



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

- Brenda Henson, Director of Wyoming Department of Revenue





What is the WTA?





JUSTIFIED

- ✓ Is there a justified need for the tax and is it fiscally prudent?
- ✓ Are existing government funds spent efficiently before considering a new tax?
- ✓ Is the primary goal of the tax to generate revenue or does it modify behavior or influence policy?

EQUITABLE

- ✓ Does the tax impose equal and uniform liabilities upon similarly situated taxpayers?
- ✓ Is the tax constitutional?
- ✓ Does the tax disadvantage one taxpayer over another?
- ✓ Will the tax distort economic behavior?

STABLE

- ✓ Is the tax stable and predictable under changing political, economic, regulatory and environmental conditions?
- ✓ Does the tax result in diversification in taxation?

TRANSPARENT

- ✓ Is the tax visible, accountable and auditable?
- ✓ Is the tax easy to understand, administer and cost effective to collect?



“Wyoming’s tax structure lacks equity, stability, and balance.”

– Tax Reform 2000 Committee



- **Inequitable**: structure is regressive (lower income households pay a larger percentage of income in excise and property taxes than households with higher income).
- **Unstable**: mineral production taxes based on market values many of which are subject to national and international volatility.
- **Lacks balance**: Tax structure reliant on extractive industries to fund operating budget (income inelastic as mineral tax collections are unrelated to state income changes).
- **Primary tax sources**: Almost 75 % of the State’s tax revenue is generated by property taxes, mineral severance taxes, and sales & use taxes.
- <https://wyotax.org/research-education/wyoming-tax-reform-2000/>





Property Tax - 47%

- Property tax for mineral production 52% of FY23 total
- Effective tax rate on owner-occupied housing value 0.56% (#47)

General Sales Tax - 26%

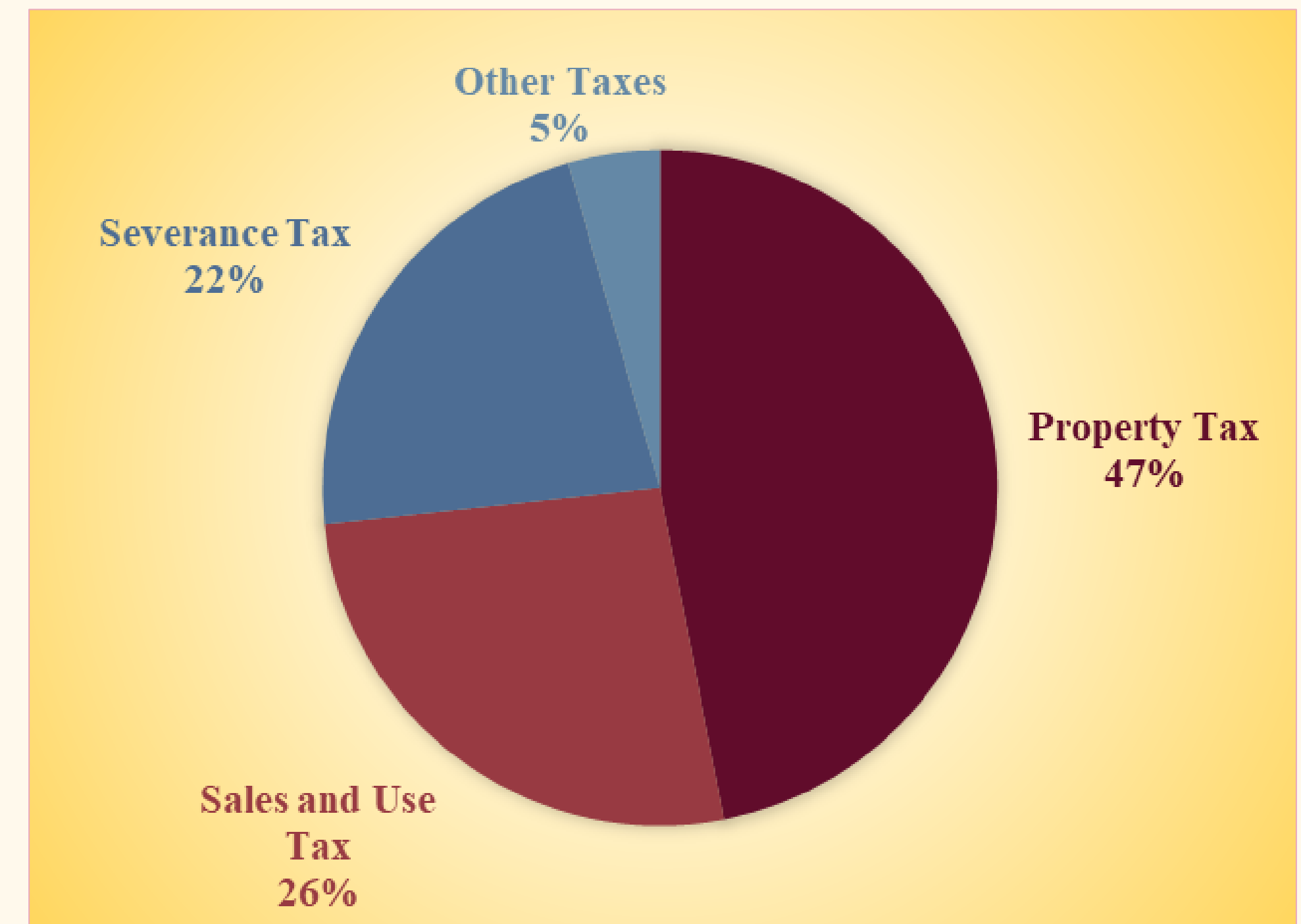
- State tax rate 4%, avg. local rate 1.36% = 5.36% combined rate (#44)

