

## THE GENERAL FUND

Fiscal year 1981 ended with a General Fund cash balance of \$95,436,885, down from the record high ending balance in fiscal year 1980, which stood at \$140,203,055, at the close of business on June 30, 1980. This 32 percent decline in the cash balance is attributable to the fact that Wyoming government spent over \$315 million from the General Fund last year, while depositing only slightly more than \$269 million. Last year was only the second time in recent history when expenditures from the General Fund exceeded revenue deposited to it. This condition also occurred during fiscal year 1976, but the situation was quickly reversed during the four years immediately following. The total expenditures are inflated because of the fact that \$29,500,000, to build the Herschler Office Building, was taken from the General Fund and placed in an Earmarked account. While this transaction shows as an expenditure, only a small percentage of the monies have actually left the State Treasury.

Spending more from the General Fund than what is taken in, therefore, is not necessarily an occurrence of undue concern. In fact, it may be the result of foresight and planning by the appropriating authorities. In deliberations on the state budget, it is obviously necessary to tie spending requirements to levels or sources of revenue. Existing cash on hand is used to supplement revenue generated during the period for the support of General Fund operations. A large unobligated cash balance at the beginning of a fiscal period is an indicator that correspondingly lower tax revenue is needed. In addition, spending programs are often created as a form of tax relief, or alternate funding sources, for the specific purpose of reducing excess cash on hand.

### GENERAL FUND REVENUE

In order to assure consistent categorization of the several revenue sources, the state classifies all revenue into eight general groupings. Each of these general categories are made up of several specific revenue sources, as described in the material that follows.

#### 10000 Taxes

The major source of revenue to state government is taxes. Almost every tax you pay is destined to end up, in part, in the General Fund. There are exceptions to this, of course; however, the following taxes are collected, and, at least a portion of them are deposited to the General Fund: Sales, Use and Excise Tax; Severance Tax; Inheritance Tax; Franchise Tax; Motor Carrier Tax; and, Other Taxes.

### Sales and Use Tax

Revenue deposited to the General Fund from sales and use tax has increased significantly over the past several years.

<u>Fiscal Year</u>	<u>General Fund Revenue</u>	<u>% Change</u>
1977	\$ 69,404,240	+14%
1978	88,118,605	+27%
1979	105,285,938	+19%
1980	113,597,213	+08%
1981	141,151,670	+24%

### Mineral Severance Tax

This tax is levied upon the privilege of extracting any gold, silver or other precious metals, soda saline, coal, trona, uranium, bentonite, petroleum or other crude material, oil and gas, or other valuable deposits.

Until FY1975, revenue from this source had amounted to between four and five million dollars per year. It jumped to slightly over nine million dollars in FY1975, and then more than doubled in FY1976, approximating twenty million dollars. FY1977 and FY1978 experienced fair growth, with rates of increase of 15 percent and 16 percent respectively. This growth rate increased sharply in FY1979, declined in FY1980, and then shot up markedly last year to a 27 percent increase.

<u>Fiscal Year</u>	<u>General Fund Revenue</u>	<u>% Change</u>
1977	\$ 22,900,587	+15%
1978	26,636,621	+16%
1979	33,293,903	+25%
1980	37,937,588	+14%
1981	48,011,374	+27%

### Inheritance Tax

Inheritance tax is one of Wyoming's oldest taxes, having been in effect since 1903. It is an excise tax imposed by the state upon the right to transfer property within its jurisdiction from the dead to the living. The amount of tax is based on the relationship of each legatee to the decedent, and the value of the property he receives.

Revenue to the General Fund from inheritance taxes has generally averaged between one and three million dollars per year. The large increase received in FY1977 was due to the settlement of the largest estate ever encountered in Wyoming, which alone generated approximately \$2,000,000 in revenue to the General Fund.

<u>Fiscal Year</u>	<u>General Fund Revenue</u>	<u>% Change</u>
1977	\$ 3,577,931	+156%
1978	2,056,068	- 43%
1979	2,004,806	- 2%
1980	2,858,108	+ 43%
1981	2,851,582	- 0%

### Franchise Tax

This is a tax or levy imposed upon corporations and insurance companies for the right, or privilege, of doing business in the State of Wyoming. The revenue is collected by two agencies of government. The largest portion of the collections is accomplished by the Wyoming Insurance Department, representing in excess of 90 percent of all franchise taxes collected. In addition to insurance fees, this tax category also includes taxes on both domestic and foreign corporations registering with the Secretary of State's Office.

<u>Fiscal Year</u>	<u>General Fund Revenue</u>	<u>% Change</u>
1977	\$ 4,473,129	+20%
1978	5,511,878	+23%
1979	6,520,733	+18%
1980	7,534,778	+16%
1981	8,481,468	+13%

### Motor Carrier Tax

This tax is a levy, or assessment, against common, contract or private motor carriers for the use of highways, and to defray the expenses for enforcement of acts regulating such use.

Revenue from this tax source has generally totaled less than \$2,000,000 annually. FY1981 was only the second year that revenue surpassed this figure.

