

FISCAL NOTE

Source of revenue (decrease):

This bill creates a sales tax exemption for sales of electricity that is contingent on the imposition of an alternative tax on the production of electricity. The proposed sales tax exemption shall only be effective if the Department of Revenue determines that there is an equivalent alternative excise tax imposed on the production of electricity. An equivalent alternative excise tax shall include a tax of not less than 3.5 percent of the annual gross energy earnings from energy produced in Wyoming.

Assumptions:

It is assumed there are 20 electric utility companies in Wyoming, based on a Wyoming Public Service Commission certified electrical utility map. In FY 2023, these companies reported \$791,397,240 in taxable sales subject to Wyoming sales tax. The sales tax revenue decrease based on FY 2023 taxable sales is estimated at approximately \$43.4 million each year, based on a weighted average combined sales tax rate of 5.48 percent. This revenue decrease would be shared by the General Fund and local governments. The revenue decrease to the General Fund is estimated at \$22.1 million per year and the revenue decrease to local governments is estimated at \$21.3 million per year, based on current sales tax distribution formulas.

Key Assumption:

The estimated revenue decreases to the General Fund and to local governments described above are based on the key assumption that there is an equivalent alternative excise tax imposed on the production of electricity of not less than 3.5 percent of the annual gross energy earnings from energy produced in Wyoming.

If there is no equivalent alternative excise tax imposed on the production of electricity of not less than 3.5 percent of annual gross energy earnings from the energy produced in Wyoming, the revenue decreases from the proposed sales tax exemption would be zero.

In current law, there is no equivalent alternative excise tax imposed on annual gross energy earnings from energy produced in Wyoming. An equivalent alternative excise tax imposed on the production of electricity of not less than 3.5 percent of annual gross energy earnings from energy produced in Wyoming would need to be enacted by the Wyoming Legislature for the proposed sales tax exemption to go into effect.

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