

Taxation 101

Wyoming Statutes

WTA 85th Annual Meeting





Title 39

- Chapter 1 - 7 repealed in 1998**
- Chapter 8 - 10 reserved for future use**
- Chapter 11 - Administration**
- Chapter 12 - Income tax**
- Chapter 13 - Ad valorem taxation (property)**
- Chapter 14 - Mine product taxes**
- Chapter 15 - Sales tax**
- Chapter 16- Use tax**
- Chapter 17 - Fuel tax**
- Chapter 18 - Cigarette taxes (and other tobacco products)**
- Chapter 19 - Inheritance taxes**
- Chapter 20 - Tax on railroads (repealed)**
- Chapter 21 - Excise tax on commercial transportation of coal (repealed)**
- Chapter 22 - Tax upon production of electricity from wind resources**
- Chapter 23 - Tax upon production of electricity from nuclear resources**



Three Major Tax Impositions

Ad Valorem – Chapter 13

- Property (residential and commercial)
- Mine Products (production)

Excise – Chapters 15 & 16

- Sales and Use (state and local)
- Consumption (state only – tobacco, alcohol and fuel)
- Production (state only – electricity)

Mine Products - Severance – Chapter 14

- Coal (6.5% and 3.75%)
- Oil and Gas (6% to 4%)
- Trona/Uranium (3.75% and 4%)
- Other minerals (2%)



Ad Valorem – 3 Tiers

Mine Products (assessed at 100% of FMV)

- Oil
- Gas
- Coal
- Trona
- Bentonite
- Uranium
- Sand and Gravel
- Other Valuable Deposits

Industrial (assessed at 11.5% FMV)

- State vs Local

All other property (assessed at 9.5% of FMV)

- Includes Residential, Commercial and Agricultural



History of DOR

1995 Department of Revenue separated from State Board of Equalization.

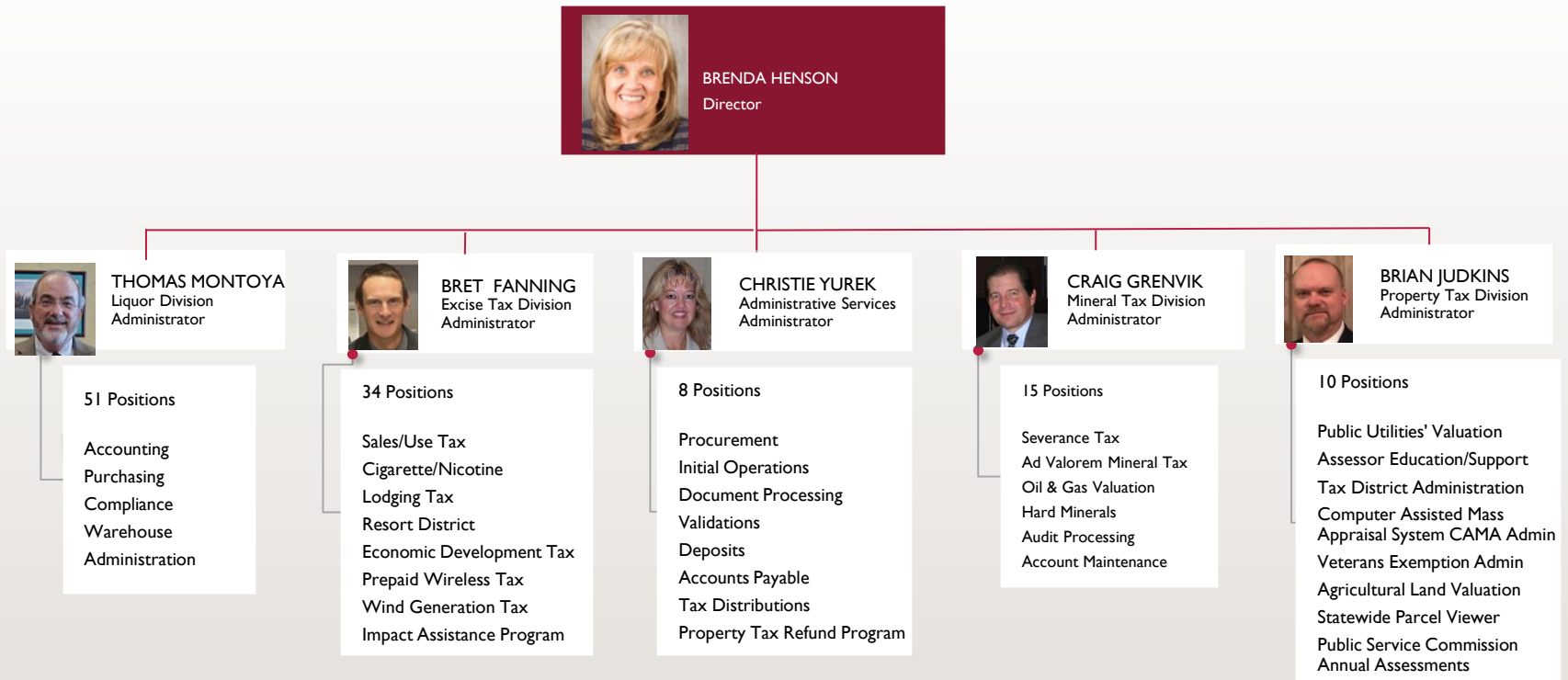
1996 Wyoming Liquor Division created within the Department of Revenue replacing the Liquor Commission

Taxes are the structure by which we as as citizens, pool our resources to pay for infrastructure and services we could not afford on our own.

The key for those responsible for administering those taxes is to ensure taxpayers are paying their fair share of the tax burden, no more, no less. It is the responsibility of the legislature to determine what that amount is.

