

## Effect of Revenue Changes Enacted 2012-2017 on Berry Hill

*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 Berry Hill of \$( 157). In 2013, the rate reduction on food reduced state shared sales revenues to Berry Hill of \$( 215).

#### 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 Berry Hill Hall revenues by \$(1,102). The 2013 increase to 33k/59k reduced Berry Hill revenues by an additional \$(1,430). The final increase in exemption to 37k/68k in 2015 further reduced Berry Hill revenues by \$( 931).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Berry Hill by \$(27,449).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Berry Hill by estimated \$5,601 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Berry Hill by projected total of \$9,396.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(1,531) in state shared taxes to Berry Hill.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Berry Hill by an estimated \$(32,738) in first year, \$(98,214) in first three years of phase-out and a total projected reduction of \$(163,690) 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 \$18,240 difference to Berry Hill.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$9,919 in state shared sales tax revenue to Berry Hill.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$(158,950) in funds flowing to Berry Hill as compared to an estimated net impact of \$(155,826), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 157)
2013 Food Tax.....	( 215)
2012 Hall Income Exemption (26k/37k) .....	(1,102)
2013 Hall Income Exemption (33k/59k) .....	(1,430)
2015 Hall Income Exemption (37k/68k) .....	( 931)
2016 Hall Income Rate Cut (6% to 5%) .....	(27,449)

**Total Prior Changes (2012-2016).....** \$(31,284)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$6,908
<u>Diesel Tax Increase in Year 3.....</u>	<u>2,488</u>
Subtotal.....	\$9,396

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(1,531)
<u>Hall Income Tax Full Elimination.....</u>	<u>(163,690)</u>
Subtotal.....	(165,222)

**Total IMPROVE Act Changes.....** \$(155,826)

**Total All Changes 2012-IMPROVE .....** **\$(187,109)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$21,787
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>5,850</u>
Subtotal.....	\$27,637

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	9,919
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$9,919

**Total All Changes 2012-IMPROVE and Doss.....** **\$(158,950)**

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

Berry Hill	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	6,908	21,787	14,879
Diesel tax increase .....	2,488	5,850	3,361
<b>General Fund</b>			
2012 to 2016 tax changes.....	(31,284)	(31,284)	0
2017 Sales Tax on Food .....	(1,531)	(1,531)	0
Hall Income phase-out.....	(163,690)	(163,690)	0
Increase state shared sales % .....	0	9,919	9,919
<b>Total Impact .....</b>	<b>(187,109)</b>	<b>(158,950)</b>	<b>28,159</b>