

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

*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 Greeneville of \$(2,452). In 2013, the rate reduction on food reduced state shared sales revenues to Greeneville of \$(3,357).

#### 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 Greeneville Hall revenues by \$(1,879). The 2013 increase to 33k/59k reduced Greeneville revenues by an additional \$(2,440). The final increase in exemption to 37k/68k in 2015 further reduced Greeneville revenues by \$(1,588).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Greeneville by \$(46,822).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Greeneville by estimated \$87,597 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Greeneville by projected total of \$146,964.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(23,951) in state shared taxes to Greeneville.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Greeneville by an estimated \$(55,843) in first year, \$(167,528) in first three years of phase-out and a total projected reduction of \$(279,214) 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 \$(8,622) difference to Greeneville.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$155,139 in state shared sales tax revenue to Greeneville.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$(68,221) in funds flowing to Greeneville as compared to an estimated net impact of \$(156,201), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$(2,452)
2013 Food Tax.....	(3,357)
2012 Hall Income Exemption (26k/37k) .....	(1,879)
2013 Hall Income Exemption (33k/59k) .....	(2,440)
2015 Hall Income Exemption (37k/68k) .....	(1,588)
2016 Hall Income Rate Cut (6% to 5%) .....	<u>(46,822)</u>

**Total Prior Changes (2012-2016).....** \$(58,537)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$108,042
<u>Diesel Tax Increase in Year 3.....</u>	<u>38,922</u>
Subtotal.....	\$146,964

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(23,951)
<u>Hall Income Tax Full Elimination.....</u>	<u>(279,214)</u>
Subtotal.....	<u>(303,164)</u>

**Total IMPROVE Act Changes.....** \$(156,201)

**Total All Changes 2012-IMPROVE .....** \$(214,738)

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$101,009
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>37,333</u>
Subtotal.....	\$138,342

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	155,139
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$155,139

**Total All Changes 2012-IMPROVE and Doss.....** \$(68,221)

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

Greeneville	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	108,042	101,009	(7,033)
Diesel tax increase .....	38,922	37,333	(1,589)
<b>General Fund</b>			
2012 to 2016 tax changes.....	(58,537)	(58,537)	0
2017 Sales Tax on Food .....	(23,951)	(23,951)	0
Hall Income phase-out.....	(279,214)	(279,214)	0
Increase state shared sales % .....	0	155,139	155,139
<b>Total Impact .....</b>	<b>(214,738)</b>	<b>(68,221)</b>	<b>146,517</b>