

HOUSE BILL NO. HB0186

K-12 and local government structural deficit repair act.

Sponsored by: House Appropriations Committee

A BILL

for

1 AN ACT relating to state revenues; providing for the
 2 transfer of funds; amending provisions governing the
 3 distribution of investment earnings; amending provisions
 4 governing the distribution of severance taxes;
 5 conditionally increasing the sales and use tax rate;
 6 providing for distribution of the additional tax revenue;
 7 and providing for an effective date.

8

9 *Be It Enacted by the Legislature of the State of Wyoming:*

10

11 **Section 1.** W.S. 9-4-219 by creating a new subsection
 12 (d), 9-4-719(q)(i), 39-14-801(b)(intro) and by creating new
 13 paragraphs (iv) through (vi), 39-15-104 by creating a new
 14 subsection (h), 39-15-111(b)(i) and by creating new
 15 subsections (p) through (s), 39-16-104 by creating a new
 16 subsection (g) and 39-16-111(b)(i) are amended to read:

1

2 **9-4-219. Legislative stabilization reserve account**
3 **created; purposes; legislative deficit control account.**

4

5 (d) As soon as possible after the end of each of the
6 fiscal years beginning on and after July 1, 2020, after all
7 other appropriations or transfers from the legislative
8 stabilization reserve account to be made on or prior to
9 June 30 of the applicable fiscal year have been made
10 including any transfers required pursuant to subsection (b)
11 of this section, any unexpended, unobligated amounts in the
12 legislative stabilization reserve account in excess of one
13 billion seven hundred fifty million dollars
14 (\$1,750,000,000.00) shall be transferred to the permanent
15 Wyoming mineral trust fund.

16

17 **9-4-719. Investment earnings spending policy**
18 **permanent funds.**

19

20 (q) The earnings from the permanent Wyoming mineral
21 trust fund under W.S. 9-4-204(u)(iii) during each fiscal
22 year beginning July 1, 2016, which are less than the
23 spending policy established in subsection (d) of this

1 section are appropriated from the general fund subject to
2 subsection (s) of this section and the following:

3

4 (i) Except as provided in paragraph (iii) of
5 this subsection, any earnings in excess of two and one-half
6 percent (2.5%) of the previous five (5) year average market
7 value of the trust fund, calculated from the first day of
8 the fiscal year and less than or equal to the spending
9 policy amount specified in subsection (d) of this section
10 shall be credited as follows:

11

12 (A) Twenty-seven and one-half percent
13 (27.5%) to the legislative stabilization reserve account
14 created by W.S. 9-4-219*;*

15

16 (B) Twenty-two and one-half percent (22.5%)
17 to the school foundation program account created by W.S.
18 21-13-306; and

19

20 (C) Fifty percent (50%) to the strategic
21 investments and projects account created by W.S. 9-4-220.
22 ~~in equal amounts;~~

23

1 **39-14-801. Severance tax distributions; distribution**
2 **account created; formula.**

3
4 (b) Before making distributions from the severance
5 tax distribution account under subsections (c) through (e)
6 of this section, an amount equal to two-thirds (2/3) of the
7 amount of tax collected under W.S. 39-14-104(a)(i) and
8 (b)(i) and 39-14-204(a)(i) for the same period shall be
9 deposited ~~into the permanent Wyoming mineral trust fund,~~
10 ~~except for the period from March 15, 2016 through June 30,~~
11 ~~2020 these funds shall be deposited~~ as follows:

12
13 (iv) One-third (1/3) of the amount into the
14 legislative stabilization reserve account;

15
16 (v) One-third (1/3) of the amount into the
17 school foundation program account; and

18
19 (vi) One-third (1/3) of the amount into the
20 budget reserve account.

21
22 **39-15-104. Taxation rate.**

23

1 (h) Upon the effective date of this subsection, in
2 addition to the sales tax under subsections (a) and (b) of
3 this section there is imposed an additional sales tax of
4 one percent (1%) which shall be administered as if the
5 sales tax rate under subsections (a) and (b) of this
6 section was increased from four percent (4%) to five
7 percent (5%). This subsection is effective the first day of
8 the month immediately following the date that the state
9 auditor and the state treasurer first certify to the
10 governor and the department of revenue, and the governor
11 certifies the same to the secretary of state, that the
12 unobligated, unencumbered balance in the legislative
13 stabilization reserve account is less than five hundred
14 million dollars (\$500,000,000.00).

