

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

*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 Winchester of \$(1,389). In 2013, the rate reduction on food reduced state shared sales revenues to Winchester of \$(1,901).

#### 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 Winchester Hall revenues by \$( 780). The 2013 increase to 33k/59k reduced Winchester revenues by an additional \$(1,013). The final increase in exemption to 37k/68k in 2015 further reduced Winchester revenues by \$( 659).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Winchester by \$(19,448).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Winchester by estimated \$49,608 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Winchester by projected total of \$83,229.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(13,564) in state shared taxes to Winchester.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Winchester by an estimated \$(23,195) in first year, \$(69,586) in first three years of phase-out and a total projected reduction of \$(115,976) 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 \$3,823 difference to Winchester.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$87,859 in state shared sales tax revenue to Winchester.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$20,180 in funds flowing to Winchester as compared to an estimated net impact of \$(46,311), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$(1,389)
2013 Food Tax.....	(1,901)
2012 Hall Income Exemption (26k/37k) .....	( 780)
2013 Hall Income Exemption (33k/59k) .....	(1,013)
2015 Hall Income Exemption (37k/68k) .....	( 659)
2016 Hall Income Rate Cut (6% to 5%) .....	<u>(19,448)</u>

**Total Prior Changes (2012-2016).....** \$(25,191)

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$61,187
<u>Diesel Tax Increase in Year 3.....</u>	<u>22,042</u>
Subtotal.....	\$83,229

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(13,564)
<u>Hall Income Tax Full Elimination.....</u>	<u>(115,976)</u>
Subtotal.....	<u>(129,540)</u>

**Total IMPROVE Act Changes.....** \$(46,311)

**Total All Changes 2012-IMPROVE .....** \$ (71,502)

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$64,306
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>22,747</u>
Subtotal.....	\$87,053

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	87,859
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$87,859

**Total All Changes 2012-IMPROVE and Doss.....** \$20,180

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

Winchester	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	61,187	64,306	3,119
Diesel tax increase .....	22,042	22,747	705
<b>General Fund</b>			
2012 to 2016 tax changes.....	(25,191)	(25,191)	0
2017 Sales Tax on Food .....	(13,564)	(13,564)	0
Hall Income phase-out.....	(115,976)	(115,976)	0
Increase state shared sales % .....	0	87,859	87,859
<b>Total Impact .....</b>	<b>(71,502)</b>	<b>20,180</b>	<b>91,682</b>