



Wyoming Education Association

— Together We Succeed —

## Wyoming's Problem: Lack of Revenue, not Spending.

It is abundantly clear; Wyoming has a revenue problem not a spending problem. The lack of revenue coupled with the volatility of our current revenue streams has created substantial economic problems for communities across the state and the people of Wyoming for decades. It is time to address the economic management of our state.

What we know:

- Wyoming has the nations 3<sup>rd</sup> most revenue volatile economy<sup>1</sup>
- Over a 5-year period to 2019, Wyoming has a business growth rate of 1.0 %; 34<sup>th</sup> in the nation<sup>2</sup>
- Over the same period a gross state product of 0.3%; 48<sup>th</sup> in the nation
- One of the top ten most regressive tax structures in the United States, the largest tax rate discrepancy between rich and poor, and the lowest tax rate for the wealthy<sup>3</sup>
- Only one of two states in the nation without a corporate income tax or a similar tax<sup>4</sup>
- One of the lowest sales and use tax rates in the nation<sup>5</sup>
- Is among the lowest property tax rates in the nation<sup>6</sup>
- The state has a lack of economic diversification
- 86% of WEA members support tax increases for education funding.

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<sup>1</sup> Rosewicz, Barb, Justin Theal & Sara Estep, Oct. 13<sup>th</sup> 2020. "Tax Revenue Swings Complicate State Budgeting," PEW Charitable Trusts. Retrieved at <https://www.pewtrusts.org/en/research-and-analysis/articles/2020/10/13/tax-revenue-swings-complicate-state-budgeting>

<sup>2</sup> IBIS World, "Wyoming: State Economic Profile," IBIS World. <https://www.ibisworld.com/united-states/economic-profiles/wyoming/>

<sup>3</sup> ITEP, "Wyoming: Who Pays? 6<sup>th</sup> Edition," Institute on Taxation and Economic Policy, Oct. 17<sup>th</sup> 2018. Retrieved at <https://itep.org/whopays/wyoming/>

<sup>4</sup> National Education Association, March 2<sup>nd</sup>, 2021. "Education Jobs and State Revenue in Wyoming," National Education Association.

<sup>5</sup> ibid

<sup>6</sup> ibid

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**The idea of “low taxes incentivizing business” is one that depends on context. In the state of Wyoming, our numbers just do not support the notion of sustainable and profitable business growth due to low taxes. Our citizens deserve stability in their local and state economies. There are options available to the citizens of Wyoming, all of which would generate new and stable revenue streams for the citizens of Wyoming.**

**At the median rate of our surrounding states the following taxes would generate the corresponding revenue amounts:**

- **Corporate Income Tax @4.950%; over \$14 million annually**
- **Sales and Use Tax @6.860%; over \$220 million annually**
- **Residential Property Tax @0.953%; over \$170 million annually**
- **Commercial Property Tax @1.265%; over \$100 million annually**
- **Industrial Property Tax @ 0.936%; over \$85 million annually**

**A recent study conducted also demonstrated that citizens and business across the state have the capacity to pay more in taxes.<sup>7</sup> This includes a personal income tax. According to a model study by REMI:**

- **A 4% tax on income above \$50k; 2% on income below \$50k would<sup>8</sup>**
  - **Potentially help to create 16k jobs in the first year**
  - **Substantially grow the states GDP**
  - **Substantially grow personal income across the state**

**Wyoming citizens value education in our state. The citizens of Wyoming also pay incredibly low taxes for the services they receive. We need these services to be competitive to grow our economy. A reduction in these services isn't the answer and the current model is unsustainable. Wyoming citizens must increase contributions to provide those services that are vital to our state and will help our state and citizens move forward.**

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<sup>7</sup> Schaffer, Nick and Colsch, Nick. December 22<sup>nd</sup>, 2020. “*Tax Capacity in Wyoming: A comparison of taxation rates, earnings, and cost of living with surrounding and similar states.*” Wyoming Center for Business and Economic Analysis. Retrieved from <https://wyoleg.gov/InterimCommittee/2021/03-20210510Policy-Brief-Wyoming-Tax-Capacity-LCCC-WCBEA-1.pdf>

<sup>8</sup> National Education Association and REMI, March 2<sup>nd</sup>, 2021. “*Education Jobs and State Revenue in Wyoming,*” National Education Association and REMI

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