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More Good, Bad, and Ugly than A Clint Eastwood Movie¹

Abstract: Wyoming’s 40-day general session convened on January 8th and passed 206 regular legislative bills as well as a supplemental budget bill, while still adjourning a few days early. This session was marked by a preoccupation with several seemingly off-beat items, such as the repeal of the official duties of one of the state’s five elected officials as well as passage of a bill to keep the list of candidates for the University of Wyoming’s presidential search a secret or “closed” event, beyond the eyes of the public. This report covers the 2012 legislative session, the state of the economy, and the budgeting process.

Keywords: budget; FY 2012–2013; governor; legislature; West; Wyoming.

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1 Introduction

The Wyoming legislature’s 40-day general session convened on January 8th and passed 206 regular bills and a supplemental budget bill, while still adjourning a few days early. The session was marked by a preoccupation with several off-beat items such as repeal of the official duties of one of the state’s five elected officials and a bill to keep the list of candidates for the University of Wyoming’s presidential search a secret or “closed” event, beyond the eyes of the public. In spite of the preoccupation, the legislature addressed some of the key fiscal issues facing the state. During last year’s budget session, Governor Mead asked state agencies to prepare budget requests that included a 2, 5 and 8% budget cut. Ultimately, the supplemental budget reflected a 6% budget cut to state agencies for fiscal year 2014 and for the 2015–2016 biennium (Barron, 2/28/13). The supplemental budget bill added an additional \$78 million to the \$3.2 billion budget approved during the regular 2012 budget session. Governor Mead in his state

¹ Anne Alexander comment during the Wyoming Business Report’s annual Central Wyoming Economic Forecast Lunch (<http://www.wyomingbusinessreport.com/article.asp?id=64407>).

of the state address said Wyoming's economic outlook is strong and revenue projections were higher than expected in last October's forecast (Editorial Board, 1/14/13). The 6% budget cut reflects this better than expected forecast, which is based primarily on capital gains and other investment income (Editorial Board, 1/14/13). Mead did, however, call for an overall conservative budget that reflects cuts still to come.

2 State of the Economy

Wyoming's economy tends to run counter to economic trends in the national economy. As the nation booms, Wyoming lags behind. As the national economy cools, Wyoming's fiscal situation often improves. Currently, Wyoming's economy remains supported by three primary industries: minerals/oil/gas (a.k.a., the extractive industries), agriculture, and tourism. Revenues from the extractive industries are buttressing what stability there is in Wyoming's current economy. Projections indicate that the mining sector will continue to be an important contributor to the Wyoming economy as coal, natural gas, oil, and trona (a mineral processed into soda ash) production expands to meet growing demand even though prices have cooled. Luckily, much of Wyoming was spared the sub-prime mortgage woes that impacted many other parts of the country. Wyoming never experienced the housing boom and, therefore, never experienced the full force of the housing bust.

The decline in natural gas prices is the Achilles heel of this year's biennial budget. Lower demand across the country due to unusually warm winters slowed industrial production, which utilizes natural gas in manufacturing. Meanwhile, natural gas production remained very high due to increased technological efficiencies and more players in statewide natural gas production caused natural gas prices to fall below initial estimates. The lower natural gas prices are wreaking havoc on state revenue predictions for the next 5 years.

One of the most important sources of income for the Wyoming budget is the Permanent Wyoming Mineral Trust Fund (PWMTF). In 1974, when the Trust Fund was first established, the intent was to provide a much-needed stabilizing force during creation of the biennial budget. Interest from the Fund was to be utilized as a relatively consistent and predictable revenue source for the General Fund, the state's main operating account. Legislators viewed this as vitally necessary to smooth the boom and bust cycles inherent in an economy built largely on mineral extraction (WyoFile 2012). As of July 1, 2012, the Fund sits at \$5.6 billion (2013 Databook).

Significant revenue in the recent years of a boom cycle, when natural gas prices reached an all-time high, was diverted to the Fund to increase its corpus as a hedge against the effects of a bust. The Wyoming Constitution guarantees that 1.5% of the state’s mineral revenue from severance taxes flow automatically into the account, but an additional 1% is now going there at lawmakers’ discretion. Currently, roughly 40% of all the severance taxdollars collected on minerals in the state is deposited into the PWMTF (see, for example, Figure 1) (2013 Databook).