WYOMING DEPARTMENT OF REVENUE

NOVEMBER 2022





Property Tax History

1889 First property tax levy in Wyoming Territory

1890 Statehood and creation of constitutional amendment providing uniform assessment for taxation

1903 Assessors created and county became the chief taxing authority



Big changes in the 80's

- 1984 The legislature dictated a statewide mass reappraisal.
- 1986 Legislature funded computer terminals for all staff within each assessors office and direct access to CAMA in the state mainframe computer.
- 1988 Constitution amended to provide for 3 tier tax structure and use of full value for assessing property tax.
- 1989 Statewide computer system in all 23 counties. Appraises real property only.

90's



1990 All counties at full value. Limitation of 25% increases, but all property must be a full value by 1992

1991 Assessor commences program to review all taxable property once every 4 years (6 years in 2009)

1996 Confidentiality statutes update to allow assessors to share sales information used to value property with owners.



During the last 20 years

2005 Department purchases RealWare CAMA system currently used in all counties. System is capable of completing all assessor duties.

2020 Funding for oblique imagery capture provided. Flights were completed by mid 2021. 2nd flight currently underway

2022 Department begins collecting estimated monthly ad valorem taxes for mineral production and forwarding \$ to the local county treasurer who then distributes to the taxing entities based on prior year mill levies.



3 Components to Property Tax Amount

Actual Tax Amount Calculation

$\text{FMV} \times \text{Level of Assessment} = \text{Assessed Value}$

$\text{Assessed Value} \times \text{Mill Levy} = \text{Tax Amount}$



Residential Example

$$\text{\$300,000 FMV} \times .095 = \\ \text{28,500 Assessed Value}$$

The actual tax on \$300,000 residence will be different based on the taxing entities that have the authority to collect taxes where your property is located.

Examples (2021 mill levies)

- Lander $28,500 \times 77.406 = \$2,206.07$
- Cheyenne $28,500 \times 72.340 = \$2,061.69$
- Gillette $28,500 \times 68.225 = \$1,944.41$



What is a Mill?

A mill is literally \$1.00 per 1,000 of assessed value.

Example : Municipalities can levy up to 8 mills

- 28,500 assessed value multiplied by 8 mills (.008) = \$228

Services provided by Municipalities

- Streets and sidewalks, parks, public space, cemeteries, recreation, libraries, museums – Police and fire protection – Health, safety, welfare of community – Sewer, water – Airports, public transportation, utility services



Back to that \$300,000 home..

Taxing Entity	2021 Mill Levies	Tax Dollars
School Foundation	12	\$342.00
SD Operating Levy	25	\$712.50
SD Recreation Levy	1	\$28.50
County School	6	\$171.00
Conservation District	0.5	\$14.25
Fire District	3	\$85.50
Weed & Pest	0.8	\$22.80
Community College	5	\$142.50
Community College Bond	1.04	\$29.64
Community College Voter Approved	1	\$28.50
Laramie County	12	\$342.00
	67.34	\$1,919.19

You pay the County Treasurer, who then distributes the money to the taxing entities.

\$300,000 home located in Laramie County tax district 0102 (N of Cheyenne) in 2021.

- 28,500 assessed value generates a tax bill of

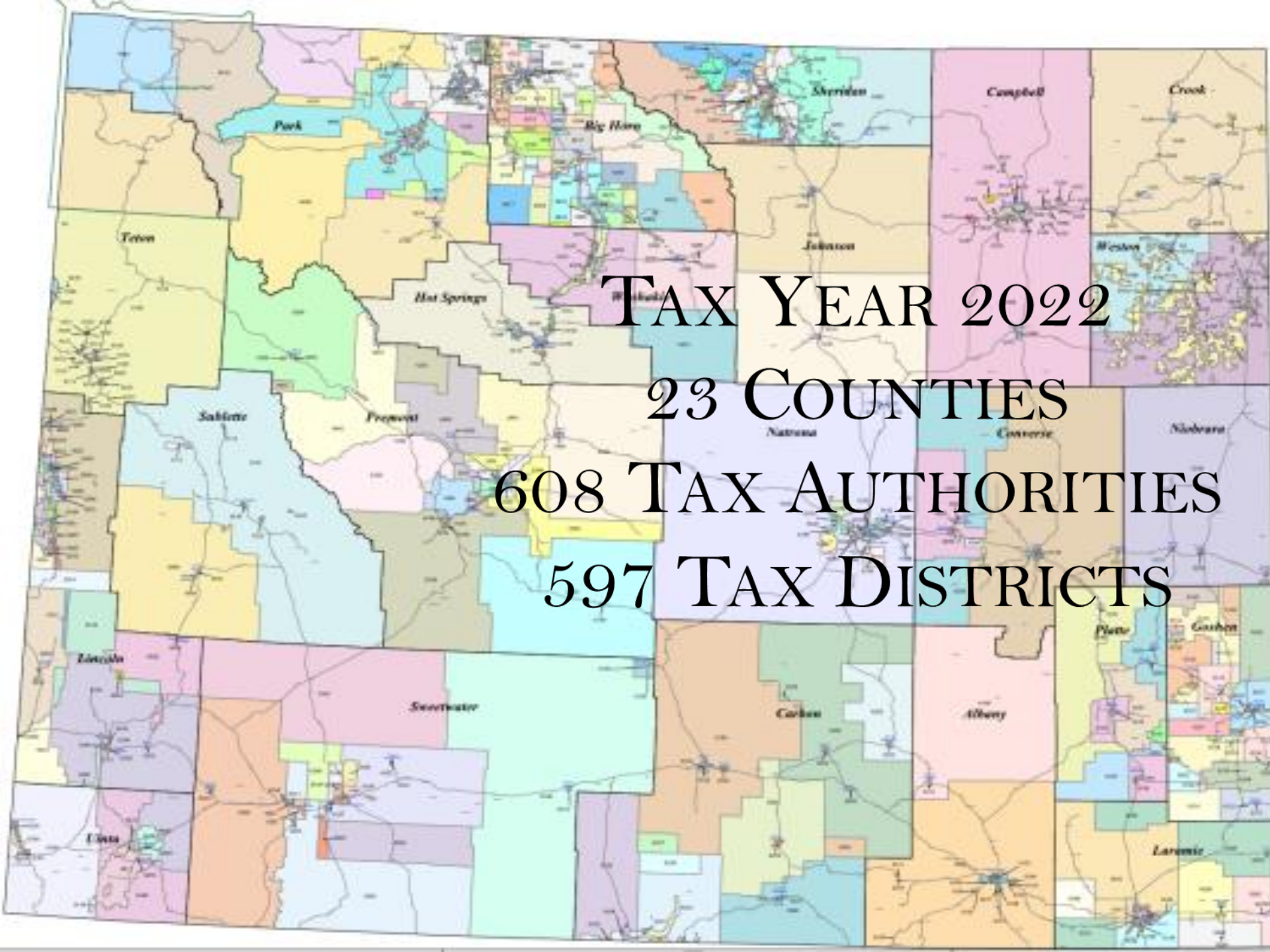
The following mills are assessed on all property in Wyoming



