



WYOMING LEGISLATIVE SERVICE OFFICE

Memorandum

DATE June 10, 2019

TO Members, Select Committee on Capital Financing and Investments

FROM Don Richards, Budget and Fiscal Administrator

SUBJECT Committee Background Materials

For purposes of background for the initial meeting of the 2019-2020 Select Committee on Capital Financing and Investments, this memorandum includes the following attachments:

- A. Investment-related statutes including:
- W.S. 9-4-219, Legislative Stabilization Reserve Account
 - W.S. 9-4-220, Strategic Investments and Projects Account
 - W.S. 9-4-220.1, Wyoming State Penitentiary Capital Construction Account
 - W.S. 9-4-714 through 718, Investment of state funds
 - W.S. 9-4-719, Spending policies
 - W.S. 9-4-720 and 721, Investment Funds Committee
 - W.S. 28-11-201, Select Committee on Capital Financing and Investments
- B. 2019 Adopted legislation relating to investment policies:
1. 2019 HB 27, Transportation enterprise program investments. (2019 Laws, Ch. 23) Sponsor: Select Committee on Capital Financing and Investments
 2. 2019 SF 27, Public purpose investments. (2019 Laws, Ch. 35) Sponsor: Joint Minerals Committee
 3. 2019 SF 63, LSRA investments. (2019 Laws, Ch. 38) Sponsor: Joint Appropriations Committee
 4. 2019 SF 131, Spending policy amendments. (2019 Laws, Ch. 201) Sponsor: Joint Appropriations Committee
- C. 2018 Report to the Legislature from the Select Committee on Capital Financing and Investments
- D. Spending policy flow charts
- E. Historic Investment Earnings for Permanent Wyoming Mineral Trust Fund (PWMTF), Common School Permanent Land Fund (CSPLF), and Higher Education Excellence Endowment (HEEE) and Hathaway Fund
- F. Deposits and Inflation Scenarios for the PWMTF and CSPLF:
1. PWMTF Deposit History, by Source

2. PWMTF Inflation Proofing Example
3. CSPLF Deposit History, by Source
4. CSPLF Inflation Proofing Example

Finally, Table 1 illustrates a summary of the current spending policy reserve account balances and the anticipated balances on an accrual basis as of June 30, 2020, assuming current appropriation levels, current law and January 2019 CREG forecasts.

Table 1. Spending Policy Reserve Account Balances.

Reserve Account	Current Cash Balance (06/9/19)	Projected Balance, June 30, 2020	Estimated Years of Guarantee
PWMTF Reserve Account	\$312,668,179	\$209,168,180	~3
CSPLF Reserve Account	\$314,253,623	\$163,553,623	~4
HEEE Reserve Account	\$6,622,095	NA	~2
Hathaway Reserve Account	\$16,091,674	NA	~5

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LEGISLATIVE SERVICE OFFICE *Memorandum*

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SELECTED INVESTMENT STATUTES

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

(a) The legislative stabilization reserve account created by 2005 Wyoming Session Laws, Chapter 191, Section 4, Section 301(d) is continued and codified. Funds within the account shall only be expended by legislative appropriation. All funds within the account shall be invested by the state treasurer as authorized under W.S. 9-4-715(a), (d), (e) and (q) and all investment earnings from the account shall be credited to the general fund.

(b) To the extent funds are available after all other appropriations or transfers from the legislative stabilization reserve account to be made on or prior to June 30 of the applicable fiscal year have been made, an amount necessary to restore the unobligated, unencumbered balance within the public school foundation program account to one hundred million dollars (\$100,000,000.00) on June 30 of each fiscal year shall be transferred from the legislative stabilization reserve account into the public school foundation program account. This subsection is repealed the month immediately following the date that the state auditor and the state treasurer first certify to the governor and the department of revenue, and the governor certifies the same to the secretary of state, that the unobligated, unencumbered balance in the legislative stabilization reserve account is less than five hundred million dollars (\$500,000,000.00).

(c) There is created the legislative deficit control account within the legislative stabilization reserve account. Funds within the account shall only be expended by legislative appropriation. All funds within the account shall be invested by the state treasurer as authorized under W.S. 9-4-715(a), (d) and (e) and all investment earnings from the account shall be credited to the general fund. W.S. 9-4-715(q) shall not apply to the investment of this account. For purposes of accounting and investing only, the legislative deficit control account shall be treated as a separate account from the legislative stabilization reserve account.

9-4-220. Strategic investments and projects account created; purposes.

(a) The strategic investments and projects account created by 2013 Wyoming Session Laws, Chapter 73, Section 4, Section 300(e) is continued and codified. Funds within the account shall only be expended by legislative appropriation. Subject to subsection (b) of this section, the governor may include appropriation requests from funds available within the strategic investments and projects account within his biennial budget requests for one-time expenditures as he deems necessary. All funds within the account shall be invested by the state treasurer and all investment earnings from the account shall be credited to the general fund, except as provided by W.S. 9-4-220.1(a).

(b) For fiscal year 2021 and in each fiscal year thereafter unencumbered and unobligated funds available for expenditure in the strategic investments and projects account shall be expended for the following purposes and subject to the following:

(i) An amount equal to forty-five percent (45%) of the maximum amount which may be credited to the strategic investments and projects account pursuant to W.S. 9-4-719(q) shall be credited to a school major maintenance subaccount. Funds within the subaccount shall be expended only for school major maintenance obligations of the state. For purposes of accounting and investing only, the school major maintenance subaccount shall be treated as a separate account from the strategic investments and projects account;

(ii) After making transfers to the Wyoming state penitentiary capital construction account under W.S. 9-4-220.1, on June 30, 2021 for fiscal year 2021 and June 30 of each fiscal year thereafter sixty-five percent (65%) of the funds in excess of the amount calculated under paragraph (i) of this subsection shall be credited to the legislative deficit control account within the legislative stabilization reserve account. The remainder may be expended as appropriated by the legislature.

9-4-220.1. Wyoming state penitentiary capital construction account; funds transferred to the account.

(a) There is created the Wyoming state penitentiary capital construction account within the strategic investments and projects account created by W.S. 9-4-220. Funds in the account shall only be expended upon legislative appropriation. Through the fiscal year ending June 30, 2034, all funds within the account shall be invested in the pool A investment account

by the state treasurer pursuant to W.S. 9-4-715(p). Thereafter, all funds within the account shall be invested as determined by the state treasurer. All investment earnings from the account shall be credited to the account. For purposes of accounting and investing only, the Wyoming state penitentiary capital construction account shall be treated as a separate account from the strategic investments and projects account.

(b) Beginning on June 30, 2021 for fiscal year 2021 and June 30 of each fiscal year thereafter as provided in this subsection, the state treasurer shall transfer ten million dollars (\$10,000,000.00), or as much thereof as is available, from any unobligated funds within the strategic investments and projects account to the Wyoming state penitentiary capital construction account. The state treasurer shall cease transferring funds to the Wyoming state penitentiary capital construction account pursuant to this subsection on July 1, 2038.

9-4-714. Definitions.

(a) As used in this act:

(i) "Alternative investments" means investments in nontraditional asset classes or in traditional asset classes which are utilized in a nontraditional strategy;

(ii) "Asset classes" means categories of securities with similar characteristics and properties, such as cash equivalents, stocks, bonds and real estate;

(iii) "Board" means the state loan and investment board;

(iv) "Fund" means as defined by W.S. 9-4-203(a)(vii);

(v) "Permanent funds" means the permanent Wyoming mineral trust fund under W.S. 9-4-204(u)(iii), the Wyoming permanent land fund under W.S. 9-4-204(u)(iv), the excellence in higher education endowment fund under W.S. 9-4-204(u)(vi), the Hathaway student scholarship endowment fund under W.S. 9-4-204(u)(vii) and the Hathaway expand Wyoming scholarship endowment fund under W.S. 9-4-204(u)(viii);

(vi) "This act" means W.S. 9-4-714 through 9-4-721.

9-4-715. Permissible investments.

(a) The state treasurer is the chief investment officer of the state of Wyoming. The state treasurer's annual report shall include investment, income, individual and aggregate gains and losses by fund and the extent to which the state investment policy is being implemented. Subject to requirements of subsection (c) of this section, state funds may be invested in any investment:

(i) Authorized by the legislature; or

(ii) Authorized or approved by the board.

(b) The state treasurer, or his designee, which shall be registered under the Investment Advisor's Act of 1940 as amended if required to be registered by the terms of that act as amended, may invest up to seventy percent (70%) of the permanent funds in equities, including stocks of corporations pursuant to subsections (c) and (d) of this section. The state treasurer shall report at least annually to the select committee on capital financing and investments and the joint appropriations committee on the analysis conducted pursuant to paragraph (d)(ii) of this section and W.S. 9-4-716(b)(ix).

(c) The state treasurer shall obtain the approval of the board prior to the investment of funds in alternative investments, provided:

(i) The approval of the board shall be complete upon the review and written acceptance by the board of the material terms of the instruments governing the investment;

(ii) Any material adverse change to the terms of instruments governing investments, previously approved by the board, at any time while the investments are held by the state of Wyoming shall require the renewal of approval of such investments by the board.

(d) When approving, acquiring, investing, reinvesting, exchanging, retaining, selling and managing investments of the state of Wyoming, the members of the board, the members of the investment funds committee created by this act, the state treasurer, designees of the state treasurer or any other fiduciary appointed by the state treasurer, the board or the investment funds committee shall:

(i) Exercise the judgment and care of a prudent investor as specified by the Uniform Prudent Investor Act, W.S. 4-10-901 through 4-10-913;

(ii) Evaluate the risk of investments using a strategy based on the principles of the capital market theory which are generally accepted and followed by institutional investors including long-term investors. This strategy includes a consideration of the following:

(A) Risks shall be mitigated through diversification of asset classes and investment approaches and through diversification of individual securities;

(B) Prudent risk taking is a necessary element of long-term investing and is needed to achieve the long-term objectives of a fund.

(e) Individual investments or groups of investments made under this act shall not be evaluated solely in isolation but also in the context of the entire investment portfolio and as part of an overall investment strategy of the trust or fund from which the investment is derived, consistent with the policies for such trust or fund established under W.S. 9-4-716 by the board. The purchase of a security or the making of any direct investment by the state treasurer or his designee in a security shall not constitute a delegation of his duties under this article or under any rule promulgated under this article.

(f) Repealed By Laws 2011, Ch. 129, § 207.

(g) The state treasurer may pledge not to exceed three hundred million dollars (\$300,000,000.00) from the common school account in the permanent land fund to guarantee school district bonds under W.S. 9-4-1001(d). These funds shall be invested as other funds in that account, but the state treasurer shall ensure sufficient liquidity of investments to ensure required disbursements can be made. This subsection is repealed effective July 1, 2020.

(h) Repealed by Laws 2016, ch. 110, § 3.

(j) Repealed by Laws 2019, ch. 35, § 2.

(k) Except as provided in subsection (o) of this section, upon request of the board, the state treasurer may invest funds received from sales of state trust lands plus up to two million

dollars (\$2,000,000.00) one-time seed money contained in the common school account within the permanent land fund, by purchasing land and improvements thereon within Wyoming as assets of the trust.

(m) Repealed by Laws 2016, ch. 41, § 1.

(n) The state treasurer shall not invest state funds for a specific public purpose authorized or directed by the legislature in excess of a total of one billion dollars (\$1,000,000,000.00), excluding investments made pursuant to W.S. 37-5-406. By November 1 of each calendar year, the state treasurer, in consultation with the board, the Wyoming water development office, the Wyoming business council and the office of state lands and investments, shall provide a report to the select committee on capital financing and investments on all state funds invested for a specific public purpose authorized or directed by the legislature. The report shall include:

Note: Effective 7/1/2020 this section will read as:

The state treasurer shall not invest state funds for a specific public purpose authorized or directed by the legislature in excess of a total of one billion dollars (\$1,000,000,000.00), excluding investments made pursuant to W.S. 37-5-406 or 37-5-605. By November 1 of each calendar year, the state treasurer, in consultation with the board, the Wyoming water development office, the Wyoming business council and the office of state lands and investments, shall provide a report to the select committee on capital financing and investments on all state funds invested for a specific public purpose authorized or directed by the legislature. The report shall include:

(i) A list of all investment or loan requests made in the previous year, the amount loaned or invested and the status of all investments and loans, including those which are delinquent as to the payment of any installment of principal or interest due;

(ii) Recommendations for future legislation, including recommendations for adjustments to the amount allocated by this subsection and recommendations for adjustments to the amounts allocated under applicable state law for individual investments authorized or directed by the legislature for a specific public purpose; and

(iii) The cost of the investment to the people of Wyoming in terms of:

(A) Forgone earnings that could have been obtained if the funds had been invested by the state treasurer with the permanent funds of the state;

(B) Administrative and other costs associated with each investment.

(o) Upon request of the board and when determined by the board to be consistent with the duties and obligations owed to beneficiaries of state trust land sales proceeds, the state treasurer shall invest funds received from the sale of state trust lands to the federal government by purchasing federal lands and improvements within Wyoming from the federal government.

(p) There is created the pool A investment account. The state treasurer, or his designee, which shall be registered under the Investment Advisor's Act of 1940 as amended if required to be registered by the terms of that act as amended, pursuant to subsections (c) and (d) of this section and after consultation with the state agency or agencies receiving or administering investment earnings from the monies invested in the pool A investment account, may invest up to seventy percent (70%) of the monies comprising the pool A investment account in equities including stocks of corporations. The state loan and investment board, in consultation with the state agency or agencies receiving or administering investment earnings from the monies invested in the pool A investment account, shall annually review the state investment policy statements for the investment pool created by this subsection as required under W.S. 9-4-716. Monies in the following funds shall be invested in the pool A investment account:

(i) The Wyoming tobacco settlement trust fund created by W.S. 9-4-1203(a);

(ii) The Wyoming wildlife and natural resource trust account created by W.S. 9-15-103(a);

(iii) The Wyoming cultural trust fund established by W.S. 9-2-2304(a);

(iv) The Wyoming public television matching fund account created by W.S. 21-23-202(a);

(v) The trust account within the Wyoming game and fish fund created by W.S. 23-1-501(f);

(vi) Through the fiscal year ending June 30, 2034, the Wyoming state penitentiary capital construction account created by W.S. 9-4-220.1(a);

(vii) The transportation trust fund created by W.S. 9-4-607(a).

(q) The state treasurer, or his designee, which shall be registered under the Investment Advisor's Act of 1940 as amended if required to be registered by the terms of that act as amended shall invest the legislative stabilization reserve account created in W.S. 9-4-219 in a manner to obtain the highest return possible subject to the following:

(i) Investments shall be made in accordance with investment policy statements adopted by the board under W.S. 9-4-716. In adopting investment policy statements for the legislative stabilization reserve account, the board shall seek to preserve the balance of the account as necessary to address:

(A) A budget shortfall or structural budget deficit through contingent appropriations and expenditures under W.S. 9-2-1014(d)(ii) and (iii);

(B) A published consensus revenue estimating group estimate of revenues that is less than existing legislative appropriations for state government operations or support of public schools;

(C) Other emergencies and needs identified or authorized by the legislature under Wyoming statutes and session laws.

(ii) To the extent funds are available and prior to making any other investments, five hundred million dollars (\$500,000,000.00) shall be invested in short term fixed income investment grade securities;

(iii) After consultation with the budget division of the department of administration and information, up to fifty-five percent (55%) of the unobligated, unencumbered balance of the legislative stabilization reserve account in excess of the amount specified in paragraph (ii) of this subsection, as

calculated by the state auditor on October 1 of each fiscal year, may be invested in equities, including stocks of corporations. Investments under this paragraph shall be made in compliance with subsections (c) and (d) of this section;

(iv) Not later than November 1 of each year, the state treasurer shall report to the joint appropriations committee and the select committee on capital financing and investments regarding the annual review of the investment policy statement for the legislative stabilization reserve account and the investment performance of the account.

9-4-716. State investment policy; investment consultant.

