

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

*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 Medon of \$( 37). In 2013, the rate reduction on food reduced state shared sales revenues to Medon of \$( 50).

#### 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 Medon Hall revenues by \$( 35). The 2013 increase to 33k/59k reduced Medon revenues by an additional \$( 45). The final increase in exemption to 37k/68k in 2015 further reduced Medon revenues by \$( 30).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Medon by \$( 873).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Medon by estimated \$1,314 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Medon by projected total of \$2,205.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$( 359) in state shared taxes to Medon.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Medon by an estimated \$(1,041) in first year, \$(3,124) in first three years of phase-out and a total projected reduction of \$(5,206) 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 \$19,645 difference to Medon.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$2,328 in state shared sales tax revenue to Medon.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$17,542 in funds flowing to Medon as compared to an estimated net impact of \$(3,360), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 37)
2013 Food Tax.....	( 50)
2012 Hall Income Exemption (26k/37k) .....	( 35)
2013 Hall Income Exemption (33k/59k) .....	( 45)
2015 Hall Income Exemption (37k/68k) .....	( 30)
2016 Hall Income Rate Cut (6% to 5%) .....	( 873)

**Total Prior Changes (2012-2016).....** \$(1,070)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$1,621
<u>Diesel Tax Increase in Year 3.....</u>	<u>584</u>
Subtotal.....	\$2,205

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$( 359)
<u>Hall Income Tax Full Elimination.....</u>	<u>(5,206)</u>
Subtotal.....	(5,565)

**Total IMPROVE Act Changes.....** \$(3,360)

**Total All Changes 2012-IMPROVE .....** **\$(4,431)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$17,646
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>4,204</u>
Subtotal.....	\$21,850

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	2,328
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$2,328

**Total All Changes 2012-IMPROVE and Doss.....** **\$17,542**

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

Medon	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	1,621	17,646	16,025
Diesel tax increase .....	584	4,204	3,620
<b>General Fund</b>			
2012 to 2016 tax changes.....	(1,070)	(1,070)	0
2017 Sales Tax on Food .....	( 359)	( 359)	0
Hall Income phase-out.....	(5,206)	(5,206)	0
Increase state shared sales % .....	0	2,328	2,328
<b>Total Impact .....</b>	<b>(4,431)</b>	<b>17,542</b>	<b>21,972</b>