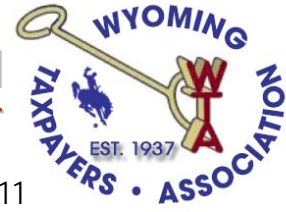


WYOMING TAXPAYERS ASSOCIATION

ACTION ALERT



Legislative Summary – Week Two – Friday, January 21, 2011

Week two concluded with upwards of 340 bills filed with the Legislative Service Office. Deadlines for filing bills approach next week and bills will only have a couple more weeks to get out of the original house in which they were introduced. In a General Session we see many 'old friends', so to speak, and a number of bills we've seen in the past are surfacing. WTA's bill tracking sheet will keep you up to date on all the bills we are watching, and this summary gives you an illustration of what happened in committees.

Regarding the issue of tax exemptions, WTA offered the following list of questions for Legislators to consider as they make policy decisions to exempt certain groups from the tax base:

- **Is there a justified need for the exemption and is it fiscally prudent?**
- **What does Wyoming gain?**
 - Are the jobs meaningful and wages sufficient to support discretionary spending?
 - Are there ancillary businesses/industry that will emerge due to the location of the new industry? What benefits are associated with the ancillary development?
 - Does the exemption result in new jobs for Wyoming residents and/or bring new people to the state?
 - Are salaries sufficient to create new sales tax revenue through discretionary spending?
- **Does the absence of the exemption hurt Wyoming's tax base?**
- **Does the industry in question currently provide a meaningful tax stream for Wyoming and the county in which it operates?**
 - Do existing Wyoming products become less competitive in the marketplace in the absence of the exemption?
 - Does Wyoming lose jobs in the absence of the exemption?
 - Can state and local government operate in a fiscal and prudent manner without the income associated with the exemption?
- **Does the exemption create equal and uniform tax liabilities/benefits upon similarly situated taxpayers**
 - Does the exemption disadvantage one taxpayer over another?
- **Does the exemption result in expansion of the state and or county's tax base?**
 - If the exemption is for a new industry sector, what taxes will the new industry pay?
 - How do the new taxes compare to the amount of the exemption?
- **Do tax burdens (i.e. education/local services) outweigh the tax contribution?**
- **Is the exemption stable and predictable?**
- **Is the exemption visible, accountable and auditable?**
- **How will the benefits of the exemption be measured and who has accountability for documenting the benefits?**
 - What reporting is required?
 - What provisions are in place to rescind the exemption if the projected benefits are not achieved? Sunset provisions? Claw back provisions?

JOINT APPROPRIATIONS COMMITTEE – STATE BUDGET

The Joint Appropriations Committee finished agency call backs this week and started marking up the budget bill, taking the Governor's recommendations into consideration. At this time, we don't have the results of the mark up, but we'll have a comparison of the Governor's recommendations versus the JAC recommendations next week. Among the items of interest, a number of what will become Section 300's or special considerations include:

- The PMTF Spending Policy Reserve Account split for local governments, highways and savings.

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

- Medicaid
- Niobrara oil play funding
- Appropriation to the Governor's office to recruit data centers
- AML funding
- Governor's Office transition money
- State employee compensation
- Capitol construction reversions
- Water Account IV
- FMR's going to UW
- Capitol construction matters

BILLS OF INTEREST THIS WEEK

HB 22 – PHASED IN FUEL TAX INCREASE – Increases the motor fuel tax by three cents beginning July 1, 2011, an additional three cents July 1, 2012, and an additional four cents for a total of ten cents beginning July 1, 2012. Distributions go to cities and towns, counties, highway fund, county roads, and state parks. **Passed House Transportation by a vote of 6-3 on 1/18. Now on House General File. WTA supports this bill.**

HB 34 – SALES AND USE TAX DISTRIBUTIONS - Changes the GF distribution percentage of the state 4% sales and use tax from 69% to 64% and directs the increased revenues to cities, towns and counties. Estimated increase of approximately \$33M annually. **The bill passed House Revenue by a vote of 6-2 on 1/21. Concerns from the no votes were that this bill would do nothing to help alleviate the fluctuations from economic downturns with sales and use tax revenues.**

HB 47 – STATE PARKS – USER FEE PROGRAM - Implements a user fee of \$5.00 that would be voluntarily collected at the time of vehicle registration, only upon waiver by the citizen, to be used for state parks. This is in place of the repeal of the resident daily and annual park use permits. A minimum of 38.09% compliance rate is necessary to equal the revenue from the prior program. **The bill was heard in House Travel on 1/19, but received mixed testimony from parties who participated in the interim. The Chairman laid the bill back for a while to allow folks to come together.**