Many economists think the percentage of revenues from the PWMTF that goes to the General Fund is relatively high. Only Wyoming and North Dakota deposit all fund earnings into their general fund.² Current sentiment is that Wyoming simply has no other stable revenue stream available at this time. Wyo-File’s analysis “shows that from 1987 to 2011 interest from the WPMTF has supplied an average of 18.6% of the general fund revenue” (WyoFile 2012), while direct severance tax collections poured into the general fund over the last six biennia have accounted for an additional 20%. Some argue this has created an attitude of complacency within the state in terms of economic and tax diversification. There seems little incentive to diversify the economy with the relatively high percentage of interest from the WPMTF used for the General Fund. Indeed, when measuring economic diversity using the Hachman Index (HI), compared to

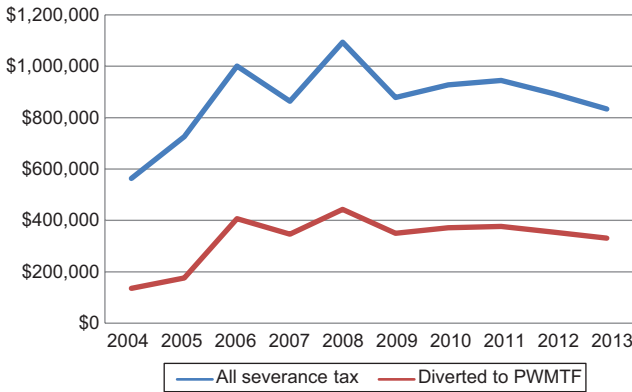


Figure 1: Severance Tax \$ Distribution into PMTF (In Thousands).

² www.downstreamstrategies.com/documents/reports_publication/ds_economic_diversification_trust_fund.pdf

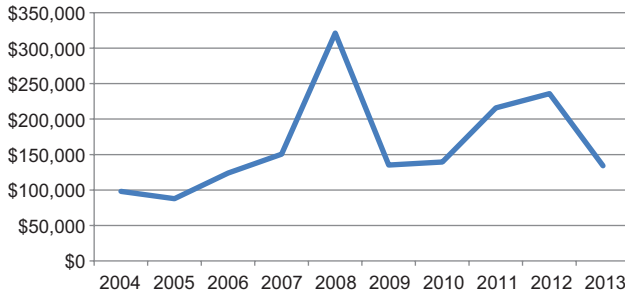


Figure 2: PWMTF GF Income (In Thousands).

the US as a whole, Wyoming has the least economically diverse economy in the nation (with Alaska – energy, Nevada – tourism, West Virginia, and Oklahoma finishing the top five).³

In addition to the PWMTF, the state has a Legislative Stabilization and Reserve Account (LSRA). This “rainy-day” account had \$1.6 billion as of June 30, 2012, with a projected balance in June 2014 of \$1.7 billion. One concern over this fund is just “how big the rainy-day fund should be” (Brown 2013). Mary Throne, the House Minority Floor Leader, worried about the growing size of the savings account when “there are pressing needs that could be addressed with that money” (Brown 2013). The hope is that over the next year or so the state will take a look at how much this savings account should hold and what is needed to stabilize short-term revenue requirements.

Wyoming has a business-friendly tax structure, and a supportive business environment. The State Business Tax Climate Index (2013) ranks Wyoming #1 overall for its State Business Tax Climate (ranking South Dakota 2nd, Nevada 3rd, and Alaska 4th, Montana 8th, and Utah 10th).⁴ The Small Business and Entrepreneurship Council’s latest (2012) Business Tax Index ranks Wyoming 4th, behind South Dakota (1st), Texas (2nd), and Nevada (3rd).⁵

Wyoming levies no taxes on intangible assets (bank accounts, stocks, or bonds) or retirement income earned and received from other states. Nor does it tax personal income, corporate income, or business inventory. According to the Business Tax Index, Wyoming has the second lowest state gas tax of \$0.14, just behind Alaska (\$0.08), and is tied for second lowest diesel tax per gallon (\$0.14) with Oklahoma and behind Alaska. As noted earlier, this year the Wyoming

³ *Ibid.*

⁴ <http://taxfoundation.org/article/2013-state-business-tax-climate-index>.

