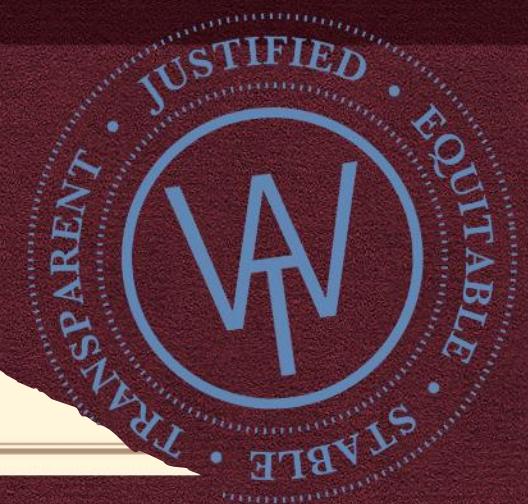


General Session 2023

Wyoming Telecom  
Association





# The Tax Collector's Creed

*“The art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest possible amount of hissing.”*

- Jean-Baptiste Colbert, Finance Minister (1665-1683), King Louis XIV



## What is the WTA?

# CORNERSTONES OF TAXATION



## JUSTIFIED

- ✓ Is there a justified need for the tax and is it fiscally prudent?
- ✓ Are existing government funds spent efficiently before considering a new tax?
- ✓ Is the primary goal of the tax to generate revenue or does it modify behavior or influence policy?

## EQUITABLE

- ✓ Does the tax impose equal and uniform liabilities upon similarly situated taxpayers?
- ✓ Is the tax constitutional?
- ✓ Does the tax disadvantage one taxpayer over another?
- ✓ Will the tax distort economic behavior?

## STABLE

- ✓ Is the tax stable and predictable under changing political, economic, regulatory and environmental conditions?
- ✓ Does the tax result in diversification in taxation?

## TRANSPARENT

- ✓ Is the tax visible, accountable and auditable?
- ✓ Is the tax easy to understand, administer and cost effective to collect?



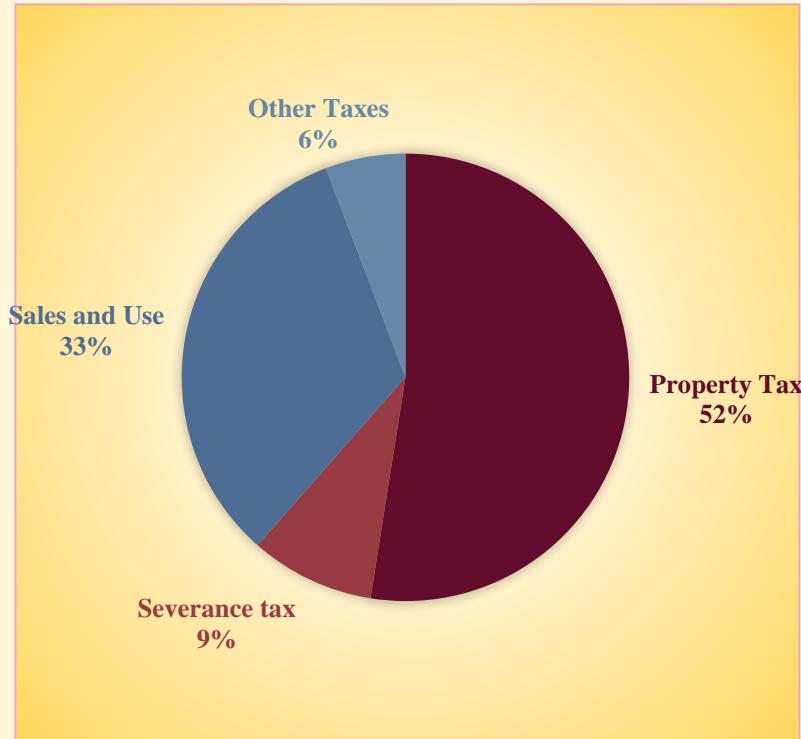
# Tax Reform 2000 Committee

***“Wyoming’s tax structure lacks equity, stability, and balance.”*** – Tax Reform 2000 Committee

- **Inequitable**: structure is regressive (lower income households pay a larger percentage of income in excise and property taxes than households with higher income).
- **Unstable**: mineral production taxes based on market values many of which are subject to national and international volatility.
- **Lacks balance**: Tax structure reliant on extractive industries to fund operating budget (income inelastic as mineral tax collections are unrelated to state income changes).
- **Primary tax sources**: Almost 75 % of the State’s tax revenue is generated by property taxes, mineral severance taxes, and sales & use taxes.
- <https://wyotax.org/research-education/wyoming-tax-reform-2000/>



