

WYOMING ECONOMIC AND REVENUE TREND



Wyoming Business Report
Economic Forecast Lunch
December 10, 2013
Casper, Wyoming

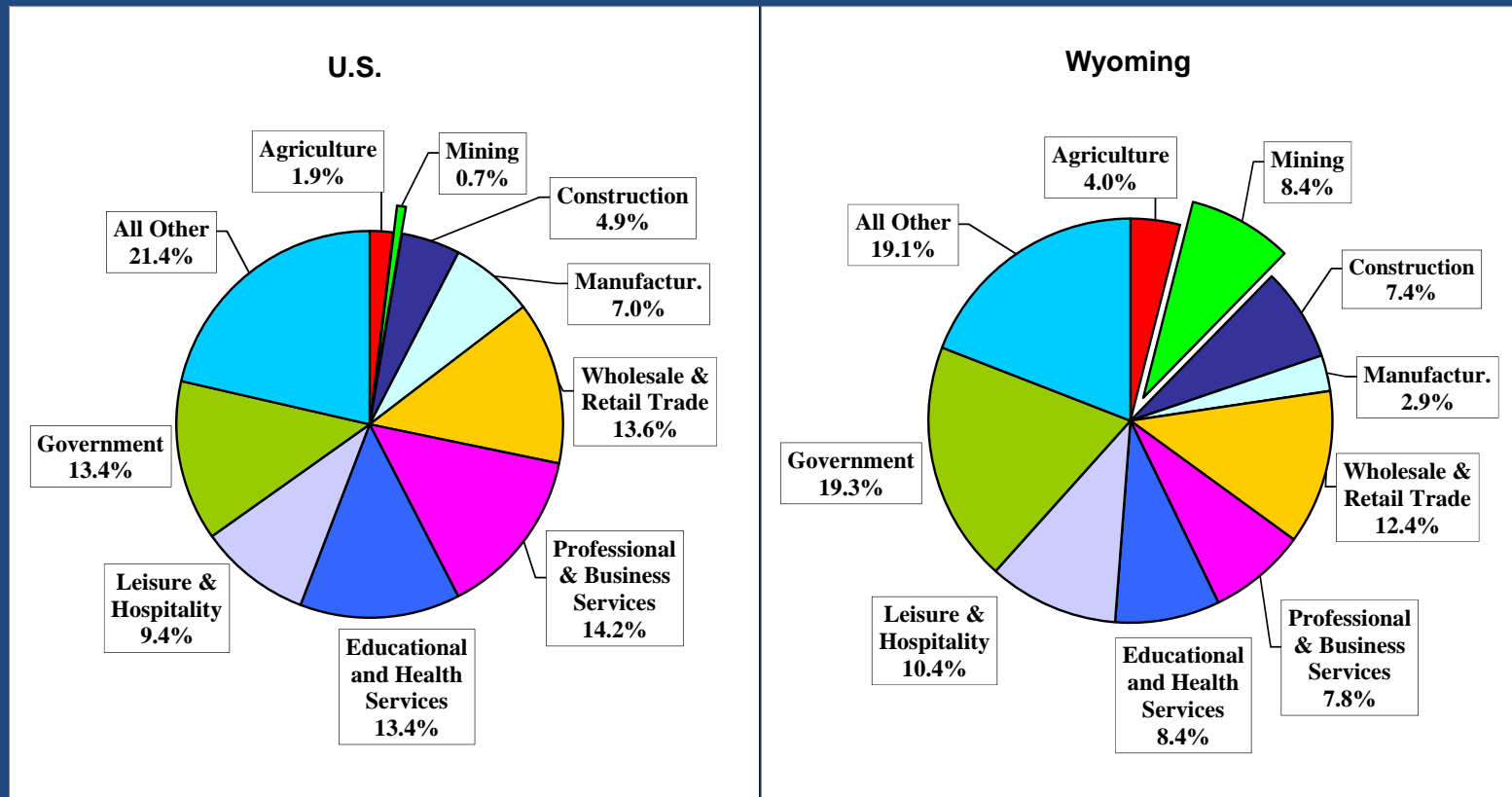
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Economic Analysis Division
State of Wyoming

Recent Economic Trend

- WY in the recession: late entry, sharp contraction in 2009, stronger rebound in 2010 and 2011 – employment, income, wage, and revenue all increased.
- But the recovery slowed in the second half of 2012 and the first half of 2013 – mainly caused by reduced NG prices (drilling declined, fuel switching by power plants). (NG prod -6.0%, coal prod -9.0%). Mining industry lost jobs.
- However, oil exploration continued to expand in 2012 (2.0%).
- Driven by housing market recovery, construction employment showing growth.
- Starting the 3rd quarter of 2013, Wyoming's economy appears growing again – stabilization of NG drilling activities and coal production from increased NG prices.

