

County Revenue Sources and Options

*Joint Revenue Committee
August 23, 2020*

Wyoming County Commissioners Association



***The Economic Data is
Full of Mixed Messages***



Mixed Messages



Sweetwater County eyes voluntary separations to avoid layoffs

Over \$4.7M cut from Fremont County's FY 20-21 budget

TOWN & COUNTY

Nf County OKs \$36.5 million budget, off 19% from last year

WYO State Parks' Contributions To Strong Tourism Numbers To Be Celebrated Thursday

County commissioners approve FY 21 budget with 13% cut, no effect on staff

Laramie County making dramatic cuts

No layoffs, services cut – County trims \$800,000 in approved budget

Sales tax revenues dropped in many Wyoming counties

Mixed Messages



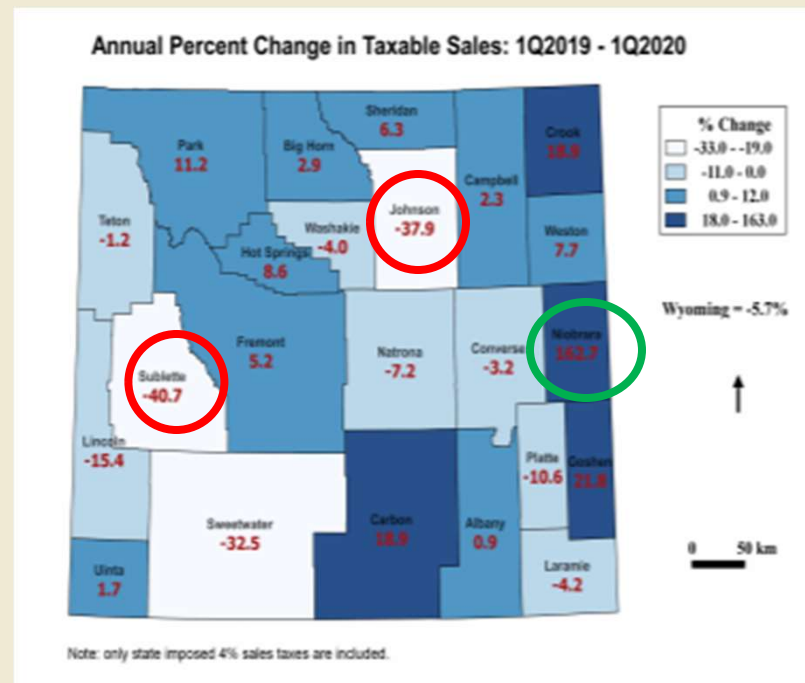
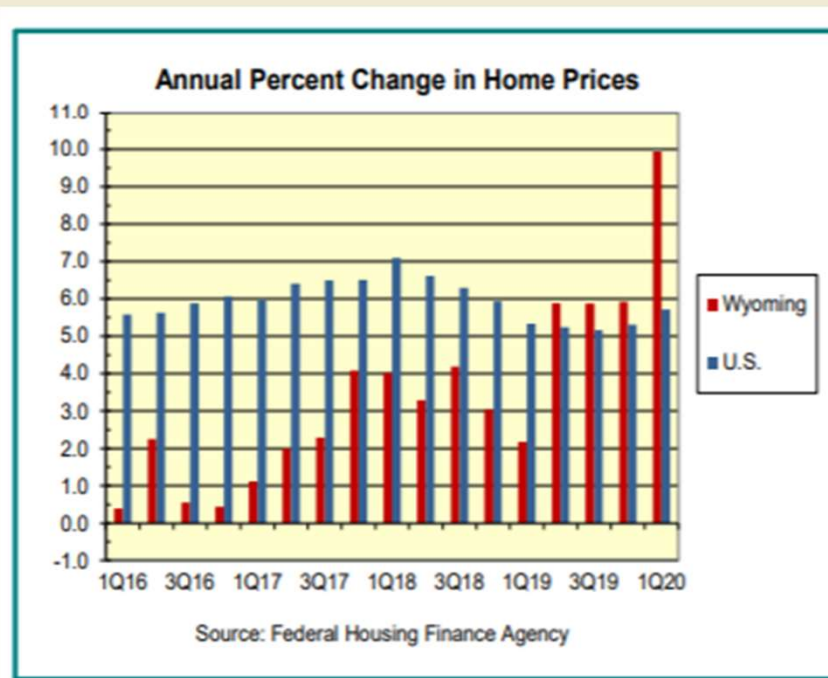
Visitation to Yellowstone up in July over last year, despite COVID-19

