

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

*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 Decherd of \$( 384). In 2013, the rate reduction on food reduced state shared sales revenues to Decherd of \$( 526).

#### 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 Decherd Hall revenues by \$( 96). The 2013 increase to 33k/59k reduced Decherd revenues by an additional \$( 125). The final increase in exemption to 37k/68k in 2015 further reduced Decherd revenues by \$( 81).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Decherd by \$(2,402).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Decherd by estimated \$13,731 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Decherd by projected total of \$23,037.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(3,754) in state shared taxes to Decherd.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Decherd by an estimated \$(2,865) in first year, \$(8,594) in first three years of phase-out and a total projected reduction of \$(14,324) 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 \$15,577 difference to Decherd.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$24,318 in state shared sales tax revenue to Decherd.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$41,238 in funds flowing to Decherd as compared to an estimated net impact of \$4,958, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 384)
2013 Food Tax.....	( 526)
2012 Hall Income Exemption (26k/37k) .....	( 96)
2013 Hall Income Exemption (33k/59k) .....	( 125)
2015 Hall Income Exemption (37k/68k) .....	( 81)
2016 Hall Income Rate Cut (6% to 5%) .....	(2,402)

**Total Prior Changes (2012-2016).....** \$(3,616)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$16,936
<u>Diesel Tax Increase in Year 3.....</u>	<u>6,101</u>
Subtotal.....	\$23,037

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(3,754)
<u>Hall Income Tax Full Elimination.....</u>	<u>(14,324)</u>
Subtotal.....	(18,078)

**Total IMPROVE Act Changes.....** \$4,958

**Total All Changes 2012-IMPROVE .....** \$1,343

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$29,642
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>8,971</u>
Subtotal.....	\$38,614

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	24,318
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$24,318

**Total All Changes 2012-IMPROVE and Doss.....** \$41,238

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

Decherd	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	16,936	29,642	12,707
Diesel tax increase .....	6,101	8,971	2,870
<b>General Fund</b>			
2012 to 2016 tax changes.....	(3,616)	(3,616)	0
2017 Sales Tax on Food .....	(3,754)	(3,754)	0
Hall Income phase-out.....	(14,324)	(14,324)	0
Increase state shared sales % .....	0	24,318	24,318
<b>Total Impact .....</b>	<u>1,343</u>	<u>41,238</u>	<u>39,895</u>