⁵ <http://www.sbecouncil.org/resources/publications/business-tax-index-2012/>.

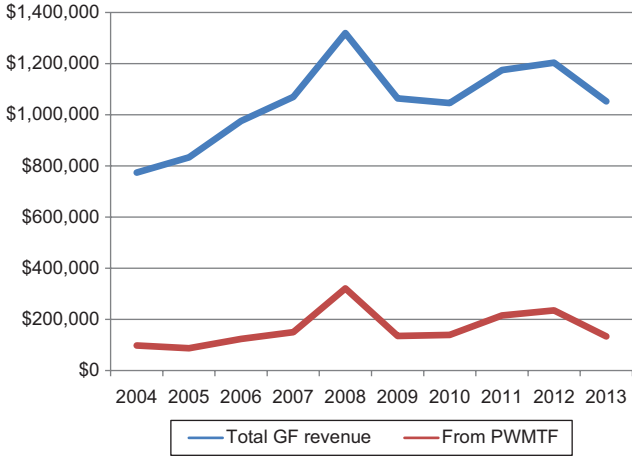


Figure 3: General Fund Revenues (In Thousands).

legislature will add another 10 cents to the gas tax, placing it “mid-pack” among all fifty states if other states do not change their rates. Wyoming is tied for 16th for lowest wireless tax rate, 48th for property taxes as a share of personal income, and 49th for sales and excise taxes as share of personal income.⁶

According to the Beacon Hill Institute, Wyoming has the lowest electrical prices per million BTU and, according to Dun and Bradstreet, the 2nd lowest business failure rate.⁷ The state only began taxing the mineral industry in 1969. With no personal or corporate income tax and low fuel taxes, however, Wyoming becomes more reliant on the few taxes it does have and becomes more susceptible to price fluctuations for those commodities that it does tax. As a result, the state has become more reliant on property and sales taxes to fund the costs of state and local government, and these taxes tend to be higher as noted above.

Because Wyoming’s economy is only loosely tethered to the rest of the country’s economic condition, the state missed most of the recession. Historically, Wyoming lags behind the nation in entering recession, as well as in pulling out of it and the economy has not been as negatively affected here as it has been elsewhere. The past decade has been a period of incredible growth in Wyoming, with job growth close to 30% and state government revenues doubling since 2001. Indicative of some continued economic growth, in 2013 the Goss Institute for

6 <http://www.sbecouncil.org/uploads/BTI2012FINAL.pdf>.

7 <http://www.wyomingbusiness.org/DocumentLibrary>.

Economic Research published the state's "business conditions index." Wyoming registered 59.4, up from January's 53.8 (but down from the January 2012 number of 61.3). According to the publishers, a number >50 still points to an expanding economy over the next 3–6 months. By way of comparison, Utah's February 2013 number was 54.7 and Colorado's was 58.9.⁸

3 Energy

According to CREG, "natural gas continues to be the most significant component to Wyoming's mineral revenue stream, accounting for 44.4% of the state's most recent assessed minerals valuations in 2011."⁹ The price for natural gas in 2012 increased slightly to \$3.35 per mcf (from \$2.75 in 2011). Each \$1 change in the price per mcf of natural gas equals approximately \$120 million (up or down) in the state general fund. In the January 2013 Report, natural gas production estimates were revised downward to 2.27 billion mcf for CY 2014 through the remainder of the forecast period. This revised level leaves the forecast with a flat production estimate compared to the modestly increasing levels assumed last year. The natural gas price for CY 2013 was also reduced slightly from the prior assumption of \$3.75/mcf to \$3.65/mcf. According to one analysis, natural gas prices are the manic-depressive of the commodities.¹⁰ Unfortunately for Wyoming, 2012 brought with it some of the lowest natural-gas futures prices seen in the previous 10 years (Brown, 4/4/12).

After seeing its production decline in 2009 for the first time in a decade, Wyoming's coal industry bounced back in 2010 and 2011 as prices and demand regained strength along with the national economy. CREG notes "coal is the foundation of Wyoming's revenue portfolio."¹¹ Regardless of its position in Wyoming's portfolio, 2012 saw another decline in overall production but a small increase in price (Revenue Forecast January 2013). Given the year-over-year production decline recently experienced, coal production estimates are reduced again by 9.1% (40 million tons) for 2012 but are expected to rebound in subsequent years as natural gas prices climb and power generation plants switch back to coal from natural gas.

