CENTER ON BUDGET AND POLICY PRIORITIES

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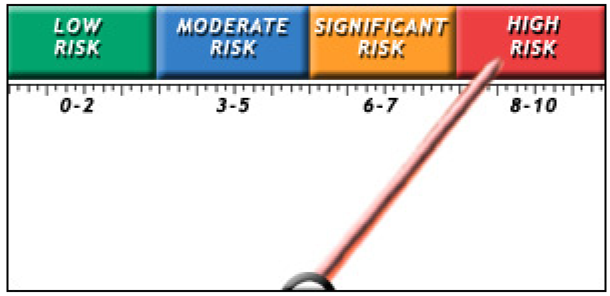
WYOMING

Most states have structural weaknesses in their tax systems that put them at risk of experiencing gaps between revenues and necessary expenditures in coming years. The Center evaluated each state's likelihood of facing a structural deficit by determining how many of ten "risk factors" applied to each state. Wyoming is rated as having a high risk of a structural deficit based on its score of nine on the risk scale for structural deficits.



- In Wyoming, the percent of sales subject to sales tax declined by 14.2 percentage points from 1990-2003, exceeding the US median decline of 8.0 percentage points.

- Wyoming does not have a corporate income tax.

- Wyoming could lose an estimated $47 to $73 million in revenue a year due to the growth of e-commerce. This loss is greater than the national average as a share of total revenue.

- Wyoming does not have a personal income tax.

- Wyoming faces spending pressures from: the number of students with special needs, a growing elderly population, and the number of K-12 students.

- During 2001-2004, Wyoming increased its cigarette tax. This is problematic because excise taxes grow more slowly in the long run compared to other types of taxes such as the income tax.

- Wyoming remains linked to the federal phase-out of the estate tax, which eliminates a rapidly growing revenue source and costs the state an estimated $9 million per year.

- Three other national studies (Hovey 1998, Boyd 2002, and Besendorf & Kottlikoff 2002) found that Wyoming has a structural gap.