

An interesting week two of the 62nd Legislative Budget Session comes to an end with close to 300 bills filed and only 63 of those failed introduction. This weekly report will keep you abreast of the happenings of the week and any significant changes to bills we are monitoring. You will find details of committee hearings and amendments in the summary below. Please see WTA's Bill Tracking Sheet for general information on all of the bills we are tracking.

Through Thursday, February 20, 2014, the fiscal profile indicated both House and Senate budget versions were in the red. See table below.

<b>Funds Available (Cash, Revenue, Net Transfers)</b>	<b>15-16 Biennium House Status</b>	<b>15-16 Biennium Senate Status</b>
Total Traditional Funds	3,648,155,000	3,648,155,000
Total Appropriations/Transfers	<u>-3,553,069,839</u>	<u>-3,548,674,839</u>
General Fund/Budget Reserve Bal.	95,085,161	99,480,161
Statutory Reserve (5% of GF rev.)	<u>-109,860,000</u>	<u>-109,860,000</u>
<b>Total Funds Available for Approp.</b>	<b>14,774,839</b>	<b>10,379,839</b>

Source: Legislative Service Office, Fiscal Profile 2/20/2014

Here is a list of the bills the WTA was watching closely this week:

**HB 22 – Mineral tax – audit interest rate. **The WTA is supporting this bill.**** This bill allows for a reduction in the interest rate assessed on underpaid severance and ad valorem tax as determined by audit. The bill will tie the interest rate that the counties can assess on underpaid mineral taxes to the rate that the state charges, which currently is 12%. This bill passed through the House with amendments on second and third readings. It has been introduced in the Senate and is due up early next week in the Senate Revenue Committee.

**HB 63 – Railroad rolling stock tax exemption. **The WTA is supporting this bill.**** This bill repeals the sunset of the exemption (7/01/15) on the imposition of state sales and use tax on the repair, assembly, alteration or improvement of railroad rolling stock. Railcar repair businesses have been operating under this exempt status since it was passed in 2005. The 2015 sunset provision creates an enormous level of uncertainty for these businesses. Evaluating this exemption using the WTA exemption criteria determined our position to support. This bill has passed the House Committee of the Whole.

**HB 65 – Sales & use tax – exemptions.** This bill provides an exemption on the imposition of sales and use tax for the sales of equipment and materials used to build infrastructure to provide telecommunications service, data network service or broadband internet service. An amendment to limit the exemption to broadband service & equipment only was introduced in committee and adopted. Absent the availability of revenue loss estimates, and concern that this exemption would have a significant negative effect on the current tax base, this bill failed as amended in House Revenue Committee 5-4.

**HB 69 – Fuel tax natural gas. **The WTA is supporting this bill.**** This bill specifies a gasoline gallon equivalency measure for compressed natural gas (CNG) and a diesel gallon equivalent for liquefied natural gas (LNG). The tax equivalency measure simply equalizes the tax for increased amount of alternative fuels necessary to power alternative use vehicles. This bill has passed the House Committee of the Whole and is awaiting introduction in the Senate.

**HB 125 – Local option tax – municipalities.** This bill allows any incorporated municipality in a county wherein no incorporated municipality contains more than fifty percent (50%) of the population of the county to impose a specific purpose excise tax of up to 2 percent. This bill was introduced 56-4 and referred to House Revenue Committee. It has been laid back until next year.

**HB 132 – Sales and use tax distributions.** A bill to change the distribution of sales & use taxes from 69% state general fund / 31% local government to 64%/36%, respectively. This bill was not considered for introduction vote.

**HB 145 – Streamlined sales tax amendments.** This is a bill that specifies when a taxable event occurs for the person making first use of taxable services in this state on services to repair, alter or improve tangible personal property sold and tangible personal property sold by any person for delivery in this state or where first use of the service occurs in this state. This bill has passed second reading in the House.

**HB 151 – Malt beverage tax increase.** This bill increases the excise tax on malt beverages by \$0.045 per liter. This bill failed on introduction 41-9.

**HB 154 – Exemption for gratuities.** This bill provides a sales tax exemption for gratuities. The issue arose last year out of concern that food businesses were adding the gratuity onto the food bill total, and applying sales tax on that amount. Also, the gratuity was not given to the employee(s). The discussion on HB 154 specifically identified dude ranch operations doing similar practice. Dan Noble, Director of Department of Revenue, testified that this arose as an ancillary issue and the department was unaware of this practice occurring. As gratuity employees often make less than minimum wage, the gratuity is intended to supplement the lower wage. As such, the gratuity must be separate and distinct, and given to the employee that is due it. This bill passed House Revenue Committee 8-1 and is on general file.

**HB 170 – State agricultural fuel tax refund.** This bill specifies that the department of transportation shall establish by rule for applying for the refund that provides for alternative documentation that does not require the submission of federal tax forms to receive a refund. This bill passed introduction 54-6 and has been referred to House Revenue Committee.

**SF 33 – County board of equalization.** This bill revises the appeal process for property assessments for ad valorem taxation and revises the hearing process at the county board of equalization. This bill has passed introduction in the House and has been referred to House Revenue Committee.

**SF 93 – Agricultural gas tax refund.** This bill amends the time for application for an agricultural gas tax refund from 1 year to 18 months. This bill has passed second reading in the Senate.

**SF 104 – Permanent mineral trust fund.** This bill allows the state treasurer to transfer an amount necessary to offset any realized capital losses in the permanent Wyoming mineral trust fund occurring within the fiscal year immediately preceding the transfer. The transfer shall be from the permanent Wyoming mineral trust fund reserve account to the permanent Wyoming mineral trust fund. This bill failed in Senate Committee of the Whole 27-3.

**Toast & Taxes Breakfast Meeting.** The early bird sessions have been well-attended the past two weeks. Eight legislators have taken time out of their busy schedules to join WTA members and staff. We have two more weeks - please join us!!!