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Wyoming needs to be forward thinking with revenue options

Text (492 words; should be under 500)

The current budget crisis goes beyond being a spending problem, a revenue problem or a savings problem. We face the challenge of sustaining the low tax lifestyle we love as Wyoming residents when revenue from mineral taxation continues to decrease with dropping energy prices, not to mention the potential looming catastrophe of losing coal revenue.

Let's put this in perspective of the potential impact to businesses and residents, who currently do not pay corporate or personal income taxes. The average household in Wyoming pays just under $3,000 in annual taxes for roughly $33,000 worth of public services. Think of that, we pay for 10 percent of our public service cost, and the remaining 90 percent is funded through mineral taxation. If we lose a major revenue source, how will we make up the difference and not jeopardize the way of life we are accustomed to?

Our government spending habits don't help. Between 2003 and 2008, Wyoming's operating budget skyrocketed from $1.6 billion to $4.2 billion. The budget has hovered around the $4 billion mark ever since. However, natural gas prices are dropping to the same dismal level that caused the budget crisis of the late 1990s. That predicament led to the commissioning of the Tax Reform 2000 study, which recommended ways to develop a tax structure capable of generating sufficient revenues to meet the needs of the 21st century. Unfortunately, the drive to implement the study's recommendations dwindled with the growth of coalbed methane revenue in the early 2000s. So 15 years later, the tax structure has barely changed, leaving us vulnerable to energy price swings.

To complicate matters, tax exemptions, a total of 51 on the books, have eroded Wyoming's tax base. While great in theory, many of these tax exemptions were created as incentives to attract companies, offer higher quality jobs, and help diversify the economy. Wyoming doesn't have a tax structure in place to capture revenue from these new jobs beyond some additional excise and residential property taxes. Simply put, as the state's population and need for public services increase, more burden is placed on minerals to pick up the tab.

Given that this downturn could be long-term, the diversification conversation should include broadening the tax base beyond the mineral industry. Wyoming should brace for the loss of coal revenue and oil and natural gas prices remaining low. Furthermore, given the abundance of oil and natural gas located elsewhere, our state must avoid complacency, stay competitive and stop the mindset that we have what they want and they'll come to us.

The state must plan now for how it's going to fund operations and schools with limited minerals revenue. Our legislators and elected officials face difficult decisions, but they are no strangers to this challenge. They know all too well of their charge to keep the bus fueled for our long journey ahead, and they know our savings are not going to get us very far if they don't.

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