

# WYOMING TAXPAYERS ASSOCIATION



## March 7 - 2015 General Legislative Session – Final Report

The 63rd Legislature concluded its work on Friday morning, finishing on day 37 of the proposed 37-day session. It was a bittersweet ending for many, as this will be the last session held in the Capitol for the next three years. The Capitol renovation project will displace the legislature, elected officials, and staff until 2018 when the project is wrapped up at cost expected to exceed \$300M. The Governor in his closing remarks lamented that this would be his last address given in the House and Senate chambers. He also spoke of the memories made in both chambers and reminded those present to remember the way the Capitol currently looks. "We take time today to look around these chambers. When we come back these will look different," he said.

The Governor extended his appreciation to the citizen legislators for their hard work and accomplishments during the session. He thanked them for the hard work and compromise that went into the budget, and noted that he made the fewest line item vetoes in this budget of any prior budgets. He also spoke of the areas where a lot more work is needed, particularly in the area of healthcare. Referring to issues and questions left unaddressed, particularly that of Medicaid expansion and hospital compensation, the Governor laid out of the challenges awaiting them a year from now. He reminded lawmakers, "When we arrive next session we need answers."

A total of 410 bills were numbered for introduction this session. As of Friday at noon, a total of 203 bills had been signed into law by the Governor. Lawmakers will begin their interim committee work in the weeks ahead. Wyoming's Sixty-fourth Legislature will convene on Feb. 8, 2016 for a 20-day Budget Session.

As of Thursday, March 5, 2015, the total profiled General Fund appropriations for the 2015 supplemental budget totaled \$9,265,509.

<b>Funds Available (Cash, Revenue, Net Transfers)</b>	<b>15-16 Biennium JCC01 Status</b>
Total Traditional Funds	3,657,209,642
Expenditures:	
2014 Budget Bill GF Appropriations	-3,345,363,652
2014 Budget Bill transfers from GF to other accts.	- 159,865,000
2015 Budget Bill GF Appropriations	- 9,265,509
Other 2014 Bills w/ GF Appropriations. - Budget Session	- 24,983,887
Other 2015 Bills w/ GF Appropriations. - General Session	- 2,129,554
Total Appropriations/Transfers	<u>-3,541,607,602</u>
General Fund/BRA Balance	115,602,040
Statutory Reserve (5% of GF revenues)	<u>-109,860,000</u>
Total Traditional Funds Available for Appropriation **	<b><u>5,742,040</u></b>

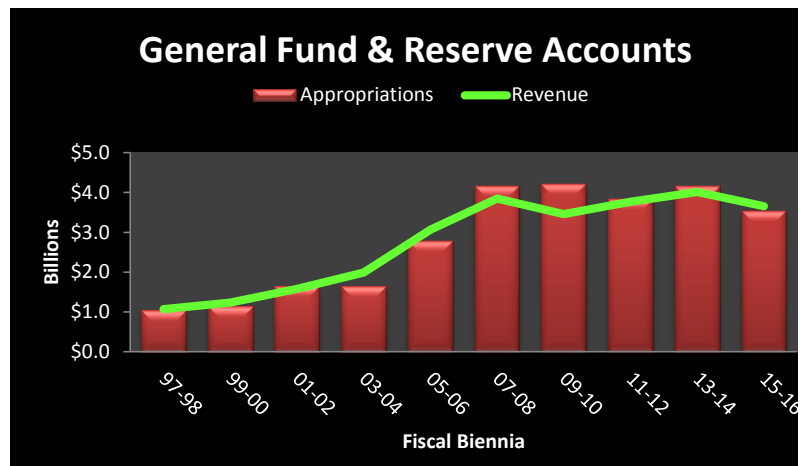
Source: Legislative Service Office, Fiscal Profile 3/5/2015

\*\* The JAC also appropriates \$112,655,247 in "FY 2015 contingent revenues" and \$165,950,000 in "FY 2016 contingent revenues" should investment income from the PWMTF meet the spending policy amount for each year, respectively. The House position appropriates an additional \$438,724 in "FY 2015 contingent revenues" and appropriates an additional \$3,776,362 in "FY 2016 contingent revenues". The Senate position reduces appropriations from "FY 2015 contingent revenues" by \$3,375,000 and reduces appropriations from "FY 2016 contingent revenues" by \$5,600,000.

