

FISCAL NOTE

The Wildlife-Natural Resources Trust and Wyoming Cultural Trust are both currently invested by the State Treasurer’s Office (STO) in Pool A and the annual yield, defined as interest, dividends and realized capital gains, is used to award project grants.

The current Pool A investment strategy is more income-focused than permanent funds. The RVK performance report for June 30, 2023, shows the five-year average return for Pool A was 4.2 percent and was 6.4 percent for the Permanent Wyoming Mineral Trust Fund, which has a long-term focused investment strategy. STO estimates total returns for permanent funds at 6.5 percent over the long term.

For both trusts, this legislation removes them from Pool A to allow STO to invest them into a long-term focused investment strategy with the potential for higher returns over the long run and the potential for increased volatility. Further, this legislation establishes an annual spending policy based on each trust’s five-year rolling average market value; the spending policy is 3.0 percent for the Cultural Trust and 4.0 percent for the Wildlife-Natural Resources Trust. The legislation phases in the five-year rolling average market value over five years.

The table shown estimates the FY 25 annual spending policy amount in dollars for each trust and provides the average annual grants for FY 23 and FY 24.

Trust Fund Balance, Estimated Spending Policy Amount and Average Annual Grants

	Trust Balance 6/30/2023	Spending Policy Amount in bill	Estimated FY 25 Annual Spending Policy Amount in Dollars	Average Annual Grants for FY 23 and FY24 reported by agencies
Wyoming Cultural Trust (fund 605)	\$27,800,000	3.0%	\$834,000	\$760,000
Wildlife-Natural Resources Trust (fund 529)	\$197,200,000	4.0%	\$7,888,000	\$7,500,000

Source: Wyoming Online Financial System (WOLFS) and agencies.

The legislation removes the statutorily inviolate restriction for both trusts, allowing annual spending needs to be met with both portfolio yield and appreciation. This would permit STO to invest these trusts more aggressively while also providing liquidity for annual spending. This could potentially provide increased investment earnings for spending in the long run. However, because there is not an estimate of the increased return at this time, the potential increase is indeterminable.

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