# Major Components of Wyoming's Tax Structure



**NO INDIVIDUAL INCOME TAX  
NO CORPORATE INCOME TAX**

## **Property Tax - 52%**

- Property tax for mineral production 45% of FY21 total
- CY18 effective tax rate on owner-occupied housing value 0.56% (#44)

## **General Sales Tax - 33%**

- State tax rate 4%, avg. local rate 1.51% = 5.51% combined rate (#44)

## **Severance Tax - 9%**

- 6% of value on oil & gas, 4% on stripper oil
- 7.0%\* of value on surface coal, 3.75% of value on underground coal. 6.5% as of January 1, 2021

## **Other Taxes - 6%**

- Fuel tax \$0.24/gallon (#38)
- Cigarette tax \$0.60/pack (#43)
- Alcohol – Beer \$0.02/gallon (#50), Wine \$0.28/gallon, Spirits \$0.94/gallon (no ranks)
- Insurance premium tax
- Franchise tax
- Wind generation tax

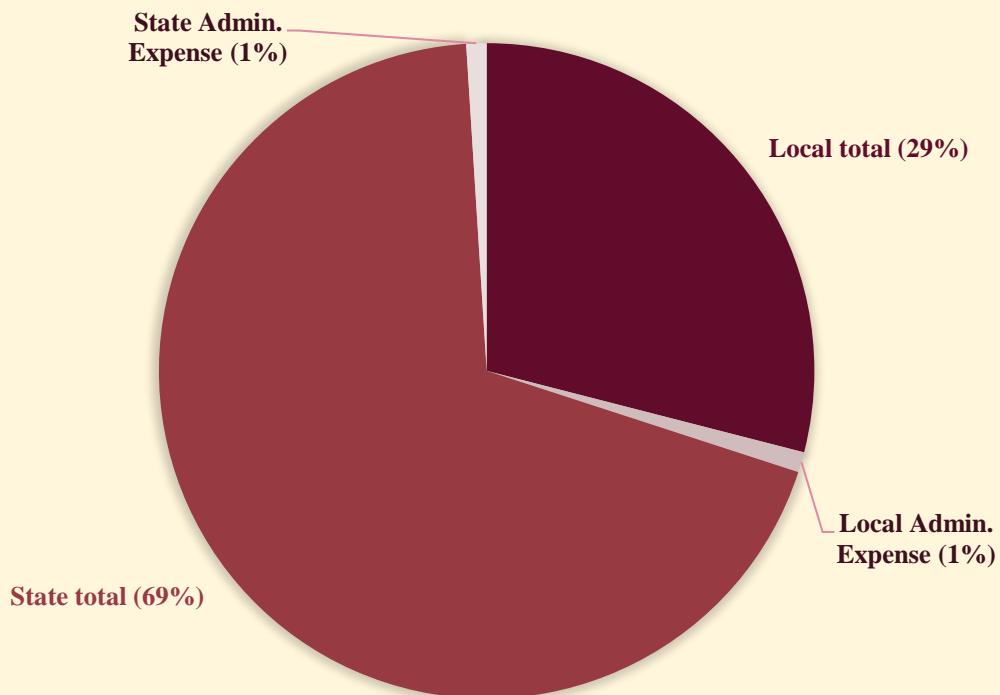
*Source: Wyoming Legislative Service Office Fiscal Profile 2021, Wyoming Department of Revenue, Tax Foundation*



# Excise – The Power of a Penny

## Sales and Use Tax

	<u>(\$ Millions)</u>
Local total (29%)	\$312,386,701
Local Admin. Expense (1%)	\$10,771,955
State total (69%)	\$743,264,909
State Admin. Expense (1%)	\$10,771,955
Total Sales and Use Tax Collected FY 2022	\$1,077,195,521



