



Tax Structure 101 & Legislative Considerations

“The art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest possible amount of hissing.”

- Jean-Baptiste Colbert, Finance Minister (1665-1683), King Louis XIV



“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 51% of FY23 total
- Effective tax rate on owner-occupied housing value 0.56% (#47)

General Sales Tax - 26%

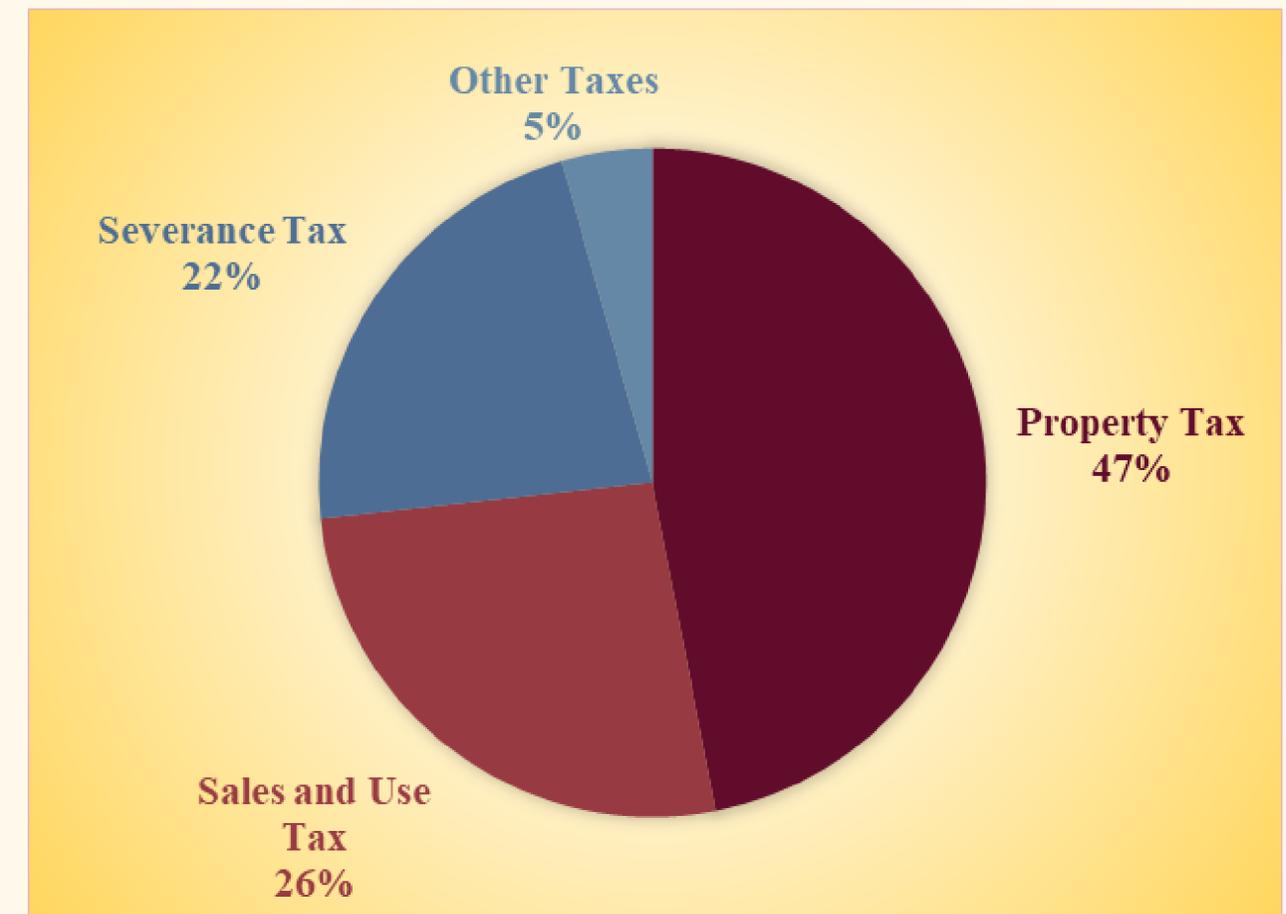
- State tax rate 4%, avg. local rate 1.36% = 5.36% combined rate (#44)

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%

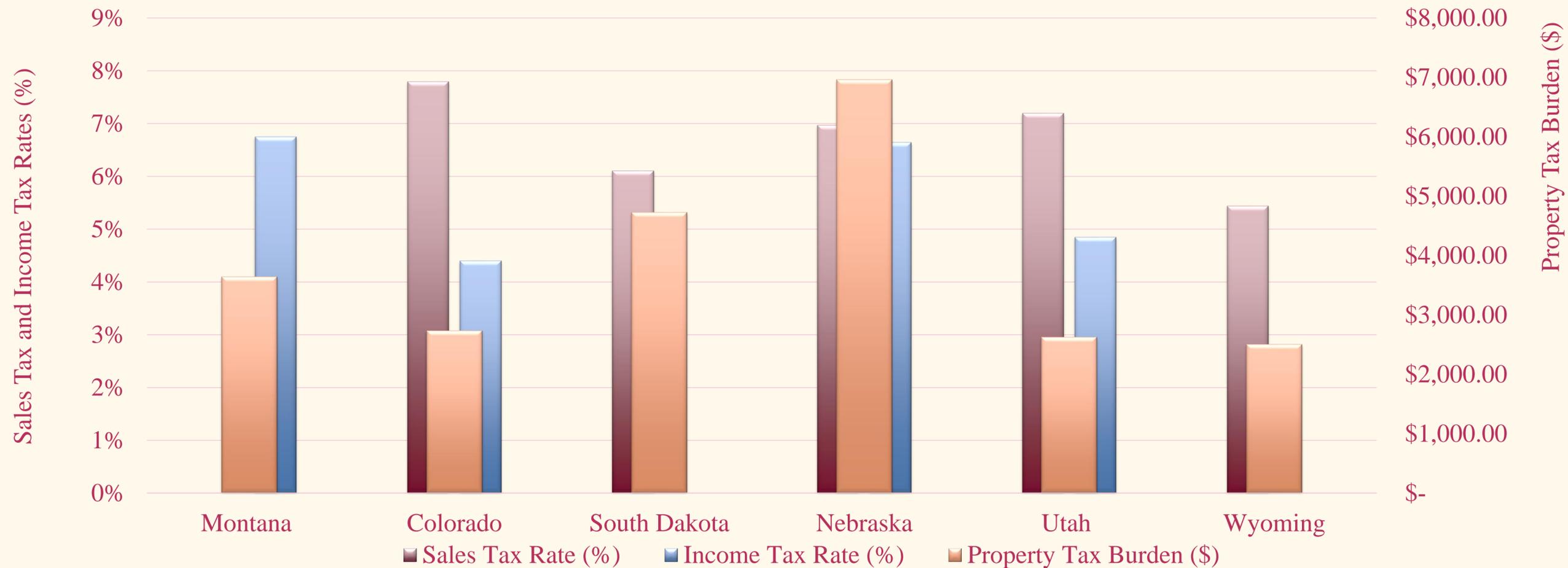
- Fuel tax \$0.24/gallon (#38)
- Cigarette tax \$0.60/pack (#43)
- Alcohol – Beer \$0.02/gallon (#50), Wine \$0.28/gallon, Spirits \$0.94/gallon (no ranks)
- Insurance premium tax – 0.75% on Foreign and Domestic companies,
- Corporation License tax - \$60, or 2/10 of one mill on the dollar
- Wind generation tax - \$1 per megawatt hour



