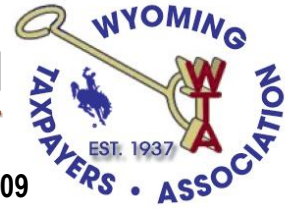


WYOMING TAXPAYERS ASSOCIATION

ACTION ALERT



SUMMARY OF PROPOSED BILLS – JOINT REVENUE COMMITTEE – NOVEMBER 2009

TAX EXEMPTION-VENTED GAS

Deletes language that says vented or flared natural gas under authority of the Wyoming Oil and Gas Conservation Commission has no value and therefore is exempt from taxation. Therefore, any vented or flared natural gas will be subject to severance and ad valorem tax.

STATEWIDE MILL LEVY

Per Wyoming's Constitution, the state can levy up to 4 mills that go to the General Fund. The statute that is referenced in the bill, W.S. 39-11-102.(c)(ix) simply directs the State Board of Equalization (that currently has the authority to authorize the mills) to certify to the county boards the amount of the statewide levy. Using an assessed valuation of \$29,214,897,935 for 2009 (based on 2008 production), the application of 4 mills yields \$11.7 M.

FUEL TAX INCREASE – REPRESENTATIVE MADDEN

Increases the gasoline and diesel fuel tax rate \$.05 immediately, and another \$.05 on July 1, 2011. The base tax (which is listed in 39-17-104(a)(i) as a license tax) of \$.13 is increased to \$.18 for both gasoline and diesel except for those fuels that are exempted. Of note, paragraph 39-14-104(a) lists the *total* tax on gasoline, including the base tax of \$.13 and the \$.01 additional tax that is directed at environmental clean-up costs for leaking underground storage tanks. Therefore, look to this paragraph for the total tax on gas and diesel.

PROPERTY TAX EXEMPTIONS-REPEAL – REPRESENTATIVE MADDEN

The bill repeals the exemption for underground mining equipment, pollution control equipment, and fire protection equipment.

TAX INCREMENT FINANCING – REPRESENTATIVE PETE ANDERSON

Defines tax increment financing options for municipal public improvements in accordance with local economic development plans to encourage investment in job producing private development and expansion of the public tax base. Similar to HB290 from the 2009 Legislative Session. By definition in the bill "public improvements" include: street and road construction and maintenance, water and sewer system construction and improvements, sidewalks and streetlights, parking facilities, facilities of a regional transportation authority, park facilities and recreational areas, surface water drainage systems, business parks and publically owned buildings.

PROPERTY TAX EXEMPTIONS-REPORTING – SENATOR CASE

Requires property owners of:

- religious worship, church schools and church parsonages,
- charitable trusts,
- schools, orphan asylums or hospitals (to the extent they are not used for private profit),
- benevolent and charitable societies or associations, including fraternal organizations officially recognized by the University of Wyoming, community college, and senior citizens centers

to file a report to the Department of Revenue no later than December 1 of each year, to help aid the Department in determining whether the property is eligible for exemption.

STATE BUDGET TASK FORCE – REPRESENTATIVE WALLIS

Creates a zero-based budget task force to review and evaluate the implications of the state using a zero-based budget process and recommend any legislative changes required for the state to use a zero-based budget process.

ELECTRICITY PRODUCTION – TAXATION – REPRESENTATIVE MILLER

Imposes an excise tax upon the production and sale of electricity at a rate of \$.0010/kWh. Exemptions include electricity that is produced for personal consumption that does not exceed 500 kWh in any 24 hour period. There is

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

a credit extended to any person producing and selling electricity in which any mineral which has already been imposed a severance tax. Revenues from the tax will go to the General Fund.

ELECTRICAL GENERATION TAX – SENATOR SCHIFFER

Imposes an excise tax upon the production and sale of electricity and shall be imposed on each kilowatt as it leaves the generation facility and prior to entering the interstate transmission system. The rate is \$0.0025/kWh.

Exemptions for the tax would include hydro facilities owned or operated by any government entity (which is standard for such facilities) and any electricity that is produced for personal production (500 kWh in any 24 hour period).

Remedies/credits would go to generators using any of Wyoming's natural resources that are already taxed via severance taxes, as it is not the intent to provide for double taxation.

The tax revenue would be distributed as follows:

- 10% to the Wyoming Wildlife and Natural Resources Trust Account for conservation finance and to mitigate endangered species concerns such as sage grouse;
- 10% to counties for impacts, as they are always behind the eight ball because of the lag time associated with distribution of property taxes – as a severance tax, they would get it up front; the idea would be to make it proportionate to number of wind turbines in that county as compared to the rest of the state;
- the balance of the tax would go 40% to General Fund and
- 40% to Budget Reserve Account.

STATEMENTS OF CONSIDERATION – REPRESENTATIVE MADDEN

Provides that a statement of consideration for residential property is a public document. Mirrors HB66 from the 2009 Legislative Session.

SALES AND USE TAX REVISIONS – REPRESENTATIVE WALLIS

Imposes an excise tax of 3% (the current state sales tax rate is 4%) on services that are not currently taxed by Wyoming statute and removes any exemptions for wholesale sales, sales for resale, and the ingredient component for manufacturers. Effective until June 30, 2010. The bill requires the Department of Revenue to determine the tax rate from year to year. The rate may not exceed the rate necessary to generate the amount of revenue from the preceding year plus an amount for inflation for that region for the immediately preceding three years (yet the rate may not exceed the limit of 3% as set forth in §39-15-204(a)(v).) A public hearing must be held before adoption of the rate.

Exemptions are amended to exclude charitable and nonprofits, irrigation districts and weed and pest control districts (they will be taxed under this bill).

TAXATION OF SPECIFIED DIGITAL PRODUCTS

The bill imposes a sales and use tax on digital products, including the sales price of every retail sale or rental of specified digital products within the state – only if the purchaser has permanent use, possession and control of the specified digital product or less than permanent use, possession and control if the period of use is greater than the actual play time of the product.