

FISCAL NOTE

|                                  | FY 2026   | FY 2027     | FY 2028     |
|----------------------------------|-----------|-------------|-------------|
| <b>NON-ADMINISTRATIVE IMPACT</b> |           |             |             |
| Anticipated Revenue increase     |           |             |             |
| GENERAL FUND                     | \$180,000 | \$740,000   | \$1,660,000 |
| COUNTY DISTRIBUTION              | \$280,000 | \$1,100,000 | \$2,490,000 |

Source of revenue increase:

This bill repeals the three-year tax exemption on electricity produced from wind turbines currently provided in W.S. 39-22-105(b).

The three-year exemption, as repealed by Section 1 of the bill, would continue to apply as currently provided in W.S. 39-22-105(b) to any turbine that first produces electricity for sale prior to the effective date of the bill. The bill is effective immediately upon completion of all acts necessary for a bill to become law as provided by Article 4, Section 8 of the Wyoming Constitution.

Assumptions:

The above estimates are based on wind generation projects permitted by the Wyoming Department of Environmental Quality, Industrial Siting Division. The fiscal year amounts are based on the anticipated completion date(s) of projects. The wind generation projects anticipated to be completed before the effective date of the bill are assumed to still qualify for the current exemption.

The above estimates are also based on the anticipated name plate capacities of permitted wind projects, and an average capacity factor of 35.6 percent. The 35.6 percent capacity factor is the average of annual capacity factors for Wyoming electricity generation from wind in calendar years 2021 through 2023, as published by the Energy Information Administration.

60 percent of the wind generation tax is proportionately distributed to counties based on the relative percentage of assessed value of the generating facilities. 40 percent of the wind generation tax is distributed to the General Fund. The total estimated revenue increases from repealing the three-year exemption are \$460,000 in FY 2026, \$1,840,000 in FY 2027 and \$4,150,000 in FY 2028. The total estimated revenue increases are expected to continue increasing to \$4,560,000 in FY 2029, \$10,350,000 in FY 2030 and \$13,660,000 in FY 2031.

The Department of Revenue (DOR) states that this exemption repeal will require more administrative work due to processing additional tax returns for wind production that is currently exempt. Unlike the DOR's other tax types, the wind generation tax is still administered manually. Taxpayers must complete hardcopy returns and pay by check. DOR received a quote from its third-party system contractor two years ago of \$595,000 to update its computer system for the wind generation tax. DOR is not requesting additional funding for this bill.

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