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Highlights from the 2024 Wyoming Legislative Budget Session

Insight — April 4, 2024

Dramatic Finish to the Legislative Session

Two weeks after the 67th Wyoming Legislature left Cheyenne, the legislative process concluded. The Governor used all of the available time before the March 23 deadline to make veto decisions on the budget bill. This review resulted in several bills being vetoed and a surprising letter to the Chambers expressing his disappointment over the near failure of the budget bill.

On March 21, Gov. Gordon released notice that HB 148, Regulation of Surgical Abortion, had been vetoed. The next day, he released notice that HB 125, Repeal of gun free zones and preemption amendments, had also been vetoed. Many members of the legislature vocally expressed their disappointment with these decisions on social media and it is expected these topics will receive considerable attention during the interim session.

Throughout the budget session, noticeable tension emerged between the House and the Senate. 366 bills and resolutions were filed and introduced, of which 126 were passed by the legislature and sent to the governor for action. The Budget Bill had over 200 amendments during the budget process—a lot of activity for a 20 day budget session. Interestingly, 61% of the committee-sponsored bills and only 21% of the individually sponsored bills passed both chambers in the regular session.

On Saturday March 23, at the 11th hour, the governor issued a very direct and pointed letter voicing his disapproval of this year's budget process. The governor's budget line-item veto letter also “called out” legislators who voted against the budget, yet had funding requests for their community contained within.

Chiding the Chamber, the Governor's letter said:

> “Last year in my budget line-item veto letter of the supplemental budget, I congratulated both chambers on passing a budget in record time – all while increasing transparency. It is unfortunate this session did not follow suit. Over 200 amendments to this one bill, some of which were introduced to save legislation that failed earlier in the session, almost caused the budget bill to share the same fate. In the end, the Legislature fulfilled is constitutional obligation to pass a budget, such as it

is."

In a dramatic post-session development, members of the Wyoming Freedom Caucus called for a special session to override Gov. Gordon's vetoes. The governor can call a special session, or it can be convened upon call of the legislature when there is a written request to the presiding officer of each house by a majority of the elected members; or the presiding officers of each house, can jointly call a special session for the purpose of resolving a challenge or a dispute of any kind in the determination of the presidential electors. Special sessions can't be convened for longer than 20 days and the daily price of a special session is around $ 35,000k. In a vote on Sunday, March the Senate voted to convene a special session on a 16-vote but the House voted not to convene a special session on a vote of 27 Aye and 35 No. **No special session for now.**

Veto Actions of Interest

SF 54 Homeowner Tax Exemption

The governor expressed concern over the $200 million of revenue lost per biennium as well as the financial impacts to the energy sector. The veto letter is available here.

SF 61 Education Charter School Amendments
The governor would like to have more time to conduct a comprehensive review of the Charter School statutes before changing the system that was put in place last year. See veto letter here.

SF 103 Wyoming PRIME Act

The governor expressed concern that the passage of this act will only serve to increase confusion for consumers. This legislation was passed as a "trigger bill" and the contemplated actions would only become effective if the federal PRIME Act is passed. See veto letter here.

SF 44 Limited Mining Operations Amendments

The flaws outweighed the benefits in the amended bill. The governor encouraged the minerals committee to continue working over the interim. See veto letter here.

SF 13 Federal Land Use Plans-Legal Actions Authorized

The governor expressed concerns about the legislative branch litigating public land matters in parallel with what the state is already litigating. The $75,000 borrowing authority in the bill represents 67%of the Wyoming Attorney General's office budget. In addition, the governor voiced separation of power issues between the branches (Article 2 of the Wyoming Constitution). See the veto letter here.

Biennial Budget

The budget session started with fireworks on Day 1 when Sen. Steinmetz

took the floor and objected to President Driskill's interim appointments. She launched an objection to the removal of Sen. Kinskey as Senate Appropriations Committee Chairman and President Driskill's replacement of Sen. Nethercott as Appropriations Committee Chairman. After a blistering debate, the body spoke. With a razor thin majority, Sen. Kinskey was restored as chairman of the Senate Appropriations committee, but under Chairman Kinskey's lead the Committee did not reach a budget agreement with the house despite multiple attempts. As the clock wound down, President Driskill appointed Sen. Nethercott to chair the second conference committee and added new conference committee members.

