

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

*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 Maryville of \$(4,482). In 2013, the rate reduction on food reduced state shared sales revenues to Maryville of \$(6,138).

#### 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 Maryville Hall revenues by \$(3,794). The 2013 increase to 33k/59k reduced Maryville revenues by an additional \$(4,927). The final increase in exemption to 37k/68k in 2015 further reduced Maryville revenues by \$(3,206).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Maryville by \$(94,545).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Maryville by estimated \$160,142 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Maryville by projected total of \$268,676.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(43,786) in state shared taxes to Maryville.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Maryville by an estimated \$(112,761) in first year, \$(338,284) in first three years of phase-out and a total projected reduction of \$(563,806) 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 \$(32,388) difference to Maryville.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$283,621 in state shared sales tax revenue to Maryville.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$(204,776) in funds flowing to Maryville as compared to an estimated net impact of \$(338,917), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$(4,482)
2013 Food Tax.....	(6,138)
2012 Hall Income Exemption (26k/37k) .....	(3,794)
2013 Hall Income Exemption (33k/59k) .....	(4,927)
2015 Hall Income Exemption (37k/68k) .....	(3,206)
2016 Hall Income Rate Cut (6% to 5%) .....	(94,545)

**Total Prior Changes (2012-2016).....** \$(117,092)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$197,520
<u>Diesel Tax Increase in Year 3.....</u>	<u>71,155</u>
Subtotal.....	\$268,676

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(43,786)
<u>Hall Income Tax Full Elimination.....</u>	<u>(563,806)</u>
Subtotal.....	(607,592)

**Total IMPROVE Act Changes.....** \$(338,917)

**Total All Changes 2012-IMPROVE .....** **\$(456,009)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$171,100
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>65,188</u>
Subtotal.....	\$236,288

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	283,621
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$283,621

**Total All Changes 2012-IMPROVE and Doss.....** **\$(204,776)**

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

Maryville	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	197,520	171,100	(26,420)
Diesel tax increase .....	71,155	65,188	(5,968)
<b>General Fund</b>			
2012 to 2016 tax changes.....	(117,092)	(117,092)	0
2017 Sales Tax on Food .....	(43,786)	(43,786)	0
Hall Income phase-out.....	(563,806)	(563,806)	0
Increase state shared sales % .....	0	283,621	283,621
<b>Total Impact .....</b>	<b>(456,009)</b>	<b>(204,776)</b>	<b>251,233</b>