Employment by Industry for U.S. and Wyoming: 2012

(Includes: full and part-time wage and salary jobs, and proprietors employment)



Wyoming = 392,348
U.S. = 179,613,300

Rank of Wyoming's industry share in the U.S.:

Mining - 1st

Manufacturing - 49th

Construction - 1st

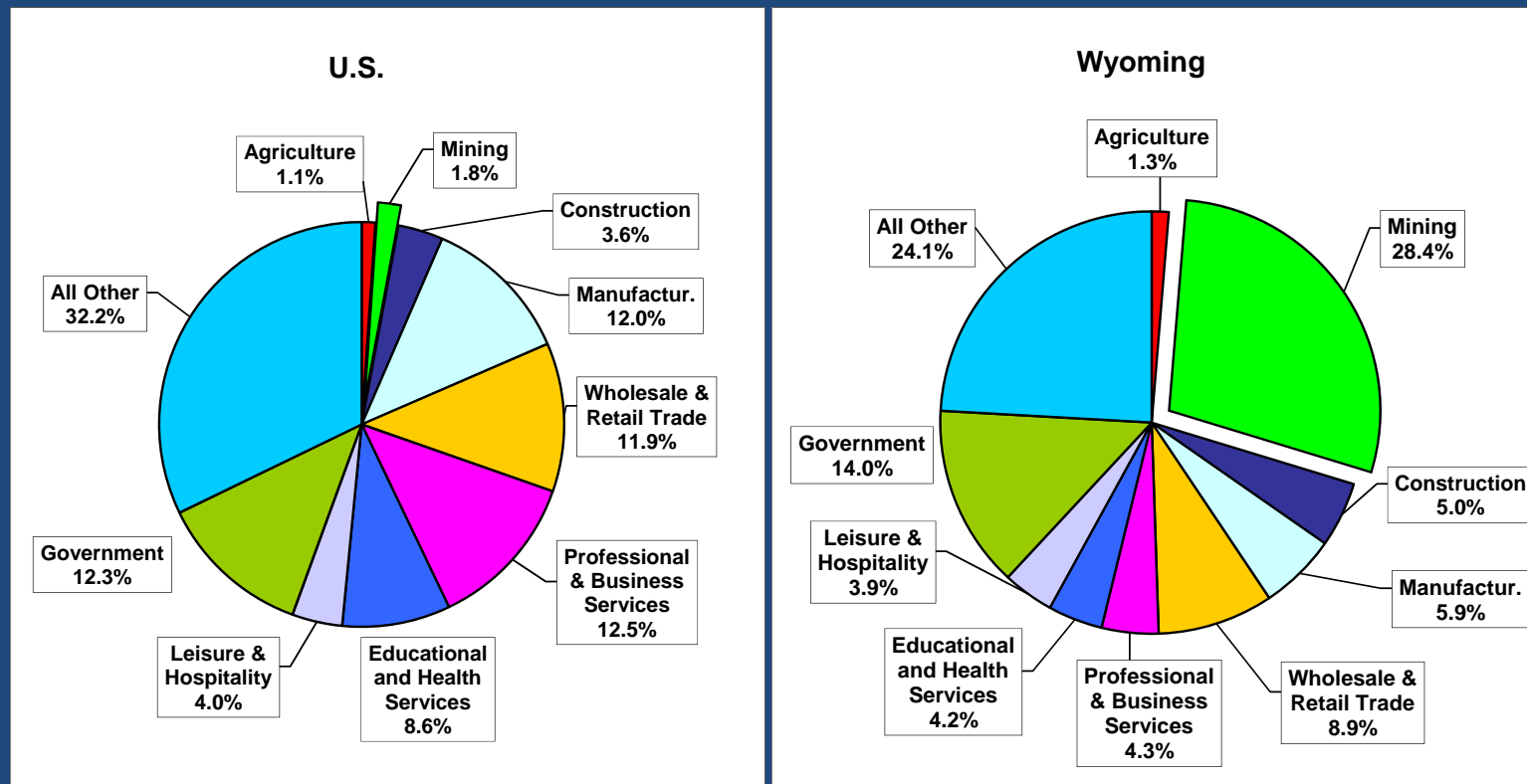
Prof. & Bus. Svcs. - 51st

Government - 3rd

Educ. & Health Svcs. - 50th

Source: U.S. Bureau of Economic Analysis

Gross Domestic Product for U.S. and Wyoming: 2012 by Industry



Note: GDP is often referred to as its "value added", is equal to its gross output (sales or receipts and other operating income, plus inventory change) minus its intermediate inputs (consumption of goods and services purchased from other industries or imported).