Severance Tax - 22%

- 6% of value on oil & gas, 4% on stripper and tertiary oil
- 6.5% of value on surface coal, 3.75% of value on underground coal.

Other Taxes - 5%

- 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 – 0.75% on Foreign and Domestic companies,
- Corporation License tax - \$60, or 2/10 of one mill on the dollar
- Wind generation tax - \$1 per megawatt hour

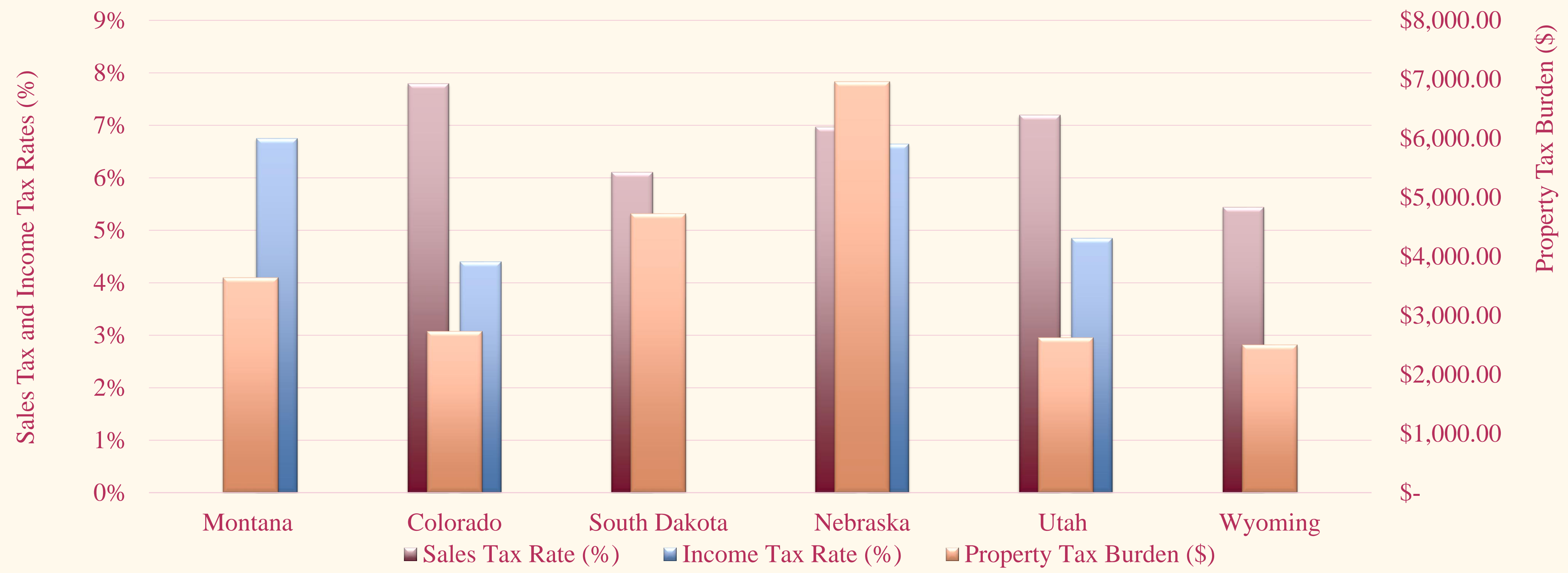


NO INDIVIDUAL INCOME TAX and NO CORPORATE INCOME TAX

#2 Lowest effective INDIVIDUAL tax burden for 2024 at 7.5%

Source: Wyoming Legislative Service Office Fiscal Profile 2023, Wyoming Department of Revenue, Tax Foundation





	Sales Tax Rate (%)	Income Tax Rate (%)	Property Tax Burden (\$)
Montana	0%	6.75%	\$ 3,640.00
Colorado	7.79%	4.40%	\$ 2,730.00
South Dakota	6.11%	0%	\$ 4,725.00
Nebraska	6.97%	6.64%	\$ 6,965.00
Utah	7.20%	4.85%	\$ 2,625.00
Wyoming	5.44%	0%	\$ 2,503.00