School Foundation Levy - 12 Mills

School District Operating Levy - 25 Mills

County School Fund Levy - 6 Mills

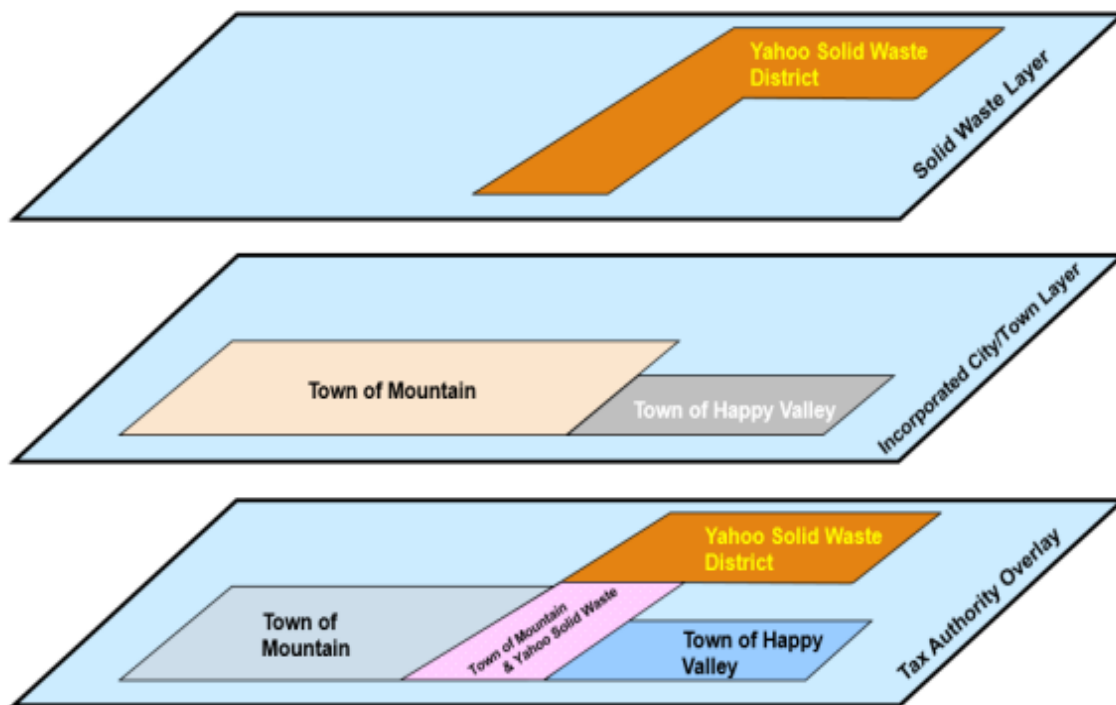


TAX YEAR 2022
23 COUNTIES
608 TAX AUTHORITIES
597 TAX DISTRICTS



Anatomy of Tax Districts

Tax Districts are created from tax authorities boundaries. In a sense, we don't really map "tax districts" per se. We do, however, map taxing authorities that, when combined together, create tax district boundaries. Each district is actually comprised of individual taxing authorities that, when combined together, create unique geographical regions with a specific assigned mill levy. If you could look through each taxing authority layer, as each authority is mapped on top of each other, you would see the resulting boundaries of the tax district map. The following is an example of this process:





Budget Process for Tax Authorities

- Proposed budgets must be provided to the county clerk, who then posts them on the county website for the public to view.
- Each tax authority conducts public budget hearing
- Adopt final budget
- Tax authorities provide final budget to the county so the mill levies can be calculated and certified by the County Commissioners
- First Monday in August, County Commissioners certify all levy's for all taxing authorities
- County Assessor submits Mill Levy Report to the State Board of Equalization no later than August 10th for approval.



