

**FISCAL NOTE**

	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>NON-ADMINISTRATIVE IMPACT</b>			
Anticipated Revenue increase			
SCHOOL FOUNDATION FUND	\$0	\$45,000,000	\$45,000,000

Source of revenue increase:

A seven percent tax would be imposed on vendors in the retail industry (classified in sectors 44 and 45) and in the hospitality industry (classified in sector 72), as defined by the North American Industry Classification System (NAICS). The tax would be levied on that portion of the taxpayer's adjusted federal taxable income that is apportioned to Wyoming. The tax would apply to any incorporated business with more than 100 shareholders that is required to file a federal Form 1120 with the Internal Revenue Service.

Assumptions:

The above estimates are based on the average corporate taxes collected from the State of North Dakota. The estimate was reduced by 33% to reflect the credits allowed under the Wyoming Constitution for sales taxes and property taxes paid by the corporation. The estimate was further reduced to reflect the proportion of the tax that would be associated with the retail and hospitality sectors, compared to all commerce. Based on the NAICS Major Report, that proportion is roughly 45%. An estimate was made of the percentage of businesses that would be required to file an 1120. The estimate was reduced by 33% to reflect small businesses which may not be organized as a corporation.

The bill is effective January 1, 2020. Returns would be filed within 30 days after the date the taxpayer is required to file a federal income tax return to the Internal Revenue Service, including any authorized extensions. Payment of the tax would be due at the time the return is filed. The estimate in the above table assumes that the tax due on the 2020 tax year would be paid by the end of FY 2021 (June 30, 2021). The actual tax paid in FY 2021 could be less than the amount estimated above, due to taxpayers filing extensions, and taxpayers filing on tax years other than a calendar year basis.

**NOTICE-AGENCY ESTIMATE OF ADMINISTRATIVE IMPACT REQUESTED**

This bill has administrative impact that appears to increase duties or responsibilities of one or more state agencies and may impact agency spending or staffing requirements. As introduced, the bill does not modify any state agency budget or current personnel authorizations.

The following state agencies will be asked to provide their estimate of the administrative fiscal impact prior to the first committee meeting held to consider the bill:

Department of Revenue

Prepared by: Dean Temte, LSO Phone: 777-7881  
(Information provided by Dan Noble, Department of Revenue, 777-5287)