



DEPARTMENT OF REVENUE

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- The Tax Reform 2000 committee was formed during the 1997 legislative session. The committee was comprised of 3 members from each house and 5 appointees of the Governor.
- The Committee was tasked to recommend standards and options for developing a fair, viable and economically competitive State and local tax system capable of generating sufficient revenues to meet expected needs of the 21st century.
- The Committee developed a set of criteria to judge Wyoming's tax system and to base any recommended changes.
- Problems identified in the current tax structure.
 - Tax collections are less stable than in other states.
 - A large share of Wyoming's tax structure is based on commodity pricing
 - Fossil fuel prices are linked and will rise and fall together
 - Lower production also contributes to instability
 - Sales and property taxes from non-mineral sources are much more stable
 - Wyoming's tax structure is not equitable
 - Regressive – sales and use – alcohol and cigarettes – fuel taxes
 - The tax structure is not balanced
 - 2nd of fifty states in tax revenue generated on a per capita basis
 - 2nd lowest tax burden on a family of four.
 - Wyoming may have both a larger public infrastructure and larger public services per capita than it would if Wyoming residents had to pay for them entirely.
 - Wyoming's current tax structure may contribute to the lack of economic growth in the state.
 - Unbalanced state tax structure
 - Federal and State limitation on the development of public lands
 - Inadequately trained workforce – workforce leaves the state for better opportunity
 - Concern by business planners that Wyoming will be able to fund public services.
 - Wyoming does not divert enough of its mineral taxes to trust funds in order to secure public services funding for future generations.
 - Wyoming does not manage its permanent trust funds to maximize income.
 - In certain areas of the state, the market value of agricultural land far exceed the productive value of the land on which property taxes are assessed.

- Market values of real estate have risen significantly in some areas of the state causing a property tax burden for individuals on fixed and low incomes.
- Future revenue streams may not be adequate to fund the services provided by the state and local governments
 - Very similar to the situation confronting the current legislature.
- Local governments do not have equal funding.
 - Counties with no mineral wealth do not possess the tax base that mineral wealthy counties do
- Local government officials have limited taxing authority.
 - Can set levies to the constitutional limits
 - Authority to extend general purpose option taxes.
 - Lack of authority necessitates requesting funding aid from the state
- Tax Administration issues.
 - The reporting and collection of mineral taxes in the state is confusing and time consuming.
 - Concerns over reporting issues
 - Property tax assessed 18 months after production
 - State statutes do not clearly define tax administrative authority.
 - Industrial property and mineral property assessed by state and collected by the counties
 - Sales taxes on vehicles assessed by state law and collected by the counties.
 - Assessment practices of county assessors vary from county to county.
 - The department has no authority to enforce or verify equal practices by assessors but are required to certify uniform practices to the State board
 - Special district legislation is inconsistent and requires more structure.
 - Formation and administration of special districts is inconsistent
 - The taxation of services on tangible personal property and not real property causes confusion in complying with the sales and use tax laws.
 - Taxation of services to tangible property are taxed and services to real property are not.
 - Problem lies in the distinction between the terms tangible vs. real.
 - The use tax statutes are largely unenforceable.
 - Remote sales cannot be taxed because of the Quill decision.
 - Financial reporting by local governments is not consistent.
- Research included study of economist's "three legged stool" concept of taxation
 - Concept states that a tax structure has the best chance of being equitable, stable and balanced if it taxes the three legs of the stool; assets consumption and income.
 - Wyoming currently taxes two of the three legs and the stability of the tax structure is affected by it.
- Recommendations.
 - Consumption Tax Recommendations
 - Make the four cent of the State sales and use permanent.
 - Examine the current excise taxes on cigarettes, alcohol and motor fuels for possible increases
 - Fuel taxes have been increased and the other excise taxes have been reviewed.

- Examine the exclusions and exemptions in Wyoming's sales and use tax statutes for possibilities of broadening the tax base.
 - Explore the Rail Mile Tax.
 - Tax on each mile of transportation within the state with proceeds going to build rail crossings.
 - Asset Tax Recommendations
 - Implement a real estate transfer tax.
 - Addresses the concern about Ag land being valued far below market. Would allow the tax differential to be made up at the time of sale of the property.
 - Larger deposits should be made into the Permanent Wyoming Mineral Trust Fund.
 - If State could generate additional taxes from non-mineral sources more money could be diverted from mineral severance into permanent funds
 - Establish a maximum number of mills each taxing district may levy.
 - Allow county government to institute optional property tax refund programs.
 - State took on this role with the implementation of the property tax refund program. This was funded until last year.
 - Income Tax Recommendations
 - Implement an individual and corporate income tax
 - Additional recommendations
 - Manage permanent funds to maximize income
 - Treasurer's office now diversifies investments to maximize return.
 - Form separate committee to examine state and local spending.
 - Study the ability of local governments to generate sufficient revenues to meet local public service requirements.
 - Tax administration recommendations
 - Form a separate committee to arrive at a solution to combine Wyoming's current mineral taxes with one reporting and collection point.
 - Amend state statutes to clarify which governmental entity has the final authority to select and apply an appraisal method for mineral production.
 - Review property tax exemptions for applicability and ease of administration
 - Review special district statutes
 - Research the impacts of repealing the sales tax exemption for charitable and non-profit entities
 - Encourage stricter compliance with and enforcement of the use tax statutes.
- Options Considered but not Recommended.
 - Increase the state sales tax. Concerns over cross boarder issues.
 - Assess the four mill statewide property tax levy or an increase in the number of mills levied by school districts- increases here would further burden the mineral industry.
 - Increase the Wyoming mineral severance tax. This would further burden the mineral industry.
 - Gross receipts tax – Business is taxed whether profitable or not.

- Employment head tax. Could be considered regressive for lesser paid employees.
- Electric generation tax. Further study needed.
- Statewide lodging tax One industry would support all of tourism