

March 1, 2021

To: Members of the Wyoming House of Representatives
From: Americans for Tax Reform

Re: Oppose HB 138, HB 26, and HB 55

Dear Representative,

On behalf of Americans for Tax Reform (ATR) and our supporters across Wyoming, **I thank you for your public service in these challenging times and urge you to use the 2021 legislative session to enact policies that will help households and employers recover from the pandemic-driven downturn.** By crafting a new budget that avoids tax increases, you can send a clear message to job creators, investors, and site selectors that Wyoming will remain a no income tax state with a competitive tax climate. Not even a pandemic-driven recession can change that.

Oppose House Bill 138, the “Unearned” Income Tax

Wyoming is one of eight states that boast the absence of any kind of an individual income tax. In addition to allowing taxpayers to keep more of their hard-earned money, no income tax states are much more attractive to businesses looking to expand, investors looking for opportunities in growing economies, and families looking for greater prosperity.

As such, **it is of the utmost importance that you reject House Bill 138, the so-called Unearned Income Tax.** If implemented, **this bill would jeopardize Wyoming’s pro-taxpayer, pro-growth reputation by imposing an income tax on income earned from investments.**

As more and more people and jobs continue to move into states that do not impose income taxes, more and more states, including Arizona, Mississippi, and West Virginia, are looking for ways to put their income taxes on the path to zero. This movement towards no income taxes is so strong that New Hampshire, which is often mistaken for a no income tax state because it does not tax wage income, recognizes that it needs to act now to remove its interest and dividend income tax if it wants to remain competitive into the future. **Gov. Chris Sununu has called for a five-year phase out of the I&D tax in his budget proposal.**

HB 138 would cause Wyoming to pick up the asterisk that currently appears by New Hampshire’s name when it is included on the list of no income tax states, and that is only the beginning. Cleverly called the “Unearned Income Tax” in hopes of reducing alarm, HB 138 is a giant step towards a full-blown income tax in Wyoming. This is not a door you want to open.

ATR strongly opposes HB 138 and urges lawmakers to vote NO.

Oppose House Bill 26, Fuel Tax Hike

I urge you to reject House Bill 26, legislation that would increase the state fuel tax by 9 cents per gallon, taking the rate from 24 cents per gallon to 33 cents per gallon. This whopping 37.5 percent increase would take an additional \$60 million a year from the hardworking taxpayers of Wyoming at a time when they can least afford it.

Adding insult to injury, HB 26 would also give Wyoming the unwelcome distinction of being tied for the second-highest fuel tax in the region. Colorado, Montana, South Dakota, and Utah would tax fuel at lower rates.

ATR strongly opposes HB 26 and urges lawmakers to vote NO.

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Oppose House Bill 55, Tobacco Tax Hike

I urge you to reject House Bill 55, legislation that would increase the highly regressive tobacco excise tax on cigarettes and moist loose tobacco, disproportionately harming the state's most vulnerable populations at a time when they can least afford it.

Data has consistently demonstrated that tobacco tax increases have no [statistically significant impact](#) on the prevalence of smoking among those with household incomes of less than \$25,000. Seventy-two percent of smokers are from low-income communities, and to increase taxes on people unable to quit as they are struggling with the costs of the COVID-19 pandemic will put unnecessary hardship upon families who are already struggling to make ends meet.

Further, cigarette tax hikes promote black markets for smuggled tobacco products – often run by sophisticated, multi-million-dollar criminal syndicates – and consistently result in revenues coming in far lower than projected. When neighboring Utah raised their tobacco tax, smuggling doubled to over 20% of the market. In other states it is already over 50%. As a result, **only three out of the 32 state tobacco tax increases studied met tax revenue estimates.**

In addition, increasing the tax on smokeless tobacco would do irreparable harm to public health as well as the effort and objective of reducing smoking rates in Wyoming. According to the peer reviewed [Harm Reduction Journal](#), “literature reviews have estimated that users of snus have at least 90–95 percent less smoking-related mortality, with minimal reduction in life expectancy, if any at all. The health benefits of smokers who completely transition to snus use are similar to those reported for smoking cessation.”

As a result, the [FDA has authorized manufacturers](#) to market their product with the following statement: “Using General Snus instead of cigarettes puts you at a lower risk of mouth cancer, heart disease, lung cancer, stroke, emphysema, and chronic bronchitis.” To increase taxes on a product authorized by the FDA as a reduced risk product – leading to more people continuing to smoke combustible cigarettes – would violate every rule of appropriate public health policy. **Small increases in projected revenue should never come at the expense of human lives.**

ATR strongly opposes HB 55 and urges lawmakers to vote NO.

Sincerely,

Grover Norquist
President
Americans for Tax Reform