



## **Executive Summary**

### **Introduction**

The December 2024 edition of the Legislative Service Office's (LSO) Budget Fiscal Data Book (Data Book) has continued to evolve since its last publishing in 2023. Budget/Fiscal staff took the 2024 interim to implement and launch a software to visualize key portions of the information contained in the Data Book. This interactive tool is now live on the Legislature's website and can be found at <https://www.wyoleg.gov/stateFinances/visualizations>. LSO Budget/Fiscal staff further refined the treatment of transfers, major maintenance, and capital construction by agency, in particular, to provide consistency across all LSO Budget/Fiscal documents and publications. The Data Book was initiated as an outgrowth of the Legislature's study of revenues and expenditures in 1999. This compilation continues to serve as an accessible resource, offering a range of state budget and fiscal data in a condensed format for Wyoming legislators and members of the public. Historical information is presented to assist in understanding the source and amount of government revenues and where funds are appropriated. The Data Book is not intended to serve as a complete substitute for detailed analysis of any single component of the state's finances. The figures are current through the 2024 Budget Session, including actual revenues through fiscal year (FY) 2024.

### **Revenue**

#### ***Revenue Sources***

The general operations of State government and K-12 education are funded by five sources: sales and use taxes, severance taxes, federal mineral royalties (FMRs), ad valorem taxes, and investment income. Funds for the general operation of state government are collected and deposited into the state General Fund (GF) and Budget Reserve Account (BRA) for distribution established by state law. The largest source of revenue for state general operations is sales and use taxes. Wyoming imposes a four percent statewide sales and use tax, of which 69 percent is directed to the GF, and the remainder is distributed to counties and municipalities. The largest source of revenue can vary among individual counties and municipalities, however, ad valorem taxes lead collections for many counties, while sales and use taxes lead for most municipalities.

Most State taxes are authorized in Title 39 of the Wyoming Statutes, with limited exceptions:

- Chapter 13 – Ad valorem taxation (property taxes)
- Chapter 14 – Mine product taxes (severance taxes)
- Chapter 15 – Sales tax
- Chapter 16 – Use tax
- Chapter 17 – Fuel tax
- Chapter 18 – Cigarette taxes
- Chapter 19 – Inheritance taxes
- Chapter 22 – Tax Upon Production of Electricity from Wind Resources
- Chapter 23 – Tax Upon Production of Electricity from Nuclear Reactors
- Title 12, Alcoholic Beverages, Chapter 3, Taxation (liquor taxes)

## ***Revenue Distributions***

For several large revenue streams (severance taxes, FMRs, coal lease bonuses, sales and use taxes, and fuel taxes) prior legislatures elected to establish distribution mechanisms in statute, rather than make individual appropriation decisions on an annual or biennial basis.

### *Constitutional Revenue Distributions*

Several major revenue streams and the distribution of revenues are governed by the Wyoming Constitution. As a result, there are constitutional limitations on the distribution of several major sources of revenue collected by the State. What is not included in the constitutional list is left for the Legislature to prescribe.

### *Statutory Revenue Distributions*

Within each Article of Title 39 (Taxation and Revenue), Section 111 specifies the distribution of revenues collected. For example, the 31 percent of the statewide sales tax to counties, cities, and towns is found in W.S. 39-15-111.

## **Budget**

### ***Budget Process***

The State of Wyoming follows a modified standard budgeting process, also referred to as "modified incremental budgeting." Wyoming's state budget uses the prior biennium's appropriations, also termed ***base budget***, to arrive at a ***standard budget***, by modifying the base budget by a limited number of factors in statute or from language in the prior budget. Any further adjustments in the form of increases or decreases, known as ***exception requests***, require a request by the agency, followed by a recommendation by the Governor, action by the Joint Appropriations Committee, and finally, approval by the House, the Senate, and the Governor.

### ***Consensus Revenue Estimating Group***

The Consensus Revenue Estimating Group (CREG) formulates anticipated state revenues, which are used by the executive branch and the Legislature in the budgeting process. These CREG forecast occurs in October, followed by the release of the October CREG report. The release of the October CREG forecast has been scheduled to provide final revenue information from the prior fiscal year and be proximate to the Governor's development of budget recommendations. If necessary, the October CREG forecast is revised in January, the only other regularly scheduled meeting of the group. An official CREG report is issued after the January meeting that contains the modifications, if necessary. Unusual circumstances sometimes require CREG to hold a special meeting to revise its projections.

### ***Appropriations***

Wyoming operates on a biennial (two-year) budget cycle. Agencies prepare proposed biennial budgets and submit them to the Governor's office. The budgets are reviewed and combined into the Governor's recommended biennial budget, which is then submitted to the Legislature on the third Monday of November. The Legislature reviews the proposed budget, adjusts, and enacts the final budget for the operations of State government and K-12 education in early spring. With limited exceptions, the final budget becomes effective on July 1 of the same year. This approved budget governs state expenditures for the next two years.

## **K-12 Education**

The Legislature is charged by the Wyoming Constitution to establish a system of public education that is "complete and uniform" and to provide revenues which "create and maintain a thorough and

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efficient system of public schools" (Wyoming Constitution Article 7, Sections 1 and 9). Five landmark decisions by the Wyoming Supreme Court, commonly referred to as the *Washakie* and *Campbell* decisions, help define the Wyoming Legislature's obligations in establishing and funding a public education system. The Legislature's response to the *Campbell* decisions has evolved overtime, but the three primary results of the response include:

- Defining the educational program;
- Hiring a consultant to assist the Legislature in creating a "cost-based" state school finance system; and
- Establishing a School Facilities Commission (SFC) to define adequacy standards for school buildings and facilities.

The impacts of the *Campbell* decisions have led to increased funding for school districts, including capital construction, increased school district reporting and data collection, and increased uniformity and accountability.

### ***School Foundation Program***

K-12 public education is primarily funded through the Public School Foundation Program Account (SFP) for purposes of school district operations funding. The SFP revenue sources include property taxes, FMRs, and school district recapture payments, which are further explained in the K-12 School Finance section. The SFP provides Wyoming's school districts with funding for the necessary instructional and operational resources to provide each Wyoming student with an equal opportunity to receive a proper education. The funding each district receives is a function of the school finance system's "funding model" — also called the education resource block grant model — as well as the characteristics of the schools, staff, and students within a district. The funding model determines the amount available to the district, but it does not determine how such funding is spent.

### ***School Capital Construction***

Per the Court's holdings, the State is responsible for K-12 public school district buildings and facilities. The SFC and the State Construction Department's School Facilities Division are responsible for school district buildings and facilities to ensure they are adequate, efficient, and cost-effective. The Legislature has also established a Select Committee on School Facilities to keep apprised on construction issues.

## **Local Government**

Beginning in 2004, for the FY 2005-2006 biennium, a revision to the distribution of state revenues resulted in the establishment of formal direct distribution of state funds to cities, towns, and counties. The current distribution structure is a streamlined formula, regularly referred to as the "Madden Formula" after its designer, former Joint Revenue Committee Chairman Mike Madden.

## **Non-Generally Funded State Agencies**

Both the Wyoming Department of Transportation and the Wyoming Game and Fish Department are agencies possessing their own commissions and flows of revenue. The Legislature does not appropriate all funds to these agencies; rather, these agencies largely possess separate funds from which they operate — the Highway Fund supports the Department of Transportation, and the Game and Fish Fund supports the Game and Fish Department.

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## **Resource Index**

A Resource Index exists at the end of the Data Book for those wishing to explore fiscal data in more detail. The Resource Index contains helpful documents to explain terms commonly used in the Legislature, in addition to more detailed data.