Source: Department of Revenue, FY 2022



# Excise – The Power of a Penny

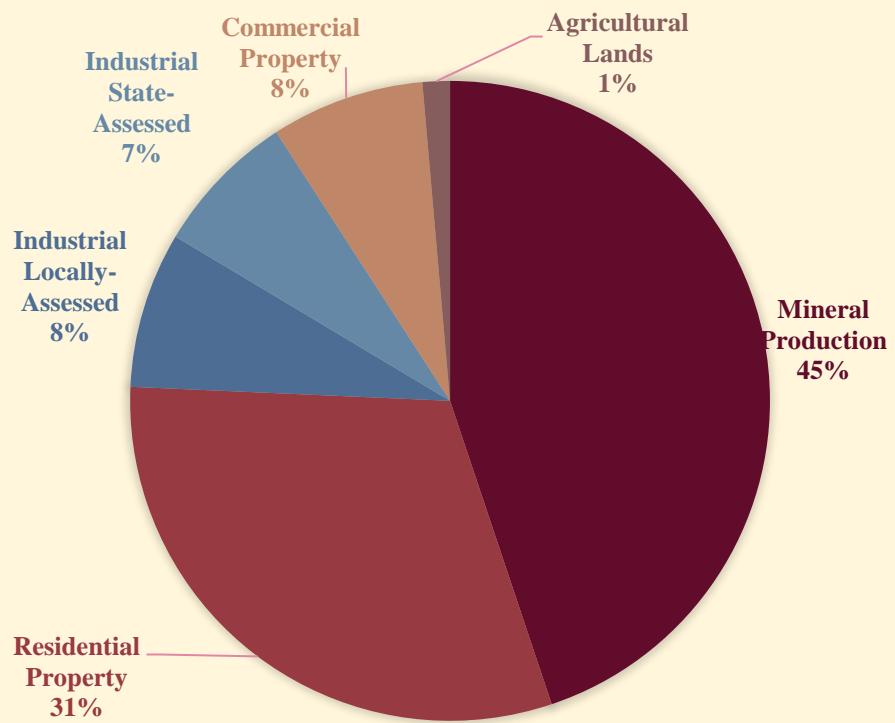
SALES TAX TYPE	AMOUNT	COUNTIES & DISTRICTS THAT LEVY
Statewide	\$0.04	23
General Purpose	\$0.01	21
Specific Purpose	\$0.01	15
Municipal Purpose	\$0.01	None at this time
Resort District	\$0.03	2
Econ Development	\$0.01	2



# Property tax – How it is derived

## How It's Derived

	<u>(\$ Millions)</u>
Mineral Production	\$775
Residential Property	\$533
Industrial Locally-Assessed	\$136
Industrial State-Assessed	\$126
Commercial Property	\$134
Agricultural Lands	\$24
<b>TOTAL TAX REVENUE:</b>	<b>\$1,728</b>



