

March 19, 2018

Comparison of Use of Proceeds by Dollar Amounts by Purpose:

- (a) \$0.03 Sales / Use Tax
- (b) \$0.04 Sales / Use Tax

I. General

Assume each \$0.01 of sales / use tax levied within the corporate limits of the City of Vestavia Hills, Alabama, produces \$100.00 in net proceeds (after deduction of costs of collection) to the City in a fiscal year.

Thus assume:

- (a) FY total net proceeds of \$0.03 Sales / Use Tax = \$300.00; and
- (b) FY total net proceeds of \$0.04 Sales / Use Tax = \$400.00.

II. Use of Proceeds of \$0.03 Sales / Use Tax

<u>Purpose</u>	<u>Allocation Percentage</u>	<u>FY Total Net Proceeds</u>	<u>Allocated Amount</u>
Reserve for BOE	0.0250 ^[1]	\$300.00	\$7.50
Reserve for Capital Projects	0.0584 ^[2]	300.00	17.50
General Fund	<u>0.9166^[3]</u>	300.00	<u>275.00</u>
TOTAL	1.0000		<u>\$300.00</u>

^[1] 30% of 1/12th.

^[2] 70% of 1/12th, subject to rounding.

^[3] Subject to rounding.

III. Use of Proceeds of \$0.04 Sales / Use Tax

<u>Purpose</u>	<u>Allocation Percentage</u>	<u>FY Total Net Proceeds</u>	<u>Allocated Amount</u>
Reserve for BOE	0.01875 ^[1]	\$400.00	\$7.50
Reserve for Capital Projects	0.04375 ^[2]	400.00	17.50
\$0.01 Increase for Capital Projects/ Schools	0.25000	400.00	100.00
General Fund	<u>0.68750</u>	400.00	<u>275.00</u>
TOTAL	1.0000		<u>\$400.00</u>

^[1] 30% of 1/12th of 3/4 (3/4 represents the original three-cent portion of a four-cent tax rate).

^[2] 70% of 1/12th of 3/4.