

THE JOINT REVENUE COMMITTEE'S GUIDE TO



WYOMING'S TAX STRUCTURE

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



HOW WYOMING COMPARES TO OTHER STATES

Wyoming consistently ranks among the lowest states in the nation for its tax burden on its citizens.

ESTIMATED TAX BURDEN ON HOUSEHOLD INCOME OF \$50,000/YEAR (2020)



Source: LSO summary of the District of Columbia's report on Tax Rates and Tax Burdens In the District of Columbia - A Nationwide Comparison (2020). Notes: Out of a total of 51 (District of Columbia is included). Rates and rankings vary by income levels. See full report for details.

COMBINED STATE & LOCAL SALES TAX RATE (AVG.) Jan. 1, 2022



Source: LSO summary of Tax Foundation data (January 1, 2022).

PROPERTY TAXES ON A \$150,000 VALUED HOME IN THE LARGEST CITY IN EACH STATE (2021)



Source: LSO summary of information provided by Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence 50 State Property Tax Comparison Study (2022).

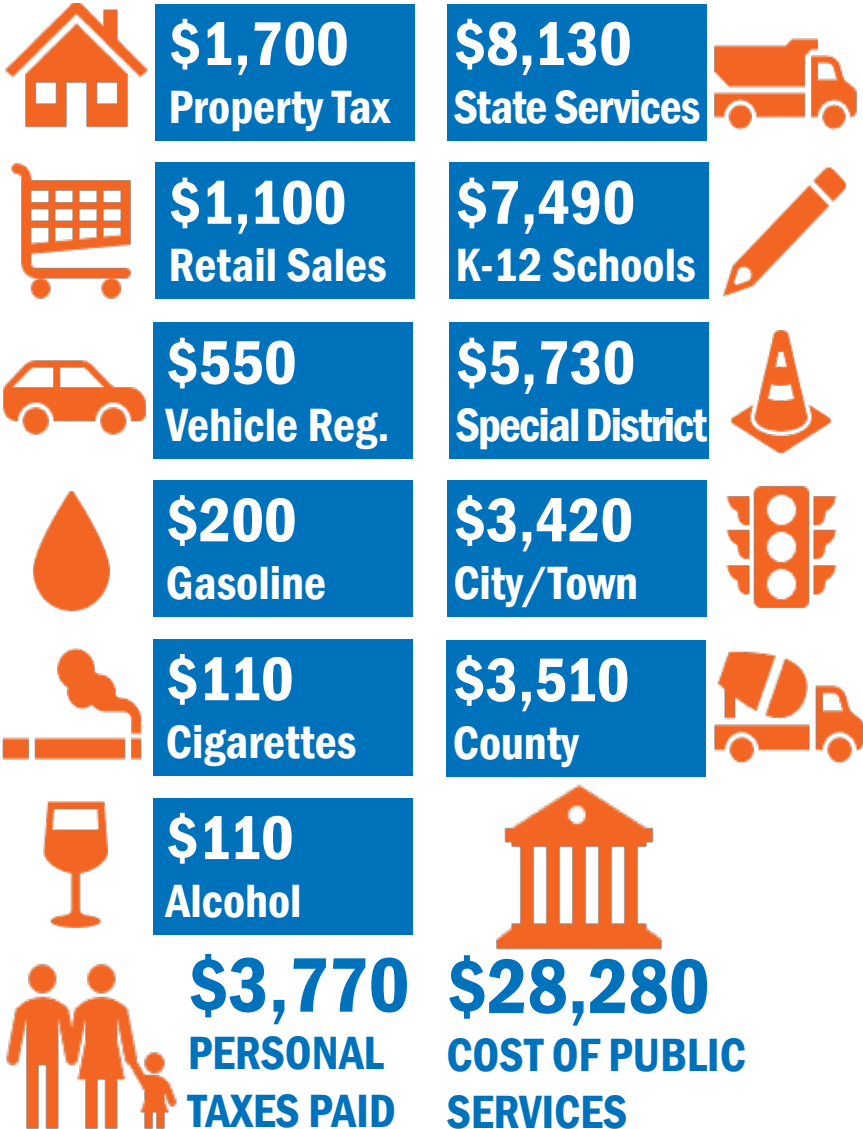
STATE AND LOCAL TAX BURDENS AS A PERCENTAGE OF INCOME (2022)



