



ACTION ALERT

WEEK FOUR LEGISLATIVE SUMMARY

SUNDAY, FEBRUARY 3, 2013

Next week is budget week for both the House and Senate. They will start with the 1st reading on Monday and Tuesday, with 2nd reading amendments due at 5pm Tuesday, have 2nd reading with amendments on Wednesday, and in like manner, 3rd reading amendments on Friday (due Thursday at 5pm). Below, you'll find a summary of major items in the supplemental budget. WTA will track the budget amendments and give you a summary of differences between the House and Senate before they head to conference committee.

Standard & Poor's Ratings Services (S&P) announced this week that Wyoming will continue to receive a AAA rating, the highest credit rating possible. S&P said the outlook for Wyoming is stable and that its financial management practices are rated as 'Good.' S&P made note of several points:

- The state's economic strength in recent years, with above-average population growth, lower-than-average unemployment, and above-average income levels;
- The governor's strong statutory ability to make mid-biennium cuts in the event of revenue shortfalls;
- Regular consensus revenue forecasting;
- Wyoming's maintenance of large general fund balances;
- The existence of a permanent fund, whose interest earnings are available for general fund expenditures
- Low overall debt and other postemployment benefit (OPEB) liabilities, and a moderate pension liability.

The new **2013 Budget Fiscal Data Book** is now available on LSO's website. If you haven't taken the time to look through it, please do so. It has a plethora of very useful information, including revenue flows for all accounts, explanations for the Consensus Estimating Revenue Group (CREG) Report, the actual CREG report, explanations of the budget process, as well as ten year summaries of General Fund and Budget Reserve Account appropriations by category, education appropriations, including school capital construction, distributions to cities, towns, and counties, highways, etc. It's a tremendous resource and can be downloaded at the following link

<http://legisweb.state.wy.us/budget/2013databook.pdf>.

SUPPLEMENTAL BUDGET – WHAT'S INCLUDED AND WHAT'S NOT

Ultimately, the JAC spent \$8.8M more than the Governor in their Supplemental Budget recommendations, but they also cut more than the Governor. The two major changes included swapping out how the Gillette-Madison Water Project and fire suppression would be funded.

When all was said and done, JAC left \$13.5M on the table (found on page one of the Fiscal Profile, under Expenditures, "Budget Bill BRA Transfers to LSRA of \$13,464,139"), and the Governor left \$21M on the table. Please note, when we discuss what's left "on the table" it's important to note that any legislation that includes a fiscal note will draw from this pot of money. Take a look at the [current Fiscal Profile](#), or what's commonly referred to as the Goldenrod: on page 2 under 2013 General Session, this is where you will see bills once they pass one house. The number changes daily and is the most important number – it's our "cash in hand".

Perhaps the biggest points of contention regarding the budget this session are redirecting the current flow of revenues into the permanent funds and profiling unrealized capital gains. In his recommendations, the Governor asked for up to \$80.8M to be used on one-time funding projects such as the Gillette-Madison Water Project, funding for local governments and fire suppression. The JAC resisted this, but suggested a new account be started that would allow for such appropriations once the gains are realized. The Treasurer's Office cautions against profiling the capital gains due to uncertainties in the market and that they simply cannot always be counted on to be available.

JAC also expressed concern about redirecting the coal lease bonus revenues away from the School Capital Construction account and the severance revenues from the PMTF. Both of these revenue flows help to inflation proof the PMTF and the School Foundation Program. Currently, the CREG does not profile any capital gains or coal lease bonus revenues until the "check is cashed" so to speak.

WHAT'S IN:

- Budget reductions of more than \$60.5M
- \$30M for the Gillette Madison Water Project
- \$20M additional funding for local governments, with the caveat that it not be used for personnel
- \$15 for landfills
- \$14.3M for Medicaid
- \$2.7M for Camp Guernsey
- \$250,000 from the General Fund for the Library Endowment Challenge Fund
- \$16M sweep in excess General Funds from reduced employer paid group health insurance premiums into the Auditor's Office
- \$422,171 from the General Fund for repayment of the PMTF corpus from the uncollectible Jamestown Rio Vista special district loan.
- \$4M from School Capital Construction Account for the purchase of Snowy Range Academy
- 5 FTE at Camp Guernsey for firefighters
- 1% retention payment for all executive, judicial, and legislative employees, including community colleges and UW, and school district employees.

