

# Property Tax Systems

## Budget-Based Rates vs. Fixed Rates



*Scrap it and start all over OR fix what we have?*



Many taxpayers in Wyoming have been demanding tax relief.

- Why tax relief?
- What did taxpayers get?
- Can/should Wyoming do more?

## How does Wyoming Rate?

A 2020 Policy Brief, Tax Capacity in Wyoming, from the Wyoming Center for Business & Economic Analysis, suggests that Wyoming residents could pay more property taxes.

According to 2019 census data, Wyoming had the 10<sup>th</sup> lowest real estate tax rate.

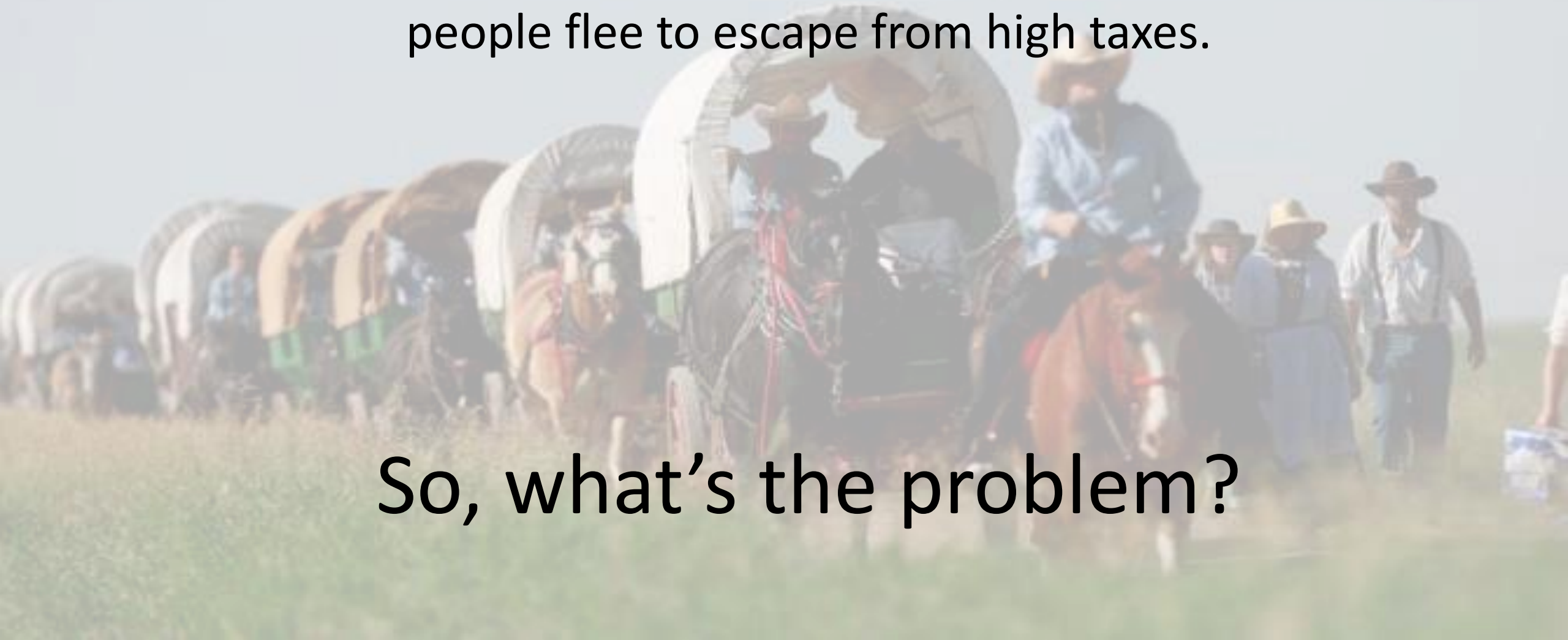
Wyoming ranks in the middle of the list of states (about 25<sup>th</sup>) for the median value of a home, property tax on that median value home, average and median income, and mean wage.

Our per capita income is about tenth, our average monthly rent is low, our overall tax burden is among the lowest.

We have no income tax, no corporate income tax, or capital gains tax.

The numbers show that, on average, everything is just fine with Wyoming's tax policy, that Wyoming is one of the states to which people flee to escape from high taxes.

So, what's the problem?



The world changed in  
2020.

For many, Wyoming's  
property tax system failed.

By 2022, most counties felt  
the impact.



# Tax Increases

Property taxes increase with property values in Wyoming.

Average percent change in residential property values statewide, year to year, per Wyoming DOR

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>3.79%</b>	<b>4.71%</b>	<b>3.21%</b>	<b>3.61%</b>	<b>2.90%</b>	<b>5.25%</b>	<b>3.62%</b>	<b>6.44%</b>	<b>16.17%</b>	<b>17.91%</b>

Wyoming taxpayers are generally not opposed to paying their fair share of taxes.

The steep increases in 2022 and 2023 do not feel fair to taxpayers. In some counties, this began earlier than 2022.

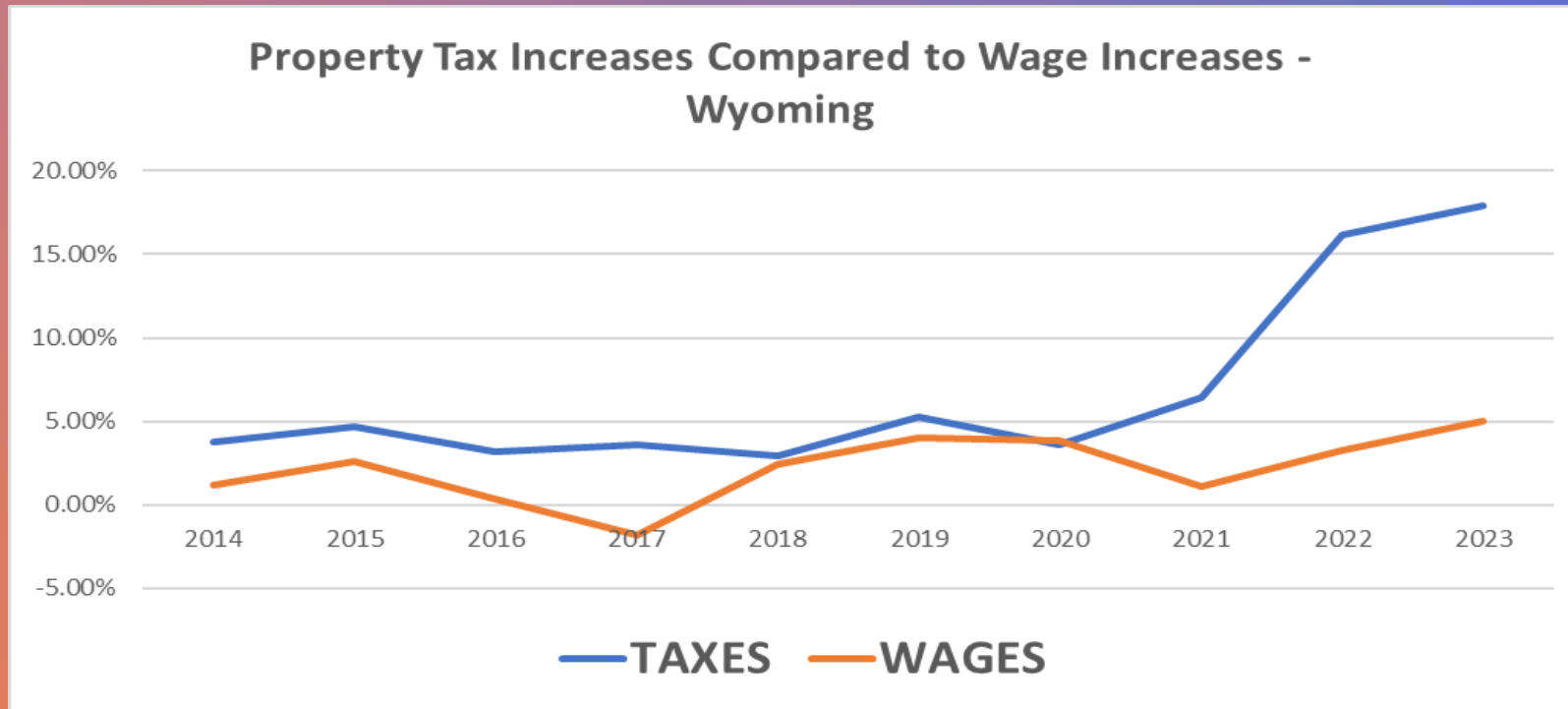
# Wyoming Wages Have Not Increased at the Same Rate.