(a) The board shall adopt investment policy statements for state funds and shall review those policy statements at least annually. These policy statements shall be subject to the following:

(i) The board may specify groupings of state funds for which separate investment policy statements are appropriate. At a minimum, those groupings shall include state funds for which there is a trust obligation, short term funds for operations and all other funds. The board may determine criteria under which certain funds shall be separately managed;

(ii) Nothing in this section shall be construed to prevent the state treasurer from pooling any state funds for investment purposes, including meeting cash flow requirements in accordance with approved investment policy statements.

(b) The investment policy statements shall include the following:

- (i) Nominal return benchmarks;
- (ii) Definition of risk and of return;
- (iii) Risk tolerance;
- (iv) Permissible investments and quality standards;
- (v) Liquidity requirements;
- (vi) Cash flow projections for the grouping of funds;

(vii) Procedures for selecting and dismissing investment managers when utilized;

(viii) Indices or benchmarks against which the returns will be measured;

(ix) Two (2) risk mitigation metrics for managing and mitigating the risks of investments consistent with the strategy specified in W.S. 9-4-715(d) (ii):

(A) One (1) metric shall specify the maximum percentage of monies in the state fund or state funds that may be invested in securities in consideration of all the factors developed for the fund's investment policy statement under this subsection; and

(B) One (1) metric shall measure risk in the state fund or state funds using a value at risk measurement technique or other similar risk measurement technique.

(c) The state treasurer, in consultation with the investment funds committee created by this act, shall develop and submit proposed investment policy statements for each grouping of state funds specified in subsection (a) of this section and may contract for assistance in developing proposals or in making suggestions for modifications to existing investment policy statements. The state treasurer shall report quarterly to the board regarding the performance of investments with respect to each grouping of state funds specified by the board under subsection (a) of this section and such other information as may be required by the board.

(d) The board:

(i) Shall procure the services of a qualified entity to evaluate:

(A) At least annually, the reasonableness and comprehensiveness of the investment policy statements required under this section;

(B) At least quarterly, the performance of the investments for each grouping based upon recognized indices and the reasonableness of the mix of assets in light of anticipated cash flow requirements and the investment policy statements;

(C) At least annually or when market conditions warrant a change or reallocation of investments, the risks of investing state funds using the metrics specified in the investment policy statements pursuant to paragraph (b) (ix) of this section.

(ii) Shall require competition to procure those services required under paragraph (i) of this subsection at least every four (4) years;

(iii) Shall receive an appropriation directed to the office of state lands and investments to be used to compensate the entity retained under paragraph (i) of this subsection for its services.

9-4-717. Additional investment matters.

(a) The state treasurer may form entities required in the general practice employed by banks and brokerage firms for the purpose of designating a "nominee name" in securities transactions.

(b) The state treasurer may offer and pay a reasonable premium for bonds and other securities. The purchase price shall not exceed the market value of the bonds or other securities at the time of purchase. The premium paid for the investments shall be amortized over the life of the investment to the fund or account from which the premium was paid.

(c) The state treasurer directly, or investment managers of state funds, may effect sales or exchanges of investments of state funds, whenever the sale or exchange will result in a loss of principal, if the sale or exchange tends to maximize the total return on the funds invested and is otherwise consistent with implementation of the state investment policy established by the board under W.S. 9-4-716.

(d) As part of the state investment strategy, the state treasurer may retain the services of a custodial bank or an independent securities lending agent to supervise a program of securities lending in exchange for a fee or other consideration. Supervision of the program shall include:

(i) Procedures to review the creditworthiness of all borrowers;

(ii) Requirements for full collateralization of all loans; and

(iii) Other methods and procedures required by the board for securing the lending program.

9-4-718. Investment managers.

(a) The state treasurer may contract with investment managers and pay for investment services and investment advice subject to the following conditions:

(i) All fees and other costs of contracting for and using the services of an investment manager, except transaction costs and custodial fees, shall be accounted for on at least a quarterly basis;

(ii) Without the approval of the board:

(A) No contract with an investment manager shall permit that manager to manage more than fifteen percent (15%) of the total portfolio of state funds available for investment at the time the contract is executed; and

(B) No investment manager under contract with the state treasurer shall be permitted to act as a securities broker with respect to transactions involving state investments managed by such investment manager, unless the transaction can be made without incurring commission or market impact cost.

(iii) The amount of state funds under contract with an investment manager shall not exceed ten percent (10%) of the total assets managed by that investment manager;

(iv) Investment managers shall be selected based upon a competitive process and with consideration given to the historical performance of prospective managers. No investment manager shall be hired unless approved by a majority vote of the board in consultation with the investment funds committee created by this act. The contract with an investment manager may be terminated by a majority vote of the board;

(v) Investment managers shall be paid on a negotiated flat fee or performance basis based upon net assets invested;

(vi) Contracts with investment managers shall be subject to cancellation upon receipt of thirty (30) days notice by either party;

(vii) The state treasurer shall not contract with any person as an investment manager under this subsection unless that person or that person's firm has prior to the execution of the contract, a verifiable CFA Institute (Chartered Financial Analyst Institute) compliant track record of at least five (5) years with respect to the type of investments regarding which the investment manager will provide services or the investment manager is employed by an organized and chartered bank trust company with trust assets in excess of one billion dollars (\$1,000,000,000.00). Any prospective manager shall submit to the state treasurer audited financial statements in accordance with the treasurer's rules and regulations and a certified record of the manager's past investment performance prepared by an independent entity;

(viii) Each investment manager shall at least quarterly provide a report to the state treasurer describing the manager's performance relative to mutually agreed upon industry indices and reflecting all brokerage fees and other fees or expenses paid by or fees earned by the manager which are paid by the state under the contract.

(b) Repealed by Laws 2015, ch. 11, § 2.

(c) The state treasurer may contract for services to select an investment manager.

9-4-719. Investment earnings spending policy permanent funds.

(a) The purpose of this section is to establish a spending policy for earnings on permanent fund investments to provide, in descending order of importance:

(i) Consistent, sustainable flow of earnings for expenditure over time;

(ii) Protection of the corpus of the permanent funds against inflation; and

(iii) To the extent practicable, increases in earnings available for expenditure to offset the effects of inflation.

(b) There is created the permanent Wyoming mineral trust fund reserve account. Beginning July 1, 2016 for fiscal year 2017 and each fiscal year thereafter, the state treasurer shall transfer unobligated funds from this account to the general fund as necessary to ensure that an amount equal to two and one-half percent (2.5%) of the previous five (5) year average market value of the permanent Wyoming mineral trust fund, calculated on the first day of the fiscal year, is available for expenditure annually during each fiscal year. As soon as possible after the end of each of the fiscal years beginning on and after July 1, 2017, after making any transfer required pursuant to paragraph (i) of this subsection, revenues in this account in excess of one hundred fifty percent (150%) of the spending policy amount in subsection (d) of this section shall be credited to the permanent Wyoming mineral trust fund. For fiscal year 2020 and for each fiscal year thereafter:

(i) As soon as practicable after the end of the fiscal year, after making any other transfers provided by law from the permanent Wyoming mineral trust fund reserve account, but prior to calculating the balance of the account under this subsection, the state treasurer shall transfer from the account an amount equal to the difference between the maximum amount which may be credited to the strategic investments and project account pursuant to subsection (q) of this section and the amount actually credited to that account in the applicable fiscal year.

(c) The earnings from the permanent Wyoming mineral trust fund under W.S. 9-4-204(u)(iii) during each fiscal year beginning July 1, 2001, in excess of the spending policy established in subsection (d) of this section are appropriated from the general fund to the permanent Wyoming mineral trust fund reserve account. The appropriation shall be credited to the account as soon as practicable after the end of the fiscal year but no later than ninety (90) days after the end of the fiscal year.

(d) The annual spending policy for the permanent Wyoming mineral trust fund is as follows for each fiscal year (FY):

- (i) Repealed by Laws 2002, Ch. 80, § 2.
- (ii) Repealed By Laws 2004, Chapter 9, § 2.
- (iii) Repealed By Laws 2004, Chapter 9, § 2.

(iv) Repealed By Laws 2002, Ch. 80, § 2.

(v) FY 2020 and each fiscal year through 2022 - an amount equal to five percent (5%) of the previous five (5) year average market value of the trust fund, calculated from the first day of the fiscal year;

(vi) FY 2023 - an amount equal to four and three-fourths percent (4.75%) of the previous five (5) year average market value of the trust fund, calculated from the first day of the fiscal year;

(vii) FY 2024 and each fiscal year thereafter - an amount equal to four and one-half percent (4.5%) of the previous five (5) year average market value of the trust fund, calculated from the first day of the fiscal year.

(e) Repealed By Laws 2007, Ch. 148, § 2.

(f) There is created the common school permanent fund reserve account. Beginning July 1, 2017 for fiscal year 2018 and each fiscal year thereafter, the state treasurer shall transfer unobligated funds from this account to the common school account within the permanent land income fund as necessary to ensure that an amount equal to the spending policy amount established in subsection (h) of this section is available for expenditure annually during the fiscal year. As soon as possible after the end of each of the fiscal years beginning on and after July 1, 2017, revenues in this account in excess of one hundred fifty percent (150%) of the spending policy amount shall be credited to the common school account within the permanent land fund.

(g) There is annually appropriated to the common school permanent fund reserve account an amount determined under this subsection from funds as provided in W.S. 9-4-601(d)(vi). The amount shall be computed and calculated by the state treasurer. The amount shall be equal to the extent to which earnings from the common school account within the permanent land fund under W.S. 9-4-204(u)(iv) exceed the spending policy established in subsection (h) of this section for that fiscal year. The appropriation shall be credited to the account as soon as practicable after the end of the fiscal year but no later than ninety (90) days after the end of the fiscal year.

(h) The annual spending policy for the common school account within the permanent land fund is as follows for each fiscal year (FY):

(i) Repealed By Laws 2002, Ch. 80, § 2.

(ii) Repealed By Laws 2004, Chapter 9, § 2.

(iii) Repealed By Laws 2004, Chapter 9, § 2.

(iv) Repealed By Laws 2002, Ch. 80, § 2.

(v) FY 2020 and each fiscal year through 2024 - an amount equal to five percent (5%) of the previous five (5) year average market value of the account, calculated from the first day of the fiscal year;

(vi) FY 2025 - an amount equal to four and three-fourths percent (4.75%) of the previous five (5) year average market value of the account, calculated from the first day of the fiscal year;

(vii) FY 2026 and each fiscal year thereafter - an amount equal to four and one-half percent (4.5%) of the previous five (5) year average market value of the account, calculated from the first day of the fiscal year.

(j) Repealed By Laws 2007, Ch. 148, § 2.

(k) There is created the excellence in higher education endowment reserve account. Interest and other earnings on funds within the account shall be credited to the account. As soon as possible after the end of each of the fiscal years beginning on and after July 1, 2017, revenues in this account in excess of one hundred fifty percent (150%) of the spending policy amount in subsection (o) of this section shall be credited to the excellence in higher education endowment fund created by W.S. 9-4-204(u) (vi).

(m) The earnings from the excellence in higher education endowment fund during each fiscal year beginning July 1, 2006, in excess of the spending policy amount established in subsection (o) of this section shall be deposited by the state treasurer to the excellence in higher education endowment reserve account. The excess earnings shall be credited to the reserve account as soon as practicable after the end of the

fiscal year but no later than ninety (90) days after the end of the fiscal year.

(n) To the extent the spending policy amount established in subsection (o) of this section exceeds earnings from the excellence in higher education endowment fund for the prior fiscal year, the state treasurer shall distribute from the excellence in higher education reserve account an amount equal to one-half (1/2) the difference, and such amounts are continuously appropriated from the reserve account for that purpose. Any funds distributed pursuant to this subsection shall be distributed no later than ninety (90) days after the end of the fiscal year and shall be distributed and expended as provided in W.S. 21-16-1201 through 21-16-1203 for earnings from the excellence in higher education endowment fund. The state treasurer in consultation with the University of Wyoming and community college commission, shall report to the governor, joint appropriations interim committee, joint education interim committee and select committee on capital financing and investments no later than November 1, of any year in which funds have been or are anticipated to be distributed from the reserve account under this subsection.

(o) The annual spending policy amount for the excellence in higher education endowment is as follows for each fiscal year (FY):

(i) FY 2018-an amount equal to five percent (5%) of the previous five (5) year average market value of the excellence in higher education endowment fund, as calculated from the first day of the fiscal year;

(ii) FY 2019 and each fiscal year thereafter-an amount equal to four and three-fourths percent (4.75%) of the previous five (5) year average market value of the excellence in higher education endowment fund, calculated from the first day of the fiscal year.

(p) Annually, not later than November 1, the state treasurer, in consultation with the state loan and investment board, shall provide a recommendation to the select committee on capital financing and investments regarding modifications to the spending policy amounts contained in this section. The recommendations shall be consistent with the purposes specified in subsection (a) of this section. The select committee on capital financing and investments shall annually submit a recommendation to all members of the legislature before the

convening of the session regarding modifications to the spending policy amounts.

(q) The earnings from the permanent Wyoming mineral trust fund under W.S. 9-4-204(u)(iii) during each fiscal year beginning July 1, 2016, which are less than the spending policy established in subsection (d) of this section are appropriated from the general fund subject to subsection (s) of this section and the following:

(i) Except as provided in paragraph (iii) of this subsection, any earnings in excess of two and one-half percent (2.5%) of the previous five (5) year average market value of the trust fund, calculated from the first day of the fiscal year and less than or equal to the spending policy amount specified in subsection (d) of this section shall be credited to the legislative stabilization reserve account created by W.S. 9-4-219 and the strategic investments and projects account created by W.S. 9-4-220 in equal amounts;

(ii) The appropriations in this subsection shall be credited to the designated account as soon as practicable after the end of the fiscal year but no later than ninety (90) days after the end of the fiscal year;

(iii) For fiscal year 2019, funds directed to the strategic investments and projects account under paragraph (i) of this subsection shall be credited as follows and in priority order with the first priority fully funded before deposits to the subsequent priority:

(A) An amount equal to nine thousand three hundred seventy-five ten-thousandths percent (0.9375%) of the previous five (5) year average market value of the permanent Wyoming mineral trust fund, calculated on the first day of the fiscal year, to the permanent Wyoming mineral trust fund reserve account;

(B) An amount equal to three thousand one hundred twenty-five ten-thousandths percent (0.3125%) of the previous five (5) year average market value of the permanent Wyoming mineral trust fund, calculated on the first day of the fiscal year, to the strategic investments and projects account.

(r) Repealed by Laws 2017, ch. 205, § 2; ch. 206, § 2.

(s) In any fiscal year or fiscal biennium funds to be deposited to an account under subsection (q) of this section may be deposited to a different fund or account as specified by a general appropriations bill for state government as determined by the legislature to be necessary to alleviate a budget shortfall or structural budget deficit as defined by W.S. 9-2-1002, or to provide appropriations to maintain services as determined by the legislature.

9-4-720. Investment funds committee created; duties.

(a) There is created the investment funds committee. The committee consists of six (6) voting members including the state treasurer, a member of the state treasurer's office designated by the state treasurer, the chief investment officer of the Wyoming retirement system and three (3) members appointed by a selection panel in accordance with W.S. 9-4-721. In addition to the voting members, there shall be one (1) ex officio nonvoting member appointed by the governor and one (1) ex officio nonvoting member appointed by the management council.

(b) The ex officio nonvoting member appointed by the governor shall serve for the term of office of the governor but may be removed by the governor. The ex officio nonvoting member appointed by the management council shall serve a two (2) year term but is eligible for reappointment and may be removed by the management council.

(c) The three (3) voting members appointed by a selection panel shall serve a three (3) year term provided that of the initial committee, one (1) member shall be appointed for a one (1) year term, one (1) member for a two (2) year term and one (1) member for a three (3) year term. The three (3) members are eligible for reappointment. Terms of appointment for voting members shall commence on March 1 of the year of appointment. Any appointed voting member of the committee may be removed by the selection panel at any time or may be removed by the governor for malfeasance or misconduct in office. If an appointed voting position on the committee becomes vacant for any reason, the selection panel shall appoint a member in accordance with W.S. 9-4-721 to fill the position for the remainder of the unexpired term. Appointed voting members of the investment funds committee shall be confirmed by the senate. The selection panel may fill any vacancy occurring between sessions of the legislature by temporary appointment.