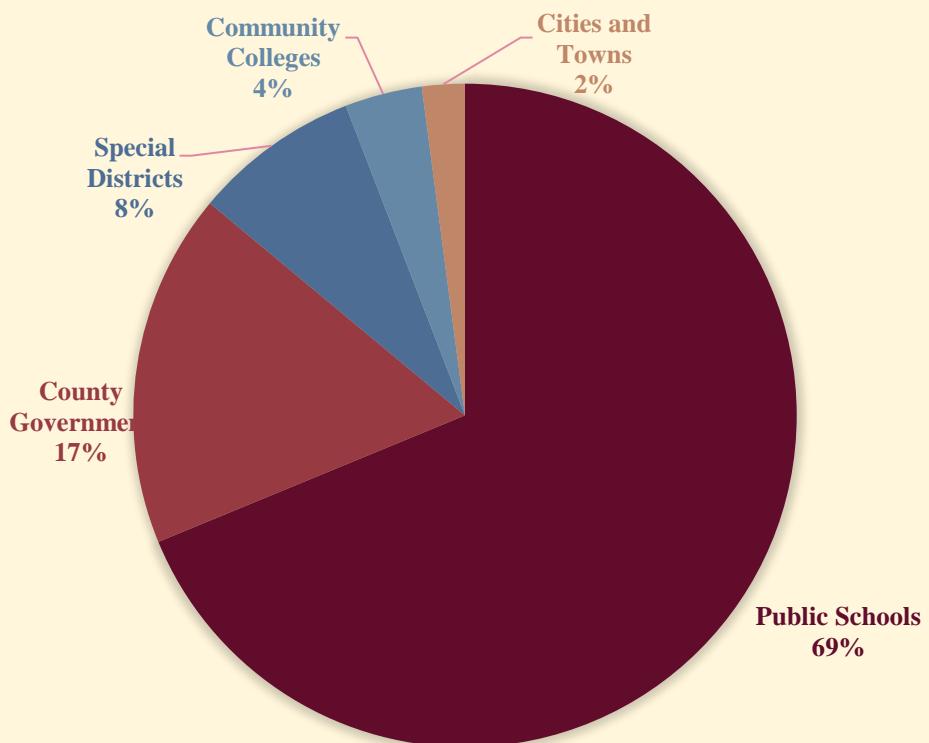
Source: Department of Revenue, FY 2022



# Property tax – How it is used

## How It's Used

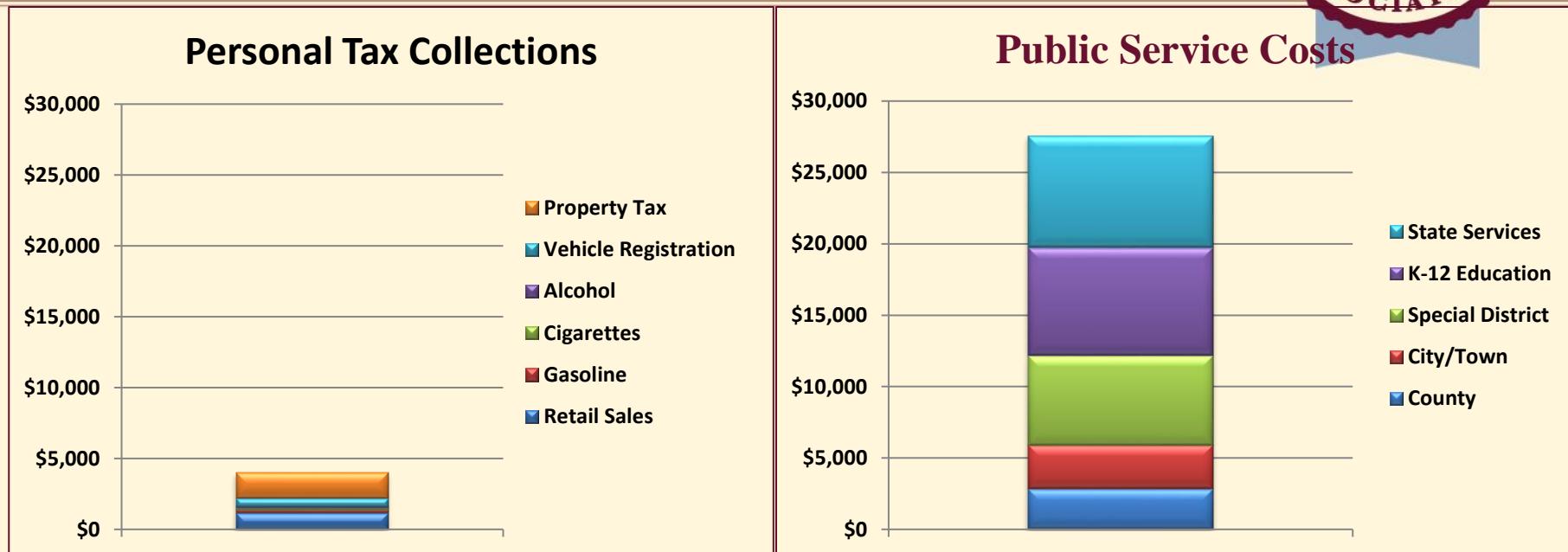
	<u>(\$ Millions)</u>
Public Schools	\$1,187
County Government	\$298
Special Districts	\$140
Community Colleges	\$65
Cities and Towns	\$36
<b>TOTAL:</b>	<b>\$1,726</b>