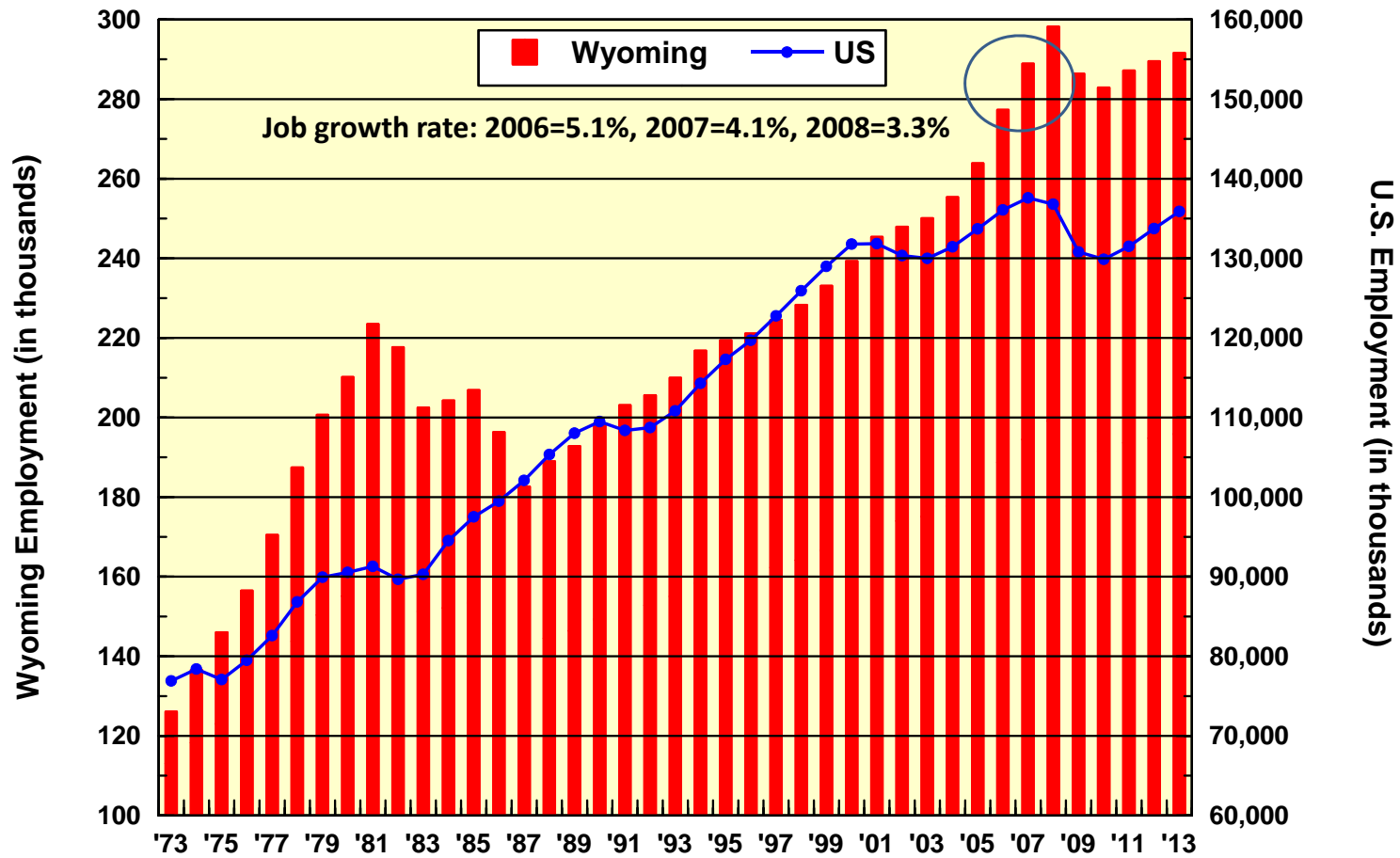
Source: U.S. Bureau of Economic Analysis