Once the second conference committee was seated, off to work they went with the house conference, which also changed up some members. A budget deal was struck in lightning speed and the second conference committees found much needed compromise. Although there was doubt, about reaction from the houses, common sense prevailed and the budget passed in both houses. The budget price tag is approximately $11 billion. Below is a recap summary of the final budget votes:

The Wyoming House passed the budget 41 Ayes and 21 Nays

Nays: Allemand, Andrew, Angelos, Bear, Haroldson, Heiner, Hornok, Jennings, Knapp, Locke, Neiman, Pendergraft, Penn, Rodriguez-Williams, Slagle, Smith, Styvar, Tarver, Strock, Ward, Winter

The Wyoming Senate passed the budget 17 Ayes and 14 Nays

Nays: Biteman, Boner, Bouchard, Brennan, French, Hicks, Hutchings, Ide, Kinskey, Laursen, McKeown, Salazar, Scott, Steinmetz

Budget Highlights

The Wyoming budget includes numerous priorities outlined by Governor Gordon in his State of the State speech, including:

- Fulfilling standard budgets and prudent requests from state agencies
- Funding the 988 suicide prevention hotline and expanding capacity to add text and chat services
- Investing in the Wyoming Innovation Partnership (WIP) initiative to sustain programs for workforce development and economic growth
- Extending energy matching funds to ensure Wyoming's legacy industries remain competitive and support for approaches to use and store carbon dioxide
- Allocating more than $300 million for the construction of K-12 schools
- Adding resources to protect critical infrastructure
- Supporting community mental health centers and youth services mental health providers
- Directing $20 million for property tax relief for Wyoming

homeowners

- Ensuring safe drinking water and guarding against water pollution
- Increasing Wyoming's savings to prevent future tax increases. (Currently Wyoming's investment income contributions to approximately 30% of the general fund budget).

In addition to the items outlined in the State of the State speech, the budget includes funding for:

- Fighting federal overreach
- Adequate funding for local governments
- Research at the University of Wyoming

Energy and Business Funding at University of Wyoming

- $100 million in large project energy matching funds for Wyoming's energy needs, including but not limited to carbon capture utilization and storage, carbon dioxide transportation, industrial carbon capture, coal refinery, hydrogen production, transportation storage, hydrogen hub development, critical minerals, biomass, biochar, hydropower, lithium processing and separation, battery storage, and wind and solar energy
- $75 million for matching funds to qualify or match federal infrastructure funds awarded to Wyoming or its political subdivisions under the Infrastructure Investment and Jobs Act
- $2.8 million to the Wyoming Business Council for grants for community facility rehabilitation. These funds can be used for preservation of school facilities as community centers if the facility is included on the national historic landmark in a city or town that has a population of less than 1500 people
- $5 million to Office of State Lands and Investments for grants to local governments for land acquisition and infrastructure to address unmet housing and workforce housing needs
- Funding for 988 operations and a 988 program manager within the Wyoming Department of Health
- $2.5 million allocated in the UW budget to build artificial intelligence expertise for matching funds. (UW President Ed Seidel is currently chairing a committee for DOE that will recommend pathways for its computing programs for the next decade)
- $2 million for building and continuing nuclear energy scholarship, research, and training capacity at UW.
- $25 million to match research grants and contracts related to flow through porous media at UW.
- $9.4 million to match research grants and contracts related to flameless pressurized oxy-combustion technology at UW.

Property Tax

In preparing to hit the 2024 campaign trail, many legislators worked to continue the efforts from the 2023 General Session to develop “tax relief”

and “tax reform.” Tax relief, meaning short term help; and tax reform, meaning long-term help and change. It's likely tax discussions will continue over the interim given the belief that Wyoming taxes are “too high,” and it is the legislature's responsibility to “fix” them with lower residential taxes.

In addition to the budget, property tax relief was a high priority for the 67th Legislature as well as the governor. There were approximately two dozen tax bills filed for consideration this budget session and these four passed:

HB 3 Property Tax Exemptions for Long-Term Homeowners

Provides a tax exemption for the primary residence of property owners 65 years or older, who have paid residential property taxes for 25 years or more. Property owners will receive 50% of the assessed valuation.

HB 4 Property Tax Refund Program

Funds $20 million to existing tax refund programs for residential property owners, increasing the gross income threshold to 145% of the median income from the current threshold of 125%. While the bill passed, there was a line-item veto on highest income level language (165% of median income). The concern was that $20 million will not be enough to fund all the requests.

