



### Week Three Wyoming Taxpayers Association Summary

Week three concluded individual house work on the budget. Conference committees met Friday night to work out the differences in both bills and will continue on Monday. The amendments passed in conference will face a final approval on the House and Senate floors before going to Gov. Matt Mead's desk for his approval. WTA will provide a detailed summary after the Governor signs the bill.

Going into the week, proposed spending differed significantly between the two sides. Proposed House spending left a negative balance of \$1.8 million, while the Senate was nearly \$35 million 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>-3,540,090,239</u>	<u>-3,572,894,839</u>
General Fund/Budget Reserve Bal.	108,064,761	75,260,161
Statutory Reserve (5% of GF rev.)	<u>-109,860,000</u>	<u>-109,860,000</u>
<b>Total Funds Available for Approp.</b>	<b>1,795,239</b>	<b>34,599,839</b>

Source: Legislative Service Office, Fiscal Profile 2/24/2014

#### Budget Balancers (transfers) - Amended

- \$36.7 million (reduced from \$41.7 million) to Water Development accounts I and II.
- \$37.5 million from general fund for capitol building rehabilitation and restoration.
- \$5 million from general fund to support fish hatcheries.
- \$35 million (increased from \$30 million) from strategic investments and projects account (SIPA) and \$60 million (reduced from \$70 million) from general fund for creation of school foundation program reserve account.
- \$25 million (reduced from \$30 million) from SIPA for creation of state facilities construction account.
- \$15.7 million from general fund to State Facilities Construction Account on failure of HB 51 - Firemen's pension plan benefits.

A quick summary of major budget items below:

- State employee compensation – executive & judicial branches, and higher education: \$39 million (Gov. rec. \$49 million)
  - State employees: salary adjustments of 2.35% in 2015 compounding to 2.5% in 2016. Employees will be responsible for covering increase in retirement contribution.
  - University of Wyoming employees: same percentage as state employees and same retirement contribution provision.
  - Community college employee compensation: \$3.7 million add'l., salary adjustment of 2% in 2015 and holds at that level.
- K-12 employee compensation - \$38.1 million (Gov. rec. \$38.8 million): external cost adjustment (ECA) plus \$6 million in salary increases for 2015. The same provision for 2016 plus \$7 million added to ECA.
- \$600,000 to Office of Tourism for program expansion and promotion.

- \$250,000 (reduced from \$500,000) to Wyoming Aeronautics Commission for enhanced air service.
- \$7.5 million to community colleges for enrollment growth.
- \$7.5 million to UW for matching grants and literacy program.
- \$1 million incentive to UW block grant for enrollment achievement of 600 additional students by 2016.

#### **Mirror Amendments:**

- \$25,000 general fund appropriation for the minting and marketing of coins celebrating Wyoming's 125<sup>th</sup> anniversary as a state.
- \$480,000 general fund appropriation for senior centers.
- \$5,300,000 additional general fund appropriation for community colleges.
- Redirect of \$125,000 general fund appropriation Department of Education for tribal triad initiative.
- \$250,000 reduction in AML funding for University of Wyoming School of Energy for feasibility study of glass manufacturing.
- \$35,000 school foundation program for continuation of the select committee on education accountability.
- Commission Governor's task force for the renovation and reconstruction of science laboratories and instructional areas at the University of Wyoming.
- Authority for the University of Wyoming to expend any proceeds from the sale of the UW-Casper College Poplar Street facility.
- \$175 million for state aid to cities, towns, and counties.
- \$150,000 from general fund to University of Wyoming College of Engineering and Applied Sciences Tier 1 Initiative.

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 has passed 2nd Reading in the Senate and was pulled off the consent list for 3rd Reading on Friday. It has been laid back until Monday.

**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 died in the Senate Revenue Comm. 3-2.

**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 introduction in the Senate and has been referred to the Senate Revenue Comm.

**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 2nd Reading in the Senate.

**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 has passed the Senate Revenue Comm. and is on General File.

**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 3rd Reading in the House and has been received for Concurrence in the Senate.

**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 2nd Reading in the House.