\*\* JAC recommends the first \$75 million in unappropriated funds remaining in the BRA on June 30, 2016 in excess of the statutory reserve be transferred to the SIPA. Unappropriated funds in excess of the statutory reserve and the \$75 million SIPA transfer will be transferred to the LSRA.

## 2015 Supplemental Budget Summary

The 2015 supplemental bill, totaling nearly \$285M provides funding for local governments, highway safety, the University of Wyoming, community colleges, and water quality among other things. This augments the \$3.53B biennial budget that was passed last year. At close to \$120M more than the original request submitted by the Governor Mead, the supplemental budget bill increases General Fund spending by \$9.3M, adds 10 new positions (1 full-time, and 9 part-time), and appropriates \$275.7M in contingent (or potential) revenues from investment earnings over the next two years. Additionally, the bill appropriates \$5.3M in Federal Funds, \$10.7M in School Foundation Program funds, \$7.4M in School Capital Construction funds, and \$68.2M in Other Funds. The following are some of the key appropriations:



Fiscal Biennia	Revenue	Appropriations
97-98	\$1,068,558,753	\$1,046,806,626
99-00	\$1,230,048,641	\$1,138,334,363
01-02	\$1,576,829,971	\$1,631,622,185
03-04	\$1,985,784,713	\$1,640,074,430
05-06	\$3,067,164,311	\$2,778,811,773
07-08	\$3,847,633,182	\$4,163,071,725
09-10	\$3,457,119,290	\$4,199,826,603
11-12	\$3,766,770,023	\$3,824,537,425
13-14	\$4,011,130,274	\$4,146,516,864
15-16	\$3,657,209,642	\$3,541,607,602

### Department of Environmental Quality

- Replacement of \$1.29M of previously appropriated abandoned mine land (AML) funds for air quality with GF.

### School Facilities Commission

- Added \$7.4M in major maintenance funding for school districts.

**School Foundation Program**

- Added \$10.6M in School Foundation Program account funds (and reduced anticipated recapture by \$3.7M) for an external cost adjustment to school districts for the 2015-2016 school year.

**Department of Transportation**

- Added \$2M in mineral royalty grant funds for passing lane design and directed the Transportation Commission expend \$10M of federal highway safety funds or other identified funds for passing lanes.

**Department of Health**

- Added \$16.9M FF and \$676K OF for a Tribal Health Uncompensated Care Waiver.
- Added \$4.1M in GF and \$4.1M in FF to increase nursing home rates.
- Added \$1.5M GF and \$1.5M FF for services to persons with developmental disabilities.

**Capital construction (non-contingent funds)**

- \$40.98M OF authorized for community college capital construction projects.
- \$735K OF for the Attorney General and Department of Agriculture buildings.
- \$8.57M in previously appropriated funds for a High Bay Research facility at UW.

**Local Governments**

- Appropriated \$8M (\$3.5M from GF and \$4.5M from FY2015 contingent revenues) to cities, towns and counties, split 63 percent to municipalities and 37 percent to counties.
- Appropriated \$1.083M in mineral royalty grant funds for court security issues in 8 counties.

**Amendments to prior appropriations**

- Replaced \$12.4 M in AML funds previously appropriated to the Gillette Madison project with other prior balance AML funds.
- Authorized the release of prior appropriations for the UW College of Engineering construction, with conditions.
- Increased the maximum appropriation for the Capitol complex renovation by \$31M.

**Transfers**

- Stopped the transfer of \$184.4M from the GF to the LSRA pursuant to 2012 Wyoming Session Laws, Chapter 26.
- Transferred \$21.37M from the Strategic Investments and Projects Account to the GF.
- Transferred \$9M from the Buffalo Bill dam operation and maintenance account to Water Development II account.

**Appropriations of FY2015 (contingent revenues)**

- Appropriated \$113.2M in FY2015 contingent revenues among 34 priorities, including \$37.5M to the Capitol Building Rehabilitation and Restoration account; \$20M to the University of Wyoming (UW) High Altitude Training Center; \$15M for UW unconventional oil and gas research matching funds, \$6.4M to the cease and transfer accounts, and \$5M for community college matching funds.

