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Hello Sublette County, this is Albert Sommers reporting to you on the interim work of the Legislature. As the Legislature nears its next session in January, committees are finishing studying topics that were assigned to them, and are examining the bills to address those topics. I serve on the Appropriations Committee, which will meet the entire week of December 10. This week the Joint Education and Revenue Committees meet.

The Revenue Committee will meet for three days, November 28-30, and will review several taxation bill drafts. There are four or five bill drafts that I would like Sublette folk to contemplate. One of the taxation ideas that I hear discussed most among legislators is the concept of lowering and broadening our sales tax. I have been told that in the past, Wyoming commercial transactions were comprised of 60 percent goods and 40 percent services, and now that has shifted to 40 percent goods and 60 percent services. However, Wyoming is one of the few states that does not tax services, such as CPA fees, the mechanic's labor charge, or someone who landscapes your yard. So, as Wyoming's economy has shifted, the tax structure has not kept pace. The bill being considered by the Revenue Committee would lower the sales tax to 3.5 percent from the current 4 percent, but would expand the tax to many, but not all, services. Services provided by health care, lawyers, veterinarians and banking would not be taxed. This bill would also eliminate the top three sales tax exemptions, which are the taxes on food, manufacturing, and data centers. Currently, there is no sales tax collected on these three items. I remember when food was taxed, but that was quite a few years ago. This bill is not revenue neutral; it would generate additional revenue to the state.

Two bills would put more money toward local government. Remember, Wyoming commits \$105 million of General Fund dollars to local governments, as the current taxing authority has been inadequate to meet their needs. These two bills were designed to wean local governments off the General Fund by providing them more taxing authority. One of the two bills would raise the sales tax rate ½ percent, and distribute some of the money on a needs-based approach. The other bill would be a local option tax, allowing citizens of municipalities

the ability to decide if they wanted to impose up to a 1% sales tax increase to support a town's general fund and projects in the municipality.

Another bill the Revenue Committee will hear was brought forward late last session, but was not acted upon. This bill has been discussed at length on the sidelines in the Legislature, and would impose a five percent lodging tax. Three percent of the tax would be statewide, and would fund the Wyoming Tourism Board, freeing up General Fund dollars that currently fund the program. Two percent of the tax would go to local governments for tourism promotion. Currently by a vote of the people, local government can impose up to a 4% lodging tax for tourism promotion. This bill would mandate two percent and allow up to two percent more as a local option tax.

Another bill before the Revenue Committee would put mineral ad valorem taxes (property tax) on a monthly payment schedule. Currently, it takes about 18 months to collect mineral ad valorem tax from the time of production, and the accounting and adjustment process can be a nightmare. I doubt if this bill will pass, but I believe mineral ad valorem taxes should at least be on the same payment schedule as severance taxes. There has also been discussion of a corporate gross receipts tax on companies with over 100 shareholders. Wyoming would allow deductions for other taxes paid in the state. The idea is to more effectively tax the big box stores, like Walmart and Kmart, who pay few taxes to the state of Wyoming, although their profits from sales in Wyoming are taxed in their home state. So, keep your eyes peeled for more news as this committee works the tax bills. I can be reached for comment at albert@albertsommers.com