

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

*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 Kingston of \$( 966). In 2013, the rate reduction on food reduced state shared sales revenues to Kingston of \$(1,323).

#### 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 Kingston Hall revenues by \$( 833). The 2013 increase to 33k/59k reduced Kingston revenues by an additional \$(1,082). The final increase in exemption to 37k/68k in 2015 further reduced Kingston revenues by \$( 704).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Kingston by \$(20,757).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Kingston by estimated \$34,511 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Kingston by projected total of \$57,900.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(9,436) in state shared taxes to Kingston.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Kingston by an estimated \$(24,756) in first year, \$(74,267) in first three years of phase-out and a total projected reduction of \$(123,779) 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 \$8,769 difference to Kingston.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$61,120 in state shared sales tax revenue to Kingston.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$(31,089) in funds flowing to Kingston as compared to an estimated net impact of \$(75,315), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 966)
2013 Food Tax.....	(1,323)
2012 Hall Income Exemption (26k/37k) .....	( 833)
2013 Hall Income Exemption (33k/59k) .....	(1,082)
2015 Hall Income Exemption (37k/68k) .....	( 704)
2016 Hall Income Rate Cut (6% to 5%) .....	(20,757)

**Total Prior Changes (2012-2016).....** \$(25,664)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$42,566
<u>Diesel Tax Increase in Year 3.....</u>	<u>15,334</u>
Subtotal.....	\$57,900

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(9,436)
<u>Hall Income Tax Full Elimination.....</u>	<u>(123,779)</u>
Subtotal.....	(133,215)

**Total IMPROVE Act Changes.....** \$(75,315)

**Total All Changes 2012-IMPROVE .....** **\$(100,979)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$49,719
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>16,950</u>
Subtotal.....	\$66,669

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	61,120
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$61,120

**Total All Changes 2012-IMPROVE and Doss.....** **\$(31,089)**

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

Kingston	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	42,566	49,719	7,153
Diesel tax increase .....	15,334	16,950	1,616
<b>General Fund</b>			
2012 to 2016 tax changes.....	(25,664)	(25,664)	0
2017 Sales Tax on Food .....	(9,436)	(9,436)	0
Hall Income phase-out.....	(123,779)	(123,779)	0
Increase state shared sales % .....	0	61,120	61,120
<b>Total Impact .....</b>	<b>(100,979)</b>	<b>(31,089)</b>	<b>69,890</b>