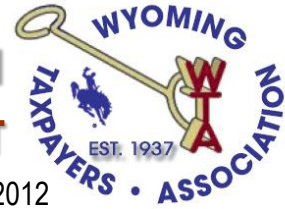


WYOMING TAXPAYERS ASSOCIATION



ACTION ALERT

Final Legislative Summary – Week Four – March 19, 2012

Governor Mead signed the budget bill on Thursday, March 8, 2012, appropriating \$3.2B for the biennium, which will begin on July 1, 2012. He did veto a few items as are outlined below:

- Making a minor change to the footnote requiring the **Chief Information Officer to oversee education data** collection – the veto strikes the word “oversee” maintaining that the intent is to have the officer review the data, not take on an authoritative role in overseeing the data.
- Striking the footnote in the **Department of Environmental Quality’s** budget regarding employees and potential reductions in staff due to the critical nature of the positions.
- **Section 307, subsection (a) through (ii)** - The **State’s contributions to employee health insurance plans** were incorrectly entered in the bill. This error would result in additional health insurance premium costs for employees beginning December 2012. This error will need to be fixed in the supplemental budget bill next year.
- **Section 318 - Zero based budgeting** – Strike the 200 series language, which refers to support costs such as equipment and travel. The Governor’s note suggests that, “exception requests from zero based budgeting in this series could be extensive and potentially overwhelm both the Executive and Legislative branches’ ability to carefully analyze budgets.” Agencies are therefore directed to engage in zero based budgeting for travel and IT maintenance agreement subcategories.

The 2012 budget session concluded with a flat budget as compared to the last biennium. This is now the second budget session where the state has not realized significant excess revenues and legislators are preparing for the next biennium when the fiscal picture gets worse. 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
11-12	\$3,170,265,655
13-14	\$3,218,478,371

For a summary of items in the budget bill, see *WTA’s 2013-2014 Biennial Budget Summary*.

INTERIM TOPICS

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

<http://legisweb.state.wy.us/2012/Interim%20Studies/studies12.pdf>

Interim Issues of interest to WTA:

Joint Revenue: Wyoming Department of Transportation funding and highway funding options, coal valuation, budget oversight as it related to related to special districts, streamlined sales tax issues and taxation of cigars which are packaged similarly to cigarettes.

Joint Appropriations: State retirement system, budget process changes, and review of state revenue projections

Joint Transportation: Gasoline/Diesel tax increase

WTA has committed to legislative leadership and members of both the Joint Revenue Committee and Joint Transportation Committee to champion the issue of increasing Wyoming’s fuel tax. As you know, WTA has long supported the need to find a long term and sustainable funding solution for Wyoming’s highways – the most obvious

being an increase in our fuel tax. Wyoming has the second lowest tax on gasoline in the nation, but that is not the reason we need to increase the tax. The reason is simply that we need the money.

It is estimated that we need \$250M on an annual basis to maintain and build Wyoming's highways to the standard we all need for our jobs and quality of life, not to mention safety. Current funding from the legislature is far below that standard. Increasing the fuel tax, which admittedly is only a part of the solution, will bring in a stable source of revenue and is based on those who use the roads. In FY 2012 fuel taxes brought in \$71M, based on the \$0.13/gallon tax. Wyoming's fuel tax has not been increased since 1993.

WTA's education efforts will span the borders of the state, visiting local communities to educate citizens about this issue. We will partner with other committed organizations to spread the word in your communities. If you are interested in this effort, please [contact our office](#).