Source: Department of Revenue, FY 2022

# Direct Tax Collections & Public Service Costs 2021

For a 3-person family with income of \$67,000 and owning a home valued at \$290,000



## Personal Tax Collections

Retail Sales	\$ 1,150
Gasoline	\$ 210
Cigarettes	\$ 120
Alcohol	\$ 110
Vehicle Registration	\$ 600
Property Tax	\$ 1,780

## Public Service Costs

County	\$ 2,810
City/Town	\$ 3,070
Special District	\$ 6,290
K-12 Education	\$ 7,570
State Services	\$ 7,810

Source: Department of Administration & Information, Economic Analysis Division 2022

NOTE: Excludes Federal Funds and Enterprise Revenues



# What does this mean for economic development and diversification?

**Economic diversification efforts are unable to improve revenue flow in Wyoming – *without tax reform***

## REMI

Under Wyoming's current tax structure, costs associated with adding 100 new workers in every field except the Oil and Gas Industry would outstrip the tax revenue generated within a few years.

**Impact of 100 new jobs added to the following industries in 2017**

### USING EXISTING TAX STRUCTURE IN

#### WYOMING

*(No corporate or personal income taxes)*

#### UTAH, NORTH DAKOTA AND KENTUCKY

*(Corporate and personal income taxes and slightly higher sales taxes)*

OIL AND GAS INDUSTRY

Revenue outpaces expenditures by 2017

Revenue outpaces expenditures by 2021

CHEMICAL MANUFACTURING

Expenditures outpace revenue by 2022

Revenue outpaces expenditures by 2021

UTILITY INDUSTRY

Expenditures outpace revenue by 2024

Revenue outpaces expenditures by 2021

FOOD MANUFACTURING,  
NAMELY AGRICULTURAL  
PRODUCTS

Expenditures outpace revenue by 2027

Revenue outpaces expenditures by 2021

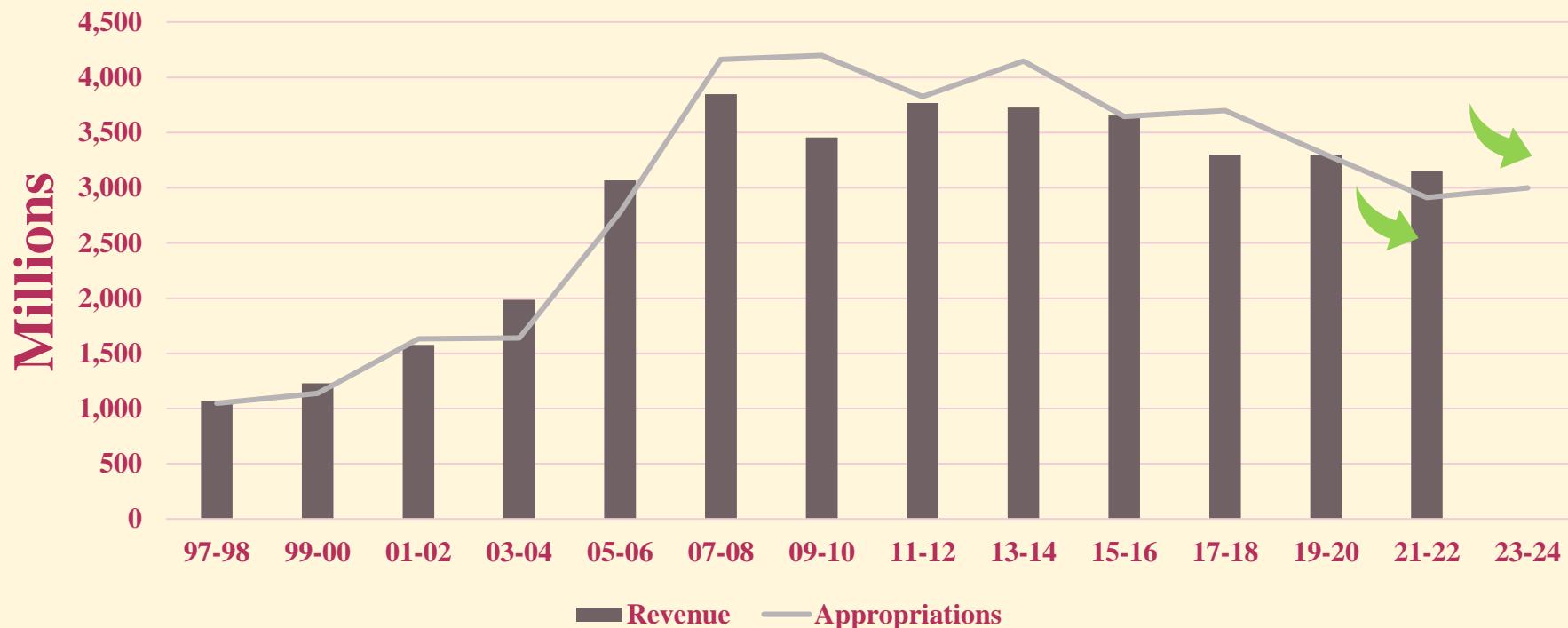
**SOURCE:** REMI model presentation to Joint Revenue Committee dated June 4, 2018