NO INDIVIDUAL INCOME TAX and NO CORPORATE INCOME TAX

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

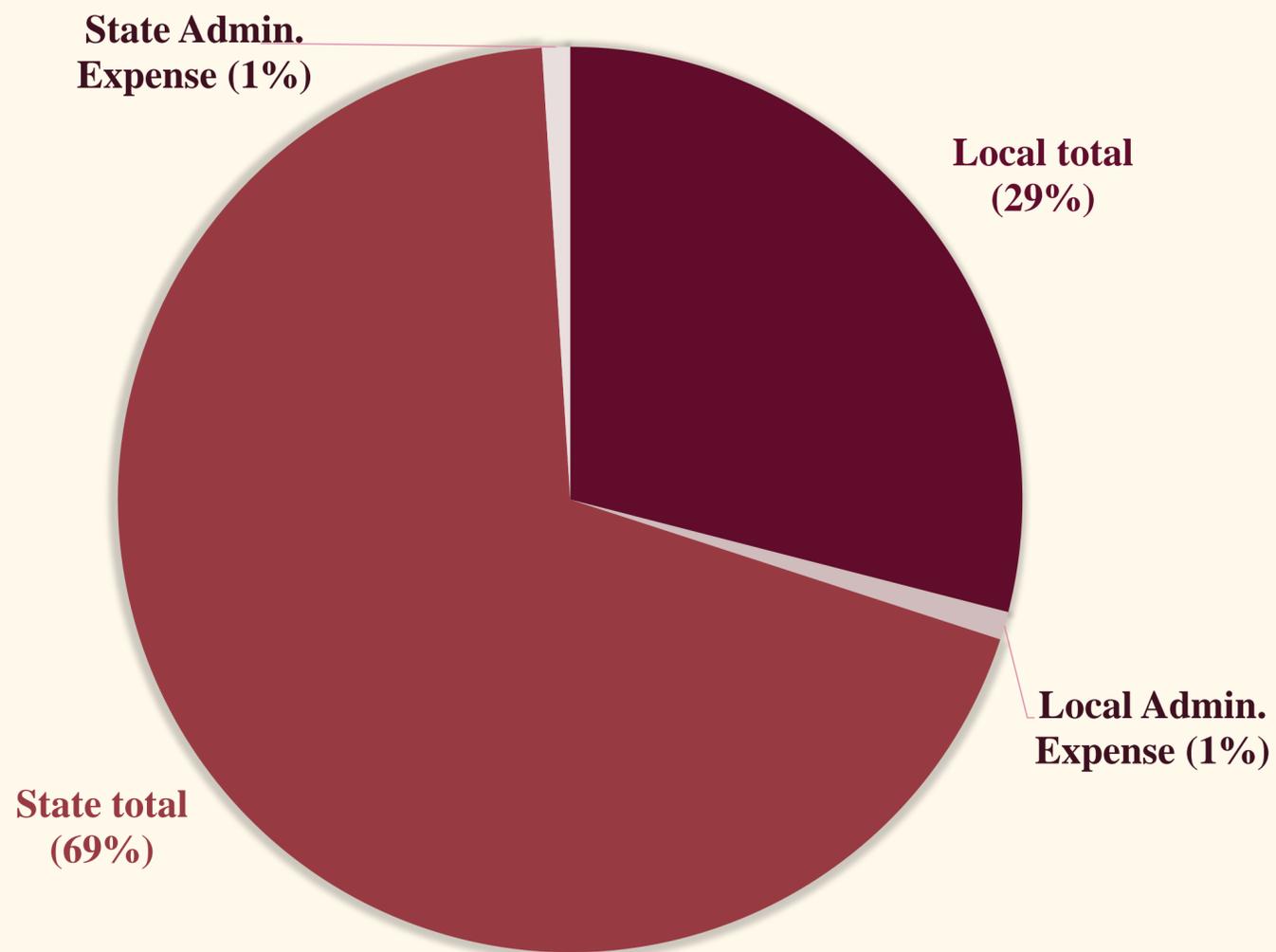


Major Components of Wyoming's Tax Structure: *How does Wyoming Compare?*

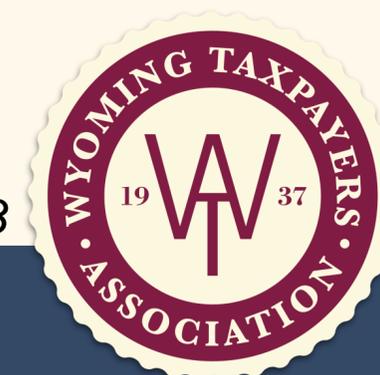


Sales and Use Tax (\$)

