

What is a Specific Purpose Excise Tax?

- A Specific Purpose Excise Tax (SPET) is a sales tax (not a property tax)
- The tax is authorized in W.S. 39-15-204 (iii)
- It provides a method by which the requesting local government can raise funds for a “specific purpose”
- -204 (iii) (B) “The revenue from the tax shall be used in a specified amount for a specific purpose authorized by the qualified electors”
- The revenue cannot be used for ordinary operations of local government
- Typically, the SPET revenues are used for infrastructure projects carrying a larger price tag than what can be included in the local government’s normal budget
- SPET propositions appear on election ballots and are voted on by the electors
- 13 of 23 Wyoming counties currently have at least a 1% specific purpose tax

Examples of previous Platte County Specific Purpose Excise Tax Projects

2008 Election		Proposition 1	1542 For	1242 Against
<i>Amount (\$)</i>	<i>Gov't Body</i>	<i>Project</i>		
650,000	Chugwater	Street reconstruction		
2,000,000	Guernsey	Swimming pool		
750,000	Glendo	Sanitary sewer main, Emergency Service Building		
500,000	Hartville	Public buildings renovations		
1,500,000	Wheatland	Fire Hall		
5,400,000	Total			
3.9 years to collect				

Examples of previous Platte County Specific Purpose Excise Tax Projects

2012 Election		Proposition 1	1935 For	954 Against
<i>Amount (\$)</i>	<i>Gov't Body</i>	<i>Project</i>		
12,000,000	Hospital District	Platte County Legacy Home		
		Proposition 2	1747 For	1126 Against
333,350	Chugwater	Street improvements		
452,000	Glendo	Street improvements, Fire Hall remodel		
553,700	Guernsey	Sewer / Water system improvements		
271,200	Hartville	Water system improvements		
1,610,250	Proposition 2 Total			
13,610,250	Total Prop 1 + Prop 2			
6.1 years to collect				

How Does it Work?

EXAMPLE

- Cost of item = \$1.00
- Check out cost \$1.06
- Four cents sales tax goes to the state
- Fifth cent goes to Platte County (general fund)
- Sixth cent (when approved by voters) goes to the Specific Purpose

