

HOUSE BILL NO. HB0073

Residential real property-fair market value on transfer.

Sponsored by: Joint Revenue Interim Committee

A BILL

for

1 AN ACT relating to ad valorem taxation; establishing the
2 value of residential real property for purposes of
3 taxation; providing definitions; making conforming
4 amendments; requiring rulemaking; and providing for
5 effective dates.

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7 *Be It Enacted by the Legislature of the State of Wyoming:*

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9 **Section 1.** W.S. 39-11-101(a)(vi) and (xvii)(C) and
10 39-13-103(b)(iii)(intro), (C) and by creating a new
11 paragraph (xviii) are amended to read:

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13 **39-11-101. Definitions.**

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15 (a) As used in this act unless otherwise specifically
16 provided:

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(vi) "Fair market value" means the amount in cash, or terms reasonably equivalent to cash, a well informed buyer is justified in paying for a property and a well informed seller is justified in accepting, assuming neither party to the transaction is acting under undue compulsion, and assuming the property has been offered in the open market for a reasonable time, except, fair market value of agricultural land shall be determined as provided by W.S. 39-13-103(b) (x), fair market value of residential real property shall be determined as provided in W.S. 39-13-103(b) (xviii) and fair market value of mine products shall be determined as provided by W.S. 39-14-103(b), 39-14-203(b), 39-14-303(b), 39-14-403(b), 39-14-503(b), 39-14-603(b) and 39-14-703(b);

(xvii) "Taxable value" means a percent of the fair market value of property in a particular class as follows:

(C) All other property, real and personal, including property valued and assessed under W.S. 39-13-102(m) (vi) and (ix), nine and one-half percent

1 (9.5%), provided that the value of residential real
2 property shall be determined as provided in W.S.
3 39-13-103(b) (xviii).

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5 **39-13-103. Imposition.**

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7 (b) Basis of tax. The following shall apply:

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9 (iii) ~~Beginning January 1, 1989,~~ "Taxable value"
10 means a percent of the fair market value of property in a
11 particular class as follows:

12
13 (C) All other property, real and personal,
14 nine and one-half percent (9.5%), provided that the value
15 of residential real property shall be determined as
16 provided in paragraph (xviii) of this subsection.

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18 (xviii) The following shall apply to the
19 valuation of residential real property, as made subject to
20 taxation in subparagraph (iii) (C) of this subsection:

1 (A) Beginning January 1, 2028, the fair
2 market value of residential real property shall be
3 determined as follows:

4
5 (I) For any residential real property
6 that was last acquired on or before December 31, 2019, the
7 base year value for the residential real property shall be
8 equal to the fair market value of the property on January
9 1, 2019;

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11 (II) For any residential real property
12 that was last acquired between January 1, 2020 and December
13 31, 2027, the base year value for the residential real
14 property shall be equal to the fair market value of the
15 property on January 1 of the year the property was last
16 acquired;

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18 (III) For any residential real
19 property that is acquired on or after January 1, 2028,
20 there shall be a rebuttable presumption that the price paid
21 to acquire the property is the fair market value of the
22 property. The fair market value determined under this
23 subdivision shall be used as the base year value for the

1 property, except as provided in subdivision (IV) of this
2 subparagraph;

3
4 (IV) Notwithstanding subdivision (III)
5 of this subparagraph, for any residential real property
6 that is acquired on or after January 1, 2028, the fair
7 market value of the property on January 1 of the year the
8 property was acquired shall be used as the base year value
9 of the property if:

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11 (1) The presumption under
12 subdivision (III) of this subparagraph is rebutted by a
13 preponderance of the evidence showing that the price paid
14 to acquire the property was not at fair market value
15 because a party to the transaction was acting under undue
16 influence or the terms of the transaction were not
17 negotiated at arms-length between an informed buyer and
18 seller; or

19
20 (2) The owner of the residential
21 real property does not submit information that is
22 sufficient to enable the assessor to establish the price

1 paid to acquire the property under subdivision (III) of
2 this subparagraph.

