

# News Release



## WYOMING SENATE DISTRICT 3

**FOR RELEASE** Immediately

**CONTACT** Senators Cheri Steinmetz & Ogden Driskill  
Representatives Hans Hunt, Shelly Duncan & Chip Neiman

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### AN OVERVIEW OF WYOMING'S GROWING DEFICIT--2021 GENERAL SESSION

Wyoming is facing historic revenue shortfalls. Declining energy production and prices, which have long been our state's economic drivers, have created a budget deficit that is going to get even worse in the next two biennia. The Legislature *and* residents have to decide: ***Our government must either create new revenue streams (taxes) or significantly reduce government services and programs.*** Neither will be easy.

Wyoming is quickly approaching a fiscal "cliff," the point where our budget reserves can no longer cover our deficits. The total shortfall for this 2021-22 biennium is \$171 million, which is expected to grow to \$721 million by 2023-24 and \$985,000 million by 2025-26. The biggest gaps are in K-12 Education spending.<sup>1</sup>

The state's revenue forecast is conservative—but it could very well be worse than projected. For example, it assumes oil prices between \$40 - \$50 per barrel, but those could (and have) dropped to \$35 per barrel or lower, which would make the outlook even more dire. The Legislative Stabilization Reserve Account (LSRA), the state's "rainy day" fund, has been used to backfill shortfalls, but it is expected to hit a mandatory minimum balance by 2025-26, at which point backstops would cease.

The Legislature must make difficult decisions in this session and even more difficult decisions in the coming biennia. ***We must either generate new revenue or reduce government programs,*** or a combination of the two. Ultimately, it is a decision the public *and* lawmakers must decide—what level of government services we want, and how we are going to pay for them.

Historically, energy production and minerals have been Wyoming's primary revenue source. Coal accounted for the most revenue from Wyoming's extractive commodities. Now, oil is the leader. But all ***fossil fuels have taken a hit, and the outlook is expected to get worse over the coming years,*** especially as the Biden administration seeks to phase out traditional fuels.

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<sup>1</sup> LSO Long-Term Forecast, Line 40

This is a problem that has been bubbling for years, but it has now come to a head. There used to be an expectation that oil, gas and coal would rebound—but it is becoming evident that will not likely happen in the foreseeable future.

***Republican lawmakers are committed to creating long-term economic growth***, which will help generate more public revenue. Our state does well when our residents and businesses do well. The Legislature is making difficult decisions to reduce spending. ***There are no sacred cows***. That includes reductions to nearly every state-provided program and service, including distributions to local county and municipal governments.

***Inevitably, we will have to reduce public education funding***—which is one of the biggest gaps in the budget and one of the only areas that has not yet been significantly reduced. The Legislative Majority will work hard to ensure reductions to K-12 Education are made prudently, fairly and as far away from classrooms and educators as possible.

***We are confident in our state, our people, and our economy***. The Legislature will continue to work to diversify and grow our economy; to rein in spending and increase revenues; and to get our government back on sure, sustainable financial footing.

Even after the across-the-board reductions made by Governor Gordon and the Legislature, the state is facing a **\$171 million deficit in this biennium**. That shortfall is projected to increase to **\$721 million in 2023-24** and **\$985 million in 2025-26**.<sup>2</sup>

The biggest contributor to the total deficit is the School Foundation Program (K-12 Education funding). **The SFP has a \$298 million shortfall this year**, which is projected to grow to **\$546 million by 2023-24** and **\$649 million by 2025-26**.<sup>3</sup>

Likewise, the School Capital Construction Account (SCCA) is facing growing shortfalls—**\$20 million in the current biennium**, **\$146 million by 2023-24** and **\$314 million by 2025-26**. Unlike K-12 operational funding, these shortfalls are cumulative since there is no backstop for school district capital construction. That means we are reaching a point where there is not funding to maintain our schools, let alone build new schools.<sup>4</sup>

