

# WYOMING TAXPAYERS ASSOCIATION

## ACTION ALERT



Final Legislative Summary – Week Four – March 12, 2010

The 2010 budget session concluded with what was characterized by some as a “fiscally conservative budget” with Wyoming’s savings still intact. This being the first budget session where the state has no significant excess revenues, some legislators proclaimed, “it’s raining – we need to use our rainy day funds” and dip into savings – yet, as it turns out, the majority of legislators cautioned against such action and it did not come to pass.

In what ended up being a budget session like the ‘good old days’ when the state did not have money, the number of bills was significantly less than the last budget session when the legislature was able to fork away more than \$500M into extra savings (the House saw 23.69% fewer bills, and the Senate saw 18.56% fewer). Governor Freudenthal signed the budget bill on Friday, March 5, 2010, appropriating \$2.85B for the biennium, which will begin on July 1, 2010. Below is a short illustration of historical appropriations from the General Fund and Reserve Accounts, including savings:

01-02	\$1,631,622,185
03-04	\$1,640,074,430
05-06	\$2,778,811,773
07-08	\$4,143,871,725
09-10	\$3,890,137,960

While revenues are indeed down for this biennium – we are sitting approximately \$1B down from this point one year ago – policy makers were prudent in scrutinizing state agencies and avoiding ongoing appropriations that are not critical services. What’s ahead? More work in identifying core services, personnel, priority for capital construction projects, and taking a deeper look at contract state employees. More work in determining what is sustainable, given the uncertain revenue picture.

The January CREG report noted that funding for the state’s K-12 education system could end up being \$32M in the red at the end of this biennium, and possibly \$64M in the red at the end of the next biennium. This is the year to recalibrate the model for funding the education system, so here’s to hoping that those involved with ask the tough questions: Are we getting what we are paying for with respect to education? Is the current level of funding sustainable? Is our current system accountable?

As mentioned above, this budget goes into effect July 1, so legislators will be back in Cheyenne in just six short months to make any changes, should the revenue picture get worse (or better). We here at WTA are pleased to hear folks asking the tough questions about accountability, talking about Tax Reform 2000, and how we can make our tax system more sustainable. **For a summary of items in the budget bill, see WTA’s 2010 Budget Bill Summary.**

### INTERIM TOPICS

Interim topics for all committees can be found at the following link:

<http://legisweb.state.wy.us/2010/2010Studies.htm>

WTA is particularly interested in the Joint Revenue Committee’s #3 priority, Tax Reform 2010, which will involve a review of the report generated by the Tax Reform 2000 Committee, combined with updated information related to the report for 2010. The original Tax Reform 2000 committee was spearheaded by Senate President John Hines at a time when the state literally had pennies in the coffers. The findings of the report center on what economists call the “three legged stool” of taxation – where a tax system has the best chances of being equitable, stable and balanced taxing three legs of the stool – assets, consumption, and income. As we all know, Wyoming does not have the third leg of the stool, or the income taxation, but if one considers the concepts described above, WTA’s Cornerstones of Taxation are well embodied in the essence of the report. WTA looks forward to an in depth study of Tax Reform 2000 and its application to today’s economy and Wyoming’s tax base.

**WYOMING’S LEADING TAX POLICY AND RESEARCH ORGANIZATION SINCE 1937.**

**Interim Issues of interest to WTA:**

**Joint Revenue:** Wind taxation, manufacturing tax exemption, Tax 2010, mineral taxation (particularly natural gas)

**Joint Appropriations:** Budget process, retirement issues, AML, School Facilities Commission, External Cost Adjustment

**Joint Transportation:** Gasoline/Diesel tax increase

**MAJOR BILLS OF INTEREST –**

*For a listing of all the bills WTA tracked this session, see our [Bill Tracking Sheet](#)*

**HB 22 – STREAMLINED SALES/USE TAX AMENDMENTS** - Clarifies language for sourcing rules for telecommunications services which are already being administered as well as clean up of the multiple points of use language which was never adopted by the Streamlined Sales Tax Agreement. It really is a clean-up bill. **Signed on 3/4/10.**

