

# WYOMING TAXPAYERS ASSOCIATION

## ACTION ALERT



Legislative Summary – Week Three – Friday, January 30, 2009

Week three of Wyoming's 2009 Legislative Session ends with a new perspective on the budget, more and more property tax bills being introduced (some moving to the House floor) and others dying a necessary death. The Joint Appropriations Committee worked this week to mark up the Governor's January budget recommendations. Of interest, the Committee decided to delete the following recommendations:

- \$50 M for WYDOT construction
- \$14.4 M for the Department of Health (however did allow expenditures out of the \$20 M set aside in the Auditor's Office, reversions, and flex authority for up to \$11.2 M of 100 series unobligated FY 09/10- appropriations)
- \$39 M for tax relief
- \$11.2 M for the Gillette water project (the project is funded in separate legislation)

Similarly, the Committee added \$4 M for each the UW endowment and the Community College endowment that the Governor took out in January. The overall difference from the Governor's recommendations is approximately \$56.8 M less. In December, the Governor's recommendations totaled \$448.5 M, in January that total dropped to \$222 M. Total JAC recommendations now amount to \$165 M.

Wyoming's fiscal picture could change dramatically in the next year. Wyoming oil and natural gas are trading for dramatically less than the national index. The only reason we have a surplus at all this year is because of the \$500 M carryover from the last biennium. It doesn't take an economist to see that the purse strings could get very tight next year. Keep in mind that \$1 change in the price of natural gas is roughly a \$200 M change to the state coffers - \$100 for the general fund/budget reserve account and \$100 M to the school foundation program. The big question looms – where is the greatest need?

### BILLS OF INTEREST THIS WEEK

**HB 67 – Tobacco Excise Tax** - Provides that moist snuff tobacco will be taxed based upon net weight. And for anything up to 1 oz. an excise tax at the rate of \$.60. Anticipated increase in revenue \$819,000 yearly. The bill passed House Revenue on Wednesday with a vote of 2 no votes and 7 affirmative votes. Amendments on the floor of the House for first and second reading attempted to increase the amount of the excise tax for products weighing up to 1 oz from \$.60 to \$.90 or build an inflationary factor into the bill to increase the price, but all failed. One amendment to require the Department of Revenue to report on the sales and revenue from moist snuff tobacco at least every five years passed. The inflationary concepts spurred a broader discussion as to what Wyoming's tax policy really entails. **The bill passed the House last week, and was voted out of Senate Revenue by a vote of 3-2 on 1/29. Now on Senate general file. WTA supports this bill.**

**HB 101 – Excise tax – manufacturing exemption** - Provides for agents of persons engaged in manufacturing to claim an excise tax exemption. No fiscal impact. Passed House Revenue and is moving through the House. The bill was amended in committee to be enacted as soon as possible. **The bill passed the House last week and is scheduled to be heard in Senate Revenue next week. WTA supports this bill.**

**HB 102 – Excise Tax – Vendor Compensation** - Provides a credit to vendors for the collection and payment of sales and use taxes. 1% credit, not to exceed \$10,000 per calendar year. Approximate \$6.9 M impact to GF and locals. This bill is identical to Arizona's vendor allowance program. The revenue committee explored different ways to give more relief to vendors, while keeping the bill revenue neutral, however all attempts yielded increased loss to the state and local government. **The bill was amended to drop the cap to \$1,000 and have any credit to vendors come out of the general fund. The bill passed the House last week, however was amended in Senate Revenue on 1/29 to increase the credit to 2% and become effective on April 1, 2010. WTA supports this bill.**

**SF 53 – Property tax deferral program** – Senator Jennings - Amends the property tax deferral program to 250% of the federal poverty level instead of 150% and imposes a requirement that an applicant be a resident of at least 8 years. **The bill passed the Senate, received in the House for introduction. WTA supports this bill.**

**HB 221 – Property tax appeals – 2** – Throne bill. Provides that the taxpayer may present any credible evidence, to rebut the presumption in favor of a valuation asserted by DOR. **Passed House and now received for introduction in the Senate.**