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

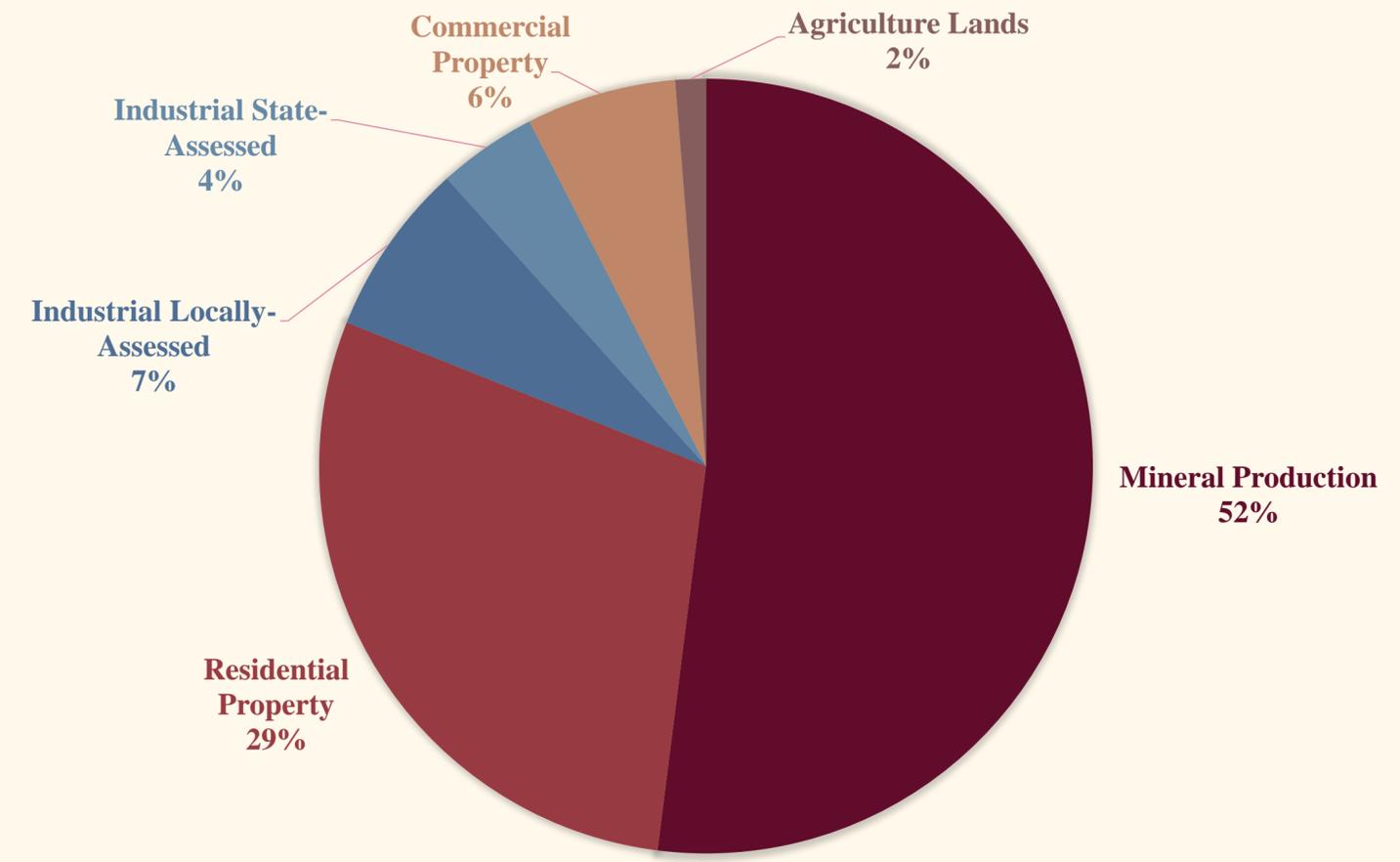




How It's Derived

(\$ 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

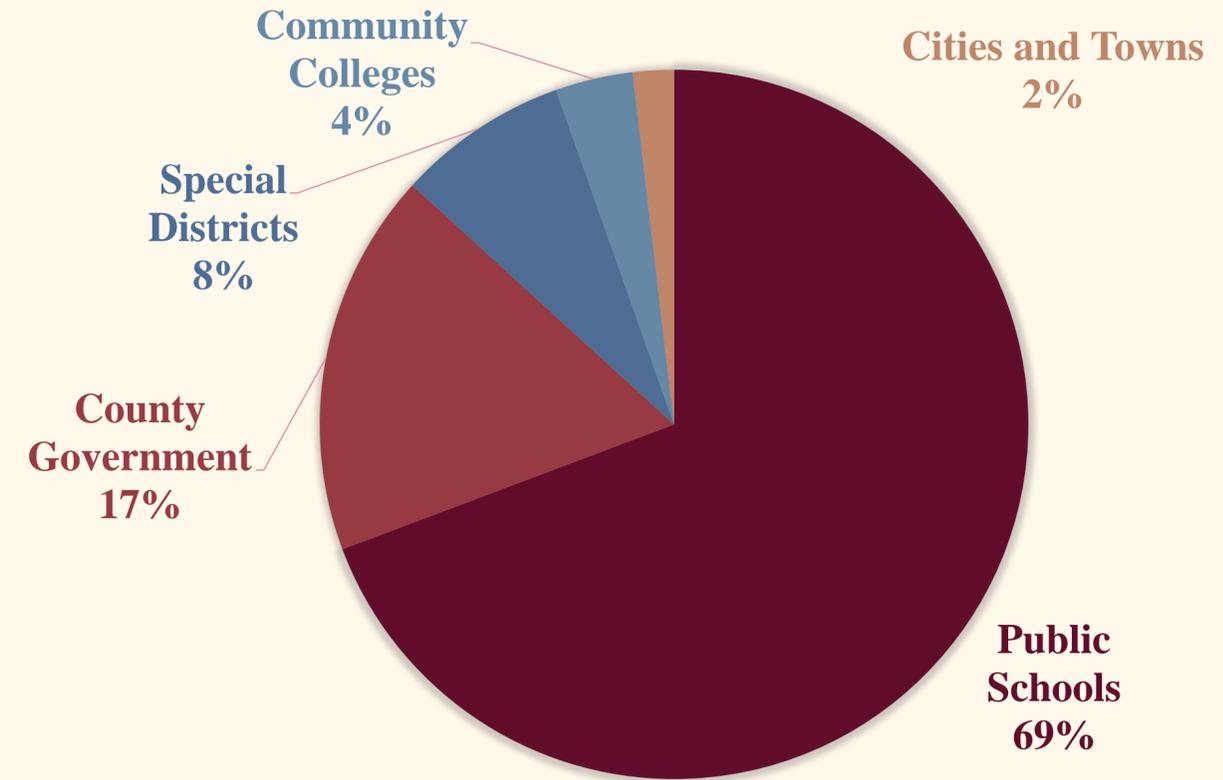