Wyoming wages have not kept up with the increase in property tax. Here is the year-to-year change in Wyoming wages. *(Median of 4 quarters/year, Economic Analysis Division of the Department of Administration and Information.)*

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>1.18%</b>	<b>2.60%</b>	<b>0.35%</b>	<b>-1.82%</b>	<b>2.41%</b>	<b>4.01%</b>	<b>3.88%</b>	<b>1.12%</b>	<b>3.25%</b>	<b>5.01%</b>

Many Wyoming residents are retired, on a fixed income. Most budgeted for retirement based on historic increases in property taxes that were much lower.

# Wyoming Wages vs. Wyoming Property Taxes



These dramatic increases do not feel fair to many Wyoming folks.

Low-income taxpayers can't afford it.

Long time residents feel pushed out.

Most retirees have not budgeted for 20% or more increases per year.



# Why Something Should Be Done

Total residential value percent increase since 2014.

Some counties began to see steep increases in 2021.

County	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sweetwater	5.43%	3.33%	2.46%	4.79%	1.87%	2.88%	1.49%	1.63%	6.75%	8.52%
Niobrara	4.92%	2.24%	1.44%	2.69%	1.74%	1.84%	1.72%	1.33%	9.07%	11.87%
Goshen	5.65%	0.95%	2.89%	3.71%	1.25%	4.92%	3.50%	4.21%	12.84%	11.94%
Uinta	2.12%	2.78%	1.68%	-0.14%	3.93%	7.35%	0.00%	9.95%	19.56%	13.41%
Converse	4.83%	9.24%	3.41%	1.62%	-0.54%	2.30%	3.56%	5.41%	7.80%	13.52%
Platte	2.91%	9.82%	4.00%	6.25%	4.40%	4.79%	5.00%	5.64%	17.92%	13.84%
Natrona	9.28%	4.87%	1.48%	6.32%	-2.76%	1.94%	7.57%	-1.49%	12.42%	13.96%
Washakie	0.24%	8.05%	-2.90%	4.12%	2.05%	6.50%	1.32%	3.30%	11.94%	15.15%
Fremont	0.55%	3.74%	1.06%	2.19%	0.57%	4.10%	2.60%	7.55%	12.08%	15.32%
Laramie	3.91%	3.24%	5.62%	5.61%	5.83%	8.38%	7.45%	8.06%	14.73%	15.40%
Albany	1.11%	2.89%	1.98%	3.98%	4.32%	7.57%	5.12%	7.59%	15.39%	15.46%
Weston	4.91%	3.97%	0.86%	4.13%	2.79%	3.35%	1.96%	6.30%	13.84%	15.79%
Sheridan	2.29%	3.75%	4.76%	2.82%	5.11%	7.02%	6.01%	9.95%	21.38%	18.22%
Hot Springs	6.52%	4.49%	-0.02%	4.40%	1.97%	0.40%	1.53%	2.56%	16.76%	18.24%
Park	2.72%	3.81%	3.80%	3.80%	3.93%	4.72%	4.47%	10.25%	23.53%	18.66%
Campbell	2.60%	4.21%	5.53%	-2.47%	-1.29%	3.78%	1.63%	3.58%	10.46%	18.72%
Carbon	3.61%	3.79%	2.69%	3.23%	1.73%	1.67%	1.80%	2.12%	10.56%	20.65%
Big Horn	3.50%	6.53%	2.62%	2.98%	-2.15%	5.73%	4.03%	5.09%	10.22%	20.84%
Johnson	4.70%	4.69%	3.25%	4.87%	3.44%	4.06%	2.56%	5.90%	19.00%	24.58%
Sublette	0.63%	2.00%	1.47%	2.88%	3.75%	3.98%	4.66%	7.35%	18.45%	25.69%
Teton	4.65%	9.42%	9.93%	7.06%	15.28%	12.87%	6.80%	14.77%	36.00%	26.58%
Crook	5.14%	3.49%	8.20%	-1.75%	2.78%	8.83%	1.50%	13.15%	15.86%	27.16%
Lincoln	4.89%	6.92%	7.63%	9.93%	6.81%	11.81%	7.00%	13.96%	35.41%	28.79%
<b>Mean % Increase</b>	3.79%	4.71%	3.21%	3.61%	2.90%	5.25%	3.62%	6.44%	16.17%	17.93%

This is not a reflection of increase for individual residential assessments.

The percentage is calculated by comparing the prior year total residential value to the following year total residential value. In addition to any increase in value of existing homes, values include all property that was not assessed the prior year as well. For example: Newly developed residential lots, new residences, additions, finished basements, outbuildings, etc.

# Why Something Should Be Done

Wyoming counties' change in *residential assessed value* 2022 to 2023:

County	Residential Assessed		\$ Change	% Change
	2022	2023	22 vs '23	22 vs '23
Sweetwater	285,558,702	309,900,756	24,342,054	8.52%
Niobrara	14,742,256	16,491,753	1,749,497	11.87%
Goshen	93,191,329	104,315,586	11,124,257	11.94%
Uinta	163,466,781	185,381,877	21,915,096	13.41%
Converse	126,390,706	143,481,107	17,090,401	13.52%
Platte	85,479,699	97,307,098	11,827,399	13.84%
Natrona	681,654,448	776,782,314	95,127,866	13.96%
Washakie	66,600,693	76,691,882	10,091,189	15.15%
Fremont	313,543,856	361,587,547	48,043,691	15.32%
Laramie	1,033,448,977	1,192,567,088	159,118,111	15.40%
Albany	350,800,563	405,021,611	54,221,048	15.46%
Weston	56,476,280	65,395,278	8,918,998	15.79%
Sheridan	452,407,578	534,820,036	82,412,458	18.22%
Hot Springs	38,915,187	46,011,821	7,096,634	18.24%
Park	449,695,038	533,629,933	83,934,895	18.66%
Campbell	315,761,778	374,865,052	59,103,274	18.72%
Carbon	122,872,983	148,242,396	25,369,413	20.65%
Big Horn	77,477,833	93,620,992	16,143,159	20.84%
Johnson	116,013,109	144,531,199	28,518,090	24.58%
Sublette	151,328,576	190,201,331	38,872,755	25.69%
Teton	2,731,534,458	3,457,476,732	725,942,274	26.58%
Crook	82,049,866	104,337,122	22,287,256	27.16%
Lincoln	374,180,927	481,893,022	107,712,095	28.79%
<b>Totals</b>	<b>8,183,591,623</b>	<b>9,844,553,533</b>	<b>1,660,961,910</b>	<b>17.93%</b>

