

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

*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 Lakeland of \$(2,023). In 2013, the rate reduction on food reduced state shared sales revenues to Lakeland of \$(2,771).

#### 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 Lakeland Hall revenues by \$(1,168). The 2013 increase to 33k/59k reduced Lakeland revenues by an additional \$(1,517). The final increase in exemption to 37k/68k in 2015 further reduced Lakeland revenues by \$( 987).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Lakeland by \$(29,118).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Lakeland by estimated \$72,290 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Lakeland by projected total of \$121,283.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(19,765) in state shared taxes to Lakeland.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Lakeland by an estimated \$(34,728) in first year, \$(104,185) in first three years of phase-out and a total projected reduction of \$(173,641) 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 \$(3,607) difference to Lakeland.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$128,029 in state shared sales tax revenue to Lakeland.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$14,713 in funds flowing to Lakeland as compared to an estimated net impact of \$(72,124), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$(2,023)
2013 Food Tax.....	(2,771)
2012 Hall Income Exemption (26k/37k) .....	(1,168)
2013 Hall Income Exemption (33k/59k) .....	(1,517)
2015 Hall Income Exemption (37k/68k) .....	( 987)
2016 Hall Income Rate Cut (6% to 5%) .....	(29,118)

**Total Prior Changes (2012-2016).....** \$(37,585)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$89,162
<u>Diesel Tax Increase in Year 3.....</u>	<u>32,120</u>
Subtotal.....	\$121,283

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(19,765)
<u>Hall Income Tax Full Elimination.....</u>	<u>(173,641)</u>
Subtotal.....	(193,406)

**Total IMPROVE Act Changes.....** \$(72,124)

**Total All Changes 2012-IMPROVE .....** **\$(109,709)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$86,220
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>31,456</u>
Subtotal.....	\$117,675

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	128,029
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$128,029

**Total All Changes 2012-IMPROVE and Doss.....** **\$14,713**

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

Lakeland	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	89,162	86,220	(2,943)
Diesel tax increase .....	32,120	31,456	( 665)
<b>General Fund</b>			
2012 to 2016 tax changes.....	(37,585)	(37,585)	0
2017 Sales Tax on Food .....	(19,765)	(19,765)	0
Hall Income phase-out.....	(173,641)	(173,641)	0
Increase state shared sales % .....	0	128,029	128,029
<b>Total Impact .....</b>	<b>(109,709)</b>	<b>14,713</b>	<b>124,422</b>