15
16 **39-15-111. Distribution.**

17
18 (b) Revenues earned under W.S. 39-15-104 during each
19 fiscal year shall be recognized as revenue during that
20 fiscal year for accounting purposes. For all revenue
21 collected by the department under W.S. 39-15-104 the
22 department shall:

23

1 (i) Credit sixty-nine percent (69%) to the state
2 general fund for deposit by the state treasurer except as
3 provided by subsections (c), ~~and~~ (d) and (p) of this
4 section and less any credit allowed pursuant to W.S.
5 39-15-107(b)(xi);

6
7 (p) The department shall separately account for the
8 portion of sales and use tax revenue attributable to the
9 sales tax imposed under W.S. 39-15-104(h) and 39-16-104(g).
10 Thirty-one percent (31%) of total revenue collected by the
11 department pursuant to W.S. 39-15-104(h) and 39-16-104(g)
12 in each fiscal year shall be transferred to a separate
13 account and distributed by the office of state lands and
14 investments as provided in this subsection. Sixty-nine
15 percent (69%) of total revenue collected in the fiscal year
16 pursuant to W.S. 39-15-104(h) and 39-16-104(g) shall be
17 credited to the school foundation program account.
18 Beginning July 1 of the year following the effective date
19 of W.S. 39-15-104(h) from revenue deposited in a separate
20 account as provided under this subsection during the
21 preceding fiscal year, the office of state lands and
22 investments shall:

23

1 (i) Provide two-thirds (2/3) of eighty-nine
2 percent (89%) of the total amount available for direct
3 distribution to cities and towns as provided in subsection
4 (q) of this section, provided that five percent (5%) of the
5 amount available under this paragraph shall only be
6 distributed for direct distributions to cities and towns as
7 provided in paragraph (q)(ii) of this section;

8
9 (ii) Provide one-third (1/3) of eighty-nine
10 percent (89%) of the total amount available for direct
11 distribution to counties as provided in subsection (r) of
12 this section;

13
14 (iii) Provide five and one-half percent (5.5%)
15 of the total amount available for direct distribution to
16 cities and towns as provided in subsection (q) of this
17 section, provided that five percent (5%) of the amount
18 available under this paragraph shall only be distributed
19 for direct distributions to cities and towns as provided in
20 paragraph (q)(ii) of this section;

21

1 (iv) Provide five and one-half percent (5.5%) of
2 the total amount available for direct distribution to
3 counties as provided in subsection (r) of this section.

4
5 [CITY AND TOWN DIRECT DISTRIBUTION ALLOCATIONS]

6
7 (q) Funds distributed for cities and towns under
8 paragraphs (p)(i) and (iii) of this section shall be
9 distributed to cities and towns as provided in this
10 subsection. Distributions in each fiscal year shall be made
11 in equal amounts on August 15 and January 15 of each fiscal
12 year as calculated prior to the August 15 distribution,
13 subject to the following:

14
15 (i) From these distributions to the extent
16 available each municipality with a population of
17 thirty-five (35) or less shall first receive five thousand
18 dollars (\$5,000.00) and each municipality with a population
19 over thirty-five (35) shall first receive ten thousand
20 dollars (\$10,000.00). From the remainder, each municipality
21 shall receive amounts in accordance with the municipal
22 supplemental funding formula provided in this paragraph.
23 The municipal supplemental funding formula shall be

1 calculated by the office of state lands and investments as
2 follows:

3
4 (A) For each fiscal year calculate the per
5 capita sales and use tax revenues available to each
6 municipality using the sales and use tax distributions to
7 each county attributable to the fiscal year immediately
8 preceding the most recently completed fiscal year,
9 including distributions to each municipality within that
10 county, under W.S. 39-15-111(b) and 39-16-111(b), but
11 excluding the distribution exclusively to counties under
12 W.S. 39-15-111(b)(iii) made from an amount equivalent to
13 one percent (1%) of the tax collected under W.S. 39-15-104,
14 and excluding the distribution exclusively to counties
15 under W.S. 39-16-111(b)(iii) made from an amount equivalent
16 to one percent (1%) of the tax collected under W.S.
17 39-16-104;

18
19 (B) Calculate the inverse by dividing one
20 (1) by the per capita sales and use tax determined under
21 subparagraph (A) of this paragraph for each municipality;

22

1 (C) Calculate the normalized per capita
2 sales and use tax number for each municipality by dividing
3 the number determined under subparagraph (B) of this
4 paragraph for the municipality by the total of all inverse
5 per capita sales and use tax numbers calculated under
6 subparagraph (B) of this paragraph;