⁸ <http://www.ernestgoss.com/?q=node/111>.

⁹ <http://legisweb.state.wy.us/budget/2013databook.pdf>.

¹⁰ <http://wyofile.com/2012/02/wyomings-permanent-mineral-trust-fund-cant-entirely-protect-the-budget-from-volatile-commodity-prices/>.

¹¹ *Ibid.*

Trona production levels have bounced back faster than expected with production levels expected to be relatively stable for at least two more years. Prices are expected to increase to \$80.00 per ton generating much needed tax revenue (Revenue Forecast January 2013) (see also Table 1 for mineral production estimates).

As noted in CREG's October 2012 Report, although today's oil production levels are far below those of the 1980s, as prices have risen over the last few years so has production. Instead of projecting further declines in Wyoming oil production, there is evidence that production has stabilized and is in fact growing. According to CREG, the growth in oil production is the "singular positive revision" in production among all the extractive industries other than trona. The number of new oilrigs operating in the state has grown more than 50% (from the high teens to the low 30s) during 2012.¹²

Sales and use tax estimates for 2012 have increased 20.5% from FY 2010. This increase reflects the improving economic picture including oil and gas related jobs as well as an increase in personal income levels. Only small increases are forecast for sales and use taxes through FY 2013 with an expected increase of .2% (Revenue Forecast January 2013).

Finally, uranium production levels along with prices are on a slight incline. Production levels were set at 1.5 million lbs for 2012, raised slightly to two million pounds for 2013 and 2.5 million pounds for 2014. Prices per pound are on a similar path with 2012 prices at \$44/lb and increases forecast to \$55/lb for 2014 (all revenue from uranium sales goes into state public school funds) (Barron, 2/22/12).

Table 1: Price and Production Level Assumptions for Major Mineral Commodities.

Year	Crude Oil		Natural Gas		Coal		Trona	
	Price	Production	Price	Production	Price	Production	Price	Production
2010	\$65.00	51,500,000	\$3.90	2,540,000,000	\$12.04	426,500,000	\$59.50	19,600,000
2011	\$65.00	51,000,000	\$3.90	2,590,800,000	\$12.04	433,500,000	\$62.00	20,000,000
2012	\$80.00	57,000,000	\$3.35	2,270,000,000	\$13.94	404,700,000	\$80.00	19,000,000
2013	\$85.00	57,500,000	\$3.65	2,270,000,000	\$13.95	413,200,000	\$80.00	19,100,000
2014	\$85.00	58,000,000	\$4.10	2,270,000,000	\$13.95	421,100,000	\$80.00	19,200,000
2015	\$85.00	58,500,000	\$4.10	2,270,000,000	\$13.94	428,900,000	\$80.00	19,300,000
2016	\$85.00	58,500,000	\$4.10	2,270,000,000	\$13.93	437,800,000	\$80.00	19,400,000

Source: Revenue Forecast January 2013.

¹² <http://legisweb.state.wy.us/budget/2013databook.pdf>.

4 Employment

According to the US Census Bureau of Labor Statistics unemployment in Wyoming in December 2012 was 4.9%, considerably lower than the national rate of 7.7% (US Bureau of Labor 2012). As the US economy has slowly been improving, unemployment in Wyoming continues to fall. However, a recent report from Wyoming Workforce Services shows that despite recent growth, overall employment remains approximately 2.4% below its 2nd quarter 2008 level. This means that while growth has occurred, the state has yet to recoup the total job loss that occurred as a result of the recession in 2009 and 2010 (Wyoming Workforce Services, 2/7/13).

Overall, employment in the 2nd quarter of 2012 increased in 18 counties and fell in five others. Natrona County and Teton County showed the most job growth with a 4.3% and 4.5% increase in jobs respectively (Wyoming Workforce Services, 2/7/13). In Natrona County, job growth stems primarily from increases in construction and mining, mainly oil and gas. Teton County also saw growth in construction and tourism (Wyoming Workforce Services, 2/7/13). Growth in other counties is also attributed mostly to construction and mining. Preliminary data indicate that this modest growth is slowing in the third quarter of the year with an employment increase of only 0.6% (Wyoming Workforce Services, 2/7/13). Job losses for the third quarter are tentatively attributed to mining, administrative, and waste services.