Many Wyoming county fairs saw increased, record livestock sale receipts

County treasurer, county clerk's office dealing with long lines, new software

WYO State Parks' Contributions To Strong Tourism Numbers To Be Celebrated Thursday

Wyoming home prices increase at fastest rate since 2007



County Revenue Sources



WCCA Revenue Estimating Manual



Wyoming County
Commissioners
Association

Revenue Estimating Manual

Jerimiah Rieman
Executive Director



Fiscal Year 2021

The WCCA Revenue Estimating
Manual is available online at
www.wyo-wcca.org.

Intergovernmental Funding



Major Revenue Sources - County Share					
Source	FY 2017	FY 2018	FY 2019	Estimated FY 2020	Projected FY 2021
Property Tax (12 mills)	\$242,283,580	\$217,917,155	\$228,836,395	\$262,704,394	Not Projected
Sales and Use Tax	\$64,315,820	\$76,251,674	\$83,351,381	\$88,530,836	\$83,608,014
Gas and Diesel Tax*	\$35,518,897	\$35,720,850	\$35,069,176	\$37,589,413	\$37,905,997
Direct Distribution	\$18,462,500	\$18,462,500	\$18,462,500	\$18,462,500	\$18,462,500
Severance Tax**	\$10,509,000	\$10,509,000	\$10,509,000	\$10,509,000	\$10,509,000

*Gas and Diesel Tax includes total revenue, inclusive of the 14% of gas tax revenue directed to the County Road Construction and Maintenance Fund (CRCMF).

**Severance Tax revenue includes the \$4.495 million directed to the CRCMF and the \$6.014 million directed to county general funds for county roads (called the County Road Fund in statute, see discussion below on the names of these programs).

Sales and Use Tax Revenues						
	June Supplement - Estimated FY 2020 (Baseline)	June Supplement - Estimated FY 2020 (Optimistic)	June Supplement - Estimated FY 2020 (Pessimistic)	June Supplement - Projected FY 2021 (Baseline)	June Supplement - Projected FY 2021 (Optimistic)	June Supplement - Projected FY 2021 (Pessimistic)
Total	\$77,122,219	\$79,664,710	\$72,037,237	\$54,007,490	\$59,048,189	\$48,966,791

State Intergovernmental Funding – Tiers (FY19)



	Total	% of Total
Tier 1	\$ 83,141,001	56%
Tier 2	\$ 39,080,000	27%
Tier 3	\$ 25,171,055	17%

Tier 1 – Laramie, Campbell, Teton, Sublette, Natrona, Fremont, Sweetwater

Tier 2 – Park, Converse, Sheridan, Lincoln, Albany, Uinta, Carbon

Tier 3 – Goshen, Big Horn, Platte, Crook, Johnson, Washakie, Weston, Hot Springs, Niobrara

Property Tax – Tiers (FY19)



	Total	% of Total
Tier 1	\$ 192,257,015	73%
Tier 2	\$ 49,005,357	19%
Tier 3	\$ 21,241,978	8%

Tier 1 – Campbell, Sweetwater, Sublette, Laramie, Natrona, Converse, Teton

Tier 2 – Lincoln, Fremont, Park, Carbon, Albany, Uinta, Sheridan

Tier 3 – Johnson, Platte, Big Horn, Goshen, Crook, Weston, Washakie, Hot Springs, Niobrara

County Government Revenue Options



Replacing County Direct Distribution



A solution must:

- Reduce or eliminate reliance on direct distribution.
 - Making permanent a tax that is currently levied is not a replacement.
 - Providing new or expanded voter option taxes is not a replacement.
- Minimize further tiering.
 - The point of direct distribution is to assist counties in the second and third tiers. Replacing tax revenue that is over 70 percent directed to the top seven counties is not helpful.
- Minimize the incentive for voters to reject other local option taxes at the expense of smaller municipalities and counties; AND
- Maintain the critical balance between cities, towns and counties.

