

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

*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 Lawrenceburg of \$(1,697). In 2013, the rate reduction on food reduced state shared sales revenues to Lawrenceburg of \$(2,324).

#### 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 Lawrenceburg Hall revenues by \$( 688). The 2013 increase to 33k/59k reduced Lawrenceburg revenues by an additional \$( 893). The final increase in exemption to 37k/68k in 2015 further reduced Lawrenceburg revenues by \$( 581).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Lawrenceburg by \$(17,144).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Lawrenceburg by estimated \$60,646 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Lawrenceburg by projected total of \$101,749.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(16,582) in state shared taxes to Lawrenceburg.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Lawrenceburg by an estimated \$(20,447) in first year, \$(61,342) in first three years of phase-out and a total projected reduction of \$(102,236) 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 \$ 207 difference to Lawrenceburg.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$107,408 in state shared sales tax revenue to Lawrenceburg.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$67,217 in funds flowing to Lawrenceburg as compared to an estimated net impact of \$(17,070), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$(1,697)
2013 Food Tax.....	(2,324)
2012 Hall Income Exemption (26k/37k) .....	( 688)
2013 Hall Income Exemption (33k/59k) .....	( 893)
2015 Hall Income Exemption (37k/68k) .....	( 581)
2016 Hall Income Rate Cut (6% to 5%) .....	(17,144)

**Total Prior Changes (2012-2016).....** \$(23,329)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$74,802
<u>Diesel Tax Increase in Year 3.....</u>	<u>26,947</u>
Subtotal.....	\$101,749

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(16,582)
<u>Hall Income Tax Full Elimination.....</u>	<u>(102,236)</u>
Subtotal.....	(118,818)

**Total IMPROVE Act Changes.....** \$(17,070)

**Total All Changes 2012-IMPROVE .....** **\$(40,398)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$74,971
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>26,985</u>
Subtotal.....	\$101,956

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	107,408
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$107,408

**Total All Changes 2012-IMPROVE and Doss.....** **\$67,217**

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

Lawrenceburg	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	74,802	74,971	169
Diesel tax increase .....	26,947	26,985	38
<b>General Fund</b>			
2012 to 2016 tax changes.....	(23,329)	(23,329)	0
2017 Sales Tax on Food .....	(16,582)	(16,582)	0
Hall Income phase-out.....	(102,236)	(102,236)	0
Increase state shared sales % .....	0	107,408	107,408
<b>Total Impact .....</b>	<b>(40,398)</b>	<b>67,217</b>	<b>107,616</b>