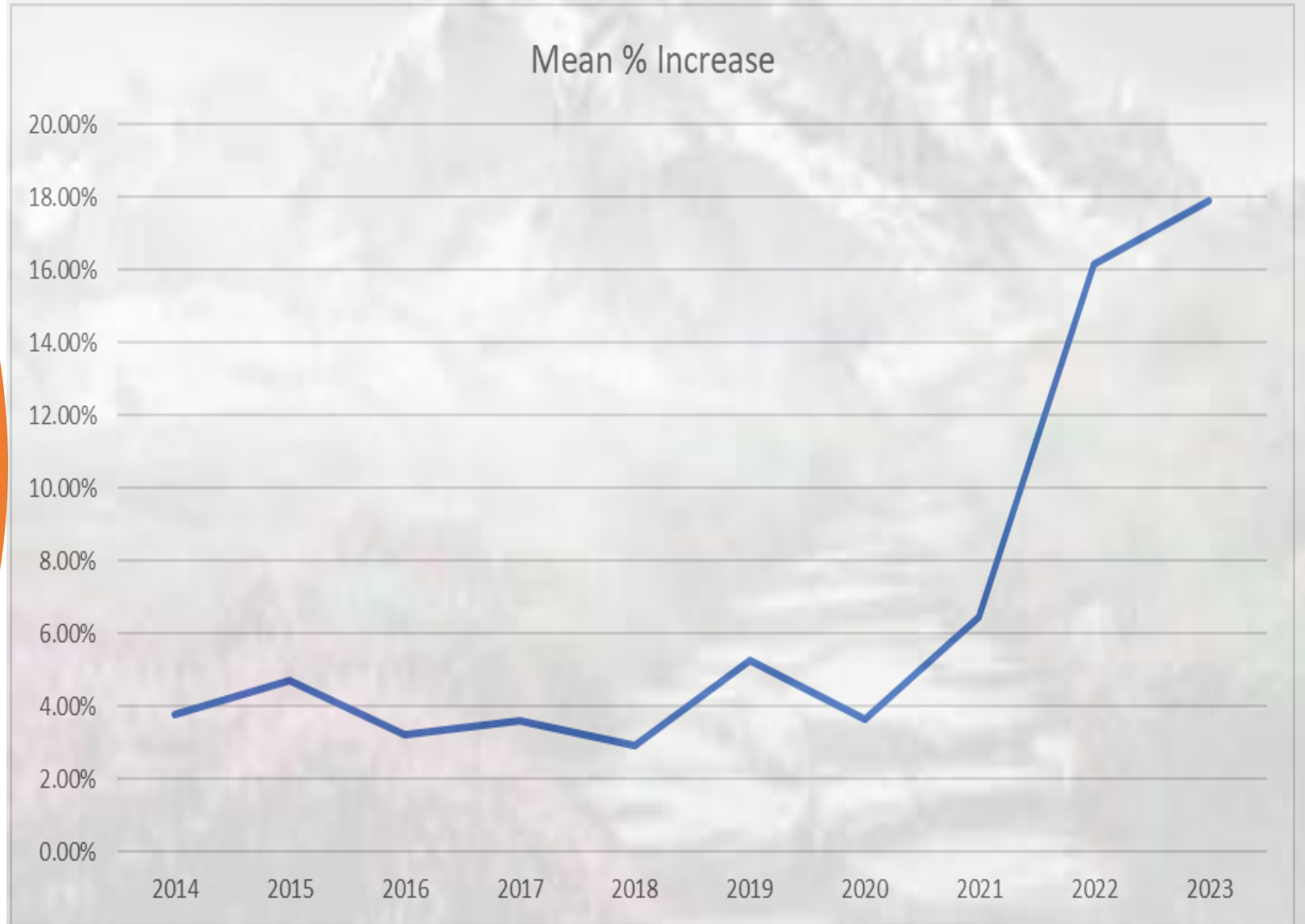
# Why Something Should Be Done

Wyoming counties' change in *average residential market value* 2022 to 2023:

County	Median Market Value 2022	Median Market Value 2023	Percentage Change	Average Market Value 2022	Average Market Value 2023	Percentage Change
Sweetwater	\$ 218,211	\$ 235,811	8.07%	\$ 226,258	\$ 244,310	7.98%
Natrona	\$ 220,526	\$ 237,326	7.62%	\$ 246,407	\$ 269,995	9.57%
Goshen	\$ 151,874	\$ 163,958	7.96%	\$ 172,164	\$ 189,718	10.20%
Platte	\$ 173,232	\$ 192,968	11.39%	\$ 192,389	\$ 214,513	11.50%
Uinta	\$ 216,347	\$ 241,211	11.49%	\$ 225,408	\$ 252,383	11.97%
Converse	\$ 211,695	\$ 236,253	11.60%	\$ 224,962	\$ 252,228	12.12%
Niobrara	\$ 71,884	\$ 85,926	19.53%	\$ 96,384	\$ 109,045	13.14%
Laramie	\$ 285,905	\$ 322,553	12.82%	\$ 313,591	\$ 356,532	13.69%
Albany	\$ 272,963	\$ 309,621	13.43%	\$ 298,040	\$ 340,475	14.24%
Weston	\$ 140,674	\$ 163,379	16.14%	\$ 165,434	\$ 189,506	14.55%
Fremont	\$ 193,358	\$ 225,263	16.50%	\$ 220,145	\$ 253,022	14.93%
Sheridan	\$ 309,947	\$ 355,268	14.62%	\$ 367,237	\$ 425,119	15.76%
HotSprings	\$ 150,147	\$ 170,132	13.31%	\$ 176,356	\$ 204,153	15.76%
Park	\$ 328,600	\$ 376,879	14.69%	\$ 368,240	\$ 428,771	16.44%
Washakie	\$ 170,895	\$ 198,842	16.35%	\$ 193,139	\$ 224,941	16.47%
Campbell	\$ 210,721	\$ 246,953	17.19%	\$ 225,421	\$ 266,318	18.14%
Carbon	\$ 148,437	\$ 174,800	17.76%	\$ 169,008	\$ 201,169	19.03%
Johnson	\$ 251,547	\$ 303,053	20.48%	\$ 280,657	\$ 335,524	19.55%
Crook	\$ 209,958	\$ 243,253	15.86%	\$ 233,914	\$ 281,077	20.16%
BigHorn	\$ 131,358	\$ 158,711	20.82%	\$ 153,114	\$ 184,292	20.36%
Sublette	\$ 232,953	\$ 284,463	22.11%	\$ 280,902	\$ 349,623	24.46%
Lincoln	\$ 269,711	\$ 342,905	27.14%	\$ 361,752	\$ 455,204	25.83%
Teton	\$ 1,592,537	\$ 2,072,863	30.16%	\$ 2,600,786	\$ 3,280,879	26.15%
<b>AVERAGE</b>	\$ 267,977	\$ 319,234	15.96%	\$ 338,770	\$ 404,730	16.17%
<b>MEDIAN</b>	\$ 211,695	\$ 237,326	15.86%	\$ 225,421	\$ 253,022	15.76%

# Why Something Should Be Done

Average (Mean) residential value percent increase since 2014.



