

FISCAL NOTE

	FY 2027	FY 2028	FY 2029
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue increase/ (decrease)			
LOCAL GOVERNMENT DISTRIBUTION ACCOUNT	\$6,350,000	\$6,550,000	\$6,748,000
GENERAL FUND	(\$3,570,000)	(\$3,680,000)	(\$3,795,000)
LOCAL GOVERNMENTS	(\$2,780,000)	(\$2,870,000)	(\$2,953,000)

Source of revenue increase and decrease:

This legislation creates the Local Government Distribution Account (Account) for legislative distributions to cities, towns, and counties. The Account would be funded by revenues from sales of very large electrical loads as defined by W.S. 39-15-101, including revenues collected under W.S. 39-15-204(a)(i) and W.S. 39-15-204(a)(vii). The legislation also requires electricity sales of very large electrical loads to be reported to the Department of Revenue (DOR). The State Treasurer's Office (STO) would invest these funds in the Account and deposit the investment earnings into the Account.

The newly created Account will experience a revenue increase from sales tax of very large electrical loads being distributed to it from the state and local portion of the statewide four percent sales tax, the 5th penny sales tax, and any municipal option sales taxes. The distribution of all other voter-approved pennies remains unchanged.

The General Fund and the local government share of sales taxes will experience a matching revenue decrease from funds that will be distributed to the new Account that were previously distributed to the General Fund and the local government share directly.

Assumptions:

The revenue increase was calculated by the DOR using internal data and information provided by the Public Service Commission. The DOR estimated the sales taxes attributable to large load customers to be \$7.0 million. The proposed legislation only impacts the distributions for the statewide 4 percent sales tax, the 5th penny and municipal option. The lodging tax, 6th penny sales tax, resort district tax and economic development taxes were removed from the total \$7.0 million. The revenue increase is therefore estimated to be \$6.35 million in fiscal year (FY) 2027, \$6.55 million in fiscal year 2028, and \$6.748 million in fiscal year 2029.

The revenue decrease to the General Fund was calculated by the DOR by estimating that 51 percent of the total sales tax attributable to very large load customers are distributed to the General Fund including the administrative fee. The revenue decrease to the General Fund is estimated to be \$3.57 million in fiscal year (FY) 2027, \$3.68 million in FY 2028, and \$3.795 million in FY 2029.

The revenue decrease to the local share was calculated by estimating that of the remaining 49 percent not attributable to the General Fund and the administrative

fee, 81 percent represented the local share of the statewide 4 percent sales tax, the 5th penny and municipal option. The amount was estimated to be \$2.78 million in FY 2027, \$2.87 million in FY 2028, and \$2.953 million in FY 2029. The remaining 19 percent of funds are attributable to the lodging tax, 6th penny sales tax, resort district tax and economic development tax which remain unaffected by the proposed legislation.

The estimates provided by the DOR assume the growth in sales tax collections aligns with the statewide January 2026 Consensus Revenue Estimating Group (CREG) forecast as opposed to growth rates of specific industries.

The STO expects to invest the new Account in the same manner as other similar accounts currently invested by the STO.

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.

NOTICE-AGENCY ESTIMATE OF ADMINISTRATIVE IMPACT REQUESTED

This bill has administrative impact that appears to increase duties or responsibilities of one or more state agencies and may impact agency spending or staffing requirements. As introduced, the bill does not modify any state agency budget or current personnel authorizations.

The following state agencies will be asked to provide their estimate of the administrative fiscal impact prior to the first committee meeting held to consider the bill:

Department of Revenue

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