

**FISCAL NOTE**

	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>NON-ADMINISTRATIVE IMPACT</b>			
Anticipated Revenue increase			
SCHOOL FOUNDATION FUND	\$0	\$23,100,000	\$23,100,000

Source of revenue increase:

A 7 percent franchise tax would be imposed on taxable income earned in Wyoming. The tax would apply to any incorporated business with more than 100 shareholders that is required to file federal Form 1120 with the Internal Revenue Service.

Assumptions:

The tax imposed would apply to taxable income earned in tax years beginning in 2021. It is assumed that tax collections would begin in FY 2022.

Tax revenues were estimated based on Nebraska's corporate income tax revenues, averaged over a 5-year timeframe from 2012 through 2016. No inflation rate has been applied.

It is assumed that Nebraska C corporations with 100 shareholders or more would consist of Nebraska corporate income tax filers with taxable income in excess of \$1,000,000. The Nebraska corporate income tax paid by these taxpayers represents 82.04 percent of the total corporate income taxes paid in Nebraska.

The above estimates are adjusted for the difference in Nebraska's top tax rate of 7.81 percent and the 7.0 percent tax rate proposed in the bill.

The above estimates are also adjusted based on the ratio of Wyoming's 2018 Gross Domestic Product (GDP) and Nebraska's GDP in order to estimate the amount that Wyoming might expect to receive from the tax. Wyoming's GDP was adjusted to exclude the extraction industry sector, as it is assumed that the Wyoming extraction industry would not pay this tax due to the tax credits that could be claimed by this sector.

The above estimate is further reduced by estimates of tax credits for Wyoming property taxes and Wyoming sales and use taxes.

- It is assumed that the property tax credits allowed would equal 5.0 percent of the total Wyoming property taxes due in 2018 for commercial and industrial properties. This assumption is provided to represent what this credit could look like and is admittedly a best guess. This is a significant assumption, which cannot immediately be verified.
- It is also assumed that the sales and use tax credits allowed would equal 5.0 percent of the total Wyoming use tax paid for fiscal year 2018 by all taxpayers. This assumption is also provided to represent what this credit could approximate. Like the assumption of property tax credits, this assumption cannot be immediately verified.

**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  
Department of Audit

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