

FISCAL NOTE

This bill repeals the Budget Reserve Account (BRA) and Strategic Investments and Projects Account (SIPA) effective July 1, 2026, after the end of the fiscal year (FY) 2025-2026 biennium.

This bill transfers balances from the BRA and SIPA to the General Fund on July 1, 2026. Estimated balances transferred to the General Fund include \$152,555,000 from the BRA and \$0 from the SIPA. Any funds directed by law to revert to the BRA or SIPA would revert to the General Fund.

Table 1. Severance Tax and Federal Mineral Royalties (FMR) distributions from BRA to General Fund.

	FY 2025	FY 2026	FY 2027
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue increase/(decrease)			
General Fund (Severance Taxes)	\$0	\$0	\$144,600,000
BRA (Severance Taxes)	\$0	\$0	(\$144,600,000)
General Fund (FMRs)	\$0	\$0	\$199,300,000
BRA (FMRs)	\$0	\$0	(\$199,300,000)

Source of Revenue Increase/(Decrease):

Effective July 1, 2026, this bill redirects FMR (W.S. 9-4-601(d)(iv)) and severance tax distributions (W.S. 39-14-801(d)) that would have been deposited within the BRA to the General Fund, resulting in an estimated revenue decrease to the BRA in FY 2027 of \$343,900,000, and a corresponding revenue increase to the General Fund. Table 1 illustrates the estimated revenue impact, by revenue source and fund, for FY 2027.

Table 2. SIPA, LSRA, and SFP Revenue Attributable to PWMTF Investment Income and Spending Policy Amount.

	FY 2025	FY 2026	FY 2027
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue increase/(decrease)			
SIPA (PWMTF Investment Income)	\$0	\$0	(\$55,000,000)
LSRA (PWMTF Investment Income)	\$0	\$0	\$55,000,000
SIPA (Spending Policy Amount Guarantee)	\$0	\$0	(\$67,600,000)
SFP (45% of SIPA Spending Policy Amount)	\$0	\$0	(\$55,200,000)

Table 3. PWMTF RA, SIPA, and General Fund Transfers.

	FY 2025	FY 2026	FY 2027
NON-ADMINISTRATIVE IMPACT			
Anticipated Expenditure increase/(decrease)			
SIPA (SPCCA Transfer)	\$0	\$0	(\$10,000,000)
General Fund (SPCCA Transfer)	\$0	\$0	\$10,000,000
PWMTF RA (Spending Policy Amount Guarantee)	\$0	\$0	(\$67,600,000)

Source of Revenue and Expenditure Increase/(Decrease):

This bill repeals the SIPA and the spending policy amount guarantee from the Permanent Wyoming Mineral Trust Fund Reserve Account (PWMTF RA) to the SIPA and

redirects investment income from the Permanent Wyoming Mineral Trust Fund (PWMTF) that would have been distributed to the SIPA to the Legislative Stabilization Reserve Account (LSRA), resulting in corresponding revenue and expenditure decreases. The maximum increase to the LSRA is equal to 1.25 percent of the five-year average market value of the PWMTF, or a portion of the PWMTF spending policy amount. The SIPA would experience an estimated revenue decrease of \$55,000,000 in FY 2027, attributable to PWMTF investment income, and the LSRA would experience a corresponding revenue increase. The SIPA would also experience an estimated revenue decrease of \$67,600,000 in FY 2027, attributable to the spending policy amount guarantee from the PWMTF RA. The PWMTF RA would experience a corresponding estimated expenditure decrease of \$67,600,000 in FY 2027. The School Foundation Program Account (SFP) would experience an estimated revenue decrease of \$55,200,000 in FY 2027, which is equal to 45 percent of the spending policy amount attributable to the SIPA. The SIPA would experience an estimated expenditure decrease of \$10,000,000 attributable to a transfer from the SIPA to the State Penitentiary Capital Construction Account (SPCCA) and the General Fund would experience a corresponding expenditure increase. Tables 2 and 3 depict the estimated revenue and expenditure impacts, by fund and source, for FY 2027.

Assumptions:

The revenue and expenditure estimates utilize the October 2023 Consensus Revenue Estimating Group forecast for FMRs, severance taxes, and investment income. The balances of the BRA and SIPA are based on the Governor's FY 2025-2026 biennium budget recommendations.

The State Treasurer's Office projects yields in FY 2025 through FY 2027 to be 3.29%, 3.38%, and 3.39% respectively for permanent funds and 3.77%, 4.32%, and 4.32% respectively for State Agency Pool funds. Yield is defined as the interest and dividend income from the investment. Over the long term, total returns for permanent funds are expected to be 6.5%, while total returns for State Agency Pool funds are expected to be 3.25%. This is in accordance with the State's Investment Policy. Total return is defined as growth in the value of the investment, including both yield and realized & unrealized gains.