7
8 (D) Multiply the normalized per capita
9 sales and use tax number for each municipality by
10 seventy-five percent (75%);

11
12 (E) For each fiscal year calculate the per
13 capita assessed value for the prior tax year corresponding
14 to the most recently completed calendar year for each
15 municipality by dividing the total assessed valuation
16 within the municipality by the population of the
17 municipality;

18
19 (F) Calculate the inverse by dividing one
20 (1) by the per capita assessed value determined under
21 subparagraph (E) of this paragraph for each municipality;

22

1 (G) Calculate the normalized per capita
2 assessed value number for each municipality by dividing the
3 number determined under subparagraph (F) of this paragraph
4 for the municipality by the total of all inverse per capita
5 assessed value numbers calculated under subparagraph (F) of
6 this paragraph;

7
8 (H) Multiply the normalized per capita
9 assessed value number for each municipality by twenty-five
10 percent (25%);

11
12 (J) Multiply the sum of subparagraphs (D)
13 and (H) of this paragraph by the population of the
14 municipality;

15
16 (K) Calculate the normalized index for each
17 municipality by dividing the number determined under
18 subparagraph (J) of this paragraph for the municipality by
19 the sum of all numbers calculated under subparagraph (J) of
20 this paragraph;

21
22 (M) Determine the amount to distribute to
23 each municipality by multiplying the normalized index

1 number determined under subparagraph (K) of this paragraph
2 by the amount remaining available for distribution under
3 this paragraph.

4
5 (ii) From the amounts available as provided in
6 paragraphs (p)(i) and (iii) of this section, each city or
7 town shall receive amounts in accordance with a city and
8 town revenue challenged formula as provided in this
9 paragraph. The revenue challenged formula shall be
10 calculated by the office of state lands and investments as
11 follows:

12
13 (A) For each fiscal year, calculate the
14 lowest quartile amount received by cities and towns on a
15 per capita basis using amounts received under this
16 subsection plus amounts distributed to each city and town
17 using the sales and use tax distributions to each county
18 attributable to the fiscal year immediately preceding the
19 most recently completed fiscal year, including
20 distributions to each municipality within that county,
21 under W.S. 39-15-111(b) and 39-16-111(b), but excluding the
22 distribution exclusively to counties under W.S.
23 39-15-111(b)(iii) made from an amount equivalent to one

1 percent (1%) of the tax collected under W.S. 39-15-104 and
2 excluding the distribution exclusively to counties under
3 W.S. 39-16-111(b)(iii) made from an amount equivalent to
4 one percent (1%) of the tax collected under W.S. 39-16-104;

5
6 (B) Determine each city or town that
7 received a per capita amount that is less than the lowest
8 quartile amount determined under subparagraph (A) of this
9 paragraph;

10
11 (C) For each city or town that received a
12 per capita amount that is less than the lowest quartile
13 amount as provided in subparagraph (B) of this paragraph,
14 determine the amount that would be necessary to increase
15 the per capita amount distributed to that city or town to
16 the lowest quartile amount determined under subparagraph
17 (A) of this paragraph;

18
19 (D) Determine the amount to distribute to
20 each city or town that received an amount that is less than
21 the lowest quartile amount determined under subparagraph
22 (A) of this paragraph by distributing the amount available
23 under this paragraph on a pro rata basis, up to the lowest

1 quartile amount, based on the amounts determined under
2 subparagraph (C) of this paragraph.

3
4 [COUNTY DIRECT DISTRIBUTION ALLOCATIONS]

5
6 (r) Funds distributed for counties in paragraphs
7 (p)(ii) and (iv) of this section shall be distributed to
8 counties as provided in this subsection. Distributions in
9 each fiscal year shall be made in equal amounts on August
10 15 and January 15 of each fiscal year as calculated prior
11 to the August 15 distribution. From these distributions
12 each county shall receive the following:

13
14 (i) From these distributions to the extent
15 available, each county with an assessed value for the prior
16 tax year corresponding to the most recently completed
17 calendar year of less than three hundred thousand dollars
18 (\$300,000.00) per mill shall first receive an amount equal
19 to three (3) times the difference between three hundred
20 thousand dollars (\$300,000.00) and the actual value of one
21 (1) mill within the county. From the remainder, each county
22 shall receive amounts in accordance with a county
23 supplemental funding formula as provided in this paragraph.

