

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

*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 McMinnville of \$(2,215). In 2013, the rate reduction on food reduced state shared sales revenues to McMinnville of \$(3,033).

#### 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 McMinnville Hall revenues by \$( 956). The 2013 increase to 33k/59k reduced McMinnville revenues by an additional \$(1,242). The final increase in exemption to 37k/68k in 2015 further reduced McMinnville revenues by \$( 808).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to McMinnville by \$(23,829).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to McMinnville by estimated \$79,123 in the first year. When fully phased in, Improve Act will have increased gas/diesel to McMinnville by projected total of \$132,747.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(21,634) in state shared taxes to McMinnville.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to McMinnville by an estimated \$(28,420) in first year, \$(85,260) in first three years of phase-out and a total projected reduction of \$(142,100) 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 \$(5,846) difference to McMinnville.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$140,131 in state shared sales tax revenue to McMinnville.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$71,217 in funds flowing to McMinnville as compared to an estimated net impact of \$(30,986), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$(2,215)
2013 Food Tax.....	(3,033)
2012 Hall Income Exemption (26k/37k) .....	( 956)
2013 Hall Income Exemption (33k/59k) .....	(1,242)
2015 Hall Income Exemption (37k/68k) .....	( 808)
2016 Hall Income Rate Cut (6% to 5%) .....	(23,829)

**Total Prior Changes (2012-2016).....** \$(32,082)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$97,591
<u>Diesel Tax Increase in Year 3.....</u>	<u>35,157</u>
Subtotal.....	\$132,747

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(21,634)
<u>Hall Income Tax Full Elimination.....</u>	<u>(142,100)</u>
Subtotal.....	(163,734)

**Total IMPROVE Act Changes.....** \$(30,986)

**Total All Changes 2012-IMPROVE .....** **\$(63,068)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$92,822
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>34,079</u>
Subtotal.....	\$126,901

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	140,131
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$140,131

**Total All Changes 2012-IMPROVE and Doss.....** **\$71,217**

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

McMinnville	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	97,591	92,822	(4,769)
Diesel tax increase .....	35,157	34,079	(1,077)
<b>General Fund</b>			
2012 to 2016 tax changes.....	(32,082)	(32,082)	0
2017 Sales Tax on Food .....	(21,634)	(21,634)	0
Hall Income phase-out.....	(142,100)	(142,100)	0
Increase state shared sales % .....	0	140,131	140,131
<b>Total Impact .....</b>	<b>(63,068)</b>	<b>71,217</b>	<b>134,286</b>