FISCAL NOTE

	FY 2021	FY 2022	FY 2023
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue increase/(decrease)			
PERM. MINERAL TRUST FUND	($93,400,000)	($97,200,000)	($100,200,000)
OTHER (1% STAT. SEV. TAX ACCT.)	$93,400,000	$97,200,000	$100,200,000
PERM. MIN. TRUST FUND RES		$190,600,000	
STRATEGIC INVESTMENTS AND PROJECTS ACCT			$99,800,000
GENERAL FUND			$10,100,000
COMMON SCHOOL - LI FUND			($2,100,000)

	FY 2021	FY 2022	FY 2023
NON-ADMINISTRATIVE IMPACT			
Anticipated Expenditure increase			
OTHER (1% STAT. SEV. TAX ACCT.)		$190,600,000	
PERM. MIN. TRUST FUND RES			$109,900,000
LEGISLATIVE STAB. RES. ACCT.			$2,100,000

Source of revenue increase and (decrease) and expenditure increase:

This bill modifies the distribution of the statutory one percent severance tax to the Permanent Wyoming Mineral Trust Fund (PWMTF) and distributes it to a newly created One Percent Statutory Severance Tax Account for fiscal years (FY) 2021 through 2029. At the end of FY 2022, the estimated $190.6 million balance within the One Percent Statutory Severance Tax Account is transferred to the PWMTF Spending Policy Reserve Account (PWMTF RA). The General Fund (GF) and Strategic Investments and Projects Account (SIPA) are anticipated to benefit from the transfer to the PWMTF RA at the end of FY 2022 through increased transfers (expenditures) from the PWMTF spending policy beginning in FY 2023, which guarantees the GF 2.5% of the 5-year average market value of the PWMTF and the SIPA is guaranteed 50% of the PWMTF spending policy in excess of the first 2.5% of the 5-year average market value.

For FY 2023-2024 through 2027-2028 biennia, the One Percent Statutory Severance Tax Account will be used to ensure the Budget Reserve Account (BRA)continually maintains a balance of at least $30.0 million. Additionally, at the end of each biennium, a transfer from the One Percent Statutory Severance Tax Account will occur, as necessary, to ensure the BRA is equal to the minimum amount required under W.S. 9-2-1012(e). After making necessary transfers to the BRA, at the end of each biennium, the balance within the One Percent Statutory Severance Tax Account will be transferred equally to the School Foundation Program Reserve Account and the Legislative Stabilization Reserve Account (LSRA).

This bill also modifies the spending policy amounts for the PWMTF and the Common School Account within the Permanent Land Fund (CSPLF).

For the PWMTF, the current spending policy is 4.75% for FY 2023 and 4.5% for FY 2024 and each fiscal year thereafter. The PWMTF spending policy amount is modified through this bill to be 4.95% for FY 2023 and FY 2024, 4.9% for FY 2025 and FY

2026, 4.85% for FY 2027 and FY 2028, and 4.8% for FY 2029 and each fiscal year thereafter. The changes in the PWMTF spending policy amount has a corresponding increase in transfers from the PWMTF RA to the GF by $10.1 million and the SIPA by $99.8 million in FY 2023.

For the CSPLF, the current spending policy is 5.0% through FY 2024, 4.75% for FY 2025, and 4.5% for FY 2026 and each fiscal year thereafter. The CSPLF spending policy amount is modified through this bill to be 4.95% for FY 2023 and FY 2024, 4.9% for FY 2025 and FY 2026, 4.85% for FY 2027 and FY 2028, and 4.8% for FY 2029 and each fiscal year thereafter. The changes in the CSPLF spending policy amount decreases the transfer from the CSPLF Spending Policy Reserve Account (CSPLF RA) to the Common School Land Income Account (CSLIA) by $2.1 million in FY 2023, which in turn is transferred to the School Foundation Program Account (SFP). The decrease in revenue to the CSLIA has a corresponding increase in transfers from the LSRA to the SFP of $2.1 million for FY 2023.

This bill would also transfer the balance of the LSRA in excess of $1.75 billion equally to the CSPLF and PWMTF beginning FY 2021. Based on the estimated available balance in the LSRA reflected in the January 10, 2020 LSO fiscal profile, no transfers are anticipated through June 30, 2022.

Assumptions:

The estimates in the tables above are based on the revenue projections in the January 2020 Consensus Revenue Estimating Group (CREG) forecast and the available balances reflected in the January 10, 2020 LSO fiscal profile.

The amounts presented above reflect the maximum transfers from the PWMTF RA to the GF and the SIPA FY 2023, and changes to the maximum transfers from the CSPLF RA to the CSLIA in FY 2023. If actual investment income from the PWMTF and CSPLF exceed the amounts projected, the actual transfers would be reduced accordingly.

Estimated transfers from the One Percent Statutory Severance Tax Account to the BRA are indeterminable.

Prepared by: Matthew Willmarth, LSO Phone: 777-7881