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Consensus Revenue Estimating Group

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Brief History of CREG. The Consensus Revenue Estimating Group (CREG) is the official estimating body for all revenues received by Wyoming State Government. The group was created by a mutual informal agreement between the executive and legislative branches in the fall of 1983 as a means of providing a single consensus estimate of revenues to aid in the budgeting process. Prior to 1983, each branch developed an independent forecast of revenues. The Governor and the Legislature proposed the creation of a single estimating group to generate a consensus estimate of revenues, thus eliminating the problem of divergent forecasts. This proposal led to the current CREG structure and methodology.

CREG Members. The leadership of CREG consists of the Administrator of the Economic Analysis Division (EAD) of the Department of Administration & Information and the Budget & Fiscal Manager from the Legislative Service Office (LSO), each serving as a co-chair of the group. Additional members of CREG include representatives from the State Auditor's Office, State Treasurer's Office, Department of Revenue, Department of Education, Wyoming Geological Survey, Wyoming Oil and Gas Conservation Commission, and the University of Wyoming.

CREG Timing. Revenues are annually estimated in October to coincide with the preparation of the Governor's biennial and supplemental budgets. In order to consider the latest available data, a revision meeting is held in January, prior to or as close to the beginning of the legislative session as practicable. Through this timing, decisions can be based on the best available information at each step in the budgeting process. In special cases where fundamental changes to revenue streams have been recognized or anticipated, the co-chairs may convene an official meeting to alter projections outside this typical October/January schedule. The Governor or Legislature may also request of the co-chairs an official revision/reconsideration of estimates based on changing economic conditions. The normal estimate cycle produces an official report annually by the end of October, with the revision typically available by late January.

CREG Methodology. CREG estimates are the result of extensive data compilation and analysis done by individual members and their staffs. The estimation process is completed in two steps: First, an initial projection of minerals prices and production is produced by a "minerals group" which is a subset of CREG members who have expertise in minerals taxation and production; and second, the entire CREG membership meets to consider and determine the overall forecast contents, including the recommendations of the minerals group.

The minerals group consists of the director of the Wyoming Oil and Gas Commission, the director of the Wyoming Geological Survey, the Director of the Department of Revenue, and the CREG co-chairs. Typically, this group starts developing estimates of mineral valuation in August for a minerals-only meeting in late September, when the group prepares its estimates for presentation to the entire CREG in early October. Price and production estimates for the state's minerals are the primary drivers of state revenues, since severance taxes, federal mineral royalties, and property taxes levied on their assessed valuations comprise the majority of revenues funding state government and K-12 education.

The Economic Analysis Division provides the initial sales and use tax forecast as well as the forecast for the remaining sources of general fund revenues including charges for sales and services, franchise taxes, and cigarette taxes.

Estimates of earnings from the Wyoming Permanent Mineral Trust Fund and pooled investments are provided solely by the State Treasurer's Office.

All of this information is compiled into an official revenue estimate known as the "CREG Report."

CREG Report Contents. The CREG report is comprised of the following sections:

- ▶ Projections of all general fund revenue sources including monies from sales and use taxes, severance taxes, and investment income from pooled and permanent fund sources.
- ▶ Severance tax forecast based on price and production of minerals including natural gas, coal, crude oil, trona, uranium, and other miscellaneous minerals.
- ▶ Federal mineral royalty forecast and coal lease bonus summary based on the same overall minerals price and production assumptions used for severance taxes.
- ▶ Projection of income that is derived from the investment of the Common School Permanent Land Fund.
- ▶ State assessed valuation projections used in school foundation program account revenue forecasts.