



64th Wyoming Legislature March 8, 2017

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INTRODUCTION

The 64th Legislative Session adjourned on Friday. There was much fanfare throughout. It was a stressful session given looming K-12 education shortfalls of between \$360 and \$400 million. There was a mix of **Business Positives**, **Unclear Pathways** and **One Last Wild Ride** for the Wyoming business community.

ONE LAST WILD RIDE

GOVERNMENT SPENDING AND TAXES

The Government Efficiency bill - SF 156 - had an amazing legislative ride the last week and half of the session. The Senate passed the bill 30-0, but the House stripped all of the \$500,000 funding by a powerful vote of 49-11 early last week. A conference committee was finally appointed (last Thursday and early Friday): **Senate** - Perkins, Ellis, and Peterson; **House** - Greear, Bovee, and Madden. They met; their report and recommendations came out around noon on the last day of the session, last Friday. At the 11th hour, the House voted 44-16 in favor of the compromise which included funding being restored to \$300,000. The Commission established in the bill calls for an estimate of savings and a competitive bid process for the consultant work to be done. The Business Alliance worked tirelessly the last days of the session in support of and keeping SF 156 alive. Some said it was somewhat of a miracle to get the bill through. Great support from a dozen business/trade associations.



Governor Mead signs SF132 ENDOW bill.

BUSINESS POSITIVES

The Wyoming Business Alliance was active on four major bills relating to **Economic Strength**.

1. **ENDOW, SF 132** - This has to be classified as the Governor's and Legislative Leadership's "crown jewels." The signing ceremony, last Thursday was, in the words of Wyoming Business Alliance President Bill Schilling **"a legacy bill for a legacy state's future."** The longer term -- 20 year - economic diversification initiative is really a major step forward for our state - Governor and legislature at the table, private sector leadership along with them, and vital partnerships with state agencies - the Wyoming Department of Workforce Services, and the Wyoming Business Council - plus the community colleges and the University of Wyoming. All will be in sync, bringing the best and the brightest - and committed state staffing leadership. Launched at the bill signing ceremony were these comments ... **"establishing a structure and sustaining the effort over time,"** said Governor Mead. **"The time for talk is over and a bold, long-term commitment to Wyoming's future,"** Senate President Eli Bebout. And **"ENDOW invests in Wyoming's young people to build careers at home,"** said Speaker of the House Steve Harshman. The Governor plans to appoint the ENDOW- Economically Needed Diversity Options for Wyoming - Executive Committee by early April. The Alliance has actively supported the legislation at just about every turn. Great Wyoming effort to come for our state.
2. **Ski Safety, HB 32** - bounced around with numerous amendments, especially on the Senate side with trial lawyers on one side and ski operator proponents on the other. The bill imposes duties and responsibilities on both ski operators

- (limits the civil causes of action) and skiers (assumption of risk); it aligns Wyoming's standards with ski operations in other states. It passed the House with a strong vote. The Alliance's last communications with legislators in both the House and Senate were last Wednesday, and the conference committee recommendations held. Important bill for the industry.
3. **Manufacturing Machinery Exemption, SF 70** - moved through the legislature fairly well, but had some delays in getting a House Appropriations vote. The key to understanding is that this was an extension of current law. The manufacturing exemption was approved some 12 years ago and again six years ago. It now has a life for **another ten years**. Not to continue it would be a negative signal regarding the predictability of doing business in the state. Much support for many pro-growth advocates. Kudos for Wyoming. Many business partners helped out.
 4. **Economic Development Funding, HB 253** - This bill adds \$25 million to the Legislative Stabilization Resource Account (LSRA), of which \$5 million is set aside for broadband services. How the broadband shapes out is subject to discussion. The Business Alliance is currently working on a broadband white paper which will feature "observations" regarding this 21st-century framework which was noted in the **TOUR 23** meetings as an "evolving, essential necessity" --similar to interstate highways in the 1950's/60's and railroads in the early 20th. A good bill for Wyoming going forward.

UNCLEAR PATHWAYS

EDUCATION

Last week's headlines tell it all... **"Education reform bill dies,"** Wednesday, March 1 (SF 165); **"Funding remains at an impasse,"** Friday, March 3 (HB 236); and then **"House, Senate Compromise on education funding in eleventh hour,"** Saturday, March 4 (HB 236).