Monthly Mineral Ad Valorem Estimated Tax

2021 Production Annual Filers – 2022 tax
\$5,493,373

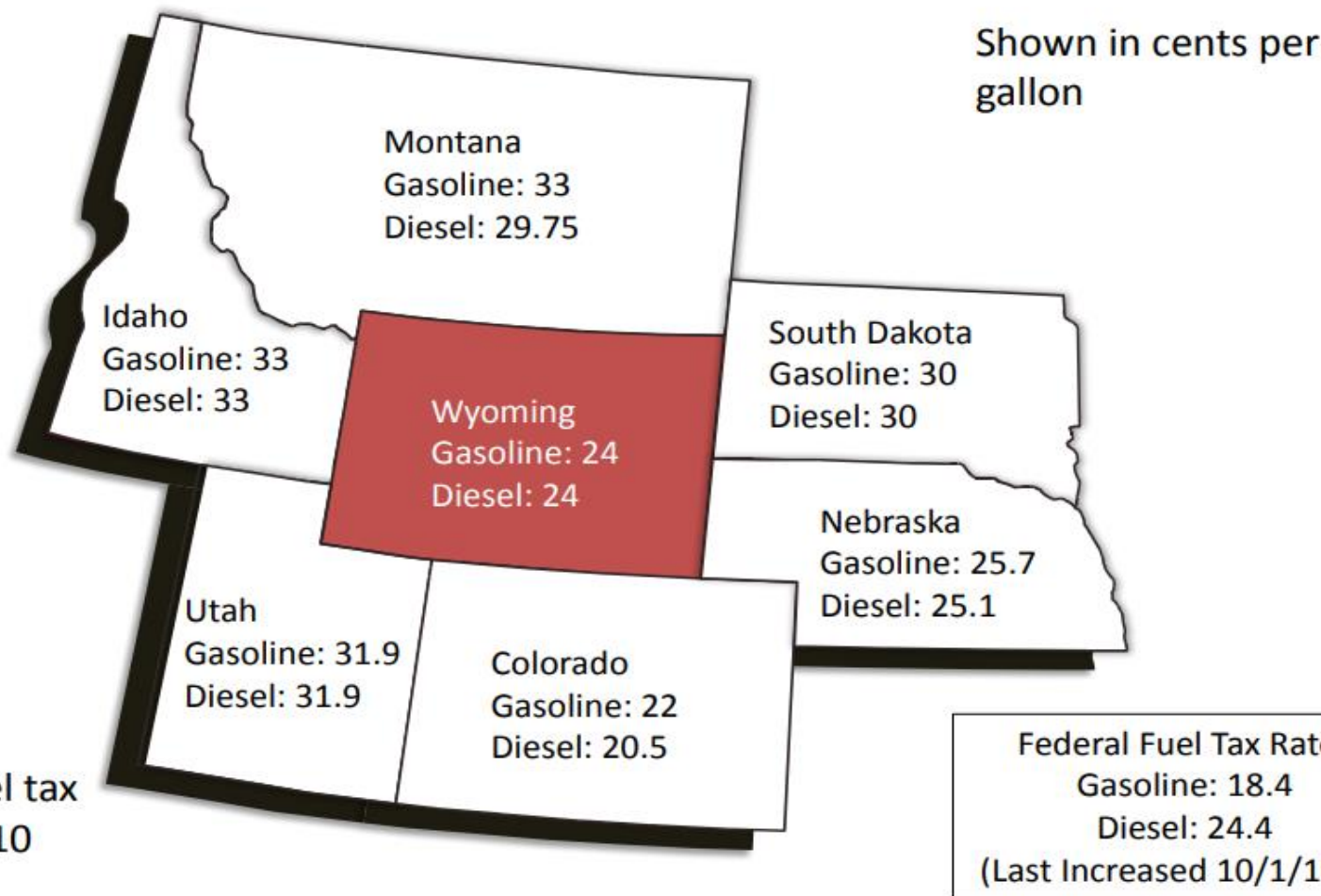
2022 Production Monthly Filers – 2023 tax
Includes Jan – July production
\$568,952,798



Excise

- Sales and Use (state and local)
- Consumption (state only – tobacco, alcohol and fuel)
- Production (state only – electricity)
- Lodging (state and local option)
- Resort Districts (local option)
- Local Economic Development (local option)
- Production of Electricity from Wind Resources (state)
- Production of Electricity from Nuclear Reactors (state)

Wyoming and its neighboring states' gasoline and diesel fuel tax rates



* Wyoming's fuel tax rates Increased 10 cents
July 1, 2013



History of Sales Tax

- 1935 - Wyoming adopts the Emergency Sales Tax Act followed in 1937 by the Selective Sales Tax Act.
 - Use tax is added to the sales tax to ensure that all taxes due were paid. At the time 23 states imposed a sales tax. Cross border sales were a concern at the time.
- 1967 - Wyoming formalizes the sharing of a portion of sales tax with local governments by relative population.
- 1973 - The State authorizes the local governments to impose a local option sales tax.
- 1975 – State increases sales tax to 3% and share one third of that with local government. The State also broadens the tax base to include specific services:
 - lodging sales
 - admissions to entertainment
 - intrastate telecommunications
 - Laundry and dry cleaning
 - Oil and gas services