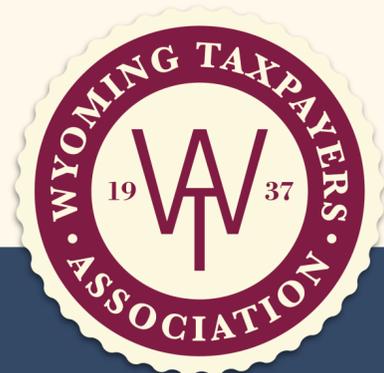
How It's Used

(\$ Millions)

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

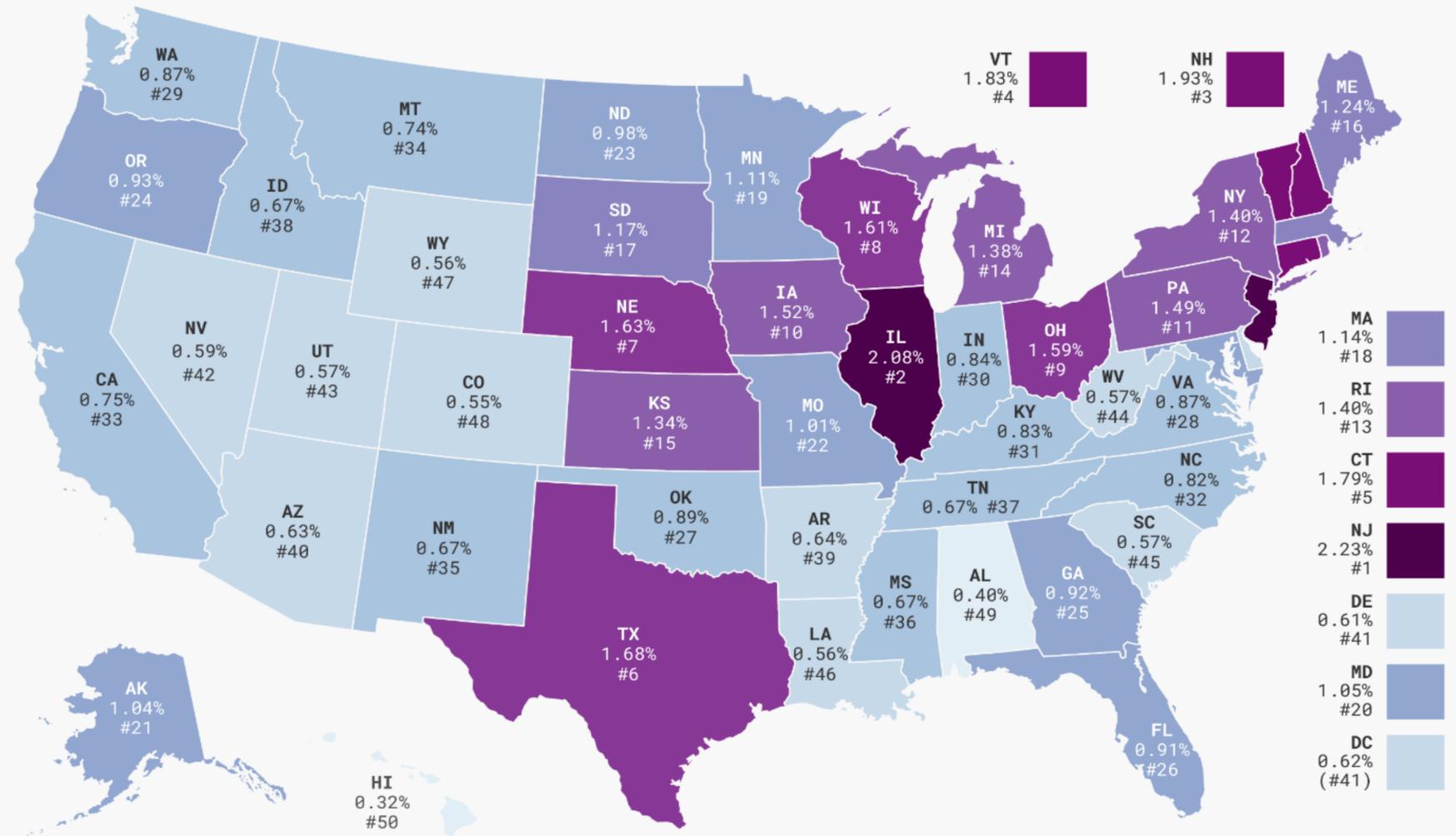


Source: Wyoming Department of Revenue, FY 2023



How High Are Property Taxes in Your State?