# “Breaking The Pace”

*Can we make do with less?*



**General Fund & Reserve Accounts  
(with Savings)**



Notes/Source: Revenues from Jan 2020 CREG 2020/Previous Revenues include capital gains from Budget Fiscal Data Book / Fiscal Profile, Legislative Service Office/ Additional information from State Economic Analysis Division & WyomingSense.gov

# 2022 Interim for 2023 General Session

## *Items of interest with fiscal impacts*



### Joint Appropriations Committee

- October CREG
  - In the black thanks to high oil prices & even higher natural gas prices, high sales and use receipts and cash gains from the LSRA
  - \$2B in LSRA!
  - No deficit in SFP (\$978 M)
- January CREG
  - Modified natural gas prices with an increase for CY 22 \$00.40 to \$7.40/Mcf and a decrease of \$00.15 to \$7.75/Mcf for CY 23
  - Decrease of \$99.9 M investment income to the PWMTF
  - Decrease of investment income of \$67.8 M to the CSPLF
  - Increase o the state royalties of \$15 M with known receipts
  - \$77.7 M deficit still in SCCA
  - June 30, 2024 expected LSRA balance of \$1.5 B



## Joint Appropriations Committee

- Federal \$\$\$ (CARES, ARPA, IIJA)
- Supplemental Budget
  - Gov's rec of \$353.9 M is “Conservative and BOLD”
  - Fiscal profile as of January 25 has \$950 M to “play with”

# Joint Appropriations Committee

## *Governor's Supplemental Budget Proposal*



Employee Compensation	\$ 61,062,500
Enterprise Inflation	\$ 13,752,344
Transfer to the PWMTF	\$412,188,293
Wyoming Natural Resource Trust	\$ 5,000,000
Wyoming's Tomorrow	\$ 35,000,000
Cultural Trust Fund	\$ 8,000,000
Local Government	\$ 26,250,000
Predator Management	\$ 1,483,510
Mineral Royalty Grant Funding	\$ 10,000,000
Invasive Species	\$ 1,500,000
State Engineer Colorado River	\$ 500,000
Property Tax Refund	\$ 1,000,000
Retiree Benefit Contribution	\$ 68,000,000
1% Employer Contribution to Retirement	\$ 3,000,000
Energy Matching Fund	\$ 50,000,000
Brucellosis	\$ 500,000

# 2023 General Session

## *Items of interest with fiscal impacts*



### Joint Appropriations Committee

#### FY 2023 - 2024 Supplemental Budget

- Saved almost same amount as Gov, just chose to save in different accounts
  - Within \$2 M on \$3 B budget
- Both saved \$\$ - just different accounts
  - JAC \$339 M spending policy reserves
  - Gov \$412 M in permanent fund
- Capitol Construction
  - \$ 114 M more for state office in Riverton
  - \$70 m for UW
- Expended more in DOH and less than MRG for locals (balances \$17 M)
- Expended \$160 M into Gov's contingency

# 2023 General Session

## *Items of interest with fiscal impacts*



### Joint Appropriations Committee

#### **Bills of Interest**

- HB 0195 American rescue plan act appropriations – amendments.
- HB 0001 General government appropriations.
- HB 0195 American rescue plan act appropriations – 2.

