

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

*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 Whitwell of \$( 277). In 2013, the rate reduction on food reduced state shared sales revenues to Whitwell of \$( 379).

#### 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 Whitwell Hall revenues by \$( 71). The 2013 increase to 33k/59k reduced Whitwell revenues by an additional \$( 92). The final increase in exemption to 37k/68k in 2015 further reduced Whitwell revenues by \$( 60).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Whitwell by \$(1,770).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Whitwell by estimated \$9,881 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Whitwell by projected total of \$16,578.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(2,702) in state shared taxes to Whitwell.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Whitwell by an estimated \$(2,111) in first year, \$(6,332) in first three years of phase-out and a total projected reduction of \$(10,553) 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 \$16,838 difference to Whitwell.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$17,500 in state shared sales tax revenue to Whitwell.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$35,013 in funds flowing to Whitwell as compared to an estimated net impact of \$3,323, if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

|  |          |
|--|----------|
| 2012 Food Tax.....                         | \$( 277) |
| 2013 Food Tax.....                         | ( 379)   |
| 2012 Hall Income Exemption (26k/37k) ..... | ( 71)    |
| 2013 Hall Income Exemption (33k/59k) ..... | ( 92)    |
| 2015 Hall Income Exemption (37k/68k) ..... | ( 60)    |
| 2016 Hall Income Rate Cut (6% to 5%) ..... | (1,770)  |

**Total Prior Changes (2012-2016).....** \$(2,648)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

|   |              |
|---|--------------|
| Gasoline Tax Increase in Year 3 .....     | \$12,187     |
| <u>Diesel Tax Increase in Year 3.....</u> | <u>4,390</u> |
| Subtotal.....                             | \$16,578     |

#### General Fund (Discretionary)

|  |                 |
|--|-----------------|
| Sales Tax on Food Rate Reduction .....       | \$(2,702)       |
| <u>Hall Income Tax Full Elimination.....</u> | <u>(10,553)</u> |
| Subtotal.....                                | (13,255)        |

**Total IMPROVE Act Changes.....** \$3,323

**Total All Changes 2012-IMPROVE .....** **\$ 675**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

|  |              |
|--|--------------|
| 95-5 Sharing Gasoline Tax Impact.....      | \$25,923     |
| <u>95-5 Sharing Diesel Tax Impact.....</u> | <u>7,493</u> |
| Subtotal.....                              | \$33,416     |

#### General Fund (Discretionary)

|   |          |
|---|----------|
| Sales Tax on Food Rate Reduction Doss Change .....        | \$0      |
| Increase State Sharing of State Shared Sales Tax .....    | 17,500   |
| <u>Hall Income Tax Full Elimination Doss Change .....</u> | <u>0</u> |
| Subtotal.....   | \$17,500 |

**Total All Changes 2012-IMPROVE and Doss.....** **\$35,013**

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

| Whitwell                            | IMPROVE Act | Doss Proposal | Difference    |
|-------------------------------------|-------------|---------------|---------------|
| <b>Street Aid Fund</b>              |             |               |               |
| Gasoline tax increase .....         | 12,187      | 25,923        | 13,735        |
| Diesel tax increase .....           | 4,390       | 7,493         | 3,103         |
| <b>General Fund</b>                 |             |               |               |
| 2012 to 2016 tax changes.....       | (2,648)     | (2,648)       | 0             |
| 2017 Sales Tax on Food .....        | (2,702)     | (2,702)       | 0             |
| Hall Income phase-out.....          | (10,553)    | (10,553)      | 0             |
| Increase state shared sales % ..... | 0           | 17,500        | 17,500        |
| <b>Total Impact .....</b>           | <u>675</u>  | <u>35,013</u> | <u>34,338</u> |