

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

*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 Rogersville of \$( 719). In 2013, the rate reduction on food reduced state shared sales revenues to Rogersville of \$( 985).

#### 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 Rogersville Hall revenues by \$( 249). The 2013 increase to 33k/59k reduced Rogersville revenues by an additional \$( 323). The final increase in exemption to 37k/68k in 2015 further reduced Rogersville revenues by \$( 210).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Rogersville by \$(6,199).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Rogersville by estimated \$25,706 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Rogersville by projected total of \$43,127.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(7,028) in state shared taxes to Rogersville.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Rogersville by an estimated \$(7,394) in first year, \$(22,181) in first three years of phase-out and a total projected reduction of \$(36,968) 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 \$11,654 difference to Rogersville.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$45,526 in state shared sales tax revenue to Rogersville.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$47,625 in funds flowing to Rogersville as compared to an estimated net impact of \$( 869), if the Doss Proposal is not enacted.



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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 719)
2013 Food Tax.....	( 985)
2012 Hall Income Exemption (26k/37k) .....	( 249)
2013 Hall Income Exemption (33k/59k) .....	( 323)
2015 Hall Income Exemption (37k/68k) .....	( 210)
2016 Hall Income Rate Cut (6% to 5%) .....	<u>(6,199)</u>

**Total Prior Changes (2012-2016).....** **\$(8,686)**

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$31,705
<u>Diesel Tax Increase in Year 3.....</u>	<u>11,422</u>
Subtotal.....	\$43,127

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(7,028)
<u>Hall Income Tax Full Elimination.....</u>	<u>(36,968)</u>
Subtotal.....	<u>(43,996)</u>

**Total IMPROVE Act Changes.....** **\$( 869)**

**Total All Changes 2012-IMPROVE .....** **\$(9,555)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$41,212
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>13,569</u>
Subtotal.....	\$54,781

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	45,526
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$45,526

**Total All Changes 2012-IMPROVE and Doss.....** **\$47,625**



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

Rogersville	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	31,705	41,212	9,507
Diesel tax increase .....	11,422	13,569	2,147
<b>General Fund</b>			
2012 to 2016 tax changes.....	(8,686)	(8,686)	0
2017 Sales Tax on Food .....	(7,028)	(7,028)	0
Hall Income phase-out.....	(36,968)	(36,968)	0
Increase state shared sales % .....	0	45,526	45,526
<b>Total Impact .....</b>	<b>(9,555)</b>	<b>47,625</b>	<b>57,180</b>