

## Effect of Revenue Changes Enacted 2012-2017 on Ardmore

*The estimates shown are based on the Fiscal Review Committee's actual fiscal notes for the bills passed into law, and allocated proportionally based on the 2016 certified populations or 2014-2016 average Hall Income Tax proportions. These estimates do not assume any growth in the tax base; therefore, any reduction prior to 2017 may currently be higher or lower depending on the actual growth.*

### Changes Prior to IMPROVE Act

#### Reductions in Sales Tax on Food Rate

Sales Tax on Food rate was reduced two times between 2012 and 2016. The 2012 reduction resulted in a reduction in state shared sales revenues to Ardmore of \$( 197). In 2013, the rate reduction on food reduced state shared sales revenues to Ardmore of \$( 270).

#### Increase in Hall Income Tax Exemptions

Hall exemptions were increased three times between 2012 and 2016. The 2012 increase from 16k/27k to 26k/37k reduced Ardmore Hall revenues by \$( 52). The 2013 increase to 33k/59k reduced Ardmore revenues by an additional \$( 67). The final increase in exemption to 37k/68k in 2015 further reduced Ardmore revenues by \$( 44).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Ardmore by \$(1,289).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Ardmore by estimated \$7,054 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Ardmore by projected total of \$11,836.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(1,929) in state shared taxes to Ardmore.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Ardmore by an estimated \$(1,538) in first year, \$(4,613) in first three years of phase-out and a total projected reduction of \$(7,688) when Hall is eliminated.

## IMPROVE Act, as Modified by Chairman Doss' Proposal

- Proposed 95-5 reallocation of the gas/diesel tax will reallocate the current fuel tax collections so that 95% of the collections assigned to cities will be distributed on a per capita basis, while 5% will be allocated so that each city receives an equal amount. This change will result in a \$17,764 difference to Ardmore.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$12,494 in state shared sales tax revenue to Ardmore.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$30,557 in funds flowing to Ardmore as compared to an estimated net impact of \$2,219, if the Doss Proposal is not enacted.

## Impact of Revenue Changes Enacted 2012-2017 and Impact as Modified by Doss Proposal on Ardmore

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

|  |                |
|--|----------------|
| 2012 Food Tax.....                         | \$( 197)       |
| 2013 Food Tax.....                         | ( 270)         |
| 2012 Hall Income Exemption (26k/37k) ..... | ( 52)          |
| 2013 Hall Income Exemption (33k/59k) ..... | ( 67)          |
| 2015 Hall Income Exemption (37k/68k) ..... | ( 44)          |
| 2016 Hall Income Rate Cut (6% to 5%) ..... | <u>(1,289)</u> |

**Total Prior Changes (2012-2016).....** \$(1,920)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

|   |              |
|---|--------------|
| Gasoline Tax Increase in Year 3 .....     | \$8,701      |
| <u>Diesel Tax Increase in Year 3.....</u> | <u>3,134</u> |
| Subtotal.....                             | \$11,836     |

#### General Fund (Discretionary)

|  |                |
|--|----------------|
| Sales Tax on Food Rate Reduction .....       | \$(1,929)      |
| <u>Hall Income Tax Full Elimination.....</u> | <u>(7,688)</u> |
| Subtotal.....                                | <u>(9,617)</u> |

**Total IMPROVE Act Changes.....** \$2,219

**Total All Changes 2012-IMPROVE .....** \$ 299

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

|  |              |
|--|--------------|
| 95-5 Sharing Gasoline Tax Impact.....      | \$23,192     |
| <u>95-5 Sharing Diesel Tax Impact.....</u> | <u>6,408</u> |
| Subtotal.....                              | \$29,600     |

#### General Fund (Discretionary)

|   |          |
|---|----------|
| Sales Tax on Food Rate Reduction Doss Change .....        | \$0      |
| Increase State Sharing of State Shared Sales Tax .....    | 12,494   |
| <u>Hall Income Tax Full Elimination Doss Change .....</u> | <u>0</u> |
| Subtotal.....   | \$12,494 |

**Total All Changes 2012-IMPROVE and Doss.....** \$30,557

## Comparison of Net Changes of 2012-2016, IMPROVE, and Doss Proposal

| Ardmore                             | IMPROVE Act       | Doss Proposal        | Difference           |
|-------------------------------------|-------------------|----------------------|----------------------|
| <b>Street Aid Fund</b>              |                   |                      |                      |
| Gasoline tax increase .....         | 8,701             | 23,192               | 14,491               |
| Diesel tax increase .....           | 3,134             | 6,408                | 3,273                |
| <b>General Fund</b>                 |                   |                      |                      |
| 2012 to 2016 tax changes.....       | (1,920)           | (1,920)              | 0                    |
| 2017 Sales Tax on Food .....        | (1,929)           | (1,929)              | 0                    |
| Hall Income phase-out.....          | (7,688)           | (7,688)              | 0                    |
| Increase state shared sales % ..... | <u>0</u>          | <u>12,494</u>        | <u>12,494</u>        |
| <b>Total Impact .....</b>           | <u><u>299</u></u> | <u><u>30,557</u></u> | <u><u>30,258</u></u> |