

Wyoming Economic Development Tax Funding Options

With the changing landscape of economics and funding in Wyoming, communities are looking for ways to redevelop blighted areas, develop affordable housing options, and tap into unique ways to fund critical projects. Many Wyoming communities struggle with generating funds to support economic development activities. Whether its construction of infrastructure, staffing for organizational support, purchase of land, new facility construction, or renovations of existing buildings, funding is essential to successfully supporting economic development. Using tax-based funding options for redevelopment can be a winning combination for communities providing renewable funding, attracting developers, and allowing area businesses to expand and upgrade. The team at Ayres Associates and Holland & Hart know how to tap into tax financing for economic development and have been the leaders in using this valuable tool throughout Wyoming. The following list highlights several opportunities to consider, including well-known options (like the 6th Penny Tax), and some new opportunities (like Tax Increment Finance) for you to explore.

URBAN RENEWAL AUTHORITY

An Urban Renewal Authority (URA) is a public agency that Municipalities can create as provided by the State of Wyoming under the “Wyoming Urban Renewal Code” WS 15-9. The URA encourages private investment in “blighted” or “slum” areas. A URA is created through the local governing body with specific URA boundaries and an Urban Renewal Plan including determining the current governmental tax-base in the Urban Renewal District (URD; defined URA boundaries). The URA provides the ability to provide development support and financing through Tax Increment Financing, and more.

Pros:

Provides options for properties that are blighted or areas that need an economic boost.

Attracts developers in areas where development is expensive and stagnant.

Provides for reinvestment by the governing body into the economy and redevelopment efforts.

Cons:

Redevelopment projects take time.

The term “blighted” is confusing and can scare property owners.

Requires extensive upfront work to establish the Authority.

URAs are currently utilized in many Wyoming Cities and Towns including: Evanston, Casper, Cheyenne, Rock Springs, and Green River.

DOWNTOWN DEVELOPMENT AUTHORITY

A Downtown Development Authority (DDA) is a public agency that Municipalities can create to support reinvestment in downtown districts as provided by the State of Wyoming under the "Wyoming Urban Renewal Code" WS 15-9 specifically for Downtown/Main Street Areas. Similar to URAs, DDAs encourage and promote private investment and allow for the collection of tax increment revenue. A DDA is created through the local governing body specifically in downtown district areas.

Pros:

Both sales taxes and property taxes can be used for reinvestment, where URAs can only utilize property taxes.

Attracts developers in areas where development is expensive and stagnant.

Allows for a mill levy to administer the DDA.

Cons:

Programs used in the DDA may be subject to time limits.

Gaining approval from stakeholders can be a lengthy process.

Requires upfront work to set up DDA and requires someone to manage the entity.

DDAs are currently utilized in many Wyoming Cities and Towns including: Cheyenne, Laramie, Rawlins, Sheridan, Casper, and others.

TAX INCREMENT FINANCING (TIF)

Tax increment financing (TIF) can be a tool used under the URA and DDA. TIF allows the URA/DDA to finance urban renewal projects with future sales and property taxes in the URA. When the URA/DDA is formed, the base property tax revenue is determined. The URA/DDA collects the growth in increment above the base, which is invested in public improvements in support of redevelopment projects. Public improvements can include infrastructure, environmental remediation, or other investments that benefit the public. This provides developers and business owners additional financing for projects within the URA/DDA.

Pros:

Provides specific project funding that benefits the blight and slum areas.

Has been very successful for many communities across the Nation.

Cons:

Other taxing entities are impacted by the use of tax increment.

Because Wyoming has a relatively low tax base, the use of TIF is limited.

The only functioning TIF in the State of Wyoming is in Cheyenne. This was recently developed through a partnership with the City of Cheyenne and Cheyenne LEADs with help from Ayres, and Holland & Hart.

QUARTER CENT SALES TAX

A quarter cent sales tax is a local tax increase on general sales that can be used for economic development projects. The quarter cent tax can be developed for specific project types (i.e. façade updates, community enhancement, blight and slum projects, etc...). The quarter cent tax will require community approval and will require a vote approval. The community can levy up to one cent in quarter cent increments using this tool (WS 39-15-201, 39-15-211, 39-16-201, and 39-16-211).

Pros:

Will provide annual renewed economic development funds for the community.

Can provide private, non-profit, new and old business in any area of town a hand for projects that will benefit the community, spur growth, and redevelopment.

Cons:

Will require voter approval and buy-in.

Can be controversial and will require a special plan for disbursement.

Will require a fund manager and project request process.

Goshen County has an approved quarter cent tax and receives up to \$600,000 per year since 2007. Fremont County also uses this tool leveraging almost \$600,000 in 2021.

MILL LEVY/PROPERTY DISTRICT TAX

Wyoming state law (WS 39-13-104) allows mills (or \$1 of tax per \$1,000 of assessed value for each property) to put towards specific public services. Mill levy taxes are developed by tax district and can be earmarked for specific uses. In Wyoming, mill levy taxes have primarily been used for school districts and government operating expenses, but if approved by voters, can be used for other public services like airports, education, weed and pest management, libraries, museums, hospitals, recreation, public assistance, infrastructure, and more.

Pros:

Can provide routine income for revitalization projects and initiatives.

Flexible options for each district are possible.

Cons:

Will require voter approval and buy-in.

Project types will be limited by State statute.

Can be controversial and will require a special plan for disbursement.

Mill Levy/Property District Taxes are used throughout the entire state of Wyoming. More information is available at: <http://wyotax.org/wp-content/uploads/2021/11/Property-Tax-2021.pdf>

SPECIAL PURPOSE OPTIONAL TAX (i.e. 5TH and 6TH PENNY)

Similar to the Quarter Cent tax above, this tax allows for the addition of 1% additional sales tax above the State's 4% base sales tax rate. This source collects a specific amount of funding for a specific project. The 5th Penny collects taxes for a four-year period, and the 6th Penny only collects taxes until the specific amount is reached.

Pros:

Can provide funding for specifically defined revitalization projects and initiatives.

A good option for larger community projects.

Cons:

Will require voter approval and buy-in.

Projects may be in competition with other community priorities.

Specific cost details are necessary to provide an estimated budget.

Special Purpose Optional Taxes are used throughout the entire state of Wyoming.

Other Sales Tax and Property Tax Economic Development Incentives and Exemptions can be found at wyotax.org or reach out to us for more information.

- New Market Tax Credits
- Historic Tax Credits
- Business Improvement District
- Special Improvement District
- Manufacturing Machinery
- Data Center
- Enhancing Revenues
- Railroad Rolling Stock
- Landscape Property Taxes

CONTACT INFORMATION

Mike Scholl, Economic Development and Planning Professional

SchollM@AyresAssociates.com | 307.634.9888

Matt Kim-Miller, Partner/Transactional Attorney

mwkimmiller@hollandhart.com | 307.734.4504

**Developed Jan 2022 and may be subject to tax revisions. Please reference statutes for more information.