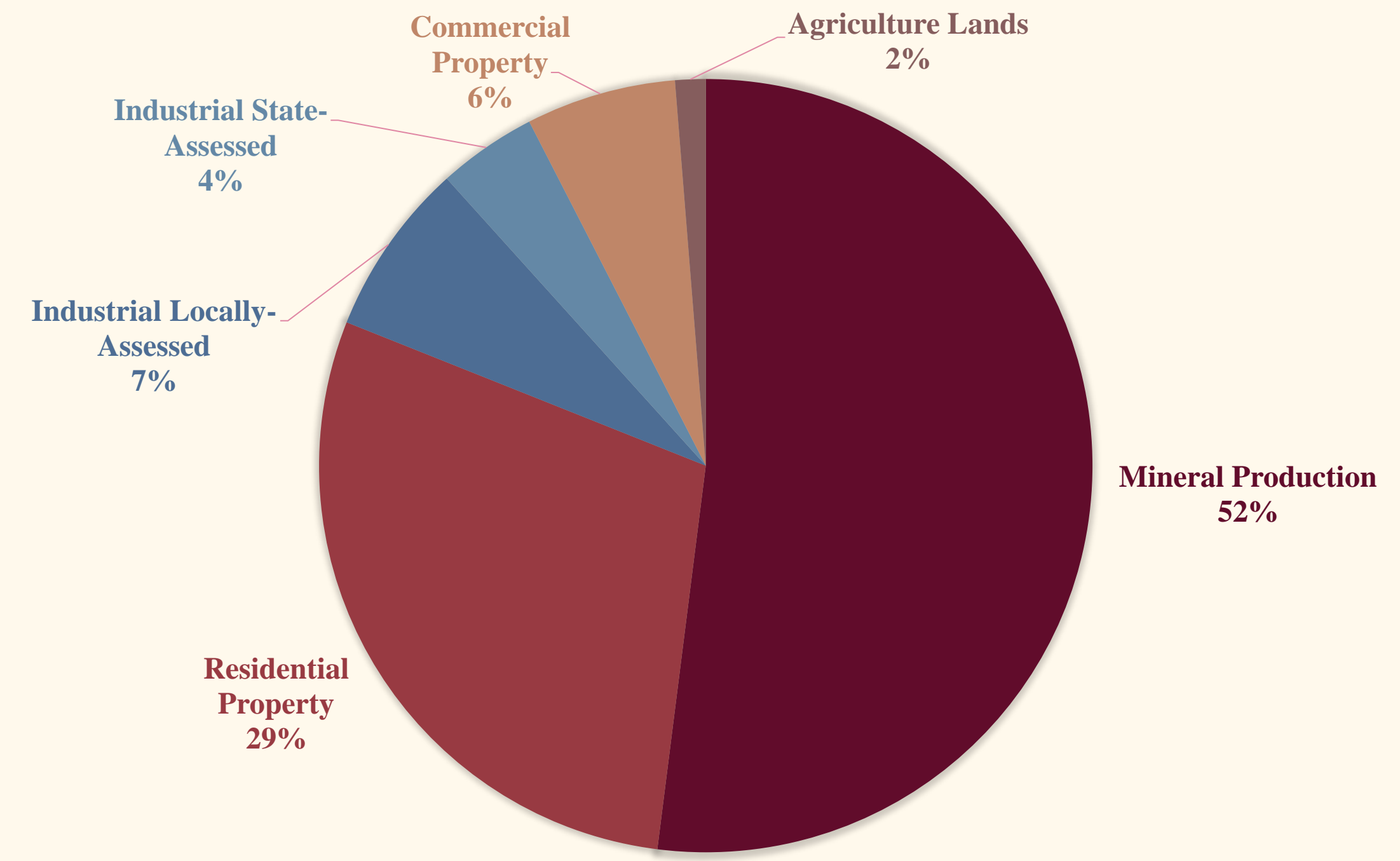




How It's Derived

(\$ Millions)

Mineral Production	\$1,144
Residential Property	\$639
Industrial Locally-Assessed	\$160
Industrial State-Assessed	\$91
Commercial Property	\$138
Agricultural Lands	\$28
TOTAL TAX REVENUE:	\$2,200



