

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Residential property tax replacement.

Sponsored by: Joint Revenue Interim Committee

A BILL

for

1 AN ACT relating to taxation and revenue; establishing a
2 property tax exemption for residential real property;
3 providing a sales and use tax to provide funding to local
4 governments due to the decrease in revenue from property
5 tax exemptions; providing an exemption to the additional
6 sales and use tax as specified; providing for distribution
7 of the sales and use tax; making conforming amendments;
8 providing rulemaking authority; specifying applicability;
9 and providing for an effective date.

10

11 *Be It Enacted by the Legislature of the State of Wyoming:*

12

1 **Section 1.** W.S. 39-11-105(a) by creating a new
2 paragraph (xlviii), 39-15-104 by creating a new subsection
3 (j), 39-15-111(b)(intro) and by creating a new subsection
4 (s), 39-16-104 by creating a new subsection (g) and
5 39-16-111(b)(intro) are amended to read:

6
7 **39-11-105. Exemptions.**

8
9 (a) The following property is exempt from property
10 taxation:

11
12 (xlviii) A portion of the fair market value of
13 residential real property. The following shall apply to the
14 exemption under this paragraph:

15
16 (A) The amount of the exemption shall be
17 the first two hundred thousand dollars (\$200,000.00) of the
18 fair market value of residential real property in tax year
19 2026 and the first two million dollars (\$2,000,000.00) of
20 the fair market value of residential real property in tax
21 year 2027 and thereafter. The amount of the exemption under
22 this subparagraph shall be inflated from two million
23 dollars (\$2,000,000.00) on an annual basis beginning in tax

1 year 2028 from by the rate of inflation determined by the
2 department using the consumer price index or its successor
3 index of the United States department of labor, bureau of
4 labor statistics or two percent (2%), whichever is less;

5
6 (B) The department shall adopt rules
7 necessary to administer the exemption under this paragraph;

8
9 (C) As used in this paragraph, "residential
10 real property" means real property improved by a dwelling
11 designed to house not more than three (3) families and
12 includes associated residential land where the dwelling is
13 located if the land is owned by the owner of the dwelling.
14 The dwelling may be any type of residence including a
15 single family home or an individual condominium unit if the
16 dwelling is used as a primary residence.

17
18 *****
19 *****

20 STAFF COMMENT

21 With the addition of this exemption, the Committee may want
22 to consider repealing some other property tax exemptions to
23 avoid confusion and simplify the statutes. The Committee
24 could consider repealing some or all of the exemptions in:
25 W.S. 39-11-105(a) (xliii), (xliv), (xlv) and (xlvi).

26 *****
27 *****
28

1 **39-15-104. Taxation rate.**

2

3 (j) In addition to the sales tax under subsections
4 (a) and (b) of this section, beginning July 1, 2026 there
5 is imposed an additional sales tax as provided in this
6 subsection. The additional sales tax imposed under this
7 subsection shall not apply to sales to industrial
8 facilities as defined by W.S. 35-12-102(a)(vii) that are
9 subject to permitting by the industrial siting council
10 under W.S. 35-12-101 through 35-12-119 during the period of
11 permitting and construction of the industrial facility. The
12 revenue from the tax under this subsection shall be
13 distributed as provided in W.S. 39-15-111(s). The rate of
14 the sales tax under this subsection shall be two percent
15 (2%), which shall be administered as if the sales tax rate
16 under subsections (a) and (b) of this section was increased
17 from four percent (4%) to six percent (6%).

18

19 **39-15-111. Distribution.**

20

21 (b) Revenues earned under W.S. 39-15-104 during each
22 fiscal year shall be recognized as revenue during that
23 fiscal year for accounting purposes. Except as otherwise

1 provided in ~~subsection~~subsections (p) and (s) of this
2 section, for all revenue collected by the department under
3 W.S. 39-15-104 the department shall:

4
5 (s) An amount equal to the tax revenue collected that
6 is attributable to the tax under W.S. 39-15-104(j) and
7 39-16-104(g) shall be transferred to the property tax
8 reduction and replacement account, which is hereby created.
9 All funds within the account shall be invested by the state
10 treasurer as provided by law and all investment earnings
11 from the account shall be credited to the account. An
12 amount in the account equal to the tax revenue collected
13 that is attributable to the tax under W.S. 39-15-104(j) and
14 39-16-104(g) from January 1 of each year through December
15 31 of each year shall be distributed as follows:

16
17 (i) An amount determined under this paragraph to
18 each county, to be distributed by county treasurers in the
19 same manner property taxes are distributed as provided in
20 W.S. 39-13-111(a)(i). On or before September 1, county
21 treasurers shall certify to the department the exemptions
22 granted under W.S. 39-11-105(a)(xlviii). If the amount
23 available to distribute under this subsection is

1 insufficient to fully reimburse each county and
2 governmental entity in the county as provided in this
3 paragraph, the amount provided to each county shall be
4 proportionally reduced based on the amount of revenue
5 available. The amount calculated for each county shall be
6 determined and distributed not later than February 15 of
7 each year based on the amount of revenue that the county
8 and each governmental entity within the county lost in the
9 immediately preceding year as a result of the property tax
10 exemption under W.S. 39-11-105(a)(xlviii). Beginning
11 January 1, 2027, the amount calculated for a county under
12 this paragraph shall not include any amount for mills that
13 are assessed for the repayment of bonds;

14
15 (ii) Any amount remaining after the
16 distributions in paragraph (i) of this subsection shall
17 remain in the property tax reduction and replacement
18 account. The legislature shall annually review the amounts
19 in the account and shall consider using any funds in the
20 account for direct distributions to local governments.

21

22 **39-16-104. Taxation rate.**

23

1 (g) In addition to the use tax under subsections (a)
2 and (b) of this section, beginning July 1, 2026 there is
3 imposed an additional use tax as provided in this
4 subsection. The additional use tax imposed under this
5 subsection shall not apply to purchases by industrial
6 facilities as defined by W.S. 35-12-102(a)(vii) that are
7 subject to permitting by the industrial siting council
8 under W.S. 35-12-101 through 35-12-119 during the period of
9 permitting and construction of the industrial facility. The
10 revenue from the tax under this subsection shall be
11 distributed as provided in W.S. 39-15-111(s). The rate of
12 the use tax under this subsection shall be two percent
13 (2%), which shall be administered as if the use tax rate
14 under subsections (a) and (b) of this section was increased
15 from four percent (4%) to six percent (6%).

16
17 **39-16-111. Distribution.**

18
19 (b) Revenues earned under this article during each
20 fiscal year shall be recognized as revenue during that
21 fiscal year for accounting purposes. Except as provided in
22 W.S. 39-15-111(s) for revenue attributable to the tax under
23 W.S. 39-16-104(g), revenue collected by the department from

1 the taxes imposed by this article shall be transferred to
2 the state treasurer who shall, as specified by the
3 department:

4

5 **Section 2.** The department of revenue shall adopt
6 rules necessary to implement this act not later than July
7 1, 2026.

8

9 **Section 3.** The property tax exemption provided by
10 W.S. 39-11-105(a) (xlviii), as created by section 1 of this
11 act, shall first apply to the tax year beginning January 1,
12 2026.

13

14 **Section 4.** This act is effective immediately upon
15 completion of all acts necessary for a bill to become law
16 as provided by Article 4, Section 8 of the Wyoming
17 Constitution.

18

19 (END)