

## Effect of Revenue Changes Enacted 2012-2017 on Minor Hill

*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 Minor Hill of \$( 87). In 2013, the rate reduction on food reduced state shared sales revenues to Minor Hill of \$( 120).

#### 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 Minor Hill Hall revenues by \$( 49). The 2013 increase to 33k/59k reduced Minor Hill revenues by an additional \$( 64). The final increase in exemption to 37k/68k in 2015 further reduced Minor Hill revenues by \$( 41).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Minor Hill by \$(1,219).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Minor Hill by estimated \$3,123 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Minor Hill by projected total of \$5,240.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$( 854) in state shared taxes to Minor Hill.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Minor Hill by an estimated \$(1,453) in first year, \$(4,360) in first three years of phase-out and a total projected reduction of \$(7,267) 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 \$19,052 difference to Minor Hill.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$5,531 in state shared sales tax revenue to Minor Hill.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$20,122 in funds flowing to Minor Hill as compared to an estimated net impact of \$(2,882), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 87)
2013 Food Tax.....	( 120)
2012 Hall Income Exemption (26k/37k) .....	( 49)
2013 Hall Income Exemption (33k/59k) .....	( 64)
2015 Hall Income Exemption (37k/68k) .....	( 41)
2016 Hall Income Rate Cut (6% to 5%) .....	<u>(1,219)</u>

**Total Prior Changes (2012-2016).....** \$(1,580)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$3,852
<u>Diesel Tax Increase in Year 3.....</u>	<u>1,388</u>
Subtotal.....	\$5,240

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$( 854)
<u>Hall Income Tax Full Elimination.....</u>	<u>(7,267)</u>
Subtotal.....	<u>(8,121)</u>

**Total IMPROVE Act Changes.....** \$(2,882)

**Total All Changes 2012-IMPROVE .....** \$(4,461)

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$19,393
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>4,898</u>
Subtotal.....	\$24,292

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	5,531
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$5,531

**Total All Changes 2012-IMPROVE and Doss.....** \$20,122

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

Minor Hill	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	3,852	19,393	15,541
Diesel tax increase .....	1,388	4,898	3,511
<b>General Fund</b>			
2012 to 2016 tax changes.....	(1,580)	(1,580)	0
2017 Sales Tax on Food .....	( 854)	( 854)	0
Hall Income phase-out.....	(7,267)	(7,267)	0
Increase state shared sales % .....	0	5,531	5,531
<b>Total Impact .....</b>	<b>(4,461)</b>	<b>20,122</b>	<b>24,583</b>