Property Taxes Paid as a Percentage of Owner-Occupied Housing Value, 2021

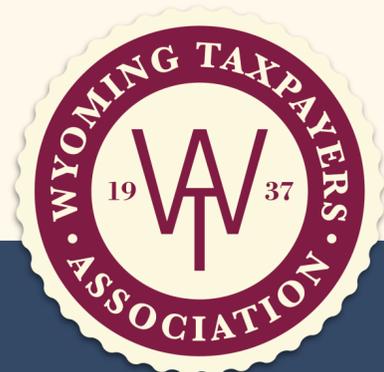


Note: The figures in this table are mean effective property tax rates on owner-occupied housing (total real taxes paid/total home value). As a result, the data exclude property taxes paid by businesses, renters, and others. D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would rank if included.
Sources: U.S. Census Bureau, "2021 American Community Survey"; Tax Foundation calculations.



@TaxFoundation

Source: Tax Foundation; Where Do People Pay the Most in Property Taxes? FY 2021

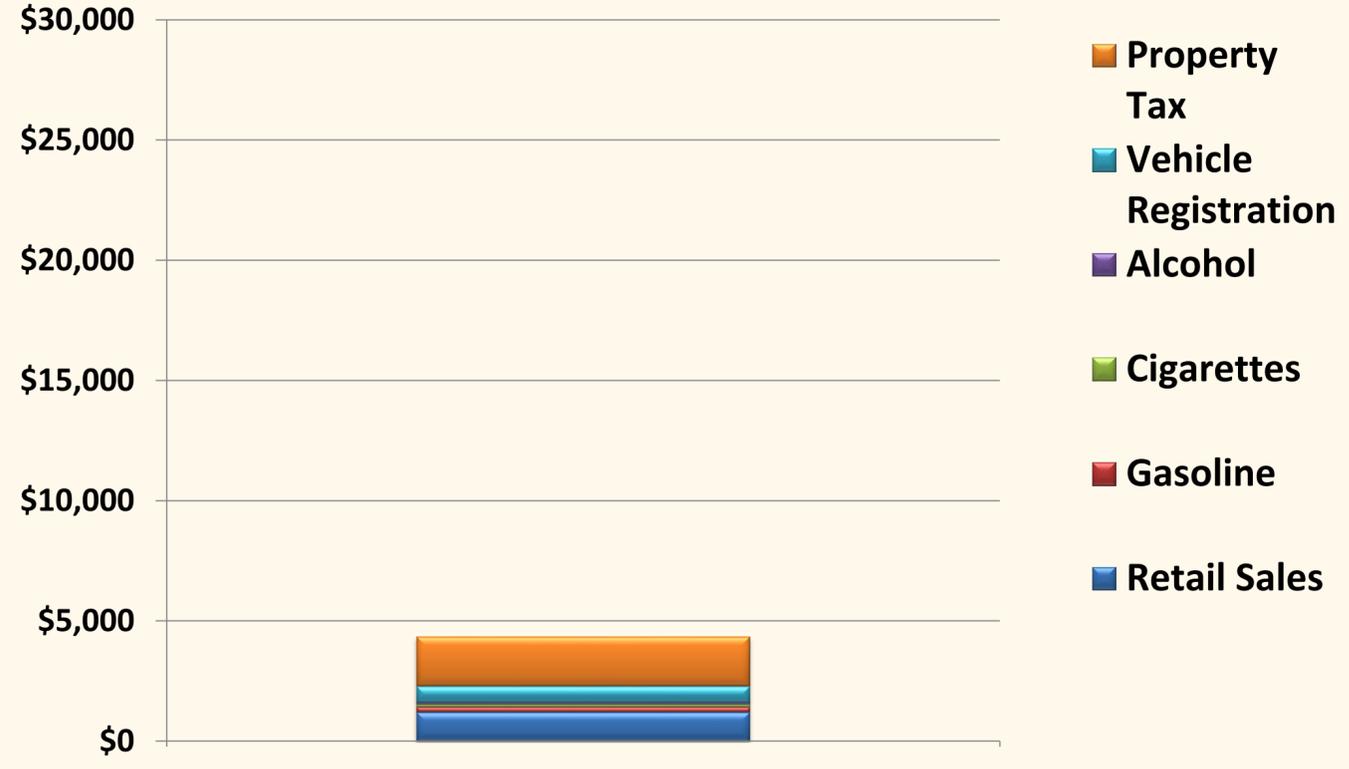


Residential Property Tax - How Does Wyoming Compare?