(d) The state treasurer shall be the chairman of the committee. The committee shall meet at least quarterly and at the call of either the chairman or a majority of the membership.

(e) Staff and support for the committee shall be provided by the office of the state treasurer. Members of the committee who are not employees or elected officials of the state of Wyoming shall receive per diem and travel expense reimbursement in the manner and amount prescribed for legislators under W.S. 28-5-101.

(f) In addition to the duties prescribed under this act, the committee shall establish or approve investment benchmarks and determine or review whether benchmarks have been exceeded as required by W.S. 9-1-409(e) and 9-3-406(a). Notwithstanding subsections (a) and (b) of this section, members of the committee appointed by the governor or the management council may vote on benchmarks. A member of the committee who is also an employee or board member of the state treasurer's office or the Wyoming retirement system shall not vote on any benchmark. The committee through the state treasurer's office may engage the services of consultants on a contract basis for rendering professional assistance and advice in establishing and evaluating benchmarks.

9-4-721. Investment funds committee; selection panel.

(a) There is created the selection panel to appoint voting members to the investment funds committee as provided in W.S. 9-4-720. The panel consists of five (5) members composed of one (1) member appointed by each of the members of the board. Each selection panel member shall possess financial knowledge and experience to qualify them for the position. Once appointed, a selection panel member shall serve for the term of office of the board member who appointed them but may be removed by the appointing board member.

(b) The selection panel shall research and interview candidates for the investment funds committee. Candidates for the investment funds committee may be nominated by the board or may apply directly to the panel.

(c) No candidate shall be appointed by the selection panel to the investment funds committee unless the candidate has all of the following qualifications:

(i) Not less than seven (7) years of institutional investment experience involved in the management of a portfolio in excess of five hundred million dollars (\$500,000,000.00);

(ii) A broad understanding of financial markets;

(iii) Not been convicted of or pleads guilty or nolo contendere to a felony violation or been the subject of any disciplinary action involving moral turpitude;

(iv) No conflicts of interest that would lead to a violation of W.S. 6-5-106, 6-5-118, 16-6-118 or other comparable provision of law.

(d) Staff and support for the selection panel shall be provided by the office of the state treasurer. Members of the panel who are not employees or elected officials of the state of Wyoming shall receive per diem and travel expense reimbursement in the manner and amount prescribed for legislators under W.S. 28-5-101.

ARTICLE 2

SELECT COMMITTEE ON CAPITAL FINANCING AND INVESTMENTS

28-11-201. Appointment of members; powers and duties.

(a) Not later than March 31 following each general election, the president of the senate shall appoint six (6) members of the senate, and the speaker of the house of representatives shall appoint six (6) members of the house to a select committee on capital financing and investments. Appointments to the committee by each presiding officer shall reflect as nearly as possible the percentage of the elected membership of the majority and minority parties of each house, provided that not more than five (5) members appointed by each presiding officer shall be from the same political party.

(b) The select committee shall:

(i) Select from among its members a chairman and vice-chairman;

(ii) Monitor the establishment and implementation of state investment policy by the state loan and investment board under W.S. 9-4-716, including the extent to which investment goals are being achieved;

(iii) Monitor the establishment and implementation of state capital financing policy by the state building commission and any other state entity charged with capital financing;

(iv) Prepare and submit recommendations to the legislature, including sponsoring legislation, to improve statutes related to the investment of state and local government funds;

(v) Develop knowledge and expertise among its members regarding issues related to investment of public funds and capital financing;

(vi) Monitor state funds invested for a specific public purpose authorized or directed by the legislature.

(c) The state loan and investment board shall:

(i) Provide the select committee with notice and minutes of all board meetings. The select committee and the board may hold joint meetings;

(ii) Provide information to the select committee upon request to assist the select committee to monitor progress.

(d) The select committee may:

(i) Secure consulting services, if necessary, to provide technical assistance regarding state investment policy;

(ii) Review budgets and expenditures related to any aspect of state investment policy and its implementation;

(iii) Review budgets and expenditures related to any aspect of state capital financing policy and its implementation.

ORIGINAL HOUSE
BILL NO. HB0027

ENROLLED ACT NO. 10, HOUSE OF REPRESENTATIVES

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
2019 GENERAL SESSION

AN ACT relating to public funds; authorizing investment of the transportation trust fund in equities through the pool A investment account; making conforming amendments; and providing for an effective date.

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

Section 1. W.S. 9-4-607(b) and 9-4-715(p) by creating a new paragraph (vii) are amended to read:

9-4-607. Wyoming transportation enterprise program.

(b) In addition to the distributions under subsection (a) of this section, ninety percent (90%) of the investment income earned on monies deposited into the transportation trust fund shall be deposited in the transportation enterprise fund to be expended by the state loan and investment board pursuant to W.S. 11-34-131, as appropriated by the legislature. Ten percent (10%) of the investment income earned on monies deposited into the transportation trust fund shall be retained by the transportation trust fund. The state treasurer shall invest the funds in the transportation trust fund as authorized ~~under W.S. 9-4-715(a), (d) and (e)~~ by law in a manner to obtain the highest return possible consistent with the preservation of the trust fund.

9-4-715. Permissible investments.

(p) There is created the pool A investment account. The state treasurer, or his designee, which shall be registered under the Investment Advisor's Act of 1940 as amended if required to be registered by the terms of that act as amended, pursuant to subsections (c) and (d) of this section and after consultation with the state agency or agencies receiving or administering investment earnings from the monies invested in the pool A investment account, may invest up to seventy percent (70%) of the monies comprising

ORIGINAL HOUSE
BILL NO. HB0027

ENROLLED ACT NO. 10, HOUSE OF REPRESENTATIVES

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
2019 GENERAL SESSION

the pool A investment account in equities including stocks of corporations. The state loan and investment board, in consultation with the state agency or agencies receiving or administering investment earnings from the monies invested in the pool A investment account, shall annually review the state investment policy statements for the investment pool created by this subsection as required under W.S. 9-4-716. Monies in the following funds shall be invested in the pool A investment account:

(vii) The transportation trust fund created by W.S. 9-4-607(a).

Section 2. This act is effective July 1, 2019.

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____

DATE APPROVED: _____

I hereby certify that this act originated in the House.

Chief Clerk

ORIGINAL SENATE
FILE NO. SF0027

ENGROSSED

ENROLLED ACT NO. 17, SENATE

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
2019 GENERAL SESSION

AN ACT relating to state public purpose investments; consolidating, amending and repealing loan and reimbursement programs as specified; making conforming amendments; specifying applicability; and providing for an effective date.

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

Section 1. W.S. 10-3-101(h), 11-34-101(a)(iv), 11-34-117(a), 11-34-202(e), 16-1-109(d) by creating a new paragraph (vi) and 39-13-107(b)(iii)(F) are amended to read:

10-3-101. Creation; composition; appointment; term; removal; qualifications; vacancies; compensation; office; acceptance of grants.

(h) The commission shall meet as necessary to properly exercise its functions, but shall meet not less than quarterly to consider the distribution of grants under W.S. 10-3-401 and provide information and recommendations based upon existing airport planning priorities to the state loan and investment board for actions on loan applications under W.S. ~~9-12-703-16-1-109(d)(vi)~~.

11-34-101. Definitions.

(a) As used in this act:

(iv) "This act" means W.S. 11-34-101 through ~~11-34-306-11-34-203~~.

11-34-117. Rates of interest; length of loan; amount.

(a) The board may set rates of interest on all farm loans according to current interest rates but not less than

ENROLLED ACT NO. 17, SENATE

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
2019 GENERAL SESSION

four percent (4%) nor more than ten percent (10%) whether the money is loaned upon the amortization plan or otherwise. ~~except that loans pursuant to W.S. 11-34-113(j) shall be loaned for a fixed period of up to seven (7) years with a set interest rate equal to seventy five percent (75%) of the lowest current rate set by the board for farm loans other than loans under W.S. 11-34-113(j).~~

11-34-202. Revenue to be credited to an account; use thereof; disposition of excess.

(e) Revenue and proceeds received by the board for deposit in the loss reserve account pursuant to W.S. 11-34-118, 11-34-120(h), 11-34-121, and 11-34-123(a), ~~11-34-302(e) and 11-34-306~~ shall be transmitted to the state treasurer for deposit to the credit of the loss reserve account. These funds shall be used for the purposes specified in subsection (f) of this section and W.S. 11-34-126 and to pay the administrative and legal expenses of the board in making collections and foreclosing mortgages. If at the end of any fiscal year the amount accumulated in the loss reserve account exceeds five percent (5%) of the total amount of permanent funds of the state invested in farm or water development project loans, the amount in excess of the five percent (5%) shall be transferred and credited to the general fund.

16-1-109. State loan and investment board loans; amount; interest; security; conditions.

(d) Loans under this section shall be made only under the following conditions:

(vi) The board shall request a review and recommendation from the aeronautics commission on all

ENROLLED ACT NO. 17, SENATE

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
2019 GENERAL SESSION

applications for loans for the construction, development and improvement of airport facilities generating user fees and shall make any loan recommended by the aeronautics commission unless, based upon the credit worthiness of the project, the board determines the loan would not be a prudent investment.

39-13-107. Compliance; collection procedures.

(b) The following provisions shall apply to the payment of taxes, distraint of property and deferral:

(iii) The following shall apply to the deferral of tax collection:

(F) Payment of deferred taxes shall be distributed pursuant to W.S. 39-13-111(a)(ii). Any taxes deferred under this paragraph which would be distributed pursuant to W.S. 39-13-111(a)(ii)(A) shall be paid from the county general fund subject to reimbursement when the deferred taxes are paid by the taxpayer or otherwise collected by the county. ~~The board of county commissioners may, by December 1 of the year in which the first installment of deferred taxes are to be paid, make application to the state treasurer for disbursement of funds pledged by W.S. 9-4-715(j). If applications exceed funds authorized, the state treasurer shall make investments on a prorated basis;~~

Section 2. W.S. 9-4-715(j), 9-12-703, 11-34-113(j), 11-34-114(c), 11-34-117(d), 11-34-301, 11-34-302, 11-34-306 and 36-8-318 through 36-8-320 are repealed.

Section 3.

(a) Nothing in this act shall be construed to:

ENROLLED ACT NO. 17, SENATE

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
2019 GENERAL SESSION

(i) Modify or impair existing contracts, loans or bond issuances of the state of Wyoming executed before the effective date of this act;

(ii) Release or in any way diminish the liability or obligation of any person, individual, partnership, corporation, joint stock company or any other association or entity, whether public or private, held or owned by the state of Wyoming before the effective date of this act.

Section 4. This act is effective July 1, 2019.

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____

DATE APPROVED: _____

I hereby certify that this act originated in the Senate.

Chief Clerk

ORIGINAL SENATE
FILE NO. SF0063

ENROLLED ACT NO. 18, SENATE

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
2019 GENERAL SESSION

AN ACT relating to the legislative stabilization reserve account; requiring investment of the account as specified; specifying the maximum percentage of the account which may be invested in equities; requiring the state loan and investment board to adopt an investment policy statement for the account; requiring a report; and providing for an effective date.

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

Section 1. W.S. 9-4-219(a) and 9-4-715 by creating a new subsection (q) are amended to read:

9-4-219. Legislative stabilization reserve account created; purposes.

(a) The legislative stabilization reserve account created by 2005 Wyoming Session Laws, Chapter 191, Section 4, Section 301(d) is continued and codified. Funds within the account shall only be expended by legislative appropriation. All funds within the account shall be invested by the state treasurer as authorized under W.S. 9-4-715(a), (d), (e) and (q) and all investment earnings from the account shall be credited to the general fund.

9-4-715. Permissible investments.

(q) The state treasurer, or his designee, which shall be registered under the Investment Advisor's Act of 1940 as amended if required to be registered by the terms of that act as amended shall invest the legislative stabilization reserve account created in W.S. 9-4-219 in a manner to obtain the highest return possible subject to the following:

(i) Investments shall be made in accordance with investment policy statements adopted by the board under W.S.

ORIGINAL SENATE
FILE NO. SF0063

ENROLLED ACT NO. 18, SENATE

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
2019 GENERAL SESSION

9-4-716. In adopting investment policy statements for the legislative stabilization reserve account, the board shall seek to preserve the balance of the account as necessary to address:

(A) A budget shortfall or structural budget deficit through contingent appropriations and expenditures under W.S. 9-2-1014(d)(ii) and (iii);

(B) A published consensus revenue estimating group estimate of revenues that is less than existing legislative appropriations for state government operations or support of public schools;

(C) Other emergencies and needs identified or authorized by the legislature under Wyoming statutes and session laws.

(ii) To the extent funds are available and prior to making any other investments, five hundred million dollars (\$500,000,000.00) shall be invested in short term fixed income investment grade securities;

(iii) After consultation with the budget division of the department of administration and information, up to fifty-five percent (55%) of the unobligated, unencumbered balance of the legislative stabilization reserve account in excess of the amount specified in paragraph (ii) of this subsection, as calculated by the state auditor on October 1 of each fiscal year, may be invested in equities, including stocks of corporations. Investments under this paragraph shall be made in compliance with subsections (c) and (d) of this section;

ORIGINAL SENATE
FILE NO. SF0063

ENROLLED ACT NO. 18, SENATE

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
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(iv) Not later than November 1 of each year, the state treasurer shall report to the joint appropriations committee and the select committee on capital financing and investments regarding the annual review of the investment policy statement for the legislative stabilization reserve account and the investment performance of the account.

Section 2. This act 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.

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____

DATE APPROVED: _____

I hereby certify that this act originated in the Senate.

Chief Clerk

ORIGINAL SENATE
FILE NO. SF0131

ENGROSSED

ENROLLED ACT NO. 81, SENATE

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
2019 GENERAL SESSION

AN ACT relating to public funds; amending spending policy amounts for state funds as specified; amending amounts available for transfer to ensure certain maximum distributions are available; amending distribution of specified funds; creating an account; making conforming amendments; and providing for an effective date.

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

Section 1. W.S. 9-4-219 by creating a new subsection (c), 9-4-220(b)(ii) and 9-4-719(b), (d)(v) through (vii) and (h)(v) through (vii) are amended to read:

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

(c) There is created the legislative deficit control account within the legislative stabilization reserve account. Funds within the account shall only be expended by legislative appropriation. All funds within the account shall be invested by the state treasurer as authorized under W.S. 9-4-715(a), (d) and (e) and all investment earnings from the account shall be credited to the general fund. W.S. 9-4-715(q) shall not apply to the investment of this account. For purposes of accounting and investing only, the legislative deficit control account shall be treated as a separate account from the legislative stabilization reserve account.

9-4-220. Strategic investments and projects account created; purposes.

(b) For fiscal year 2021 and in each fiscal year thereafter unencumbered and unobligated funds available for expenditure in the strategic investments and projects account

ENROLLED ACT NO. 81, SENATE

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
2019 GENERAL SESSION

shall be expended for the following purposes and subject to the following:

(ii) After making transfers to the Wyoming state penitentiary capital construction account under W.S. 9-4-220.1, on June 30, 2021 for fiscal year 2021 and June 30 of each fiscal year thereafter sixty-five percent (65%) of the funds in excess of the amount calculated under paragraph (i) of this subsection shall be credited to the legislative deficit control account within the legislative stabilization reserve account. The remainder may be expended as appropriated by the legislature.

9-4-719. Investment earnings spending policy permanent funds.

(b) There is created the permanent Wyoming mineral trust fund reserve account. Beginning July 1, 2016 for fiscal year 2017 and each fiscal year thereafter, the state treasurer shall transfer unobligated funds from this account to the general fund as necessary to ensure that an amount equal to two and one-half percent (2.5%) of the previous five (5) year average market value of the permanent Wyoming mineral trust fund, calculated on the first day of the fiscal year, is available for expenditure annually during each fiscal year. As soon as possible after the end of each of the fiscal years beginning on and after July 1, 2017, after making any transfer required pursuant to paragraph (i) of this subsection, revenues in this account in excess of one hundred fifty percent (150%) of the spending policy amount in subsection (d) of this section shall be credited to the permanent Wyoming mineral trust fund. For fiscal year ~~2021~~-2020 and for each fiscal year thereafter:

ENROLLED ACT NO. 81, SENATE

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
2019 GENERAL SESSION

(i) As soon as practicable after the end of the fiscal year, after making any other transfers provided by law from the permanent Wyoming mineral trust fund reserve account, but prior to calculating the balance of the account under this subsection, the state treasurer shall transfer from the account an amount equal to the difference between the ~~full maximum~~ amount ~~to which may~~ be credited to the ~~school major maintenance subaccount pursuant to W.S. 9-4-220(b)(i) strategic investments and project account pursuant to subsection (q) of this section~~ and the amount actually credited to that ~~subaccount~~ account in the applicable fiscal year.