# Why Something Should Be Done

Taxpayers repeatedly say, “I don’t mind paying my fair share, it’s the big increases that I have a problem with.”

There are different economic realities across Wyoming.

The application of average or median figures statewide doesn't account for the diverse economic situations present throughout Wyoming.

Example: consider average market value change ‘22 to ‘23 for Goshen (10.20% up) versus Lincoln (25.83% up) Counties.

Counties experience varying levels of property value growth and cost of living.

We can’t go from 9.5% to 8.5% level of assessment without hurting Goshen and other counties.

This highlights the need for customized and equitable tax solutions.

# What is it about Wyoming's system that drives such large increases in taxes?

## Two fundamental approaches: Budget-Based Rates and Fixed Rates.

Fixed rates use predetermined rates, budget-based rates vary based on revenue needs.

Rate-based approach will lead to higher tax bills with increasing assessed values.

Budget-based approach divides tax liability based on actual budget needs.

**Neither is perfect.**

Wyoming's property tax system is "Rate-based", which is **NOT** best in an unstable market.



# Fixed Rates

- Limits the amount of money generated by the property tax to the amount produced by applying a given rate of taxation (levy or mill rate) to the underlying tax base (assessed value.)
- Less desirable as they permit budget increase incidental to taxing district needs and based solely on the amount of change in underlying taxable value.
- In stable markets, with little year to year value change, rate driven systems provide more tax certainty and predictability.
- Reappraisal after several years of frozen values is likely to result in a greater tax increase.
- Difficult to forecast yields.
- Inflation or infrequent reassessments can diminish revenue in real terms, unless it is possible to index rates.
- As property values increase, district budgets increase.

## 39-11-101. Definitions.

(a)(xvii) "Taxable value" means a percent of the fair market value of property in a particular class as follows:

(A) Gross product of minerals and mine products, one hundred percent (100%);

(B) Property used for industrial purposes, eleven and one-half percent (11.5%);

(C) All other property, real and personal, including property valued and assessed under W.S.39-13-102(m)(vi) and (ix), nine and one-half percent (9.5%).

# Budget-Based Rates

- a) Limits increases on the amount budgeted from property tax in the past.
- b) The budget is not permitted to increase automatically in response to valuation increases.
- c) Provides taxpayers with greater certainty about their upcoming tax obligations and restrains local government spending.
- d) Levy and spending limits diffuse accountability.
- e) Limits on increases for individual assessments diminish tax equity.
- f) More complicated system.
- g) Compound rates from overlapping local governments tend to blur accountability.
- h) Best in unstable market.
- i) Property tax rate “floats.”

## Certified Tax Rate Calculation



Budget Code	Budget Name	2021 Year End Budgeted Revenue	2021 Year End Adjusted Budgeted Revenue	Calc. Certified Tax Rate	2021 Year End Final Tax Rate	% Change	Certified Tax Rate Revenue W/O New Growth	New Growth Revenue	Certified Tax Rate Revenue W/ New Growth	Auditor's Certified Tax Rate	Auditor's Certified Rate Revenue	Proposed Tax Rate	Judged Revenue	Final Tax Rate	Final Budgeted Revenue
10	General Operations	\$ 28,891,382	\$ 28,898,200	0.00079	0.00084	-0.82 %	\$ 28,891,382	\$ 894,966	\$ 29,827,208	0.00079	\$ 29,827,208	0.00079	\$ 29,827,208	0.00079	\$ 29,827,208
20	Interest and Sinking Fund/Bond	\$ 1,918,087	\$ 1,918,087	0.00080	0.00080		\$ 1,918,087	\$ 188,238	\$ 2,106,325	0.00080	\$ 2,106,325	0.00080	\$ 2,106,325	0.00080	\$ 2,106,325
40	Flood Control	\$ 8,182,274	\$ 8,182,274	0.00080	0.00080	-0.86 %	\$ 8,182,274	\$ 188,238	\$ 8,370,512	0.00080	\$ 8,370,512	0.00080	\$ 8,370,512	0.00080	\$ 8,370,512
60	Health	\$ 4,423,943	\$ 4,423,943	0.00080	0.00080	-0.74 %	\$ 4,423,943	\$ 188,238	\$ 4,612,181	0.00080	\$ 4,612,181	0.00080	\$ 4,612,181	0.00080	\$ 4,612,181
800	Paramedic														
	Grand Total	\$ 41,397,750	\$ 41,397,750	0.00080	0.00080		\$ 41,397,750	\$ 1,188,670	\$ 42,586,420	0.00080	\$ 42,586,420	0.00080	\$ 42,586,420	0.00080	\$ 42,586,420

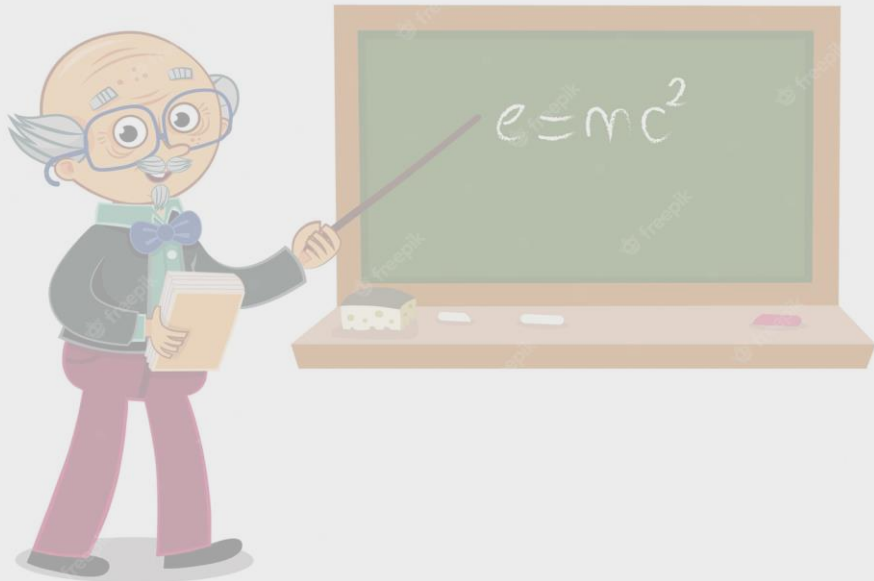
Revenue ÷ Value = Rate

\$28,958,356 ÷ \$36,340,260,859 = 0.000797 (rounded)

Screen information can be found at [www.taxrates.utah.gov](http://www.taxrates.utah.gov)



# Comparing the Formulas



## Fixed Rates

$$\text{Budget \$} = \text{Assessed Value} \times \text{Levy}$$

## Budget-Based Rates

$$\text{Levy Rate} = \text{Budget \$} / \text{Assessed Value}$$



# Comparing three situations under a budget-based vs a rate-based system

<b>CONTRASTING RATE AND BUDGET DRIVEN TAX SYSTEMS</b> <small>Source: IAAO, 2008. <i>Fundamentals of Tax Policy</i></small>		
<b>Situation</b>	<b>Rate-Driven System</b>	<b>Budget-Driven System</b>
Assessed values decrease 10% for all property.	Taxing districts receive 10% less revenue from property tax.	Levy rates rise by the mathematical inverse (about 11%) of the value decrease. The same overall amount of property tax revenue is generated.
Assessed values increase 10% for all property.	Taxing districts receive 10% more revenue from property tax.	Levy rates fall by the mathematical inverse (about 9%) of the value increase. The same overall amount of property tax revenue is generated.
One-half of all property (weighted by total assessed value) increases in assessed value by 10%, while the other half experiences no assessed value change.	Taxing districts receive 5% more revenue from property tax, but properties with the 10% increases in assessed value pay 10% more, while other parcels pay the same amount as in the prior year.	Levy rates fall by about 5% and the same amount of overall revenue is generated, but properties with 10% value increases pay about 5% more property tax, while properties with no change in value pay about 5% less property tax.

