

## Effect of Revenue Changes Enacted 2012-2017 on Hickory Valley

*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 Hickory Valley of \$( 16). In 2013, the rate reduction on food reduced state shared sales revenues to Hickory Valley of \$( 22).

#### 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 Hickory Valley Hall revenues by \$( 23). The 2013 increase to 33k/59k reduced Hickory Valley revenues by an additional \$( 30). The final increase in exemption to 37k/68k in 2015 further reduced Hickory Valley revenues by \$( 19).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Hickory Valley by \$( 574).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Hickory Valley by estimated \$ 576 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Hickory Valley by projected total of \$ 966.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$( 157) in state shared taxes to Hickory Valley.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Hickory Valley by an estimated \$( 685) in first year, \$(2,055) in first three years of phase-out and a total projected reduction of \$(3,425) 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 \$19,887 difference to Hickory Valley.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$1,020 in state shared sales tax revenue to Hickory Valley.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$17,605 in funds flowing to Hickory Valley as compared to an estimated net impact of \$(2,616), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 16)
2013 Food Tax.....	( 22)
2012 Hall Income Exemption (26k/37k) .....	( 23)
2013 Hall Income Exemption (33k/59k) .....	( 30)
2015 Hall Income Exemption (37k/68k) .....	( 19)
2016 Hall Income Rate Cut (6% to 5%) .....	( 574)

**Total Prior Changes (2012-2016).....** \$( 685)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$ 710
<u>Diesel Tax Increase in Year 3.....</u>	<u>256</u>
Subtotal.....	\$ 966

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$( 157)
<u>Hall Income Tax Full Elimination.....</u>	<u>(3,425)</u>
Subtotal.....	<u>(3,582)</u>

**Total IMPROVE Act Changes.....** \$(2,616)

**Total All Changes 2012-IMPROVE .....** **\$(3,301)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$16,932
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>3,920</u>
Subtotal.....	\$20,852

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	1,020
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$1,020

**Total All Changes 2012-IMPROVE and Doss.....** **\$17,605**

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

Hickory Valley	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	710	16,932	16,222
Diesel tax increase .....	256	3,920	3,664
<b>General Fund</b>			
2012 to 2016 tax changes.....	( 685)	( 685)	0
2017 Sales Tax on Food .....	( 157)	( 157)	0
Hall Income phase-out.....	(3,425)	(3,425)	0
Increase state shared sales % .....	<u>0</u>	<u>1,020</u>	<u>1,020</u>
<b>Total Impact .....</b>	<u><b>(3,301)</b></u>	<u><b>17,605</b></u>	<u><b>20,906</b></u>