Source: Wyoming Department of Revenue, FY 2023

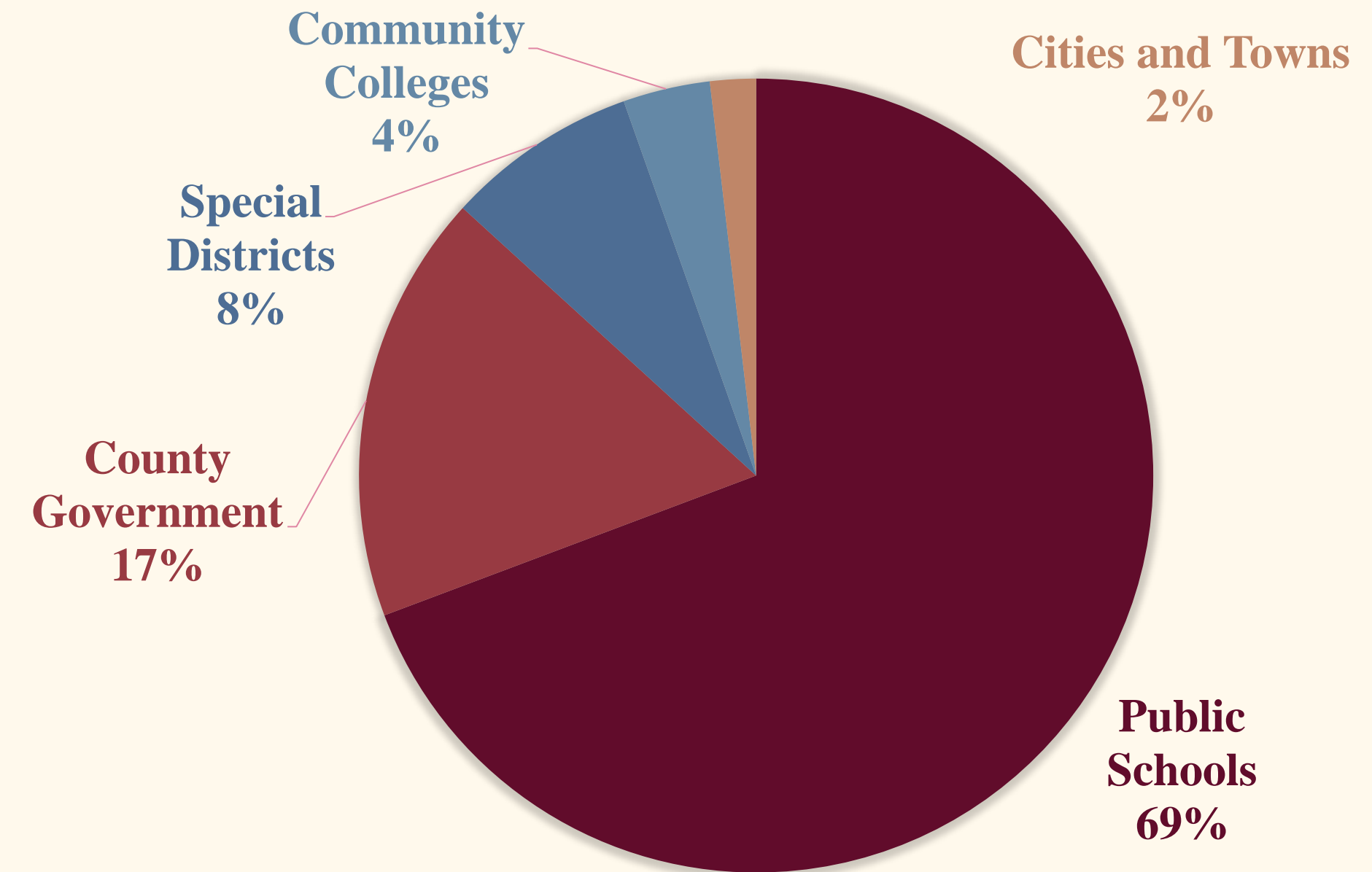




How It's Used

(\$ Millions)

Public Schools	\$1,524
County Government	\$385
Special Districts	\$172
Community Colleges	\$78
Cities and Towns	\$41
TOTAL:	\$2,200