The K-12 school district operational shortfalls are now being covered by the Legislative Stabilization Reserve Account (LSRA), the state’s “rainy day fund.” LSRA must maintain a minimum balance of \$500 million for the backstops to continue, and it is quickly getting sapped. **The LSRA balance at the end of the current biennium is approximately \$1.3 billion**. That is projected to fall to **\$648 million at the end of 2023-24** and **\$543 million at the end of 2025-26**—*at which point normal fluctuations in the account value could dip below the minimum balance requirement, thereby preventing LSRA from backfilling program deficits*.<sup>5</sup>

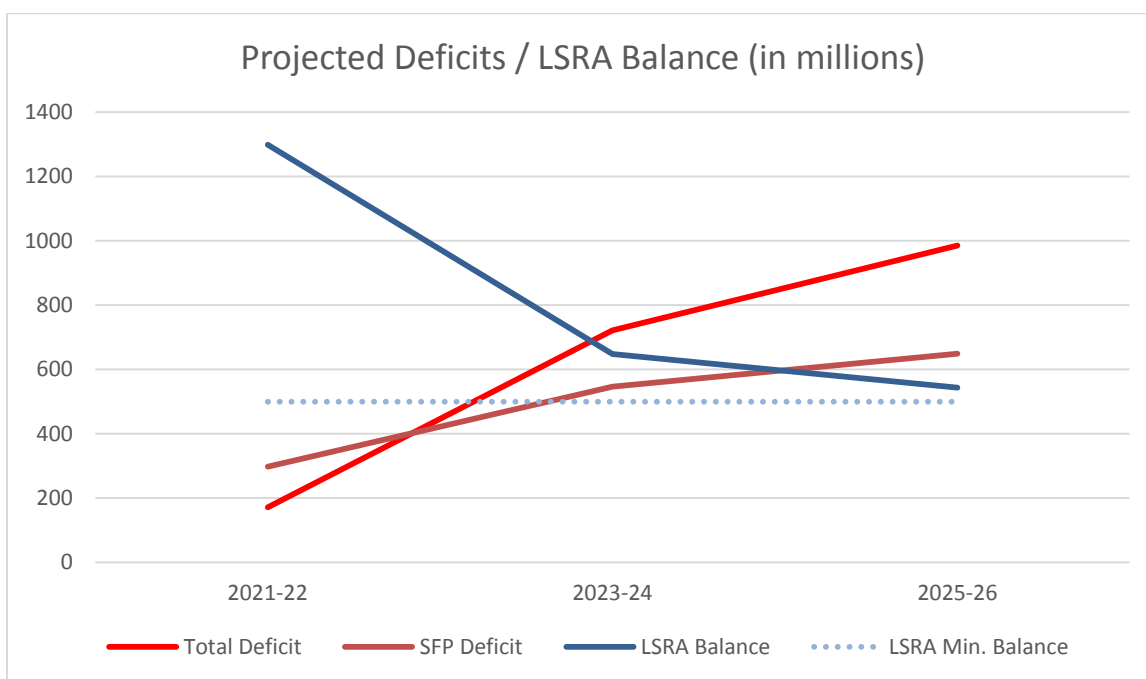
<sup>2</sup> LSO Long-Term Forecast, Line 40

<sup>3</sup> LSO Long-Term Forecast, Line 37 (does not account for transfers to maintain \$100M balance)

<sup>4</sup> LSO Long-Term Forecast, Line 39

<sup>5</sup> LSO Long-Term Forecast, Line 42

Biennium	Total Surplus / (Shortfall)	SFP Surplus / (Shortfall)	LSRA Balance
2021-22	(171,000,000)	(298,000,000)	1,299,000,000
2023-24	(721,000,000)	(546,000,000)	648,200,000
2025-26	(985,000,000)	(649,000,000)	543,200,000