History of Sales Tax

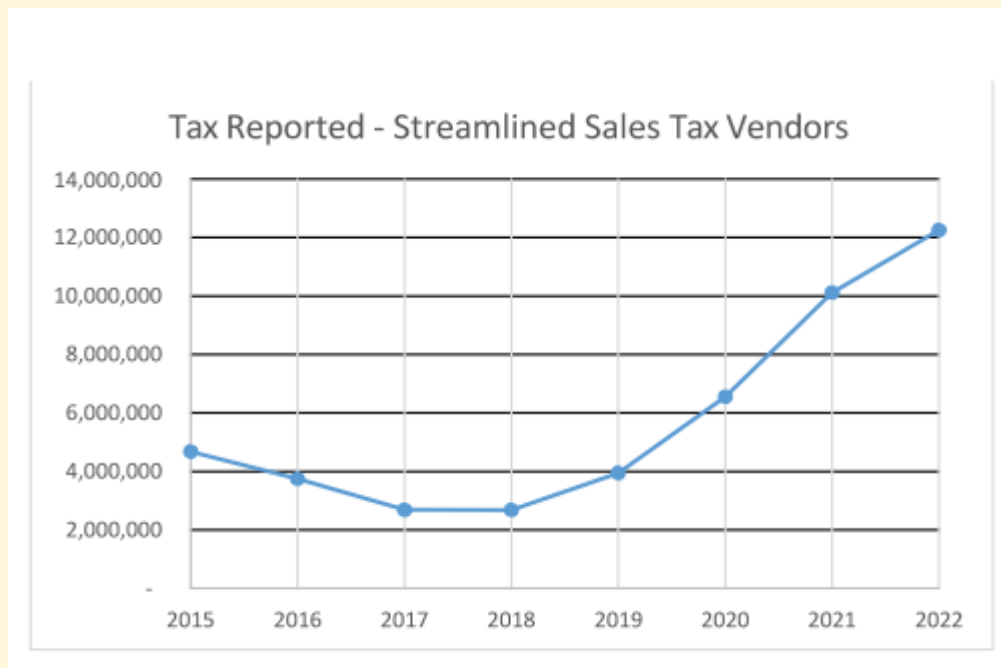
- 1976 - Local lodging tax is created
- 1999 - Wyoming begins discussion with other states to form a working group to simplify the sales tax laws in the various states. 24 of the states form an organization and draft an agreement: The Streamlines Sales and Use Tax Act. Wyoming was the first state to incorporate the agreement into our laws.
- 2018 – On June 21, 2018, the U.S. Supreme Court finds in favor of South Dakota in “South Dakota v Wayfair effectively overturning the Quill decision and granting states the right to impose their use tax laws on remote sellers.
- The language of the decision incorporates “those that facilitate a marketplace”. States immediately begin passing laws to require “marketplace facilitators” to collect the tax. Wyoming added this language in 2019.
- What this means...



Historical Streamlined Sales Tax Collections

Authority: W.S. 39-15-107.3

- Wyoming is a member of the Streamlined Sales Tax Governing Board.
- The Streamlined Sales and Use Tax Agreement is an agreement among 24 states to simplify sales and use tax administration for sellers operating in multiple states.
- Enables them to more easily license with members states that share similar product definitions, sourcing, rules, and administration procedures.



FY	Tax Reported
2015	\$4,678,989
2016	\$3,748,727
2017	\$2,683,643
2018	\$2,684,470
2019	\$3,940,346
2020	\$6,556,393
2021	\$10,114,633
2022	\$12,245,806

Source: DOR

NOTE: This chart includes all sales and use tax reported by sellers who registered with WY via the Streamlined Sales and Use Tax Agreement.