WHAT'S NOT:

- \$355,932 in reduced funding for DOR's CAMA system
- \$897,142 in reduced Workforce Services for quality child care, workforce training, and employment training
- \$1.012M in reduced Business Council Community Facility Grant Program
- 2 FTE reduced in the DEQ's Land Quality Division
- Reduced air services enhancements within WYDOT
- Reduced School of Energy Resources within UW
- \$5M for mega data centers
- \$5M for Wildlife Trust Fund
- Reduced WyoLink funding of \$530,000
- Other reduced funding:
 - Preschool enrollment \$1.002M
 - Streamline government initiative \$125,000
 - Cultural Trust Fund \$230,000
 - Medical homes \$200,000
 - 2 veteran service officers
 - \$392,000 of Internal Service funds for wellness programs

MODIFICATIONS TO APPROPRIATIONS OR FUND FLOWS:

- Creation of a new fund: The Strategic Investments and Facilities Account (SIPA) with up to \$80.8M in investment earnings in excess of CREG projections and below the spending policy amount for purposes of 2015-2016 Governor's recommendations for one-time projects.¹
- Denial of the 1% diversion severance tax from the PMTF and Coal Lease Bonus from the School Capital Construction Account
- Transferred all funds within the Permanent Land Fund Holding Account in excess of \$450M to the Common School Account within the Permanent Land Fund (the estimate is around \$60M)
- Funded \$31.2M for fire suppression from the General Fund (the Gov recommended \$60M from the Legislative Stabilization Reserve Account), which includes \$2.5M for pine beetle mitigation if unspent.
- JAC swapped \$30M in General Funds from the Gillette-Madison Water Project (which is currently funded with AML funds for 2013) to the UW College of Engineering (total \$65M in new funding and \$5M carve out for UW Area Auditorium renovation).

¹ This is deemed to be a compromise from the JAC to allow the Governor to utilize some of the unrealized capital gains in the future. Recall, his Supplemental Budget recommended up to \$80.8M in unrealized capital gains for one-time projects and the JAC denied them.

BILLS OF INTEREST THIS WEEK

WTA testified on two bills this week – one in support (HB 69 Highway Funding) and one in opposition (HB 186 – Tax exemption for natural gas filling stations equipment). Friday was the last day for bills to be reported out of committee in the house of origin, and Monday is the last day for bills to get off general file in the house of origin. For a more detailed summary of the bills of interest this week, see the commentary below.

HB 69 – Highway Funding – Passing the House with a vote of 35-24-1, the bill now heads over to the Senate. The House resisted several amendments including one that targeted an increased impact towards diesel over gas; one that would have sunsetted the increase in six years; and one that would have phased the ten cent increase in over a period of 10 years, one cent at a time. **HB 69 passed Senate Transportation on Wednesday with a vote of 4-1. Ideas of sun-setting the tax increase or indexing it for inflation were brought up in Committee, yet there was no support for either idea.**

HB 160 – Vehicle sales and use tax - Amends the date by which the sales and used tax must be paid on a purchase vehicle from 50 day to 60 days. The sponsors say it is a “consumer friendly bill”. The bill passed House Revenue by a vote of 7-2, and the full House on 1/22 with a vote of 42-17-1. **Senate Revenue passed the bill with a vote of 4-1.**

HB 171 – Fuel tax – gasoline definition – The bill includes liquefied gases and other gases in the definition of gasoline for purposes of taxation. **The bill passed House Revenue unanimously and the full House on 1/23 with a vote of 58-2. Senate Revenue passed the bill 5-0. Current exemptions for off-road use of gasoline would also apply under the proposed changes.**

HB 186 – Tax Exemption for Natural Gas Filling Stations Equipment – The bill passed the House by a vote of 34-25-1 on Friday. The House amended the bill so that the exemption goes away after \$6.250M of equipment exempted from taxation has occurred. **The bill died in Senate Revenue Committee this week and didn't receive a motion to move the bill. WTA testified in opposition and offered WTA's Exemption Criteria for the Committee to consider.**