In reality, the "compromise" is a take a breather, step back and maybe -- just maybe - get a glimmer of recognition that the K-12 budget gap won't be solved by a "maybe" uptick in mineral tax revenues. Wyomingites know the score - a projected \$360-400 million **yearly deficit is big**. Some (very many) think we **can cut** K-12 spending to solve the problem; others (also very many) say **raise taxes** to fill the gap; some (lesser many) say **divert** some revenue streams or **deplete** savings some more.

Our position all along has been pragmatic and in-between. **Cut by about half** --roughly 10 percent, or \$140 million -- and **raise sales taxes, property tax mill rates, and diversions** for the remainder.

With the compromise -- \$34 million cuts beginning July 1-- the looming yearly shortfall of \$360 - 400 million has hardly been solved. Do the math -- \$34 million is 10 percent of the gap. The House stuck to its guns - the minimal cuts agreed to equate to 2 percent of the K-12's \$1.5 billion yearly spend rate. As the Wyoming Business Alliance and **Wyoming EXCELS** (our education initiative) have pointed out

- A 360-400 million yearly shortfall is a crisis, not a gentle rain storm.
- The funding model created twelve years ago (and affirmed by the Supreme Court) for K-12 implied great results but **why then** is our per pupil spending of

\$15,700 some \$6,000 - 9,000 higher than neighboring states; and yet our graduation rates are lower than these states?

The Basic Math
* 92,000 K-12 Students
* \$15,700 per pupil spending
* \$1,000 cut = \$92 million/1/4 of the \$360 million shortfall
* \$2,000 cut = \$184 million/1/2 of the \$360 million shortfall
* \$15,700 currently is \$6,000 - \$9,000 more than neighboring states

Recalibration is the next avenue to deal with the immense revenue versus costs shortfall. It will in the coming months delve into the minutiae of balancing quality and equal education for Wyoming students with such details as class size, health insurance, pay, busing, athletics, instructional facilitators, in-service training. No easy task. The education establishment will be attending the meetings in droves to protect, but if recent days (and years) are a bellwether, will there be sustainable solutions for this crisis?

STATE BUDGET

When the legislature convened in January one of the pressing tasks was the \$156 million General Fund (general government) shortfall. The Appropriations Committee went to work - a million here, a million there. One tough job to say the least - especially considering the scope of cuts over the past year. The Governor in his State of the State, and really for more than the last year, has said, "how can we raise taxes when there is over \$1 billion in savings." Now, with K-12's education funding hole, it's clear these "savings" are going to be depleted...We can wish for better days...We can also start talking about parity - namely if state agencies, Community Colleges and the University of Wyoming have had to cut by some 11%, what is reasonable for K-12? Tough choices ahead for Wyoming.

LEGISLATIVE BILL MATRIX

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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. **HEA No. 0108/ HB0032 Ski Safety Act.(Support) PASSED**
3. **HEA No. 0098/ HB253 Economic development account funding. (Support) PASSED**
4. **SEA No.0080/ SF0070 Manufacturing machinery exemption sunset date. (Support) PASSED**
5. **SEA No. 0064/ SF0132 ENDOW Initiative (Support) PASSED**
6. ~~SF0024 Film industry financial incentive program. (Monitor) Failed~~
7. ~~SF0060 Antelope hunts. (Support) Failed~~
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) Failed~~
3. ~~HB0133 Civics proficiency examination. (Support) Failed in Committee~~
4. ~~SF0171 Civic proficiency examination 2. (Support) Failed~~