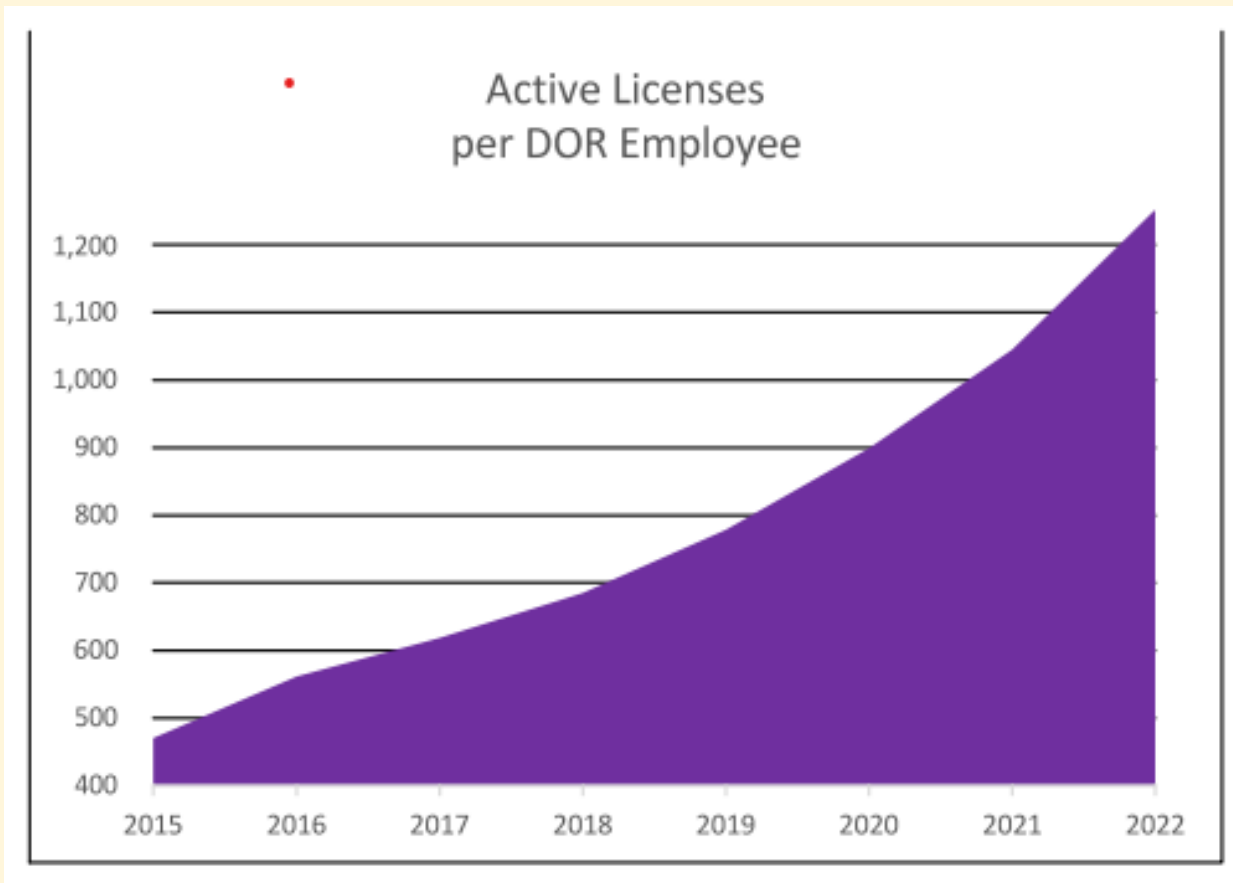
Historical Number of Licensed Vendors

FY	Active Licenses	DOR Excise Tax Employees	Active Licenses per DOR Employee
2015	16,451	35	470
2016	17,952	32	561
2017	19,805	32	619
2018	21,900	32	684
2019	26,451	34	778
2020	30,553	34	899
2021	35,526	34	1,045
2022	42,551	34	1,252

Source: DOR



Historical Number of Licensed Vendors



Source: DOR



Liquor Division - *At a Glance*

Excise Tax Collected \$2,204,073

License Fees \$153,628

- Mark up 17.6% on Wholesale Cost
- Deposit to State General Fund

By the numbers:

- 2022 \$14,500,000 (reduced by amount for new ERP)
- 2021 \$20,857,514
- 2020 \$20,645,109

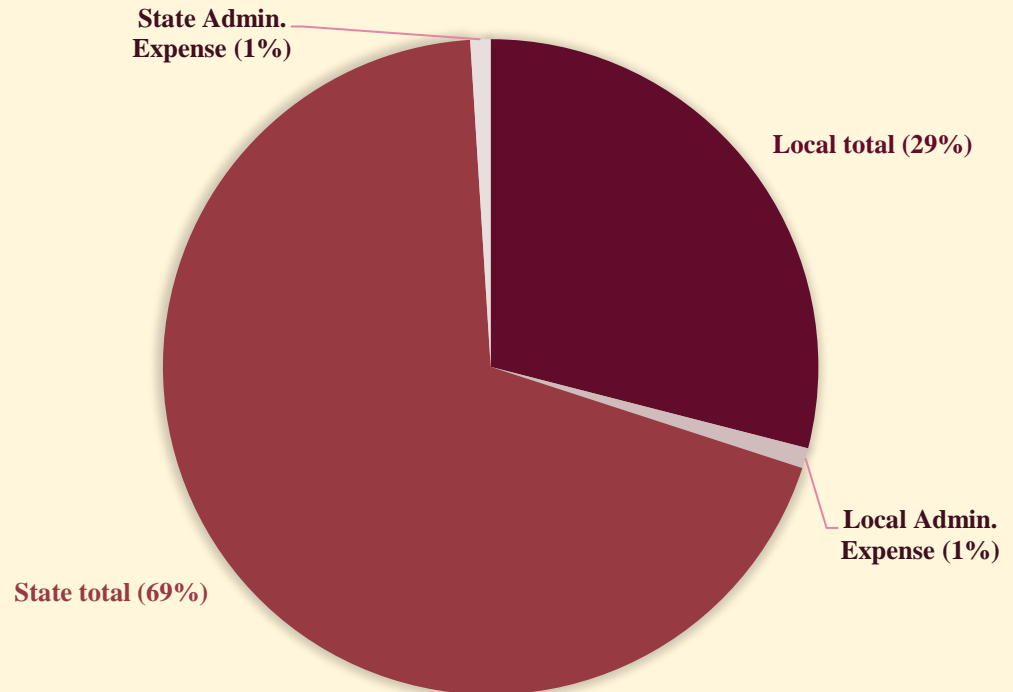


Excise – The Power of a Penny

Sales and Use Tax

(\$ Millions)

Local total (29%)	\$312,386,701
Local Admin. Expense (1%)	\$10,771,955
State total (69%)	\$743,264,909
State Admin. Expense (1%)	\$10,771,955
Total Sales and Use Tax Collected FY 2022	\$1,077,195,521



Source: Department of Revenue, FY 2022



Excise – The Power of a Penny

SALES TAX TYPE	AMOUNT	COUNTIES & DISTRICTS THAT LEVY
Statewide	\$0.04	23
General Purpose	\$0.01	21
Specific Purpose	\$0.01	15
Municipal Purpose	\$0.01	None at this time
Resort District	\$0.03	2
Econ Development	\$0.01	2



Other Taxes

- Franchise Tax (administered by Sec. of State)
- Premium Tax (administered by DOI)
- EV Registration Fee (tax) (administered by counties)
- Vehicle Registration (ad valorem) (administered by counties)
- Wine and Spirits Markup (administered by DOR)
- Gaming license fees and income tax (administered by WGC)
- Telephone Fees/taxes (911, Relay, USF – administered by PSC)
- All fines and Penalties to County School Fund
- Special Districts (Title 18, ad valorem)
- Unemployment (Title 27)
- Worker's Compensation (Title 27)
- Private Railcar Tax (administered by DOR)
- Public Service Commission Assessments (administered by DOR)