**HB 138 – Property Tax Refund Program** – Madden, Anderson, Landon, Teeters, and Schiffer - Amends the Property Tax Refund Program so that property taxes must be paid timely, changes the income requirement from 2/3 the median gross household income to 3/4, extends the total household assets from \$50,000 to \$100,000 per adult member, Includes all IRA's as exempt, adds medical savings accounts and allows veterans to apply for both programs by repealing the double dipping provision.. Fiscal note estimates that an increase of 10% per year or 1,850 applicants. Should yield \$72,000 in 2010, \$79,000 in 2011, and \$87,000 in 2012 in increased property tax refunds. **Passed third reading in the House 1/27. WTA supports this bill.**

**HB 68 – Property Tax – Homestead Exemption** – Joint Revenue Committee - Homestead property tax exemption of \$4,400 of assessed value on owner-occupied primary dwellings for homeowners who currently live in Wyoming and have lived in Wyoming for at least 3 years. Appropriation of \$40.2 M. Amended in Committee to say that the person owes the lesser of \$4,400 of assessed value on the dwelling or 50% of the tax assessed. **Passed House Appropriations and should be heard on general file next week. WTA supports this bill over any other change in assessment or limitation type bill.**

**HB 87 – Property Tax – Assessment Rate 2** – Simpson, Buchanan, Gingery, Miller, Bebout, Coe and Larson - Reduces the assessment rate for the all other property category from 9.5% to 8.25%. Appropriation of \$44 M from GF for 2010 only. Locals will be held harmless with the \$44 M. The SFP will suffer an estimated loss of approximately \$9.6 M in 2010 and \$10 M in 2011, however, the 12 mills for payment to the SFP will not be held harmless. **The bill was amended in House Appropriations to limit the change in assessment for one year only. It should be heard on general file next week. WTA opposed this bill as well.**

**HB 145 – Rural health care districts – mill levy** - Increases the authorized mill levies for rural health care districts from 2 mills or 4 mills on each dollar of assessed valuation if approved by the board of trustees and the board of county commissioners. Passed third reading in the House Friday. **Was amended on the House floor to say that if the board of trustees votes to increase the mill levy beyond the 2 mills, the county commissioners shall call an election to have a vote of the people approve the increase in mills.**

**HB 84 – Economic development – property tax exemption** - Creates a property tax exemption for property owned by community development organizations. Fiscal impact of roughly \$132,000/year. **Passed third reading in the House and was amended to further define “organization” and how property is leased to a for profit entity.**

**HB 186 – Gasoline tax – ag exemption 2** - Provides a gasoline tax exemption for certain gasoline purchased and used for ag purposes. This bill proposes to go from an exemption to a refund. Currently agricultural producers make application for a certificate that allows their supplier to make bulk deliveries to their farm or ranch without the state fuel tax. The supplier makes application to receive the tax refund back. The draft bill would handle gas purchases the same as clear diesel used off-road. The purchaser would make application for a refund of the tax amount based on gallons used off-road. It also would eliminate the “bulk delivery” requirement. **Passed the House.**

**HB 234 – Property tax – assessed value** - Exempts the assessed value of all other property that exceeds the previous 3 year average. Appropriates \$23.9 M from the GF. Loss to the SFP in 2010 is estimated to be \$5.3 M, \$3.4 M in 2011, and \$3.6 M in 2012. Impacts to locals would be approximately \$15.5 M in 2011 and \$16.3 M in 2012. **Passed House Revenue Friday by a vote of 6-3. WTA opposes this bill.**

**HB 215 – Tax exemption for renewable resources** - Moves the repeal date from June 31, 2012 to January 1, 2010. Was amended in House Revenue Friday to grandfather projects that have contracts already in place with landowners or the Federal Government.

**HB 144 – Transparency in Government** - . Creates a Wyoming public finance website, establishes a select committee on technology, requires a report and provides for an appropriation of \$28,000 from the GF to LSO for the meetings of the select committee on technology. Appropriation of \$12,300 from the GF to A&I for creating the searchable website. **Passed House Appropriations Friday morning. WTA supports this bill.**

## **NEW BILLS TO WATCH**

**HB 270 – Electricity production – taxation** – imposes an excise tax on electricity generation in the state of Wyoming. The tax is based on a \$.001 per Kilowatt hour of electricity produced. Proceeds of the tax net of the credit for severance taxes paid are distributed to the general fund. Estimated increase to the GF for 2011 \$34.6 M and to the LIEAP program \$1.1 M.