### **Appropriations of FY2016 (contingent revenues)**

- Appropriated \$162.5M in FY2016 contingent revenues among 16 priorities, including \$37.5M to the Capitol Building Rehabilitation and Restoration account; \$30M for the UW science initiative; \$25M to the state facilities construction account; \$20M for future state facilities in Casper; \$15M for community college STEM and technical education matching funds; \$8M for UW Corbett pool; \$5M for surface transportation passing lanes; \$5M to an industrial park savings account; and \$5M for UW unconventional oil and gas research matching funds.

### **Governor's Line Item Veto**

**Page 14 – Section 024.** State Parks & Cultural Resources (Footnote 5) – Deletes footnote regarding “Our Place in the West” conference.

**Page 26 – Section 048.** Department of Health (Footnote 25) – Deletes footnote regarding appropriation of \$200K from DOH administrative budget for Home Services Program through community living section of the aging division. The 2014 biennial budget already provides funding for this program.

**Page 81 – Section 334, Section 4 (a).** State Buildings – Construction - Deletes the footnote regarding the \$156K appropriation for the purchase of artwork as part of the capitol renovation project.

### **WTA Bills of Interest This Session**

Below is a summary of the bills the WTA was following this session. Also, see WTA's Bill Tracking Sheet for additional information on these bills.

**HB 2 – MUSEUM DISTRICTS-FORMATION** – This bill specifies the procedure for establishing a special museum district and conducting subsequent district elections. In this legislation, the county commissioners vote to adopt a special district by resolution, providing public notice a minimum of 30 days prior to meeting, bypassing the petition process, and then submitting the issue for electorate approval using standard procedure as required by the Special District Election Act of 1994. **Failed in House Corporations Committee on 1/21/2015. (WTA Position: Neutral)**

**HB 5 – PROPERTY TAX REFUND PROGRAM – EXTENSION** – This bill will reinstitute the long-running property tax refund program and related provisions subject to legislative appropriation that otherwise is due to sunset as of January 1, 2015. **Signed into law by Governor on 02/25/2015. Effective date: 02/25/2015. (WTA Position: Neutral)**

**HB 9 – ALTERNATIVE FUEL TAXATION** – This bill provides for taxation of alternative fuels (LNG, CNG, electricity, et al) used to propel a motor vehicle. The effective tax rate will be \$0.24 per gallon. The gasoline gallon equivalency (GGE) will be used for CNG, LPG or electricity. The diesel gallon equivalency (DGE) will be used for LNG or renewable diesel. Electrical energy sold or used for the purpose of propelling a motor vehicle is exempt from all taxes if an electric vehicle decal has been obtained. **Signed into law by Governor on 02/25/2015. Effective date: 07/01/2015. (WTA Position: Support)**

**HB 24 – MINIMUM WAGE** – This bill increases the minimum wage from \$5.15 per hour to \$9.00 per hour (175%). It also raises the minimum wage for tipped employees from \$2.13 per hour to \$5.00 per hour (235%). It specifies a penalty for non-compliance. **Failed in House Revenue Committee on 1/23/2015. (WTA Position: Monitor)**



**HB 25 – RAILROAD ROLLING STOCK TAX EXEMPTION-SUNSET** – 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. **Signed into law by Governor on 03/03/2015. Effective date: 03/03/2015. (WTA Position: Support)**

**HB 44 – EMERGENCY 911 FEES-PREPAID WIRELESS** – This bill proposes the imposition of a 911 emergency tax of 1.5% on every retail sale of prepaid wireless communications access in Wyoming. **Signed into law by Governor on 03/02/2015. Effective date: 03/02/2015. (WTA Position: Support)**

**HB 51 – EXCISE TAX-WELL SITE** – This bill amends the definition of a well site from being the area within a 250-foot radius of an oil or gas wellbore to an area where production equipment is installed to store or prepare oil or gas for transportation off the well site. **Signed into law by Governor on 02/27/2015. Effective date: 07/01/2015. (WTA Position: Support)**

