

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

*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 Atoka of \$(1,365). In 2013, the rate reduction on food reduced state shared sales revenues to Atoka of \$(1,869).

#### 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 Atoka Hall revenues by \$( 158). The 2013 increase to 33k/59k reduced Atoka revenues by an additional \$( 206). The final increase in exemption to 37k/68k in 2015 further reduced Atoka revenues by \$( 134).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Atoka by \$(3,944).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Atoka by estimated \$48,777 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Atoka by projected total of \$81,834.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(13,337) in state shared taxes to Atoka.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Atoka by an estimated \$(4,704) in first year, \$(14,112) in first three years of phase-out and a total projected reduction of \$(23,521) 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 \$4,096 difference to Atoka.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$86,386 in state shared sales tax revenue to Atoka.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$127,782 in funds flowing to Atoka as compared to an estimated net impact of \$44,977, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$(1,365)
2013 Food Tax.....	(1,869)
2012 Hall Income Exemption (26k/37k) .....	( 158)
2013 Hall Income Exemption (33k/59k) .....	( 206)
2015 Hall Income Exemption (37k/68k) .....	( 134)
2016 Hall Income Rate Cut (6% to 5%) .....	(3,944)

**Total Prior Changes (2012-2016).....** \$(7,676)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$60,161
<u>Diesel Tax Increase in Year 3.....</u>	<u>21,673</u>
Subtotal.....	\$81,834

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(13,337)
<u>Hall Income Tax Full Elimination.....</u>	<u>(23,521)</u>
Subtotal.....	(36,857)

**Total IMPROVE Act Changes.....** \$44,977

**Total All Changes 2012-IMPROVE .....** **\$37,300**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$63,502
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>22,427</u>
Subtotal.....	\$85,930

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	86,386
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$86,386

**Total All Changes 2012-IMPROVE and Doss.....** **\$127,782**

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

Atoka	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	60,161	63,502	3,341
Diesel tax increase .....	21,673	22,427	755
<b>General Fund</b>			
2012 to 2016 tax changes.....	(7,676)	(7,676)	0
2017 Sales Tax on Food .....	(13,337)	(13,337)	0
Hall Income phase-out.....	(23,521)	(23,521)	0
Increase state shared sales % .....	0	86,386	86,386
<b>Total Impact .....</b>	<b>37,300</b>	<b>127,782</b>	<b>90,482</b>