

TRANSPARENCY

STABILITY

BALANCE

SAVE THE DATE..... WTA's 2010

LEGISLATIVE POLICY FORUM, BOARD MEETING,
& LEGISLATIVE RECEPTION

WHEN: TUESDAY, JANUARY 26TH

WHERE: THE PLAINS HOTEL

EQUITY

JUSTIFICATION



2410 Pioneer Ave.
Cheyenne, WY 82001

*If you don't pay...you don't
pay attention.*



ESTABLISHED IN 1937

DECEMBER 2009

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Wyoming Taxpayers Association

Erin Taylor—Executive Director

Sandy Hunter—Research Manager

The Wyoming Taxpayers Association is a non-partisan, non-profit corporation founded in 1937 to advance efficient and effective government.

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WTA 2009 ANNUAL MEETING— A WEALTH OF INFORMATION

WTA hosted more than eighty members, as well as a few newcomers at our 72nd Annual Meeting October 19-20. This is the third year WTA has hosted two panel discussions, in addition to a keynote speaker. The change brings you, our members, more information, more communications with key policy makers, and more value for your dues.

The first panel brought light to taxing digital products and electrical generation—two important issues currently being debated in Wyoming policy circles, including the Joint Revenue Committee. The second panel focused on Wyoming's fiscal health— from the most recent revenue

projections, to Wyoming's use of Federal stimulus funds, to performance of the State's permanent funds— incredible amount of information. Please check out the WTA homepage for presentations from the annual meeting.

This year's keynote speaker, Mr. Jim Eads, Executive Director of the Federation of Tax Administrators, told WTA members that we Wyomingites are not alone—many other states are struggling to find new sources of revenue, including taxing the citizens. Mr. Eads' presentation can



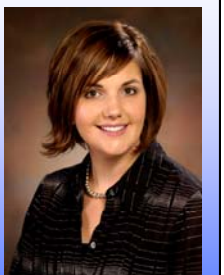
WTA's newly elected President, Greg Schaefer presents Mike Ceballos with a plaque thanking him for his service as WTA's 2008-2009 President.

also be found on our website at www.wyotax.org.

Finally, wise words were delivered from Governor Dave Freudenthal at the evening reception. The Governor maintained that the State is not yet in a terrible fiscal situation, however that could change down the road, particularly for education.

FROM THE EXECUTIVE DIRECTOR

COMING SOON — WYOMING PROPERTY TAXATION 2009 — the State's premier publication of county-by-county property tax information is currently being compiled and will be available in late January. It is the only detailed report of the State's assessed value and mill levies for all Wyoming taxing jurisdictions. It contains comprehensive analysis of school district property tax revenues, countywide levies, special districts, and mineral production. Also included is a description of each taxing district, statutory limitation of the levy, and examples of how property taxes are derived and local mills applied. This publication is free to WTA members and available for sale to the public.



MESSAGE FROM WTA'S NEW PRESIDENT, GREG SCHAEFER

WTA Members ~

I am pleased to report that the 72nd Annual Meeting of the Wyoming Taxpayers Association was a huge success!

The Board of Directors took action on a number of items, including the nominating committee's report to elect the following officers for the 2009-2010 term:

President: Greg Schaefer, Arch Coal

1st Vice President: Brent Kunz, Hathaway and Kunz, LLC

2nd Vice President: Shane Schulz, Questar Corporation

Secretary: Charlene Murdock, MDU Resources Group

Treasurer: Tom Stuckey, Wells Fargo

Mr. Matt Grant with Rocky Mountain Power was voted onto the Board of Directors, replacing Mr. Dave Mosier, also with Rocky Mountain Power. Please join me thanking Dave for his service and dedication to WTA and welcoming Matt to our Board.

The Board also voted to approve a new dues structure for WTA members, which will go into effect November 1st, 2009:

WTA DUES SCHEDULE 2009-2010

GOVERNMENT AND LEGISLATORS:		\$100
INDIVIDUALS:		\$150
ASSOCIATION AND CHAMBERS:		\$250
BUSINESS:	Based on Net Sales	
	Up to \$100,000	\$150
	\$100,000 to \$1M	\$300
	\$1M to \$10M	\$500
	\$10M+	\$800
BANKS & FINANCIAL:	Based on Net Deposits	
	Up to \$100M	\$150
	\$100M to \$250M	\$300
	\$250M - \$500M	\$500
	\$500M+	\$800

STATE ASSESSED AND MINERALS:

Stay with the current formula as follows: Minimum of \$1,500 to a maximum of \$12,000. \$50.00 per \$1M of the most current year state assessed valuation for the first \$100M of taxable value, \$25 per \$1M of valuation above \$100M.

All membership categories will receive the same benefits, except research. Specific research would be granted at an hourly rate (for the appropriate staff salary) up to the member's dues. After that point, the research will be billed to the member. The news dues structure will be reflected in your yearly dues, which will go out November 1st.