**HB 52 – SALES TAX EXEMPTION – RELATED BUSINESS ENTITIES** - This bill specifies that a lease or rental of tangible personal property between a parent and closely held subsidiary corporations, between subsidiary corporations closely held by the same parent corporation, or between affiliated companies, partnerships, corporations or other business entities which are owned in similar percentages by the same persons, is not subject to taxation. **Signed into law by Governor on 02/25/2015. Effective date: 07/01/2015. (WTA Position: Neutral)**

**HB 62 – PROPERTY TAX EXEMPTION FOR FAITH-BASED CAMPS** - This bill adds faith-based camps to the list of real property exempted from property taxation. **Signed into law by Governor on 03/04/2015. Effective date: 01/01/2016. (WTA Position: Monitor)**

**HB 65 – STATE EMPLOYEE’S GROUP INSURANCE – COUNTY EMPLOYEES** - This bill provides counties an option to participate in the state employees' and officials' group insurance plan and specifies participation and contribution requirements and procedures. **Failed Concurrence in the House on 03/03/2015 and appointed to Joint Conference Committee on 03/04/15. Senate postponed indefinitely. (WTA Position: Monitor)**

**HB 67 – WYOMING RETIREMENT SYSTEM AMENDMENTS** - This bill amends provisions in the Wyoming retirement act to allow elected officials to decline participation in the retirement system. It also amends a definition specifying firefighters in the WANG are eligible to be in the pension plan. **Signed into law by Governor on 02/25/2015. Effective date: 07/01/2015. (WTA Position: Monitor)**

**HB 72 – VOLUNTEER FIREFIGHTER AND EMT PENSION ACCOUNT** - This bill creates the volunteer firefighter and EMT pension account and pension account board. It provides for the merger of volunteer firemen's pension account and the volunteer emergency medical technician pension account and provides membership criteria. **Signed into law by Governor on 02/25/2015. Effective date: 07/01/2015. (WTA Position: Monitor)**

**HB 84 – CONSERVATION DISTRICT LEVY** - This bill authorizes the county commissioners the option to annually levy a tax upon all property in the district not to exceed one mill on each dollar of assessed valuation for a general conservation tax and one mill on each dollar of assessed valuation for a water specific purpose tax. This tax is not part of the general county or city mill levies. **Failed in House Committee of the Whole on 1/28/15. (WTA Position: Neutral)**

**HB 100 – HIGHWAY FUNDING** – This bill restricts any funds deposited to the highway fund attributable to the increase in fuel tax authorized in the 2013 session, to be separately accounted for by the WYDOT and shall only be expended to maintain the state highway system. **Enrolled as HEA No. 0100 on 03/04/2015, Signed by House Speaker on 03/05/2015 and Signed by Senate President on 03/05/2015.** (WTA Position: Monitor)

**HB 110 – SALES TAX DISTRIBUTIONS** – This bill adjusts the distribution for sales & use taxes collected from the current level of 69% to 64% to the general fund and adjusts the distribution to the counties, cities, and towns from 31% to 36%. **Failed to make Committee of the Whole Cutoff Date on 02/09/2015.** (WTA Position: Monitor)

**HB 140 – MALT BEVERAGE TAX** – This bill imposes an additional tax of \$0.17 per gallon on malt beverages. **Failed in House Revenue Committee on 1/26/15.** (WTA Position: Oppose)

**HB 141 – MALT BEVERAGE TAX - REPEAL** – This bill repeals the excise tax on malt beverages. **Failed to make Committee of the Whole Cutoff Date on 03/03/2015.** (WTA Position: No Position)

**HB 153 – LOCAL SALES AND USE TAX REVISIONS** – This bill revises the process for local governments to propose a sales and use excise tax by receipt of a petition by the board of county commissioners requesting at least 5% of the voter signatures, and revising the increment rate for the excise tax from 0.5% to 0.25% not to exceed 2%. **Failed in House Committee of the Whole on 01/30/15.** (WTA Position: No Position)

**HB 169 – TAX COLLECTIONS** – This bill provides for monthly payment and reporting of ad valorem taxes by the taxpayer to the county treasurer in the county where production occurs, and requires each county to report monthly to the Department of Revenue. **Failed to make Committee of the Whole Cutoff Date on 02/09/2015.** (WTA Position: Oppose)