# 2023 General Session

## *Items of interest with fiscal impacts*



### Joint Revenue Committee

- Themes
  - Constitutional amendments
  - Immediate, targeted relief
  - Separation of classes
  - Exemptions
  - Tax structure or tax reform
  - Shift of tax burden?
  - Residential tax caps
  - Acquisition value study (Prop 13)
- Property tax – THE topic of the session!!
  - SF 0039 Board of equalization-questions before the board.
  - SF 0090 Wyoming property tax relief authority. Case.
  - SF 0104 Property tax – mill levy adjustments. Steinmetz.
  - SF 0110 Personal property – tax exemption. McKeown.
  - SF 0125 Property tax – limiting the maximum taxable value increase. Salazar..
  - SF 0136 Property tax relief - assessment rate reduction. Biteman.
  - SJ 003 Property tax for the elderly and infirm. Dockstader.
  - ~~SJ 0012 Constitutional amendment – property tax valuation. Dockstader.~~

# 2023 General Session

## *Items of interest with fiscal impacts*



### Joint Revenue Committee

- Property tax
  - HJ 0001 Residential property taxation amendment. Revenue.
  - HJ 0002 Constitutional amendment – residential property class. Sommers.
  - HJ 0004 Residential property tax cap - amendment. Locke.
  - HB 0054 Homestead exemption. Sommers.
  - HB 0098 Property tax – homeowner's exemption. Revenue.
  - HB 0099 Property tax refund program. Revenue.
  - HB 0100 Acquisition value study. Jennings.
  - HB 0121 Property tax deferral program - amendments. Lawley.
  - HB 0151 Property tax exemption – childcare facilities. Yin.
  - HB 0168 County optional tax – affordable housing. Yin
  - HB 0174 Homestead exemption - amendments. Andrew.
  - HB 0215 Property tax exemptions – elderly and veterans. Allemand.
  - HB 0227 Veterans property tax exemption – amendments. Newsome.
  - HB 0229 Electronic payment of sales and use taxes. Larson, JT.
  - HB 0244 Property tax refund program – rental properties. Henderson.
  - HB 0256 Property tax holiday. Locke.

# 2022 Interim for 2023 General Session

## *Items of interest with fiscal impacts*



### Joint Revenue Committee cont.

- Sin taxes
  - SF 0042 Taxation of cigars.
  - HB 0058 Cigarette tax.
- Suicide prevention funding
  - HB 0065 988 suicide prevention.
    - Fees vs tax vs trust vs GF
- SF 0063 Tax administration revisions.
- Individual topics & themes to carry forward
  - ~~HB 0071 Sales tax holiday – back to school. Brown.~~
  - ~~HB 0072 Sales tax revisions. Brown.~~
  - HB 0124 Electricity generation – taxation. Sommers.
  - HB 0166 Lodging sales tax – exemption. Winter.
  - HB 0229 Electronic payment of sales and use taxes. Larson, JT.
  - HB 0236 Tax exemption – agricultural repair and parts. Northrup.
  - SF 0070 Back to school tax holiday. Schuler.
  - SF 0043 EMS districts. Case.
  - SF 0081 Monthly ad valorem tax revisions. Barlow.
  - ~~SF 0103 Sales tax exemption – state legislators. Steinmetz.~~

# 2022 Interim for 2023 General Session

## *Items of interest with fiscal impacts*



### Joint Revenue Committee cont.

- Individual topics & themes to carry forward
  - ~~Sales tax exemptions~~ state legislators. Steinmetz.
  - SJ 0013 Legislative and executive authority – taxation and spending. Laursen, D.

