

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

*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 Waverly of \$( 668). In 2013, the rate reduction on food reduced state shared sales revenues to Waverly of \$( 915).

#### 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 Waverly Hall revenues by \$( 289). The 2013 increase to 33k/59k reduced Waverly revenues by an additional \$( 376). The final increase in exemption to 37k/68k in 2015 further reduced Waverly revenues by \$( 245).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Waverly by \$(7,212).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Waverly by estimated \$23,874 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Waverly by projected total of \$40,053.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(6,528) in state shared taxes to Waverly.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Waverly by an estimated \$(8,601) in first year, \$(25,803) in first three years of phase-out and a total projected reduction of \$(43,005) 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 \$12,254 difference to Waverly.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$42,281 in state shared sales tax revenue to Waverly.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$35,352 in funds flowing to Waverly as compared to an estimated net impact of \$(9,479), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 668)
2013 Food Tax.....	( 915)
2012 Hall Income Exemption (26k/37k) .....	( 289)
2013 Hall Income Exemption (33k/59k) .....	( 376)
2015 Hall Income Exemption (37k/68k) .....	( 245)
2016 Hall Income Rate Cut (6% to 5%) .....	<u>(7,212)</u>

**Total Prior Changes (2012-2016).....** \$(9,705)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$29,446
<u>Diesel Tax Increase in Year 3.....</u>	<u>10,608</u>
Subtotal.....	\$40,053

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(6,528)
<u>Hall Income Tax Full Elimination.....</u>	<u>(43,005)</u>
Subtotal.....	<u>(49,533)</u>

**Total IMPROVE Act Changes.....** \$(9,479)

**Total All Changes 2012-IMPROVE .....** \$(19,184)

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$39,442
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>12,866</u>
Subtotal.....	\$52,308

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	42,281
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$42,281

**Total All Changes 2012-IMPROVE and Doss.....** \$35,352

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

Waverly	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	29,446	39,442	9,996
Diesel tax increase .....	10,608	12,866	2,258
<b>General Fund</b>			
2012 to 2016 tax changes.....	(9,705)	(9,705)	0
2017 Sales Tax on Food .....	(6,528)	(6,528)	0
Hall Income phase-out.....	(43,005)	(43,005)	0
Increase state shared sales % .....	0	42,281	42,281
<b>Total Impact .....</b>	<b>(19,184)</b>	<b>35,352</b>	<b>54,536</b>