

## Effect of Revenue Changes Enacted 2012-2017 on South Carthage

*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 South Carthage of \$( 215). In 2013, the rate reduction on food reduced state shared sales revenues to South Carthage of \$( 295).

#### 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 South Carthage Hall revenues by \$( 10). The 2013 increase to 33k/59k reduced South Carthage revenues by an additional \$( 14). The final increase in exemption to 37k/68k in 2015 further reduced South Carthage revenues by \$( 9).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to South Carthage by \$( 261).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to South Carthage by estimated \$7,688 in the first year. When fully phased in, Improve Act will have increased gas/diesel to South Carthage by projected total of \$12,899.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(2,102) in state shared taxes to South Carthage.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to South Carthage by an estimated \$( 311) in first year, \$( 934) in first three years of phase-out and a total projected reduction of \$(1,556) 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 \$17,556 difference to South Carthage.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$13,617 in state shared sales tax revenue to South Carthage.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$39,610 in funds flowing to South Carthage as compared to an estimated net impact of \$9,241, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 215)
2013 Food Tax.....	( 295)
2012 Hall Income Exemption (26k/37k) .....	( 10)
2013 Hall Income Exemption (33k/59k) .....	( 14)
2015 Hall Income Exemption (37k/68k) .....	( 9)
2016 Hall Income Rate Cut (6% to 5%) .....	( 261)

**Total Prior Changes (2012-2016).....** \$( 804)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$9,483
<u>Diesel Tax Increase in Year 3.....</u>	<u>3,416</u>
Subtotal.....	\$12,899

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(2,102)
<u>Hall Income Tax Full Elimination.....</u>	<u>(1,556)</u>
Subtotal.....	(3,658)

**Total IMPROVE Act Changes.....** \$9,241

**Total All Changes 2012-IMPROVE .....** **\$8,437**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$23,804
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>6,651</u>
Subtotal.....	\$30,455

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	13,617
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$13,617

**Total All Changes 2012-IMPROVE and Doss.....** **\$39,610**

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

South Carthage	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	9,483	23,804	14,321
Diesel tax increase .....	3,416	6,651	3,235
<b>General Fund</b>			
2012 to 2016 tax changes.....	( 804)	( 804)	0
2017 Sales Tax on Food .....	(2,102)	(2,102)	0
Hall Income phase-out.....	(1,556)	(1,556)	0
Increase state shared sales % .....	<u>0</u>	<u>13,617</u>	<u>13,617</u>
<b>Total Impact .....</b>	<u><u>8,437</u></u>	<u><u>39,610</u></u>	<u><u>31,173</u></u>