Table 2: December 2012 Wyoming Nonfarm Employment.

Category	Number of Jobs	12-month % change
Statewide	286,500	-0.02%
Mining and Logging	27,100	-2.9%
Construction	20100	-2.9%
Leisure and Hospitality	32,100	-1.3%
Professional/Business Services	16800	-4.5%
Government	74,100	1.1%
Trade, Transportation and Utilities	53700	0.4%
Manufacturing	8,900	-2.2%
Information	3,800	2.8%
Financial Activities	10,900	-0.9%
Education and Health	27600	3.4%
Other	11,400	-5.8%

Source: Bureau of Labor Statistics, bls.gov/eag/eag.wy.htm.

5 Demographics

Wyoming, while still the least populated state in the nation, had the third fastest population growth from 2000 to 2010 (US Census Bureau, 2012). That trend continued with an increase in the state's population from 2010 to 2011 of 0.6% and a total population of 576,412 in 2012 (Wyoming 2012, JusttheFacts). Much of the population increase can be attributed to recent job growth, the bulk of which has taken place in the oil and natural gas industry.

The median age in Wyoming was 36.8 in 2010. The “graying of Wyoming” has slowed but this trend is not expected to last. The number of people over the age of 65 continues to increase slowly but steadily, showing a slight uptick from 12.4% in 2010 to 12.7% in 2011 (US Census Bureau 2012). The drop in median age was brought about by increased employment in the oil and gas industry. As this employment sector slows (and overall employment growth slows), Wyoming is expected to return to previous trends where younger populations out-migrate, leaving behind older workers.

Wyoming has recently seen a dramatic increase in the number of homeless persons despite an unemployment rate well below the national average. According to the *New York Times*, federal data shows Wyoming's homeless rate grew by 67%, a sharp rise from 1083 to 1813 people over the last 12 months (1/13/2013). Homeless advocates and social services workers say the number of homeless in the state has increased due to economic migration from areas of the country hit hard by the recent recession. The promise of high paying jobs in the oil and gas industry lures families that find either fewer and lower paying jobs than expected or simply can't afford available housing (*New York Times*, 1/13/2013). In Casper, for example, where unemployment is around 4.3% due largely to the booming oil and gas industry, affordable housing is very difficult to come by. Vacancy rates are reported to be close 1% with rental costs too high for many workers to afford (*New York Times*, 1/13/2013).

6 Political Composition of State Government

Wyoming has a strong conservative history. Eight of the ten territorial governors were Republican, and 21 of the 36 state governors have been Republicans. For the last two decades Republican state legislators have outnumbered Democrats by at least six to one – as of today (the 62nd Legislature) there are 52 Republicans and eight Democrats in the state House and 26 Republicans and four Democrats in the Senate. This partisan distribution is not surprising. According to the Secretary of

State's Office (2013), in December of 2012, of the state's 279,038 registered voters, 179,609 (64.3%) were Republican, and 58,618 (21.0%) were Democrat, with the remainder classified as Libertarian or unaffiliated.¹³ The state has a Republican governor, replacing a Democrat who was term limited. In the last general election in 2012, Republicans maintained control of all five of the top state elected positions and control both Houses with overwhelming majorities. Democrats lost two seats in the House and their numbers remained steady in the Senate.

In the spirit of Wyoming's part-time "citizen legislature," Wyoming legislators may meet for *not more than* 60 days every 2 years, although the governor may convene additional days for special sessions. Only 20 days every other year are reserved for the budget session (occurring in even numbered years). Wyoming legislators do not maintain offices in the Capitol, and rarely do so in their home districts. Instead, they have a desk on the chamber floor and possibly a file cabinet in a committee meeting room.

