

WYOMING TAXPAYERS ASSOCIATION

ACTION ALERT



Legislative Summary – Week One – Friday, January 14, 2011

Week one of the 61st Legislature comes to an end today with more than 260 bills filed as of today and many more in the hopper. WTA is watching more than 40 bills so far and the deadline for filing is January 31st in the House and January 26th in the Senate. This weekly report will keep you abreast of the happenings of week and any significant changes to bills we are watching. Please see WTA's Bill Tracking sheet for information on all of the bills we are tracking.

GOVERNOR'S STATE-OF-THE-STATE ADDRESS

Newly inaugurated Governor Matt Mead opened the sixty first session of the Wyoming Legislature with his first state-of-the-state address Tuesday, January 12th.

The Governor highlighted the fact that Wyoming still does not have significant budget shortfalls, and in fact, will see yet another surplus in revenues for this supplemental budget, which can be attributed to higher energy prices, increased sales tax and an improving employment environment.

With the change in gubernatorial administrations, Governor Mead just this week addressed the supplemental budget recommendations made by his predecessor, Governor Dave Freudenthal. Of the ideas he highlighted in his address, the following stood out:

- Remain conservative. The Governor urged the Legislature, including the twenty four new legislators, to keep a tight rein on the additional revenues and not to "spend it all in one place".
- Support the proposed additional funding for highways and local government to the tune of \$52 million each.
- Support the \$6.1 million to go toward bringing state employees up to market pay and encourage a system of performance awards to reward excellent performance.
- The \$61.9 million that was recommended to build schools will not get his recommendation until the process for determining preference is improved.

On legislative issues, the Governor urged support for concepts that encourage business such as the manufacturing sales and use tax exemption, and the proposed tax exemption for mega data centers.

He would like to provide a more reliable source of funding for cities, towns and counties in the form of a dedicated revenue stream diverted from ½ of 1 percent of the severance tax that is currently collected on minerals. One third would be directed to local governments, one third to highways, and one third to the state's rainy day fund. The Governor is proposing a sunset of 7 years if lawmakers do not feel it appropriate to make it permanent.

With regard to education, the Governor simply made mention that Wyomingites are spending to the level of a 'Cadillac' plan, but are not achieving the same results. The state needs greater accountability in education, a process the legislators have been working this interim.

Finally, to fulfill his campaign process, the Governor promised to add Wyoming to the list of states that will challenge the Federal Health Care law. For a copy of the state-of-the-state address, [click here](#).

GOVERNOR MEAD'S SUPPLEMENTAL BUDGET RECOMMENDATIONS

In what is referred to as [Governor's Letter #5](#), Governor Mead outlined his budget priorities for the 2011-12 supplemental budget. Below is a summary of the major items of interest:

- **Healthcare Financing** – The Governor supports the \$25M that was set aside in the State Auditor's Office to deal with the increasing demands of Medicaid as recommended by Governor Freudenthal, and would like to reorganize the Department of Health to include a Health Financing Unit. Tom Forslund, current City Manager for Casper, has been selected to head the Department of Health.

WYOMING'S LEADING TAX POLICY AND RESEARCH ORGANIZATION SINCE 1937.

- **Health Care Litigation Fund** – to cover costs involved with joining the other states in the Florida lawsuit that challenges the recently passed federal health care law. This is a new recommendation by Governor Mead.
- **PWMTF Spending Policy Reserve Account – Funding for Local Governments and Highways** – Governor Mead would like to divert ½ of 1% statutory severance tax from the Spending Policy Reserve account, which has a projected balance of \$146M to be divided equally among local governments, highways and the LSRA. Based on the new revenue projections, each would receive approximately \$48M annually. The Governor would like to see this earmark made permanent, however asked for a 7 year sunset, or alternative plan from the Legislature.
- **School Facilities Commission** – Governor Mead did not endorse the \$61.9M in supplemental funds to support construction of schools, noting that there exist some problems with giving out-of-state contracts preference for these projects.
- **Recruitment of Mega Data Centers** - \$14.5M to the Governor's Office to be used for public infrastructure to help recruit these projects.
- **Executive Branch Market and Performance Adjustments** – Governor Mead cut's Governor Freudenthal's of \$13.4M to bring state employees up to market pay to \$6.1M and cuts the previous recommendation for performance bonuses from \$6M to 3.1M.

