

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

*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 Rutledge of \$( 211). In 2013, the rate reduction on food reduced state shared sales revenues to Rutledge of \$( 290).

#### 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 Rutledge Hall revenues by \$( 128). The 2013 increase to 33k/59k reduced Rutledge revenues by an additional \$( 166). The final increase in exemption to 37k/68k in 2015 further reduced Rutledge revenues by \$( 108).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Rutledge by \$(3,178).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Rutledge by estimated \$7,555 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Rutledge by projected total of \$12,675.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(2,066) in state shared taxes to Rutledge.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Rutledge by an estimated \$(3,790) in first year, \$(11,369) in first three years of phase-out and a total projected reduction of \$(18,949) 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 \$17,600 difference to Rutledge.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$13,380 in state shared sales tax revenue to Rutledge.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$18,561 in funds flowing to Rutledge as compared to an estimated net impact of \$(8,340), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 211)
2013 Food Tax.....	( 290)
2012 Hall Income Exemption (26k/37k) .....	( 128)
2013 Hall Income Exemption (33k/59k) .....	( 166)
2015 Hall Income Exemption (37k/68k) .....	( 108)
2016 Hall Income Rate Cut (6% to 5%) .....	<u>(3,178)</u>

**Total Prior Changes (2012-2016).....** **\$(4,079)**

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$9,318
<u>Diesel Tax Increase in Year 3.....</u>	<u>3,357</u>
Subtotal.....	\$12,675

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(2,066)
<u>Hall Income Tax Full Elimination.....</u>	<u>(18,949)</u>
Subtotal.....	<u>(21,015)</u>

**Total IMPROVE Act Changes.....** **\$(8,340)**

**Total All Changes 2012-IMPROVE .....** **\$(12,419)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$23,675
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>6,600</u>
Subtotal.....	\$30,275

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	13,380
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$13,380

**Total All Changes 2012-IMPROVE and Doss.....** **\$18,561**

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

Rutledge	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	9,318	23,675	14,357
Diesel tax increase .....	3,357	6,600	3,243
<b>General Fund</b>			
2012 to 2016 tax changes.....	(4,079)	(4,079)	0
2017 Sales Tax on Food .....	(2,066)	(2,066)	0
Hall Income phase-out.....	(18,949)	(18,949)	0
Increase state shared sales % .....	0	13,380	13,380
<b>Total Impact .....</b>	<b>(12,419)</b>	<b>18,561</b>	<b>30,980</b>