The Grass Isn’t Always Greener
By Erin Taylor, WTA Executive Director

Many citizens in Wyoming are calling for property tax relief including a constitutional drive to hold property taxes to the rate of inflation. Others states are doing it, why shouldn’t we give it a try? As the Executive Director of the Wyoming Taxpayers Association, one of my responsibilities is to educate Wyoming citizens and offer a word of caution, “the grass isn’t always greener on the other side of the fence.”

It is important to compare apples to apples, even if we are talking about taxes. If we consider California as an example of where property taxes are tied to the rate of inflation, we find that the Golden State has a fundamentally different tax structure that includes a corporate and personal income tax, not to mention considerably higher rates for all other taxes than Wyoming. Additionally, Californians experience a totally different process when it comes to computing property taxes.

Consider this simple example: A home valued at $150,000 in California may be subject to a property tax of $1,500 in addition to various school district assessments, special districts, etc. A similarly valued home in Wyoming is assessed at 9.5%, which is then multiplied by the mill levy. Therefore, a $150,000 home in Wyoming would yield a tax bill of $954.75 ($150,000 x 9.5% x an average mill levy of 67 mills).

It is true that California’s Proposition 13 limits increases in taxable value, however they also have spending restrictions that limit government growth. If we were to limit property taxes, then, following California’s lead, we would also want to limit growth of government. The two should not be mutually exclusive. It’s almost like comparing Hollywood cowboys to real cowboys.

In 1999 Wyoming’s budget was just under $3.0 billion, in 2007 it exploded to $6.8 billion, a significant growth in just eight years. With approximately 70% of the State’s revenues coming from the minerals industry, the average family of four receives more than nine times in services than what they contribute in taxes. Calling for property tax relief without having a broader discussion of the benefits and risks of Wyoming’s tax structure takes us down a dangerous path. I believe we do have property tax relief options available that are a better fit for our tax structure.

Just a few weeks ago, the Joint Revenue Committee endorsed a bill that would extend the State’s Property Tax Relief Program. For good reasons, Committee members felt this program was worthy of an extended life to help relieve some of the pressures of rising property values for certain Wyoming citizens, such as those with fixed or reduced incomes. The Committee decided that other populations of Wyomingites need help too - like young families who struggle to afford a home. Legislators rightly rejected other bills that would grant widespread property tax relief to all taxpayers or too-narrow a population that would still include some of the State’s wealthiest residents.

Standing somewhere in the middle, the current Property Tax Relief Program allows people of any age to apply if they meet certain income qualifications. Even though the program has been underutilized (there still exists over $4 million dollars available from the time of appropriation), the numbers of applicants, and subsequent grantees, has steadily risen over the last few years.

Policy makers may feel that application forms are obstacles to the application process. Administrators of this program will tell you the main reason applicants are rejected is because they don’t meet the income qualifications. Indeed, if property tax relief programs are well thought out and structured properly, people do take the time to apply.

Therefore, in an effort to encourage more people to apply, the Committee increased the income level to $32,000 and asset level to $25,000, extended the sunset to 2015 and gave it a new name – the Property Tax Refund Program. Continuing this program was a step in the right direction – advertising the availability of this and other programs would be a logical next step.

Extending this program allows the current basket of relief opportunities for Wyoming property owners to continue: the Veteran’s Exemption; the Property Tax Relief Program; the Tax Rebate to Elderly and Disabled; and the Property Tax Deferral Program. In addition, the market provides a very practical product in the reverse mortgage. Finally, it may not hurt to be reminded that years of home ownership yields appreciation in value. While appreciating values may have some impact on property taxes, the reverse, depreciating values, can also be quite devastating. The bottom line is that Wyomingites do have options - and
this is why it is important to tend to our own turf and not get to looking over the fence—we have it pretty good here.

~~~Erin Taylor is the Executive Director of the Wyoming Taxpayers Association. The Wyoming Taxpayers Association has been Wyoming’s leading tax policy and research organization since 1937 and is made up of members from all industry sectors, business, agriculture, and individual taxpayers.~~~