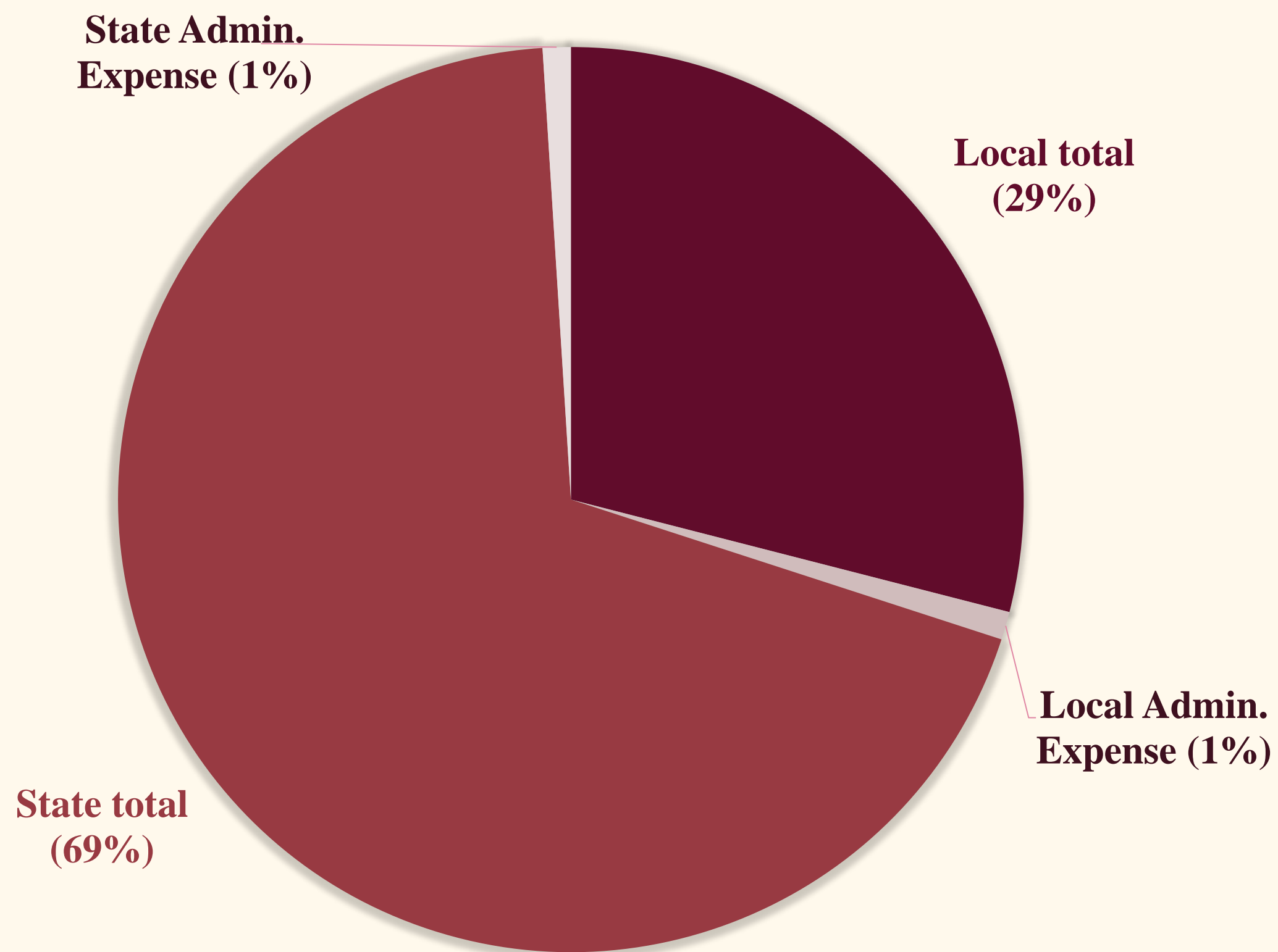
Source: Wyoming Department of Revenue, FY 2023





Sales and Use Tax (\$)

Local total (29%)	\$359,259,108
Local Admin. Expense (1%)	\$12,388,245
State total (69%)	\$854,788,911
State Admin. Expense (1%)	\$12,388,245
Total Sales and Use Tax Collected FY 2023	\$1,238,824,509



Source: Wyoming Department of Revenue, FY 2023





SALES TAX TYPE	AMOUNT	COUNTIES & DISTRICTS THAT LEVY
Statewide	\$0.04	23
General Purpose	\$0.01	21
Specific Purpose	\$0.01	12
Municipal Purpose	\$0.01	None at this time
Resort District	\$0.03	2
Econ Development	\$0.01	2

Source: Wyoming Department of Revenue, FY 2023





Industry	Earnings (\$Millions)	Surplus (\$Millions)	Taxes (\$Millions)
Agriculture	208	403	79
Mining	1,001	1,616	633
Oil & Gas	425	3,052	1,067
Manufacturing	1,252	2,562	151
Travel	1,224	427	245

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics and Dean Runyan Associates.

Note: 2022 estimates for non-travel industries based on 2018, 2019, 2020, 2021, and partial 2022 data.





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.