**HB 173 – TOBACCO TAX REVISIONS** – This bill provides for an increase in tobacco taxes on a pack of cigarettes of \$0.65/pack (108%) and increases state excise tax on other tobacco products by 130%. The revenue distribution is apportioned 45% to the general fund and 55% to Department of Health for tobacco cessation and prevention, and Medicaid. **Failed to make Committee of the Whole Cutoff Date on 02/09/2015.** (WTA Position: Oppose)

**HB 185 – SEVERANCE TAX DISTRIBUTIONS** – This bill provides for modifying the distribution of the statutory severance tax diversion (2/3 of the 1.5% Constitutional diversion) to the PWMTF for FY 2016-2021. One half of the current distribution will go to the PWMTF and the other half will be distributed in specified percentages to the highway fund, school capital construction account, and local governments. **Failed to make Committee of the Whole Cutoff Date on 02/09/2015.** (WTA Position: Monitor)

**HB 202 – EPA EQUIPMENT REQUIREMENTS – TAX EXEMPTION** – This bill provides for a sales & use tax exemption, as an economic development incentive, on equipment purchased for existing electrical generating facilities needed to comply with federal EPA requirements implemented after 1/1/2014. **Failed to make Committee of the Whole Cutoff Date on 02/09/2015.** (WTA Position: Monitor)

**HB 238 – FLARING OF NATURAL GAS** – This bill changes status on natural gas, which is flared or vented, from being tax exempt for severance tax to being taxable after 90 days for any well, effective 7/1/2015. **Failed to make Committee of the Whole Cutoff Date on 02/09/2015.** (WTA Position: Monitor)

**HB 244– SEVERANCE TAX DISTRIBUTION AMENDMENTS** – This bill increased the amount of severance taxes available for distribution by raising the current distribution maximum of \$155M to \$205M. In addition, the maximum distribution will be adjusted beginning in FY 2020 and every 5 fiscal years, thereafter, by the cumulative compounded statewide average Wyoming Cost of Living Index. **Failed to make Committee of the Whole Cutoff Date on 02/09/2015. (WTA Position: Monitor)**

**SJ2 – INVESTMENT OF STATE FUNDS** – This legislation proposes to amend the Wyoming Constitution to authorize the investment of state funds, not deemed as permanent funds of the state, in equities upon a 2/3 vote of both houses of the legislature. **Enrolled as SEJR No. 0001 on 03/05/2015, Signed by House Speaker on 03/05/2015 and Signed by Senate President on 03/05/2015.**

**SF 42 – TASK FORCE ON MINERAL TAXES** – This legislation creates a task force appointed by the President of the Senate, Speaker of the House, and Governor to study and simplify the mineral product taxes. It requires a report to the Joint Revenue Interim Committee to be delivered no later than November 30, 2016 and provides both an appropriation and effective date. **Signed into law by Governor on 03/02/2015. Effective date: 03/02/2015. (WTA Position: Support)**

**SF 141 – STATE BUDGET DEVELOPMENT**– This bill authorizes the legislature, by way of agency budgetary explanatory material, to specify accounts from which budget recommendations may be directed, i.e., statutory budget reserve amounts for supplemental and emergency budgets excluding the PWMTF, Common School Permanent Fund Reserve account or funds within 5% of the estimated general fund receipts for the next biennium. **Enrolled as SEA No. 0088 on 03/06/2015, Signed by House Speaker on 03/06/2015 and Signed by Senate President on 03/06/2015. (WTA Position: Monitor)**

**SF 146 – SPENDING POLICY AMENDMENTS** – This bill codifies and continues the state savings accounts: Legislative Stabilization Reserve Account (LSRA), Strategic Investments and Projects Reserve Account (SIPA), and the School Foundation Program Reserve Account (SPRA). In addition, it amends the investment earnings spending policy amount for the Permanent Wyoming Mineral Trust Fund, the Common School Account. **Enrolled as SEA No. 0091 on 03/06/2015, Signed by House Speaker on 03/06/2015 and Signed by Senate President on 03/06/2015. (WTA Position: Monitor)**

**A SPECIAL THANK YOU TO QEP RESOURCES FOR HOSTING THE WTA TOAST & TAXES BREAKFAST DURING THE LEGISLATIVE SESSION.**