
FINAL LEGISLATIVE SUMMARY MARCH 6, 2019

SINE DIE

The 2019 General session of the Wyoming Legislature adjourned last Thursday morning around 2am. Legislators started this session with the goal of diversifying and broadening Wyoming's revenue streams, but several major tax bills failed to make it through both houses. Faced with a structural deficit of up to \$300M for K12 education funding, lawmakers have tough decisions ahead of them. If we cannot pass a tax bill, can we cut our way out of this hole? For the "color commentary" of the session, let's just say it started earlier than normal. The Senate killed the capital construction bill early on in the process to "send a message" to the House for spending too much in the supplemental budget. The bill was later revived and later passed, but several other bills were not as lucky.

WACCT was busy until the very last day with capital construction, Wyoming Works and SF111 on the list for 3rd reading in the House. All-in-all, the colleges experienced tremendous successes. While we had a few losses, this legislative session offered plenty of "educating opportunities" and several to carry forward into the interim months and years to come. Here are the major issues and opportunities for the colleges this session:

- **Safety and security** – We were not successful in efforts to increase safety and security funding for the colleges (but the joint grant application to the Wyoming Office of Homeland Security will still continue).
 - **Opportunity** – we have the opportunity to gather more data as the grant application is drafted and educate legislators if there are options to increase the impact of a dollar with state matching. Also, HB 90 passed allowing college police officers the opportunity to be part of the State Law Enforcement Retirement System. This may allow some colleges to recruit POST certified officers for their campuses. A yearly follow up might be a good idea for the Joint Education Committee and Joint Appropriations Committee.
- **Common transcript** – While the bill passed, the appropriation was decreased, and the implementation date was delayed.
 - **Opportunity** – some parties involved felt that more time was needed to feel comfortable and make sure the proposed solutions really solve the issues behind the bill and HEA 47 from last year. The Education Attainment Council (codified this session) can continue this work. The WCCC is required to make a report to the Joint Appropriations Committee this interim on the SLEDS work.
- **Capital construction** – the college projects ended up exactly as they were submitted to the appropriations committee (except the footnote for the NWC level II funding was fixed).
 - **Opportunity** – WACCT, the colleges and the WCCC have an opportunity to more fully explain how the WCCC ranks and evaluates the projects, and how they move through the State Building Commission process (a nice one-pager for next session would be a good idea).
- **Major maintenance and operating reserves** – HB 78 moves the major maintenance payments for the colleges to a quarterly basis and increased the operations reserves from 8% to 15%.

- **Opportunity** – Legislators simply do not know enough about how the colleges utilize operational reserves. This bill allowed the colleges to provide information and should be shared on a yearly basis with lawmakers.
- **Focus on Career and Technical Education** – Governor Gordon kicked things off in his state of the state speech back in January – Wyoming must focus on diversifying our economy, providing opportunities for non-Hathaway students, and jobs that keep Wyoming running on a day-to-day basis. We saw several bills that addressed that need:
 - SF 43 – CTE pathways for Hathaway students
 - SF 122 Wyoming Works (the bill was reduced to just \$5M from the ENDOW bill from last year)
 - SF 111 allowing the colleges the opportunity to confer applied baccalaureate degrees
 - Wyoming’s Tomorrow – studying the need for a long-term endowment for CTE focused scholarships (the bill died).
 - **Opportunity** – While HB 310 Wyoming’s Tomorrow ultimately failed in the Senate on 3rd reading and you’ll see that Governor Gordon vetoed the required study in the budget bill. The issue will either be studied by the Joint Education Committee and/or housed under the Education Attainment Council’s directives. This remains a priority for WACCT so we will continue to monitor and provide information where we can. For Wyoming Works, even though the funding was reduced to only \$5M, it allows the colleges to prove how the program can work and bring in examples of other “works programs” from other states work. WACCT’s fall conference might be a good place to bring in speakers from other states’ CTE scholarship programs, works programs, etc.
- **Wyoming Investment in Nursing** – HB 58 started the process by simply extending the sunset date for the student grants side of the program but ended up with the sunset completely removed from statute.
 - **Opportunity** – The program will be evaluated in the Joint Appropriations Committee in a biannual basis moving forward, but many hail the successes of the WYIN program as an example of how to do things right.

PART OF THE REVENUE SOLUTION

After being resurrected from a kill in the Senate, HB 308 ended up passing (with some arm twisting from the Speaker) to raise approximately \$100M from diverting revenue streams from severance taxes, state royalties on school lands, and federal mineral royalties to flow into the school foundation program account. This fixes 1/3 of the problem and legislators are going to need to come back either in a special session this summer or the next budget session to address the rest of the shortfall.

