

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

*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 Savannah of \$(1,137). In 2013, the rate reduction on food reduced state shared sales revenues to Savannah of \$(1,556).

#### 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 Savannah Hall revenues by \$( 590). The 2013 increase to 33k/59k reduced Savannah revenues by an additional \$( 767). The final increase in exemption to 37k/68k in 2015 further reduced Savannah revenues by \$( 499).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Savannah by \$(14,711).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Savannah by estimated \$40,605 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Savannah by projected total of \$68,125.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(11,102) in state shared taxes to Savannah.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Savannah by an estimated \$(17,545) in first year, \$(52,636) in first three years of phase-out and a total projected reduction of \$(87,727) 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 \$6,773 difference to Savannah.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$71,915 in state shared sales tax revenue to Savannah.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$28,724 in funds flowing to Savannah as compared to an estimated net impact of \$(30,704), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$(1,137)
2013 Food Tax.....	(1,556)
2012 Hall Income Exemption (26k/37k) .....	( 590)
2013 Hall Income Exemption (33k/59k) .....	( 767)
2015 Hall Income Exemption (37k/68k) .....	( 499)
2016 Hall Income Rate Cut (6% to 5%) .....	<u>(14,711)</u>

**Total Prior Changes (2012-2016).....** \$(19,260)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$50,083
<u>Diesel Tax Increase in Year 3.....</u>	<u>18,042</u>
Subtotal.....	\$68,125

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(11,102)
<u>Hall Income Tax Full Elimination.....</u>	<u>(87,727)</u>
Subtotal.....	<u>(98,829)</u>

**Total IMPROVE Act Changes.....** \$(30,704)

**Total All Changes 2012-IMPROVE .....** \$(49,964)

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$55,608
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>19,290</u>
Subtotal.....	\$74,898

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	71,915
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$71,915

**Total All Changes 2012-IMPROVE and Doss.....** \$28,724

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

Savannah	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	50,083	55,608	5,525
Diesel tax increase .....	18,042	19,290	1,248
<b>General Fund</b>			
2012 to 2016 tax changes.....	(19,260)	(19,260)	0
2017 Sales Tax on Food .....	(11,102)	(11,102)	0
Hall Income phase-out.....	(87,727)	(87,727)	0
Increase state shared sales % .....	0	71,915	71,915
<b>Total Impact .....</b>	<b>(49,964)</b>	<b>28,724</b>	<b>78,687</b>