

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

*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 Copperhill of \$( 58). In 2013, the rate reduction on food reduced state shared sales revenues to Copperhill of \$( 79).

#### 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 Copperhill Hall revenues by \$( 69). The 2013 increase to 33k/59k reduced Copperhill revenues by an additional \$( 89). The final increase in exemption to 37k/68k in 2015 further reduced Copperhill revenues by \$( 58).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Copperhill by \$(1,710).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Copperhill by estimated \$2,059 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Copperhill by projected total of \$3,454.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$( 563) in state shared taxes to Copperhill.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Copperhill by an estimated \$(2,040) in first year, \$(6,119) in first three years of phase-out and a total projected reduction of \$(10,198) 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 \$19,401 difference to Copperhill.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$3,646 in state shared sales tax revenue to Copperhill.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$13,678 in funds flowing to Copperhill as compared to an estimated net impact of \$(7,307), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 58)
2013 Food Tax.....	( 79)
2012 Hall Income Exemption (26k/37k) .....	( 69)
2013 Hall Income Exemption (33k/59k) .....	( 89)
2015 Hall Income Exemption (37k/68k) .....	( 58)
2016 Hall Income Rate Cut (6% to 5%) .....	<u>(1,710)</u>

**Total Prior Changes (2012-2016).....** **\$(2,062)**

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$2,539
<u>Diesel Tax Increase in Year 3.....</u>	<u>915</u>
Subtotal.....	\$3,454

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$( 563)
<u>Hall Income Tax Full Elimination.....</u>	<u>(10,198)</u>
Subtotal.....	<u>(10,761)</u>

**Total IMPROVE Act Changes.....** **\$(7,307)**

**Total All Changes 2012-IMPROVE .....** **\$(9,369)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$18,365
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>4,490</u>
Subtotal.....	\$22,855

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	3,646
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$3,646

**Total All Changes 2012-IMPROVE and Doss.....** **\$13,678**

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

Copperhill	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	2,539	18,365	15,826
Diesel tax increase .....	915	4,490	3,575
<b>General Fund</b>			
2012 to 2016 tax changes.....	(2,062)	(2,062)	0
2017 Sales Tax on Food .....	( 563)	( 563)	0
Hall Income phase-out.....	(10,198)	(10,198)	0
Increase state shared sales % .....	<u>0</u>	<u>3,646</u>	<u>3,646</u>
<b>Total Impact .....</b>	<u>(9,369)</u>	<u>13,678</u>	<u>23,047</u>