

FISCAL NOTE

	FY 2025	FY 2026	FY 2027
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue increase			
GENERAL FUND	\$0	\$2,550,000	\$3,070,000
COUNTY DISTRIBUTION	\$0	\$3,830,000	\$4,600,000

Source of revenue increase:

This bill repeals the three-year tax exemption on electricity produced from wind turbines currently provided in W.S. 39-22-105(b).

The three-year exemption, as repealed by Section 1 of the bill, would continue to apply as currently provided in W.S. 39-22-105(b) to any turbine that first produces electricity for sale prior to the effective date of the bill. The bill is effective immediately upon completion of all acts necessary for a bill to become law as provided by Article 4, Section 8 of the Wyoming Constitution.

Assumptions:

The above estimates are based on wind generation projects permitted by the Wyoming Department of Environmental Quality, Industrial Siting Division. The fiscal year amounts are based on the anticipated completion date(s) of projects. The wind generation projects anticipated to be completed in calendar year 2024 are assumed to begin producing electricity before the effective date of the bill, therefore still qualifying for the current exemption.

The above estimates are also based on the anticipated name plate capacities of permitted wind projects, and an average capacity factor of 36.9 percent. The 36.9 percent capacity factor is the average of annual capacity factors for Wyoming electricity generation from wind in calendar years 2020 through 2022, as published by the Energy Information Administration.

60 percent of the wind generation tax is proportionately distributed to counties based on the relative percentage of assessed value of the generating facilities. 40 percent of the wind generation tax is distributed to the General Fund. The total estimated revenue increases from repealing the three-year exemption are zero in FY 2025, \$6,380,000 in FY 2026, \$7,670,000 in FY 2027 and \$13,740,000 in FY 2028.

The Department of Revenue (DOR) states that this exemption repeal will require more administrative work due to processing additional tax returns for wind production that is currently exempt. Unlike the DOR's other tax types, the wind generation tax is still administered manually. Taxpayers must complete hardcopy returns and pay by check. DOR received a quote from its third-party system contractor last year of \$595,000 to update its computer system for the wind generation tax. DOR is not requesting additional funding for this bill.

Prepared by: Dean Temte, LSO Phone: 777-7881
(Information provided by Bret Fanning, Department of Revenue, 777-5220)