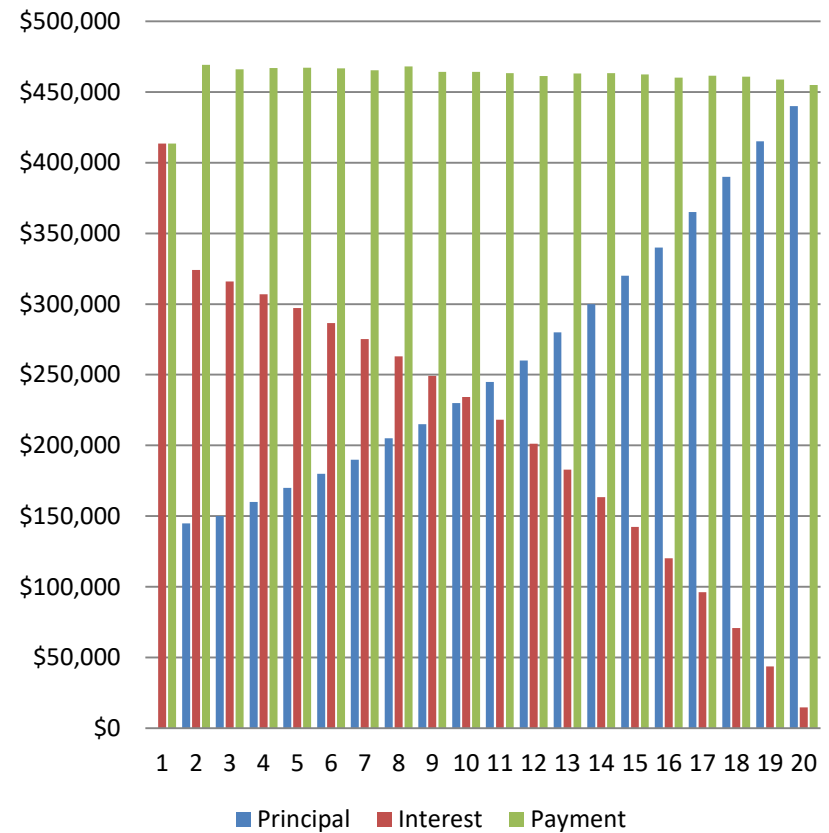


Comparison of Funding Methods

Lease Revenue Bond

- Example: Platte County Public Safety Center (the new jail building)
- Building Cost = **\$5 MM** (2001)
- Public bonds issued – county makes annual payments to bond holders
- Payments started 2001
- Last payment in 2020
- Total Cost of Project **\$9.22 MM** (\$4.22 MM of interest)
- Average annual payment made by county ~ \$465,000 (equivalent to ~31 miles of gravel for roads)

Payment Schedule (Jail)

