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Consensus Revenue Estimating Group

Date: April 25, 2025

To: Governor Mark Gordon
Members, 68th Legislature

From: Don Richards, Co-chairman
Kevin Hibbard, Co-chairman

Subject: April 2025 Revenue Update

Purpose of Update **–** *This revenue pacing update and the accompanying summary table, taken in combination with the October 2024 and January 2025 Consensus Revenue Estimating Group (CREG) forecasts, are intended to provide quarterly revenue pacing of the state's revenue collections from major sources as compared to the official January 2025 CREG forecast. A similar revenue update is issued each July. The January 13, 2025, CREG report remains the official fiscal forecast and is used to derive the revenue pacing expectations in this update. The March 20, 2025, fiscal profile remains the Legislative Service Office's (LSO's) estimate of projected account balances as of June 30, 2026. This update does not formally modify the official CREG revenue forecast or the LSO fiscal profile. The information in this update represents revenue collections received and reported from July 2024 through March 2025.*

A summary table of selected revenue sources deposited into the General Fund (GF), Budget Reserve Account (BRA), and the School Foundation Program Account (SFP) is located at the end of this update. Revenues collected from mineral severance taxes, federal mineral royalties (FMRs), and state mineral royalties are also included regardless of the distribution of those revenues. Column A shows the January 2025 CREG forecast of total fiscal year (FY) 2025 revenue by major source. Column B shows the actual year-to-date (YTD) revenue received. Column C shows the forecast revenues through March 2025. Column D shows the difference between the actual YTD revenues collected and forecast YTD revenues (column B minus column C). Column E shows the percentage of the forecast received to date (column B divided by column A). Column F shows the percentage of the forecast expected at this point in the fiscal year based upon pacing estimates informed by prior year collections (column C divided by column A). Column G shows the pacing difference: the actual YTD revenue as a percentage of the total amount forecast for FY 2025 minus the FY 2025 YTD forecast as a percentage (column E minus column F). Occasionally, percentages may vary due to rounding.

Summary – At this point in the fiscal year, revenue collections directed to the GF are matching the forecast pace from the January 2025 CREG forecast, demonstrating a variation of 0.0 percent. Revenues deposited to the BRA are trending ahead of the forecast, exceeding the anticipated revenue collections to date by \$25.2 million (6.8 percent). Likewise, revenue directed to the SFP exceeds the forecast pace by \$14.3 million (3.2 percent). The aforementioned pacing excludes the statutory guarantee of investment income under the respective spending policies and any realized capital gains and losses from permanent funds, which CREG does not forecast. If realized capital gains are included up to the maximum of the spending policies , the revenue pacing for the GF is ahead by \$22.9 million (1.6 percent), and the SFP is ahead of pace by \$7.5 million (1.5 percent).

Actual collections of major revenue streams forecast by CREG are mixed. Realized capital gains, severances taxes and FMRs are demonstrating revenues in excess of the forecast. On the other hand, state royalties are lagging the forecast pace and may not recover by fiscal year end. Although revenue collections of severance taxes and FMRs are currently slightly above CREG's forecast through January 2025 reported production, observed declines in world market prices for oil suggest severance tax and FMR revenues could reasonably be expected to converge toward the total CREG forecast in the remaining months of the fiscal year. The following is a summary of revenue collections for FY 2025:

- Excluding Permanent Wyoming Mineral Trust Fund (PWMTF) realized capital gains, the combined GF and BRA revenue collections through March exceed the forecast pace by $25.2 million (1.4 percent).
- Sales and use tax collections, traditionally the largest single revenue contributor to the GF and a major revenue source for cities, towns, and counties, are nearly matching the forecast pace, missing it by $1.5 million (-0.2 percent) through March 2025.
- Severance taxes are ahead of the forecast pace by $25.7 million (3.8 percent) and FMRs exceed the forecast pace by $21.1 million (3.9 percent). Total state mineral royalties are short of the forecast pace by $13.6 million (-10.8 percent).
- The State Treasurer's Office's (STO) reports indicate "Pooled Income," or interest and dividends derived from the GF portion of the State Agency Pool, exceed the forecast pace by $18.6 million (14.4 percent) through February. Additionally, STO reports $6.7 million in net realized gains to the GF through February. Including realized capital gains, "Pooled Income" is ahead of pace by $25.3 million (19.6 percent).
- Interest and dividend collections are short of forecast pace for the PWMTF by $22.9 million (-7.7 percent). This lagging income was anticipated by CREG in the January 2025 report which noted, "In recognition of the substantial net realized capital gains, CREG did not reduce income estimates for the PWMTF." Interest and dividends for the Common School Account within the Permanent Land Fund (CSPLF) are ahead of pace by $6.8 million (3.8 percent). The PWMTF has $321.5 million in net realized capital gains, which could more than offset any shortfall in interest and dividends if these gains are sustained through the end of the fiscal year. Similarly, net realized capital gains for the CSPLF are $170.8 million through February 2025. Due to the statutory guarantee for investment income derived from the two permanent funds, the GF and SFP balances are unaffected regardless of whether investment income exceeds or falls short of the forecast. However, net realized capital gains do not follow a linear path and are dependent upon financial markets and the investment decisions of internal and external managers. For both the SFP and GF, caution should be exercised when considering any prediction for investment earnings. Historic investment experience is not necessarily indicative of future realized capital gains or losses, especially in volatile financial markets.
- Total revenue from state lease and bonus payments on school lands, deposited in the Common School Account within the Permanent Land Income Fund and subsequently the SFP, is ahead of the forecast pace through March by $5.0 million (25.0 percent).

A. General Fund – The summary table lists the three largest sources of revenue for the GF (sales and use taxes, investment income, and severance taxes) separately, and it lists all other GF revenue sources (franchise taxes, cigarette taxes, charges for sales and services, fees and payment interest, etc.) collectively. As shown in columns D and G of the summary table, actual total revenues directed to the GF (line 6) are currently $10,568 (0.0 percent) lower than the forecast pace for the year, exclusive of the statutory guarantee for the spending policy or realized capital gains from the PWMTF.

The January 2025 CREG forecast projected very modest FY-over-FY increases in statewide sales and use tax collections of $4.5 million (0.7 percent). Actual sales and use tax deposits to the GF are falling short of the forecast by $1.5 million (-0.2 percent). At the county level through March, 11 of the 23 counties show stronger sales and use tax collections compared to FY 2024 through the same time period, though the strength of collections varies among the counties. Specifically, the four counties in the Big Horn Basin (Big Horn, Hot Springs, Park and Washakie counties) are surpassing FY 2024 collections by double digit percentages. Johnson County is the only county exceeding FY 2024 collections by more than 10 percent outside of the Big Horn basin. These double-digit percentage increases are primarily due to sales and use tax payment corrections resulting from audit findings. Campbell, Platte, Sweetwater and Uinta counties all reflect declines of more than 10 percent FY-over-FY. Declining collections in those counties are at least partially related to either mining sector declines or timing of large projects, e.g., wind development.

Of the state's major industries remitting sales and use taxes, collections by the retail sector account for approximately 40 percent of total collections; moreover, retail sales and use tax collections are essentially flat compared to the same point in FY 2024. Public administration, which includes sales and use tax collections on motor vehicles and trailers remitted to the county treasurer, mining sector and utility sector all exhibit lower sales and use tax collections in FY 2025 compared to FY 2024. The construction industry boasts a 27.1 percent FY-over-FY gain, while collections from accommodations and food services industry sector reflect a 3.7 percent gain and account for just over 12 percent of total statewide sales and use tax collections.

The GF share of statewide sales and use tax collections is reduced by local impact assistance payments pursuant to W.S. 39-15-111(c) and W.S. 39-16-111(d), which amount to $10.7 million for FY 2025 through March – a notable decrease from FY 2024's total through March of $18.8 million. This is consistent with the lower amount of sales and use tax remittances from the utilities and mining sectors, illustrating a decrease in major industrial projects this fiscal year, especially in wind energy development. In total, sales and use tax collections are in line with the January 2025 CREG forecast.

Severance tax collections directed to the GF are ahead of the forecast pace by $5.5 million (3.2 percent), based on production through January. Forecast mineral production and prices are currently tracking the January 2025 CREG forecast with modest material variation. However, world oil prices have fallen to multi-year lows since the beginning of April, indicating the possibility of lower severance tax collections for the remainder of the fiscal year.