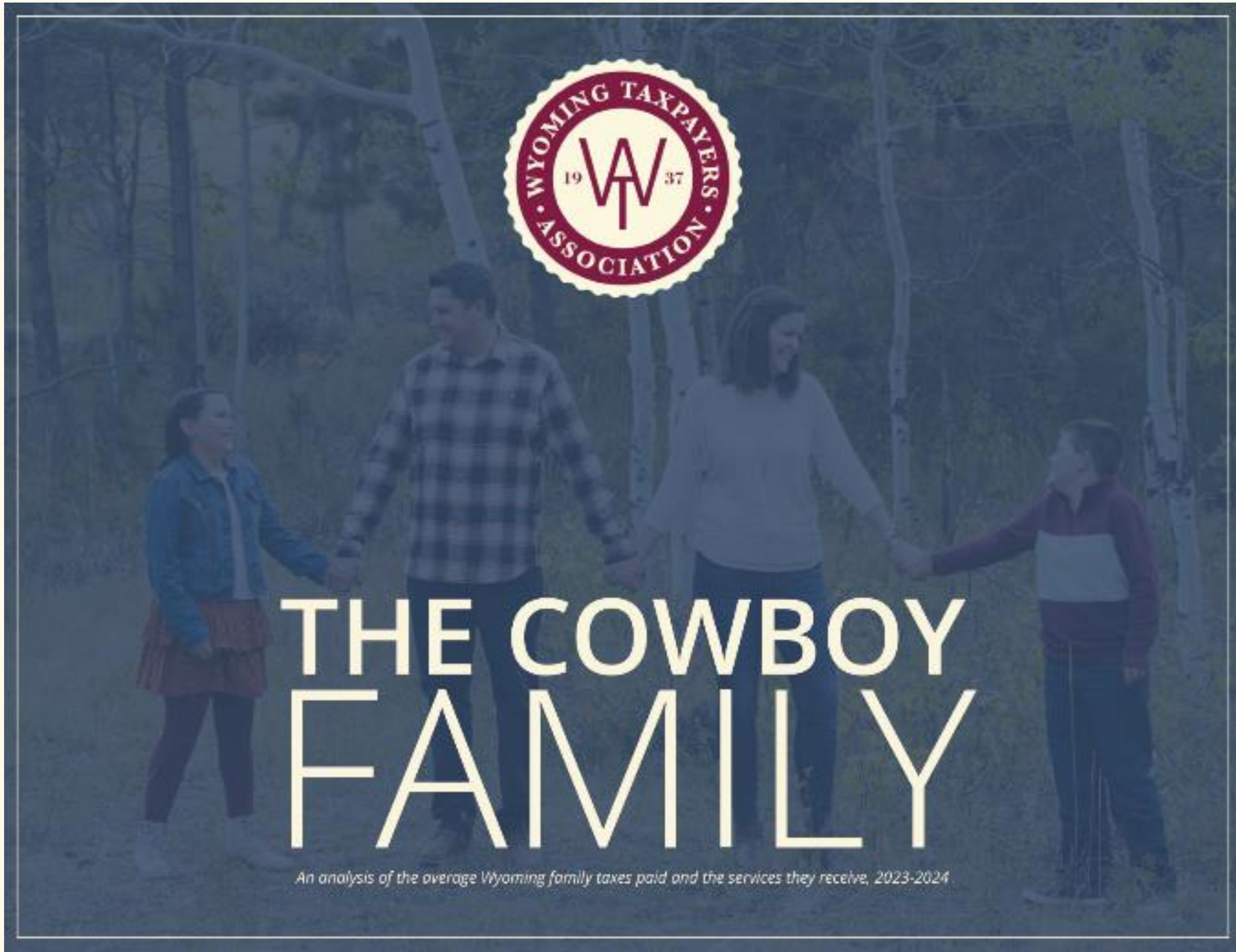
Impact of 100 new jobs added to the following industries in 2017	USING EXISTING TAX STRUCTURE IN	
	WYOMING <i>(No corporate or personal income taxes)</i>	UTAH, NORTH DAKOTA AND KENTUCKY <i>(Corporate and personal income taxes and slightly higher sales taxes)</i>
OIL AND GAS INDUSTRY	Revenue outpaces 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

Economic diversification efforts are unable to improve revenue flow in Wyoming – *without tax reform*



What does this mean for economic development and diversification?



