How States Are Improving Tax Incentives for Jobs and Growth
A national assessment of evaluation practices

Wyoming

Key points:

- Wyoming is trailing other states because it has not adopted a plan for regular evaluation of tax incentives.
- State officials study specific tax exemptions annually and included economic modeling in the 2016 versions of these reports.
- Wyoming would need to adopt a broader process that includes other tax incentives and grant and loan programs to provide lawmakers with comprehensive information on the state’s economic development portfolio.

Although Wyoming does not regularly evaluate all of its incentives, a state law mandates that the Department of Revenue, the Business Council, and the Department of Workforce Services jointly report on specific exemptions on an annual basis.¹

Historically, the resulting reports are fairly limited in scope. The 2015 report on Wyoming’s sales and use tax exemption for manufacturing machinery, for example, focused primarily on an analysis of the competitiveness of the manufacturing industry holistically, rather than on the effects of the incentive specifically.²

Recently, Wyoming has made efforts to improve the quality of the reports through a collaborative, multiagency process. Specifically, Wyoming’s Economic Analysis Division—an office within the Department of Administration and Information—was invited in 2016 to join the other three agencies responsible for conducting the annual reports.³ The Economic Analysis Division used economic modeling to study the impact of Wyoming’s exemptions in the evaluations published in late 2016.⁴

To continue to improve, future evaluations could perform more rigorous economic analysis. For example, high-quality evaluations often use modeling to compare the effectiveness of alternative economic development strategies, but this type of analysis was not included in the 2016 studies.

Wyoming’s review process could also be broadened to include more of the state’s incentives. For example, it could consider evaluating programs such as the Small Business Investment Credit Program, an incentive that is designed to encourage more venture capital financing in Wyoming and could ultimately cost as much as $30 million.⁵

Because Wyoming relies heavily on cash incentives, it would be worthwhile for the state to study the effectiveness of its major grant and loan programs.¹ The program evaluation staff of the Wyoming Legislative
Service Office in December 2016 published a detailed one-time study of the Business Ready Community Program, which has received $390 million in funding since 2003, but other programs have not received similar scrutiny.\(^6\)

References


b Wyoming Department of Revenue, “The Effects of the Sales and Use Tax Exemption for Manufacturing Machinery” (Nov. 18, 2015), http://legisweb.state.wy.us/InterimCommittee/2015/03-1119APPENDIX19.PDF.

c Dan Noble (director, Wyoming Department of Revenue), interview with The Pew Charitable Trusts, Aug. 18, 2016.


For further information, please visit:

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