Interest and dividends deposited to the GF from the State Agency Pool, Legislative Stabilization Reserve Account (LSRA) and America Rescue Plan Act funds ("Pooled Income") are ahead of the forecast pace by $18.6 million (14.4 percent). More than any other forecast revenue streams, Pooled Income, or investment earnings from the state's primary checking and savings accounts is serving to offset declines in other revenue streams. In addition, STO data indicates approximately $6.7 million in deposited realized net capital gains, largely from the LSRA. Combining interest, dividends, and realized capital gains results in "Pooled Income" revenue $25.3 million (19.6 percent) ahead of pace.

Interest and dividends earned from the PWMTF and distributed through February 2025 are $175.0 million – higher than FY 2024 levels for the same period by $5.6 million. Moreover, STO reports realized net capital gains of $321.5 million from PWMTF investments through February 2025. In accordance with W.S. 9-4-719, the first 2.5 percent of the five-year average market value of the corpus, or $238.7 million in FY 2025, of any investment earnings from the PWMTF will be deposited into and remain in the GF. The $238.7 million figure is "statutorily guaranteed," thus the summary table reflects two-thirds (8 of 12 months) of the annualized guaranteed amount. Investment income derived from the PWMTF for FY 2025, including realized capital gains and losses to date, exceeds the 2.5 percent spending policy amount guaranteed to the GF and would exceed the total 5 percent statutory spending policy amount if FY 2025 were to end in February.

Specifically, if realized capital gains from the PWMTF earned through February are considered and it is assumed no net capital gains or losses are added through the end of the fiscal year, GF and BRA total revenue collections are $346.7 million (18.8 percent) ahead of the forecast. CREG does not forecast realized capital gains, and any revenue in excess of 2.5 percent of the PWMTF's five-year average market value would not remain in the GF. If PWMTF interest and dividend collections remain on the current pace for the remainder of FY 2025 and no additional capital gains or losses are realized, under the statutory spending policy as amended by 2025 Wyoming Session Laws, Chapter 161, $238.7 million would remain in the GF, $238.7 million would be transferred to the Strategic Investments and Projects Account and $106.5 million would be transferred to the Permanent Wyoming Mineral Trust Fund Reserve Account (PWMTF RA).

Revenue from the "all other" category of GF revenues is lagging the forecast pace by a combined $6.4 million (-2.9 percent). Many of these "all other" revenue streams are not collected and deposited with predictable timing over the course of the fiscal year. Most categories are broadly in-line or exceeding the component CREG forecasts, with the notable exception of quarterly insurance premium taxes. This is the second year of the implementation of an accounting modification associated with the timing and posting of these tax payments. While the collections of insurance premium taxes are currently $10.6 million lower than the straight line forecast pace (47.2 percent), if FY 2024 is an indication of the new pacing, this revenue stream will record collections late in FY 2025 and move closer into alignment with the January 2025 CREG forecast in the coming months. In terms of revenue components that are currently ahead of forecast, collections for insurance agent licenses are $1.7 million (12.5 percent) and property and money use fees are $1.0 million (11.0 percent) ahead of pace, respectively.

B. Budget Reserve Account – The summary table lists the two earmarked revenue streams for the BRA: severance taxes (line 8) and FMRs (line 9). Severance tax deposits to the BRA exceed the January 2025 CREG forecast pace by $11.1 million (7.2 percent). FMRs directed to the BRA, including an adjustment for the federal fiscal year (FFY) 2024 budget sequester, are $14.1 million (6.5 percent) above the forecast pace. The Legislature adopted a "second cap" for both severance taxes and FMRs in the 2024 Budget Bill for the FY 2025-2026 biennium, above which the revenue distribution directs additional FMRs to the SFP and additional severance taxes to the SFP Reserve Account. Severance taxes and FMRs were not forecast to reach these second caps in FY 2025, and current revenue collections have not reached these second caps as of this update.

