



64th Wyoming Legislature
February 26, 2017
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INTRODUCTION

This year's 40-day legislative session is winding down, and as predicted, the biggest determinant is going to be the outcome of the two major education bills--SF 165 and HB 236. The divisions pivot around cuts versus tax increases. For the Wyoming Business Alliance's top priority business and the economy bills, great progress this past week: SF 132 ENDOW, SF 156 Government Efficiencies, HB 253 Large Project Funding, and SF 70 Manufacturing Sales Tax Exemption.

The legislative process, at the end of the day, moves forward based on the collective will of the two chambers, House and Senate. For the Business Alliance and our members, the House and Senate are in sync for most of our major priorities. Here is the most current news.

ECONOMIC DEVELOPMENT

[ENDOW--SF 132](#) --passed the Senate 23-7 several weeks ago and got an 8-1 vote in House Minerals and Economic Development and a 7-0 vote from the House Appropriations on 2/14. It was sitting back on General File, but, at the Alliance's urging, two days ago it moved up and was approved by the Committee of the Whole on Thursday. Second reading on Friday went smoothly. Monday should be the final vote.

This bill really is a Governor and Legislative Leadership "brain trust" initiative. It has as its aim a 20-year strategic diversification plan. This effort is totally consistent with Wyoming Business Alliance commitments going back to our: Blueprint for Business White Paper in 1990, the first Economic Outlook forum in 1996 which led to the creation of the Wyoming Business Council in 1997/1998, and most recently the TOUR 23 outreach effort across Wyoming in 2015 and 2016.

The bill calls for the establishment of a 15 member executive committee powered by private sector leaders. Its first report--an economic demographic scoping document--is due at the end of August. The next report with preliminary findings is due at the end of December. The bottom line is this--as told by so many--but clearly a foundation in the creation of the Business Council--is economic diversification is essential for any and every state because of change and the necessity to create jobs for graduates. Competition is fierce. Wyoming has attributes...but in today's go-go move to "hip" urban centers Wyoming's playbook has to move to a center stage.

[SF 70--manufacturing sales tax exemption](#)----is now on General File. There were worries regarding House Appropriations support-- hoping for a 4-3 vote. The Alliance communicated to members before the meeting and testified. The message--when ENDOW begins its work one of the first questions will be what our neighboring states are doing. If the existing exception was to expire (it has been operative for 12 years) what message does that send?

[Lastly, Ski Safety--HB 32--is in the wringer.](#) It has passed both the House and Senate, but the first Conference Committee report for concurrence went down 24-36.

GOVERNMENT SPENDING

[Government Efficiencies--SF 156](#)--is struggling in the House big time, despite strong support in the Senate, 30-0. The basic argument for the bill: "fresh eyes" use of outside consultants is an approach taken by private business and institutions when facing a crisis--i.e., diminished sales, revenues, and growth...usually due to slow responses to changing market conditions or and false assumptions that good times will somehow miraculously return.

In Wyoming today few would argue that we face serious belt tightening challenges. Those in the House and Senate Appropriation Committees are grappling and have made headway regarding an additional \$156 million in cuts. In essence unwanted but little choice band-aid work...up until the SF 156 notion. We believe that significant savings/efficiencies can be found and result in the continuance of a wide spectrum of government services.

The House Minerals Committee and then the House Appropriations Committees passed the bill quite handily, but floor debate has been discouraging. On Friday, the \$500,000 appropriation for it was stripped from the bill. The arguments made: we can't afford this even though there is a possibility of saving millions; why not tie payment as a percent of savings found. Our comment: **imagine if significant savings could be found. Could that avert the elimination of some state programs or positions?** The final vote is scheduled for tomorrow unless it is held back Monday.

Other Bills

- [Large Project Funding--SF 72](#)--had a hiccup two days ago due to an oversight--Approval by the House Appropriations Committee. That was resolved with a strong 7-0 vote and on Friday (amazing speed) it was approved by the House.
- [SF 78--Federal Lands Natural Resources Account](#)--has moved forward and has passed the House Committee of the Whole.
- The bill regarding a [study of government revenue and expenses--SF 131](#)--hit a jigsaw in the House and was defeated 23-34. It had passed the Senate previously 30-0.

EDUCATION BILLS



House Education Committee on Friday discussing SF 165.

Tuesday started out with no real surprises, but a lot of questions for legislators to address. The education funding crisis--driven by over-reliance on mineral sector taxes and citizen comfort zones in living in a low individual tax state--amount to between \$360 and \$400 million a year just for operations. School construction, where well over a billion dollars has been spent over the past decade, is a separate matter.

