

## Effect of Revenue Changes Enacted 2012-2017 on Forest Hills

*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 Forest Hills of \$( 820). In 2013, the rate reduction on food reduced state shared sales revenues to Forest Hills of \$(1,123).

#### 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 Forest Hills Hall revenues by \$(6,240). The 2013 increase to 33k/59k reduced Forest Hills revenues by an additional \$(8,103). The final increase in exemption to 37k/68k in 2015 further reduced Forest Hills revenues by \$(5,272).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Forest Hills by \$(155,493).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Forest Hills by estimated \$29,311 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Forest Hills by projected total of \$49,177.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(8,014) in state shared taxes to Forest Hills.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Forest Hills by an estimated \$(185,451) in first year, \$(556,354) in first three years of phase-out and a total projected reduction of \$(927,255) 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 \$10,473 difference to Forest Hills.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$51,912 in state shared sales tax revenue to Forest Hills.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$(1,000,759) in funds flowing to Forest Hills as compared to an estimated net impact of \$(886,092), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 820)
2013 Food Tax.....	(1,123)
2012 Hall Income Exemption (26k/37k) .....	(6,240)
2013 Hall Income Exemption (33k/59k) .....	(8,103)
2015 Hall Income Exemption (37k/68k) .....	(5,272)
2016 Hall Income Rate Cut (6% to 5%) .....	(155,493)

**Total Prior Changes (2012-2016).....** \$(177,052)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$36,153
<u>Diesel Tax Increase in Year 3.....</u>	<u>13,024</u>
Subtotal.....	\$49,177

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(8,014)
<u>Hall Income Tax Full Elimination.....</u>	<u>(927,255)</u>
Subtotal.....	(935,269)

**Total IMPROVE Act Changes.....** \$(886,092)

**Total All Changes 2012-IMPROVE .....** **\$(1,063,144)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$44,696
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>14,954</u>
Subtotal.....	\$59,649

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	51,912
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$51,912

**Total All Changes 2012-IMPROVE and Doss.....** **\$(1,000,759)**

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

Forest Hills	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	36,153	44,696	8,543
Diesel tax increase .....	13,024	14,954	1,930
<b>General Fund</b>			
2012 to 2016 tax changes.....	(177,052)	(177,052)	0
2017 Sales Tax on Food .....	(8,014)	(8,014)	0
Hall Income phase-out.....	(927,255)	(927,255)	0
Increase state shared sales % .....	0	51,912	51,912
<b>Total Impact .....</b>	<b>(1,063,144)</b>	<b>(1,000,759)</b>	<b>62,385</b>