3
4 (B) The base year value determined under
5 subparagraph (A) of this paragraph shall be annually
6 adjusted to determine the fair market value of the property
7 for that tax year as follows:

8
9 (I) The base year value shall be
10 adjusted each year beginning in the first year after the
11 base year value is determined under subparagraph (A) of
12 this paragraph as provided in this subdivision. The
13 department of revenue in coordination with the economic
14 analysis division of the department of administration and
15 information shall create an index that reviews residential
16 real property values across the state in comparison to the
17 prior year to determine if residential property values are
18 increasing or decreasing. If residential real property
19 values are decreasing under the index, the value of the
20 property from the prior year shall be reduced at the same
21 rate determined by the index. If residential real property
22 values are increasing under the index, the value of the
23 property shall be adjusted by an inflation factor that is

1 the lesser of two percent (2%) or the rate of the consumer
2 price index or its successor index of the United States
3 department of labor, bureau of labor statistics, for the
4 applicable year;

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6 (II) The base year value shall be
7 adjusted as necessary to account for increases in the value
8 of the residential real property caused by new construction
9 or significant additions to the property. The value of the
10 new construction or significant additions shall be added to
11 the base year value of the residential real property. The
12 value of the new construction or significant additions
13 shall be determined by the construction costs. Actual costs
14 may be submitted to determine construction costs. If actual
15 costs are not submitted or if the construction costs do not
16 represent fair market value because a party to the
17 transaction was acting under undue influence or the terms
18 of the transaction were not negotiated at arms-length, the
19 construction costs shall be determined based on average
20 construction costs in the state for the applicable tax year
21 for a comparable construction or addition.

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1 (C) The amount determined pursuant to
2 subparagraphs (A) and (B) of this paragraph shall be the
3 fair market value of the residential real property until
4 ownership of the property is transferred to a new person.
5 Each time residential real property is transferred to a new
6 person, the property shall be valued as provided in
7 subparagraph (A) of this paragraph to determine the new
8 base year value of the property. The new base year value of
9 the property shall be subject to adjustment as provided in
10 subparagraph (B) of this paragraph;

11
12 (D) The department shall adopt rules
13 necessary to implement this paragraph. The rules shall
14 include:

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16 (I) Rules regarding the documentation
17 and procedures required to establish the price paid to
18 acquire the property under this paragraph;

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20 (II) Rules specifying how construction
21 costs are determined and reported;

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1 (III) Rules specifying how significant
2 additions to residential real property are determined and
3 reported.

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5 (E) As used in this paragraph:

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7 (I) "Price paid to acquire the
8 property" means the actual full amount paid or to be paid
9 to acquire residential real property;

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11 (II) "Residential real property" means
12 real property improved by a dwelling designed to house not
13 more than three (3) families and includes associated
14 residential land where the dwelling is located if the land
15 is owned by the owner of the dwelling. The dwelling may
16 include any type of residence including a single family
17 home or an individual condominium unit if the dwelling is
18 used as a primary residence;

19
20 (III) "Significant addition" means any
21 construction of residential real property that adds
22 habitable square feet to the residential real property and
23 includes construction where all or a portion of the

1 dwelling is demolished and reconstructed. "Significant
2 addition" shall not include finishing an unfinished portion
3 of the existing dwelling;

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5 (IV) "Transfer" or "acquisition" of
6 residential real property does not include:

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8 (1) A transfer of property
9 between spouses or between a parent and the parent's child.
10 Transfers to heirs by will or intestate succession shall
11 not constitute a transfer under this subdivision, however
12 subsequent sales or transfers of residential real property
13 that are not otherwise excluded as a transfer under this
14 subdivision shall be a transfer of residential real
15 property;

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17 (2) A transfer of property
18 pursuant to a court order including to effectuate a
19 settlement agreement or in compliance with a decree of
20 divorce or judicial separation;

1 (3) A transfer of property to a
2 trust established for the benefit of the immediately
3 preceding owner;

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5 (4) A transfer of property to a
6 corporation, partnership or limited liability company if
7 the immediately preceding owner of the property is a
8 shareholder or owner of the corporation, partnership or
9 limited liability company, provided that a change in more
10 than fifty percent (50%) of the ownership interest of an
11 entity holding residential real property under this
12 subdivision within one (1) year shall constitute a transfer
13 of residential real property;

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15 (5) A donation of residential
16 real property to a religious or charitable organization,
17 including a nonprofit organization;

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19 (6) Any other transfer of
20 property that the department determines by rule should not
21 be an acquisition of property due to the relationship of
22 the parties or other factors.

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1 **Section 2.** The state board of equalization and the
2 department of revenue shall promulgate all rules necessary
3 to implement this act not later than January 1, 2028.

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5 **Section 3.** This act shall be effective only upon
6 certification by the secretary of state that the electors
7 have adopted the amendment to the Wyoming constitution at
8 the 2026 general election provided in 2026 House Joint
9 Resolution 0004.

10
11 **Section 4.**

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13 (a) Except as otherwise provided in subsection (b) of
14 this section, this act is effective immediately upon
15 completion of all acts necessary for a bill to become law
16 as provided by Article 4, Section 8 of the Wyoming
17 Constitution.

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19 (b) Subject to section 3 of this act, section 1 of
20 this act is effective January 1, 2028.

21
22 (END)