**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Residential property tax replacement.

Sponsored by: Joint Revenue Interim Committee

A BILL

for

AN ACT relating to taxation and revenue; providing for the valuation of residential property; providing a sales and use tax to provide funding to local governments due to the decrease in revenue from the valuation of residential property; providing an exemption to the additional sales and use tax as specified; creating an account; providing for distribution of the sales and use tax; making conforming amendments; making the act contingent on passage of a constitutional amendment; and providing for effective dates.

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

Section 1. W.S. 39-11-101(a)(xvii) by creating a new subparagraph (C), by renumbering (C) as (D) and by creating a new paragraph (xix), 39-13-103(b)(iii)(intro), by creating a new subparagraph (C) and by renumbering (C) as (D), 39-15-104 by creating a new subsection (j) and 39-15-111(b)(intro) and by creating a new subsection (t) are amended to read:

39-11-101. Definitions.

(a) As used in this act unless otherwise specifically provided:

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

(C) Residential real property, zero percent (0%);

~~(C)~~ (D) 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%).

(xix) "Residential real property" means real property improved by a dwelling designed to house not more than three (3) families and includes associated residential land where the dwelling is located if the land is owned by the owner of the dwelling. The dwelling may be any type of residence including a single family home or an individual condominium unit if the dwelling is used as a residence.

39-13-103. Imposition.

(b) Basis of tax. The following shall apply:

(iii) ~~Beginning January 1, 1989,~~ "Taxable value" means a percent of the fair market value of property in a particular class as follows:

(C) Residential real property, zero percent (0%);

~~(C)~~ <u>(D)</u> All other property, real and personal, nine and one-half percent (9.5%).

39-15-104. Taxation rate.

<u>(j) In addition to the excise tax under subsections (a) and (b) of this section, beginning April 1, 2029 there is imposed an additional excise tax as provided in this subsection. The additional excise tax imposed under this subsection shall not apply to sales to industrial facilities as defined by W.S. 35-12-102(a)(vii) that are subject to permitting by the industrial siting council under W.S. 35-12-101 through 35-12-119 during the period of permitting and construction of the industrial facility. The revenue from the tax under this subsection shall be distributed as provided in W.S. 39-15-111(s). The rate of the excise tax under this subsection shall be two percent (2%), which shall be administered as if the excise tax rate under subsections (a) and (b) of this section was increased from four percent (4%) to six percent (6%).</u>

39-15-111. Distribution.

(b) Revenues earned under W.S. 39-15-104 during each fiscal year shall be recognized as revenue during that fiscal year for accounting purposes. Except as otherwise provided in ~~subsection (p)~~ subsections (p) and (t) of this section, for all revenue collected by the department under W.S. 39-15-104 the department shall:

(t) An amount equal to the tax revenue collected that is attributable to the excise tax under W.S. 39-15-104(j) shall be transferred by the department of revenue to the property tax reduction and replacement account, which is hereby created. All funds within the account shall be invested by the state treasurer as provided by law and all investment earnings from the account shall be credited to the account. Funds available in the account shall be distributed as follows:

(i) Not later than September 1 of each year, each county assessor shall certify to the department the amount of tax reduction in the county due to the valuation of residential real property under W.S. 39-11-101(a)(xvii)(C). The amount of tax reduction shall be calculated as follows:

(A) The county assessor shall assess all residential real property using a taxable value of nine and one-half percent (9.5%);

(B) The county assessor shall apply any exemptions applicable to the residential real property under W.S. 39-11-105(a)(xliii), (xliv), (xlv) and (xlvi) to determine the reduced taxable value of the residential real property;

(C) The number of mills applicable to the residential real property shall be applied to the reduced taxable values determined under subparagraph (B) of this paragraph to determine the total tax reductions in the county. The county assessor shall report the tax reduction determined under this subparagraph to the department. Beginning January 1, 2030, the amount calculated under this subparagraph shall not include any amount for mills that are assessed for the repayment of bonds.

(ii) The tax reductions reported under paragraph (i) of this subsection shall be used by the department of revenue to distribute from the property tax reduction and replacement account an amount determined under this paragraph to each county, to be distributed by county treasurers in the same manner property taxes are distributed as provided in W.S. 39-13-111(a)(i). If the amount available in the account to distribute under this subsection is insufficient to fully reimburse each county and governmental entity in the county for tax reductions reported under paragraph (i) of this subsection, the amount provided to each county shall be proportionally reduced based on the total tax reductions reported and the amount available in the account. The amount calculated for each county shall be determined and distributed not later than February 15 of each year based on the amount of revenue that the county and each governmental entity within the county lost in the immediately preceding year;

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

Section 2. This act shall be effective only upon certification by the secretary of state to the governor, the president of the senate and the speaker of the house that the electors have adopted the amendment to the Wyoming Constitution at the 2028 general election as provided in 2027 Senate Joint Resolution 00XX.

Section 3.

(a) Except as otherwise provided in subsection (b) of this section, this act is effective immediately upon completion of all acts necessary for a bill to become law as provided by Article 4, Section 8 of the Wyoming Constitution.

(b) Subject to section 2 of this act, section 1 of this act is effective January 1, 2029.

(END)