

**BALLOT
REVIEW**

Wyoming's SJR3: Property tax changes for owner occupied residences

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Introduction

This November, Wyoming voters will decide whether to amend the state constitution and change how property tax is applied for owner occupied residences. SJR 3 was adopted by a vote of 53-9 in the House and 22-8 in the Senate and placed on the ballot for approval by state voters.¹

Adoption of SJR 3 by voters would create a fourth class of property under the state constitution, separating owner occupied residences from the tax treatment of all other real and personal property. The other classes of property currently in the state constitution are for mines/minerals products and industrial properties.

¹ "SJ3 - Property tax residential property class," Wyoming Legislature, accessed at <https://www.wyoleg.gov/Legislation/2023/SJ0003>

KEY INFORMATION COLUMN

Adoption of SJR 3 by voters would create a fourth class of property under the state constitution, separating owner occupied residences from the tax treatment of all other real and personal property.

Wyoming Statutes require all property to be valued at fair market value except for agricultural land which is valued by its productive capability.

Official ballot summary for SJR 3

Here is the official ballot summary for SJR 3:

“The adoption of this amendment would separate residential real property into its own class of property for purposes of property tax assessments. The amendment would authorize the legislature to create a subclass of owner occupied primary residences.”²

Here are the arguments of SJR 3 supporters:

"Currently there are only three classes of property for taxation: minerals, industrial and all other. Residential property is lumped under the latter class. As retooled, SJ3 would modify the Wyoming Constitution to create a fourth class of property tax – residential property. Our constitution also prohibits ‘sub-classes’ of property. The changes to SJ3 allowed a subclass of residential property - owner occupied primary residences. Once approved by the voters the legislature could then tax owner occupied homes at more favorable rates than is currently possible.”⁴

There is currently no official opposition campaign against SJR 3.

Wyoming’s current property tax landscape

Here is how government officials describe Wyoming’s current property tax base:

“Wyoming Statutes require all property to be valued at fair market value except for agricultural land which is valued by its productive capability. The fair market or productive value is given on the Assessment Schedule, also called a Notice of Assessment. To determine the final tax amount, there are a few terms which must be understood:

- Market Value: The fair market value (what the property could reasonably be expected to sell for) of the property.
- Assessment Rate: The percentage of appraised value which determines the Assessed Value. The Assessment Rate is 9.5% for

² Ibid.

⁴ “Wyoming Property Tax on Residential Property and Owner-Occupied Primary Residences Amendment (2024),” Ballotpedia, accessed at [https://ballotpedia.org/Wyoming_Property_Tax_on_Residential_Property_and_Owner-Occupied_Primary_Residences_Amendment_\(2024\)](https://ballotpedia.org/Wyoming_Property_Tax_on_Residential_Property_and_Owner-Occupied_Primary_Residences_Amendment_(2024))

KEY INFORMATION COLUMN

If SJR 3 is adopted, this split roll will further increase by allowing owner occupied residences to be taxed at a different rate than other residential and commercial property.

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agricultural, commercial, and residential property, 11.5% for industrial, and 100% for minerals.

- Assessed Value: The market value multiplied by the assessment rate.”⁵

Having different tax rates for property types creates what is called a “split roll,” meaning all property isn’t taxed equally. If SJR 3 is adopted, this split roll will further increase by allowing owner occupied residences to be taxed at a different rate than other residential and commercial property.

As explained by the Tax Foundation, a property tax split roll can cause several problems:

“Through a split roll regime, distinct classes of property are taxed at different rates or face separate assessment ratios. This introduces non-neutrality to the tax code by changing the incentives to own or invest in certain types of property over others. Moreover, a differentiated tax system can encourage lawmakers to increase the property tax burden on some classes of property, often to the detriment of businesses, to generate additional revenue without being seen as raising taxes on homeowners.”⁶

Alternative property tax relief options

With record property tax assessment increases occurring, homeowners are understandably concerned about the potential impact on their property tax bills. It is important to remember, however, that assessments are just a part of the calculation. The main driver of property taxes is spending increases approved by policymakers and voters themselves through levies.

A better way to control property tax increases is on the spending side and/or with levy restrictions. One way to help bring greater transparency to the fact spending is the main cause of property tax increases is with a reform called Truth in Taxation.

Truth in Taxation currently exists in Iowa, Kansas, Nebraska, Tennessee, and Utah. To bring more transparency to property tax increases, Utah was the first to adopt Truth in Taxation in 1985.

Here is how the Utah Legislature describes this property tax transparency process:

⁵ “Determining Property Tax,” Teton County Wyoming, accessed at <https://www.tetoncountywy.gov/188/Determining-Property-Tax>

⁶ “Wyoming Voters to Consider Property Tax Changes, but Sound Property Tax Relief Is Not on the Ballot,” Tax Foundation, September 12, 2024, accessed at <https://taxfoundation.org/blog/wyoming-property-tax-ballot-measure/>

**KEY INFORMATION
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By introducing even more split rolls to Wyoming's property tax base with the enactment of SJR 3, it will be easier for government officials to increase spending by passing the cost to select taxpayers instead of all property owners as a whole.

Nothing in this publication shall be construed as an attempt to aid or hinder the passage of any legislation.

“The basic concept of the system is that taxing entities may only budget the same amount of property tax each year, unless they have ‘new growth’ (not just change in value on existing properties) or go through a very public process of notifying the public and holding a public hearing on the proposed revenue increase. To achieve this, as taxable values change, the tax rate automatically adjusts to provide a constant amount of revenue. When values increase, the tax rate adjusts down to provide the taxing entity the same amount of revenue as it received in the prior year. When values decrease, the tax rate adjusts up to provide the same amount of revenue.”⁷

By adopting Truth in Taxation, taxpayers are in a better position to engage with government officials and understand their property tax burden and the connection to spending.

Conclusion

Property taxes are an important part of the tax base for school districts, local governments, and the state. Though based on a relatively straightforward calculation, they are among the least understood taxes by taxpayers. By introducing even more split rolls to Wyoming's property tax base with the enactment of SJR 3, it will be easier for government officials to increase spending by passing the cost to select taxpayers instead of all property owners as a whole. A better option to provide property tax relief without this type of economic distortion would be to adopt a reform similar to Truth in Taxation or enacting levy limits.

⁷“A History of Property Tax in Utah,” Utah Legislature, September 2010, accessed at <https://le.utah.gov/lrgc/briefings/BriefingPaperPropertyTaxHistorySept2010.pdf>

ABOUT THE AUTHOR

Jason Mercier has more than 20 years experience working with public officials, media, and citizen stakeholders across the nation to improve the fiscal, governance and transparency policies of local and state governments. He spent the last 16 years as the Director of the Center for Government Reform at Washington Policy Center.



Jason has been appointed by lawmakers and governors to various tax, budget and transparency reform committees. He is a Fellow with the national Better Cities Project and is also a member of the State Tax Advisory Board for the Tax Foundation. Jason has testified numerous times before legislative committees across the country on government reform issues, and his op-eds have been published in numerous newspapers across the region.

When he's not geeking out on studies and audits, Jason's life revolves around his wife and two daughters and the 49ers' schedule.

