

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

*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 Henderson of \$(1,027). In 2013, the rate reduction on food reduced state shared sales revenues to Henderson of \$(1,406).

#### 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 Henderson Hall revenues by \$( 220). The 2013 increase to 33k/59k reduced Henderson revenues by an additional \$( 286). The final increase in exemption to 37k/68k in 2015 further reduced Henderson revenues by \$( 186).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Henderson by \$(5,490).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Henderson by estimated \$36,691 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Henderson by projected total of \$61,558.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(10,032) in state shared taxes to Henderson.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Henderson by an estimated \$(6,548) in first year, \$(19,645) in first three years of phase-out and a total projected reduction of \$(32,741) 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 \$8,055 difference to Henderson.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$64,983 in state shared sales tax revenue to Henderson.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$83,206 in funds flowing to Henderson as compared to an estimated net impact of \$18,785, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$(1,027)
2013 Food Tax.....	(1,406)
2012 Hall Income Exemption (26k/37k) .....	( 220)
2013 Hall Income Exemption (33k/59k) .....	( 286)
2015 Hall Income Exemption (37k/68k) .....	( 186)
<u>2016 Hall Income Rate Cut (6% to 5%) .....</u>	<u>(5,490)</u>

**Total Prior Changes (2012-2016).....** \$(8,616)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$45,255
<u>Diesel Tax Increase in Year 3.....</u>	<u>16,303</u>
Subtotal.....	\$61,558

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(10,032)
<u>Hall Income Tax Full Elimination.....</u>	<u>(32,741)</u>
Subtotal.....	(42,773)

**Total IMPROVE Act Changes.....** \$18,785

**Total All Changes 2012-IMPROVE .....** **\$10,169**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$51,826
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>17,787</u>
Subtotal.....	\$69,613

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	64,983
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$64,983

**Total All Changes 2012-IMPROVE and Doss.....** **\$83,206**

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

Henderson	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	45,255	51,826	6,571
Diesel tax increase .....	16,303	17,787	1,484
<b>General Fund</b>			
2012 to 2016 tax changes.....	(8,616)	(8,616)	0
2017 Sales Tax on Food .....	(10,032)	(10,032)	0
Hall Income phase-out.....	(32,741)	(32,741)	0
Increase state shared sales % .....	0	64,983	64,983
<b>Total Impact .....</b>	<b>10,169</b>	<b>83,206</b>	<b>73,038</b>