Legislators do not have a personal staff. The Legislative Services Office (LSO) – a non-partisan central office – and temporary session staff are used in lieu of individual professional support personnel. The LSO staff evaluates executive branch programs, provides technical support, and audits school finances. The Legal Services Division of the LSO provides general and legal research in addition to drafting bills for committees and individual legislators. The LSO's Budget and Fiscal Section provides support to the Joint Appropriations Committee (JAC) and to the rest of the legislature on budget matters and general state expenditures. The manager of this section serves as co-chair of the state's Consensus Revenue Estimating Group (CREG). CREG is responsible for projecting state revenues from the general fund, mineral severance tax, federal mineral royalties, and the Common School Land Income Account, and for the state's assessed property valuations.

Table 3: Political Composition of State Government.

Session Year	62nd 2013–2014		61st 2010–2012		60th 2008–2010	
	Dem	Rep	Dem	Rep	Dem	Rep
Governor		*	*		*	
House	8	52	10	50	19	41
Senate	4	26	4	26	7	23

¹³ http://soswy.state.wy.us/Elections/Docs/VRStats/2012VR_stats.pdf.

7 The Budget and Major Current Issues

During last year's budget session, legislators considering 5–8% across-the-board cuts to the state's base or "standard" operating budget and agencies were told to begin preparing supplemental budget requests for 2012 based on up to 8% cuts. While revenues came in better than expected, a 6% budget cut was made to most state agencies and the state passed a meager \$78 million supplemental budget bill. Like most states, the Wyoming legislature faces a variety of economic and social issues during its short, 40-day general session. Following an election year that returned more Republicans to the state legislature with divisive issues such as health care, tax hikes, and gun control looming, the state's legislative session was marked by bills that reflected many of these issues. With tight forecasts and 6% budget cuts to many state agencies, there was not much money to spread around in the supplemental budget bill. Governor Mead argued for increased stringency in preparing future budgets citing the volatility of the extraction industry as well as some uncertain future expenses such as the state's loss of \$700 million in Abandoned Mine Land funds that the federal government previously committed to Wyoming (Editorial Board, 1/14/2013). Uncertainty about future expenses associated with implementation of the Affordable Care Act and expenses incurred from last year's worse than average fire season led to a more conservative approach on state expenditures.

The legislature focused on several bills to enhance revenue streams and passed a 10-cent increase in the fuel tax targeted at creating a steady stream of revenue for much needed highway and road repairs and construction (Barron, 2/15/13). Overall, the increase raises Wyoming's fuel tax (on both gas and diesel) from 14 to 24 cents effective July 1, 2013. The increase is estimated to raise about \$71 million in revenue by FY 2014 (Barron, 2/15/13).

After almost 20 years of failed lottery bills, the legislature approved a state lottery. The bill allows Wyoming to join a multi-state lottery (such as Powerball) and/or create its own state lottery. The bill calls for the distribution of lottery proceeds to cities, towns and counties (up to the first \$6 million) and additional profits to flow to the Common School Permanent Land Fund for education (Barron, 3/14/2013).

While much of the focus was on budget cuts, the legislature managed to appropriate money for various projects. The University of Wyoming received \$70 million for construction projects, mostly centering on expanding the College of Engineering and updating the basketball arena (Roberts, 3/6/13). UW employees received a one-time bonus (instead of a raise) that equals about \$1.8 million total. The legislature appropriated \$32 million for the upcoming fire season and

gave Governor Mead the authority to pull another \$5 million from a landfill fund should it become necessary (Associate Press, 2/22/13). Last year's fire season, one of the worst in recent decades, cost the state roughly \$45 million. The coming year is predicted to be severe as well.

In an important tax-related case before the Wyoming State Board of Equalization, the Wyoming Department of Revenue took on the on-line reservation companies over how they compute their taxes. In a victory over Travelocity, Priceline, Hotels.com, Hotwire, Expedia, Orbitz, and Trip Network the Board ruled that the Department correctly determined pursuant to Wyoming law and its rules that Petitioners were vendors, engaging in taxable transactions, and liable to collect and remit sales taxes on the full amount paid by transient guests to Petitioners for lodging in Wyoming hotels.

The on-line reservation companies were paying tax to the state, county, and city on the amount they paid for discounted reservations and *not* on the amount the traveler ultimately paid for the room. Wyoming wanted the amount of tax the traveler paid NOT the lower tax paid by the reservation company. The issue is emblematic of the increasing complexity of tax collection in the Internet-vendor era.

