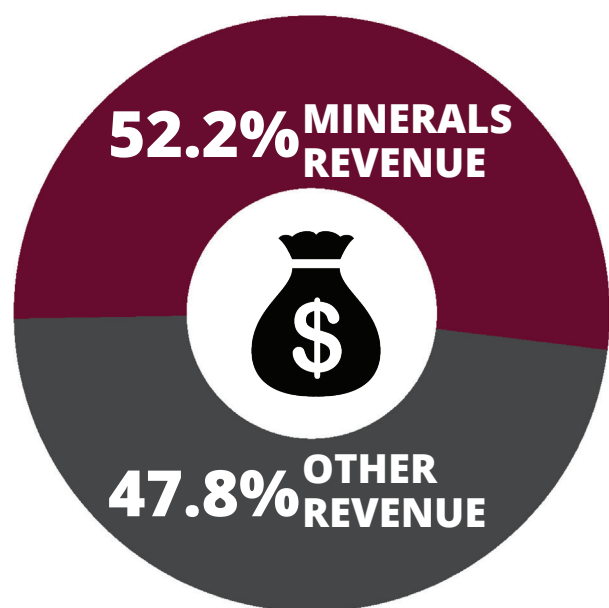


TAKE A CLOSER LOOK AT WYOMING'S UNSTABLE REVENUE STRUCTURE



Wyoming's revenue base is highly subsidized by its mineral production taxes. In fact, Wyoming relies heavily on production taxes at the state and local level to support public services.

FY 2017 BREAKDOWN OF REVENUE SOURCES



REVENUE SOURCE	MINERALS	TOTAL
Property Tax	\$522,969,693	\$1,223,267,627
Federal Mineral Royalties/Coal Lease Bonuses (CREG)	\$704,623,037	\$704,623,037
Sales Tax - Total (includes local)	\$71,600,148	\$693,312,423
Severance Tax (CREG)	\$580,338,767	\$580,338,767
Investment Income (CREG)	\$298,790,011	\$298,790,011
Worker's Compensation	Non-determinable	\$216,693,841
Fuel Tax (includes diesel)	Non-determinable	\$169,059,210
Use Tax - Total (includes local)	\$21,359,208	\$96,628,129
Unemployment Insurance	Non-determinable	\$64,602,074
Commercial Vehicle Registration	Non-determinable	\$48,020,857
Motor Vehicle Registration	Non-determinable	\$27,215,564
Tobacco Tax	--	\$22,683,192
Insurance Premium Tax	--	\$20,843,988
Lodging Tax	Non-determinable	\$17,604,562
Corporation License Tax	Non-determinable	\$13,762,314
Wind Generation Tax	--	\$4,375,064
Pari-mutuel Tax	--	\$4,202,105
Public Utilities	--	\$4,000,987
Oil and Gas Conservation Charges	\$2,984,292	\$2,984,292
Railroad Car Tax	--	\$2,181,832
Alcohol	--	\$1,877,894
Estate Tax	--	\$1,094
TOTAL STATE REVENUE	\$2,202,665,156	\$4,217,068,864

MINERALS REVENUE AS A % OF THE BUDGET



67.6% 52.2%

FY 2006 FY 2017
of total tax collections

SOURCE: WTA Tax Summary - original data from state agencies; CREG - Consensus Revenue Estimating Group, Wyoming State Government Revenue Forecast, January 2017; Sales, Use, & Lodging Tax Revenue Report, FY 2017, Department of Administration & Information, Economic Analysis Division.



Residents do not pay the full cost of public services they receive.

WHAT DOES A 3-PERSON FAMILY WITH AN ANNUAL INCOME OF \$60,000 AND OWNING A HOME VALUED AT \$200,000 PAY IN ANNUAL TAXES COMPARED TO THE COST OF PUBLIC SERVICES THE FAMILY RECEIVES?



\$3,070

PERSONAL TAXES PAID

(excludes direct distribution to local governments)

VS.



\$27,600

COST OF PUBLIC SERVICES

(excludes enterprise costs and direct Federal funds)