MAJOR BILLS OF INTEREST –

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

HB 38 –Coal severance tax industry factor – Dead. This bill would establish an industry factor for coal sold away from the mouth of the mine in an arms-length sale to determine fair market value. The factor would be set at 79% for coal produced in Campbell, Converse, Johnson and Sheridan counties and 81% for coal produced in other counties within the state. The issue will be evaluated every three years. Fiscal impacts to the budget reserve account, general fund, PMTF, school foundation program and ad valorem collections. Passed the House on 2/20/12 by a vote of 52-6-1. **The bill ran into significant opposition from the Governor's office and some senators to make it revenue neutral and was sent back to the Revenue Committee for work in the interim. WTA supports this bill.**

HB 40 – Optional sales/use taxes – Enrolled Act No. 19. This bill allows the optional sales and use tax (currently what is commonly referred to as the 6th penny) to be used for routine maintenance of public roadways. As the statutes read now, specific purpose tax monies may not include ordinary operations of local government. WTA voiced several concerns with the bill. For example, the bill could blur the lines between the intended purposes of the various optional pennies. The 5th penny is to be used for ongoing operations and the 6th penny is to ONLY be used for specific purposes (as outlined on the ballot and approved by the electorate). The maximum combination of optional taxes is 3 cents. Local entities may approve 2 cents of 5th penny and 2 cents of 6th penny, but no more than 3 cents total. There is also a 7th penny that may be used for economic development. **The bill endured such criticism in the Senate and was amended to tighten the language to say “specific purposes may include one (1) time major maintenance, renovation or reconstruction of a specifically defined section of a public roadway.”**

HB 51 – Industrial siting impact payments – Dead. Two critical changes in the law are made to the Industrial Siting Process - specific to the distribution of funds: First, impacts as projected by local governments are reconciled with those identified by the industrial firm utilizing processes and procedures laid out by the industrial siting staff and council. Second, impact assistance payments will then be made to impacted subdivisions according to the rate at which excise and use taxes are generated and in proportion to the completion of the construction activity associated with the new industrial facility. Once the total local impact costs are reached, or the project has been completed, these monthly payments will cease. **The bill passed unanimously in House Revenue on 2/17/12 with one amendment that would allow the DEQ to help aid local governments with technical assistance in the preparation of anticipated impacts related to a proposed project, and one that increases the proposed cost to the applicant of \$25,000. Support hailed from local government entities and some industry. In the Senate, however, the bill met its demise. Questions concerning the basic role of the Industrial Siting Commission and how the general fund it impacted brought several amendments and skewed interpretations of the original intent of the bill. It eventually died by a 15-15 vote on third reading in the Senate on 3/7.**

SF 8 –Ethanol tax credit – Enrolled Act No. 61. Sponsored by the Joint Transportation Committee. Another effort to get more dollars flowing to the highway fund and local governments for roads - Allows the local governments to resume collecting fuel taxes on Wyoming-produced ethanol. The current tax credit (\$.40/gallon) reduced funding to state and local roads through reductions in fuel taxes. This bill would effectively make them whole again. There is only one ethanol producer at this time. Effective January 2013. Fiscal impact is an additional \$240,000 to cities and towns, \$440,000 for counties and \$920,000 for the highway fund for 2013. Double those numbers for FY 2014 and

2015. The bill came out of the Senate as introduced, but the House amended the credit down to \$0.18/gallon until December 2018, however in conference committee, the full credit was put back to \$0.40/gallon with a sunset in 2015 .

SF 57 – Education accountability – Enrolled Act No. 65. This bill would revise the statewide educational accountability requirements and teacher performance requirements enacted in 2011. The revisions would provide for a comprehensive framework for an educational accountability system. The bill would modify statewide assessments, provide performance indicators, set target levels for performance and provide a system of supports, interventions and consequences to improve student learning and teaching. The bill would extend the select committee and advisory committee on educational accountability and outline the committees' activities. **The bill details the tests students will be taking through high school and sets up a process for measuring the academic progress of students in reading, math, science, writing and language. It creates a committee composed of educators, school administrators, parents and others to decide what standards schools must meet to be evaluated on whether they are doing a good job of educating students.**

SF 74 –Severance tax – trona valuation – Enrolled Act No. 8, the bill passed the House on 3/1. Allows the taxpayer and the DOR to agree to an alternative valuation of determining fair market value. Make the statutes in line with those of natural gas and coal. The bill now has a reporting requirement. **WTA supports this bill.**

