

# DRAFT

A GUIDE TO



## WYOMING'S TAX STRUCTURE

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AN OVERVIEW OF THE STATE'S REVENUE AND HOW IT COMPARES TO NEIGHBORING STATES.

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# HOW WYOMING COMPARES TO OTHER STATES

## ESTIMATED TAX BURDEN ON HOUSEHOLD INCOME OF \$50,000/YEAR (2016)



Source: LSO summary of the District of Columbia's report on Tax Rates and Tax Burdens In the District of Columbia - A Nationwide Comparison (2016). Notes: Out of a total of 51 (District of Columbia is included). Rates and rankings vary by income levels. See full report for details: <https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/2016%2051City%20Study.pdf>

## COMBINED STATE & LOCAL SALES TAX RATE (AVG.) Jan. 1, 2018



Source: LSO summary of Tax Foundation data (January 1, 2018).

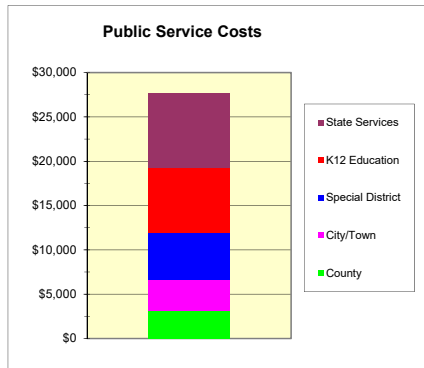
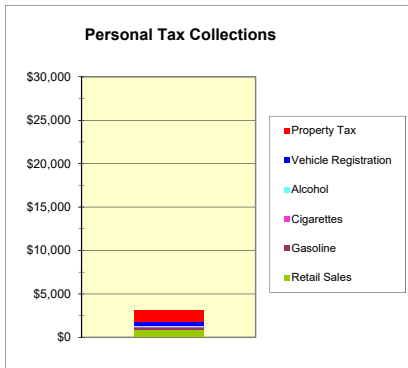
## PROPERTY TAXES ON A \$150,000 VALUED HOME IN THE LARGEST CITY IN EACH STATE (2017)



Source: LSO summary of information provided by Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence 50 State Property Tax Comparison Study (2018).

## Personal Taxes vs. Public Service Costs in Wyoming: 2017

For a 3-person family with income of \$60,000 and owning a home with value of \$200,000



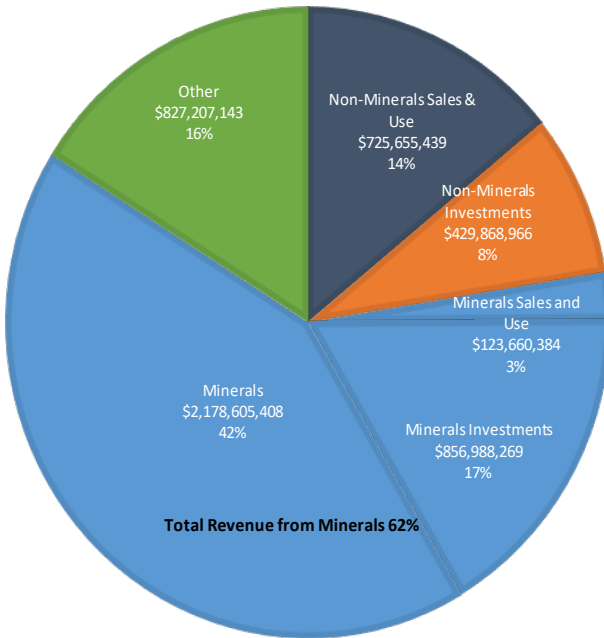
Retail Sales	\$900
Gasoline	\$220
Cigarettes	\$100
Alcohol	\$90
Vehicle Registration	\$460
Property Tax	\$1,300
<b>TOTAL:</b>	<b>\$3,070</b>

County	\$3,130
City/Town	\$3,380
Special District	\$5,290
K12 Education	\$7,360
State Services	\$8,440
<b>TOTAL:</b>	<b>\$27,600</b>

Note: Federal taxes are not included in the tax collection analysis.