So here is where we are. The [Senate bill--SF 165](#)--had at its core cuts of about \$100 million and no new taxes. The [House bill--HB 236](#)--has cuts more in the range of \$60 million but also a sales tax increase and use of savings. The K-12 educators are still on their message--"education for all children is a fundamental constitutional right" and a \$400 yearly cut from the K-12 \$1.6 billion budget would be way too much. Indeed it would be a pragmatic challenge as that amount would be 25 percent. Absent from their message has been why K-12 per pupil education in Wyoming at \$16,700 is some \$6,000 above the regional average and that our high school graduation rates are lower. Then came Friday noon with an amendment to SF 165 in the House Education Committee which essentially is a substitute bill. It suggests cuts of \$32 million followed by \$50 million, plus tax increases in the form of eliminating the food sales tax exemption and exemptions on services other than health and legal.

So without question, there will be a Conference Committee this coming week and the tax, no tax jockeying will continue as will the tensions regarding how much to cut. At a minimum, there will be an extensive recalibration (look at the education model and funding adjustments) during the interim. Our fear is that the education status quo will prevail despite the reality check guest column by the President of the Senate and Senate Education Chair in a Wyoming Tribune Eagle column on Friday and the [Casper Star Tribune](#) today which observed state agencies have been cut by 11.2 percent and community colleges and the university in the same range. The Senators ask can't K-12 make similar reductions...or a 5 percent which has been proposed? They cite a U.S. Chamber of Commerce report (Leaders and Laggards) that Wyoming got an "F" on Return on Investment and "D" for post-secondary readiness. More importantly, though, is whether a reduction of \$1,000 in per pupil spending (which would still leave Wyoming way above our neighbors) would cause acute damage to K-12 education in our state. In summary, in the absence of empirical data,

a doom and gloom scenario if even minimal cuts are enacted is unlikely.

As a side note, [SJ 9](#) to look out how education is funded in Wyoming and our State's Constitution language--whether the legislature would have more authority--had Senate support, but never gained ground in the House.

LEGISLATIVE BILL MATRIX

[Download the Bill Tracker for Week 7](#)

The Wyoming Business Alliance Legislative Matrix is attached with the bills being tracked and a status on where they are in the legislative process. It is divided into six categories either being supported in green, opposed in red or being monitored in black. Please let us know if there are any bills of interest to you not represented so we can list them in the future.

I. ECONOMIC STRENGTH BILLS

1. **HEA No.0018/ HB0004 NRC agreement state amendments. (Support) PASSED**
2. **HB0032 Ski Safety Act.(Support)**
3. **HB253 Economic development account funding. (Support)**
4. **SF0060 Antelope hunts. (Support)**
5. **SF0070 Manufacturing machinery exemption sunset date. (Support)**
6. **SF0132 ENDOW Initiative (Support)**
7. SF0024 Film industry financial incentive program. (Monitor)
8. ~~SF164 Energy strategic plan. (Support) Failed to make cutoff~~

II. QUALITY OF LIFE BILLS

1. **SEA No.0028/SF0069 Small employer health reinsurance program amendments. (Monitor) PASSED**
2. **SF0050 Civics educational programs. (Support)**
3. ~~HB0133 Civics proficiency examination. (Support) Failed in Committee~~
4. ~~SF0171 Civic proficiency examination 2. (Support) Failed~~

III. INFRASTRUCTURE DEVELOPMENT

1. **HEA No. 0042/HB0086 Omnibus water bill-construction. (Monitor) PASSED**
2. **SEA No.001/SF0003 Transfer of water funds. (Monitor) PASSED**
3. **SEA No. 0035/SF0051 Approval of water funds transfer. (Monitor) PASSED**
4. **SEA No.0032/SF0056 Omnibus water bill-planning.(Monitor) PASSED**
5. HB0052 Governmental immunity-cooperative public transportation. (Monitor)
6. SF0008 Transfer of Water Funds (Monitor)
7. ~~HB0118 Purchase of water rights and facilities. (Monitor)~~
8. ~~HB0234 Airport support. (Monitor/Support) Failed to make cutoff~~
9. ~~SF0058 Instream flow rights acquisition. (Monitor) Withdrawn by Sponsor~~
10. ~~SF0071 Electricity production standard. (Monitor) Failed to make cutoff~~
11. ~~SF0080 Instream flow rights acquisition 2. (Monitor) Failed to be introduced~~
12. ~~SF0140 I-80 project master plan. (Support) Failed~~

