

FISCAL NOTE

	FY 2026	FY 2027	FY 2028
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue			
increase/(decrease)			
GENERAL FUND (sales tax exemption)	(\$27,600,000)	(\$22,100,000)	(\$22,100,000)
LOCAL SOURCES FUND (sales tax exemption)	(\$26,600,000)	(\$21,300,000)	(\$21,300,000)
ELECTRICAL GENERATION ACCOUNT	\$0	\$19,000,000	\$19,000,000

Source of revenue increase(decrease):

This bill imposes an excise tax on the sale of electricity produced in Wyoming on or after January 1, 2026. 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. This bill also creates a sales tax exemption for sales of electricity subject to the proposed generation tax. This sales tax exemption is effective immediately.

Assumptions:

The above estimate is based calendar year 2023 Wyoming electricity generation, consumption, disposition 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 2025 CREG Forecast, the Department of Revenue (DOR) and the 2024 DOR Annual Report. The total tax at the 3.5 percent rate before the tax liability reduction from tax credits is estimated at approximately \$127 million per year, with total tax credits allowed estimated at approximately \$108 million per year, resulting in a net tax liability (tax paid) of \$19 million per year.

The proposed tax will be distributed to the proposed Electrical Generation Account (Account) created in the bill. It is the intent of the Legislature that a portion of the funds in the Account be used to provide payments to local governments for sales taxes that would have been collected if sales of electricity reported under this bill were subject to sales tax. Funds in the Account shall only be expended by legislative appropriation.

The total revenue decrease from the sales tax exemption for sales of electricity subject to the proposed generation tax is estimated at approximately \$43.4 million per year, based on FY 2024 taxable sales and a combined sales tax rate of 5.45 percent. The revenue decrease shown in in the table above for FY 2026 also includes the estimated impact of the exemption in FY 2025 of \$10.8 million, assuming the exemption will be in place for the last three months of FY 2025.

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

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