**Budget-based**

The taxpayers divide the tax liability based upon the actual budget needs.

**When values skyrocket:**

Rate based (Wyoming) takes all the money and finds something to do with it.

Budget based spreads out tax liability and can lead to lower individual tax liabilities.

**Rate-based**

The tax rate has been decided and taxpayers will pay taxes based upon that rate, regardless of need.

# Challenges of Wyoming's Rate-Driven System

Rapidly rising property valuations causing significant tax increases.

Limited relief options, except veterans' exemption and refund program when funded.

Level of assessment (9.5% residential) is controlled at the state level by statute; not locally.

All counties, with or without hot real estate markets, are assessed the same.

# Challenges of Wyoming's Rate-Driven System

The Lincoln Institute of Land Policy points out a major drawback of Wyoming's rate-based system:

*"...a rate-driven system begins with a given tax rate and automatically applies that to annual taxable value. Such a system justifies taxpayer fears that increases in assessed values will automatically translate into higher tax bills..."*

(Property Tax Relief for Homeowners, multiple authors, 2021 Lincoln Institute of Land Policy.)

*What did Wyoming taxpayers receive to manage the shortcomings of this tax system?*

**Tax refund for income-qualified taxpayers.**

**Proposed Constitutional amendment.**

**Acquisition cost study.**

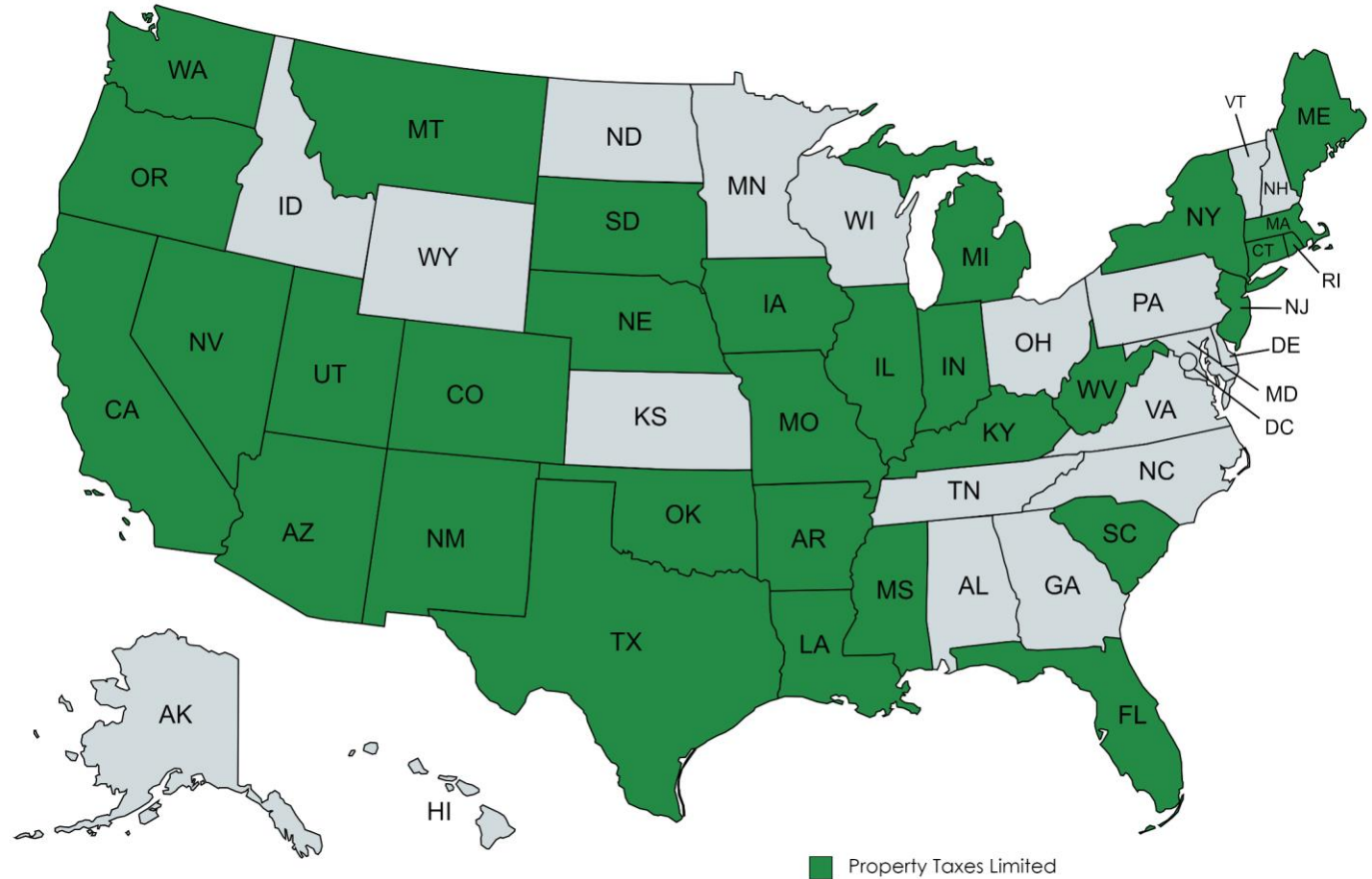
**Maybe more  
could be done.**

**What do  
other states  
do?**



About half of the states limit property tax increases.

The total number depends on how one defines limits such as limits to mills, limits to tax dollars, or limits to level of assessment.