(d) The annual spending policy for the permanent Wyoming mineral trust fund is as follows for each fiscal year (FY):

(v) FY ~~2018, 2019 and 2020~~ and each fiscal year through 2022 - an amount equal to five percent (5%) of the previous five (5) year average market value of the trust fund, calculated from the first day of the fiscal year;

(vi) FY ~~2021-2023~~ - an amount equal to four and three-fourths percent (4.75%) of the previous five (5) year average market value of the trust fund, calculated from the first day of the fiscal year;

(vii) FY ~~2022-2024~~ and each fiscal year thereafter - an amount equal to four and one-half percent (4.5%) of the previous five (5) year average market value of the trust fund, calculated from the first day of the fiscal year.

(h) The annual spending policy for the common school account within the permanent land fund is as follows for each fiscal year (FY):

ENROLLED ACT NO. 81, SENATE

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
2019 GENERAL SESSION

(v) FY ~~2018, 2019 and~~ 2020 and each fiscal year through 2024 - an amount equal to five percent (5%) of the previous five (5) year average market value of the account, calculated from the first day of the fiscal year;

(vi) FY ~~2021-2025~~ - an amount equal to four and three-fourths percent (4.75%) of the previous five (5) year average market value of the account, calculated from the first day of the fiscal year;

(vii) FY ~~2022-2026~~ and each fiscal year thereafter - an amount equal to four and one-half percent (4.5%) of the previous five (5) year average market value of the account, calculated from the first day of the fiscal year.

ORIGINAL SENATE
FILE NO. SF0131

ENGROSSED

ENROLLED ACT NO. 81, SENATE

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
2019 GENERAL SESSION

Section 2. This act is effective July 1, 2019.

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____

DATE APPROVED: _____

I hereby certify that this act originated in the Senate.

Chief Clerk

Members, Sixty-fourth Wyoming Legislature,

In the 2000 Budget Session, the Legislature established annual spending policy amounts for earnings from the Permanent Wyoming Mineral Trust Fund (PWMTF) and the Common School account within the Permanent Land Fund (CSPLF). The spending policies are intended to identify the amount of earnings available for expenditure from these permanent funds; make the availability of earnings revenue for appropriation and expenditure more consistent year to year; and potentially protect the corpuses from inflation.

For the PWMTF, to the extent investment earnings exceed the statutory spending policy amount, the excess earnings flow to a reserve account for that fund. For the CSPLF, earnings in excess of the spending policy amount still flow to the Common School Land Income fund (CSLI) and School Foundation Program account (SFP). However, in the event investment earnings from the CSPLF exceed the spending policy amount, there is an automatic appropriation to the CSPLF Reserve Account from federal mineral royalty (FMR) amounts exceeding \$200 million which would otherwise be deposited into the SFP.

For those years in which investment earnings fall short of the spending policy amounts, monies in the reserve accounts are available to supplement earnings. If the reserve accounts reach more than 150 percent of the respective spending policy amounts, statute provides for the excess reserves to be placed in the appropriate corpus. This threshold, or “cap,” of 150 percent was established by the Legislature at 90 percent prior to fiscal year (FY) 2018 and 75 percent prior to FY 2015.

In the 2005 Budget Session, the Legislature established the Hathaway Student Scholarship Endowment fund.¹ For this account, the spending policy amount is established at the amount necessary to fund scholarships for Wyoming students to attend the University of Wyoming and community colleges, if students meet legislatively established criteria and to the extent funds are available.² During the fiscal year, insufficient funds in the Hathaway Student Scholarship expenditure account are supplemented by a reserve account to ensure the spending policy amount is met. At the end of the fiscal year, earnings and transfers in excess of scholarships awarded are directed to the reserve account. The Legislature also established that fund balance in the reserve account above \$12 million or 4.5 percent of the five-year average market value of the corpus (whichever is greater) shall be deposited to the Hathaway Student Scholarship Endowment fund.

¹ 2005 Wyoming Session Laws, Chapter 190. The Hathaway student scholarship program was created in 2006 Wyoming Session Laws, Chapter 36.

² W.S. 21-16-1303 through 1306.

In the 2007 General Session, the Legislature established an annual spending policy amount for the Excellence in Higher Education Endowment fund. Like the PWMTF spending policy and reserve account, to the extent earnings from the Excellence in Higher Education Endowment fund exceed the spending policy amount, excess earnings flow to the reserve account for that fund. Also, like the PWMTF and CSPLF, once the reserve account reaches more than 150 percent of the spending policy amount, the excess reserves are placed in the applicable corpus, here the Excellence in Higher Education Endowment fund.

In the 2017 General Session, the Legislature increased the “cap” on the reserve accounts and modified the spending policy amounts for the PWMTF, CSPLF, and Excellence in Higher Education Endowment fund.³ Table 1 depicts the newly adopted spending policy amounts for each fund, which were previously established at 5 percent of the five-year average market value for all three funds. Table 2 illustrates the historic spending policy amounts for the PWMTF and CSPLF.

Table 1. Spending Policy Amounts (as a percent of the five-year average market value).

Fiscal Year	PWMTF	CSPLF	Excellence in Higher Education Endowment Fund
2019	5.00%	5.00%	4.75%
2020	5.00%	5.00%	4.75%
2021	4.75%	4.75%	4.75%
2022 and thereafter	4.50%	4.50%	4.75%

Source: W.S. 9-4-719(d), (h), and (o).

Table 2. Spending Policy Amounts, Since Inception (as a percent of the five-year average market value).

PWMTF			CSPLF		
Fiscal Year(s)	SPA Amount	Citation	Fiscal Year(s)	SPA Amount	Citation
2002¹	8.0%	2002 Laws, Ch. 80	2002¹	8.2%	2002 Laws, Ch. 80
2003	7.625%	2002 Laws, Ch. 80	2003	7.825%	2002 Laws, Ch. 80
2004-2018	5.0%	2004 Laws, Ch. 9	2004-2017	5.0%	2004 Laws, Ch. 9

Source: LSO Budget/Fiscal staff summary.

Note: (1) The SPAs for the PWMTF and CSPLF were to be reduced by 0.375 percent each fiscal year after FY 2002 until such time as the SPA reached 5 percent.

Beginning in FY 2017, the first 2.5 percent of the five-year market average of investment earnings from the PWMTF was guaranteed to the General Fund, to the extent funds are available in the PWMTF reserve account. The amount in excess of 2.5 percent and less than the spending policy amount (4.75 percent in FY 2021 and 4.5 percent in FY 2022 and thereafter) is equally split

³ 2017 Wyoming Session Laws, Chapter 206.

between the Legislative Stabilization Reserve Account (LSRA) and the Strategic Investments and Projects Account (SIPA).

For the CSPLF, beginning in FY 2018, the full amount of investment earnings up to the spending policy amount is now directed to the CSLI and guaranteed from funds within the CSPLF reserve account, to the extent funds are available.

For the Excellence in Higher Education Endowment fund, if needed to maintain payments to the benefiting institutions, one-half of the difference between the spending policy amount and the actual investment earnings is supplemented from the Excellence in Higher Education reserve account, to the extent funds are available. Additionally, benefiting higher education institutions' expenditures from the investment earnings distributed are limited to 90 percent of the distribution in fiscal years in which the spending policy amount is reached or exceeded. The remainder (10 percent) is set aside within the higher education institution to be used to supplement investment earnings in years in which the spending policy is not reached. The higher education institutions are authorized to expend the saved funds in equal parts with the supplement from the Excellence in Higher Education Reserve fund.

During the 2018 Budget Session, the Legislature amended statute so that during FY 2019 only, of the 1.25% directed to the SIPA, 0.9375% would instead be credited to the PWMTF reserve account.⁴ In 2018, the Legislature also amended statute so that beginning in FY 2021, 45% of the maximum amount directed to the SIPA would be credited to a subaccount for school major maintenance.⁵

Establishment of annual spending policy amounts

Since initially establishing the spending policies for the PWMTF and CSPLF, the Legislature has modified the annual spending policy amounts by changing them from dollar amounts set in statute to a target rate of return. The target started at 8 percent for the PWMTF (8.2 percent for the CSPLF) of the five-year average market value of the applicable corpus and was initially set to decrease annually by $\frac{3}{8}$ percent increments to what was viewed as a "sustainable" 5 percent target amount in 2010 (2011 for the CSPLF). In 2004, given the State's increasing revenue picture, the Legislature eliminated the "stair step" reductions and established the spending policy amounts at the 5 percent of the five-year average market value level for subsequent fiscal years. For the Excellence in Higher Education Endowment fund, the annual spending policy was established at the "sustainable" 5 percent of the five-year average market value target amount with the implementation of a spending policy for that fund in 2007. In 2017, the Legislature further reduced future spending policy amounts as previously illustrated in Table 1.

The Select Committee on Capital Financing and Investments is required to report annually regarding recommended modifications to the annual spending policy amounts established by W.S. 9-4-719.

⁴ 2018 Wyoming Session Law, Chapter 134, Section 334.

⁵ 2018 Wyoming Session Law, Chapter 136, Section 2.

Corpus values, earnings and distributions

Permanent Wyoming Mineral Trust Fund

The annual spending policy amount is calculated based upon a five-year rolling average market value of the PWMTF. That average for FY 2018 was \$7.05 billion; for FY 2019 it is \$7.389 billion.⁶

The spending policy amount for the PWMTF for FY 2018 was \$352.5 million; investment income in the fiscal year was \$447.6 million. Given that investment income exceeded the spending policy amount, \$95.2 million was deposited to the PWMTF reserve account. The amount in the reserve account at the end of the fiscal year was \$312.7 million, which was less than the "cap" amount of 150 percent of the spending policy, which is \$528.7 million. The Legislature placed a temporary hold on any transfers from the reserve account to the corpus for the period of the 2019-2020 biennium, even if the balance did exceed the threshold.⁷

For FY 2019, the annual spending policy amount for the PWMTF is \$369.4 million. Using October 2018 Consensus Revenue Estimating Group (CREG) projections, which do not include investment earnings other than an estimate of interest and dividends, the PWMTF is projected to have earnings for FY 2019 of \$184.3 million, which falls short of the spending policy amount for that fund by \$185.1 million. A shortfall scenario is also projected for the subsequent fiscal years projected. Consistent with the State Treasurer's policy, projected earnings from the CREG report do not include capital gains and losses that might occur. This holds true for all projected earnings discussed in this report. Of note, 2.5 percent of the five-year average market value of the PWMTF corpus is guaranteed to be distributed to the General Fund, and this guarantee is incorporated into the October 2018 CREG projections. As a result, rather than an estimate of \$184.3 million for investment earnings from the PWMTF, CREG projects \$184.7 million, taking into account the guarantee distribution from the PWMTF reserve account to the General Fund.

Since the inception of the spending policy for the PWMTF in 2000, approximately \$589.2 million has been transferred from the reserve account to the PWMTF corpus. Furthermore, during the 2018 Budget Session, the Legislature appropriated a total of \$48,333,074 from the PWMTF reserve account in FY 2018 and another \$10 million during the 2019-2020 biennium for various projects.

Common School Permanent Land Fund

For the CSPLF the five-year rolling average market value for FY 2018 was \$3.293 billion. That average for FY 2019 is \$3.564 billion.⁸

⁶ As of July 1, 2018, the PWMTF had a market value of \$7.806 billion, as compared to a market value of \$7.666 billion as of July 2017, \$7.319 billion as of July 2016, \$7.172 billion as of July 2015, and \$6.979 billion as of July 2014.

⁷ 2018 Wyoming Session Laws, Chapter 134, Section 300(c).

⁸ As of July 1, 2018, the CSPLF had a market value of \$3.989 billion, as compared to a market value of \$3.860 billion as of July 2017, \$3.520 billion as of July 2016, \$3.405 billion as of July 2015, and \$3.047 billion as of July 2014.

Thus, the spending policy amount for the CSPLF for FY 2018 was \$164.6 million; investment income for FY 2018 was \$213.5 million. Therefore, because the actual income exceeded the spending policy amount for this fund, \$48.9 million was deposited into the CSPLF reserve account. The reserve account balance is \$163.7 million, less than the 150 percent cap of \$246.9 million. Therefore, no funds were deposited from the reserve account to the CSPLF corpus. In addition, the Legislature placed a temporary hold on any transfers from the reserve account to the corpus for the period of the 2019-2020 biennium, even if the balance did exceed the threshold.⁹

For FY 2019, the annual spending policy amount for the CSPLF is \$178.2 million. Using October 2018 CREG projections, the CSPLF is projected to have earnings for FY 2019 of \$100.0 million, which falls shy of the guaranteed 5 percent minimum and short of the spending policy amount for that fund by \$78.2 million. There are sufficient funds within the CSPLF reserve account in the event final earnings, including realized capital gains, fall short of the projections in FY 2019 to make the full 5 percent spending policy. An annual shortfall scenario is also projected for the subsequent fiscal years projected by CREG.

Since the establishment of the spending policy, approximately \$220.4 million has been transferred from the reserve account to the CSPLF corpus. Finally, in the 2018 Budget Session, the Legislature appropriated \$150,524,585 to the CSPLF reserve account to bolster its balance.¹⁰

Excellence in Higher Education Endowment Fund

The Excellence in Higher Education Endowment fund received certain "over the cap" FMRs, until those specified distributions to that fund equaled \$105 million, which was achieved as of July 1, 2008.¹¹ For FY 2018, the five-year average market value of the Excellence in Higher Education Endowment fund corpus was \$118.2 million; resulting in a spending policy of \$5.9 million. Investment earnings were approximately \$6.5 million. The reserve account balance is \$1.9 million, less than the 150 percent cap of \$8.9 million. Therefore, no funds were deposited from the reserve account to the Excellence in Higher Education fund corpus.

For FY 2019 the annual spending policy amount is \$5.7 million. The State Treasurer's Office projects the Excellence in Higher Education Endowment fund to have investment income for FY 2019 of \$3.3 million, which falls short of the spending policy amount by approximately \$2.3 million. With the automatic "shortfall flow" provision, one-half of that shortfall is projected to be deposited into the expenditure account from the reserve account for distribution to the University and community colleges in FY 2019. A shortfall scenario is also projected for the subsequent fiscal years projected.

⁹ 2018 Wyoming Session Laws, Chapter 134, Section 300(d).

¹⁰ 2018 Wyoming Session Laws, Chapter 134, Section 300(h).

¹¹ The Excellence in Higher Education Endowment fund had a market value as of July 1, 2018 of \$121.4 million as compared to a market value of \$116.9 million as of July 2017, \$117.9 million as of July 2016, \$121.1 million as of July 2015, \$113.8 million as of July 2014, and \$111.8 million as of July 2013.

As of the end of FY 2018, \$9.1 million in excess reserve account funds had flowed to the corpus. Additionally, in the 2018 Budget Session, the Legislature appropriated \$6,651,070 to the Excellence in Higher Education Endowment reserve account.¹²

Hathaway Student Scholarship Endowment Fund

The Hathaway Student Scholarship Endowment fund received specified "over the cap" FMRs, until the distributions to the Hathaway Student Scholarship Endowment equaled \$400 million. As of July 1, 2008, FMRs distributed to that fund were \$400 million. Pursuant to 2008 Session Laws, Chapter 48, Section 3, Section 027, Footnote 2, an additional \$50 million was appropriated from the federal coal lease bonus sales to the Hathaway Student Scholarship fund (corpus).

