

FISCAL NOTE

	FY 2021	FY 2022	FY 2023
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue increase			
SCHOOL FOUNDATION FUND - Individual Tax	\$0	\$108,000,000	\$108,000,000
SCHOOL FOUNDATION FUND - Corporate Tax	\$0	\$7,200,000	\$7,200,000

Source of revenue increase:

Imposition of a 4% income tax imposed on individuals on all taxable income in excess of \$200,000, and distributed to the School Foundation Program, for tax years beginning on or after January 1, 2021.

Imposition of a 4% income tax on corporations on all taxable income in excess of \$200,000 and distributed to the School Foundation Program, for tax years beginning on or after January 1, 2021.

Assumptions:

The individual income tax imposed would apply to taxable income earned in tax years beginning in 2021. It is assumed that tax collections would begin in FY 2022. The above estimate is separated for the individual income tax filers and corporate tax filers, as there is sufficient data available to determine what the individual income tax would look like. Utilized the 2015 Statistics of Income Report, from the Internal Revenue Service (most recent report available). Derived amount of credit for sales & use tax as well as property tax from the report. Made no assumption for inflation as there is no information on how credits might be affected.

The corporate income tax imposed would apply to taxable income earned in tax years beginning in 2021. It is assumed that tax collections would begin in FY 2022. Tax revenues were estimated based on Nebraska's corporate income tax revenues, averaged over a 5-year timeframe from 2012 through 2016. No inflation rate has been applied. Estimate is based on Nebraska C corporations with taxable income of more than \$200,000. The Nebraska corporate income tax paid by these taxpayers represents 93.33 percent of the total corporate income taxes paid in Nebraska. The above estimates are adjusted for the difference in Nebraska's top tax rate of 7.81 percent and the 4.0 percent tax rate proposed in the bill. The above estimates are also adjusted based on the ratio of Wyoming's 2018 Gross Domestic Product (GDP) and Nebraska's GDP in order to estimate the amount that Wyoming might expect to receive from the tax. Wyoming's GDP was adjusted to exclude the extraction industry sector, as it is assumed that the Wyoming extraction industry would not pay this tax due to the tax credits that could be claimed by this sector.

The above estimate is further reduced by estimates of tax credits for Wyoming property taxes and Wyoming sales and use taxes.

- It is assumed that the property tax credits allowed would equal 5.0 percent of the total Wyoming property taxes due in 2018 for commercial and industrial properties. This assumption is provided to represent what this credit could look like and is admittedly a best guess. This is a significant assumption, which cannot immediately be verified.
- It is also assumed that the sales and use tax credits allowed would equal 5.0 percent of the total Wyoming use tax paid for fiscal year 2018 by all taxpayers. This assumption is also provided to represent what this credit could approximate. Like the assumption of property tax credits, this assumption cannot be immediately verified.

NOTICE-AGENCY ESTIMATE OF ADMINISTRATIVE IMPACT REQUESTED

This bill has administrative impact that appears to increase duties or responsibilities of one or more state agencies and may impact agency spending or staffing requirements. As introduced, the bill does not modify any state agency budget or current personnel authorizations.

The following state agencies will be asked to provide their estimate of the administrative fiscal impact prior to the first committee meeting held to consider the bill:

Department of Revenue
Department of Audit

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