

## Effect of Revenue Changes Enacted 2012-2017 on Pigeon Forge

*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 Pigeon Forge of \$( 956). In 2013, the rate reduction on food reduced state shared sales revenues to Pigeon Forge of \$(1,310).

#### 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 Pigeon Forge Hall revenues by \$( 193). The 2013 increase to 33k/59k reduced Pigeon Forge revenues by an additional \$( 251). The final increase in exemption to 37k/68k in 2015 further reduced Pigeon Forge revenues by \$( 163).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Pigeon Forge by \$(4,811).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Pigeon Forge by estimated \$63,653 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Pigeon Forge by projected total of \$106,793.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(9,342) in state shared taxes to Pigeon Forge.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Pigeon Forge by an estimated \$(5,738) in first year, \$(17,215) in first three years of phase-out and a total projected reduction of \$(28,691) 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 \$( 778) difference to Pigeon Forge.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$60,512 in state shared sales tax revenue to Pigeon Forge.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$120,811 in funds flowing to Pigeon Forge as compared to an estimated net impact of \$68,760, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 956)
2013 Food Tax.....	(1,310)
2012 Hall Income Exemption (26k/37k) .....	( 193)
2013 Hall Income Exemption (33k/59k) .....	( 251)
2015 Hall Income Exemption (37k/68k) .....	( 163)
2016 Hall Income Rate Cut (6% to 5%) .....	<u>(4,811)</u>

**Total Prior Changes (2012-2016).....** \$(7,684)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$78,510
<u>Diesel Tax Increase in Year 3.....</u>	<u>28,283</u>
Subtotal.....	\$106,793

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(9,342)
<u>Hall Income Tax Full Elimination.....</u>	<u>(28,691)</u>
Subtotal.....	<u>(38,033)</u>

**Total IMPROVE Act Changes.....** \$68,760

**Total All Changes 2012-IMPROVE .....** \$61,076

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$77,876
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>28,140</u>
Subtotal.....	\$106,015

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	60,512
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$60,512

**Total All Changes 2012-IMPROVE and Doss.....** \$120,811

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

Pigeon Forge	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	78,510	77,876	( 635)
Diesel tax increase .....	28,283	28,140	( 143)
<b>General Fund</b>			
2012 to 2016 tax changes.....	(7,684)	(7,684)	0
2017 Sales Tax on Food .....	(9,342)	(9,342)	0
Hall Income phase-out.....	(28,691)	(28,691)	0
Increase state shared sales % .....	<u>0</u>	<u>60,512</u>	<u>60,512</u>
<b>Total Impact .....</b>	<u><u>61,076</u></u>	<u><u>120,811</u></u>	<u><u>59,735</u></u>