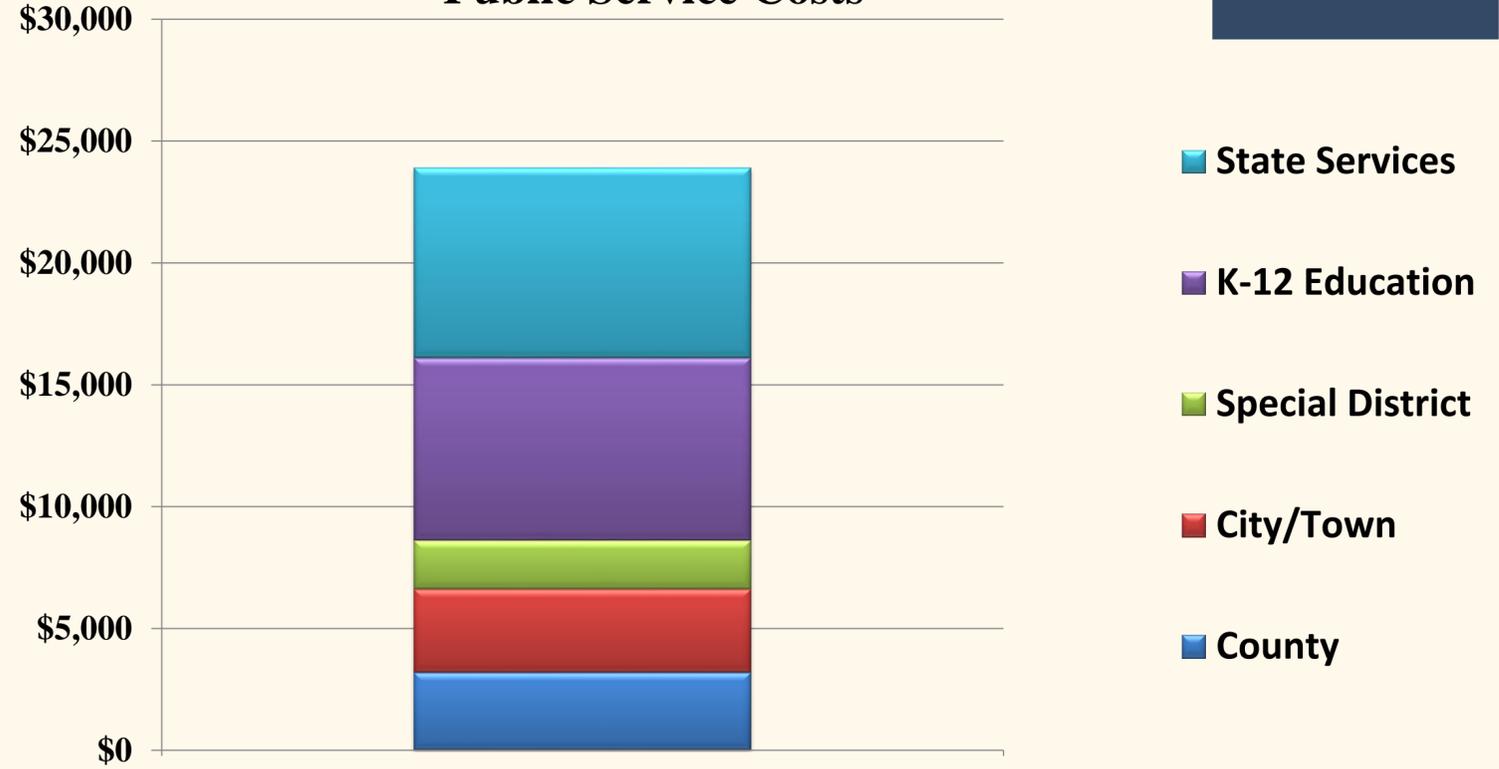
For a 3-person family with an income of \$68,000 and owning a home valued at \$320,000



Personal Tax Collections



Public Service Costs



Personal Tax Collections

Retail Sales	\$ 1,200
Gasoline	\$ 210
Cigarettes	\$ 110
Alcohol	\$ 100
Vehicle Registration	\$ 650
Property Tax	\$ 2,070

\$ 4,340

Public Service Costs

County	\$ 3,200
City/Town	\$ 3,400
Special District	\$ 2,000
K-12 Education	\$ 7,500
State Services	\$ 7,800

\$23,900

NOTE: Excludes Federal Funds and Enterprise Revenues

Source: Department of Administration & Information, Economic Analysis Division 2023



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



REMI

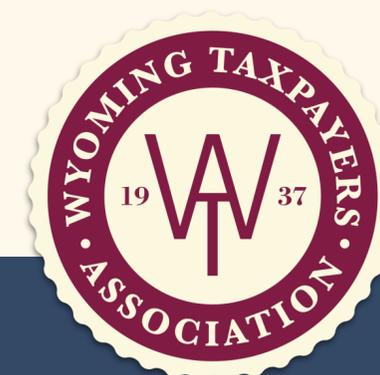
Under Wyoming's current tax structure, costs associated with adding 100 new workers in every field except the Oil and Gas Industry would outstrip the tax revenue generated within a few years.

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



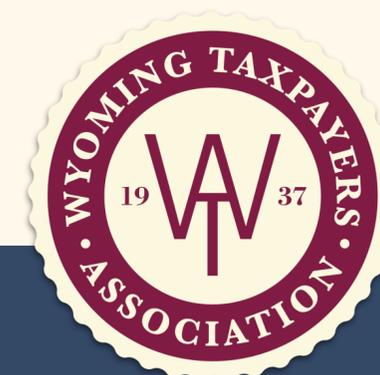
What does this mean for economic development and diversification?



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.





General Fund & Reserve Accounts (with Savings)



Notes/Source: Revenues from the CREG/Previous Revenues include capital gains from Budget Fiscal Data Book / Fiscal Profile, Legislative Service Office/ Additional information from State Economic Analysis Division & Wyomingense.gov



2024 Budget Session

- 2/3rds vote for bill introduction, 20 day session – starts Monday, February 1, 2024
- Must present balanced budget
- Flushed with cash, per October Consensus Revenue Estimating Group (CREG)
 - \$868 million surplus due to high natural gas prices (one-time funding)
 - Increased non-mineral property taxes by \$168.7 million
 - The Legislative Stabilization Reserve Account (LSRA) balance is still estimated to end the FY 23- 24 biennium at \$1.9 billion
 - The General Fund and Budget Reserve Accounts realized \$177.3 million more than anticipated.
 - The School Foundation Program is looking like it will be left with a billion dollars after the 2025 – 2026 biennium.



The Governor and the 67th Legislature will have multiple options for considering a strong budget when constructing the 2025-26 biennium budget

Governor Gordon's Budget



–“Wyoming has been fortunate to be the beneficiary of high natural gas prices and an influx of federal funds since the pandemic,” Governor Gordon said. “However, now we must adapt to the absence of those federal dollars and the impact to our ongoing spending. It requires us to make difficult decisions about meaningful programs, and to determine how we are going to address our current challenges as well as the needs of future generations.”