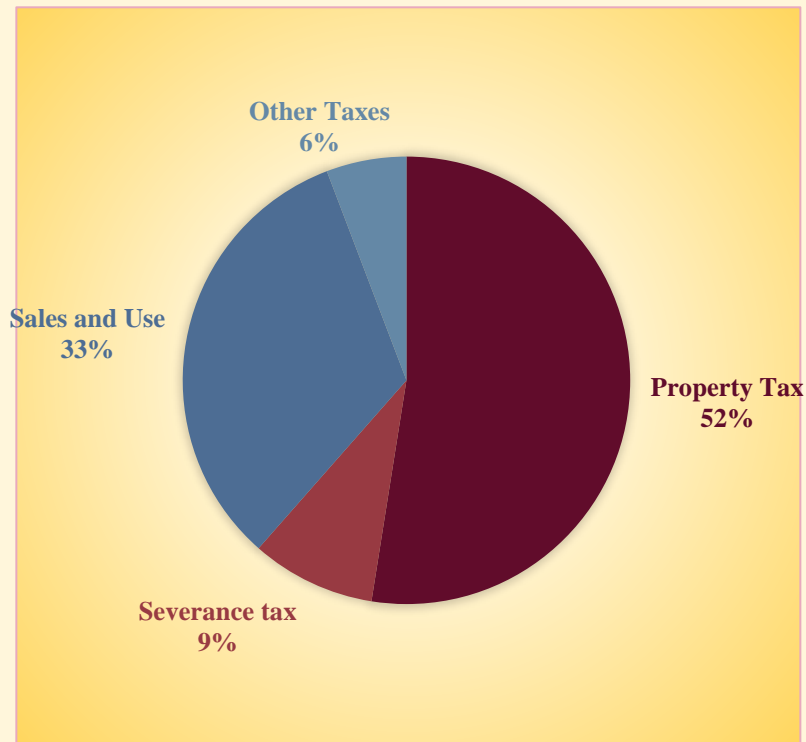


Repealed/Unused Taxes

- Income tax (basically moot)
- Inheritance tax (reporting only)
- Railroad tax (repealed, 4R Act)
- Coal transportation tax (repealed, 4R Act)



Major Components of Wyoming's Tax Structure



NO INDIVIDUAL INCOME TAX
NO CORPORATE INCOME TAX

Property Tax - 52%

- Property tax for mineral production 45% of FY21 total
- CY18 effective tax rate on owner-occupied housing value 0.56% (#44)

General Sales Tax - 33%

- State tax rate 4%, avg. local rate 1.51% = 5.51% combined rate (#44)

Severance Tax - 9%

- 6% of value on oil & gas, 4% on stripper oil
- 7.0%* of value on surface coal, 3.75% of value on underground coal. 6.5% as of January 1, 2021

Other Taxes - 6%

- Fuel tax \$0.24/gallon (#38)
- Cigarette tax \$0.60/pack (#43)
- Alcohol – Beer \$0.02/gallon (#50), Wine \$0.28/gallon, Spirits \$0.94/gallon (no ranks)
- Insurance premium tax
- Franchise tax
- Wind generation tax

Source: Wyoming Legislative Service Office Fiscal Profile 2021, Wyoming Department of Revenue, Tax Foundation

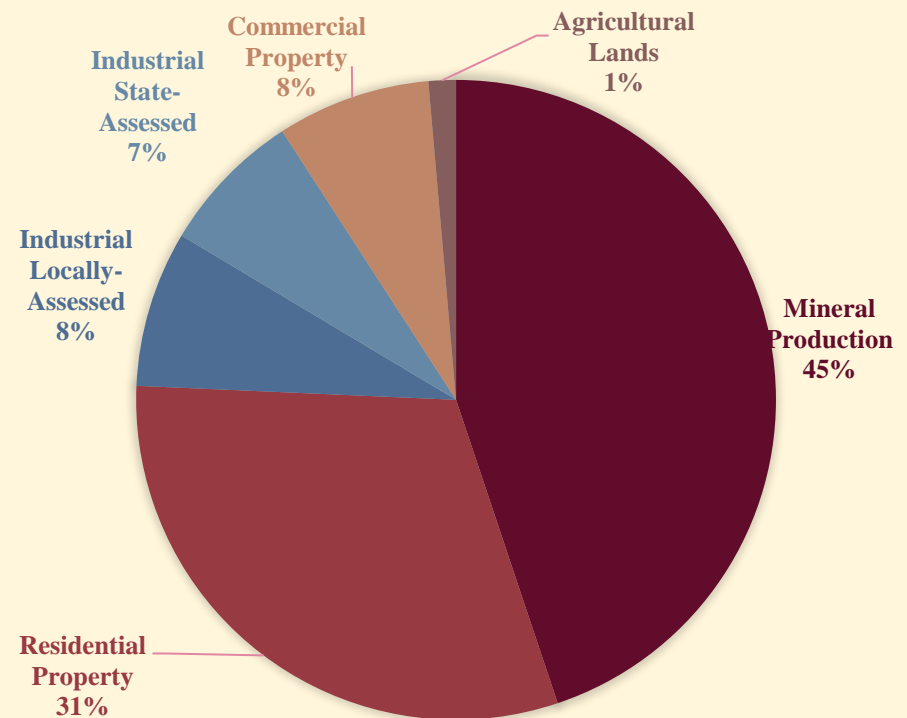


Property tax – How it is derived

How It's Derived

(\$ Millions)

Mineral Production	\$775
Residential Property	\$533
Industrial Locally-Assessed	\$136
Industrial State-Assessed	\$126
Commercial Property	\$134
Agricultural Lands	\$24
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TOTAL TAX REVENUE:	\$1,728