HB 199 – Cigarette Tax Increase – The bill was popular within the health community and enjoyed tremendous support from many organizations, including an effort to support the bill from the Department of Health. However, opposition also stood strong arguing the need for the tax, efficiencies and use of the current funds for Medicaid, regressively of the tax, and the fact that this much of an increase would cause people to buy their cigarette elsewhere. WTA testified in opposition to HB 199 and walked the committee through the Cornerstones of Taxation. **Similar to the fuel tax debate, WTA asked why the proponents of the bill are not telling us how DOH currently utilizes Wyoming tax dollars to meet the needs to Medicaid, if current education and cessation programs are currently being administered efficiently, etc.** After running out of time, the committee voted 5-4 this morning to take the issue to the full floor of the House of Representatives. Those voting no include: Loukes, Petroff, Semlek, and Madden. **The bill failed a vote on general file this week with no discussion on the floor. 22-29-9.**

HB 215 – State investments for a public purpose – This bill decreases the amount allowed to be invested in industrial development bonds, repeals individual investment limitations; decreases overall amounts allowed to be invested for specific public purposes; and provides rulemaking authority for the State Treasurer. **House Revenue passed the bill this week with a vote of 8-1, and 2nd reading in the House.**

SF 109 – Highway and road funding – severance taxes – This bill proposes to divert 50% of the current statutory severance tax distribution from the PMTF and distributed according to the current distribution for highway funding. Yield is approximately \$71M. **Senate Revenue passed the bill with a vote of 3-2 this week and amended the bill heavily to rely on HB 69 being amended as a phased-in fuel tax and SF 109 offsetting the revenues with severance flow to meet the \$71M (amount the full \$.10 would yield annually). Senate Appropriations also passed the bill so SF 109 must be heard on general file on Monday or else it will die.**

WTA MEMBERS, PLEASE NOTE – WTA WEEKLY LEGISLATIVE POLICY MEETINGS EVERY MONDAY OF THE LEGISLATIVE SESSION

WHERE: 2120 CAREY AVE., CHEYENNE, 4TH FLOOR CONFERENCE ROOM

WHEN: 2:00 PM

WHY: TO DISCUSS TIMELY LEGISLATIVE POLICY ISSUES, SUMMARY OF BILLS, AND MAKE RECOMMENDATIONS FOR WTA POLICY DIRECTION.

CALL: 1-877-820-7831

PASS CODE: 6358761

ALL WTA MEMBERS ARE ENCOURAGED TO ATTEND.

2013 LEGISLATIVE SESSION SCHEDULE - TENTATIVE

Day 1 Tuesday, January 8 Session convenes.
 Day 12 Wednesday, January 23 Last day for Senate Files to be submitted to LSO for introduction. (noon)
 Day 15 Monday, January 28 Last day for House Bills to be submitted to LSO for introduction. (noon)
 Day 19 Friday, February 1 Last day for bills to be reported out of Committee in house of origin.
 Day 20 Monday, February 4 Last day for Committee of the Whole in house of origin.
 Day 21 Tuesday, February 5 Last day for Second Reading in house of origin.
 Day 22 Wednesday, February 6 Last day for Third Reading on Bills in house of origin.
 Monday, February 18 President's Day Recess
 Day 32 Thursday, February 21 Last day for bills to be reported out of Committee in second house.
 Day 33 Friday, February 22 Last day for Committee of the Whole on bills in the second house.
 Day 34 Monday, February 25 Last day for Second Reading on bills in the second house.
 Day 35 Tuesday, February 26 Last day for Third Reading on bills in the second house.
 Day 36 Wednesday, February 27 Concurrence on Amendments/Joint Conference Committee Reports.
 Day 37 Thursday, February 28 Joint Conference Committee Reports; All JCC Reports due to Front Desk by 2:00 p.m.
 ADJOURN by Midnight.
 Friday, Monday, and Tuesday - March 1, 4 and 5 are available if necessary.