\$1,300

Property Tax



\$900

Retail Sales



\$460

Vehicle Registration



\$220

Gasoline



\$100

Cigarettes



\$90

Alcohol



\$8,440

State Services



\$7,360

K-12 Education



\$5,290

Special District



\$3,380

City/Town



\$3,130

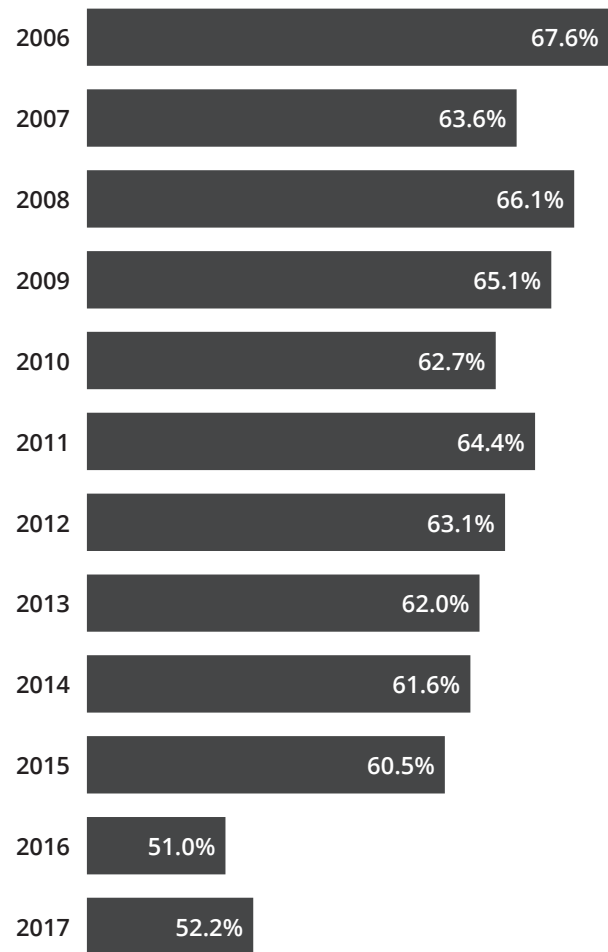
County

SOURCE: Wyoming Economic Analysis Division, *Personal Taxes vs. Public Service Costs in Wyoming: 2017*



2006 was the last time Wyoming neared the 70 percent mark from minerals revenue.

YEAR	MINERALS	TOTAL REVENUE	% OF TOTAL
1995	\$752,985,679	\$1,556,374,734	48.4%
2005	\$2,436,122,045	\$3,821,328,912	63.8%
2006	\$3,256,361,006	\$4,814,157,746	67.6%
2007	\$3,034,158,180	\$4,772,164,068	63.6%
2008	\$3,656,862,183	\$5,534,276,517	66.1%
2009	\$3,523,870,473	\$5,412,400,476	65.1%
2010	\$2,851,722,144	\$4,551,636,365	62.7%
2011	\$3,237,008,579	\$5,024,350,866	64.4%
2012	\$3,289,788,500	\$5,209,575,266	63.1%
2013	\$3,198,406,877	\$5,161,271,614	62.0%
2014	\$3,492,248,434	\$5,669,777,550	61.6%
2015	\$3,444,828,615	\$5,692,228,918	60.5%
2016	\$2,158,635,550	\$4,230,694,614	51.0%
2017	\$2,202,665,156	\$4,217,068,864	52.2%



SOURCE: WTA Tax Summary - original data from state agencies; CREG - Consensus Revenue Estimating Group, Wyoming State Government Revenue Forecast, January 2017; Sales, Use, & Lodging Tax Revenue Report, FY 2017 Department of Administration & Information, Economic Analysis Division.

The problem is also tied to having a small, rural population.

Wyoming's tax structure, because of its reliance on revenue from the extractive industries, has shielded its residents and businesses from paying excessive taxes.

+

Due to the vastness of the state and its extremely sparse population, the cost of public services provision in Wyoming is relatively higher than in other states.

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The combination of these phenomena creates an impressive gap between personal taxes paid and public service costs.





Economic diversification efforts are unable to improve revenue flow in Wyoming - without tax reform.

Regional Economic Models, Inc. (REMI) presented the fiscal impacts of economic diversification under Wyoming’s current tax structure to the Joint Revenue Committee in June 2018. The REMI Tax - PI model is the only commercially available dynamic macroeconomic and fiscal impact analysis tool.

REMI

Under Wyoming’s current tax structure, costs associated with adding 100 new workers in every field except the Oil and Gas Industry would outstrip the tax revenue generated within a few years.

Impact of 100 new jobs added to the following industries in 2017

USING EXISTING TAX STRUCTURE IN

	WYOMING <i>(No corporate or personal income taxes)</i>	UTAH, NORTH DAKOTA AND KENTUCKY <i>(Corporate and personal income taxes and slightly higher sales taxes)</i>
OIL AND GAS INDUSTRY	Revenue outpaces expenditures by 2017	Revenue outpaces expenditures by 2021
CHEMICAL MANUFACTURING	Expenditures outpace revenue by 2022	Revenue outpaces expenditures by 2021
UTILITY INDUSTRY	Expenditures outpace revenue by 2024	Revenue outpaces expenditures by 2021
FOOD MANUFACTURING, NAMELY AGRICULTURAL PRODUCTS	Expenditures outpace revenue by 2027	Revenue outpaces expenditures by 2021

SOURCE: REMI model presentation to Joint Revenue Committee dated June 4, 2018



“Under its current tax structure, Wyoming effort to stimulate non-resource sectors in the state presents fiscal challenges. Only growth in resource sectors has significant positive fiscal impacts.” - **REMI**

WYOMING TAXPAYERS ASSOCIATION
200 East 8th Ave, Suite 203
Cheyenne, WY 82001
Phone 307.635.8761 | Fax 307.637.7556
wyotax@wyotax.org | www.wyotax.org