- \$20 million in property tax relief program
- Funding for community mental health centers + youth, expansion of the 988-suicide hotline
- Increased spending authority for the Federal Natural Resources Planning Account (FNRPA)
- Support & expansion of Wyoming Innovation Partnership (WIP) for workforce and economic development to maintain state's position as global leader in energy and natural resources
- Extension of Governor's Energy Matching Fund program, carbon dioxide storage

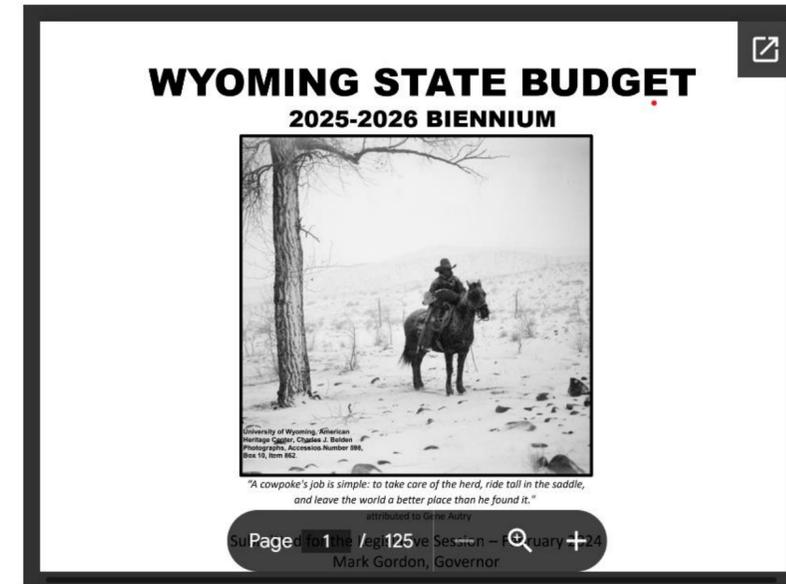
–Governor Gordon said. “In totality, this budget proposes living within our means, not just in this biennium, but in those to come. It keeps ongoing spending at a level we can sustain. ”

The Joint Appropriations Committee uses Governor's budget as a baseline and builds one based on Gov's rec, or +/-

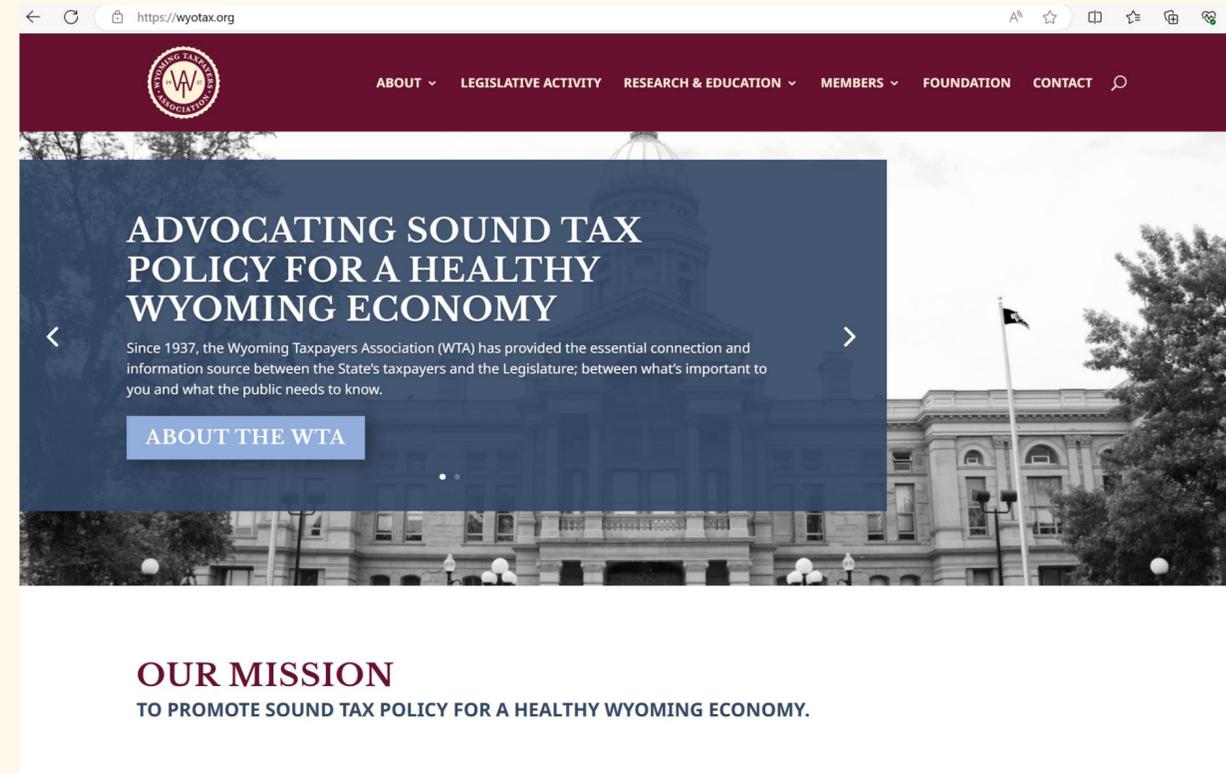


2024 Budget Session Resources

- State Budget Department - Wyoming State Budget
 - <https://sbd.wyo.gov/home/wyoming-state-budget>
- Legislative Service Office wyo.gov
 - LSO Databook 2023 Data Book.pdf
 - <https://wyoleg.gov/StateFinances/DataBook/2023>
 - Consensus Revenue Estimating Group
 - <https://wyoleg.gov/StateFinances/StateRevenues>
- Wyoming Department of Revenue Annual
 - <https://revenue.wyo.gov/about-us/dor-annual-reports>
- Wyoming Taxpayers Association
 - www.wyotax.org
 - CREG Summary
 - 86th Annual Meeting Watch Back
 - Publications & Reports
 - Helpful Links