Source: Tax Foundation, State-Local Tax Burden Rankings CY2022

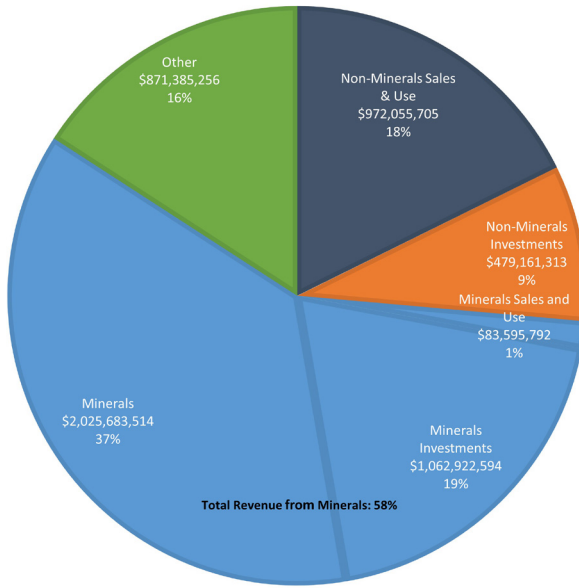
PERSONAL TAXES VS. PUBLIC SERVICE COSTS: 2020

▲ For every \$1 paid in taxes, a family of three with a \$65,000 income and a \$270,000 home receives about \$7.50 in public services.



Source: Wyoming Economic Analysis Division
Note: Federal taxes are not included in the tax collection analysis.

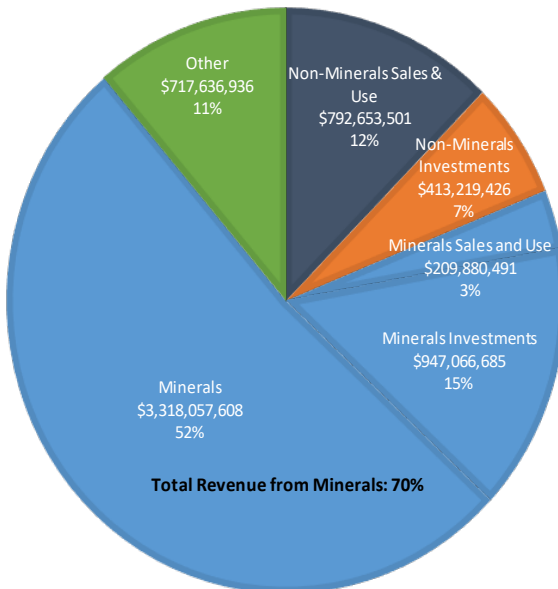
2021-2022 BIENNIUM REVENUE: \$5.49B



▲ Biennial revenue dropped by 14.1 percent from 2013-2014 to 2021-2022.

▲ The largest portion of the reduction was due to the decrease in revenue from mineral extraction, which dropped by over \$1.3B.

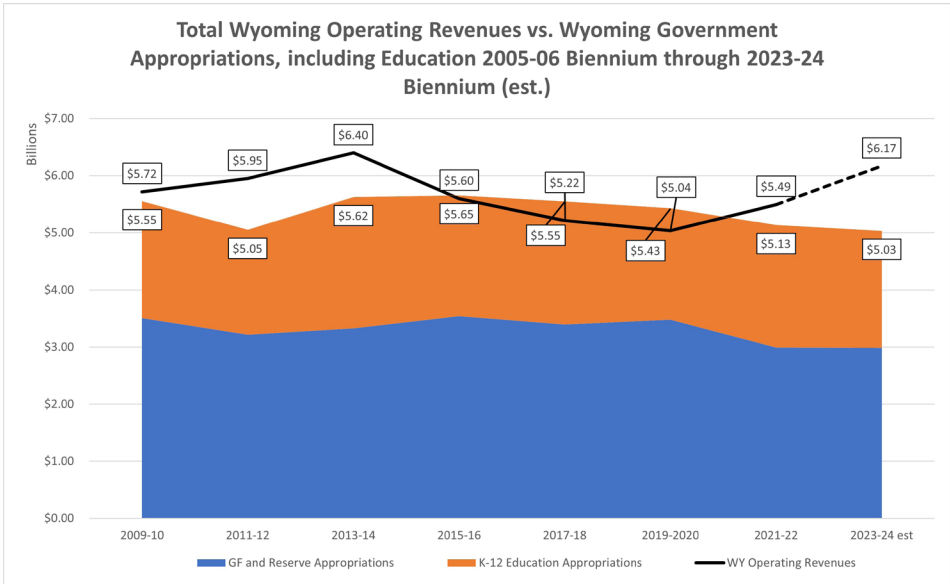
2013-2014 BIENNIUM REVENUE: \$6.40B



▲ Minerals Sales & use tax was the second largest drop at around \$126M.

