

## Effect of Revenue Changes Enacted 2012-2017 on Spring Hill

*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 Spring Hill of \$(5,946). In 2013, the rate reduction on food reduced state shared sales revenues to Spring Hill of \$(8,143).

#### 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 Spring Hill Hall revenues by \$( 689). The 2013 increase to 33k/59k reduced Spring Hill revenues by an additional \$( 894). The final increase in exemption to 37k/68k in 2015 further reduced Spring Hill revenues by \$( 582).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Spring Hill by \$(17,161).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Spring Hill by estimated \$212,449 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Spring Hill by projected total of \$356,432.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(58,088) in state shared taxes to Spring Hill.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Spring Hill by an estimated \$(20,467) in first year, \$(61,401) in first three years of phase-out and a total projected reduction of \$(102,335) 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 \$(49,524) difference to Spring Hill.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$376,259 in state shared sales tax revenue to Spring Hill.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$489,330 in funds flowing to Spring Hill as compared to an estimated net impact of \$196,009, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$(5,946)
2013 Food Tax.....	(8,143)
2012 Hall Income Exemption (26k/37k) .....	( 689)
2013 Hall Income Exemption (33k/59k) .....	( 894)
2015 Hall Income Exemption (37k/68k) .....	( 582)
2016 Hall Income Rate Cut (6% to 5%) .....	<u>(17,161)</u>

**Total Prior Changes (2012-2016).....** \$(33,414)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$262,035
<u>Diesel Tax Increase in Year 3.....</u>	<u>94,397</u>
Subtotal.....	\$356,432

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(58,088)
<u>Hall Income Tax Full Elimination.....</u>	<u>(102,335)</u>
Subtotal.....	<u>(160,423)</u>

**Total IMPROVE Act Changes.....**\$196,009

**Total All Changes 2012-IMPROVE .....**\$162,595

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$221,637
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>85,271</u>
Subtotal.....	\$306,908

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	376,259
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$376,259

**Total All Changes 2012-IMPROVE and Doss.....**\$489,330

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

Spring Hill	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	262,035	221,637	(40,398)
Diesel tax increase .....	94,397	85,271	(9,125)
<b>General Fund</b>			
2012 to 2016 tax changes.....	(33,414)	(33,414)	0
2017 Sales Tax on Food .....	(58,088)	(58,088)	0
Hall Income phase-out.....	(102,335)	(102,335)	0
Increase state shared sales % .....	0	376,259	376,259
<b>Total Impact .....</b>	<b>162,595</b>	<b>489,330</b>	<b>326,735</b>