

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

*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 Orme of \$( 21). In 2013, the rate reduction on food reduced state shared sales revenues to Orme of \$( 28).

#### **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 Orme Hall revenues by \$ . The 2013 increase to 33k/59k reduced Orme revenues by an additional \$ . The final increase in exemption to 37k/68k in 2015 further reduced Orme revenues by \$ .

#### **Reduction in Hall Income Tax Rate**

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Orme by \$ .

### IMPROVE Act Changes

#### **Gasoline & Diesel Fuel Tax Revenues**

Improve Act will increase gasoline & diesel shared revenues to Orme by estimated \$ 733 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Orme by projected total of \$1,229.

#### **Reduction in Sales Tax on Food Rate**

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$( 200) in state shared taxes to Orme.

#### **Phased Elimination of Hall Income Tax**

Enacted Hall phase-out will reduce Hall revenues to Orme by an estimated \$ in first year, \$ in first three years of phase-out and a total projected reduction of \$ 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 \$19,835 difference to Orme.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$1,298 in state shared sales tax revenue to Orme.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$22,113 in funds flowing to Orme as compared to an estimated net impact of \$1,029, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 21)
2013 Food Tax.....	( 28)
2012 Hall Income Exemption (26k/37k) .....	
2013 Hall Income Exemption (33k/59k) .....	
2015 Hall Income Exemption (37k/68k) .....	
2016 Hall Income Rate Cut (6% to 5%) .....	

**Total Prior Changes (2012-2016).....** \$( 49)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$ 904
<u>Diesel Tax Increase in Year 3.....</u>	<u>326</u>
Subtotal.....	\$1,229

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$( 200)
<u>Hall Income Tax Full Elimination .....</u>	<u></u>
Subtotal.....	( 200)

**Total IMPROVE Act Changes .....** \$1,029

**Total All Changes 2012-IMPROVE .....** **\$ 980**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$17,084
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>3,980</u>
Subtotal.....	\$21,064

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	1,298
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$1,298

**Total All Changes 2012-IMPROVE and Doss.....** **\$22,113**

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

Orme	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	904	17,084	16,180
Diesel tax increase .....	326	3,980	3,655
<b>General Fund</b>			
2012 to 2016 tax changes.....	( 49)	( 49)	0
2017 Sales Tax on Food .....	( 200)	( 200)	0
Hall Income phase-out.....			0
Increase state shared sales %.....	0	1,298	1,298
<b>Total Impact .....</b>	<u>980</u>	<u>22,113</u>	<u>21,133</u>