# 2022 Interim for 2023 General Session

## *Items of interest with fiscal impacts*



### Joint Corporations Committee

- HB 0003 State assessment of independent power producers. (Passed House)
- Individual topics & themes to carry forward
  - Export tax on electricity
  - Electricity taxation
  - Fees
  - Special districts
  - HB 0150 Early childhood development special districts. Yin.
  - HB 0225 Senior citizen service districts. Crago.
  - SF 0043 EMS Districts. Case.
  - SF 0176 Solid waste disposal districts – consolidation. Driskill.

# 2022 Interim for 2023 General Session

## *Items of interest with fiscal impacts*

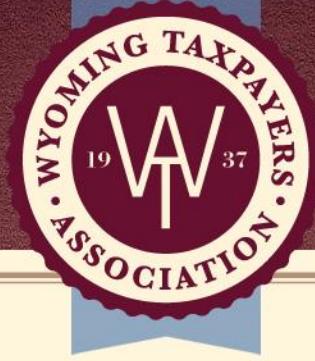


### Joint Transportation, Highways & Military Affairs

- HB 0040 Airport districts.
- HB 0041 Lightweight trailers-permanent registration.
- HB 0046 Wyoming public safety communications system trust fund.
- ~~SF 00222 Wyoming public safety communications system funding.~~
- Individual topics & themes to carry forward
  - SF 0160 Tolling authority for I-80. Case.
  - IIJA
  - Fees

# 2022 Interim for 2023 General Session

## *Items of interest with fiscal impacts*



### Joint Agriculture

- HB 0016 State land leasing-improvements.
- ~~SF 0030 Apiculture agricultural land use purpose.~~

### Joint Travel, Recreation, Wildlife & Cultural Resources

- ~~HB 0048 Active transportation and recreation and grant program.~~
- HB 0074 Wyoming outdoor recreation trust fund.

### Select Committee on Blockchain, Financial Technology & Digital Innovation Technology

- 23LSO-0051 v0.5 Wyoming stable token act.

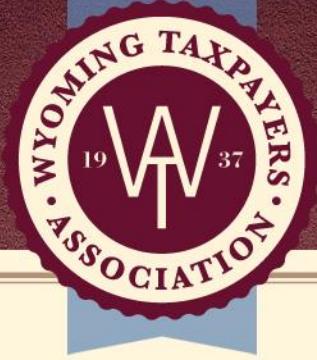
# 2022 Interim for 2023 General Session

## *Items of interest with fiscal impacts*



### Joint Education Committee

- Community College Funding
  - HB 0028 Community college capital construction.
  - ~~SF 0046 Community college funding – inflation adjustment.~~
- BOCES
  - HB 0031 BOCES as local education agencies.
  - HB 0032 Education mill levy amendments.
- Charter Schools
  - SF 0050 Charter school amendments.
- School Foundation Program
  - SF 0051 School finance-regional cost adjustment.
  - SF 0052 School finance-special education funding.



# Resources

[wyotax.org](http://wyotax.org)

[wyotax.org/research-education/publications](http://wyotax.org/research-education/publications)

[wyotax.org/research-education/wyoming-tax-reform-2000/](http://wyotax.org/research-education/wyoming-tax-reform-2000/)

[wyoleg.gov](http://wyoleg.gov)

[wyoleg.gov/budget/2021databook.pdf](http://wyoleg.gov/budget/2021databook.pdf)

[drivethrive.wyo.gov](http://drivethrive.wyo.gov)

[Wyomingsense.gov](http://Wyomingsense.gov)

[Wyoming Department of Revenue 2022 Annual Report](http://WyomingDepartmentofRevenue)

[Wyoming State Budget](http://WyomingStateBudget)

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*Gain the information you need!*

A screenshot of the Wyoming Taxpayers Association website. The header features the organization's name in a serif font, with "Advocating sound tax policy for a healthy Wyoming economy" in a smaller font below it. The website has a navigation bar with links to "About WTA", "Research & Education", "Advocacy", "Newsroom", and "Become a Member". The main content area includes sections for "Research", "Advocate", and "Educate", each with a sub-section for "Our Mission". There are also sections for "Public Policies that matter", "Calendar of Events", and "Wyoming Roundtable Meeting".