

## Effect of Revenue Changes Enacted 2012-2017 on Parker's Crossroads

*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 Parker's Crossroads of \$( 54). In 2013, the rate reduction on food reduced state shared sales revenues to Parker's Crossroads of \$( 74).

#### 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 Parker's Crossroads Hall revenues by \$( ). The 2013 increase to 33k/59k reduced Parker's Crossroads revenues by an additional \$( ). The final increase in exemption to 37k/68k in 2015 further reduced Parker's Crossroads revenues by \$( ).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Parker's Crossroads by \$( 6).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Parker's Crossroads by estimated \$1,919 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Parker's Crossroads by projected total of \$3,220.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$( 525) in state shared taxes to Parker's Crossroads.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Parker's Crossroads by an estimated \$( 7) in first year, \$( 21) in first three years of phase-out and a total projected reduction of \$( 35) 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 \$19,446 difference to Parker's Crossroads.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$3,399 in state shared sales tax revenue to Parker's Crossroads.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$25,371 in funds flowing to Parker's Crossroads as compared to an estimated net impact of \$2,660, if the Doss Proposal is not enacted.

## Impact of Revenue Changes Enacted 2012-2017 and Impact as Modified by Doss Proposal on Parker's Crossroads

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 54)
2013 Food Tax.....	( 74)
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%) .....	( 6)

**Total Prior Changes (2012-2016).....** \$( 134)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$2,367
<u>Diesel Tax Increase in Year 3.....</u>	<u>853</u>
Subtotal.....	\$3,220

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$( 525)
<u>Hall Income Tax Full Elimination.....</u>	<u>( 35)</u>
Subtotal.....	( 560)

**Total IMPROVE Act Changes.....** \$2,660

**Total All Changes 2012-IMPROVE .....** \$2,526

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$18,230
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>4,436</u>
Subtotal.....	\$22,666

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	3,399
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$3,399

**Total All Changes 2012-IMPROVE and Doss.....** \$25,371

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

Parker's Crossroads	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	2,367	18,230	15,863
Diesel tax increase .....	853	4,436	3,583
<b>General Fund</b>			
2012 to 2016 tax changes.....	( 134)	( 134)	0
2017 Sales Tax on Food .....	( 525)	( 525)	0
Hall Income phase-out.....	( 35)	( 35)	0
Increase state shared sales %.....	0	3,399	3,399
<b>Total Impact .....</b>	<u>2,526</u>	<u>25,371</u>	<u>22,845</u>