

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

*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 Smyrna of \$(7,735). In 2013, the rate reduction on food reduced state shared sales revenues to Smyrna of \$(10,593).

#### 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 Smyrna Hall revenues by \$( 854). The 2013 increase to 33k/59k reduced Smyrna revenues by an additional \$(1,109). The final increase in exemption to 37k/68k in 2015 further reduced Smyrna revenues by \$( 721).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Smyrna by \$(21,274).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Smyrna by estimated \$276,369 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Smyrna by projected total of \$463,674.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(75,565) in state shared taxes to Smyrna.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Smyrna by an estimated \$(25,372) in first year, \$(76,117) in first three years of phase-out and a total projected reduction of \$(126,862) 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 \$(70,464) difference to Smyrna.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$489,466 in state shared sales tax revenue to Smyrna.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$637,963 in funds flowing to Smyrna as compared to an estimated net impact of \$261,247, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$(7,735)
2013 Food Tax.....	(10,593)
2012 Hall Income Exemption (26k/37k) .....	( 854)
2013 Hall Income Exemption (33k/59k) .....	(1,109)
2015 Hall Income Exemption (37k/68k) .....	( 721)
2016 Hall Income Rate Cut (6% to 5%) .....	(21,274)

**Total Prior Changes (2012-2016).....** \$(42,285)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$340,876
<u>Diesel Tax Increase in Year 3.....</u>	<u>122,798</u>
Subtotal.....	\$463,674

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(75,565)
<u>Hall Income Tax Full Elimination.....</u>	<u>(126,862)</u>
Subtotal.....	(202,427)

**Total IMPROVE Act Changes.....** \$261,247

**Total All Changes 2012-IMPROVE .....** \$218,962

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$283,395
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>109,814</u>
Subtotal.....	\$393,210

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	489,466
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$489,466

**Total All Changes 2012-IMPROVE and Doss.....** \$637,963

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

Smyrna	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	340,876	283,395	(57,480)
Diesel tax increase .....	122,798	109,814	(12,984)
<b>General Fund</b>			
2012 to 2016 tax changes.....	(42,285)	(42,285)	0
2017 Sales Tax on Food .....	(75,565)	(75,565)	0
Hall Income phase-out.....	(126,862)	(126,862)	0
Increase state shared sales % .....	0	489,466	489,466
<b>Total Impact .....</b>	<b>218,962</b>	<b>637,963</b>	<b>419,002</b>