III. INFRASTRUCTURE DEVELOPMENT

1. **HEA No. 0101/ HB0052 Governmental immunity-cooperative public transportation. (Monitor) PASSED**
2. **HEA No. 0042/HB0086 Omnibus water bill-construction. (Monitor) PASSED**
3. **SEA No.001/SF0003 Transfer of water funds. (Monitor) PASSED**
4. **SEA No. 0035/SF0051 Approval of water funds transfer. (Monitor) PASSED**
5. **SEA No.0032/SF0056 Omnibus water bill-planning.(Monitor) PASSED**
6. ~~HB0118 Purchase of water rights and facilities. (Monitor) Failed~~
7. ~~HB0234 Airport support. (Monitor/Support) Failed to make cutoff~~
8. ~~SF0008 Transfer of Water Funds (Monitor) Failed~~
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. 0082/ HB0001 General Government appropriations. (Monitor) PASSED**
2. **HEA No. 0082/ SF0001 General Government appropriations. (Monitor) Passed a mirror bill to HB0001**
3. **HEA No. 0023/HB0013 Investment of public funds. (Monitor) PASSED**
4. **HEA No.0035/HB0060 State investment policy. (Monitor) PASSED**
5. **HEA No. 0039/HB0082 Local optional sales and use taxes. (Monitor) PASSED**
6. **HEJR No. 0002/ HJ0002 Balanced budget amendment-resolution. (Support) PASSED**
7. **SEA No. 0020/SF0041 Enterprise technology services amendments. (Monitor) PASSED**
8. **SEA No. 0091/ SF0156 State government efficiencies. (Support) PASSED**
9. ~~HB0010 Oil and gas tax reporting. (Monitor) Died in Committee~~
10. ~~HB0012 Tax exemption repeals. (Monitor) Failed in Committee~~
11. ~~HB0067 Determination of agricultural land for taxation. (Monitor) Died in Committee~~
12. ~~HB0102 Lodging tax rate. (Oppose) Failed in Committee~~

13. ~~HB0104 Severance tax on coal. (Monitor) Failed in Committee~~
14. ~~HB0105 LSRA limitations on appropriations. (Support) Died in Committee~~
15. ~~HB0127 Wind energy production tax 2. (Monitor) Failed in Committee~~
16. ~~HB0134 Taxable value of industrial property. (Monitor) Failed in Committee~~
17. ~~HB0149 Lodging tax distribution. (Oppose) Failed in Committee~~
18. ~~HB0267 LC and corporation license fees. (Monitor) Failed~~
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. ~~SF0150 Tax reform 2000. (Monitor) Failed to make cutoff~~

V. PUBLIC LANDS

1. **SEA No. 0051/ SF0072 2017 Large project funding. (Monitor) PASSED**
2. **SEA No. 0053/ SF0078 Federal natural resource policy account. (Support) PASSED**
3. **SEJR No. 0001/SJ0002 Federal land wind and solar energy revenue-state share. (Monitor) PASSED**
4. ~~SJ0003 Public lands Constitutional amendment. (Monitor) Failed to be introduced~~

VI. EDUCATION

1. **HEA No. 0104/ HB0027 School facility property insurance. (Support) PASSED**
2. **HEA No. 0061/HB0040 Education accountability. (Monitor) PASSED**
3. **HEA No. 0124/ HB0058 School facilities appropriations. (Monitor) PASSED**
4. **HEA No. 0119/ HB0076 American Indian education program. (Support) PASSED**
5. **HEA No. 0102/ HB0126 Elementary school foreign language requirement. (Support) PASSED**
6. **HEA No. 0125/ HB0236 School finance-omnibus education funding. (Monitor/oppose) PASSED**
7. **SEA No. 0031/SF0036 Education-leader evaluation and support. (Monitor) PASSED**
8. **SEA No.0056/ SF0037 Education-Hathaway scholarship program-2. (Support) PASSED**
9. ~~HB0037 Teacher accountability. (Monitor) Failed~~
10. ~~HB0108 School finance K-12 class sizes. (Support) Failed to be introduced~~
11. ~~HB0110 Education continuing contract status. (Support) Failed to be introduced~~
12. ~~HB0225 Select committee on education funding. (Support) Failed~~
13. ~~HB0233 State or school employment contract compensation reduction. (Monitor) Died in Committee~~
14. ~~HB0243 School finance capital construction funding. (Monitor) Died in Committee~~
15. ~~SF0073 High school graduation requirements. (Support) Failed on the Floor~~
16. ~~SF0114 Education reform. (Support) Failed to make cutoff~~
17. ~~SF0135 Education funds used for litigation. (Support) Failed to make cutoff~~
18. ~~SF0165 School finance education funding reductions. (Monitor/Support) Failed~~
19. ~~SJ0009 Public school financing. (Support) FAILED in Committee~~

Best regards,

Bill Schilling

President

Wyoming Business Alliance/Wyoming Heritage Association

Wyoming Business Alliance

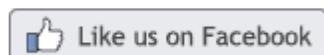
The Wyoming Business Alliance is a statewide nonprofit organization representing the voice of business in the state. It is dedicated to promoting and advocating for a growing economy by connecting business leaders from across Wyoming, representing business interests and issues, and partnering with key

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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