For FY 2018, the five-year average market value of the Hathaway Student Scholarship Endowment fund corpus was \$567.2 million.¹³ Investment earnings were approximately \$31.9 million. Scholarship payments for FY2018 were \$17.6 million. The reserve account balance is \$25.5 million, which exceeded the maximum threshold by \$5.3 million. As a result, \$5.3 million was transferred from the reserve account to the Hathaway Student Scholarship Endowment Program corpus.

For FY 2019, the annual spending policy amount is estimated by LSO to be \$18.0 million, using a two percent increase of scholarship payments over the prior year. The State Treasurer's Office projects the Hathaway Student Scholarship Endowment fund to have investment income for FY 2019 of \$15.1 million, which falls short of the amount projected for scholarship payments. With the automatic "shortfall flow" provision, approximately \$2.9 million of the full available balance in the reserve account will be transferred if the estimates are accurate. A modest shortfall scenario is also projected for the subsequent fiscal years projected.

As of the end of the last fiscal year, just over \$102 million in excess reserve account funds had flowed to the corpus.

Appendices A1, A2, A3, A4 show an Legislative Service Office projection of spending policy amounts, reserve account balances and market values for the PWMTF, CSPLF, Excellence in Higher Education fund, and Hathaway Scholarship Endowment fund. Appendices B1, B2, B3, B4 show graphical illustrations of the funding flows for the PWMTF, CSPLF, Excellence in Higher Education fund, and Hathaway Scholarship Endowment respectively.

As noted earlier, for all of the above calculations of spending policy amounts, "earnings" include interest, dividends and realized capital gains. For projected earnings, only interest and dividends are included. While there are potential unrealized gains, it is not possible to quantify those gains as market conditions, asset allocations and the need to rebalance the portfolio and other timing issues will affect the ability to realize gains.

¹² 2018 Wyoming Session Laws, Chapter 134, Section 300€.

¹³ The Hathaway Student Scholarship Endowment fund had a market value as of July 1, 2018 of \$582.4 million as compared to a market value of \$588.9 million as of July 2017, \$566.8 million as of July 2016, \$571.3 million as of July 2015, \$575.7 million as of July 2014, and \$533.1 million as of July 2013.

Modifications to spending policy statutes

Consistent with the November 1, 2018 recommendation of State Treasurer Gordon, the Select Committee on Capital Financing and Investments recommends no changes to the spending policies at this time. The Committee recommends continued monitoring of the investment conditions and interest rate environment for potential future adjustments to the spending policy, specifically including the suspension of the reduction of the spending policies for the PWMTF and CSPLF from 5 percent to 4.75 percent in FY 2021 and 4.5 percent in FY 2022 and thereafter under W.S. 9-4-719(d)(vi) and (vii) and (h)(vi) and (vii).

Respectfully submitted this 13th day of November 2018,

A handwritten signature in black ink, appearing to read "Michael R. Madden". The signature is written in a cursive, flowing style.

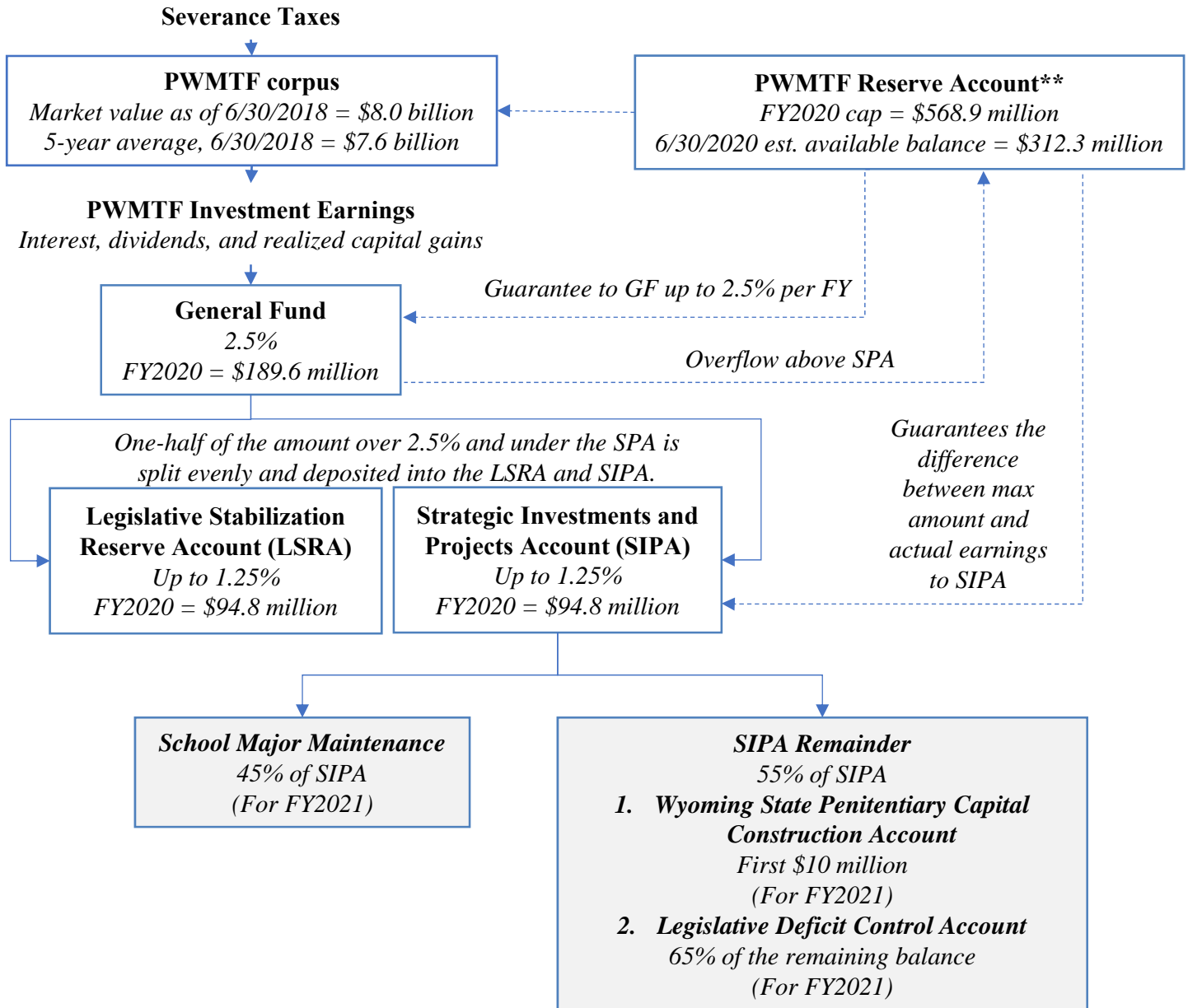
Representative Michael Madden, Chairman,
Select Committee on Capital Financing and Investments

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Spending Policy for FY2020
Permanent Wyoming Mineral Trust Fund (PWMTF)
W.S. 9-4-719

The **Spending Policy Amount (SPA)** for FY2020 is 5% of the 5-year average market value of the PWMTF corpus.* W.S. 9-4-719(a) outlines the purpose of the spending policy as:

- (a) The purpose of this section is to establish a spending policy for earnings on permanent fund investments to provide, in descending order of importance:
- (i) Consistent, sustainable flow of earnings for expenditure over time;
 - (ii) Protection of the corpus of the permanent funds against inflation; and
 - (iii) To the extent practicable, increases in earnings available for expenditure to offset the effects of inflation.



Notes:

* For future years, the SPA will change as follows: FY2020-2022 = 5%, FY2023 = 4.75%, FY2024 = 4.5%

**Excess over 150% of the SPA in the PWMTF Reserve Account goes back to the PWMTF corpus.

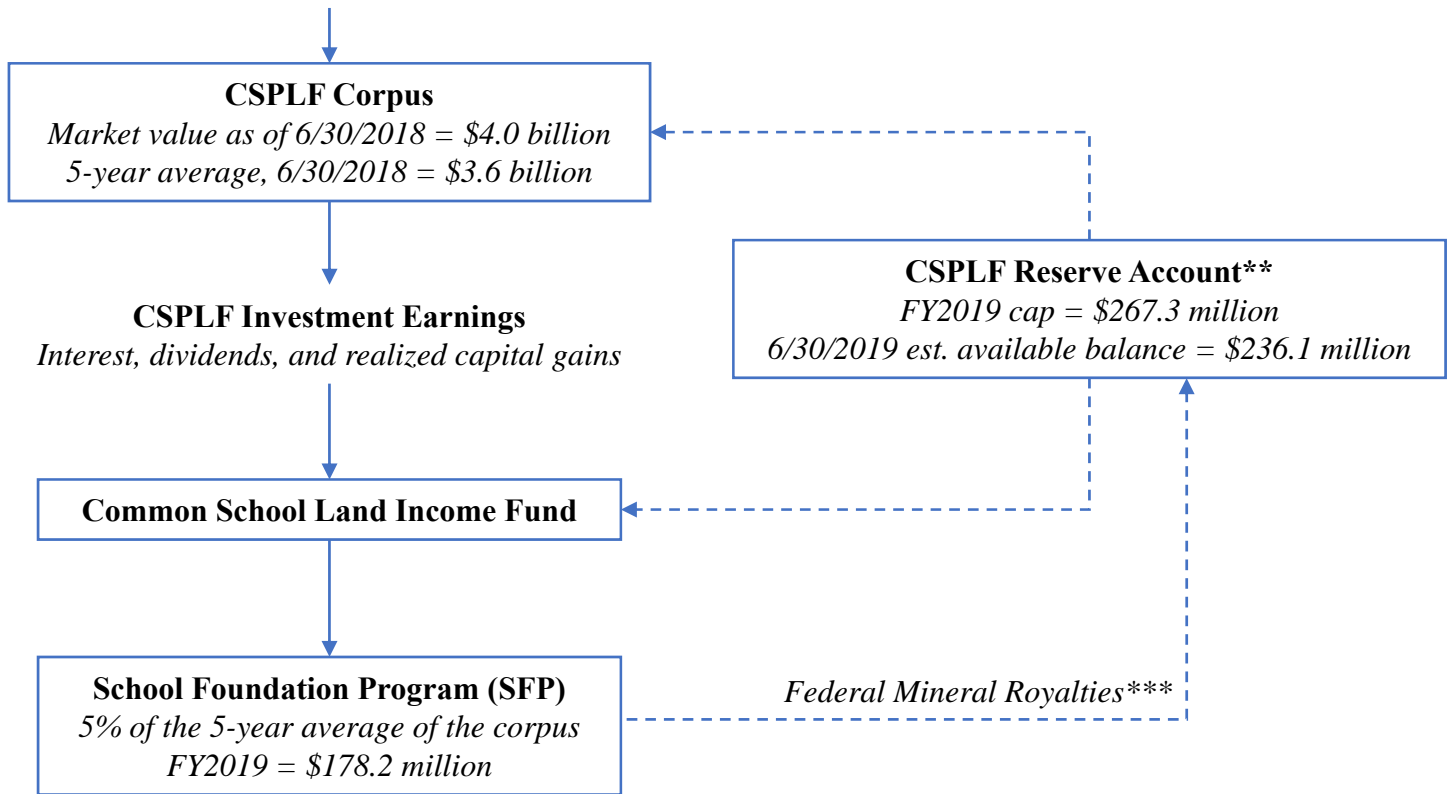
For FY2019, pursuant to W.S. 9-4-719(q)(iii), the first priority (i.e., 0.9375% directed to the PWMTF Reserve Account) shall be fully funded before deposits are made into the second priority (0.3125% directed to the SIPA).

**Spending Policy Reserve Account for FY2020
Common School Permanent Land Fund (CSPLF)
W.S. 9-4-719**

The **Spending Policy Amount (SPA)** for FY2019 is 5% of the five-year average of the value of the corpus.* W.S. 9-4-719(a) outlines the purpose of the spending policy as:

- (a) The purpose of this section is to establish a spending policy for earnings on permanent fund investments to provide, in descending order of importance:
- (i) Consistent, sustainable flow of earnings for expenditure over time;
 - (ii) Protection of the corpus of the permanent funds against inflation; and
 - (iii) To the extent practicable, increases in earnings available for expenditure to offset the effects of inflation.

Sale of school lands, at least 2/3 of production and sale of state mineral royalties, easements, surface damage payments, etc.



Notes:

* For future years, the SPA will change as follows: FY2020-2022 = 5%, FY2023 = 4.75%, FY2024 = 4.5%

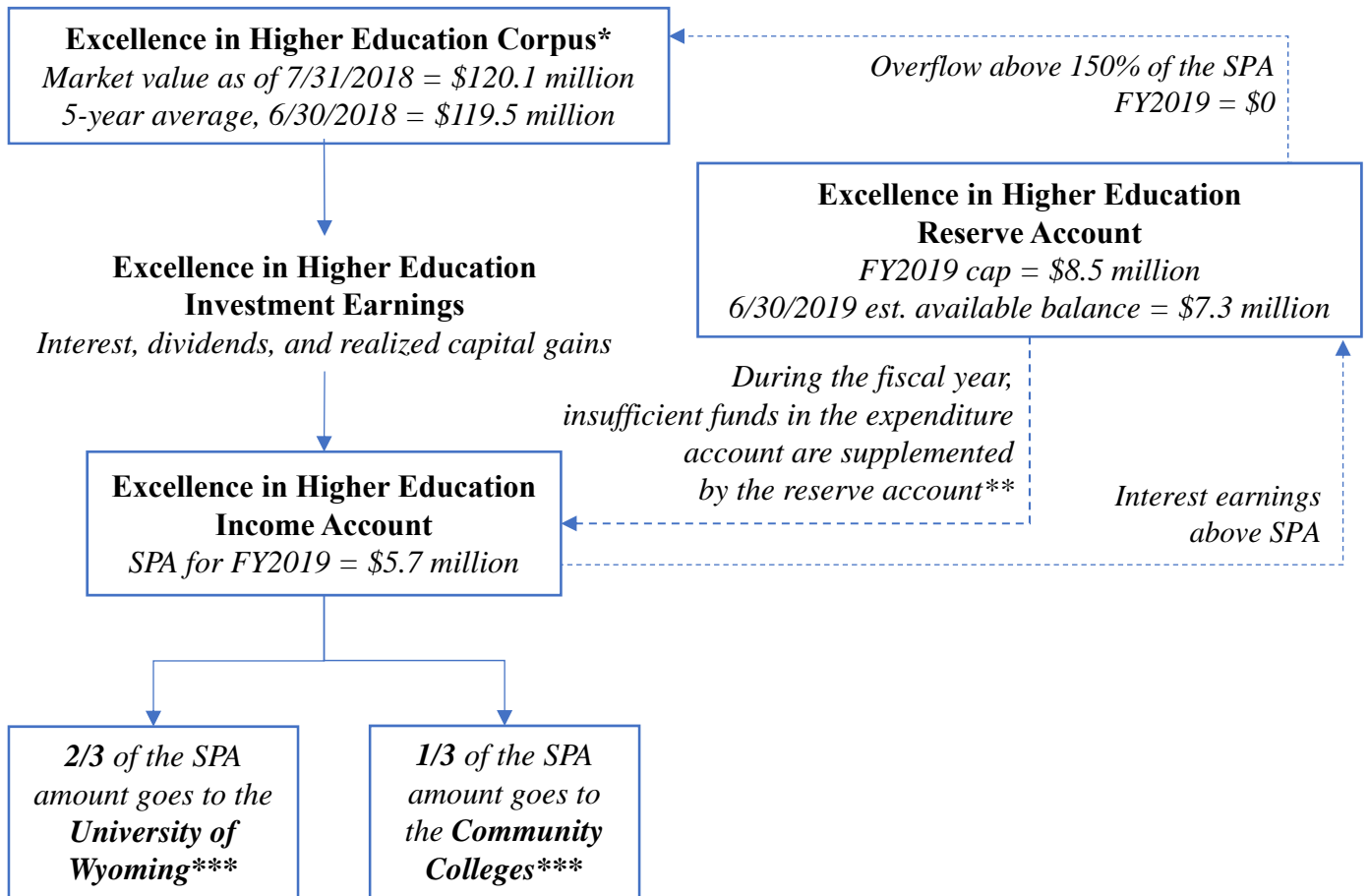
**The SPA is “guaranteed” from the CSPLF Reserve Account to the Common School Land Income Fund. The excess within the CSPLF Reserve Account over 150% of the SPA is directed to the CSPLF corpus (automatic appropriation).