IV. GOVERNMENT SPENDING AND TAXES

1. **HEA No. 0023/HB0013 Investment of public funds. (Monitor) PASSED**

2. **HEA No.0035/HB0060 State investment policy. (Monitor) PASSED**
3. **HEA No. 0039/HB0082 Local optional sales and use taxes. (Monitor) PASSED**
4. **SEA No. 0020/SF0041 Enterprise technology services amendments. (Monitor) PASSED**
5. **HJ0002 Balanced budget amendment-resolution. (Support)**
6. **SF0156 State government efficiencies. (Support)**
7. HB0001 General Government appropriations. (Monitor)
8. HB0267 LC and corporation license fees. (Monitor)
9. SF0001 General Government appropriations. (Monitor)
10. ~~HB0040 Oil and gas tax reporting. (Monitor) Died in Committee~~
11. ~~HB0042 Tax exemption repeals. (Monitor) Failed in Committee~~
12. ~~HB0067 Determination of agricultural land for taxation. (Monitor) Died in Committee~~
13. ~~HB0102 Lodging tax rate. (Oppose) Failed in Committee~~
14. ~~HB0104 Severance tax on coal. (Monitor) Failed in Committee~~
15. ~~HB0105 LSRA limitations on appropriations. (Support) Died in Committee~~
16. ~~HB0127 Wind energy production tax 2. (Monitor) Failed in Committee~~
17. ~~HB0134 Taxable value of industrial property. (Monitor) Failed in Committee~~
18. ~~HB0149 Lodging tax distribution. (Oppose) Failed in Committee~~
19. ~~HJ0001 Convention for proposing constitutional amendments. (Monitor) Failed~~
20. ~~HJ0005 Mineral excise tax deposits constitutional amendment. (Monitor) Failed in Committee~~
21. ~~HJ0006 Budget shortfall reserve accounts. (Monitor) Died in Committee~~
22. ~~SF0159 Tax reform 2000. (Monitor) Failed to make cutoff~~

V. PUBLIC LANDS

1. **SEJR No. 0001/SJ0002 Federal land wind and solar energy revenue-state share. (Monitor)PASSED**
2. **SF0078 Federal natural resource policy account. (Support)**
3. SF0072 2017 Large project funding. (Monitor)
4. ~~SJ0003 Public lands Constitutional amendment. (Monitor) Failed to be introduced~~

VI. EDUCATION

1. **HEA No. 0061/HB0040 Education accountability. (Monitor) PASSED**
2. **SEA No. 0031/SF0036 Education-leader evaluation and support. (Monitor) PASSED**
3. **HB0027 School facility property insurance. (Support)**
4. **HB0076 American Indian education program. (Support)**
5. **HB0126 Elementary school foreign language requirement. (Support)**
6. **HB0225 Select committee on education funding. (Support)**
7. **SF0037 Education-Hathaway scholarship program-2. (Support)**
8. **SF0165 School finance-education funding reductions. (Monitor/Support)**
9. **HB0236 School finance-omnibus education funding. (Monitor/oppose)**
10. HB0037 Teacher accountability. (Monitor)
11. HB0058 School facilities appropriations. (Monitor)
12. ~~HB0108 School finance K-12 class sizes. (Support) Failed to be introduced~~
13. ~~HB0140 Education continuing contract status. (Support) Failed to be introduced~~
14. ~~HB0233 State or school employment contract compensation reduction. (Monitor) Died in Committee~~

15. ~~HB0243 School finance capital construction funding. (Monitor) Died in Committee~~
16. ~~SF0073 High school graduation requirements. (Support) Failed on the Floor~~
17. ~~SF0114 Education reform. (Support) Failed to make cutoff~~
18. ~~SF0135 Education funds used for litigation. (Support) Failed to make cutoff~~
19. ~~SJ0009 Public school financing. (Support) FAILED in Committee~~

Best regards,

**Bill Schilling
President**

Wyoming Business Alliance/Wyoming Heritage Association

Wyoming Business Alliance

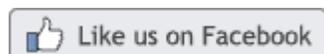
The Wyoming Business Alliance is a statewide nonprofit organization representing the voice of business in the state. It is dedicated to promoting and advocating for a growing economy by connecting business leaders from across Wyoming, representing business interests and issues, and partnering with key

business organizations and trade associations. The organization was founded in 1979 as Wyoming Heritage Society and Wyoming Heritage Foundation. Policies for the Wyoming Business Alliance are set by our Steering Committee. The Steering Committee has 45 members who serve for three-year terms, plus 18 leaders from state business and trade organizations. Visit www.wyomingbusinessalliance.com.



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Wyoming Business Alliance, 145 S. Durbin Suite 101, Casper, WY 82601

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