C. State Revenues Supporting K-12 Education – The summary table lists the pacing of revenue sources supporting K-12 education, including investment income, FMRs, and lease and bonus income from school lands and state mineral royalties from school lands. The SFP revenue deposits are $14.3 million (3.2 percent) ahead of the January 2025 CREG forecast pace (line 16), exclusive of the CSPLF statutory spending policy guarantee.

Interest and dividends from the CSPLF exceed the forecast pace by $6.8 million (3.8 percent). Furthermore, realized capital gains to date total $170.8 million. If net realized capital gains are sustained through the balance of the fiscal year, more than $128 million could be deposited into the Common School Permanent Fund Reserve Account.

FMRs earmarked for the SFP received to date are $7.0 million (3.4 percent) ahead of the forecast pace. Stronger than anticipated state oil and gas lease auction results, especially in March, and state land lease income from common school lands total $20.0 million to date, equaling the forecast for the full fiscal year, meaning the forecast will be exceeded by the remaining three months of state lease payments. State mineral royalties from common school lands deposited to the SFP (one-third) are falling short of the forecast by

$4.5 million (-10.8 percent); similarly, the remaining amount (two-thirds) deposited to the CSPLF are also lagging by an identical percentage, or $9.0 million.

D. Mineral Severance Taxes and FMRs, including mineral prices and production – After applying the revenue pacing estimates on production through January 2025, total severance tax collections are $25.7 million (3.8 percent) ahead of the forecast pace. Total FMRs received through March are $21.1 million (3.9 percent) ahead of the forecast pace. Individually, oil, natural gas and coal production and price forecasts are broadly on pace with the January 2025 CREG forecast. Once again, recent declines in world oil prices precipitated by risks to world trade and global market uncertainty may result in near-term underperformance of state revenue generated from oil production. Specifically, through the first seven months of FY 2025, Wyoming oil prices averaged $69.24/bbl compared to the CREG forecast of $67.50/bbl. However, West Texas Intermediate crude spot prices in early April dipped below $60/bbl, which is likely to decrease the annual average price going forward.

According to Baker Hughes, there are 21 rigs currently operating in Wyoming (five seeking natural gas and 16 seeking oil), up from 15 in mid-April 2024. Through the first seven months of FY 2025, Wyoming trona, natural gas and oil production exceed the forecast pace by 0.9 percent to 1.8 percent – extremely close to the forecast – while surface coal production exceeds the forecast pace by 6.3 percent.

Average prices through the fiscal year to date compared to pacing range from 1.6 percent behind pace for trona, to almost exactly on pace for coal, to about 2.6 percent ahead of pace for oil, to 10.3 percent ahead of pace for natural gas, though natural gas is likely to experience several months of lower than average prices during the spring and early summer, or so-called "shoulder season."

As always, we will continue to monitor the revenue situation and keep you informed. Let us know if you have any questions.

LSO Budget/Fiscal Division

[As of April 25, 2025]