***There is an automatic appropriation to the CSPLF Reserve Account from FMR amounts exceeding \$200 million that would otherwise be deposited in the SFP for any amounts in excess of the SPA.

Spending Policy Reserve Account for FY2020
Excellence in Higher Education Endowment Program
W.S. 9-4-719

The **Spending Policy Amount (SPA)** for FY2019 is 4.75% of the 5-year average market value of the Excellence in Higher Education corpus. W.S. 9-4-719(a) outlines the purpose of the spending policy as:

- (a) The purpose of this section is to establish a spending policy for earnings on permanent fund investments to provide, in descending order of importance:
- (i) Consistent, sustainable flow of earnings for expenditure over time;
 - (ii) Protection of the corpus of the permanent funds against inflation; and
 - (iii) To the extent practicable, increases in earnings available for expenditure to offset the effects of inflation.



Notes:

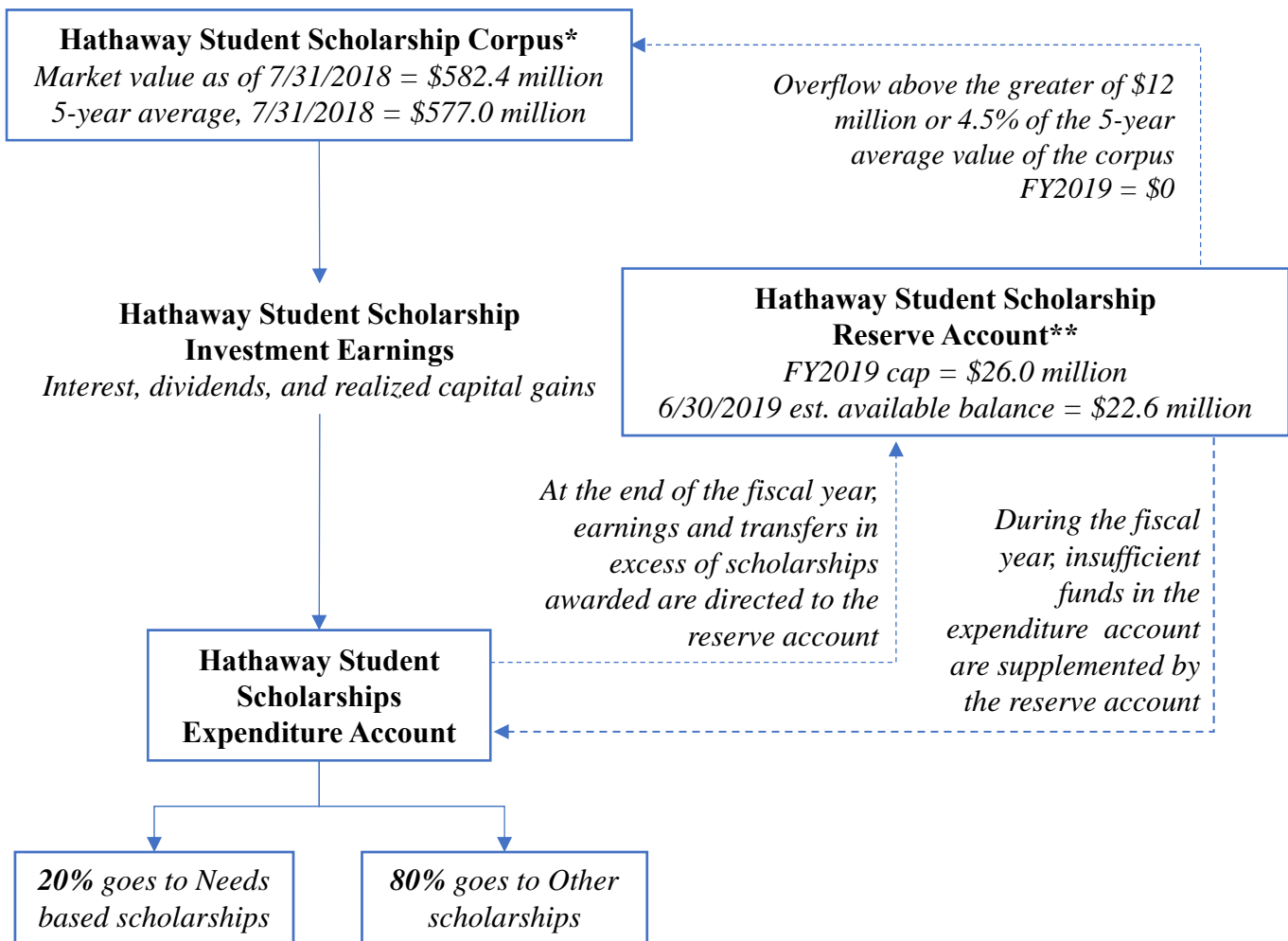
*A portion of the federal mineral royalties over the \$200 million cap that would have been deposited in the School Foundation Program Account were deposited in the Excellence in Higher Education fund (corpus) until the maximum of \$105 million was achieved. It was fully funded in FY2008.

** Pursuant to W.S. 9-4-719(n) the supplement for insufficient funds from the Excellence in Higher Education Reserve Account is limited to one-half of the difference between the investment income earned and the SPA.

*** Pursuant to W.S. 21-16-1201(c), the institutions shall only expend 90% of the distributions in fiscal years in which the SPA is reached or exceeded.

**Spending Policy Reserve Account for FY2020
Hathaway Student Scholarship Endowment Program
W.S. 21-16-1302**

The **Spending Policy Amount (SPA)** for this account is established as the amount necessary to fund scholarships for Wyoming students to attend the University of Wyoming and community colleges, if students meet legislatively established criteria, pursuant to W.S. 21-16-1303 through 1306.



Notes:

*A portion of the federal mineral royalties over the \$200 million cap that would have been deposited in the School Foundation Program Account were deposited in the Hathaway Student Scholarship fund (corpus) until the maximum of \$400 million was achieved. It was fully funded in FY2007. Pursuant to 2008 Session Laws, Ch. 48, Section 3, Section 027, Footnote 2, an additional \$50 million was appropriated from the federal coal lease bonus sales to the Hathaway Student Scholarship fund (corpus).

DATE **REVISED** October 30, 2018

TO Select Committee on Capital Financing and Investments

FROM Leanne Hoag, Associate Fiscal Analyst

SUBJECT Investment Earnings

Question: What are the investment earnings from the Permanent Wyoming Mineral Trust Fund, the Common School Permanent Land Fund, the Higher Education Excellence Endowment, and the Hathaway Fund since 2013?

To answer this question, LSO conducted an analysis of the Wyoming State Treasurers Office Annual Reports for the fiscal years 2013 through 2018. For each account, the investment earnings are split out by interest, dividends, and realized capital gains. The figures and tables below are split out by account as follows:

- Permanent Wyoming Mineral Trust Fund (PWMTF): Figure 1, Figure 2, and Table 1
- Common School Permanent Land Fund (CSPLF): Figure 3, Figure 4 and Table 2
- Higher Education Excellence Endowment: Figure 5, Figure 6, and Table 3
- Hathaway Fund: Figure 7, Figure 8, and Table 4

Data regarding the dollar amount of interest, dividends, and realized capital gains for the different accounts is as follows:

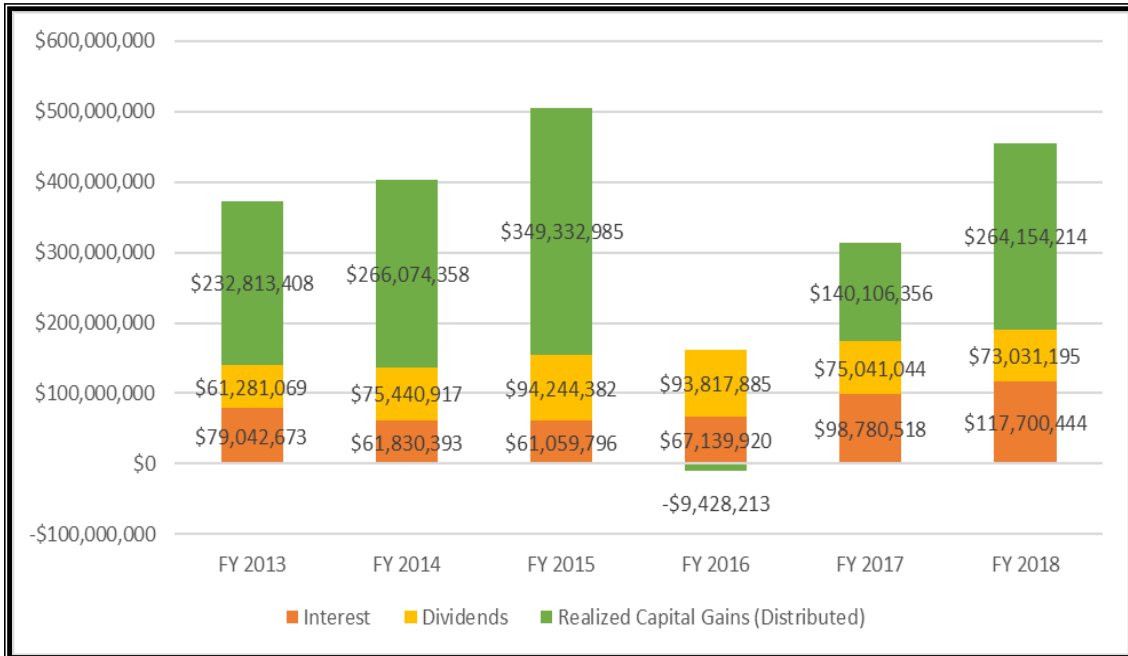
- Figure 1: PWMTF
- Figure 3: CSPLF
- Figure 5: Higher Education Excellence Endowment
- Figure 7: Hathaway Fund

Information regarding the amount of interest, dividends, and realized capital gains illustrated as a percentage of the beginning balance for the different accounts is as follows:

- Figure 2: PWMTF
- Figure 4: CSPLF
- Figure 6: Higher Education Excellence Endowment
- Figure 8: Hathaway Fund

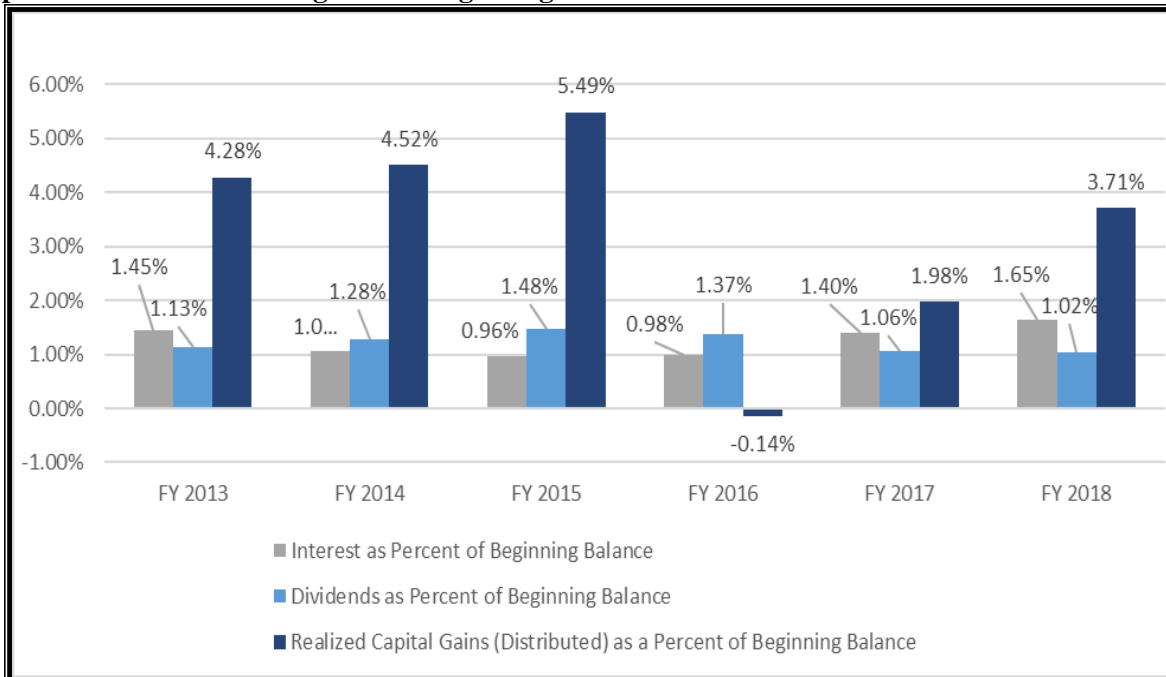
The tables (Table 1, 2, 3, and 4) highlight the beginning balance of each account, as well as the amount of interest, dividends, and realized capitals gains.

Figure 1: Permanent Wyoming Mineral Trust Fund (PWMTF): Interest, Dividends, and Realized Capital Gains



Source: Wyoming State Treasurers Office Annual Reports FY 2013-2018.

Figure 2: Permanent Wyoming Mineral Trust Fund (PWMTF): Interest, Dividends, and Realized Capital Gains as a Percentage of the Beginning Balance



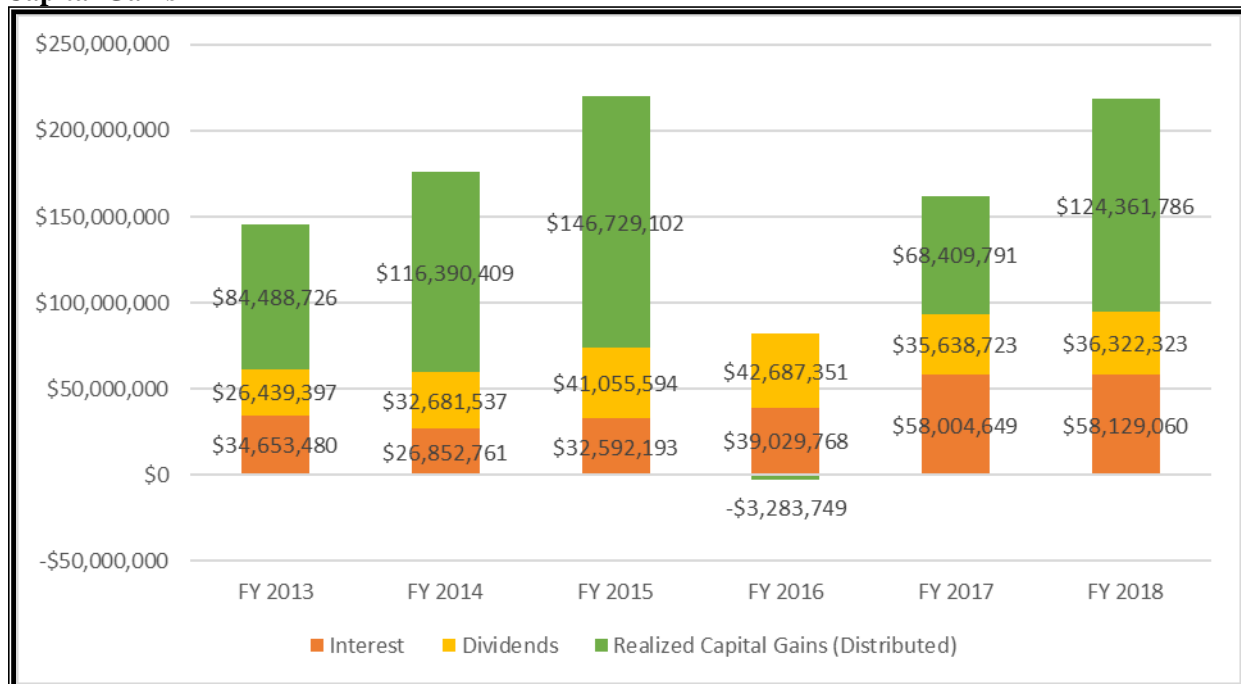
Source: Wyoming State Treasurers Office Annual Reports FY 2013-2018.

