

## Effect of Revenue Changes Enacted 2012-2017 on Jefferson City

*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 Jefferson City of \$(1,382). In 2013, the rate reduction on food reduced state shared sales revenues to Jefferson City of \$(1,892).

#### 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 Jefferson City Hall revenues by \$( 360). The 2013 increase to 33k/59k reduced Jefferson City revenues by an additional \$( 468). The final increase in exemption to 37k/68k in 2015 further reduced Jefferson City revenues by \$( 304).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Jefferson City by \$(8,977).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Jefferson City by estimated \$49,376 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Jefferson City by projected total of \$82,839.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(13,500) in state shared taxes to Jefferson City.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Jefferson City by an estimated \$(10,706) in first year, \$(32,119) in first three years of phase-out and a total projected reduction of \$(53,531) 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 \$3,900 difference to Jefferson City.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$87,447 in state shared sales tax revenue to Jefferson City.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$93,771 in funds flowing to Jefferson City as compared to an estimated net impact of \$15,808, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$(1,382)
2013 Food Tax.....	(1,892)
2012 Hall Income Exemption (26k/37k) .....	( 360)
2013 Hall Income Exemption (33k/59k) .....	( 468)
2015 Hall Income Exemption (37k/68k) .....	( 304)
2016 Hall Income Rate Cut (6% to 5%) .....	(8,977)

**Total Prior Changes (2012-2016).....** \$(13,383)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$60,900
<u>Diesel Tax Increase in Year 3.....</u>	<u>21,939</u>
Subtotal.....	\$82,839

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(13,500)
<u>Hall Income Tax Full Elimination.....</u>	<u>(53,531)</u>
Subtotal.....	(67,031)

**Total IMPROVE Act Changes.....** \$15,808

**Total All Changes 2012-IMPROVE .....** **\$2,424**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$64,081
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>22,657</u>
Subtotal.....	\$86,739

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	87,447
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$87,447

**Total All Changes 2012-IMPROVE and Doss.....** **\$93,771**

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

Jefferson City	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	60,900	64,081	3,181
Diesel tax increase .....	21,939	22,657	719
<b>General Fund</b>			
2012 to 2016 tax changes.....	(13,383)	(13,383)	0
2017 Sales Tax on Food .....	(13,500)	(13,500)	0
Hall Income phase-out.....	(53,531)	(53,531)	0
Increase state shared sales % .....	0	87,447	87,447
<b>Total Impact .....</b>	<u>2,424</u>	<u>93,771</u>	<u>91,347</u>