



PUTTING PENSION COST IN CONTEXT: WYOMING

This brief on Wyoming is part of a series of state reports that compare pension obligation to subsidy spending for FY 2018.

The measure chosen for pension obligation is the employer normal cost, which is the portion of the total normal cost (i.e. present value of future benefits allocated to a particular fiscal year) that is attributable to employers. The employer normal cost is obtained from annual financial statements and actuarial valuation reports – either extracted directly or calculated by: 1) multiplying covered payroll by the employer normal rate; or 2) subtracting the employee share from the total normal cost; or 3) subtracting legacy costs (i.e. annual payment needed to amortize the unfunded actuarial accrued liabilities) from actuarially determined employer contribution.

The cost of economic development incentive programs was obtained from annual reports from economic development agencies, state tax expenditure reports, and GASB Statement No. 77 Tax Abatement Disclosures in annual financial reports. We also consider corporate tax dodging via offshore tax havens as reported by U.S. PIRG in 2016 (latest available data and likely a good approximation for 2018 data).

2018 Wyoming Public Employee Pension Obligations	\$ 63,895,374
2018 Cost of Wyoming Subsidies and Corporate Tax Breaks	\$ 77,605,382

The Wyoming Retirement System provides for state employees, paid and volunteer firefighters, and members of the judiciary and law enforcement. The total pension obligation as measured by 2018 valuation of the employer normal cost is \$63.9 million [1].

Retirees have been denied inflation adjustment for 12 years, while tax dollars are being diverted to subsidizing companies. Most of Wyoming’s economic development incentives are in the form of grants and loans administered by the Wyoming Business Council. The highlight is the Business Ready Community Grant and Loan Program which supports public infrastructure for job-creating projects. In 2018, \$38.6 million was allocated to fund businesses and community development projects. The counties of Albany and Laramie gave the largest number of awards. Wyoming is among the few states that did not include a financial report note on tax abatement expenditures as required by GASB Statement No. 77 in 2018 [2]. One possibility is that there were no agreements

that met the definition of “tax abatement” that year. There are two sales and use tax exemptions reported by the Department of Revenue for manufacturing machinery and data centers totaling \$31.7 million [6,7]. However, none of the 50+ local governments whose financial reports we have examined thus far have provided any tax abatement disclosures, so it is unknown how state revenue may be reduced passively by local incentive programs. There was no revenue lost to offshore tax dodging as the state does not collect corporate income taxes.

Subsidy Program Costs

Economic Development Subsidies and Corporate Tax Breaks	Subsidy Amount
Business Ready Community Grant and Loan Program* [3]	\$38,588,050
Wyoming Small Business Investment Credit **	\$0
Workforce Development Training Fund [4]	\$1,103,935
Manufacturing Sales Tax Exemption [5]	\$8,200,000
Data Center Sales Tax Exemption [6]	\$23,469,044
Property Tax Exemption***	Data unavailable
Startup: Wyoming [7]	\$247,600
Other Business Development Expenses [8]	\$5,996,753
TOTAL	\$77,605,382

* Including “Managed Data Center Cost Reduction Funding”

** From the “Business Resources” section of the Wyoming Business Council website.

*** According to a webpage of Biggins Lacy Shapiro & Company, LLC, last updated in May 2019 at <https://blsstrategies.com/wyoming>: “Personal property in transit in interstate commerce, as well as goods manufactured or assembled in Wyoming when the final destination is out of state, is exempt from property tax. Pollution-control equipment is exempt from property tax.” This provision is in the Wyoming Code, but other than a property tax exemption for veterans whose cost is reported, no information is available from the state on the costs of these exemptions.

Source Documents

(Accessed December 19, 2019)

- [1] Wyoming Retirement Systems. 2018. “Actuarial Summary – All Plans.” <https://retirement.state.wy.us/-/media/Documents/Actuarial-Valuations/2018-Summary-All-Plans.ashx>
- [2] CAFR Division State Auditor’s Office. 2018. “State of Wyoming Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018.” <https://drive.google.com/file/d/1Z3AYN8pl2B97XgEiGgNeb-NDXYTZ-5qK/view>
- [3] Business Ready Community Annual Report. 2019. <https://www.wyomingbusiness.org/content/project-profiles>
- [4] Wyoming Department of Workforce Services. 2018. “Workforce Development Training Fund Annual Report 2018.” <http://wyomingworkforce.org/docs/wdtr/ar/2018-Annual-Report.pdf>
- [5] Wyoming Department of Revenue. 2019. “The Effects of Sales and Use Tax Exemption for Manufacturing Machinery.” https://0ebaeb71-a-84cef9ff-s-sites.googlegroups.com/a/wyo.gov/wy-dor/2019ManufacturingMachineryExemptionReport.pdf?attachauth=ANoY7cre5hY_qt12QCodFoAqqNj0oIE0PRE2k1WLugjFVMSbjZC2C4EGTXVI0kmoukFiVKG3tlulHEgRmO_0UeOg9no-b9k7uW-viXZeve15RWn9y8K0K4B-CykRuiJcRNor7Gb1ZKlPomqrYqcRTXBnVPO5Fx5FQ472otyMo8JDiVfpY-GV05GZILjOBb7gxzu4-amp47ynk31TuQSQ7cP72lVDZ-iusqsf2BxfFYRyn4gvBUkfEE%3D&attredirects=0
- [6] Wyoming Department of Revenue. 2019. “The Effects of Sales and Use Tax Exemption for Qualifying Data Processing Services Center’s Purchases and Rentals.” https://0ebaeb71-a-84cef9ff-s-sites.googlegroups.com/a/wyo.gov/wy-dor/2019DataCenterExemptionReport.pdf?attachauth=ANoY7coK11dISmO55d_JWuKi6wDh1auJ0TeaIynRMT-Vp8FCa2eZV9mLS4HIPcCyjFFl8PKvfIr1_aqeEFnLTcOHJxgmdEArHS2e9lmF1tyLgvcS2FItPvkoEYNV4zNsdTme97oOV-6faFw9KmF8fudyrEqRf_CMqS-YYDueGuH_n_kZpphG01BaC5mS21rp2Nxv0jinExd1ZpgQkiK3WtLmprmhRu0DmqQEBszuKwc4gGUvxyvTaEbk%3D&attredirects=0
- [7] Wyoming Business Council. 2019. “Wyoming Startups Receive Boost from State Grant Money.” <https://www.wyomingbusiness.org/news/wyoming-startups-receive-boost-from-/11220>
- [8] Wyoming Business Council. 2018. “Financial and Compliance Report June 30, 2018.” <https://www.wyomingbusiness.org/Uploads/DocumentLibrary/WBC/Annual%20Reports/2018%20WBC%20Financial%20Report.pdf>