Table 1: Permanent Wyoming Mineral Trust Fund (PWMTF): Beginning Balance, Interest, Dividends, and Realized Capital Gains

	Beginning Corpus	Interest	Interest as Percent of Beginning Balance	Dividends	Dividends as Percent of Beginning Balance	Realized Capital Gains (Distributed)	Realized Capital Gains (Distributed) as a Percent of Beginning Balance
FY 2013	\$5,440,900,000	\$79,042,673	1.45%	\$61,281,069	1.13%	\$232,813,408	4.28%
FY 2014	\$5,888,500,000	\$61,830,393	1.05%	\$75,440,917	1.28%	\$266,074,358	4.52%
FY 2015	\$6,368,300,000	\$61,059,796	0.96%	\$94,244,382	1.48%	\$349,332,985	5.49%
FY 2016	\$6,848,900,000	\$67,139,920	0.98%	\$93,817,885	1.37%	-\$9,428,213	-0.14%
FY 2017	\$7,066,400,000	\$98,780,518	1.40%	\$75,041,044	1.06%	\$140,106,356	1.98%
FY 2018	\$7,127,236,101	\$117,700,444	1.65%	\$73,031,195	1.02%	\$264,154,214	3.71%

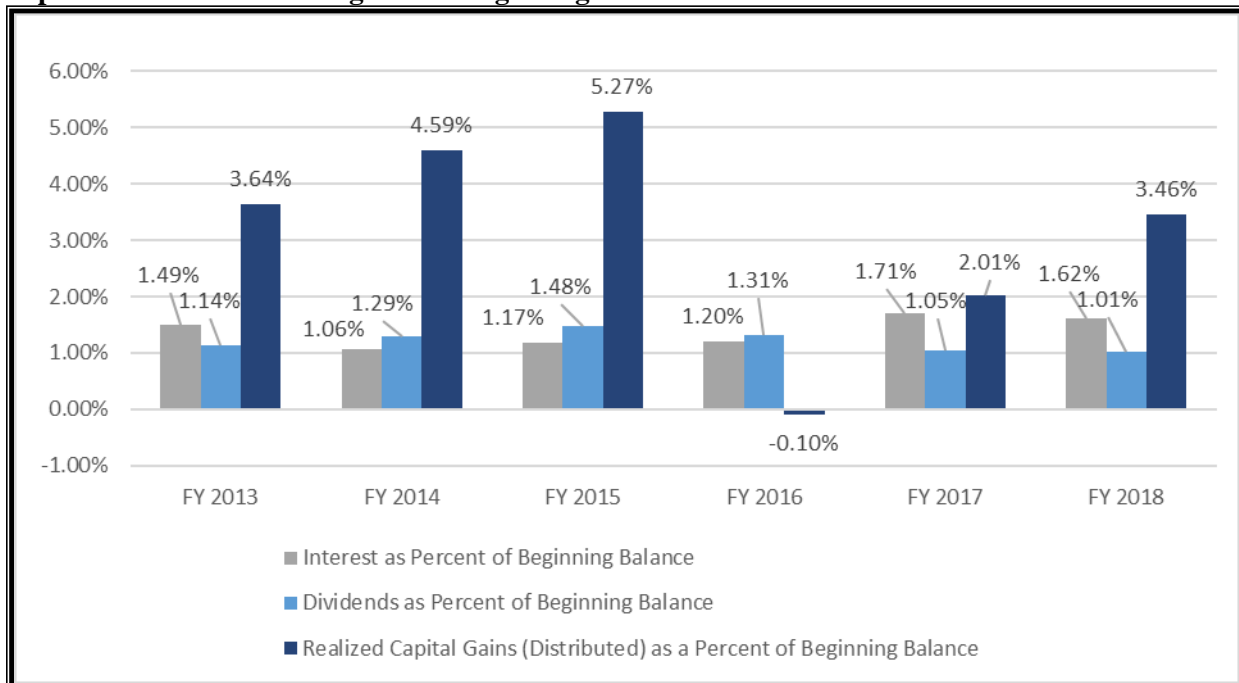
Source: Wyoming State Treasurers Office Annual Reports FY 2013-2018.

Figure 3: Common School Permanent Land Fund (CSPLF): Interest, Dividends, and Realized Capital Gains



Source: Wyoming State Treasurers Office Annual Reports FY 2013-2018.

Figure 4: Common School Permanent Land Fund (CSPLF): Interest, Dividends, and Realized Capital Gains as a Percentage of the Beginning Balance



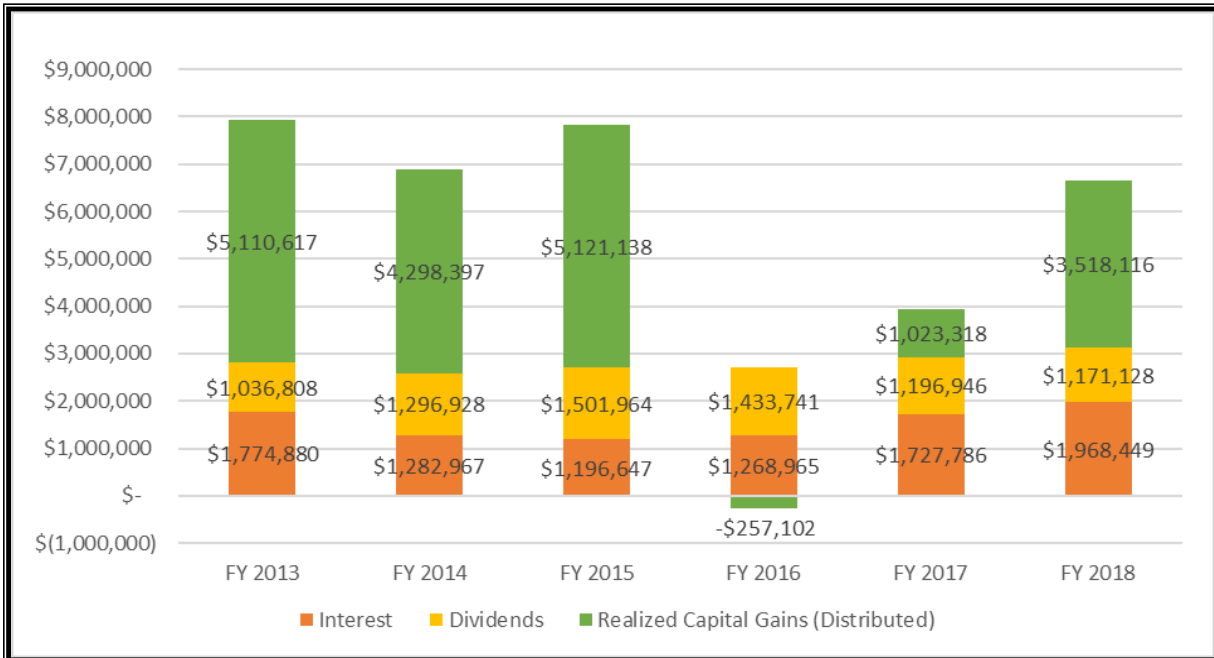
Source: Wyoming State Treasurers Office Annual Reports FY 2013-2018.

Table 2: Common School Permanent Land Fund (CSPLF): Beginning Balance, Interest, Dividends, and Realized Capital Gains

	Beginning Corpus	Interest	Interest as Percent of Beginning Balance	Dividends	Dividends as Percent of Beginning Balance	Realized Capital Gains (Distributed)	Realized Capital Gains (Distributed) as a Percent of Beginning Balance
FY 2013	\$2,318,000,000	\$34,653,480	1.49%	\$26,439,397	1.14%	\$84,488,726	3.64%
FY 2014	\$2,533,400,000	\$26,852,761	1.06%	\$32,681,537	1.29%	\$116,390,409	4.59%
FY 2015	\$2,782,300,000	\$32,592,193	1.17%	\$41,055,594	1.48%	\$146,729,102	5.27%
FY 2016	\$3,261,700,000	\$39,029,768	1.20%	\$42,687,351	1.31%	-\$3,283,749	-0.10%
FY 2017	\$3,401,100,000	\$58,004,649	1.71%	\$35,638,723	1.05%	\$68,409,791	2.01%
FY 2018	\$3,596,100,000	\$58,129,060	1.62%	\$36,322,323	1.01%	\$124,361,786	3.46%

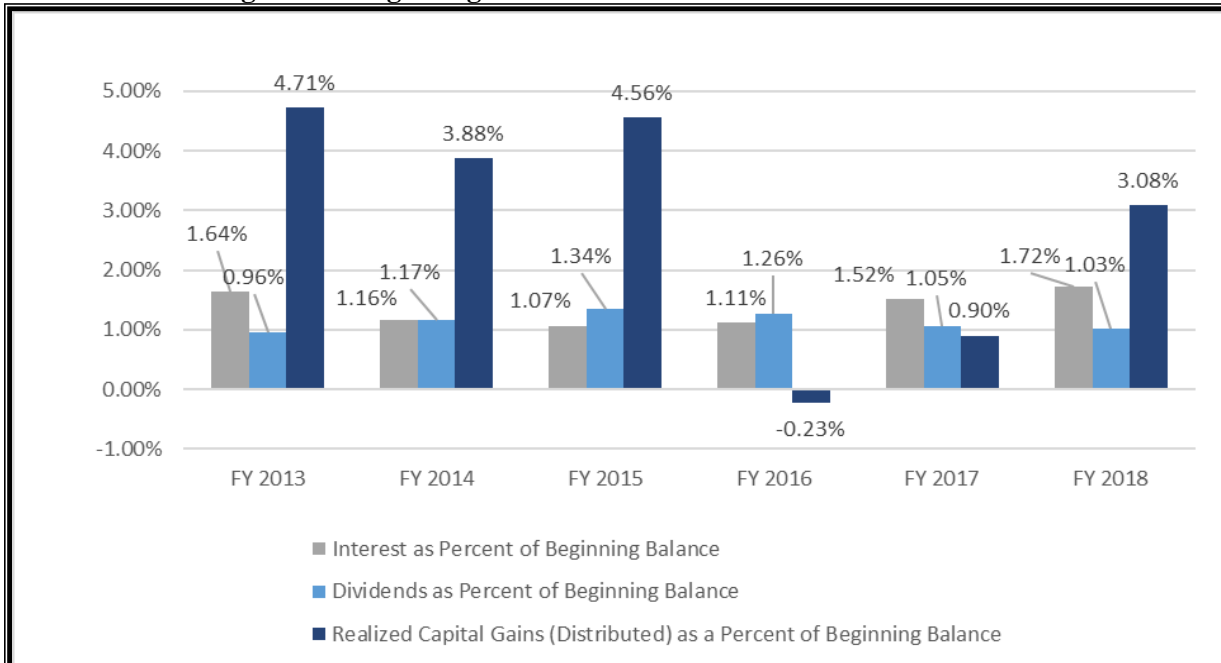
Source: Wyoming State Treasurers Office Annual Reports FY 2013-2018.

Figure 5: Higher Education Excellence Endowment: Interest, Dividends, and Realized Capital Gains



Source: Wyoming State Treasurers Office Annual Reports FY 2013-2018.

Figure 6: Higher Education Excellence Endowment: Interest, Dividends, and Realized Capital Gains as a Percentage of the Beginning Balance



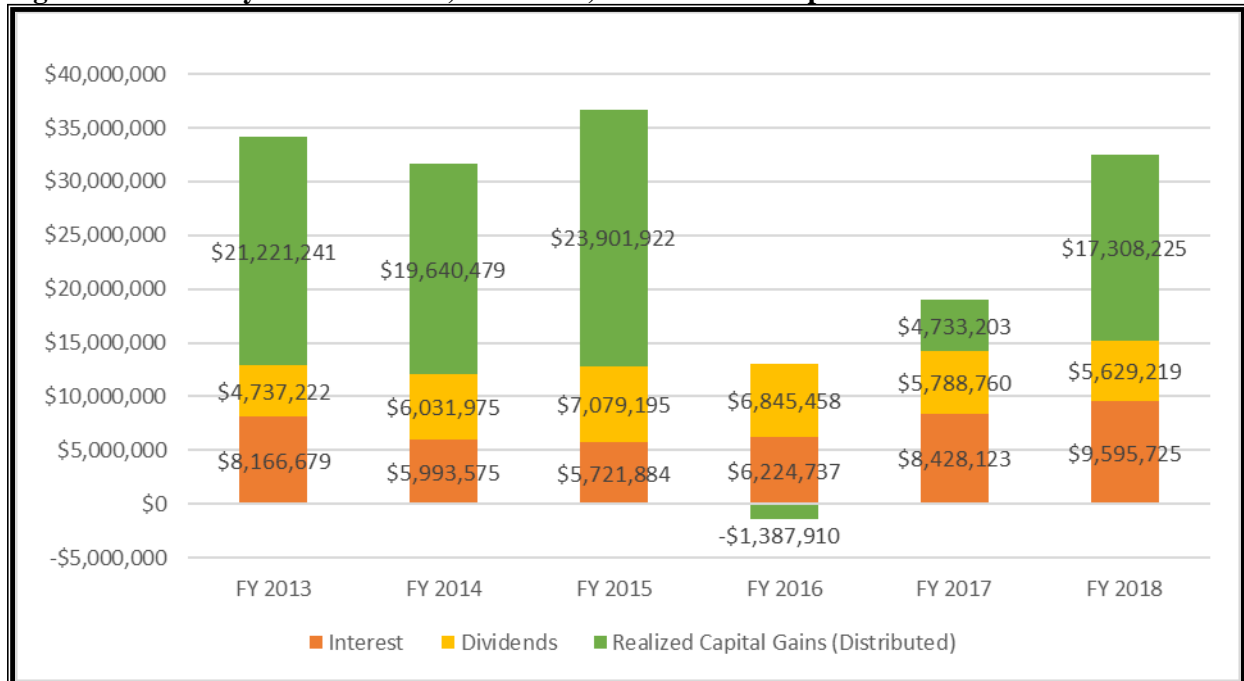
Source: Wyoming State Treasurers Office Annual Reports FY 2013-2018.

Table 3: Higher Educations Excellence Endowment: Beginning Balance, Interest, Dividends, and Realized Capital Gains

	Beginning Corpus	Interest	Interest as Percent of Beginning Balance	Dividends	Dividends as Percent of Beginning Balance	Realized Capital Gains (Distributed)	Realized Capital Gains (Distributed) as a Percent of Beginning Balance
FY 2013	\$108,408,127	\$1,774,880	1.64%	\$1,036,808	0.96%	\$5,110,617	4.71%
FY 2014	\$110,870,385	\$1,282,967	1.16%	\$1,296,928	1.17%	\$4,298,397	3.88%
FY 2015	\$112,220,128	\$1,196,647	1.07%	\$1,501,964	1.34%	\$5,121,138	4.56%
FY 2016	\$114,147,273	\$1,268,965	1.11%	\$1,433,741	1.26%	-\$257,102	-0.23%
FY 2017	\$113,895,458	\$1,727,786	1.52%	\$1,196,946	1.05%	\$1,023,318	0.90%
FY 2018	\$114,147,274	\$1,968,449	1.72%	\$1,171,128	1.03%	\$3,518,116	3.08%

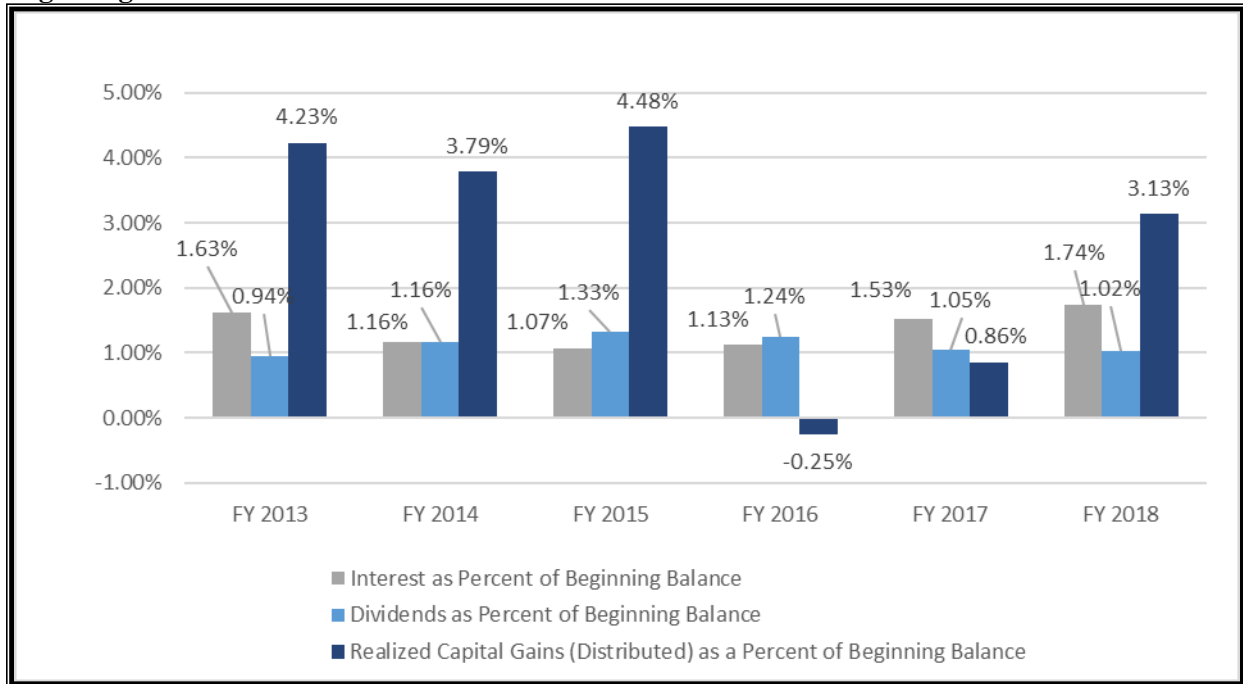
Source: Wyoming State Treasurers Office Annual Reports FY 2013-2018.