Source: Wyoming Economic Analysis Division

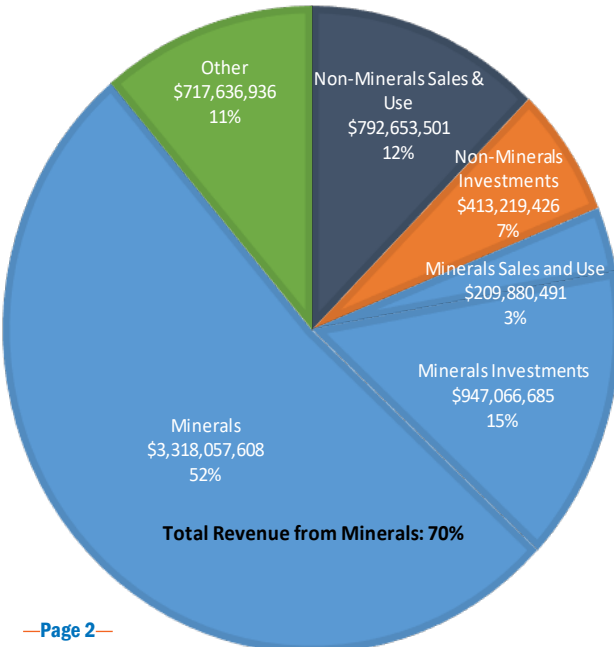
## 2017-2018 BIENNIUM EST. REVENUE: \$5.1B



▲ Biennial revenue dropped by almost 20 percent from 2013-2014 compared to 2017-2018.

▲ The largest portion of the reduction was due to the decrease in revenue from mineral extraction, which dropped by over \$1.1B.

## 2013-2014 BIENNIUM REVENUE: \$6.40B

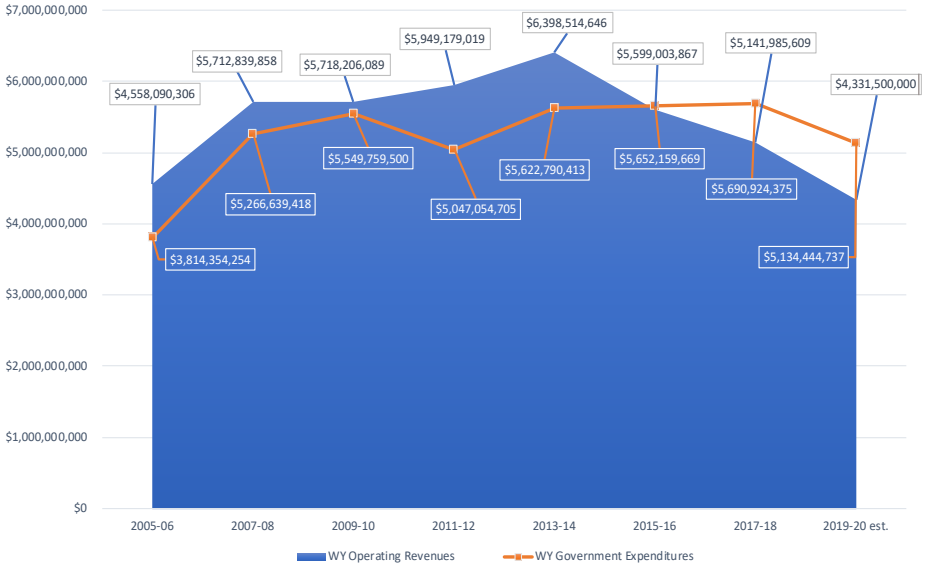


▲ Sales & use tax was the second largest drop at around \$153M.

▲ Mineral extraction revenue accounted for 70 percent of the State's revenue in 2013-2014 and fell to 62 percent in 2017-2018.

## IMPENDING BUDGET SHORTFALL

Total Wyoming Operating Revenues vs. Wyoming Government Expenditures, including Education 2005-06 Biennium through 2019-20 Biennium (est.)



▲ Revenues (blue) in excess of expenditures (orange) reflect savings whereas from 2017-2018 and beyond illustrate expenditure of savings.

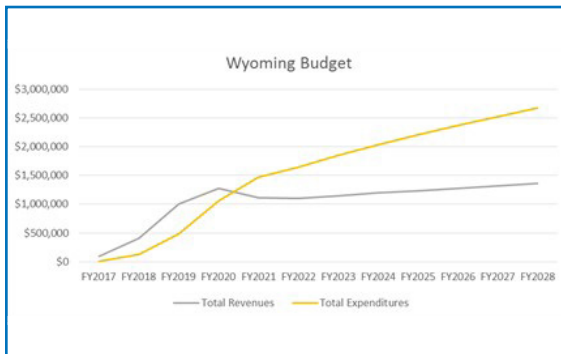
▲ From 2013-2014 to 2017-2018, total operating revenues declined by an estimated 20 percent.

