

**FISCAL NOTE**

	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>NON-ADMINISTRATIVE IMPACT</b>			
Anticipated Revenue increase/(decrease)			
PERM. MINERAL TRUST FUND	(\$64,400,000)	(\$69,900,000)	(\$74,200,000)
LEGISLATIVE STAB. RES. ACCT.	(\$64,400,000)	\$0	\$0
PERM. MIN. TRUST FUND RES	\$41,800,000	\$90,700,000	\$49,500,000
COMMON SCHL. RESERVE ACCT	\$20,900,000	\$45,300,000	\$24,700,000
SCHOOL FOUNDATION FUND	\$49,500,000	\$50,100,000	\$84,400,000
SCHOOL CAP CON ACCOUNT	\$5,000,000	\$9,500,000	\$50,800,000
GENERAL FUND			\$8,200,000
STRATEGIC INVESTMENTS AND PROJECTS ACCT	(\$98,500,000)	(\$87,700,000)	
HIGHER ED EXCELLENCE INCOME ACCT	\$300,000	\$300,000	\$300,000
	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>NON-ADMINISTRATIVE IMPACT</b>			
Anticipated Expenditure increase/(decrease)			
PERM. MIN. TRUST FUND RES	\$0	\$12,500,000	\$109,800,000
COMMON SCHL. RESERVE ACCT	\$0	\$0	\$33,600,000
STRATEGIC INVESTMENTS AND PROJECTS ACCT	(\$44,500,000)	(\$40,600,000)	\$0
LEGISLATIVE STAB. RES. ACCT.	(\$49,500,000)	(\$50,100,000)	(\$84,400,000)
HIGHER ED EXCELLENCE RESERVE ACCT	\$300,000	\$300,000	\$300,000

Source of revenue increase and (decrease) and expenditure increase and (decrease):

**Additional One Percent Severance Tax**

This bill modifies the distribution of the additional one percent severance tax for the FY 2021-2022 biennium by changing the distribution dates from April 1, 2021 and the end of the FY 2021-2022 biennium to October 1, 2021 and October 1, 2022 for severance taxes received attributable for FY 2021 and FY 2022, respectively. The bill changes the distribution from equal amounts to the Permanent Wyoming Mineral Trust Fund (PWMTF) and the Legislative Stabilization Reserve Account (LSRA) to be distributed two-thirds (2/3) to the PWMTF Spending Policy Reserve Account (PWMTF RA) and one-third to the Common School Permanent Land Fund Spending Policy Reserve Account (CSPLF RA). This results in estimated revenue decreases to the PWMTF of \$64.4 million and to the LSRA of \$64.4 million in the FY 2021-2022 biennium. (For reference, the entire biennial amount is included in FY 2022 in the table above for the PWMTF and LSRA reductions, despite the April 1, 2021 distribution in current law being in FY 2021.) Estimated corresponding revenue increases to the PWMTF RA of \$41.8 million and \$44.1 million in FY 2022 and FY 2023, respectively, and to the CSPLF RA of \$20.9 million and \$22.0 million in FY 2022 and FY 2023, respectively.

This bills also permanently changes the distribution of the additional one percent severance tax from the PWMTF beginning FY 2023 and deposits two-thirds (2/3) of the revenue to the PWMTF RA and one-third (1/3) to the CSPLF RA. This results in an estimated revenue decrease to the PWMTF of \$69.9 million and \$74.2 million in FY 2023 and FY 2024, respectively. Estimated corresponding revenue increases to the PWMTF RA of \$46.6 million and \$49.5 million and to the CSPLF RA of \$23.3 million and \$24.7 million in FY 2022 and FY 2023, respectively.

As a result of the transfer of the additional one percent severance tax to the PWMTF RA and the CSPLF RA, additional revenue is anticipated to be transferred to

the General Fund and the School Foundation Program Account (SFP). The General Fund anticipates a revenue increase of \$8.2 million in FY 2024 to fully guarantee 2.5 percent of the previous five-year average market value of the PWMTF. Additionally, the SFP anticipates a revenue increase of \$33.6 million in FY 2024 to fully guarantee 5 percent of the previous five-year average market value of the CSPLF. A corresponding expenditure increase from the CSPLF RA also occurs. Increased revenue to the SFP would result in a corresponding expenditure decrease from the LSRA pursuant to W.S. 9-4-219(b) that requires an amount to be transferred to the SFP from the LSRA to restore the SFP's fund balance to \$100 million.