We are also in the process of creating a member-only section of the website to provide more value to you, our members. You should have received a notification asking you to log in with your email, at which point, you should

create your own password. The presentations from the annual meeting are now posted to the website, and we have made a number of improvements to the news page, links, and fiscal information. Please check it all out at www.wyotax.org

Finally, please join me in thanking the following sponsors for our Annual Meeting – WTA would not be where we are today without such generous support and commitment to our programming and mission:

Coffee Break:

Holland & Hart
Wyoming Education Assn

Cheyenne Light Fuel & Power

Education Program:

Chevron
Arch Coal

Presenting Sponsors:

Burlington Northern Santa Fe Railroad (BNSF)
Alpha Coal West
Qwest Corporation
Basin Electric Power Cooperative

Thanks everyone, have a great holiday!

Greg Schaefer,

WTA Board President

WTA BOARD MEMBER SPOTLIGHT—JOHN SHANAFELT, HOUSTON, TX

WTA's Board of Directors is comprised of 28 individuals who represent the broad interest of Wyoming's taxpayers. This is the second in a series in which we introduce these folks to the membership ~~~

John Shanafelt has been employed in the oil & gas industry for the past 30 years. He is currently responsible for Chevron's Ad Valorem taxes on oil, gas, and mining properties in Wyoming, Colorado, and New Mexico. In addition to his time serving WTA, John serves as co-chair on the Petroleum Association of Wyoming's tax committee and is an active member in the Wyoming Mining Association.

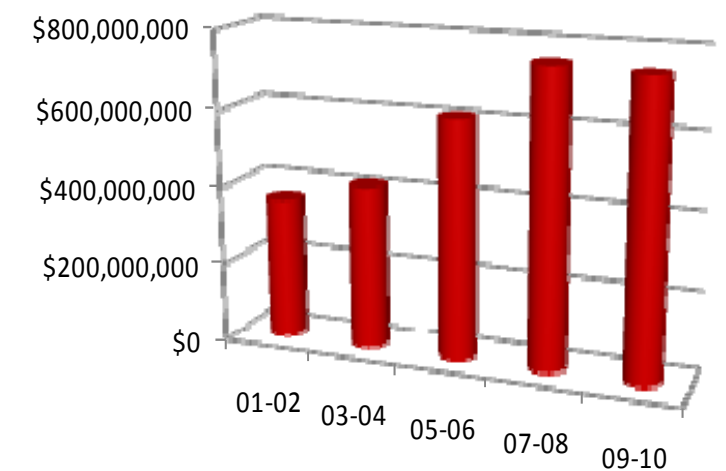
"As I begin my second year on WTA's board, I am particularly impressed by how much of an impact WTA has on tax policy in this state. WTA's effectiveness can be attributed to its strong leadership and a diverse membership base that includes major industry, small and large companies, and individuals alike. Through utilization of the *Cornerstones of Taxation* to assess tax issues, WTA has earned the credibility and respect of both legislators and taxpayers. I've also been impressed with the quality of WTA's Tax Policy Forums. These forums are well attended, draw quality speakers and discussion panels, and provide invaluable information on the key tax issues facing us today. If you are looking for a group that advocates sound tax policy for all Wyoming taxpayers, then I encourage you to become a WTA member."

FISCAL FOCUS — WYOMING'S HIGHER EDUCATION

The State's contribution to higher education has grown significantly over the last 10 years, 107.44%, in fact. At 21.10%, it is the second largest category benefiting from General Fund appropriations. (Includes UW, WICHE, and Community Colleges)

Biennium	Budget
01-02	\$359,914,024
03-04	\$415,539,050
05-06	\$610,889,814
07-08	\$754,035,156
09-10	\$745,623,353

APPROPRIATIONS TO HIGHER EDUCATION 2001-2010



Source—Wyoming Legislative Service Office 2009 Budget Data Book

WHERE'S THE BEEF? A LOOK INTO WYOMING'S BUDGET PROCESS...

First used an ad advertising slogan, "where's the beef?" has become an all-purpose phrase questioning the substance of an idea, event, or product, according to *Wikipedia*. When we take a close look into Wyoming's budget process...where's the beef?

By now, the budget process is already in full swing, with the Governor's budget recommendations already sent to the Legislature December 1st. But it starts months back.

The State operates on what is called a biennial budget process, where agency budgets are put together for two fiscal years of operations.

The process begins with what is called a 'standard' budget request prepared by the Budget Division (essentially the amount of money needed to run the agency at the same level of service). The individual agencies may then make an exception request if they require increased funding. From here the budget requests head to the Governor for his input. His office works with the Consensus Revenue

Estimating Group to look at revenue forecasts, and works to send final budget recommendations to the Legislature by December 1st.

