FISCAL NOTE

The non-administrative fiscal impact is indeterminable.

Beginning with calendar year (CY) 2023 mineral production, mineral taxpayers would be able to receive a refund on a per property basis of severance taxes paid (except the 1.5% severance tax distributed to the Permanent Wyoming Mineral Trust Fund) on oil, natural gas and coal produced from federal lands in the prior production year. The value of the refund would be based on the increased federal mineral royalty (FMR) from the prior production year levied against the taxpayer as a result of any cumulative increase in the FMR rate percentage in place as of July 1, 2021 imposed under federal law multiplied by the state of Wyoming's gross percentage share (50%) after deducting the mandatory administrative costs imposed. That amount would then be multiplied by 75% to approximate and account for the reduced assessed mineral values resulting from the increase in the FMR rate percentage (discussed in the next paragraph). The refund would not exceed the total annual specified severance tax liability.

Based on the state of Wyoming's gross percentage share of 50% and the federal administrative cost imposed, each additional dollar in FMRs paid on Wyoming mineral production returns an additional $0.49 cents in FMR revenue to the State of Wyoming. However, since FMRs are exempt from both Wyoming mineral severance taxes and county ad valorem taxes, any FMR percentage rate increase would also reduce severance tax revenues by 6% of the increased FMRs for oil and natural gas and 7% of the increased FMRs for surface coal. Any FMR percentage rate increase would also reduce county ad valorem tax revenues by the increased FMR revenues multiplied by the applicable mill levy rates (typically ranging between 5.9% and 7.5%). These revenue decreases are not caused by this bill but would occur with any FMR percentage rate increase. These revenue decreases are approximated and accounted for in the proposed severance tax refunds by multiplying Wyoming's share of any FMR increases by 75%, described in the paragraph above.

Beginning in CY 2023, the State Treasurer's Office (STO) would transfer FMR revenues from the account created in W.S. 9-4-601(a) into the Severance Tax Distribution Account (STDA) created by W.S. 39-14-801(a) in an amount equal to the funds necessary to provide the severance tax refunds authorized in the bill. The Department of Revenue would certify to the STO the funds necessary to provide the severance tax refunds before the STO transfers any funds. STO states that the additional transfers will not have a significant administrative impact on STO.

The non-administrative fiscal impact is indeterminable because of many unknown factors, including whether FMR rates will be increased, the timing, frequency and/or magnitude of potential FMR rate increases, and whether increased FMR rates would apply to all federal leases or only new federal leases. If FMR rates are not increased, this bill would have no non-administrative fiscal impact. If FMR rates are increased, this bill would result in a revenue decrease to over-the-cap FMR revenues distributed one-third to the School Foundation Program and two-thirds to the Budget Reserve Account in an amount equal to the FMR revenues transferred to the STDA (described in the above paragraph). This revenue decrease would reduce FMR revenues to the approximate revenue levels received prior to any FMR percentage rate increases.

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

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