A more detailed account of the Governor's supplemental budget recommendations will be available on our website, as well as a comparison to the recommendations of the Joint Appropriations Committee when they are finished marking up the budget bill (should be about two weeks).

JANUARY CREG ESTIMATES

The January report from the Consensus Revenue Estimating Group was released this week. Only two categories were revised in this report: sales and use tax revenues to the General Fund, and leasing revenues to the General Fund and Common School Land Income Account. These revisions add monies to each year of the General Fund forecast, and increased FY 2011 revenues to the Common School Land Income Account. It should be noted that projections of income from all other sources were left unchanged from the October 2010 CREG forecast. The net effect of the increase is \$22.7M, \$17.4M to sales and use tax, and \$5.3M in the category of 'all other' to the General Fund from the lease sales. To see the full January CREG Report, [click here](#).

These numbers are also reflected in the fiscal profile (commonly referred to as the Goldenrod) in the transfer into the Legislative Stabilization Reserve Account (LSRA) from the Budget Reserve Account in the amount of \$22.7M.

BILLS OF INTEREST THIS WEEK

HB 59 – RENEWABLE RESOURCES ELECTRICITY – TAX EXEMPTION – Extends the sales and use tax exemption for sales of equipment used to generate electricity from renewable resources with a rating of not more than 25 kW. The sunset is June 30, 2022. Aimed at purchasers of small wind turbines, but includes renewable resources that include wind generation, solar, biomass, landfill gas, hydro, hydrogen and geothermal energy. **The bill failed House Revenue on 1/14 by a vote of 6-2. Several of the members commented on the inadequacy of information illustrating the benefit to the state by foregoing the sales and use tax.**

HB 60 – OIL AND GAS TAXATION – Clarifies what is already in practice and in statute - the tax is charged to the party to whom the service is rendered (developer) not the contractor. **The bill passed House Revenue on 1/14 unanimously. WTA supports this bill based on the notion that it will help make current law more transparent and simplified.**

SF 16 – SCHOOL FACILITIES – ADEQUACY ASSESSMENT - Clarifies components of the school facility annual evaluation and needs prioritization process and requires periodic reviews and evaluations of the prioritization process by the commission. The bill gives more priority to the condition of a school building when the state commission evaluates schools. **The bill passed Senate Education on 1/12 and committee of the whole in the Senate on 1/13 and passed second reading today.**

SF 21 – PROPERTY TAX EXEMPTION FOR NONPROFIT MUSEUM – Provides a property tax exemption for museum property which is not used for private profit. Many counties are already doing this already for nonprofit museums. Passed Senate Revenue on 1/13 and is on Senate general file 1/14.

**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: 1-866-248-0561

PASS CODE: 6358761

ALL WTA MEMBERS ARE ENCOURAGED TO ATTEND.

2011 LEGISLATIVE SESSION - Tentative schedule
(37 day schedule – Recess on President's Day)

Day 1 Tuesday, January 11 Session convenes.

Day 12 Wednesday, January 26 Last day for Senate Files to be submitted to LSO for introduction. (noon)

Day 15 Monday, January 31 Last day for House Bills to be submitted to LSO for introduction. (noon)

Day 19 Friday, February 4 Last day for bills to be reported out of Committee in house of origin.

Day 20 Monday, February 7 Last day for Committee of the Whole in house of origin.

Day 21 Tuesday, February 8 Last day for Second Reading in house of origin.

Day 22 Wednesday, February 9 Last day for Third Reading on Bills in house of origin.

Monday, February 21 President's Day Recess

Day 32 Thursday, February 24 Last day for bills to be reported out of Committee in second house.

Day 33 Friday, February 25 Last day for Committee of the Whole on bills in the second house.

Day 34 Monday, February 28 Last day for Second Reading on bills in the second house.

Day 35 Tuesday, March 1 Last day for Third Reading on bills in the second house.

Day 36 Wednesday, March 2 Concurrence on Amendments/Joint Conference Committee Reports.

Day 37 Thursday, March 3 Joint Conference Committee Reports; All JCC Reports due to Front Desk by 2:00 p.m.

ADJOURN by Midnight.

Friday, Monday, and Tuesday - March 4, 7 and 8 are available if necessary.