The work then moves to the Joint Appropriations Committee (JAC), whose main duties center around the general fund and the budget reserve account. Most state agencies are funded from the general fund, and the budget reserve account is the main mechanism that is used to balance the budget.

Hearings begin in early December and continue in to January to give state agencies a chance to defend their budget requests or allow legislators to ask questions.

The JAC then votes on each agency's programs and makes final recommendations that will comprise the details of the budget bill.

For a more detailed account of the State budget process, see the Wyoming Legislative Service Office's 2009 Budget Fiscal Data Book.

 **Included in the State Budget:**

- All executive branch agencies except Game & Fish operations and Department of Transportation operations and maintenance sections;
- Department of Transportation administrative sections including driver's license, ports-of-entry, and highway patrol;
- Supreme Court, district courts and circuit courts;
- University of Wyoming general funds block grant;
- Community College Commission administrative budget and the state aid to college program;
- K-12 school foundation program;
- Boards and commissions;
- Capital construction appropriations for state institutions, state parks, University of Wyoming, community colleges and K-12

Not included: 

- Appropriations of Game & Fish funds for operations;
- Department of Transportation operations and maintenance;
- Appropriations for water projects;
- Ad hoc appropriations for various specific projects contained in separate non budget bills;
- Automatic distributions of revenues to local governments, the highway fund, water accounts, the school foundation program, etc.

CALANDER OF EVENTS

DECEMBER 7-9 JOINT APPROPRIATIONS COMMITTEE—AGENCY BUDGET HEARINGS, CHEYENNE

DECEMBER 7-8 JOINT LABOR COMMITTEE, CHEYENNE

JANUARY 4-15 JOINT APPROPRIATIONS COMMITTEE—BUDGET HEARINGS, CALL BACKS AND BUDGET MARK-UP

JANUARY 18-19 SCHOOL FACILITIES AND JOINT EDUCATION, CASPER

JANUARY 26 WYOMING TAXPAYERS ASSOCIATION POLICY FORUM, BOARD MEETING, & RECEPTION, CHEYENNE

FEBRUARY 8 2010 LEGISLATIVE BUDGET SESSION BEGINS

JOINT REVENUE COMMITTEE SUMMARY

The Legislature's Joint Revenue Committee (Committee) met November 18-19 to discuss a number of proposed tax bills. In the face of declining revenues, the number one charge of the Revenue Committee for the interim included a study of the overall revenue needs of the state in the economic climate, including a consideration of taxation, taxation rates and tax exemptions.

Of the 13 bills that were presented, only four gained the honor of heading to the budget session as a Committee sponsored bill. In order for a bill to be sponsored by the Committee in a budget session, the bill would need to get an affirmative vote by the majority of both the House and Senate members on the Committee. Some of the bills that died may have had a favorable outcome in overall affirmative votes, however didn't receive the majority. Some of these bills will more than likely come back as individually sponsored bills during the session. Here is a summary of the four bills to receive Committee endorsement:

TAX INCREMENT FINANCING
The bill 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. 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.

Proponents associated the language in the bill as something similar to the statues relating to the urban renewal act and the downtown development authority act. Opponents were concerned with the fact that some of their sales use tax dollars would be held up for municipal economic development financing. The Committee was favorable to the legislation by a vote of 8-4. Currently at least 48 other states allow some form of tax increment financing.

STATEMENTS OF CONSIDERATION
The bill provides that a statement of consideration for residential property is a public document. This draft cleans up some of the language as a request by the State's County Assessors. A companion bill, 10LSO-0173.W1, Property Tax-Review of Assessment was also presented as a companion bill to clean up some of the language the assessors were having with HB 279 that passed last session. Both bills passed overwhelmingly.

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. Industry testified to having an issue with the 'less than permanent use' language that exists in the bill and that it would violate Wyoming's standing with the Streamlined Sales and Use Tax Agreement. The Committee discussed the notion that the bill will need some amendments to address the compliance issues and the concerns with the "less than permanent use" language, and voted to sponsor the bill as a committee.

The bills that did not gain Committee endorsement included:

- Eliminating the exemption for vented or flared natural gas
- Imposing an additional statewide mill levy of up to 4 mills
- Increasing the fuel tax by \$0.05 immediately and another \$0.05 on July 1, 2011
- Repealing the property tax exemption for underground mining equipment, pollution control equipment and

fire protection equipment

- Requiring property owners of religious and charitable organizations to file a yearly report to help determine whether the property is eligible for exemption from property taxes
- Creating a budget task force that would review and evaluate the implications of using a zero-based budget process
- Imposing an excise tax on electrical generation
- Removing all exemptions that are not constitutionally or federally protected, and imposing a tax on all services that are not currently taxed

The 2010 Wyoming legislative session begins in February and is a budget session lasting 20 days.

Have you checked out our Members Only section of the website?

Please log on with your email address and create your own password.

www.wyotax.org