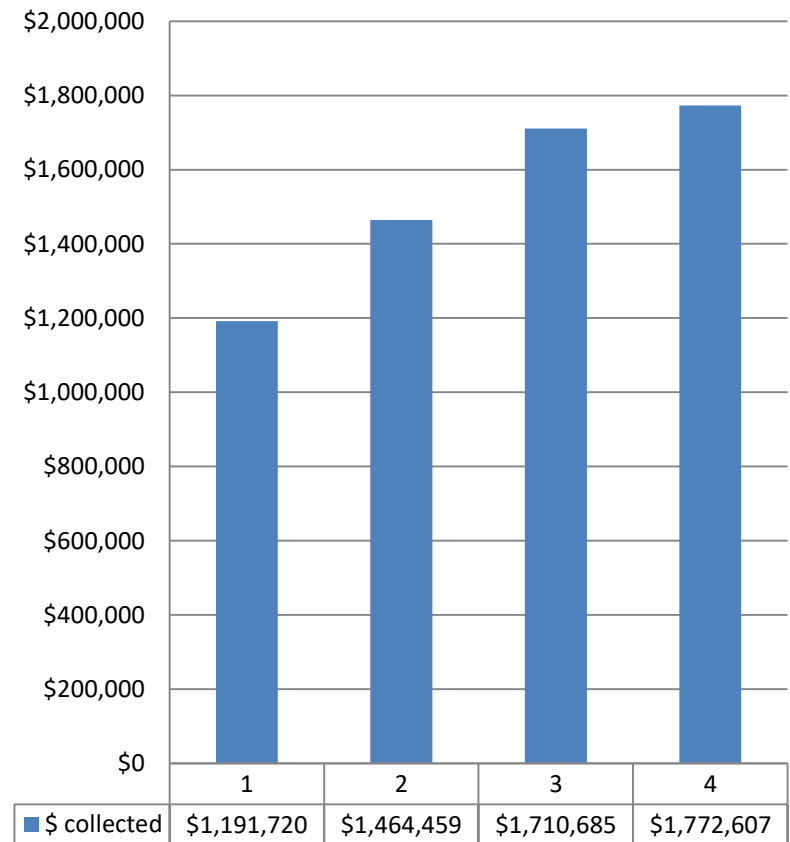


Comparison of Funding Methods

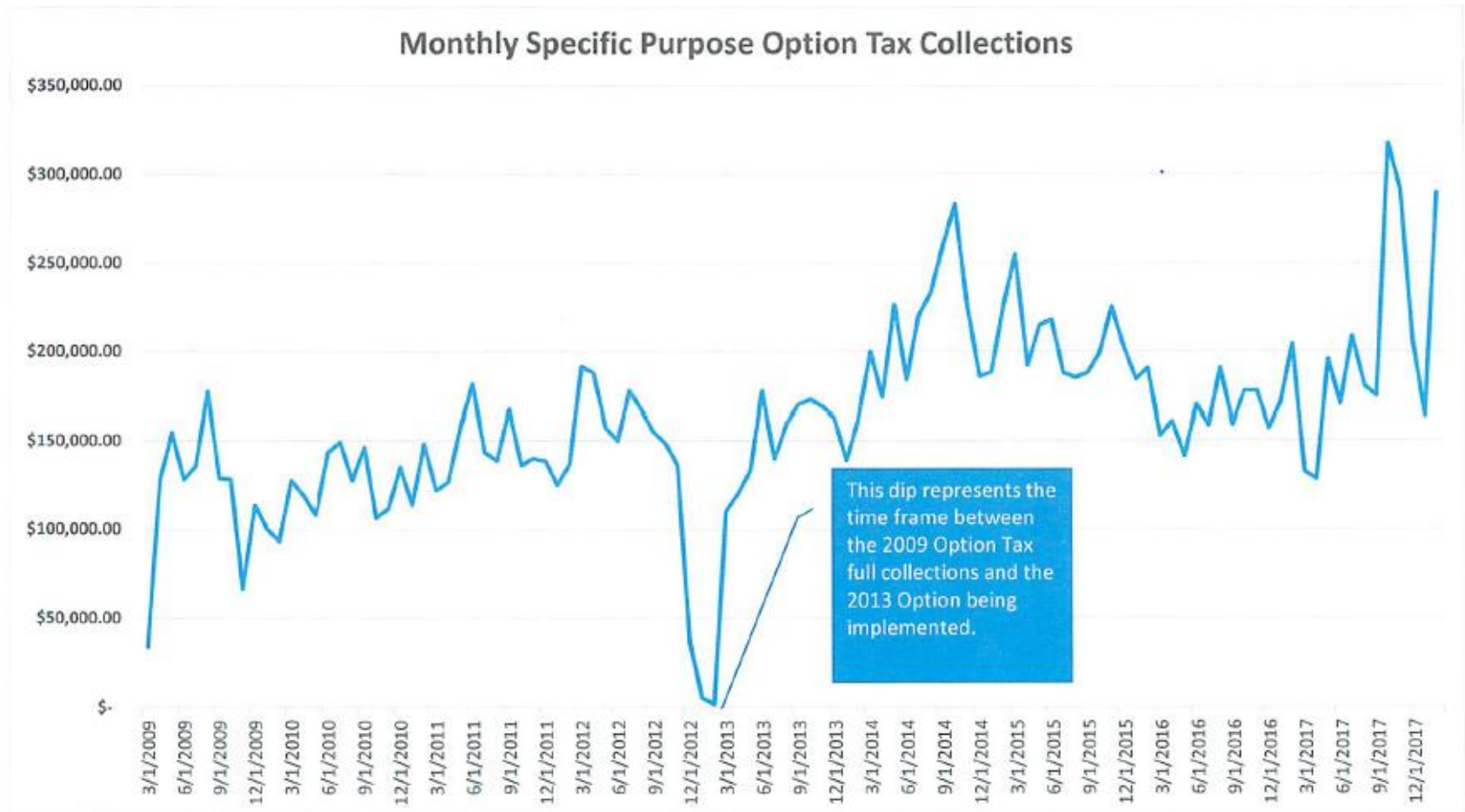
Specific Purpose Excise Tax

- Example: 2008 SPET
- Projects Cost = **\$5.4 MM**
- Ballot proposal passed
- Collections started 03.2009
- Collections finished 01.2013
- 47 months
- Total Cost of Projects **\$6.14 MM** (\$1.14 MM of interest)

\$ collected / year



Historical Collection Rate



Advantages / Disadvantages of Specific Purpose Tax

Advantages

- Fair tax – collected even from non-residents
- In effect only until the “specific purpose” is paid for – then tax goes away
- Does not increase property tax
- Method by which local governments can pay for infrastructure otherwise unobtainable
- 100% of the 6th cent goes to the project
- Does not “tie-up” county government funds

Disadvantages

- Everyone pays \$0.01 more per dollar spent for purchases

References

- <http://legisweb.state.wy.us/LSOWeb/StatutesDownload.aspx>