

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

*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 Westmoreland of \$( 359). In 2013, the rate reduction on food reduced state shared sales revenues to Westmoreland of \$( 492).

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

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Westmoreland by \$ .

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Westmoreland by estimated \$12,829 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Westmoreland by projected total of \$21,524.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(3,508) in state shared taxes to Westmoreland.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Westmoreland by an estimated \$ in first year, \$ in first three years of phase-out and a total projected reduction of \$ 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 \$15,872 difference to Westmoreland.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$22,722 in state shared sales tax revenue to Westmoreland.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$55,760 in funds flowing to Westmoreland as compared to an estimated net impact of \$18,017, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 359)
2013 Food Tax.....	( 492)
2012 Hall Income Exemption (26k/37k) .....	
2013 Hall Income Exemption (33k/59k) .....	
2015 Hall Income Exemption (37k/68k) .....	
<u>2016 Hall Income Rate Cut (6% to 5%) .....</u>	

**Total Prior Changes (2012-2016).....** \$( 851)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$15,824
<u>Diesel Tax Increase in Year 3.....</u>	<u>5,701</u>
Subtotal.....	\$21,524

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(3,508)
<u>Hall Income Tax Full Elimination.....</u>	
Subtotal.....	<u>(3,508)</u>

**Total IMPROVE Act Changes.....** \$18,017

**Total All Changes 2012-IMPROVE .....** **\$17,166**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$28,771
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>8,625</u>
Subtotal.....	\$37,397

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	22,722
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$22,722

**Total All Changes 2012-IMPROVE and Doss.....** **\$55,760**

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

Westmoreland	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	15,824	28,771	12,947
Diesel tax increase .....	5,701	8,625	2,925
<b>General Fund</b>			
2012 to 2016 tax changes.....	( 851)	( 851)	0
2017 Sales Tax on Food .....	(3,508)	(3,508)	0
Hall Income phase-out.....			0
Increase state shared sales %.....	<u>0</u>	<u>22,722</u>	<u>22,722</u>
<b>Total Impact .....</b>	<b><u>17,166</u></b>	<b><u>55,760</u></b>	<b><u>38,594</u></b>