

Summary of Revisions – HB 534 (IMPROVE ACT)

This amendment will revise the Governor's initial IMPROVE Act proposal in a manner that decreases the amount of the user fee increases while increasing the amount of tax cuts to Tennesseans.

Revisions to the Governor's Proposal

1. Lowers the gas tax increase to 6 cents and phases in the increase over a 3-year period.
 - FY 18 = 4 cents
 - FY 19 = 5 cents
 - FY 20 = 6 cents
2. Lowers the diesel tax increase to 10 cents and phases in the increase over a 3-year period
 - FY 18 = 4
 - FY 19 = 7
 - FY 20 = 10
3. Lowers the alternative fuel tax increase to 8 cents and phases in the increase over a 3-year period
 - FY 18 = 3
 - FY 19 = 5
 - FY 20 = 8
4. Removes indexing meaning that there will be no automatic increases in the user fees. The fees outlined in the legislation will remain the fees unless the General Assembly acts to raise them.
5. Removes the rental car surcharge.
6. Provides for an additional $\frac{1}{2}$ percent cut on the food tax bringing the total proposed cut to 1 percent for a total food tax cut of nearly \$120 million to Tennesseans.
7. Maintains the original schedule of the Hall tax cut at 1 percent and commits to an additional 1 percent each year until completely phased out.
 - This legislation will result in an overall tax decrease to Tennesseans, and the tax decrease on food will exceed the amount coming to the state from the gas tax user fee increase.
 - This plan remains sustainable, comprehensive and responsible. It maintains the state's longstanding policy of the users of the roads paying for our roads. And it ensures that we continue to capture significant out-of-state revenue to help pay for roads instead of having Tennesseans take on the entire burden.
 - For the average Tennessean, the first year cost of this plan will be approximately \$2.50 per month. When fully implemented, that cost will be a little over \$3.50 per month. When you consider the reduction in the food tax and the fact that Tennesseans will be provided with better and safer roads and bridges and a better environment for economic development and jobs, it is clear that this legislation results in a win for our state and its citizens.