

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

*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 Cornersville of \$( 194). In 2013, the rate reduction on food reduced state shared sales revenues to Cornersville of \$( 266).

#### 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 Cornersville Hall revenues by \$( 37). The 2013 increase to 33k/59k reduced Cornersville revenues by an additional \$( 48). The final increase in exemption to 37k/68k in 2015 further reduced Cornersville revenues by \$( 31).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Cornersville by \$( 917).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Cornersville by estimated \$6,944 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Cornersville by projected total of \$11,650.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(1,899) in state shared taxes to Cornersville.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Cornersville by an estimated \$(1,094) in first year, \$(3,281) in first three years of phase-out and a total projected reduction of \$(5,468) 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 \$17,800 difference to Cornersville.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$12,298 in state shared sales tax revenue to Cornersville.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$32,889 in funds flowing to Cornersville as compared to an estimated net impact of \$4,283, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 194)
2013 Food Tax.....	( 266)
2012 Hall Income Exemption (26k/37k) .....	( 37)
2013 Hall Income Exemption (33k/59k) .....	( 48)
2015 Hall Income Exemption (37k/68k) .....	( 31)
2016 Hall Income Rate Cut (6% to 5%) .....	( 917)

**Total Prior Changes (2012-2016).....** \$(1,493)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$8,565
<u>Diesel Tax Increase in Year 3.....</u>	<u>3,085</u>
Subtotal.....	\$11,650

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(1,899)
<u>Hall Income Tax Full Elimination.....</u>	<u>(5,468)</u>
Subtotal.....	(7,367)

**Total IMPROVE Act Changes.....** \$4,283

**Total All Changes 2012-IMPROVE .....** **\$2,790**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$23,085
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>6,365</u>
Subtotal.....	\$29,450

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	12,298
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$12,298

**Total All Changes 2012-IMPROVE and Doss.....** **\$32,889**

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

Cornersville	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	8,565	23,085	14,520
Diesel tax increase .....	3,085	6,365	3,280
<b>General Fund</b>			
2012 to 2016 tax changes.....	(1,493)	(1,493)	0
2017 Sales Tax on Food .....	(1,899)	(1,899)	0
Hall Income phase-out.....	(5,468)	(5,468)	0
Increase state shared sales % .....	<u>0</u>	<u>12,298</u>	<u>12,298</u>
<b>Total Impact .....</b>	<u>2,790</u>	<u>32,889</u>	<u>30,098</u>