## Wyoming Estimated Tax "Capacity"

Estimated Wyoming Revenue Increases from Tax Imposition at Median Rates of Surrounding States and North Dakota

STATE	INDIVIDUAL	CORPORATE	SALES & USE	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	FUEL TAX	
	INCOME TAX	INCOME TAX		AD VALOREM	AD VALOREM	AD VALOREM		
	RATE <sup>1,3</sup>	RATE <sup>1,3</sup>	TAX RATE <sup>4</sup>	(PROPERTY)	(PROPERTY)	(PROPERTY)	RATE <sup>6</sup>	
				EFF. TAX	EFF. TAX	EFF. TAX		
				RATE <sup>2,5</sup>	RATE <sup>2,5</sup>	RATE <sup>2,5</sup>		
COLORADO	4.630%	4.630%	7.650%	0.556%	2.259%	1.765%		\$0.2200
IDAHO	6.925%	6.925%	6.030%	0.718%	1.222%	0.890%		\$0.3300
MONTANA	6.900%	6.750%	0.000%	0.953%	1.182%	0.936%		\$0.3275
NEBRASKA	6.840%	7.810%	6.930%	2.087%	2.133%	1.713%		\$0.3020
NORTH DAKOTA	2.900%	4.310%	6.860%	1.224%	1.134%	0.613%		\$0.2300
SOUTH DAKOTA	0.000%	0.000%	6.400%	1.704%	1.505%	0.813%		\$0.3000
UTAH	4.950%	4.950%	7.180%	0.690%	1.265%	0.991%		\$0.3111
MEDIAN rate	4.950%	4.950%	6.860%	0.953%	1.265%	0.936%		\$0.3020
WYOMING current rate	0.000%	0.000%	5.340%	0.681%	0.709%	0.677%		\$0.2400
WYOMING rate increase	4.950%	4.950%	1.520%	0.272%	0.556%	0.259%		\$0.0620
								<b>TOTAL</b>
FY 2022	\$0	\$0	\$229,500,000	\$0	\$0	\$0	\$43,300,000	\$272,800,000
FY 2023	\$147,000,000	\$14,200,000	\$245,300,000	\$178,100,000	\$103,800,000	\$85,900,000	\$43,700,000	\$818,000,000
FY 2024	\$147,000,000	\$14,200,000	\$256,000,000	\$181,600,000	\$105,900,000	\$87,600,000	\$44,000,000	\$836,300,000

### Wyoming Estimated Tax "Capacity"

See Attached Long Term Fiscal Profile  
See Attached Budget Reeducation Page

#### About Senator Cheri Steinmetz:

Senator Steinmetz represents Goshen, Niobrara, and Weston counties. She is a member of the Appropriations Committee and previously served on the following Senate committees: Agriculture, State and Public Lands & Water Resources; Transportation, Highways, & Military Affairs; and the Select Committee on Legislative Facilities, Technology and Process. She began serving in the Wyoming State Senate in 2019. Previously, Senator Steinmetz represented House District 5 from 2015 to 2018.

#### About Senator Ogden Driskill:

Senator Driskill has represented Senate District 1 since 2011. Ogden is currently the Majority Floor Leader in the Senate and the Corporations Chairman which will oversee redistricting in 2021.

#### About Representative Hans Hunt:

Hans Hunt has represented House District 2 since 2011. He is the former House Majority Whip and former chairman of the House Agriculture Committee. He currently serves on Corporations and Travel, Recreation, and Wildlife committees.

#### About Representative Shelly Duncan:

Shelly Duncan representing House District 05 (Goshen county) was elected 2019 to present. She's a member of the House Corporations, Elections & Political Subdivisions and is the current Vice Chairman of Minerals, Business and Economic Development. This is her second term on those committees.

#### About Representative Chip Neiman:

Representative Neiman is newly elected to the House of Representatives from District 01 and serves on the House Education Committee.

More information may be found at [wyoleg.gov](http://wyoleg.gov).

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