**HB 29 – TAXATION OF SPECIFIED DIGITAL PRODUCTS** - Imposes sales and use tax on specified digital products defined as digital audio-visual works, digital audio works, or digital books. Provides that the tax only applies if the purchase has permanent use of the specified digital product. **Signed on 3/8/10.**

**HB 44 – TAXATION OF PROPERTY USED FOR ECONOMIC DEVELOPMENT** - Provides for a property tax exemption for any improvement on real property owned by a community development organization (the land would still be taxed). **Signed on 3/10/10.**

**HB49 – MANUFACTURING SALES & USE TAX EXEMPTION** - Extends the sales and use tax exemption for manufacturing equipment from December 31, 2010 to 2011. **Signed on 3/4/10.**

**HB 67 – DATA PROCESSING CENTER – SALES/USE TAX EXEMPTION** - Exempts from sales and use tax qualifying equipment purchased in the initial construction of a data center or replacement or existing equipment when the aggregate annual purchase exceeds \$2M of qualifying equipment. For every \$2M of qualifying equipment there would be a decrease in sales tax revenue of \$106,000 based on the statewide average of 5.3%. On a \$100M facility, the lost revenues would be approximately \$2.65M. **Signed on 3/5/10.**

**HB 70 – VACANT LAND** – Provides that for vacant land within a platted subdivision, the county assessor shall consider the value of the property through the present worth appraisal methodology. Applies to property tax assessed on or after January 1, 2010. **Signed on 3/5/10.**

**HB 101 – ELECTRICITY GENERATED FROM WIND – TAXATION** - Imposes a generation tax of \$1.00/MWh on the generation of electricity by wind power. The tax is distributed 60% to the counties where the generating facility is located and 40% to the general fund. Does not go into effect until January 1, 2012. **Signed on 3/5/10.**

**SF 5 – SPECIAL DISTRICTS – PUBLIC RECORDS** - Requires that all special districts maintain a copy of public records, including minutes, audits, financial statements, election results, budgets, bylaws, rate schedules, policies and employment contracts. If they are not available to the public, they must be filed with the county clerk in the county where the largest portion of the district lies. **Signed on 3/3/10**

**SF 13 – ECONOMIC ANALYSIS** - The division of economic analysis shall establish criteria for collecting, compiling, analyzing, reporting and distributing economic data for all Wyoming counties related to uses of private, state and federal surface and mineral lands, including, but not limited to, the optimum use and development of agriculture, grazing, minerals, timber, water, industrial resources, recreation and energy production, transmission, and related services. Will also study economic impacts related to proposed state and federal regulatory or administrative actions that would affect those areas. **Signed on 3/3/10. Vetoed by the Governor.**

**SF16 – PROPERTY TAX – REVIEW OF ASSESSMENT** – Provides clarification on statements of considerations and opens up to those appealing valuations. Defines ‘geographic area’ because was not defined in SF144 from last year. **Signed on 3/3/10.**

**SF – 27 GOVERNMENT COMPETITION** - Provides a process for lodging concerns with and for review of competition by government entities with the private sector. **Awaiting signature from the Governor. Vetoed by the Governor.**

The following bills that WTA was watching did NOT make it through the session:

- HB 14 – ATM Transaction Fees
- HB 31 – Property Tax Appeals – County Process
- HB 33 – Property Tax Levy Date
- HB 40 – Tax Increment Financing
- HB 50 – Hospital Mill Levies – Use of Funds
- HB 58 – Homestead Exemption – County Option
- HB 78 – Natural Gas Valuation
- HB 96 – Sales/Use Tax Railroad Rolling Stock – Appeal
- HB 100 – Ethanol Tax Credit
- HB 115 – Specific Purpose Excise Tax – Voter Petition
- HB 118 – Taxation of Public Buildings
- HB 126 – Zero Based Budget Process
- HB 131 – Community Colleges – Statewide Levy
- HJR 11 – Property Tax Increase – Limitation
- SF 17 – Statement of Consideration
- SF 35 – Tolling for I80
- SF 46 – School Facilities - Charter School
- SF 60 – Sales Tax on Certain Food Items

**A SPECIAL THANK YOU TO UNION PACIFIC AND DEVON ENERGY FOR ALLOWING WTA USE OF THEIR CONFERENCE ROOM AND PHONE FOR OUR WEEKLY LEGISLATIVE MEETINGS.**