▲ Mineral extraction revenue accounted for 70 percent of the State's revenue in 2013-2014 and fell to 58 percent in 2021-2022

REVENUES vs. APPROPRIATIONS



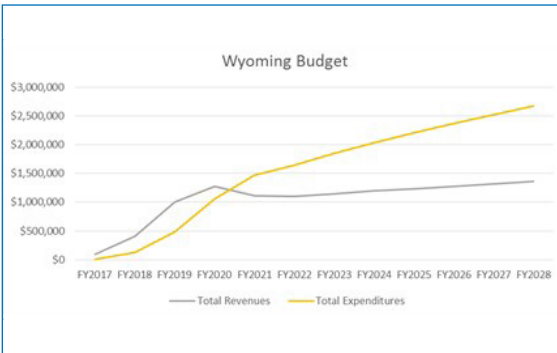
▲ **Revenues (black) in excess of appropriations (orange & blue) reflect savings whereas from 2017-2020 illustrate appropriations exceeding revenues (expenditure of savings).**

▲ **From 2013-2014 to 2021-2022, total operating revenues declined by an estimated 14 percent.**

▲ **2023-2024 does not include capital gains that could reasonably be projected to increase.**

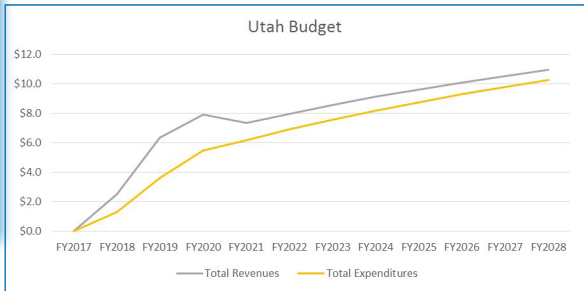
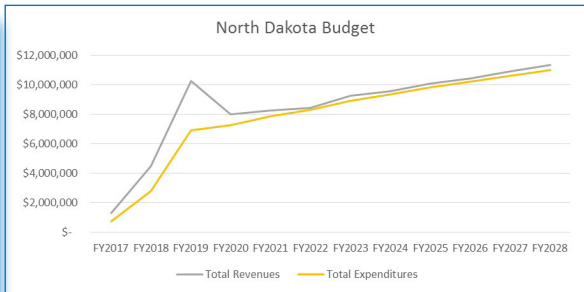
DIVERSIFICATION CHALLENGES

- ▲ 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 with the existing tax structure.
- ▲ 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.



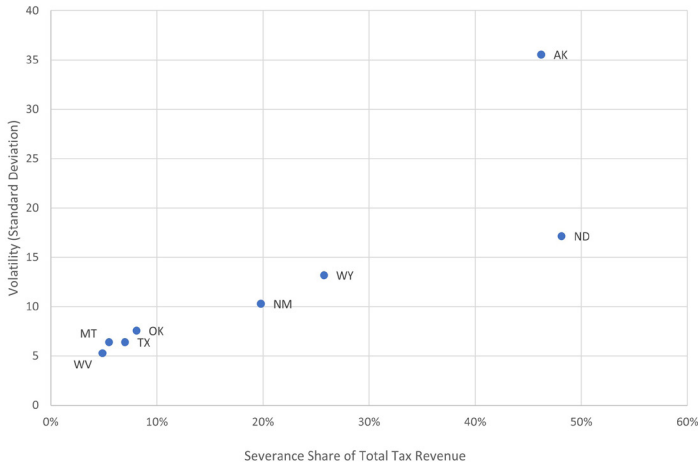
Wyoming’s additional tax revenue from growth in chemical manufacturing will fall below additional governmental expenditures three years after the incentive.

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

States with heavier reliance on severance tax have higher overall revenue volatility



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

- ▲ Work to find efficiencies in state government to reduce overall operating costs.
- ▲ Ensure existing taxes are collected in full.
- ▲ Broaden and develop tax policies that are less volatile to Wyoming's revenue streams.

▲ 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 largest rainy day fund as a percent of state spending.

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