▲ From 2017-2018 to 2019-2020, legislative appropriations were reduced by approximately \$556 million.

▲ 2019-2020 does not include capital gains that could reasonably be projected to increase.

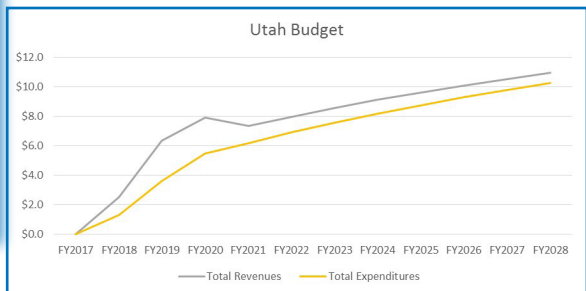
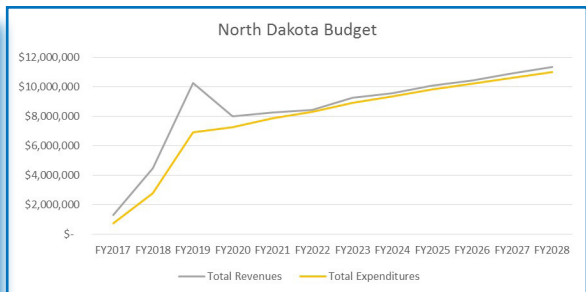
## DIVERSIFICATION CHALLENGES

- ▲ Under its current tax structure, Wyoming’s effort to stimulate sectors in the state outside of natural resources presents fiscal challenges.
- ▲ Only growth in natural resource sectors has significant positive fiscal impacts to State tax collections.
- ▲ This is not an isolated issue and is demonstrated across several non-resource sectors, illustrated by growth in chemical manufacturing in Wyoming compared to two other states below.

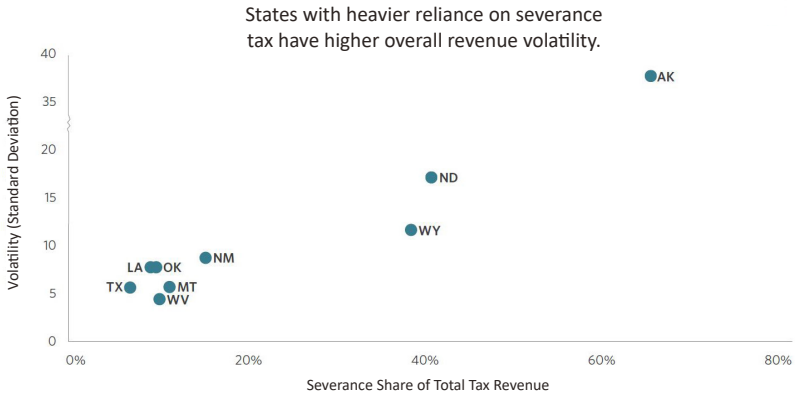


Wyoming’s additional tax revenue from growth in chemical manufacturing will fall below additional governmental expenditures three years after the incentive.

In the same growth scenarios shown above for Wyoming, tax revenue in states with a more diverse tax structures, such as North Dakota and Utah, remain above governmental expenditures.



## REVENUE VOLATILITY & RECOMMENDATIONS



Note: States where severance tax revenue accounts for at least five percent of total tax revenue. Share of total tax revenue is the average share over the last decade. Volatility is calculated over the last 20 years.

Source: The Pew Charitable Trusts.

## JOINT REVENUE COMMITTEE'S RECOMMENDATIONS TO STABILIZE WYOMING'S REVENUE OUTLOOK

▲ 1

▲ 2

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▲ Wyoming has the third most volatile revenue in the U.S., due in part to its reliance on the extractive industries.

▲ Coal lease bonus payments, investment income, severance taxes, and federal mineral royalties are all highly variable.

▲ Sales and use taxes, ad valorem taxes, and fuel taxes are less variable.

▲ Wyoming has the second largest rainy day fund as a percent of state spending.

State of Wyoming Legislature  
Mailing Address: 200 W. 24th Street | Cheyenne, WY 82002  
Telephone: 307.777.7881

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Website: [www.wyoleg.gov](http://www.wyoleg.gov)

E-mail: [iso@wyoleg.gov](mailto:iso@wyoleg.gov)



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