SF 77 –Expenditure of public funds and government competition – Enrolled Act No. 47. Allows Modifies the public finance website to provide a process for lodging concerns regarding competition by government entities (to include the executive, legislative and judicial branches of government, or any instrumentality of those branches - this also includes the University of Wyoming) with the private sector. An annual report will be generated detailing the number of reports received, which entities are involved, and any actions the entity reported. Passed the Senate and the House on 3/7. **WTA supports the concepts of this bill.**

HB 121 – Abandoned Mine Land Funds – Enrolled Act No. 25. The bill was signed by the Governor on 3/8, however he issued a veto for Section 2(b)(iii)(E) noting that the section conflicts with federal requirements of the AML program and the implementation of this provision could jeopardize future AML funding to Wyoming. The requirements prohibit the sale of real property acquired with AML grant funds without input from the awarding federal agency..

\$83,406,724 Appropriations	
	Amount
DEQ Solid Waste Orphaned Sites Program	\$2.2M
DEQ Ozone Monitoring for statewide energy impacts	\$1.475M
DEQ for operations and maintenance of ambient air monitors	\$1,856,724
UW for Level II planning for renovation and addition to the facilities of the College of Engineering and Applied Sciences	\$350,000
UW athletics facilities matching funds for the Arena Auditorium	\$10M, match required
UW for the School of Energy Resources for implementation of strategic areas of concentration	\$5M, match required
Wyoming Wildlife and Natural Resources Trust Income Account (may not be used for conversation easements)	\$6M
UW for an agricultural building in Sheridan	\$3.5M
Gillette Madison Water Project	\$23,025,000
Highway Fund for highways	\$30M
Prior Appropriations \$45,250,154	
School of Energy Resources for continued clean coal research	\$10M, match required
School of Energy Resources to conduct a study to determine the feasibility of constructing a commercial scale minerals to value added products facility in Wyoming	\$500,000
Governor's Office for the purpose of supporting the construction and operation of a commercial scale facility which converts minerals to value added products or other value added products (shall not include any facility which would derive 50% or more of its anticipated revenues from the generation of electricity)	\$9M, match required
School of Energy Resources areas of concentration	\$10M

Energy partnerships matching fund	\$10M, match required
Carbon dioxide pipeline network permitting process across federal lands (Wyoming Pipeline Authority, SER and Enhanced Oil Recovery Institute)	\$2M
Continuity of research related to carbon storage and enhanced oil recovery	\$1M, match required
WYDOT compressed natural gas vehicle filling station and vehicle conversions for UW	\$1M
Level II planning for UW Engineering building addition	\$750,154
Rare earth materials research to UW engineering	\$700,000
UW School of Energy Resources for grants for glass products	\$100,000
Geological analysis on potential rare earth material deposits	\$200,000
Intercepted FY2012 PWMTF Capital Gains Up to \$30M	
UW Performing Arts Facility	\$14.2M, match allowed
UW College of Engineering renovation	\$15.8M, match required

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

- HB 3 – State vehicle registration fees
- HB 33 – Highways fund – assignment of fine and penalty revenues
- HB 47 – School finance
- HB 49 – Yellowstone infrastructure
- HB 68 – Severance tax distributions
- HB 69 – Vehicle registration fees
- HB 79 – Renewable resources electricity generation exemption
- HB 91 – Wyoming retirement act
- HB 101 – Veterans tax exemption – requalification
- HB 103 – School finance amendments 2
- HB 104 – Ethanol tax credit 2
- HB 105 – Property tax exemption – improvement and service districts
- HB 106 – Local option tax – municipalities
- HB 116 – Impact assistance to local governments
- HB 118 – Deferred compensation program – state contribution
- HJR2 – Constitutional assignment of general fines and penalties
- SF 9 – Allocation of sales tax paid on diesel to highways
- SF 51 – Natural gas regulations
- SF 100 – Water and sewer districts – boundary changes
- SF 101 – Special districts – exclusion of property

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.