

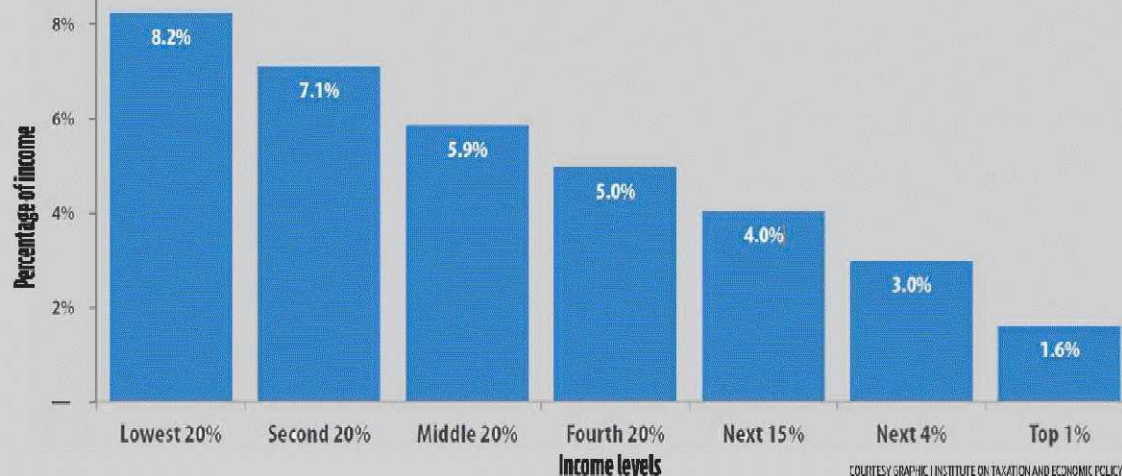


Who pays?

National study examines tax systems in all 50 states; Wyoming rates comparatively low

Wyoming State & Local Taxes

Family income for non-elderly taxpayers



BY PAOLO CISNEROS
THE SHERIDAN PRESS

SHERIDAN — As state legislators debate changes to Wyoming's tax base — including a 10-cent increase to the fuel tax — a new report claims the state's existing tax system takes a much larger share from members of the middle- and low-income strata than it does from the wealthy.

The fourth edition of "Who Pays? A Distributional Analysis of the Tax Systems in All 50 States," was released last week by the Washington-based Institute on Taxation and Economic Policy.

When examining all of the state and local income, property, sales and excise taxes paid by Wyomingites, the average overall effective taxation rates by income group were found to be 8.2 percent for the bottom 20 percent of earners, 5.9 percent for the middle 20 percent and 1.6 percent for the top 1 percent.

Nationally, those figures are 11.1 percent taxation for the bottom 20 percent, 9.4 percent for the middle 20 percent and 5.6 percent for the top 1 percent.

According to a media release from the Equality State Policy Center, Wyoming's lack of a state income tax contributes significantly to the regressive nature of the state's tax system since sales tax takes a larger portion of total income from those earning the least.

Currently, Wyoming derives a large percentage of its revenue from severance taxes related to the extractives industry. According to figures compiled by the Wyoming

Taxpayers Association, severance taxes yielded an estimated total of \$980,839,534 in revenue during fiscal year 2012.

While those funds are largely responsible for allowing state agencies to operate at present levels, there is concern among some state and federal lawmakers that a bust in Wyoming's energy industry could lead to a significantly reduced influx of revenue.

As a result of this and other revenue concerns, legisla-

tors in Cheyenne are currently debating the 10-cent increase to the state's fuel tax among other measures. The change would bring the tax in line with surrounding states and could yield up to \$71 million per year, according to the WTA.

Currently, about 60 percent of the gasoline tax collected in Wyoming goes directly to the Federal Highway Trust Fund, which provides funding to states for highway and transit projects.

Unlike some states, Wyoming has a favorable relationship with the fund thanks to the program's need-based metrics, which include factors such as miles of roads and numbers of licensed drivers. For every dollar Wyoming contributes to the fund, the state receives \$1.62 back.

But while a gas tax hike could well close holes in the state budget, it could further add to the burden being carried by the lowest level earners.

For their part, local groups such as the Equality State Policy Center are working to develop policies that they believe could make the state's tax system fairer for low-income families while continuing to fund infrastructure development.

ESPC Executive Director Dan Neal said that while his organization supports the gas tax hike, it is working to promote a rebate program that is based around federal earned income tax credits and which could offset the punitive effects of such a hike on lower income citizens.

