FISCAL NOTE

	FY 2027	FY 2028	FY 2029
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue increase/(decrease)			
PROPERTY TAX REDUCTION AND REPLACEMENT ACCOUNT	$118,200,000	$488,100,000	$502,800,000
SCHOOL FOUNDATION FUND	$0	($357,400,000)	($364,500,000)
Ad Valorem (Local Entity Share)	$0	($183,300,000)	($187,000,000)

	FY 2027	FY 2028	FY 2029
NON-ADMINISTRATIVE IMPACT			
Anticipated Expenditure increase			
PROPERTY TAX REDUCTION AND REPLACEMENT ACCOUNT	$0	$540,700,000	$551,500,000

This legislation would reduce the valuation of residential real property to 0% and establish additional sales and use taxes. The additional 2% sales and use taxes would take effect April 1, 2027. Revenues from these sales and use taxes would be transferred by the Department of Revenue (DOR) for deposit into the newly created Property Tax Reduction and Replacement Account (Account). The State Treasurer’s Office (STO) would invest the funds within the Account, and investment earnings would be credited to the Account.

County assessors would be responsible for calculating and certifying to the DOR the county’s amount of tax reduction. The DOR would then use the tax reduction information to determine and distribute correct amounts to each county treasurer from the Account. Funds remaining in the Account after distributions, if any, would remain in the Account and be available to the Legislature for direct distributions to local governments as the Legislature sees fit.

Property Tax:

This legislation is contingent upon 2026 Senate Joint Resolution 0003 (SJ0003) passing the legislature and being approved by the Wyoming voters in the November 2026 general election. SJ0003 is the constitutional amendment that eliminates residential property tax by setting the rate at zero percent which this legislation does as well. The legislative passage and November election passage of SJ0003 would result in an estimated revenue reduction of $601.3 million to the School Foundation Fund and local governments in FY28 and an estimated $613.3 million in FY29. This legislation does not reimburse for the entire revenue reduction effectuated by SJ0003 but reimburses local governments for the reduction after current tax exemptions are calculated which include the 4% cap, the 25% reductions, as well as the Long-Term Homeowner Exemption if it is in place. The Long-Term Homeowner Exemption is currently set to expire in 2027. Property tax expenditure reimbursement estimates from the Account after the exemption reductions are shown in the above table and are estimated at $540.7 million in FY28 and $551.5 million in FY29.

The property tax estimate provided above was prepared using current law and 2025 tax year data from the CAMA system. The legislation defines residential real property as a dwelling (up to 3 family) and associated land. The estimate was also adjusted by the projected two percent non-mineral property assessed value growth from the October 2025 Consensus Revenue Estimating Group (CREG) forecast. The estimates used the average mill levy by county as opposed to using the statewide average mill levy.

Sales and use tax:

This legislation would also impose an additional statewide sales and use tax of 2%, beginning April 1, 2027 which would increase the state sales tax rate from 4% to 6%. An amount equal to the proposed 2% sales and use tax increase shall be transferred to the proposed Account. Funds available in the Account will be distributed to county treasurers in the same manner property taxes are distributed, in an amount to reimburse each county and governmental entity for reduced revenue from the proposed elimination of residential property tax. If the amount available to distribute from the Account is insufficient to fully reimburse all governmental entities, the amount provided shall be proportionately reduced based on the revenue available. Estimated sales and use tax revenue increases are based upon January CREG estimates and are reflected in the table above. Current estimates project a shortfall in annual sales and use collections to cover the reduced revenue from the elimination of residential property tax but are buoyed by FY 2027 collections for the forecast period.

The Department of Revenue (DOR) did note there are two sections that reference the additional 2% sales/use tax rate is not due on purchases during the permitting and construction phases of an industrial siting facility, but rather 2% for the statewide rate (instead of 6%). This specific language may put Wyoming out of compliance with Section 308 of the Streamlined Sales Tax Agreement. This compliance issue may lead to loss of voting rights and other sanctions by the Streamlined Sales Tax Governing Board. Administratively, DOR vendors may not know when to charge the different sales/use tax rate unless there is an exemption put into statute.

This bill will require IT involvement for the DOR tax system. The third-party programmer estimates approximately 40 hours of development time, which will be covered under the DOR’s current IT maintenance agreement.

The STO anticipates investing funds within the Account in a manner similar to other funds invested by the office.

The STO projects yields in FY27 through FY29 to be 2.54%, 2.53%, and 2.55% respectively for permanent funds and 3.52%, 3.62%, and 3.77% 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 6.75%, while total returns for State Agency Pool funds are expected to be 3.50%. 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.

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