HB 45 Property Tax Exemption - Residential Structures and Land

4% residential tax increase cap per year on residential structures and land.

SF 89 Amount of Veterans *ad valorem* Exemption

Exemption amount raised from $3,000 to $6,000 per year for veterans.

Other Tax Matters of Interest to the Business Community

HB 197 Sales Tax Administration Revisions

This bill makes several revisions to statues dealing with administration of the sales and use tax to conform the statues to the practices of the Department of Revenue and to clarify how the sales and use tax is to be administered.

Action on Other Bills of Interest

Passed Bills:

SF 21 Public Utilities: Net Power Cost of Sharing Ratio

This senate file passed, it specifies the sharing of electric supply costs between a public utility and its customers.

SF 22 Public Service Commission-Electricity Reliability

Establishes standards for the public service commission related to electricity reliability, creates penalties, and specifies that the public utilities

may enter into individualized energy contracts.

SF 23 Public Utilities: Energy Resource Procurement

Establishes a solicitation process for specified electrical utilities acquiring or constructing significant energy resources, provides for a waiver process and provides for the use of independent evaluators.

SF 24 Public Service Commission: Integrated Resource Plans

Public service commission shall review and require an affected electrical utility to file any action plan developed as part of the affected electrical utility integrated resource plan to enable the commission to review and provide guidance to the affected electrical utility.

SF 77 Homeland Defense: Infrastructure Reporting and Investigating

Established a process for county clerks to report conveyances and property transactions to the Wyoming Office of Homeland Security and the Division of Criminal Investigation in critical infrastructure zones. The legislation also requires the Division of Criminal Investigation to investigate homeland security incidents.

Failed Bills:

SF 51 Unlawful Dissemination of Misleading Synthetic Media

An attempt at “consumer protection” by prohibiting the dissemination of synthetic media (intentionally manipulated) and established a civil and criminal penalty. This was sponsored by the Block Chain and Financial Technology Task Force.

HB 203 Property Tax Reduction and Replacement Act

Attempted to create a sales and use tax exemption for simple family residential properties; to create additional sales tax payable to local government to offset the loss of property tax, and to revise local option sales and uses taxes.

HB 147 Electrical Generation Tax

Attempted to establish an excise tax on the production of electricity and provide credits for other taxes paid.

SF 95 Teacher Tenure

Attempted to remove the continuing contract status from the Wyoming teacher employment law and change the hearing requirements for teacher suspension, dismissal, and termination.

HB 200 Electricity Generation: Equity and Consumer Protection
Provided for an electricity generation tax, creating a sales and use tax exemption and provided for penalties for failure to file a return.

SF 85 Repeal of Sales Tax on Electricity

Attempted to create an exemption of sales tax on electricity that is contingent on the imposition of an alternate tax on the production of energy.

Senate Confirmation

All Senate nominees were confirmed. The Senate pulled five names off the consent list and engaged in light discussion of the nominees. These names were submitted for the Charter School Authorizing Board, Director of the Department of Transportation, and Director of State Parks and Cultural Resources.

State Board Vacancies

There are several current vacancies on essential state government boards and commissions and Wyoming needs top businesspeople to serve in these key roles. To view the open board and commission positions, click here.

Looking Ahead to 2024 Interim and 2025 General Session

Election season is now in full swing and candidates will hit the trail this summer. If you would like to get to know any of the candidates, please reach out. We are happy facilitate a coffee meeting or one-on-one candidate discussions or arrange for candidates to meet your employees.

Several incumbents have already announced their bids for reelection with others sharing their “retirement” announcements from the legislature. We continue to track the state legislative races and key local races that impact our clients and the business community at large.

On April 1, the Management Council met all day with lively discussion around the interim work. Once the Management Council establishes specific priorities work will begin. A full list of the official approved topics from the Wyoming Legislative Services Office will be provided as soon as it is available and we will continue to track decisions and changes. Some of the topics that will likely be on the interim session priority list during include:

- taxation, including energy-specific taxation.
- energy reliability
- carbon capture and sequestration
- housing
- foreign ownership of land
- eminent domain
- synthetic media/AI
- guns
- abortion

- issues related to water.

We look forward to working with many of you over the summer and planning for the 2025 legislative session. Please stop by and visit if you are passing through Cheyenne.

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