

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

*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 Woodbury of \$( 436). In 2013, the rate reduction on food reduced state shared sales revenues to Woodbury of \$( 597).

#### 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 Woodbury Hall revenues by \$( 194). The 2013 increase to 33k/59k reduced Woodbury revenues by an additional \$( 252). The final increase in exemption to 37k/68k in 2015 further reduced Woodbury revenues by \$( 164).

#### Reduction in Hall Income Tax Rate

The 2016 reduction in the Hall Tax rate from 6% to 5% reduced Hall revenues to Woodbury by \$(4,831).

### IMPROVE Act Changes

#### Gasoline & Diesel Fuel Tax Revenues

Improve Act will increase gasoline & diesel shared revenues to Woodbury by estimated \$15,586 in the first year. When fully phased in, Improve Act will have increased gas/diesel to Woodbury by projected total of \$26,149.

#### Reduction in Sales Tax on Food Rate

Enacted reduction in the state sales tax rate on food will result in an estimated reduction of \$(4,262) in state shared taxes to Woodbury.

#### Phased Elimination of Hall Income Tax

Enacted Hall phase-out will reduce Hall revenues to Woodbury by an estimated \$(5,762) in first year, \$(17,286) in first three years of phase-out and a total projected reduction of \$(28,810) 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 \$14,969 difference to Woodbury.
- Proposed increase in the “sharing percentage” of State Shared Sales Tax to cities from 3.6 to 4% will provide an estimated increase of \$27,604 in state shared sales tax revenue to Woodbury.
- The interaction of Chairman Doss' Proposal and the enacted Improve Act will result in an estimated net impact of \$29,176 in funds flowing to Woodbury as compared to an estimated net impact of \$(6,922), if the Doss Proposal is not enacted.

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

### PRIOR CHANGES (2012-2016)

#### General Fund (Discretionary)

2012 Food Tax.....	\$( 436)
2013 Food Tax.....	( 597)
2012 Hall Income Exemption (26k/37k) .....	( 194)
2013 Hall Income Exemption (33k/59k) .....	( 252)
2015 Hall Income Exemption (37k/68k) .....	( 164)
2016 Hall Income Rate Cut (6% to 5%) .....	<u>(4,831)</u>

**Total Prior Changes (2012-2016).....** **\$(6,474)**

### IMPROVE ACT CHANGES

#### State Street Aid Fund (Roads)

Gasoline Tax Increase in Year 3 .....	\$19,224
<u>Diesel Tax Increase in Year 3.....</u>	<u>6,925</u>
Subtotal.....	\$26,149

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction .....	\$(4,262)
<u>Hall Income Tax Full Elimination.....</u>	<u>(28,810)</u>
Subtotal.....	<u>(33,072)</u>

**Total IMPROVE Act Changes.....** **\$(6,922)**

**Total All Changes 2012-IMPROVE .....** **\$(13,397)**

### DOSS MODIFICATIONS TO IMPROVE ACT

#### State Street Aid Fund (Roads)

95-5 Sharing Gasoline Tax Impact.....	\$31,435
<u>95-5 Sharing Diesel Tax Impact.....</u>	<u>9,684</u>
Subtotal.....	\$41,118

#### General Fund (Discretionary)

Sales Tax on Food Rate Reduction Doss Change .....	\$0
Increase State Sharing of State Shared Sales Tax .....	27,604
<u>Hall Income Tax Full Elimination Doss Change .....</u>	<u>0</u>
Subtotal.....	\$27,604

**Total All Changes 2012-IMPROVE and Doss.....** **\$29,176**

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

Woodbury	IMPROVE Act	Doss Proposal	Difference
<b>Street Aid Fund</b>			
Gasoline tax increase .....	19,224	31,435	12,211
Diesel tax increase .....	6,925	9,684	2,758
<b>General Fund</b>			
2012 to 2016 tax changes.....	(6,474)	(6,474)	0
2017 Sales Tax on Food .....	(4,262)	(4,262)	0
Hall Income phase-out.....	(28,810)	(28,810)	0
Increase state shared sales % .....	0	27,604	27,604
<b>Total Impact .....</b>	<b>(13,397)</b>	<b>29,176</b>	<b>42,573</b>