

WYOMING STATE LEGISLATURE
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April 22, 2008

To: Members, 59th Legislature

From: Steve Sommers

Subject: April 2008 Revenue Update

The information presented in this report constitutes the April 2008 revenue update. This report and the July revenue update, together with the October and January CREG reports, provide revenue information on a quarterly basis. Please note this report does not change the January 2008 CREG projections or the goldenrod dated March 17, 2008. Those are still the official fiscal documents. This report is simply intended to provide a comparison of actual revenues as they currently stand, to the projections made in January for FY 2008.

General Fund

Presented in Table 1 of this report is the general fund revenue analysis. The three major sources of general fund revenue are shown individually as follows: severance taxes; sales and use taxes; and interest income. All other sources are grouped together.

Presented in Column 1 is the total FY 2008 projection of revenue from each source. This is the current official CREG projection of revenue to the general fund. Column 2 provides the actual YTD revenue received from each source. Column 3 is the percentage of the projection that has been received (column 2/column 1), and column 4 is the percentage of the projection that we normally expect to have received at this point in the fiscal year. Column 5 compares what we have actually received to what we expect to have received (column 3-column 4).

As you can see from column 5 in Table 1, actual total revenues received are currently 14.6% ahead of expected levels with all major categories ahead of projections.

With respect to severance taxes, current receipts are 7.4% ahead of projections due to the price of oil and natural gas while production and other projection parameters are very close to expected levels. Even with a seasonal downturn in gas prices this summer, severance tax revenues to the general fund could exceed projections by \$14 million.

As can be seen in Table 1, sales and use tax revenues are running slightly ahead of projected levels. At this point in the fiscal year, actual revenues received exceed projected levels by 4.1%, and if this rate continues, sales tax revenues will likely exceed projections by \$20 million for this fiscal year.

With respect to investment income the only item that matters in terms of bottom-line general fund is the pooled investments. We have already exceeded the spending policy amount on the PMTF investment income which means any thing received in excess of that amount, or our total projection for that matter, will flow to the PMTF. If pooled investments continue at the current pace, they will exceed projections for FY 2008 by \$20 to \$25 million.

Miscellaneous revenue sources are running ahead of projected levels also, and just as with other general fund revenue sources, we'll more than likely exceed our projected levels from these sources for FY 2008 also, but these sources are too diverse to project any excess amounts at this point.

Bottom-line - General Fund

Summing it all up, we should exceed our FY 2008 general fund projections by at least \$54 million. We'll know more in July and will update this report at that time.

Mineral Severance Taxes

As presented in Table 2, total severance tax revenues are 8.7% ahead of FY 2008 expected levels. For oil, actual prices are running ahead of projections and production only slightly below with the result being oil revenues 10.7% ahead of projection. For coal, both price and production are on target with the result being coal revenues .3% ahead of projection. Natural gas revenues are currently 12.1% ahead of projections due to price levels that remain significantly above our projected price. If the current price level persists much longer, CREG will be looking at making some significant price revisions in October.

Bottom-line - Severance Taxes

At this point, total severance taxes might exceed projections by as much as \$66 million for FY 2008. If that is the case, there would be \$26 million extra flowing to the PMTF, \$14 million extra to the general fund and \$26 million extra flowing to the BRA.

Federal Mineral Royalties

Also presented in Table 2 of this report is the federal mineral royalty analysis. The columns in this table are identical to those in Table 1, with column 5 indicating that currently we are 10% ahead for the year. If this pace continues, we should exceed our projection by \$68 million for FY 2008, with \$23 million extra flowing to the school foundation program and \$45 million extra flowing to the BRA.

Conclusions

Summing the figures provided above, we could be in for a total amount in excess of our projection in the general fund of \$54 to \$59 million, and for the BRA, an extra \$71 million for FY 2008.

In July we will again provide an update with the latest available revenue information. As always, we will continue to monitor the revenue situation and keep you informed. Let me know if you have any questions.

April 2008 Revenue Update

Table 1 - FY 2008 General Fund Revenue Update

(Revenues received from July 1, 2007 through March 31, 2008)

Source	1 Projected FY08 Total	2 Actual Revenue Received. YTD	3 Actual as % of Proj.	4 % of Proj. Expected	5 Actual % vs. Proj. %
Severance Tax	\$192,200,000	\$143,413,514	74.6%	67.2%	7.4%
Sales & Use Tax	\$485,800,000	\$321,980,980	66.3%	62.2%	4.1%
PMTF & Pooled Interest	\$325,900,000	\$347,242,251	106.5%	71.6%	34.9%
All Other Sources	\$118,300,000	\$99,081,348	83.8%	75.0%	8.8%
Totals	\$1,122,200,000	\$911,718,093	81.2%	66.6%	14.6%

Table 2 - FY 2008 Mineral Severance Tax & Federal Mineral Royalty Revenue Update

(Revenues received from September 1, 2007 through March 31, 2008)

Source	1 Projected FY08 Total	2 Actual Revenue Received. YTD	3 Actual as % of Proj.	4 % of Proj. Expected	5 Actual % vs. Proj. %
Total Severance Tax	\$754,100,000	\$505,781,796	67.1%	58.3%	8.7%
FMR's					
FMR's wo/coal bonus	\$679,500,000	\$464,268,527	68.3%	58.3%	10.0%
Coal lease bonus	\$170,000,000	\$136,063,794	80.0%	80.0%	0.0%
Total FMR's	\$849,500,000	\$600,332,321	70.7%	NA	NA