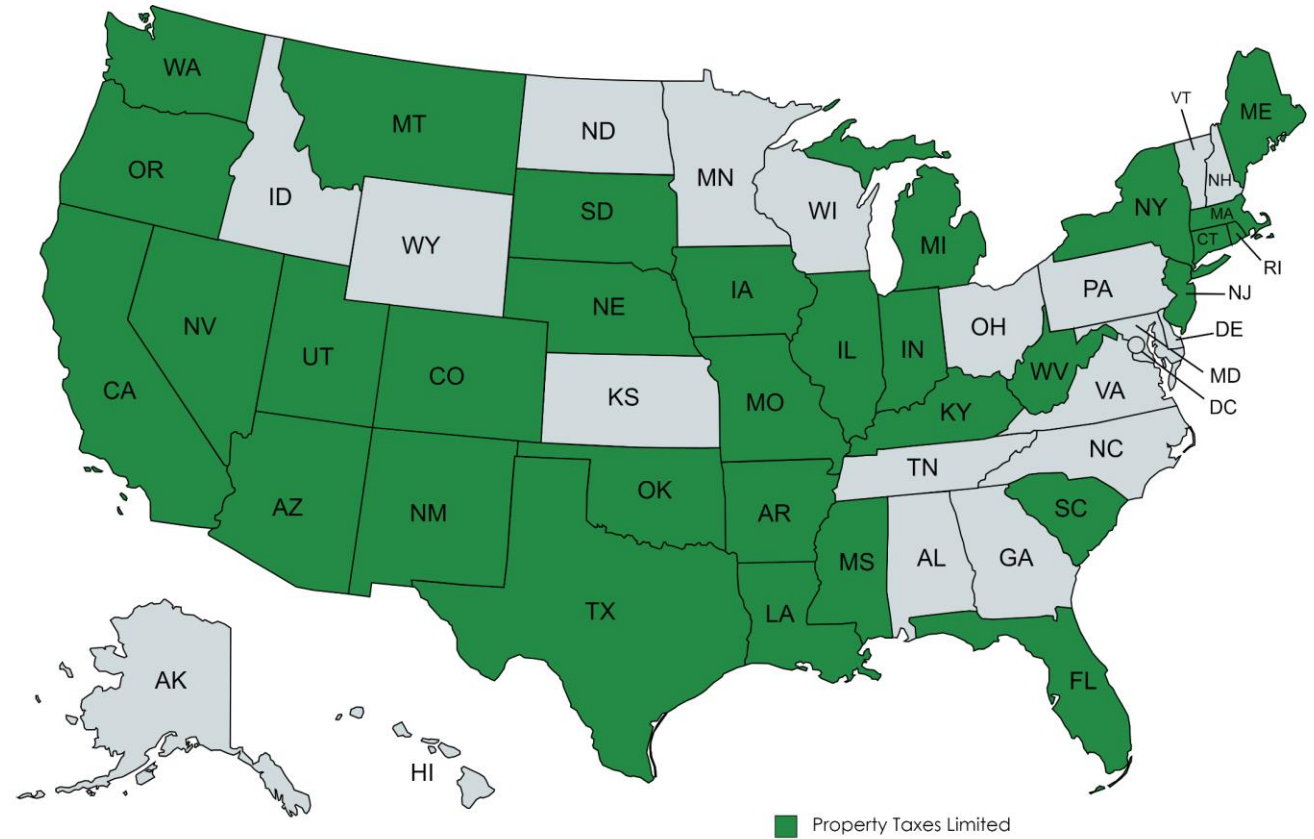


**Montana limits property tax increases to one-half the average rate of inflation for the past three (3) years.**

**Utah is budget-based and its Truth in Taxation law requires public hearings over increases above a threshold.**

**Tulsa, Oklahoma has a tax cap and uses the same CAMA software as Wyoming.**

**Arizona has a well-organized system that limits tax increases to 5%. Some counties use the same CAMA software as Wyoming.**





# Challenges of Wyoming's Rate-Driven System

If Wyoming's tax system were budget-based like some other states, counties such as Teton, Park, Sheridan, or Lincoln could lower their level of assessment on residential property while more stable counties such as Goshen or Hot Springs would not have to.

Some might say we should simply adjust the mill levies, however; in practice, that has not happened. The obvious downside would be a significant loss of production revenue in coal, oil, and natural gas counties.

Since a budget-based approach is better than fixed rate based in an unstable market, it might seem best for Wyoming to overhaul its property tax system and switch to a budget-based approach.

- A switch to budget-based would require significant changes to the Wyoming Constitution and Statutes, especially with respect to school revenue.
- If Wyoming were to manage a switch to a budget-based system, the revenue from oil and gas may be significantly reduced; therefore, it would seem unlikely that there would be much support for such a change.
- When Wyoming's market becomes less volatile, some might wish we still had a fixed-rate system since fixed rate is best in stable markets.

***Special district statutes could adapt to a budget-based system; their rates may vary.***

Cemetery, hospital, fire, museum, county, weed & pest, and other districts statutes have “**not to exceed**” mill limits. So, they could take less.

- 39-13-104 (e) Taxation rate.

- (ii) **Not to exceed six (6) mills (3 mills only upon voter approval)** by a hospital district as provided by W.S. 35-2-414(b), (c) and (d) plus the number of mills necessary for the payment of the district debt plus interest thereon not to exceed the limitations prescribed by W.S. 35-2-415;

- (iii) **Not to exceed three (3) mills** by a special cemetery district as provided by W.S. 35-8-314 plus the number of mills necessary for the payment of the district debt plus interest thereon not to exceed the limitations prescribed by W.S. 35-8-316;

- (iv) **Not to exceed three (3) mills** by a fire protection district as provided by W.S. 35-9-203(b) plus the number of mills necessary for the payment of the district debt plus interest thereon not to exceed the limitations prescribed by W.S. 35-9-204;

# *School funding statutes make a change to budget-based difficult.*

Schools are mandated to collect their full mills. They “**shall be levied**” their full mills - by statute.

WYOMING STATUTE, TITLE 21 – EDUCATION

ARTICLE 1 - LOCAL FINANCIAL SUPPORT, 21-13-102(a)(ii)(A)...Twenty-five (25) mills **shall be levied** for school purposes.

ARTICLE 2 - COUNTY FINANCIAL SUPPORT, 21-13-201...(a) Pursuant to article XV, section 17 of the constitution of the state of Wyoming... **shall be levied**...in each county ...six (6) mills...for...public schools...

ARTICLE 3 - STATE FINANCIAL SUPPORT, 21-13-303...there **shall be levied**...twelve (12) mills...of the assessed valuation of the property...as certified on August 10 under W.S. 39-11-102.1(c)(v)...



# ***School funding statutes make a change to budget-based difficult.***

**In many counties, more than 70% of property tax revenues go to schools.**

**Mill limit statutes would have to be re-written to vary rates based upon revenues.**

**Under a budget-based system, these rates may be floating rates.**

***There might be some concern for funding the education of our youth, which was clearly a priority for the authors of Wyoming's Constitution.***

The Lincoln Institute of Land Policy would have Wyoming modify rates annually which is a characteristic capability of a budget-based tax system and not a rational approach with Wyoming's rate-based system.

The Lincoln Institute of Land Policy acknowledges Wyoming's problems:

*"The main problems are ...(a) failure to reduce tax rates when values rise precipitously. The best protections are well-functioning assessment and rate-setting procedures, such as the Truth in Taxation measures ..."*

(Property Tax Relief for Homeowners, multiple authors, 2021 Lincoln Institute of Land Policy.)

Budget-based states have tax revolts too. Kansas and Nebraska recently fought for Truth in Taxation laws for their budget-based systems.

Tax caps take care of the primary weakness of Wyoming's rate-based system – they act as a buffer to volatility.

# *What should Wyoming do?*



SYSTEM  
OVERHAUL

Wyoming could overhaul its statutes to have a budget-based property tax system.

There are advantages and disadvantages.

SYSTEM  
OVERHAUL

Alternatives without overhauling system:

- Continue funding tax refund bill.
- Homestead Exemption.
- Separate residential property from all others and change statute language to allow limits. While doing that, could separate others as well (agricultural, commercial, personal property) so that we don't have to revisit this in the future.