HB 117 – DATA PROCESSING SERVICE CENTERS – TAX EXEMPTIONS – Modifies the requirements for an exemption from sales and use tax on qualifying equipment including prewritten computer software, containers used to transport and house computer equipment, backup power generators, cooling equipment purchased on the initial construction. Also includes a three year exemption from power used in operating the data center. **The bill passed House Revenue unanimously on 1/19 and general file and second reading in the House. Third reading will be in Monday.**

HB 127 – SCHOOL FINANCE RECALIBRATION - Implements the 2010 recalibration modifications to the Wyoming education resource block grant model. **The bill was heard on 1/19 as well as 1/21 in House Education to collect testimony.**

HB 143 – MANUFACTURING TAX EXEMPTION – This bill extends the existing sales and use tax exemption on manufacturing equipment for another 5 years, until December 31, 2016. There is no additional non-administrative fiscal impact outside of the existing exemption. In tracking the current sales and use tax exemption on manufacturing equipment, the Department of Revenue has seen wild fluctuations in the use of the exemption. The average revenue decrease, based on the statewide average over the last six reporting years, is \$10,303,000 annually in taxes foregone from the exemption. **The bill passed House Revenue by a vote of 6-2 on 1/21. Representative Madden moved an amendment that would focus the bill to only apply to expanding capacity or new product lines, however the amendment failed. Expect to see another attempt on the floor of the House.**

SF 70 – EDUCATION ACCOUNTABILITY – Creates the Wyoming Accountability in Education Act, establishes a statewide education accountability system; system components and student performance measures; imposes duties upon the state board of education and the state superintendent; prescribes consequences for school level student

performance; establishes a legislative select committee to review and expand system components. Appropriation of \$75,000 from the School Foundation Fund to LSO. **The Senate Chairman heard testimony this week and will work the bill next week.**

SF 86 – AGRICULTURAL FUEL TAX EXEMPTION - Allows the qualifications for an agricultural credit to be valid for 4 years. **The bill passed Senate Revenue on 1/20 by a vote of 3-2. The no votes voiced concerns that this only extends a system that is not currently functioning very well. Much of the discussion referenced HB 153 and the changes it proposes to make.**

SF 99 – SALES TAX ON CERTAIN FOOD ITEMS - Exempts some vending machine sales from the taxation of food and further aligns statute with language from the Streamlined Sales Tax Initiative. The goal is to level the playing field for folks who currently have to pay the sales tax on certain items that are sold in vending machines, but not at the grocery store. **The bill passed House Revenue on 1/20. Some discussion on the bill noted that removing the sales tax on food will haunt the state forever.**

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

**WHERE: 2120 CAREY AVE., CHEYENNE, 4TH FLOOR CONFERENCE ROOM
WHEN: 2:00 PM**

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

**CALL: 1-866-248-0561
PASS CODE: 6358761**

ALL WTA MEMBERS ARE ENCOURAGED TO ATTEND.

2011 LEGISLATIVE SESSION - Tentative schedule
(37 day schedule – Recess on President's Day)

Day 1 Tuesday, January 11 Session convenes.

Day 12 Wednesday, January 26 Last day for Senate Files to be submitted to LSO for introduction. (noon)

Day 15 Monday, January 31 Last day for House Bills to be submitted to LSO for introduction. (noon)

Day 19 Friday, February 4 Last day for bills to be reported out of Committee in house of origin.

Day 20 Monday, February 7 Last day for Committee of the Whole in house of origin.

Day 21 Tuesday, February 8 Last day for Second Reading in house of origin.

Day 22 Wednesday, February 9 Last day for Third Reading on Bills in house of origin.

Monday, February 21 President's Day Recess

Day 32 Thursday, February 24 Last day for bills to be reported out of Committee in second house.

Day 33 Friday, February 25 Last day for Committee of the Whole on bills in the second house.

Day 34 Monday, February 28 Last day for Second Reading on bills in the second house.

Day 35 Tuesday, March 1 Last day for Third Reading on bills in the second house.

Day 36 Wednesday, March 2 Concurrence on Amendments/Joint Conference Committee Reports.

Day 37 Thursday, March 3 Joint Conference Committee Reports; All JCC Reports due to Front Desk by 2:00 p.m.
ADJOURN by Midnight.

Friday, Monday, and Tuesday - March 4, 7 and 8 are available if necessary.