Figure 7: Hathaway Fund: Interest, Dividends, and Realized Capital Gains



Source: Wyoming State Treasurers Office Annual Reports FY 2013-2018.

Figure 8: Hathaway Fund: Interest, Dividends, and Realized Capital Gains as a Percentage of the Beginning Balance



Source: Wyoming State Treasurers Office Annual Reports FY 2013-2018.

Table 4: Hathaway Fund: Beginning Balance, Interest, Dividends, and Realized Capital Gains

	Beginning Corpus	Interest	Interest as Percent of Beginning Balance	Dividends	Dividends as Percent of Beginning Balance	Realized Capital Gains (Distributed)	Realized Capital Gains (Distributed) as a Percent of Beginning Balance
FY 2013	\$501,340,390	\$8,166,679	1.63%	\$4,737,222	0.94%	\$21,221,241	4.23%
FY 2014	\$518,590,588	\$5,993,575	1.16%	\$6,031,975	1.16%	\$19,640,479	3.79%
FY 2015	\$533,390,109	\$5,721,884	1.07%	\$7,079,195	1.33%	\$23,901,922	4.48%
FY 2016	\$552,666,227	\$6,224,737	1.13%	\$6,845,458	1.24%	-\$1,387,910	-0.25%
FY 2017	\$551,215,524	\$8,428,123	1.53%	\$5,788,760	1.05%	\$4,733,203	0.86%
FY 2018	\$552,564,524	\$9,595,725	1.74%	\$5,629,219	1.02%	\$17,308,225	3.13%

Source: Wyoming State Treasurers Office Annual Reports FY 2013-2018.

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Table F-1. Permanent Wyoming Mineral Trust Fund (PWMTF) Deposit History, by Source

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Fiscal Year	Beginning Balance July 1 (Cash Basis)*	Constitutional Severance Tax (computed)	One Percent Severance Tax (computed)	Direct Appropriations	Spending Policy Deposits ("Tips")	Gain (Loss) Adjustments	Total Additional Deposits
2002	\$1,839,665,725	\$72,269,085	\$0	\$50,000,000	\$0	\$0	\$50,000,000
2003	\$1,963,832,931	\$104,690,345	\$0	\$10,000,000	\$0	\$0	\$10,000,000
2004	\$2,057,629,508	\$136,108,467	\$0	\$50,000,000	\$0	\$0	\$50,000,000
2005	\$2,252,392,361	\$176,579,787	\$0	\$51,587,876	\$0	\$0	\$51,587,876
2006	\$2,472,588,703	\$406,945,374	\$162,778,150	\$89,854,270	\$5,157,474	\$0	\$257,789,894
2007	\$2,973,580,235	\$346,588,461	\$138,635,834	\$20,000,000	\$26,191,890	\$0	\$184,827,724
2008	\$3,341,617,499	\$443,081,307	\$177,232,523	\$40,000,000	\$171,125,138	(\$12,109,656)	\$376,248,005
2009	\$3,896,621,442	\$350,004,682	\$140,001,873	\$0	\$0	(\$118,886,938)	\$21,114,935
2010	\$4,262,215,811	\$371,323,873	\$148,529,549	\$0	\$0	\$59,481,749	\$208,011,298
2011	\$4,555,406,396	\$377,241,649	\$150,896,660	\$0	\$32,401,174	\$59,405,190	\$242,703,024
2012	\$5,049,967,702	\$354,101,873	\$141,640,749	\$0	\$3,074,299	\$0	\$144,715,048
2013	\$5,440,883,650	\$332,856,161	\$133,142,464	\$0	\$102,069,278	\$0	\$235,211,742
2014	\$5,888,454,801	\$379,858,599	\$151,943,440	\$0	\$127,087,552	\$0	\$279,030,992
2015	\$6,368,298,515	\$308,438,273	\$123,375,309	\$0	\$134,181,910	\$0	\$257,557,219
2016	\$6,848,939,025	\$168,906,202	\$47,431,287	\$0	\$0	(\$9,460,645)	\$37,970,642
2017	\$7,066,416,652	\$134,142,344	\$0	\$0	\$0	\$6,945,679	\$6,945,679
2018	\$7,127,236,101	\$147,797,713	\$0	\$0	\$0	\$19,857,144	\$19,857,144
Total		\$4,610,934,195	\$1,515,607,838	\$311,442,146	\$601,288,716	\$5,232,523	\$2,433,571,222

Source: LSO Budget/Fiscal staff summary of LSO and State Treasurer's Office data.

Note: * PWMTF corpus beginning balances are provided on a cash basis from the State Treasurer's Office Annual Reports. Remaining columns represent data on an accrual basis.

Table F-2. Permanent Wyoming Mineral Trust Fund Inflation Proofing Example

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Fiscal Year	CPI*	PWMTF Corpus Beginning Balance July 1**	Inflation Proofing Level (Corpus X CPI Inflation)	Constitutional Severance Taxes (CREG)	Actual PWMTF Investment Income	Actual PWMTF Investment Yield Percentage***	Percent Yield In Excess of Inflation for General Fund (Target of 2.5% to be Fully Funded)****	Percent Yield Available to Fund LSRA/SIPA (Target of 2.5% to be Fully Funded)	Percent of the General Fund (2.5%) that is Funded	Percent of the LSRA/SIPA (2.5%) that is Funded
2002	1.5%	\$1,839,665,725	\$26,947,216	\$72,269,085	\$90,510,496	4.9%	3.5%	1.0%	138.2%	38.2%
2003	2.1%	\$1,963,832,931	\$41,435,675	\$104,690,345	\$58,647,855	3.0%	0.9%	0.0%	35.1%	0.0%
2004	3.0%	\$2,057,629,508	\$61,538,675	\$136,108,467	\$98,110,315	4.8%	1.8%	0.0%	0.0%	0.0%
2005	3.2%	\$2,252,392,361	\$71,353,507	\$176,579,787	\$87,789,397	3.9%	0.7%	0.0%	0.0%	0.0%
2006	4.1%	\$2,472,588,703	\$102,497,280	\$244,167,224	\$123,952,616	5.0%	0.9%	0.0%	0.0%	0.0%
2007	2.4%	\$2,973,580,235	\$70,138,502	\$207,952,627	\$150,487,083	5.1%	2.7%	0.2%	108.1%	8.1%
2008	5.6%	\$3,341,617,499	\$187,117,746	\$265,848,784	\$321,357,789	9.6%	4.0%	1.5%	160.7%	60.7%
2009	-2.1%	\$3,896,621,442	(\$81,718,439)	\$210,002,809	\$135,264,226	3.5%	5.6%	3.1%	222.7%	122.7%
2010	1.2%	\$4,262,215,811	\$52,646,582	\$222,794,324	\$139,450,800	3.3%	2.0%	0.0%	81.5%	0.0%
2011	3.6%	\$4,555,406,396	\$165,302,760	\$226,344,989	\$215,154,572	4.7%	1.1%	0.0%	43.8%	0.0%
2012	1.4%	\$5,049,967,702	\$71,126,306	\$212,461,124	\$235,361,842	4.7%	3.3%	0.8%	130.1%	30.1%
2013	2.0%	\$5,440,883,650	\$106,678,405	\$199,713,697	\$366,635,722	6.7%	4.8%	2.3%	191.1%	91.1%
2014	2.0%	\$5,888,454,801	\$117,317,371	\$227,915,159	\$395,337,466	6.7%	4.7%	2.2%	188.9%	88.9%
2015	0.2%	\$6,368,298,515	\$10,798,710	\$185,062,964	\$494,234,268	7.8%	7.6%	5.1%	303.7%	203.7%
2016	0.8%	\$6,848,939,025	\$57,195,503	\$121,474,915	\$149,823,404	2.2%	1.4%	0.0%	54.1%	0.0%
2017	1.8%	\$7,066,416,652	\$124,768,663	\$134,142,344	\$298,790,011	4.2%	2.5%	0.0%	98.5%	0.0%
2018	2.9%	\$7,127,236,101	\$210,218,904	\$147,797,713	\$447,649,918	6.3%	3.3%	0.8%	133.3%	33.3%
Total/Avg	2.1%		\$1,395,363,365	\$3,095,326,357	\$3,808,557,779	5.1%	3.0%		111.2%	39.8%

Notes: * CPI from July to July sourced from the Bureau of Labor Statistics, computed by LSO.

**Represents the actual PWMTF corpus balance as of July 1 of each fiscal year, including approximately \$2.5 billion in total from additional 1% severance tax deposits, direct appropriations, or spending policy deposits (tips). It is a policy question whether those deposits represent a form of inflation proofing, or whether they, too, should be inflation proofed.

*** Based on actual realized investment cash yield, which for this exercise is inclusive of interest, dividends, and distributed realized capital gains as compared to the actual PWMTF corpus balance as of July 1, of each fiscal year.

**** Maximum investment distributions to the General Fund are 2.5%, values displayed above 2.5% would flow to the LSRA/SIPA as shown in the next column.

Table F-3. Common School Permanent Land Fund (CSPLF) Deposit History, by Source

(A)	(B)	(C)	(D)	(E)
Fiscal Year	PWMTF Corpus Beginning Balance July 1 (Cash Basis)*	State Royalties, Easement, Damage, and Land Sale Deposits	Spending Policy Deposits ("Tips")	Total Additional Deposits
2002	\$925,546,340	\$31,241,040	\$0	\$0
2003	\$956,787,380	\$44,762,539	\$0	\$0
2004	\$1,001,549,919	\$66,034,429	\$0	\$0
2005	\$1,068,565,614	\$88,444,781	\$0	\$0
2006	\$1,157,010,395	\$155,020,490	\$2,622,841	\$2,622,841
2007	\$1,314,653,726	\$147,464,449	\$226,214	\$226,214
2008	\$1,462,344,388	\$160,234,643	\$55,146,838	\$55,146,838
2009	\$1,677,725,870	\$111,865,323	\$0	\$0
2010	\$1,789,591,193	\$173,059,696	\$0	\$0
2011	\$1,962,650,889	\$162,274,012	\$0	\$0
2012	\$2,124,924,901	\$187,630,042	\$462,133	\$462,133
2013	\$2,313,017,076	\$176,758,788	\$38,656,639	\$38,656,639
2014	\$2,528,432,503	\$190,501,785	\$58,368,916	\$58,368,916
2015	\$2,777,303,204	\$414,443,607	\$64,914,291	\$64,914,291
2016	\$3,256,661,102	\$139,458,721	\$0	\$0
2017	\$3,396,119,823	\$195,004,920	\$0	\$0
2018	\$3,591,124,743	\$150,131,262	\$0	\$0
Total		\$2,594,330,527	\$220,397,872	\$220,397,872

Source: LSO Budget/Fiscal staff summary of LSO and State Treasurer's Office data.

Note: * CSPLF corpus beginning balances are provided on a cash basis from the State Treasurer's Office Annual Reports. Remaining columns represent data on an accrual basis.

Table F-4. Common School Permanent Land Fund Inflation Proofing Example

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Fiscal Year	CPI*	CSPLF Corpus Beginning Balance July 1**	Inflation Proofing Level (Corpus X CPI Inflation)	State Royalties and Land Deposits	Actual CSPLF Investment Income	Actual CSPLF Investment Yield Percentage***	Percent Yield In Excess of Inflation for CSLIA (SFP) (Target of 5% to be Fully Funded)****	Percent of the CSLIA (SFP) (5%) that is Funded
2002	1.5%	\$925,546,340	\$13,557,299	\$31,241,040	\$40,574,101	4.4%	2.9%	58.4%
2003	2.1%	\$956,787,380	\$20,187,629	\$44,762,539	\$36,070,760	3.8%	1.7%	33.2%
2004	3.0%	\$1,001,549,919	\$29,953,913	\$66,034,429	\$48,190,294	4.8%	1.8%	36.4%
2005	3.2%	\$1,068,565,614	\$33,851,075	\$88,444,781	\$51,092,246	4.8%	1.6%	32.3%
2006	4.1%	\$1,157,010,395	\$47,962,048	\$157,643,331	\$53,845,180	4.7%	0.5%	10.2%
2007	2.4%	\$1,314,653,726	\$31,009,031	\$147,690,663	\$65,520,931	5.0%	2.6%	52.5%
2008	5.6%	\$1,462,344,388	\$81,885,669	\$215,381,481	\$133,866,782	9.2%	3.6%	71.1%
2009	-2.1%	\$1,677,725,870	(\$35,184,619)	\$111,865,323	\$56,672,431	3.4%	5.5%	109.5%
2010	1.2%	\$1,789,591,193	\$22,104,901	\$173,059,696	\$54,494,121	3.0%	1.8%	36.2%
2011	3.6%	\$1,962,650,889	\$71,219,026	\$162,274,012	\$98,387,095	5.0%	1.4%	27.7%
2012	1.4%	\$2,124,924,901	\$29,928,520	\$188,092,175	\$99,567,151	4.7%	3.3%	65.5%
2013	2.0%	\$2,313,017,076	\$45,350,900	\$215,415,427	\$142,833,282	6.2%	4.2%	84.3%
2014	2.0%	\$2,528,432,503	\$50,374,685	\$248,870,701	\$172,478,233	6.8%	4.8%	96.6%
2015	0.2%	\$2,777,303,204	\$4,709,467	\$479,357,898	\$215,739,848	7.8%	7.6%	152.0%
2016	0.8%	\$3,256,661,102	\$27,196,383	\$139,458,721	\$77,033,549	2.4%	1.5%	30.6%
2017	1.8%	\$3,396,119,823	\$59,963,819	\$195,004,920	\$154,937,642	4.6%	2.8%	55.9%
2018	2.9%	\$3,591,124,743	\$105,920,766	\$150,131,262	\$213,479,728	5.9%	3.0%	59.9%
Total/Avg	2.1%		\$639,990,514	\$2,814,728,399	\$1,714,783,374	5.1%	3.0%	59.5%

Notes: * CPI from July to July sourced from the Bureau of Labor Statistics, computed by LSO.

**Represents the actual CSPLF corpus balance as of July 1 of each fiscal year.

*** Based on actual realized investment cash yield, which for this exercise is inclusive of interest, dividends, and distributed realized capital gains as compared to the actual PWMTF corpus balance as of July 1, of each fiscal year.

**** Maximum investment distributions to the Common School Land Income Account (CSLIA), subsequently transferred to the School Foundation Program account (SFP) is currently 5%.