

WBR ARTICLE

State can expect drop of \$650 million in expected revenue

By MJ Clark

January 9, 2009 --

CHEYENNE — The Consensus Revenue Estimating Group (CREG) gave Gov. Freudenthal and members of the Wyoming Legislature some bad, but not unexpected news.

According to a memo distributed today, the current economic downturn and the drop in demand for energy commodities have combined to cost the state \$253.2 million in anticipated severance taxes and \$234.7 million in expected federal mineral royalties. Sales and use tax estimates were also lowered to reflect anticipated reductions in oil and gas employment and a lower rate of income growth. This revision resulted in a decrease of \$16.7 million in the General Fund FY 2009-10 forecast.

Investment income was hit by the continued market deterioration and growing uncertainty, so that the estimated investment income for the state's pooled investment accounts and Permanent Mineral Trust Fund was reduced by \$146.0 million.

"While this combined \$650.6 million decrease in General Fund and Budget Reserve Account revenues is significant," the memo stated, "it is important to note that this decrease is in 2009-10 forecasted revenues only, and has no impact on the actual revenues carried over from the 2007-08 biennium."

"For the new forecast, the starting point is the \$500 million carryover from FY08," explained Jim Robinson, senior economist. "The surplus in October was estimated to be \$909 million but is now at \$260 million instead."