*Arizona has nine classes of property.  
Montana has 18 classes of property.*

YEAR	WY RESIDENTIAL VALUATION	% CHANGE RESIDENTIAL
1996	1,273,034,493	
1997	1,431,821,307	12.47%
1998	1,524,030,646	6.44%
1999	1,629,839,420	6.94%
2000	1,779,785,985	9.20%
2001	1,997,773,631	12.25%
2002	2,116,576,394	5.95%
2003	2,295,528,979	8.45%
2004	2,484,447,722	8.23%
2005	2,758,489,474	11.03%
2006	3,138,522,795	13.78%
2007	3,617,168,638	15.25%
2008	4,272,222,102	18.11%
2009	4,443,480,331	4.01%
2010	4,266,913,669	-3.97%
2011	4,224,415,570	-1.00%
2012	4,197,594,410	-0.63%
2013	4,292,823,158	2.27%
2014	4,469,871,476	4.12%
2015	4,706,567,592	5.30%
2016	4,937,530,337	4.91%
2017	5,169,244,263	4.69%
2018	5,456,205,071	5.55%
2019	5,860,018,685	7.40%
2020	6,175,517,571	5.38%
2021	6,708,297,203	8.63%
2022	8,183,591,623	21.99%
2023	9,844,553,533	20.30%
<b>1996-2021 ONLY</b>	<b>AVERAGE</b>	<b>6.99%</b>
	<b>MEDIAN</b>	<b>6.44%</b>

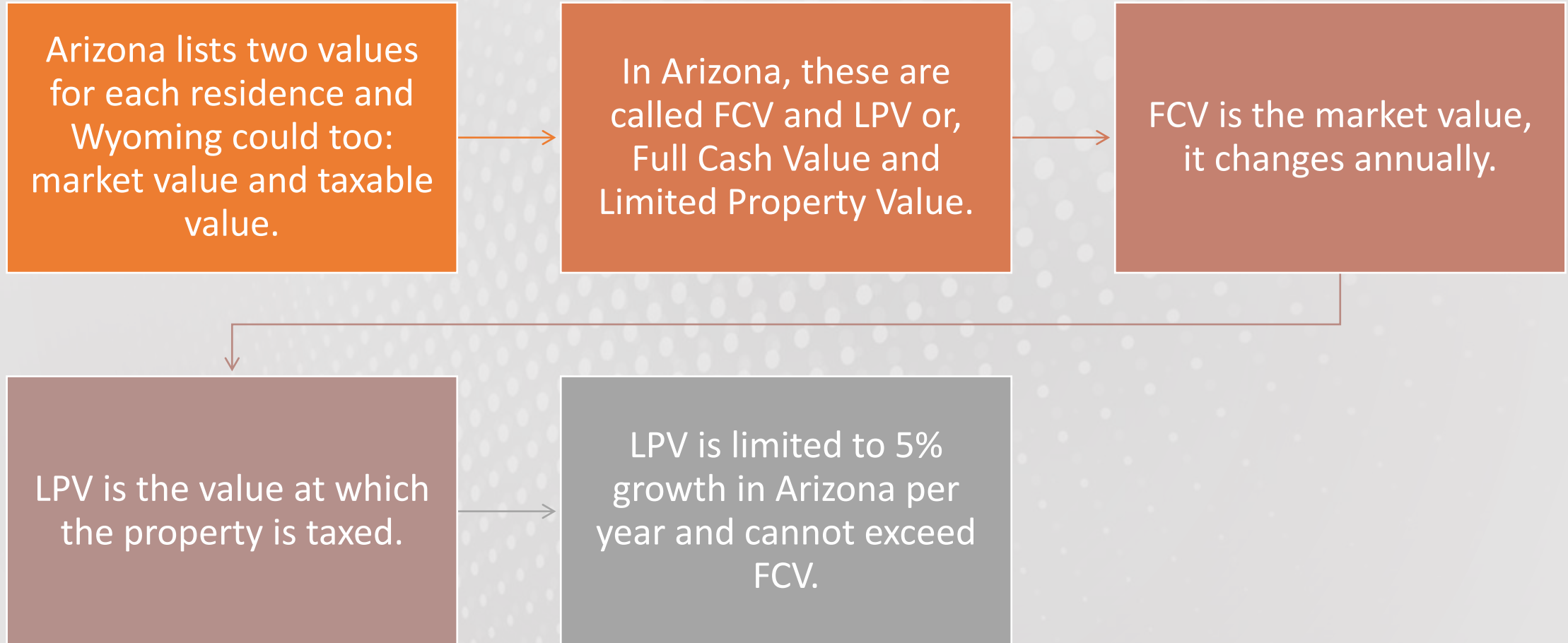
Source: DOR Annual Reports.

## Simple Change for Wyoming

- Cap property value growth to manage tax increases.
- Use a method like Arizona's property tax caps.
- There is nothing special about the choice of 5% for Arizona.
- Could base the rate on an average or median of historic increases over time.
- It is not the only rational method possible, of course.
- *Note: numbers include new construction.*



# Tax Caps in Arizona



# Tax Caps in Arizona



Each year, regardless of whether it sells and what it sells for, taxable property values increase no more than 5%, unless there are additions or significant changes to the property.



Purchase price does not directly affect a subject property's value.



There are some “what ifs” associated with this system that are clearly handled in Arizona’s equivalent of Department of Revenue (DOR) Rules and could easily be adopted by Wyoming.

# Tax Caps in Arizona



The tax burden is not transferred to new homeowners as they are to be valued and taxed with the same limited property values of similar homes.



Note that the limited property value (LPV) is transferred during the sale so the property does not automatically go to market value when it sells.



Wyoming does not have to do it the same way if legislators feel property should be valued at market value upon sale.



# Advantages of Tax Caps

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- Counties with lower revenue unaffected.
- Taxpayers in high-increase counties not penalized.
- Consistent treatment for all residential homeowners.
- Property tax liabilities are stabilized from year to year.
- Greater predictability for taxpayers.

# Some Typical Questions



*WHAT IS THE BASE YEAR FOR CAPS?*

*2020? 2021? 2022? 2023? 2024?*

- Legislator decision.
-

# What should change in the Wyoming Constitution, *Article 15?*

## **Sec. 11. Uniformity of assessment required.**

- (a) All property, except as in this constitution otherwise provided, shall be uniformly valued at its full value as defined by the legislature, in three (3) classes as follows:
  - (i) Gross production of minerals and mine products in lieu of taxes on the land where produced;
  - (ii) Property used for industrial purposes as defined by the legislature; and
  - (iii) **All other property, real and personal.**
- (b) The legislature shall prescribe the percentage of value which shall be assessed within each designated class. All taxable property shall be valued at its full value as defined by the legislature except agricultural and grazing lands which shall be valued according to the capability of the land to produce agricultural products under normal conditions. The percentage of value prescribed for industrial property shall not be more than forty percent (40%) higher nor more than four (4) percentage points more than the percentage prescribed for property other than minerals.
- (c) The legislature shall not create new classes or subclasses or authorize any property to be assessed at a rate other than the rates set for authorized classes.
- (d) All taxation shall be equal and uniform within each class of property. The legislature shall prescribe such regulations as shall secure a just valuation for taxation of all property, real and personal.

## What to change:

- (iii) All other property, real and personal.