1 The county supplemental funding formula shall be calculated
2 by the office of state lands and investments as follows:

3
4 (A) For each fiscal year calculate the per
5 capita sales and use tax revenues available to each county
6 using the sales and use tax distributions to each county
7 attributable to the fiscal year immediately preceding the
8 most recently completed fiscal year, excluding
9 distributions to each municipality within that county,
10 under W.S. 39-15-111(b) and 39-16-111(b);

11
12 (B) Calculate the inverse by dividing one
13 (1) by the per capita sales and use tax determined under
14 subparagraph (A) of this paragraph for each county;

15
16 (C) Calculate the normalized per capita
17 sales and use tax number for each county by dividing the
18 number determined under subparagraph (B) of this paragraph
19 for the county by the total of all inverse per capita sales
20 and use tax numbers calculated under subparagraph (B) of
21 this paragraph;

22

1 (D) Multiply the normalized per capita
2 sales and use tax number determined under subparagraph (C)
3 of this paragraph for each county by twenty-four percent
4 (24%);

5
6 (E) For each fiscal year calculate the per
7 capita assessed value for each county by dividing the total
8 assessed valuation within the county for the prior tax year
9 corresponding to the most recently completed calendar year
10 by the population of the county;

11
12 (F) Calculate the inverse by dividing one
13 (1) by the per capita assessed value determined under
14 subparagraph (E) of this paragraph for each county;

15
16 (G) Calculate the normalized per capita
17 assessed value number for each county by dividing the
18 number determined under subparagraph (F) of this paragraph
19 for the county by the total of all inverse per capita
20 assessed value numbers calculated under subparagraph (F) of
21 this paragraph;

22

1 (H) Multiply the normalized per capita
2 assessed value number determined under subparagraph (G) of
3 this paragraph for each county by seventy-six percent
4 (76%);

5
6 (J) Calculate a cost of government index
7 for each county, which shall be determined by multiplying
8 six hundred twenty-eight (628) by the population of the
9 county and then adding nine million nine hundred thousand
10 (9,900,000) to the result;

11
12 (K) Calculate the normalized cost of
13 government index number for each county by dividing the
14 number determined under subparagraph (J) of this paragraph
15 for the county by the total of all cost of government index
16 numbers calculated under subparagraph (J) of this
17 paragraph;

18
19 (M) Multiply the sum of subparagraphs (D)
20 and (H) of this paragraph by the normalized cost of
21 government index number determined in subparagraph (K) of
22 this paragraph for each county;

23

1 (N) Calculate the normalized index for each
2 county by dividing the number determined under subparagraph
3 (M) of this paragraph for the county by the total of all
4 numbers calculated under subparagraph (M) of this
5 paragraph;

6
7 (O) Determine the amount to distribute to
8 each county by multiplying the normalized index number
9 determined under subparagraph (N) of this paragraph by the
10 amount remaining available for distribution under this
11 paragraph.

12
13 (s) For purposes of subsections (p) through (r) of
14 this section, population is to be determined by resort to
15 the most recent decennial federal census as reported by the
16 economic analysis division within the department of
17 administration and information and as defined in W.S.
18 8-1-102(a)(xv).

19
20 **39-16-104. Taxation rate.**

21
22 (g) Upon the effective date of this subsection, in
23 addition to the use tax under subsections (a) and (b) of

1 this section there is imposed an additional use tax of one
2 percent (1%) which shall be administered as if the use tax
3 rate under subsections (a) and (b) of this section was
4 increased from four percent (4%) to five percent (5%). This
5 subsection is effective the first day of the month
6 immediately following the date that the state auditor and
7 the state treasurer first certify to the governor and the
8 department of revenue, and the governor certifies the same
9 to the secretary of state, that the unobligated,
10 unencumbered balance in the legislative stabilization
11 reserve account is less than five hundred million dollars
12 (\$500,000,000.00).

13

14 **39-16-111. Distribution.**

15

16 (b) Revenues earned under this article during each
17 fiscal year shall be recognized as revenue during that
18 fiscal year for accounting purposes. Revenue collected by
19 the department from the taxes imposed by this article shall
20 be transferred to the state treasurer who shall, as
21 specified by the department:

22

1 (i) Credit sixty-nine percent (69%) for deposit
2 by the state treasurer to the general fund except as
3 provided by subsections (d) and (e) of this section and
4 W.S. 39-15-111(p) and less any credit allowed pursuant to
5 W.S. 39-16-107(b)(viii);

6

7 **Section 2.** W.S. 39-14-801(b)(i) through (iii) is
8 repealed.

9

10 **Section 3.** This act is effective July 1, 2020.

11

12

(END)