

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

*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 Tusculum of \$( 433). In 2013, the rate reduction on food reduced state shared sales revenues to Tusculum of \$( 594).

#### 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 Tusculum Hall revenues by \$( 45). The 2013 increase to 33k/59k reduced Tusculum revenues by an additional \$( 59). The final increase in exemption to 37k/68k in 2015 further reduced Tusculum revenues by \$( 38).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Tusculum by \$(1,129).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Tusculum by estimated \$15,487 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Tusculum by projected total of \$25,984.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(4,235) in state shared taxes to Tusculum.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Tusculum by an estimated \$(1,346) in first year, \$(4,038) in first three years of phase-out and a total projected reduction of \$(6,731) 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 \$15,001 difference to Tusculum.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$27,429 in state shared sales tax revenue to Tusculum.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$55,150 in funds flowing to Tusculum as compared to an estimated net impact of \$15,018, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 433)
2013 Food Tax.....	( 594)
2012 Hall Income Exemption (26k/37k) .....	( 45)
2013 Hall Income Exemption (33k/59k) .....	( 59)
2015 Hall Income Exemption (37k/68k) .....	( 38)
2016 Hall Income Rate Cut (6% to 5%) .....	<u>(1,129)</u>

**Total Prior Changes (2012-2016).....** **\$(2,298)**

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$19,102
<u>Diesel Tax Increase in Year 3.....</u>	<u>6,881</u>
Subtotal.....	\$25,984

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(4,235)
<u>Hall Income Tax Full Elimination.....</u>	<u>(6,731)</u>
Subtotal.....	<u>(10,965)</u>

**Total IMPROVE Act Changes.....** **\$15,018**

**Total All Changes 2012-IMPROVE .....** **\$12,720**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$31,339
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>9,646</u>
Subtotal.....	\$40,985

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	27,429
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$27,429

**Total All Changes 2012-IMPROVE and Doss.....** **\$55,150**

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

Tusculum	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	19,102	31,339	12,237
Diesel tax increase .....	6,881	9,646	2,764
<b>General Fund</b>			
2012 to 2016 tax changes.....	(2,298)	(2,298)	0
2017 Sales Tax on Food .....	(4,235)	(4,235)	0
Hall Income phase-out.....	(6,731)	(6,731)	0
Increase state shared sales % .....	0	27,429	27,429
<b>Total Impact .....</b>	<u>12,720</u>	<u>55,150</u>	<u>42,430</u>