

## Effect of Revenue Changes Enacted 2012-2017 on Estill Springs

*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 Estill Springs of \$( 335). In 2013, the rate reduction on food reduced state shared sales revenues to Estill Springs of \$( 458).

#### 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 Estill Springs Hall revenues by \$( 192). The 2013 increase to 33k/59k reduced Estill Springs revenues by an additional \$( 249). The final increase in exemption to 37k/68k in 2015 further reduced Estill Springs revenues by \$( 162).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Estill Springs by \$(4,780).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Estill Springs by estimated \$11,951 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Estill Springs by projected total of \$20,051.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(3,268) in state shared taxes to Estill Springs.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Estill Springs by an estimated \$(5,701) in first year, \$(17,103) in first three years of phase-out and a total projected reduction of \$(28,506) 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 \$16,160 difference to Estill Springs.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$21,166 in state shared sales tax revenue to Estill Springs.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$19,428 in funds flowing to Estill Springs as compared to an estimated net impact of \$(11,722), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 335)
2013 Food Tax.....	( 458)
2012 Hall Income Exemption (26k/37k) .....	( 192)
2013 Hall Income Exemption (33k/59k) .....	( 249)
2015 Hall Income Exemption (37k/68k) .....	( 162)
2016 Hall Income Rate Cut (6% to 5%) .....	(4,780)

**Total Prior Changes (2012-2016).....** \$(6,176)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$14,741
<u>Diesel Tax Increase in Year 3.....</u>	<u>5,310</u>
Subtotal.....	\$20,051

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(3,268)
<u>Hall Income Tax Full Elimination.....</u>	<u>(28,506)</u>
Subtotal.....	(31,773)

**Total IMPROVE Act Changes.....** \$(11,722)

**Total All Changes 2012-IMPROVE .....** **\$(17,898)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$27,923
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>8,288</u>
Subtotal.....	\$36,211

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	21,166
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$21,166

**Total All Changes 2012-IMPROVE and Doss.....** **\$19,428**

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

Estill Springs	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	14,741	27,923	13,182
Diesel tax increase .....	5,310	8,288	2,978
<b>General Fund</b>			
2012 to 2016 tax changes.....	(6,176)	(6,176)	0
2017 Sales Tax on Food .....	(3,268)	(3,268)	0
Hall Income phase-out.....	(28,506)	(28,506)	0
Increase state shared sales % .....	0	21,166	21,166
<b>Total Impact .....</b>	<b>(17,898)</b>	<b>19,428</b>	<b>37,326</b>