

## Effect of Revenue Changes Enacted 2012-2017 on Bean Station

*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 Bean Station of \$( 497). In 2013, the rate reduction on food reduced state shared sales revenues to Bean Station of \$( 681).

#### 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 Bean Station Hall revenues by \$( 47). The 2013 increase to 33k/59k reduced Bean Station revenues by an additional \$( 61). The final increase in exemption to 37k/68k in 2015 further reduced Bean Station revenues by \$( 40).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Bean Station by \$(1,174).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Bean Station by estimated \$17,761 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Bean Station by projected total of \$29,799.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(4,856) in state shared taxes to Bean Station.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Bean Station by an estimated \$(1,401) in first year, \$(4,202) in first three years of phase-out and a total projected reduction of \$(7,004) 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 \$14,256 difference to Bean Station.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$31,456 in state shared sales tax revenue to Bean Station.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$61,151 in funds flowing to Bean Station as compared to an estimated net impact of \$17,939, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 497)
2013 Food Tax.....	( 681)
2012 Hall Income Exemption (26k/37k) .....	( 47)
2013 Hall Income Exemption (33k/59k) .....	( 61)
2015 Hall Income Exemption (37k/68k) .....	( 40)
2016 Hall Income Rate Cut (6% to 5%) .....	<u>(1,174)</u>

**Total Prior Changes (2012-2016).....** **\$(2,500)**

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$21,907
<u>Diesel Tax Increase in Year 3.....</u>	<u>7,892</u>
Subtotal.....	\$29,799

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(4,856)
<u>Hall Income Tax Full Elimination.....</u>	<u>(7,004)</u>
Subtotal.....	<u>(11,860)</u>

**Total IMPROVE Act Changes.....** **\$17,939**

**Total All Changes 2012-IMPROVE .....** **\$15,438**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$33,536
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>10,519</u>
Subtotal.....	\$44,055

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	31,456
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$31,456

**Total All Changes 2012-IMPROVE and Doss.....** **\$61,151**

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

Bean Station	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	21,907	33,536	11,630
Diesel tax increase .....	7,892	10,519	2,627
<b>General Fund</b>			
2012 to 2016 tax changes.....	(2,500)	(2,500)	0
2017 Sales Tax on Food .....	(4,856)	(4,856)	0
Hall Income phase-out.....	(7,004)	(7,004)	0
Increase state shared sales % .....	0	31,456	31,456
<b>Total Impact .....</b>	<b>15,438</b>	<b>61,151</b>	<b>45,713</b>