#### PWMTF Spending Policy Changes

This bill changes the spending policy of the PWMTF by maintaining the spending policy of 5 percent of the previous five-year average market value of the PWMTF beyond FY 2022. Current law provides for a decrease to 4.75 percent in FY 2023 and a further decrease to 4.5 percent in FY 2024, sustained each year thereafter. This results in an increase in the spending policy of an estimated \$20.0 million and \$40.6 million in FY 2023 and FY 2024, respectively.

Beginning in FY 2022, this bill changes the distribution of investment earnings greater than 2.5 percent of the previous five-year average market value of the PWMTF up to the spending policy. Current law provides for amounts to be distributed equally to the Strategic Investments and Project Account (SIPA) and the LSRA. Current law also guarantees the maximum amount that can be distributed to the SIPA from the PWMTF RA. This results in a revenue decrease to the SIPA of \$98.5 million and \$87.7 million in FY 2022 and FY 2023, respectively. This bill distributes the amount greater than 2.5 percent up to the spending policy (5 percent) equally to the SFP, School Capital Construction Account (SCCA), Budget Reserve Account and the SIPA.

The maximum amounts distributed to the SFP and the SCCA are also guaranteed by the PWMTF RA. This results in revenue increases to the SFP of \$49.5 million, \$50.1 million, and \$50.8 million in FY 2022, FY 2023, and FY 2024, respectively. Increased revenue to the SFP would result in a corresponding expenditure decrease from the LSRA pursuant to W.S. 9-4-219(b) that requires an amount to be transferred to the SFP from the LSRA to restore the SFP's fund balance to \$100 million. Additionally, the SCCA is estimated to receive a net revenue increase of \$5.0 million, \$9.5 million, and \$50.8 million in FY 2022, FY 2023 and FY 2024, respectively, when accounting for the elimination of the guaranteed amount from the SIPA School Major Maintenance Subaccount under W.S. 9-4-220(b), which is repealed. Correspondingly, the investment revenue currently guaranteed from the PWMTF RA to the SIPA is eliminated.

Total expenditures from the PWMTF RA are estimated to increase by \$12,500,000, and \$109,800,000 in FY 2023 and FY 2024, respectively, as a result of the additional one percent severance tax distributed to the PWMTF RA and increasing the spending policy to 5 percent.

The PWMTF RA maximum balance is also changed in this bill from 150 percent to 225 percent of the spending policy. This results in an increase in the maximum balance of the PWMTF RA of \$296.8 million, \$330.5 million, and \$365.6 million, in FY 2022, FY 2023 and FY 2024, respectively.

Other Spending Policy Changes

This bill changes the spending policy of the CSPLF by maintaining the spending policy of 5 percent of the previous five-year average market value of the CSPLF beyond FY 2024. Current law provides for a decrease to 4.75 percent in FY 2025 and a further decrease to 4.5 percent in FY 2026 and each year thereafter.

The CSPLF RA maximum balance is also changed in this bill from 150 percent to 225 percent of the spending policy. This results in an increase in the maximum balance of the CSPLF RA of \$152.0 million, \$154.7 million, and \$156.8 million, in FY 2022, FY 2023 and FY 2024, respectively.

This bill changes the spending policy of the Excellence in Higher Education Endowment Fund (EHEE) by increasing the spending policy to 5 percent of the previous five-year average market value of the EHEE. Current law provides for a spending policy of 4.75 percent. This provides for approximately \$300,000 more to be expended from the EHEE Income Account each year and a corresponding expenditure increase from the EHEE Reserve Account.

The EHEE Reserve Account maximum balance is also changed in this bill from 150 percent to 225 percent of the spending policy. This results in an increase in the maximum balance of the EHEE Reserve Account of approximately \$5.0 million each year.

State Treasurer's Office

This bill requires the State Treasurer's Office to credit interest, dividends and rents earned at the end of the second month following each fiscal quarter. The bill amends various accounts to have investment earnings to be credited in accordance with this change. The bill also codifies the current State Treasurer's Office interpretative investment policy on distributing recognized capital gains and accounting for recognized capital losses prior to distributing recognized capital gains. These changes have no significant fiscal or personnel impact on the State Treasurer's Office.

Assumptions:

The above estimates were determined based on the January 2021 Consensus Revenue Estimating Group's forecast and current law.