**HB 272 – Ethanol tax credit** – reduced the annual tax credits redeemed by ethanol producers from \$4 M/year to \$3 M/year.

**HB 275 – Wind turbines – royalty fee**- Imposes a royalty on the production of electricity from wind turbines. 3% royalty. Estimated increase to general fund in 2012 is \$3M.

**HB 277 – Homestead exemption – county option** – Provides that if a statewide homestead exemption is not funded, the county commissioners may promulgate rules and regs to authorize and administer a homestead exemption in compliance with the provisions in the bill. Maximum homestead exemption allowed is \$4,400 of assessed value.

**HB 279 – Statements of consideration – review** – Provides for review of all statements of consideration for real property available to the county assessor when reviewing or contesting property tax assessments.

**HB 283 – Taxation and revenue – digital products** – Provides for a definition for specific digital products.

**HB 287 – Helium – property tax** – creates an ad valorem tax on the value of the gross product produced.

**HB 290 – Tax increment financing** - Allows for tax increment financing for municipal public improvements.

**HB 300 - Property tax assessed value increase limitations** - Only if HJR 19 passes, limits the amount property taxes may increase by 25% annually.

**HB 304 – Lodging tax** – imposes a statewide lodging tax of 4%.

**HJR 19** - Allows the legislature to make limitations on property taxes.

**SF 144 – Property tax assessment rules** – Makes the Department of Revenue promulgate rules and regulations to ensure that the county assessors follow statistical quality and fairness of assessed values of residential properties.

**SJ0006 - Residential property – uniformity of assessment** – Gives the legislature the authority to determine the maximum amount of ad valorem tax that can be collected on residential property, and allows the legislature to prescribe restrictions upon the increase of the rate of taxation of assessment. Basically creates a new class of property for real and personal residential property. **WTA opposes this bill.**

**WTA MEMBERS, PLEASE NOTE – WTA WEEKLY LEGISLATIVE POLICY MEETINGS EVERY MONDAY OF THE LEGISLATIVE SESSION**

**WHERE: 2120 CAREY AVE., CHEYENNE, 4<sup>TH</sup> FLOOR CONFERENCE ROOM**

**WHEN: 2:00 PM**

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

**WHY: TO DISCUSS TIMELY LEGISLATIVE POLICY ISSUES, SUMMARY OF BILLS, AND MAKE RECOMMENDATIONS FOR WTA POLICY DIRECTION.**

**ALL WTA MEMBERS ARE ENCOURAGED TO ATTEND.**

2009 LEGISLATIVE SESSION - Tentative schedule  
(37 day schedule – Recess on President's Day)

Day 1 Tuesday, January 13	Session convenes.
Day 12 Wednesday, January 28	Last day for Senate Files to be submitted to LSO for introduction. (noon)
Day 15 Monday, February 2	Last day for House Bills to be submitted to LSO for introduction. (noon)
Day 19 Friday, February 6	Last day for bills to be reported out of Committee in house of origin.
Day 20 Monday, February 9	Last day for Committee of the Whole in house of origin.
Day 21 Tuesday, February 10	Last day for Second Reading in house of origin.
Day 22 Wednesday, February 11	Last day for Third Reading on Bills in house of origin.
<b>Monday, February 16</b>	<b>President's Day Recess</b>
Day 32 Thursday, February 26	Last day for bills to be reported out of Committee in second house.
Day 33 Friday, February 27	Last day for Committee of the Whole on bills in the second house.
Day 34 Monday, March 2	Last day for Second Reading on bills in the second house.
Day 35 Tuesday, March 3	Last day for Third Reading on bills in the second house.
Day 36 Wednesday, March 4	Concurrence on Amendments/Joint Conference Committee Reports.
Day 37 Thursday, March 5	Joint Conference Committee Reports; All JCC Reports due to Front Desk by 2:00 p.m. <u>ADJOURN</u> by Midnight.

Friday, Monday, and Tuesday - March 6, 9 and 10 are available if necessary.