ENCOURAGING RESPONSIBLE DEVELOPMENT TODAY ~ FOR TOMORROW

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POWDER RIVER BASIN
Resource Council

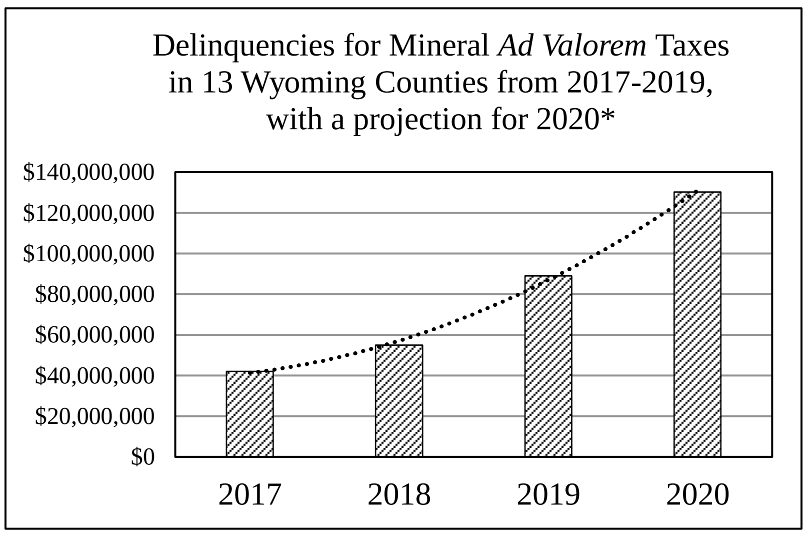
2019 *Ad Valorem* Mineral Tax Delinquency Update

Powder River Basin Resource Council (PRBRC) has been tracking *ad valorem* mineral production tax (*ad valorem* tax) debts in 13 Wyoming counties since 2017. This year, the Wyoming County Commissioners Association (WCCA) joined our efforts and collected data from all Wyoming counties.

We applaud the Select Committee on Coal/Mineral Bankruptcies for putting forth well thought-out proposals to stem the tide of further *ad valorem* tax debt accumulation. We also applaud the WCCA in taking up the mantle and working with treasurers and the legislature to address this issue.

Since we began collecting information, these debts have grown at a truly alarming pace. Our original research in 2017 found that the Wyoming counties we tracked were collectively owed over $42 million in delinquent *ad valorem* mineral production taxes. The following year, we released an updated report (included) showing the debt had grown to almost $55 million. This year, using our research and WCCA data for the same 13 counties we tracked in 2018, the debt has increased to over $89 million.

This trend will not reverse itself. Without action, these debts **will** continue to grow. Based on the changes we have already seen, the graph to the right includes a predictive debt for 2020 of around $130 million if no changes are implemented. While only predictive, this number should serve as a reminder that changes are necessary and as a caution against allowing current trends to continue.



The legislation currently under consideration by the Select Coal/Mineral Bankruptcy Committee, if enacted, will not reverse these debts, but it could prevent the situation from getting worse. It is important that we act now. Our state should be doing everything in its power to close the lag in collection time that allows these debts to accumulate and leaves counties without the money they need to fund critical services.

Implementing monthly collection of this tax, strengthening county lien priority in the event of bankruptcy, and implementing pre-transfer tax status checks will go a long ways toward preventing the growth of this issue. Additionally, we urge the committee to consider creating a state-level fund to assist counties during bankruptcies, which would further strengthen the counties' ability to collect these monies.

*The 2020 projection was made by taking the average annual percent increase in ad valorem mineral production tax delinquency from previous years data (46.39%) and applying that percent increase to the 2019 figure.