

Repealing the school foundation program
reserve account.

25LSO-0710, 1.0

FISCAL NOTE

This bill repeals the School Foundation Program Reserve Account (SFP Reserve Account) effective immediately.

This bill transfers the balance from the SFP Reserve Account to the Common School Permanent Fund Reserve Account on the effective date of the bill. The estimated balance transferred to the Common School Permanent Fund Reserve Account is \$88,742,176. Any funds directed by law to revert to or otherwise be deposited in the SFP Reserve account are to be reverted and deposited to the Common School Permanent Fund Reserve Account.

This bill also repeals the secondary distribution caps for severance taxes in the 2024 Budget Bill (2024 Wyoming Session Laws, Chapter 118, Section 314) for the fiscal year (FY) 2025-2026 biennium, effective immediately. The table below depicts the estimated revenue increase and decrease associated with this section repealed, by fund.

	FY 2026	FY 2027	FY 2028
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue increase/(decrease)			
BUDGET RESERVE ACCOUNT - Severance Taxes	\$1,300,000	\$0	\$0
SFP RESERVE ACCOUNT - Severance Taxes	(\$1,300,000)	\$0	\$0

Source of revenue increase and (decrease):

Under Section 314 of the 2024 Budget Bill, when severance tax distributions under W.S. 39-14-801(d)(ii) equal \$164,800,000 in FY 2025 and \$154,500,000 in FY 2026, the distribution of further severance taxes is modified from one-third to the General Fund and two-thirds to the Budget Reserve Account (BRA) to one-third to the General Fund, BRA, and the SFP Reserve Account. The repeal of Section 314 restores the traditional distribution and results in an estimated revenue decrease of \$1,300,000 in FY 2026 to the SFP Reserve Account and a corresponding revenue increase to the BRA.

Assumptions:

The estimated severance tax distribution impacts and balance of the SFP Reserve Account are based on the January 13, 2025 LSO fiscal profile, inclusive of the Governor's FY 2025-2026 biennium supplemental budget recommendations, and the January 2025 Consensus Revenue Estimating Group forecast.

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