	Fiscal Year 2025 Revenue Update Summary: Actual vs. January 2025 CREG Forecast							
		A	B	C	D	E	F	G
	Revenue Sources	CREG Forecast FY25 Total	Actual through March	Forecast through March (1)	Difference YTD $	Actual YTD % of Total	Forecast YTD % of Total	YTD Pace
1	GF - Sales & Use Tax (2)	$651,400,000	$423,945,954	$425,400,000	($1,454,046)	65.1%	65.3%	-0.2%
2	GF - PWMTF with guarantee (3)	$238,700,000	$159,100,000	$159,100,000	$0	66.7%	66.7%	0.0%
2a	*GF - PWMTF from dividends & interest (3)*	*$296,800,000*	*$174,952,437*	*$197,900,000*	*($22,947,563)*	*58.9%*	*66.7%*	*-7.7%*
2b	*GF - PWMTF with capital gains (3)*	*N/A*	*$496,438,914*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
3	GF - Pooled income with capital gains (losses) (3)	$129,400,000	$111,604,612	$86,300,000	$25,304,612	86.2%	66.7%	19.6%
3a	*GF - Pooled income from dividends & interest (3)*	*$129,400,000*	*$104,925,315*	*$86,300,000*	*$18,625,315*	*81.1%*	*66.7%*	*14.4%*
4	GF - Severance Tax	$174,200,000	$126,414,604	$120,900,000	$5,514,604	72.6%	69.4%	3.2%
5	GF - All Other	$218,100,000	$157,171,825	$163,600,000	($6,428,175)	72.1%	75.0%	-2.9%
6	**General Fund - Total (w/out PWMTF capital gains or guarantee) (3)**	**$1,469,900,000**	**$994,089,432**	**$994,100,000**	**($10,568)**	**67.6%**	**67.6%**	**0.0%**
7	**General Fund - Total with PWMTF guarantee (3)**	**$1,411,800,000**	**$978,236,995**	**$955,300,000**	**$22,936,995**	**69.3%**	**67.7%**	**1.6%**
8	BRA (from Severance Taxes)	$155,500,000	$59,823,216	$48,700,000	$11,123,216	38.5%	31.3%	7.2%
9	BRA (from FMRs)	$215,500,000	$89,997,157	$75,900,000	$14,097,157	41.8%	35.2%	6.5%
10	**Budget Reserve Account - Total**	**$371,000,000**	**$149,820,373**	**$124,600,000**	**$25,220,373**	**40.4%**	**33.6%**	**6.8%**
11	**One Percent Severance Tax (50% to PWMTF and 50% to CSPLF)**	**$107,800,000**	**$66,799,775**	**$63,400,000**	**$3,399,775**	**62.0%**	**58.8%**	**3.2%**
12	SFP CSPLF with guarantee (3)	$232,600,000	$155,100,000	$155,100,000	$0	66.7%	66.7%	0.0%
12a	*SFP CSPLF from dividends & interest (3)*	*$179,900,000*	*$126,698,930*	*$119,900,000*	*$6,798,930*	*70.4%*	*66.6%*	*3.8%*
12b	*SFP CSPLF with capital gains (losses) (3)*	*N/A*	*$297,488,459*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
13	SFP FMRs	$205,800,000	$143,048,579	$136,000,000	$7,048,579	69.5%	66.1%	3.4%
14	SFP Lease and bonus	$20,000,000	$19,990,643	$15,000,000	$4,990,643	100.0%	75.0%	25.0%
15	SFP State Royalties	$42,000,000	$26,964,700	$31,500,000	($4,535,300)	64.2%	75.0%	-10.8%
16	**School Foundation Program - Total (w/out cap. gains or guarantee) (3)**	**$447,700,000**	**$316,702,852**	**$302,400,000**	**$14,302,852**	**70.7%**	**67.5%**	**3.2%**
17	**School Foundation Program - Total with CSPLF guarantee (3)**	**$500,400,000**	**$345,103,922**	**$337,600,000**	**$7,503,922**	**69.0%**	**67.5%**	**1.5%**
18	**State Royalties - Total**	**$126,000,000**	**$80,894,175**	**$94,500,000**	**($13,605,825)**	**64.2%**	**75.0%**	**-10.8%**
19	**Severance Taxes - Total**	**$667,000,000**	**$417,756,157**	**$392,100,000**	**$25,656,157**	**62.6%**	**58.8%**	**3.8%**
20	**Federal Mineral Royalties - Total**	**$535,300,000**	**$346,995,736**	**$325,900,000**	**$21,095,736**	**64.8%**	**60.9%**	**3.9%**

(1) Year-to-date forecast is determined by using one of three methods: the pace of historical revenues is used for sales & use tax projections, a straight-line pace is applied to PWMTF and pooled income, while severance taxes and federal mineral royalties (FMRs) use a procedure relying on price and production weights, taking into account the impact of the repayment of sequestered (withheld) FMRs.

(2) The Impact Assistance balance at the end of March 2025 was $10,687,849; sales and use tax collections have been reduced by this amount. In addition, sales & use tax collections will be reduced in May 2025 for the special fuel survey.

(3) Capital gains income from PWMTF, Pooled, and CSPLF investments are not currently part of the CREG projection process. This table illustrates the pacing with and without the spending policy guarantee of 2.5 percent for the GF and 5.0 percent for the SFP as well as realized capital gains through February 2025. Investment income is also shown with and without the statutory spending policy guarantee. The realized capital gains (and losses) from non-permanent funds do immediately impact the recipient accounts, e.g., Pooled Income to the GF.