

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

*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 Waynesboro of \$( 399). In 2013, the rate reduction on food reduced state shared sales revenues to Waynesboro of \$( 546).

#### 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 Waynesboro Hall revenues by \$( 114). The 2013 increase to 33k/59k reduced Waynesboro revenues by an additional \$( 148). The final increase in exemption to 37k/68k in 2015 further reduced Waynesboro revenues by \$( 96).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Waynesboro by \$(2,834).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Waynesboro by estimated \$14,243 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Waynesboro by projected total of \$23,895.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(3,894) in state shared taxes to Waynesboro.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Waynesboro by an estimated \$(3,380) in first year, \$(10,141) in first three years of phase-out and a total projected reduction of \$(16,902) 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 \$15,409 difference to Waynesboro.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$25,225 in state shared sales tax revenue to Waynesboro.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$39,597 in funds flowing to Waynesboro as compared to an estimated net impact of \$3,100, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 399)
2013 Food Tax.....	( 546)
2012 Hall Income Exemption (26k/37k) .....	( 114)
2013 Hall Income Exemption (33k/59k) .....	( 148)
2015 Hall Income Exemption (37k/68k) .....	( 96)
2016 Hall Income Rate Cut (6% to 5%) .....	(2,834)

**Total Prior Changes (2012-2016).....** \$(4,136)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$17,567
<u>Diesel Tax Increase in Year 3.....</u>	<u>6,328</u>
Subtotal.....	\$23,895

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(3,894)
<u>Hall Income Tax Full Elimination.....</u>	<u>(16,902)</u>
Subtotal.....	(20,796)

**Total IMPROVE Act Changes.....** \$3,100

**Total All Changes 2012-IMPROVE .....** \$(1,037)

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$30,137
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>9,168</u>
Subtotal.....	\$39,305

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	25,225
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$25,225

**Total All Changes 2012-IMPROVE and Doss.....** \$39,597

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

Waynesboro	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	17,567	30,137	12,570
Diesel tax increase .....	6,328	9,168	2,839
<b>General Fund</b>			
2012 to 2016 tax changes.....	(4,136)	(4,136)	0
2017 Sales Tax on Food .....	(3,894)	(3,894)	0
Hall Income phase-out.....	(16,902)	(16,902)	0
Increase state shared sales % .....	0	25,225	25,225
<b>Total Impact .....</b>	<b>(1,037)</b>	<b>39,597</b>	<b>40,634</b>