

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

*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 Orlinda of \$( 140). In 2013, the rate reduction on food reduced state shared sales revenues to Orlinda of \$( 191).

#### 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 Orlinda Hall revenues by \$( 11). The 2013 increase to 33k/59k reduced Orlinda revenues by an additional \$( 14). The final increase in exemption to 37k/68k in 2015 further reduced Orlinda revenues by \$( 9).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Orlinda by \$( 278).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Orlinda by estimated \$4,996 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Orlinda by projected total of \$8,381.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(1,366) in state shared taxes to Orlinda.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Orlinda by an estimated \$( 331) in first year, \$( 993) in first three years of phase-out and a total projected reduction of \$(1,656) 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 \$18,439 difference to Orlinda.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$8,848 in state shared sales tax revenue to Orlinda.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$32,002 in funds flowing to Orlinda as compared to an estimated net impact of \$5,360, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 140)
2013 Food Tax.....	( 191)
2012 Hall Income Exemption (26k/37k) .....	( 11)
2013 Hall Income Exemption (33k/59k) .....	( 14)
2015 Hall Income Exemption (37k/68k) .....	( 9)
2016 Hall Income Rate Cut (6% to 5%) .....	( 278)

**Total Prior Changes (2012-2016).....** \$( 644)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$6,162
<u>Diesel Tax Increase in Year 3.....</u>	<u>2,220</u>
Subtotal.....	\$8,381

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(1,366)
<u>Hall Income Tax Full Elimination.....</u>	<u>(1,656)</u>
Subtotal.....	(3,022)

**Total IMPROVE Act Changes.....** \$5,360

**Total All Changes 2012-IMPROVE .....** \$4,716

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$21,203
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>5,617</u>
Subtotal.....	\$26,820

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	8,848
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$8,848

**Total All Changes 2012-IMPROVE and Doss.....** \$32,002

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

Orlinda	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	6,162	21,203	15,041
Diesel tax increase .....	2,220	5,617	3,398
<b>General Fund</b>			
2012 to 2016 tax changes.....	( 644)	( 644)	0
2017 Sales Tax on Food .....	(1,366)	(1,366)	0
Hall Income phase-out.....	(1,656)	(1,656)	0
Increase state shared sales % .....	<u>0</u>	<u>8,848</u>	<u>8,848</u>
<b>Total Impact .....</b>	<u><u>4,716</u></u>	<u><u>32,002</u></u>	<u><u>27,286</u></u>