8 The Budgeting Process

Appropriating public funds is one of the greatest challenges the Wyoming State Legislature faces. Budget requests are prepared by agencies in conjunction with the Budget Division of the Department of Administration and Information. Each summer prior to a budget session, the Budget Division prepares a standard request for each agency to submit to the governor. This template contains budget figures that are roughly equivalent to the amount the agency received in the prior biennium with adjustments made for fund transfers and changing revenue streams. After the agency reviews this standard outline they may make "exception" or "expanded" requests if changes in funding are necessary to maintain current levels of service, transfer funds from intra-agency programs, or expand services.

Once the requests are completed, agency budget requests are returned to the Budget Division in the fall (September or October). A package of agency requests is then presented to the governor, who compares the agency request with revenue forecasts developed by CREG. Next, the governor, in conjunction with the Budget Division, prepares his budget recommendations to give to the legislature. This

can take place no later than the first of December, prior to the beginning of the budgeting session. It is interesting to note that the budget requests for the legislative and judicial branches are not included in this package – they are submitted separately.

The LSO analyzes the governor’s budget request, and its “detailed reports” help the Joint Appropriations Committee (JAC) review agency requests while its “summary reports” provide the committee with an overview of the administration’s total request, taking into account forecasted revenues. A bipartisan committee made up of members of both chambers, the JAC meets in December or January prior to the budget session to hold agency budget hearings. At these hearings, agency heads present their department’s achievements, goals, and action plans, along with detailed explanations of their budgets.

Although the JAC will ask questions during this time, formal action is not taken. After hearings with all of the agencies, the JAC examines each budget, program-by-program, resulting in a recommendation to approve, deny, or adjust the agency’s funding request. Although this hearing/recommendation process takes four or 5 weeks, this procedure expedites the short legislative budget session. After the JAC finishes its preliminary budget work, the LSO’s budget staff writes two identical general appropriations bills for concurrent introduction into both the Senate and the House. Sections of each bill are then assigned to JAC members for explanation on the floor of each chamber.

The budgeting process in Wyoming makes it difficult for ordinary citizens to learn about how the state handles its finances. Like other states, it must balance its budget every year. Yet the money available to the legislature in a given year is difficult to determine in advance, and can be manipulated by the legislature itself. Having billions of dollars in a trust fund is a boon to the state budget each year, but it also means that the amount of money the fund earns varies based on larger, national market forces. Wyoming legislatures can have increased revenue to spend, while cutting taxes, if the trust fund’s returns are high. Conversely, lawmakers can find themselves pinched, despite their efforts to raise revenue, if the markets cause a drop in the trust fund’s return.

The complexity of these budgeting factors is illustrated almost every year when the legislature seems to “find” money in the multitude of state accounts. This state of affairs is perhaps exacerbated by Wyoming’s tradition of having citizen legislatures that are perhaps unable to devote the time or resources to investigating the budget in as much detail as they would like.

9 Conclusion

This year's 40-day legislative session was marked mostly with non-budget items other than a relatively small supplemental budget. The greatest financial impact of the session was the mandatory 6% across-the-board cuts for state agencies and the University of Wyoming. Although it could have been worse, impacts of this cut will be felt everywhere. As long as natural gas prices remain low, Wyoming's budget will remain pinched.

In addition to the supplemental budget, the state passed a lottery bill and a higher fuel tax (10 cents) that will raise an additional \$71 million for road improvements each year. Bringing our fuel-tax to mid-pack among all states in the nation will allow cities, counties, and the state to more effectively place the burden of road improvements on road users, rather than the general fund – more tightly meeting the rational relationship test. This money will be shared with cities and counties.

The most frequently asked question is “what about the rainy day fund?” Are we putting in too much? Too little? Is it finally time to make a withdrawal? The questions plague citizens, editorial writers, legislators, our governor, and academics. No answer appears imminent. The state has somewhere in the neighborhood of four rainy day accounts into which \$150 million was deposited last year should the Governor run out of money to pay bills while the legislature is out of session. This does not include countless other savings accounts into which the state deposits all sorts of severance taxes, many of which can only be spent on certain line items, such as K-12 education.