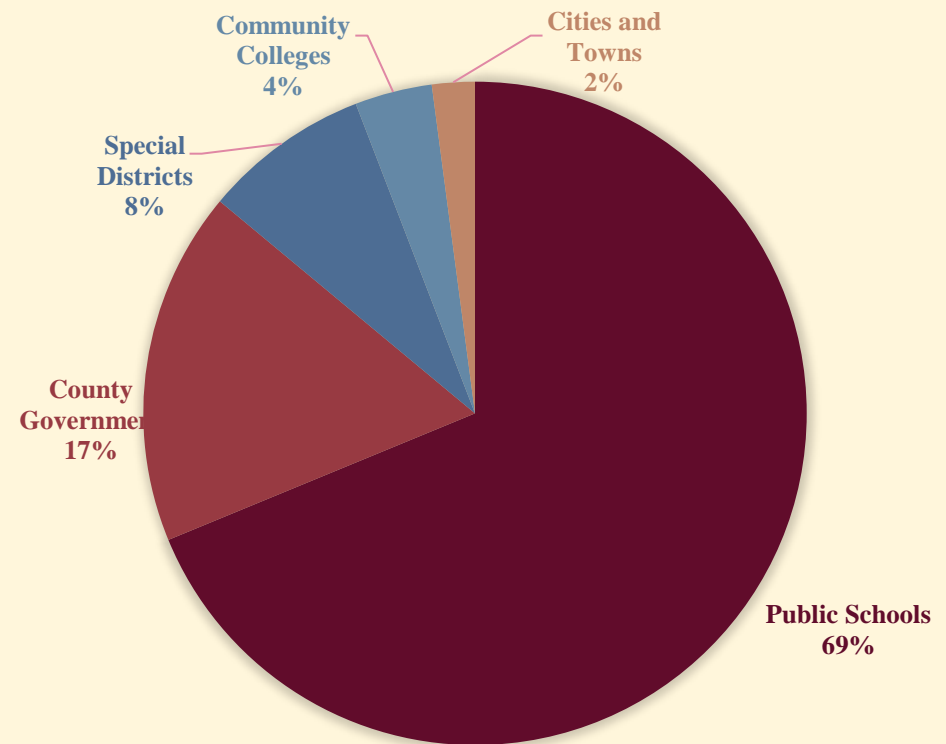


Source: Department of Revenue, FY 2022



Property tax – How it is used

<u>How It's Used</u>	<u>(\$ Millions)</u>
Public Schools	\$1,187
County Government	\$298
Special Districts	\$140
Community Colleges	\$65
Cities and Towns	\$36
TOTAL:	\$1,726



Source: Department of Revenue, FY 2022

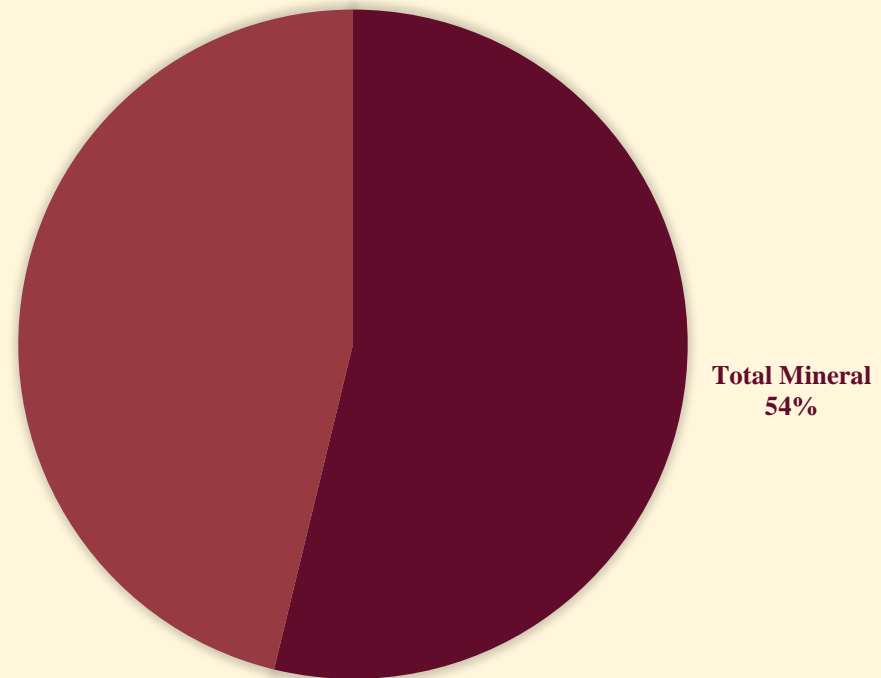


Minerals % of Property Tax

Total Mineral vs. Non-mineral Property Tax

	(\$ Millions)
Total Mineral	\$930
<u>Total Non-mineral</u>	<u>\$799</u>
Total Tax Revenue	\$1,728

**Total Non-mineral
46%**



Source: Department of Revenue, FY 2022

Monthly Mineral Ad Valorem Estimated Tax



Timeline for January 2022 production

MARCH 25, 2022 - Producer reports no later than the 2nd month following the month of production

APRIL 10, 2022 - Dept. of Revenue will send invoice to taxpayer

APRIL 25, 2022 – Taxpayer payment due to DOR

APRIL 30, 2022 – Dept. of Revenue send taxes to the County Treasurer

MAY 10, 2022 – County Treasurer distributes to the taxing entities



Reconciliation Timeline for 2022 production

FEB 25, 2023 – Producer submits annual gross products report to the Department (DOR rules provide up to 60 day extension)

JUNE 1, 2023 – Department certifies value to county assessor

AUG 2023 – County Commissioners establish 2023 Mill Levy.

SEPT 20, 2023 – County Treasurer reconciles estimated tax amount received to actual tax and notifies taxpayer.

DEC 20, 2023 – County Treasurer processes refund if appropriate, Taxpayer pays any amount owed.

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@wyomingtaxpayersassociation



@wyotax



ashley@wyotax.org

200 E 8th Avenue, Ste. 208
Cheyenne, WY 82001
307.635.8761 o | 30.575.4459 c
www.wyotax.org