YET, NOT ENOUGH VOTES

- HB 220 was the horse on which everyone was betting to raise additional revenues (\$45M). The bill would have imposed a 7% tax on profits for certain retail, hospitality businesses and restaurants in Wyoming with 100 stockholders or more.
- HB 66 would have put a 5% statewide tax on lodging services (\$19.5M).
- HB 134, a severance tax exemption for oil and gas, died in the 11th hour after the House and Senate failed to come to agreement in a conference committee.
- See below for a list of all the revenue raising bills that were introduced this session (it wasn’t for lack of options that a tax bill did not pass).

A NEW SHERIFF IN TOWN

The budget bill appropriates \$2.9B from the General Fund and authorizes 7,377 full-time positions and 304 part-time positions. Governor Gordon gained the respect of many when he line-item vetoed 29 issues from the supplemental budget. The total of the vetoes only added up to \$500,000 in spending, but Gordon insisted in drawing the line between the Legislature requiring reports from state agencies and tying spending authority to the production of said reports. Of the 29 line-item vetoes, the House voted to reject four and the Senate, only two. The supplemental budget bill appropriates \$112.9M from the general fund, \$29.3M in federal funds and \$67.7M in other funds. It authorizes 7,692 positions (7,386 full-time and 306 part-time), which reflects a net increase of 7 positions (5 full-time and 2 part-time). [The Governor vetoed the elimination of the two positions in the State Engineer's Office. The Legislature voted successfully to override the Governor's veto.]

Below is a summary of the agencies with revised appropriations:

- Department of Revenue – Total increase \$6,625,000 GF.
- Wildlife and Natural Resource Trust – Total increase \$6,200,000 GF.
- Department of Transportation – Total increase \$15,000,000 OF.
- Department of Health – Total increase \$21,115,645 GF; \$22,312,093 FF; and \$14,397,928 OF.
- Department of Family Services – Total increase \$5,254,060 GF and \$6,947,871 FF.
- Office of State Lands and Investments – Total increase \$15,721,307 GF.
- University of Wyoming – Total increase \$12,500,000 GF.
- Department of Corrections – Total increase \$5,000,000 GF.

Various Provisions:

- Re-appropriates approximately \$20 million to the Department of Health and the Department of Family Services from 2018 Session Laws.
- Provides \$1.15 million GF to the Federal Natural Resource Policy Account. [Reduced by an amount equal to the total appropriations in 2019 HB 54, HEA 22.]
- Provides for an external cost adjustment to the education resource block grant model.
- Releases \$15 million for statewide long-term, commercial air service contracts.
- Provides \$15 million to the Emergency Fire Suppression Account. [Reduced by an equal amount to the total appropriation in 2019 SF 26, if enacted. **Was not enacted.**]
- Provides for a \$14 million maximum appropriation to the Municipal Solid Waste Cease and Transfer Grant Account. [Funds in excess of \$14 million appropriated in this bill and 2019 SF 121, SEA 33 are re-appropriated to the fund from which appropriated.]
- Provides a total of \$11.96 million for employee compensation increases.
- Provides \$5 million to implement 2019 HB 220, the National Retail Fairness Act, if enacted. [**Was not enacted.**]
- Provides that Agency 167 – UW Family Medical Residency Program shall be re-designated as an expenditure object series funding for grants and aid under Agency 067 – University of Wyoming.
- Revises the FY 2020 Federal Mineral Royalty (FMR) distributions over \$500 million to 50% Budget Reserve Account and 50% School Foundation Program.

The following reports are required under the budget bill (those vetoed by the Governor are crossed out):

- ~~• Not later than December 1, 2019, the Governor's Office shall report to the Joint Appropriations Interim Committee (JAC) on steps necessary to inflation proof state permanent funds. [**Vetoed by the Governor.**]~~