## Should be broken out:

- Residential
- Commercial
- Agricultural
- Personal Property

YEAR	WY RESIDENTIAL VALUATION	% CHANGE RESIDENTIAL	10-YEAR SLIDING SCALE	
			MEDIAN	AVERAGE
1996	1,273,034,493			
1997	1,431,821,307	12.47%		
1998	1,524,030,646	6.44%		
1999	1,629,839,420	6.94%		
2000	1,779,785,985	9.20%		
2001	1,997,773,631	12.25%		
2002	2,116,576,394	5.95%		
2003	2,295,528,979	8.45%		
2004	2,484,447,722	8.23%		
2005	2,758,489,474	11.03%		
2006	3,138,522,795	13.78%	8.83%	9.47%
2007	3,617,168,638	15.25%	8.83%	9.75%
2008	4,272,222,102	18.11%	10.12%	10.92%
2009	4,443,480,331	4.01%	10.12%	10.63%
2010	4,266,913,669	-3.97%	9.74%	9.31%
2011	4,224,415,570	-1.00%	8.34%	7.98%
2012	4,197,594,410	-0.63%	8.34%	7.33%
2013	4,292,823,158	2.27%	6.12%	6.71%
2014	4,469,871,476	4.12%	4.07%	6.30%
2015	4,706,567,592	5.30%	4.07%	5.72%
2016	4,937,530,337	4.91%	4.07%	4.84%
2017	5,169,244,263	4.69%	4.07%	3.78%
2018	5,456,205,071	5.55%	4.07%	2.52%
2019	5,860,018,685	7.40%	4.41%	2.86%
2020	6,175,517,571	5.38%	4.80%	3.80%
2021	6,708,297,203	8.63%	5.10%	4.76%
2022	8,183,591,623	21.99%	5.34%	7.02%
2023	9,844,553,533	20.30%	5.47%	8.83%

Source: Wyoming Department of Revenue (DOR) Annual Reports.

# How to calculate % cap?

A Proposal: Use a 10-year sliding scale of *median (or average) increases* in residential value, not including new construction.

- Use the 10 most current years.

*Note: this list includes new construction.*



Limited Property Value is transferred to new owners in a sale.

## Don't Tax Caps Shift Tax Burden?

As proposed, there is no apparent shift of burden.

New houses are given the same Limited Property Value to Fair Cash Value ratio as others in their neighborhood.

- Wyoming is rate based.
- We take all the taxes we can - **unless limited**.
- If limited, we don't take it from somewhere else.

## Don't Tax Caps Shift Tax Burden?

As proposed, there is no apparent shift of burden.

- Some states are budget-based.
- They create a budget and spread the tax liability.
- If some properties hit the limit, they may take the tax money from properties that have not hit the limit.

# Don't Tax Caps Shift Tax Burden?

## *Examples*

### Wyoming Property A

- Valuation increases by 20%.
- Taxes will not increase more than the limit (5% in Arizona.)

### Wyoming Property B

- Valuation increases by 2%.
- Taxes will not increase more than 2%.

But don't we need that money?

NO

## Don't Tax Caps Shift Tax Burden?

As proposed, there is no apparent shift of burden.

Wyoming has lived on  
4-7% residential  
increases since 1996.

# What is industry's position?

- *Industry may be opposed to being left out of tax relief.*
- It may be possible to further separate classes of property and include cap limits to other classes.

YEAR	STATEWIDE VALUATION			% CHANGE			
	AGRICULTURAL	COMMERCIAL	INDUSTRIAL	AGRICULTURAL	COMMERCIAL	INDUSTRIAL	
1996	134,121,692	310,037,339	630,199,311				
1997	138,758,644	455,839,890	639,622,556	3.46%	47.03%	1.50%	
1998	139,232,340	488,914,017	659,506,197	0.34%	7.26%	3.11%	
1999	141,149,996	510,291,248	689,164,491	1.38%	4.37%	4.50%	
2000	145,954,139	534,244,966	688,039,155	3.40%	4.69%	-0.16%	
2001	142,220,192	580,495,340	746,143,026	-2.56%	8.66%	8.44%	
2002	142,362,510	635,217,169	826,309,146	0.10%	9.43%	10.74%	
2003	156,114,939	674,776,009	837,521,589	9.66%	6.23%	1.36%	
2004	180,950,188	731,503,987	870,350,337	15.91%	8.41%	3.92%	
2005	193,718,438	791,122,366	978,708,726	7.06%	8.15%	12.45%	
2006	200,038,290	845,587,896	1,107,008,864	3.26%	6.88%	13.11%	
2007	193,407,094	922,026,388	1,364,510,842	-3.31%	9.04%	23.26%	
2008	189,329,238	1,034,539,039	1,639,188,562	-2.11%	12.20%	20.13%	
2009	199,817,548	1,113,103,301	1,958,387,669	5.54%	7.59%	19.47%	
2010	219,355,299	1,119,226,914	1,921,646,804	9.78%	0.55%	-1.88%	
2011	235,824,632	1,125,249,571	1,959,128,827	7.51%	0.54%	1.95%	
2012	245,913,632	1,146,893,447	2,049,831,362	4.28%	1.92%	4.63%	
2013	253,014,175	1,198,642,514	2,162,592,241	2.89%	4.51%	5.50%	
2014	303,071,669	1,280,467,212	2,242,647,858	19.78%	6.83%	3.70%	
2015	322,337,086	1,313,952,170	2,293,886,372	6.36%	2.62%	2.28%	
2016	345,379,388	1,372,642,956	2,182,071,481	7.15%	4.47%	-4.87%	
2017	334,432,601	1,416,403,555	1,986,925,601	-3.17%	3.19%	-8.94%	
2018	337,349,096	1,491,173,301	1,958,116,701	0.87%	5.28%	-1.45%	
2019	331,977,858	1,620,805,724	2,057,772,070	-1.59%	8.69%	5.09%	
2020	336,535,096	1,644,121,717	2,044,267,457	1.37%	1.44%	-0.66%	
2021	349,846,282	1,682,030,674	1,949,848,001	3.96%	2.31%	-4.62%	
2022	366,197,380	2,058,392,384	2,090,925,846	4.67%	22.38%	7.24%	
2023	410,432,213	2,257,138,055	2,359,849,946	12.08%	9.66%	12.86%	
<b>1996 to 2021 ONLY --&gt;</b>				<b>AVERAGE</b>	<b>4.05%</b>	<b>7.29%</b>	<b>4.90%</b>
				<b>MEDIAN</b>	<b>3.40%</b>	<b>6.23%</b>	<b>3.70%</b>

Source: DOR Annual Reports.



# What about bonds?

*The limited increase is effectively to taxes, not market values. The example state, Arizona, has no problems with bonds.*

Arizona Statutes Title 15. Education § 15-1021. Limit on bonded indebtedness; limit on authorization and issuance of bonds; definitions

- A. Until December 31, 1999, a school district **may issue class A bonds**...
- B. From and after December 31, 1998, a school district **may issue class B bonds**...
- C. Until December 31, 1999, a unified school district... **may issue class A bonds**...
- D. From and after December 31, 1998, a unified school district... **may issue class B bonds**...
- E. **Bonds authorized to be issued** by an election...
- F. Except as provided in section 15-491, subsection A, paragraph 3, **bond proceeds**...
- G. A career technical education district shall not spend **class B bond** proceeds to construct...
- H. A school district shall not... **sell bonds**...if the school district has any existing indebtedness...

# THE BOTTOM LINE

Taxpayers couldn't care less about what our tax system is called or the ins and outs of how it works.

They don't care to see the data that shows how we have it so great.

Taxpayers demand fair taxes.

Skyrocketing property taxes don't feel fair.

Tax caps can provide relief and fair treatment.

Wyoming has done well with 4-7% increases per year for about 30 years.

Government has proven that it can operate at historical increase levels of 4-7%.

Tax caps could make it the law to budget based on historical increases.

Caps take away the main weakness of rate-based, they fix the part that's broken.

# What are we asking for?

## Constitutional Amendment

- Break out classes of property for the legislature to define how it is to be valued.
- Separate classes:
  - Residential
  - Agricultural
  - Commercial
  - Industrial

## Change Statutes

- Title 39- Taxation and Revenue should be updated to allow property to be taxed at a limited property value.

TIME  
FOR  
CHANGE