



PRESS RELEASE
OCTOBER 2, 2018

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Tax abatements cost Ohio schools at least \$125 million

New standard requires districts to report the impact for the first time

Property tax abatements caused 180 school districts across Ohio to forgo \$125.6 million in revenue, according to district financial reports issued for the 2017 fiscal year.

For the first time, under a new national accounting standard, school districts in Ohio and across the country had to report how much revenue they forgo to tax abatement. Policy Matters Ohio, assisted by the national nonprofit Good Jobs First, reviewed financial statements for 464 of the state's 608 school districts to produce the numbers in a report released today.

"With \$43.8 million, or a little more than a third of the losses reported, Ohio schools could refill the positions of 662 librarians eliminated between the 2005-2006 school year and 2016-2017," noted Zach Schiller, Policy Matters research director and lead author of the report. "That shows that while the forgone revenue from tax abatement is relatively small compared to total K-12 spending, it's still quite meaningful."

Tax abatement revenue losses were concentrated in major school districts such as Cleveland, which reported more than \$34.2 million in forgone revenue, and Cincinnati, which reported almost \$18.4 million. School districts in the state's eight largest metropolitan areas accounted for nearly \$120 million, or the overwhelming majority of the total.

The total of \$125.6 million reported in forgone revenue does not include significant abatements that are not required to be reported under the new accounting standard. Most losses from tax increment financing, which accounts for more than half of property tax abatement in the state, don't have to be included.

The GASB standard requires too little—and the state auditor should insist on consistent, uniform reporting to add clarity. "Candidates for auditor in November's state-wide election should describe specific commitments to strengthen tax abatement disclosure," Schiller said. Policy Matters's recommendations for action by the auditor are included in the report.

"Too often, school boards face the unpleasant choice of rubber-stamping new abatements or being perceived as opposed to economic development if they exercise their rights and demand the best possible deal," Schiller said. "Greater transparency alone won't end this, but it will improve accountability."

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*Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute
with offices in Cleveland and Columbus.*