<u>Fiscal Year</u>	<u>General Fund Revenue</u>	<u>% Change</u>
1977	\$ 1,385,604	0%
1978	1,854,481	+34%
1979	1,894,142	+ 2%
1980	2,442,706	+29%
1981	2,758,139	+13%

## 20000 Licenses, Permits and Regulatory Fees

The second revenue classification is licenses, permits and regulatory fees. This is revenue from businesses and occupations which, by statute, must be licensed or granted operational permits in order to do business in the State of Wyoming. Included in this revenue classification are business licenses, professional and vocational licenses, and motor vehicle licenses or permits. This revenue source is a rather small contributor to the General Fund, totaling only \$3,363,304 in the past fiscal year.

## 30000 Fines, Forfeitures and Penalties

A third revenue classification is fines, forfeitures and penalties. This revenue is generated as a result of forfeiture of money or property for noncompliance with, or violation of statute or authority delegated by Wyoming Statutes. This revenue is one of the smallest contributors to the General Fund, representing only \$1,085,331 during fiscal year 1981.

## 40000 Use of Property and Money

Another revenue category is use of property and money. This is revenue received by the use of State-owned property, or State-invested funds. Included in this category is income from land, from buildings, from equipment and from investments. During fiscal year 1981, the General Fund received in excess of \$17,000,000.

## 50000 Charges for Sales and Services

Revenue deposited to the General Fund for charges for sales and service represents income from the sale of merchandise, commodities and salvages, compensation for administrative services and regulatory processing and revenue rendered by State agencies. Revenue from this source was \$16,674,129 last year.

## 60000 Revenue from Others

Revenue from others, for the most part, is interest earned from the investment of the Permanent Wyoming Mineral Trust Fund. In addition, augmenting revenue from other funds is transferred to the General Fund and

included in this category. Other income, such as bequests or donations of cash, or assets converted to cash, are also recorded here. This income source has shown strong growth during the last couple of years, reaching a high of \$22,483,932 in FY 1981.

### 70000 Federal Aids and Grants

Federal Aids and Grants is revenue received from the Federal Government for a specific state program or purpose. During the past year, \$5,186,897 was deposited in this category.

The revenue category includes only those federal programs that are channeled through the State's General Fund. The greatest majority of all federal revenue is deposited directly to the Federal Fund, and, naturally, is not reflected in General Fund revenue accounting.

### 90000 Non-Revenue Receipts

The final revenue category is non-revenue receipts. This category includes all other sources of income which do not constitute revenue to the State. Included in this category are refunds, reimbursements and recoveries, repayment of principal from State-loaned money and State-owned revenue bonds, receipts from the sale or conversion of land, buildings or equipment, and other receipts classified as non-revenue, but not previously identified.

## SUMMARY

Revenue to the General Fund from all sources was at a record high as anticipated. The \$269,328,267 received exceeded FY 1980's income by \$44,328,161 (nearly a 20 percent increase). Although this increase is significant, it is still lower than the rate of growth that the General Fund experienced in four of the last ten years. It does reflect improving economic conditions during the last several months of the period.

**GENERAL FUND EXPENDITURES**

Last year expenditures from the General Fund were \$315,153,654, compared to revenue of \$269,328,267. During the past ten years, this is only the second year when revenue did not exceed expenditures. As reflected in the figures that follow, revenue, over the years, has shown relatively stable growth. The same cannot be said for expenditures, however. Prior to last year, the pattern that seems to have developed was one reflecting large increases in the even year spending (1972, 1974, 1976, 1978, 1980), and modest increases in the odd years. FY 1981 is a dramatic exception to this trend.

<u>Fiscal Year</u>	<u>Revenue</u>	<u>Percent Increase</u>	<u>Expenditures</u>	<u>Percent Increase</u>
1971	\$ 45,122,284		\$ 36,948,579	
1972	48,687,543	8%	45,814,754	24%
1973	56,906,658	17%	53,637,303	17%
1974	73,538,372	29%	68,971,816	29%
1975	96,161,494	31%	74,485,032	8%
1976	112,036,790	17%	117,045,773	57%
1977	131,587,241	17%	116,886,130	0%
1978	159,023,831	21%	152,169,015	30%
1979	195,929,114	23%	162,072,991	7%
1980	225,000,106	15%	204,302,315	26%
1981	269,328,267	20%	315,153,654	54%

The result of expenditures exceeding revenue last year is a reduced General Fund cash balance, which declined from over \$140 million to \$95,436,885.

**Where Has the Money Gone?**

There are currently 80 agencies, boards, commissions, institutions, judicial districts and other entities in State government receiving General Funds. Until this year, these were grouped into eleven functional areas to provide some insight into where the State is spending its money. For the first time, this report has broken the Education, Libraries and Museum category down into three functions: Elementary and Secondary Education, Higher Education, and Libraries and Museums.

Over the years, Wyoming has committed more funds to education, libraries and museums (mostly education), than to any other functional area. This remained true during FY 1981, when a total of \$121,205,166 was allocated. This represents 38 percent of all General Fund expenditures. Higher Education, consisting of the University and seven Community Colleges, has received more General Fund appropriations during the past three years than any other category, reaching \$97,231,297 last year, or 31 percent of the total.

Another large recipient of General Fund monies are those agencies included in the general government category. Last year 26 percent, or \$80,653,881, was expended by this group. Not far behind were hospitals, health and social services. This area of government was responsible for spending \$56,525,365 of the State's General Fund.

The remaining functional categories were supported by the General Fund to the tune of \$56,769,242, ranging from a low of \$93,444 expended for professional and commercial licensing to a high of \$29,314,254, which went to resources and recreation.

A pictorial view of the major General Fund expending agencies is shown on the chart that follows.

