Texas led the nation in incentives, according to the Times, offering around \$19 billion annually. "Tax abatements can significantly reduce the amount of revenue a government receives," said GASB Chair David A. Vaudt in a statement. "But in many cases, little is known publicly about their total size or their terms and conditions. What the Board has proposed would make the financial impact of these transactions much more transparent."

Many state and local governments currently have tax abatement programs in place, and the impact of those abatements can be substantial. But there's no way to know the magnitude or the nature of those programs just by looking at government financial statements. "Tax abatements can significantly reduce the amount of revenue a government receives," said GASB Chair David A. Vaudt in a statement. "But in many cases, little is known publicly about their total size or their terms and conditions. What the Board has proposed would make the financial impact of these transactions much more transparent."

"Tax abatements can significantly reduce the amount of revenue a government receives," said GASB Chair David A. Vaudt in a statement. "But in many cases, little is known publicly about their total size or their terms and conditions. What the Board has proposed would make the financial impact of these transactions much more transparent."

"But in many cases, little is known publicly about their total size or their terms and conditions. What the Board has proposed would make the financial impact of these transactions much more transparent." Efforts to track such data in the past have been initiated by third-party organizations like Good Jobs First or by media outlets. In 2012, The New York Times reported that state, county and city incentives total some \$80.4 billion every year. Texas led the nation in incentives, according to the Times, offering around \$19 billion annually. "Tax abatements can significantly reduce the amount of revenue a government receives," said GASB Chair David A. Vaudt in a statement. "But in many cases, little is known publicly about their total size or their terms and conditions. What the Board has proposed would make the financial impact of these transactions much more transparent."

Many state and local governments currently have tax abatement programs in place, and the impact of those abatements can be substantial. But there's no way to know the magnitude or the nature of those programs just by looking at government financial statements. "Tax abatements can significantly reduce the amount of revenue a government receives," said GASB Chair David A. Vaudt in a statement. "But in many cases, little is known publicly about their total size or their terms and conditions. What the Board has proposed would make the financial impact of these transactions much more transparent."

"We can no longer talk about corporate tax breaks with a straightface. It's obvious that it's draining our



Efforts to track such data in the past have been initiated by third-party organizations like Good Jobs First or by media outlets. In 2012, The New York Times reported that state, county and city incentives total some \$80.4 billion every year. Texas led the nation in incentives, according to the Times, offering around \$19 billion annually. "Tax abatements can significantly reduce the amount of revenue a government receives," said GASB Chair David A. Vaudt in a statement. "But in many cases, little is known publicly about their total size or their terms and conditions. What the Board has proposed would make the financial impact of these transactions much more transparent."

"Schools are obviously the biggest losers when councils grant property tax abatements and tax increment financing agreements," LeRoy said. "Typically about half of that money would have gone to school districts." Also of note is the provision requiring governments to report the criteria that businesses must meet for the abatement and how governments will get that money back if the goals aren't achieved, commonly referred to as claw-back provisions.

Contact

Greg LeRoy

goodjobs@goodjobsfirst.org

202-232-1616 x 211

GOOD
JOBS
FIRST

GASB 101

(Governmental Accounting Standards Board)

- Birthed in 1984 by 10 public-official associations + AICPA
- Creates Generally Accepted Accounting Principles (GAAP) for state & local govts
- About 50,000 governments comply
- But... MIA on tax expenditures...

GOOD
JOBS
FIRST