<https://wyotax.org/cowboy-family-dashboard-2/>





2024 PROPERTY TAX RECAP

- HEA 44 / HB 0003 Property tax exemption for long-term homeowners
 - Implements 50% exemption on assessed value for individuals 65 years or old taxes in WY for at least 25 years.
 - Effective January 1, 2025
 - No backfill, Impacts SFP and Local Governments
 - FY 25 \$0 / FY 26 \$33,600,000 / FY 27 \$34,400,000
- HEA 52 / HB 0004 Property tax refund program
 - Expanded 3 income tiers
 - Immediately effective
 - General Fund
 - Administrative Impact, not absent appropriation
 - FY 25 \$1,100,000 / FY 26 \$1,200,000 / FY 27 \$1,200,000
- HEA 54 / HB 0045 Property tax exemption – residential structures land
 - Caps assessment growth by 4%
 - Immediately effective
 - No backfill, Impacts SFP and Local Governments
 - FY 25 \$9,140,000 / FY 26 \$9,400,000 / FY 27 \$9,660,000
- SEA 61 / SF 0089 Veterans ad valorem exemption-amount
 - Increases exemption from \$3,000 of assessed value to \$6,000
 - Effective January 1, 2025
 - General Fund, \$8,200,000 appropriation
 - FY 25 \$0 / FY26 \$4,100,000 / FY 27 \$4,100,000
- **Governor VETOED** SEA 70 / SF 0054 Homeowner tax exemption
 - Two-year exemption for 25 % of first \$2M of FMV for TY 25 & 26
 - Cost \$211 M + \$216.8 M = \$427.8 M (GF & LSRA Backfill)

2023 Legislation

- **SJ003 Property tax residential class** - Created a constitutional amendment for the November 2024 ballot to separate residential property as a class of property.
- If passes there will be questions that will need to be answered by the Revenue Committee. The legislature will need define what is residential. There will be ability to create a sub class and the legislature will need to clarify what that means. Additionally, they will need to contemplate potential exemptions?

2026 Ballot Initiative

- If signatures are verified by SoS > 2026 Ballot
- If passes > 50% homeowner exemption, no backfill

2025 Jt Revenue Outlook

Tangible Personal Property

ACTION: Study de Minimis tangible personal property tax exemptions in \$50k increments up to \$250k. Consider the following:

- What effect does it has on counties and businesses big and small?
- Take away tax, where does it shift?

Per WTA suggested changes:

ACTION: Draft two bills to consider in change of statute 39-13-103 bii:

- Tie the index ceiling so it shall never be higher than the depreciation floor, or
- Stop trending when it reaches 20% of acquisition value.

ACTION: Draft lowering the 11.5% industrial assessment rate to 9.5% (.5% increments over four years).

Residential Property Tax

ACTION: Draft HB 0045 Property tax exemption - residential structures land, to provide counties, cities and taxing authorities the ability to exempt from 2019 assessment values as a starting point (flexibility to choose year). Additionally, to include consideration of other residential structures and lowering the cap to 3% or CPI.

ACTION: Provide information on mill levy limits and draft a bill to provide 3% adjustment for inflation as the mill levy limits.

ACTION: Provide information on the effects of making HB 0003 permanent (long-term homeowners, as it sunsets July 1, 2027). Provide data on how many qualify and provide language to clarify if the surviving spouse can still claim.

ACTION: Draft a clean up bill for the 2023's Senate Joint Resolution 3 constitutional amendment to separate the residential property class (if it passes on the November ballot). Additionally consider:

Is there new legislation needed from the constitutional amendment passing (separating residential from the real property tax class)?

Multiple exemptions for homeowners.

ACTION: Draft a clean up bill for HB 0004 Property tax refund program to take out reference of 165% (Governor's line-item veto).

Additional information was requested of LSO to provide information on the ability to prorate recipients or the costs to fund on a first come first serve basis.

ACTION: Draft 2024's SF 0054 Homeowner tax exemption (Governor veto) to consider a two-year exemption for 25% of the first two million of fair market value for residential property owners.

Excise Tax

ACTION: Draft proposal to resolve issue for local vendors and lower taxes to keep premium cigars competitive.

ACTION: Draft a bill to streamline and simplify tax code exemptions as an administrative fix to make the tax easier to collect.





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