

New Report Analyzes Energy Impacts on Wyoming, Sweetwater County

*Study Reviews Energy's Role in Economy and Fiscal Policy,
and Provides Potential Options for State and Local Government*



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A new report analyzes how Wyoming and energy-impacted counties such as Sweetwater can benefit from current and future energy development while increasing their economic diversity and stability.

No other state in the Intermountain West is as reliant as Wyoming on energy industries to sustain its economy and tax base, and the study, conducted by Headwaters Economics, raises a number of questions for Wyoming decision-makers about how their region can benefit over the long-term during a time of increased economic turmoil and energy volatility. The report, *Impacts of Energy Development in Wyoming, With a Case Study of Sweetwater County*, concludes with four policy options.

“Wyoming so far has not been severely impacted by the economic downturn, but the long-term, broader economic effects of the state’s energy specialization are uncertain,” said Julia Haggerty, the report’s lead author. “While the state does an excellent job of collecting revenue from energy activity, Wyoming also faces a number of difficulties such as lower real earnings per job compared to thirty years ago and the continued outmigration of young adults.”

At the local level, Sweetwater County remains a mining-dependent county but higher energy wages have not sparked wider growth, and the costs associated with energy development—roads, capital expenses, and other public services—exceed Sweetwater County’s revenue. While Wyoming does an efficient job of collecting and saving energy-related revenue, counties such as Sweetwater that are a major source of the state’s fiscal surplus are not receiving adequate support from the state to offset energy production impacts.

“Wyoming and Sweetwater County face a dilemma,” continued Haggerty. “Fossil fuel extraction brings short-term benefits, but it has failed to yield long-term prosperity and now is limiting the ability to find other paths to wealth. A key question is whether Wyoming and local governments can diversify their economy and fit energy development into a larger economic development framework.”

[Note: The full report can be found at www.headwaterseconomics.org/energy. A four-page Digest also is online and attached to this email.]

The report concludes with four public policy options:

- 1) Target tax incentives to exploration and capture more revenue from the production phase of energy development. As in Alaska, Wyoming’s closest energy-producing peer-state in terms of dependence on minerals for revenue, this would result in new, and timely, revenue to mitigate

local impacts and support increased investment in more lasting forms of economic activity without affecting industry activities in the state.

2) Direct more state revenue to counties and communities where extraction takes place to redefine the terms of their relationship to energy development. This investment would enable local governments to do a better job of protecting communities and neighboring landscapes from the damaging aspects of the resource development.

3) Use energy revenue to spark economic diversification. Investing in infrastructure, education and renewable energy, for example, will broaden income generation across a variety of sectors and increase the economy's resilience while positioning the state and local areas for stronger long-term growth.

4) Protect Wyoming's quality of life. Safeguarding air and water quality, hunting grounds and access, view sheds, and safe communities will pay dividends. For example, Wyoming has an innovative higher education program, but its impact is lessened significantly because so many young graduates leave the state.

Headwaters Economics is a Montana-based, independent, nonprofit research group focused on improving community development and land management decisions in the West.

The *Wyoming* report will assist the public and elected officials in making informed choices about energy development to benefit the region over the long-term. The *Wyoming* report is the seventh in Headwaters Economics' *Energy and the West series* which can be found at www.headwaterseconomics.org/energy.