

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

*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 Trezevant of \$( 140). In 2013, the rate reduction on food reduced state shared sales revenues to Trezevant of \$( 191).

#### 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 Trezevant Hall revenues by \$( 80). The 2013 increase to 33k/59k reduced Trezevant revenues by an additional \$( 103). The final increase in exemption to 37k/68k in 2015 further reduced Trezevant revenues by \$( 67).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Trezevant by \$(1,982).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Trezevant by estimated \$4,996 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Trezevant by projected total of \$8,381.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(1,366) in state shared taxes to Trezevant.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Trezevant by an estimated \$(2,364) in first year, \$(7,093) in first three years of phase-out and a total projected reduction of \$(11,821) 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 \$18,439 difference to Trezevant.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$8,848 in state shared sales tax revenue to Trezevant.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$19,917 in funds flowing to Trezevant as compared to an estimated net impact of \$(4,806), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 140)
2013 Food Tax.....	( 191)
2012 Hall Income Exemption (26k/37k) .....	( 80)
2013 Hall Income Exemption (33k/59k) .....	( 103)
2015 Hall Income Exemption (37k/68k) .....	( 67)
2016 Hall Income Rate Cut (6% to 5%) .....	<u>(1,982)</u>

**Total Prior Changes (2012-2016).....** **\$(2,564)**

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$6,162
<u>Diesel Tax Increase in Year 3.....</u>	<u>2,220</u>
Subtotal.....	\$8,381

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(1,366)
<u>Hall Income Tax Full Elimination.....</u>	<u>(11,821)</u>
Subtotal.....	<u>(13,187)</u>

**Total IMPROVE Act Changes.....** **\$(4,806)**

**Total All Changes 2012-IMPROVE .....** **\$(7,370)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$21,203
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>5,617</u>
Subtotal.....	\$26,820

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	8,848
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$8,848

**Total All Changes 2012-IMPROVE and Doss.....** **\$19,917**

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

Trezevant	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	6,162	21,203	15,041
Diesel tax increase .....	2,220	5,617	3,398
<b>General Fund</b>			
2012 to 2016 tax changes.....	(2,564)	(2,564)	0
2017 Sales Tax on Food .....	(1,366)	(1,366)	0
Hall Income phase-out.....	(11,821)	(11,821)	0
Increase state shared sales % .....	0	8,848	8,848
<b>Total Impact .....</b>	<b>(7,370)</b>	<b>19,917</b>	<b>27,286</b>