The promise of well paying employment in the oil patch has had a number of unintended consequences, including a sharp rise in homelessness. Many of those promised jobs are drying up as natural gas prices stagnate, with a simultaneous rise in housing costs. In the end, job seekers and their families are finding low wage employment (or no employment), high housing costs, and no support system.

Anne Alexander had it right when she said, “the economy in Wyoming and the United States has more good, bad and ugly than a Clint Eastwood movie” (Wilcox 2013). State legislators and area economists see a mixed bag over the near term with no serious improvements for the state budget in the foreseeable future.

Appendix A

Table A: General Fund Revenues Fiscal Year Collections by Source (in Thousands).

Year	Severance	Sales/Use	PWMTF	Pooled	Charges	Franchise	Other	Penalties	Federal	Other*	Total
1998	\$69,557	\$234,725	\$101,277	\$23,368	\$18,171	\$13,320	\$5,979	\$6,766	\$10,557	\$16,563	\$500,288
1999	\$58,924	\$234,725	\$106,845	\$25,322	\$20,333	\$11,438	\$7,009	\$5,873	\$10,293	\$19,488	\$500,252
2000	\$83,616	\$262,338	\$117,485	\$26,191	\$18,799	\$13,628	\$14,829	\$5,809	\$8,189	\$64,712	\$615,599
2001	\$139,104	\$296,341	\$97,378	\$34,849	\$20,569	\$15,029	\$10,085	\$6,612	\$10,946	\$21,301	\$652,220
2002	\$117,185	\$313,077	\$90,510	\$29,114	\$20,858	\$17,099	\$7,532	\$6,359	\$8,878	\$27,328	\$637,946
2003	\$149,549	\$300,953	\$58,647	\$19,214	\$20,467	\$19,598	\$8,199	\$10,131	\$10,590	\$27,332	\$624,684
2004	\$184,408	\$326,625	\$98,110	\$28,716	\$24,260	\$21,745	\$5,315	\$9,031	\$11,651	\$34,686	\$744,553
2005	\$225,275	\$363,846	\$87,789	\$39,340	\$26,460	\$23,962	\$5,674	\$11,571	\$8,313	\$41,702	\$833,937
2006	\$240,254	\$421,438	\$123,952	\$65,049	\$24,734	\$24,889	\$5,842	\$17,153	\$10,264	\$42,493	\$976,071
2007	\$213,964	\$479,072	\$150,487	\$90,590	\$29,478	\$28,164	\$6,301	\$15,248	\$10,830	\$46,156	\$1,070,294
2008	\$257,859	\$504,711	\$321,357	\$105,567	\$30,458	\$26,251	\$10,704	\$6,443	\$9,819	\$46,743	\$1,319,914
2009	\$217,581	\$492,443	\$135,264	\$89,970	\$33,780	\$23,979	\$6,277	\$11,878	\$9,160	\$44,485	\$1,064,818
2010	\$226,995	\$412,845	\$139,450	\$117,296	\$33,255	\$23,806	\$21,432	\$13,963	\$10,686	\$47,769	\$1,047,497
2011	\$230,313	\$470,906	\$215,756	\$90,719	\$35,503	\$23,211	\$29,554	\$12,000	\$11,388	\$55,716	\$1,175,066
2012	\$221,153	\$497,684	\$235,847	\$112,353	\$38,219	\$24,446	\$7,602	\$11,230	\$10,066	\$45,244	\$1,203,844

* Includes inheritance tax, license and permit fees, and other small fees.
 Source: Wyoming State Government Revenue Forecast, 2011. <http://legisweb.state.wy.us/budget/2011database.pdf>.

Appendix B

Table B: Mineral Severance Taxes to All Accounts Fiscal Year Distribution by Mineral (in Thousands)¹.

Fiscal Year	Oil	Nat'l Gas	Coal	Trona	Other	Total
2010	\$174,006	\$471,484	\$265,939	\$13,833	\$2,699	\$927,961
2011	\$204,985	\$430,412	\$290,683	\$15,257	\$3,961	\$945,298
2012	\$236,831	\$346,218	\$289,416	\$16,831	\$4,413	\$893,709
2013	\$229,500	\$300,500	\$288,600	\$17,100	\$4,300	\$840,000

Source: Revenue Forecast January 2013.

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