- ~~Not later than December 1, 2019, the Department of Administration and Information shall report to the State Building Commission and the JAC on the procedures implemented to evaluate new state leases and a summary of the cost benefit analyses conducted. [Vetoed by the Governor.]~~
- Not later than October 1, 2019, the Military Department shall report to the JAC and the Joint Transportation, Highways and Military Affairs Interim Committee on the work and performance of all veterans' services officers.
- Not later than August 1, 2019, the Department of Agriculture shall report to JAC on the activities of the Dry Bean Commission.
- Not later than December 1, 2019, the Department of Revenue shall report to the JAC on any expenditure of funds for IT migrations, enhancement or temporary personnel hired related to the Department's tax collection computer systems.
- Not later than October 1, 2019, the State Construction Department shall report to JAC and the Joint Education Interim Committee (JEC) on school districts' responses related to expenditures for enhancements, capital construction and major maintenance.
- ~~Not later than December 1, 2019, the State Engineer's Office shall report to JAC and the Joint Agriculture, State and Public Lands and Water Resources Interim Committee regarding public meetings held pursuant to this bill concerning water law and water rights. [Vetoed by the Governor.]~~
- Not later than November 1, 2019, the Geological Survey shall report to the Joint Minerals, Business, and Economic Development Interim Committee findings related to the analysis of previously collected geological samples under the national uranium resource evaluation program.
- Not later than September 1, 2019, the Department of Transportation shall report to the Joint Transportation, Highways, and Military Affairs Interim Committee and JAC on expenditures related to Tribal Employment Rights Ordinance (TERO) between July 1, 2009 and June 30, 2019.
- Not later than November 1, 2019, the Department of Transportation shall report to the JAC the cost-benefit analysis results of the continued use of the Cessna Caravan N104WY. [Vetoed by the Governor.]
- Not later than June 30, 2020, the Department of Health shall report to the Joint Labor, Health and Social Services Interim Committee and JAC on the multi-payer claims database.
- **Not later than October 1, 2019, the Community College Commission shall report to the JEC and JAC on the state longitudinal education data system (SLEDS) performance.**
- Not later than October 1, 2019, the Office of State Lands and Investments shall report to the Joint Minerals, Business, and Economic Development Interim Committee on the work the engineer hired to assist local governments with infrastructure projects.
- Not later than December 1, 2019, the University of Wyoming (UW) shall report to the Joint Agriculture, State and Public Lands and Water Resources Interim Committee and the JAC on its plan to fully staff the biosafety level 3 laboratory.
- Not later than December 1, 2019, UW shall report to the JAC on the operations of the President's Endowed Scholarship Initiative.
- Not later than November 1, 2019, UW shall report to the Joint Agriculture, State and Public Lands and Water Resources Interim Committee and JAC on specified priority degree programs.
- Not later than October 1, 2019, UW shall report to JAC on the salary adjustments provided to its employees pursuant to this bill.
- Not later than November 1, 2019, the Department of Corrections shall report to JAC and the Joint Judiciary Interim Committee data and information on Hepatitis C cases.
- The Department of Corrections shall report to the Governor, JAC, and Joint Judiciary Interim Committee monthly employee, expenditure and inmate data.

- ~~• Not later than November 1, 2019, the Wyoming Business Council shall report to the Joint Minerals, Business and Economic Development Interim Committee on economic development efforts within state government. [Vetoed by the Governor.]~~
- ~~• By June 30, 2020, the Sheridan County School District #2 may report to the JEC on the pilot principal education program. [Vetoed by the Governor.]~~
- Not later than September 1, 2019, the State Construction Department shall report to the JEC on expenditures related to TERO between July 1, 2009 and June 30, 2019.
- Upon the exercise of borrowing authority and appropriations related to interest losses, the State Treasurer shall immediately report immediately to the Governor, State Auditor and JAC.
- On or before October 1, 2019, the Department of Health shall report to the Joint Labor, Health and Social Services Interim Committee and JAC on its review of sustained hospital viability.
- Not later than October 1, 2019, the Department of Education shall report to the JEC and JAC on the early childhood grants.
- Not later than October 1, 2019, the Department of Education and the Department of Health shall report to the JEC and the Joint Labor, Health and Social Services Interim Committee on the planned implementation of Medicaid approved services for school districts.
- ~~• Not later than November 1, 2019, the Wyoming's Tomorrow Task Force shall report to the Governor, JAC, and JEC its findings and recommendations. [Vetoed by the Governor.]~~
- ~~• Not later than September 1, 2019, the University of Wyoming, the seven community colleges and the Community College Commission shall provide a joint report to the JAC and JEC regarding its higher education study findings and recommendations. [If either HB 263 or 2019 SF 111 is enacted, the higher education study and report shall not be conducted.] [Vetoed by the Governor.]~~

INTERIM TOPICS

The Management Council will not meet until March 22nd to determine interim assignments for the committees. We will likely see the same tax issues in the Revenue Committee, including corporate income tax, renewable energy taxes, and tourism taxes. The Joint Education Committee and Joint Appropriations Committee will likely be interested in several of the issues that passed this session – applied baccalaureates, Wyoming Works, Wyoming's Tomorrow, capital construction, etc. Stay tuned...

TAX BILLS

Dead tax bills:

- [HB 64 – indexing fuel taxes \(\\$6.6M\)](#)
- [HB 66 – Lodging tax \(\\$19.5M\)](#)
- [HB 67 – sales tax revisions \(\\$33M\)](#)
- [HB 68 – school funding revenue \(\\$33.6M\)](#)
- [HB 93 – Tourism improvement districts](#)
- [HB 96 – wind energy production tax \(\\$17.2M\)](#)
- [HB 167 – severance tax on coal \(-\\$13.6M\)](#)
- [HB 220 – National Retail Fairness Act \(\\$45M\)](#)
- [HB 233 – income tax \(\\$200M\)](#)
- [HB 239 – wind energy production tax – rate \(\\$10M\)](#)
- [HB 241 – wind energy production tax – repeal \(\\$4M\)](#)
- [HB 260 – wind energy production tax -2 \(\\$16.7M\)](#)
- [SF 6 – personal property tax reporting](#)
- [SF 23 – appeals by county assessor](#)

- SF 114 – Sales and use tax payments – large facilities
- SF 134 – severance tax exemption (-\$51.6M)