2025-2026 Wyoming State Budget Book



Joint Revenue Committee

Property Tax Issues

- HB 0004 Property tax refund program.
 - 2023 program: 8,813 applications with \$8,263,783.84 in refunds
 - Rejected applications over the income limit (57%), lack of information (25%), and over the asset limit (13%)
 - Proposal expands 6 income tiers, funded by GF, before changes estimated COST = \$10 m
- HB 0003 Property tax exemption for long-term homeowners
 - 50% exemption if owner/spouse is 65+, paid in WY 30 years+, resides in WY 8 months out of the year
 - COST = \$10.6 m TY 2025/FY 2026, \$10.9 m TY 2026/FY 2027 and \$11.3 m for TY 2027/FY 2028
- HB 0018 Property tax – inflation cap
 - Requires constitutional amendment to separate residential property from “all other” (on the ballot this year)
 - Limits max value of increase by CPI or 5% (whatever is less)
 - Does not include changes, additions or improvements
- HJ 0001 Property tax – classes of property and residential value (pairs with HB 0018)
 - Requires constitutional amendment to separate residential property from “all other”
 - Allows a cap by providing a resolution for a constitutional amendment separating residential from the “all other” classification
- 24LSO-0187 Homeowner tax exemption. ***Possible constitutional violation**
 - 25.6% exemption of fair market value, resides in WY 8 months out of the year, does not exceed \$200,000 fmv
 - COST = \$84.6 m TY 2025/FY 2026, \$87.1 m TY 2026/FY 2027 and \$89.6 m for TY 2027/FY 2028, no backfill



Joint Revenue Committee

Property Tax Issues

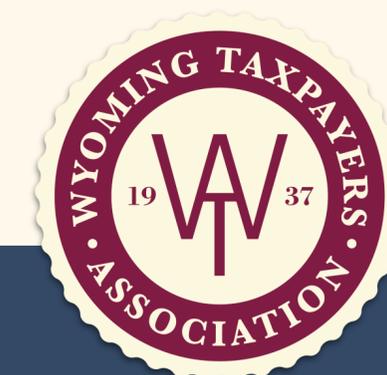
- Individual Bills
 - HB 0045 Property tax exemption – residential structures. Crago.
 - Exempts single family residential structure of excess assessment over 5%
 - 5% cap
- **Failed proposals** could be back as individual bills:
 - Acquisition value
 - Mill levy amendments
 - Monthly payments
 - Property tax deferral



Joint Revenue Committee

HB 0022 Sales tax revision - Revises 18 provisions related to the administration of the sales tax. Amended to take out imposition on oilfield impositions statutes and annual propane surveys. Topics being considered are:

- Annual exemption surveys
- Clarification of the imposition for the repair, alteration, or improvement of tangible personal property
- Power used in the transportation business
- Taxation of digital products
- Vendor compensation
- Resort District Tax
- Refund approvals or denials
- Excise tax appeals
- Vendor licensing thresholds
- Voluntarily licensing
- Removal of the NAICS code for the manufacturing exemption
- Use fee taxation
- Remote seller threshold
- Principal residence for motor vehicles
- Aircraft exemption language
- Tax due on free admissions



Other Priorities & Themes

- Corporations
 - Electric Utilities
 - Special Districts
 - SF 0026 Special district vacancies.
 - SF 0027 Special districts bond elections exception.
- Education
 - HB 0019 Education savings account.
 - HB 0020 School finance – regional cost adjustment study.
- Minerals
 - Energy Issues – New mineral wealth & taxation + use of mineral space
 - HB 0032 Geologic sequestration – unitization amendments.
 - Carbon Dioxide and Carbon Capture, Utilization, and Sequestration
- Travel
 - Wyoming Outdoor Recreation and Tourism Trust Fund
- Transportation
 - HB 0007 Alternative fuel tax – electricity amendments. *EV taxes



Other Priorities & Themes

- Investments
 - Provides 1/3rd of revenue to the budget
 - Saves the average taxpayer approximately \$3,000 pp
 - Investment of non-permanent funds to maximize returns
 - Trust funds +/-
 - Do we use today's \$ for today's problem and fight high inflation costs?
 - Cheaper today, more expensive tomorrow OR
 - Do we save today's \$ tomorrow's problems and leverage returns?
 - Benefits and saves for future taxpayers
- Election year
- Constitutional amendments
- Ballot initiative
- “Don't tax you, don't tax me, tax the fellow behind the tree”
- “If you are not paying, you are not paying attention”



wyotax.org

wyotax.org/research-education/publications

wyotax.org/research-education/wyoming-tax-reform-2000/

wyoleg.gov

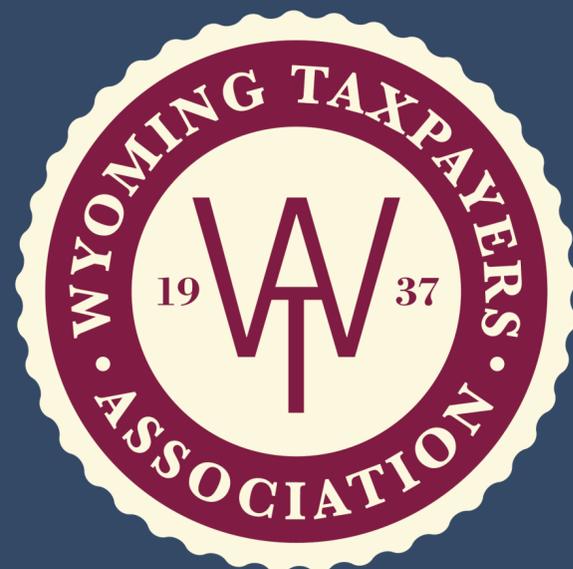
wyoleg.gov/budget/2023databook.pdf

Wyomingsense.gov

[Wyoming Department of Revenue 2023 Annual Report](#)

[Wyoming State Budget](#)





2015 Central Ave, Suite D
Cheyenne, WY 82001
(307) 635-8761
wyotax@wyotax.org



wyotax.org



[@wyomingtaxpayersassociation](https://www.linkedin.com/company/wyomingtaxpayersassociation)



[@ Wyoming Taxpayers Association](https://www.facebook.com/WyomingTaxpayersAssociation)



[@wyotax](https://twitter.com/wyotax)