FISCAL NOTE

The fiscal impact, in the form or decreased severance tax revenues resulting from the severance tax exemption in the bill, is indeterminable.

Wyoming surface coal production transported to market outside of North America using a coal export terminal located in Canada or Mexico would be exempt from 3% of the total 7% severance tax rate. The taxpayer would be required to submit all information and documentation as specified by the Department of Revenue to determine the taxpayer’s qualification for the exemption.

According to information published by the U.S. Energy Information Administration (EIA), a total of 112,000 tons of coal produced in Wyoming was exported in 2018. The export location of this tonnage is not disclosed by EIA due to data confidentiality.

The potential surface coal production that would qualify for this exemption in the future is unknown and cannot be estimated. The following example is included to provide context regarding the value of this exemption. For example, if 5 million tons would qualify for this exemption, severance taxes to the General Fund (GF) and Budget Reserve Account (BRA) would decrease by a total of approximately $1.3 million. This estimate is based on surface coal prices and valuation parameters projected in the January 2020 CREG Forecast.

The fiscal impact described above does not include the potential revenue increase in severance taxes and ad valorem taxes on increased production that would not otherwise take place without the proposed exemption. The potential increase in production resulting from the proposed exemption cannot be determined at this time.

This exemption is repealed effective July 1, 2030.

Any additional fiscal or personnel impact is not determinable due to insufficient time to complete the fiscal note process.

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