Replacing County Direct Distribution



- **Policy Options:**

- State shoulders all the burden –requires a minimum local share of state sales tax of approximately 46%.
- Locals shoulder all the burden – unsustainable without local taxing authority.
- Infinite combinations of revenue and distribution shifts.

**** The following are examples, not WCCA proposals. ****

Possible Avenues to Reduce or Eliminate Supplemental Support



Possible avenues to reduce or eliminate supplemental support:

- Increase the share of state sales and use tax distributed to counties.
 - Currently 69 percent to state; 30 percent to local governments; one percent for state administration.
 - Increase to 34 percent local government share nets approximately \$50 million per biennium – for counties, the net increase is approximately \$17 million per biennium.
 - Favors cities over counties and favors counties with high sales tax revenue over other counties.
 - Reduces state general fund revenue with other offsets.
 - Does not raise taxes.

Possible Avenues to Reduce or Elimination Supplemental Support -Continued-



- Increase the assessment ratio for industrial and “other” properties.
 - Two percent increase nets approximately \$19.5 million for counties per biennium.
 - Favors counties over cities and high property tax counties over others.
 - Raises revenue for schools/state in addition to reducing direct distributions.
 - Raises taxes.
- Increase statewide sales tax by ½ percent.
 - Nets approximately \$57 million for counties over the biennium if distributed entirely to local governments or approximately \$18 million if the current split remains in place.
 - Jeopardizes voter option taxes which may harm harms county budgets making the remedy worse than the illness.
 - Raises revenue for the state if split or split-modification remains.

Possible Avenues to Reduce or Elimination Supplemental Support -Continued-



- Allow for new local options that, if passed, would offset an approved direct distribution amount for that county/city.
 - E.g., real estate transfer tax
- Increase the “under-the-cap” severance distribution to counties from 3.88 percent to 6 percent.
 - Nets approximately \$3.3 million for counties.
 - Reduces revenue to other entities receiving funding via the severance distribution.

Possible Avenues to Reduce or Elimination Supplemental Support -Continued-



- Small combinations of some or all these proposals.
 - Need approximately \$37 million over the biennium to remove counties from direct distribution.
 - Increase sales/use local ratio to 34 percent, increase the assessment ratio by $\frac{1}{4}$ percent, increase statewide sales tax by $\frac{1}{4}$ percent with traditional split, increase severance distribution to six percent. That combination would net approximately \$43 million for counties for the biennium.

Other Possible Options for Discussion



Other Possible Options for Discussion



DISCLAIMER: The following options are presented for discussion only. No option has been fully evaluated for fiscal impact (positive, negative or neutral) or screened by necessary parties.

Options (presented in no order):

1. Increase fees and/or provide local governments flexibility to modify fee schedules.
 - a. Judicial – probate, civil action, transcripts, docketing, etc.
 - b. Death certificate – perhaps to cover the indigent burial program.
 - c. Real estate – mapping, plat recording, etc.
2. Reduce the number of sales and use tax exemptions and excluded services.
 - a. Eliminating the tax exemption of sales of food for domestic consumption would generate approximately \$30.3 million in local government revenue.
 - b. Eliminating all current Wyoming exemptions would generate approximately \$209.5 million in local government revenue.

Other Possible Options for Discussion

-Continued-



Options (presented in no order):

3. Memorialize the 5th and/or 6th pennies and provide counties the discretion to allocate within the county for general or special purposes.
6. Increase the number of mills cities and towns can levy.
 - a. Currently limited by the Wyoming Constitution to eight mills.