

FISCAL NOTE

	FY 2025	FY 2026	FY 2027
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue increase			
GENERAL FUND	\$0	\$9,200,000	\$9,200,000
LOCAL SOURCES FUND	\$0	\$8,800,000	\$8,800,000

Source of revenue increase:

This bill imposes an excise tax on the production of electricity produced in Wyoming on or after January 1, 2025. The tax rate is 3.5 percent of the annual gross energy earnings from energy produced in this state. Electricity producers shall report and pay the proposed tax on or before February 1 of the year immediately following the year of production. Each taxpayer is entitled to a credit against tax liability for all excise, sales, use, severance and ad valorem taxes paid in the tax year by the same taxpayer to any Wyoming taxing authority.

Assumptions:

The above estimate is based calendar year 2022 Wyoming electricity generation, consumption and sales data from the Energy Information Administration (EIA). Estimated credits for sales and use taxes, mineral taxes, ad valorem taxes and wind generation taxes are based on data from the EIA, the January 2024 Consensus Revenue Estimating Group (CREG) report, the Department of Revenue (DOR) and the 2023 DOR Annual Report. The total tax at the 3.5 percent rate before the tax liability reduction for tax credits is estimated at approximately \$133 million per year, with total tax credits allowed estimated at approximately \$115 million per year, resulting in a net tax liability (tax paid) of \$18 million per year.

The proposed tax will be distributed 69 percent to the General Fund with the remaining share distributed to local governments after deducting 1 percent for administration. If the proceeds are less than the taxes that would be due if the electricity sales were subject to sales tax, the amount distributed to the state and to local governments shall be reduced proportionally based on the ratio of the available proceeds compared to taxes that would be due if the sales of electricity were subject to sales tax. The total annual sales tax that would be due on electricity is estimated at approximately \$43.4 million, based on FY23 taxable sales and a combined sales tax rate of 5.48 percent. The estimate in the table above reflects the distribution with this proportional reduction.

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

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(Information provided by Bret Fanning, Department of Revenue, 777-5220)