Wyoming's Economic Diversification

- Wyoming's economy does not mirror that of the nation.
In terms of economic diversity and specialization, Wyoming is probably the least diversified state in the nation when measuring employment and GDP distribution across industries in comparison with the U.S.
- Economic diversity has been commonly considered as a means to achieve economic stability. A diversified economy is considered a robust economy, and is better able to withstand and recover from significant unfavorable changes in any one sector.
- “However, research is mixed as to whether it is better for a state or local economy to become more diversified, or remain specialized in sectors where it has, or may acquire, a comparative advantage.”

Non-Agr Wage and Salary Employment for Wyoming and U.S.

(Number of jobs)

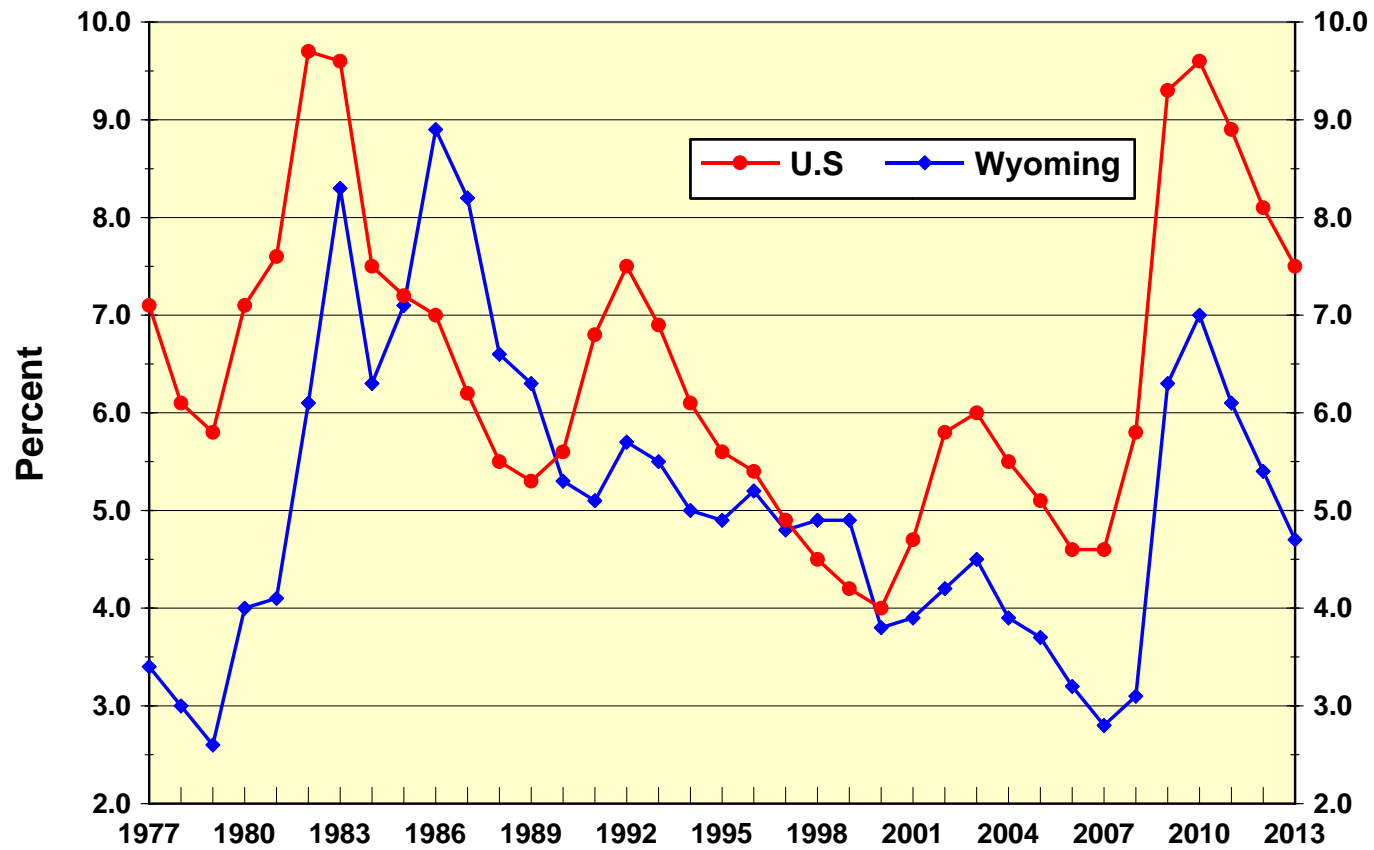


Source: U.S. Bureau of Labor Statistics

Prepared by Wyoming Economic Analysis Division

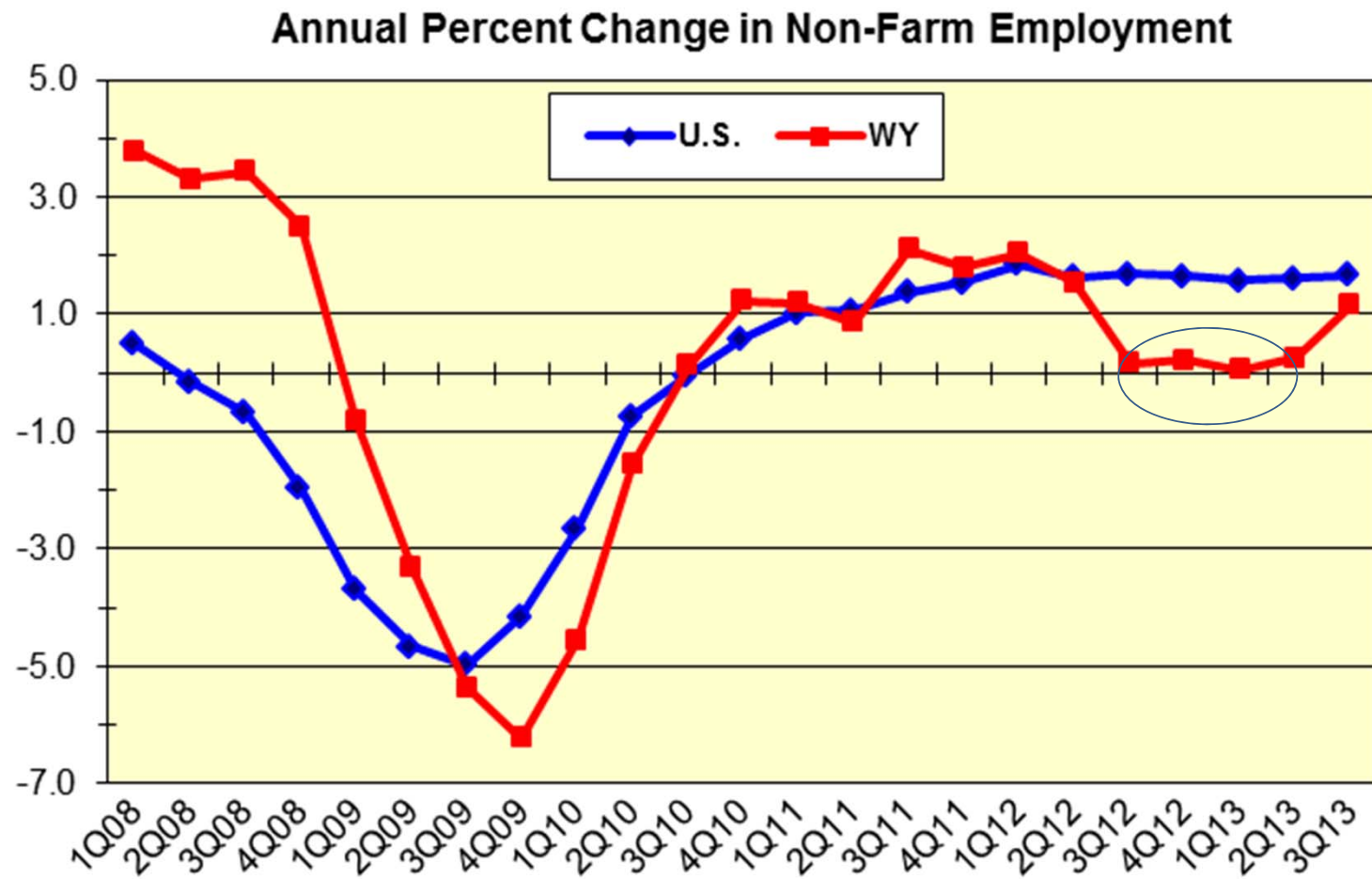
Wyoming and US Unemployment Rates: 1977 - 2013

Annual Average



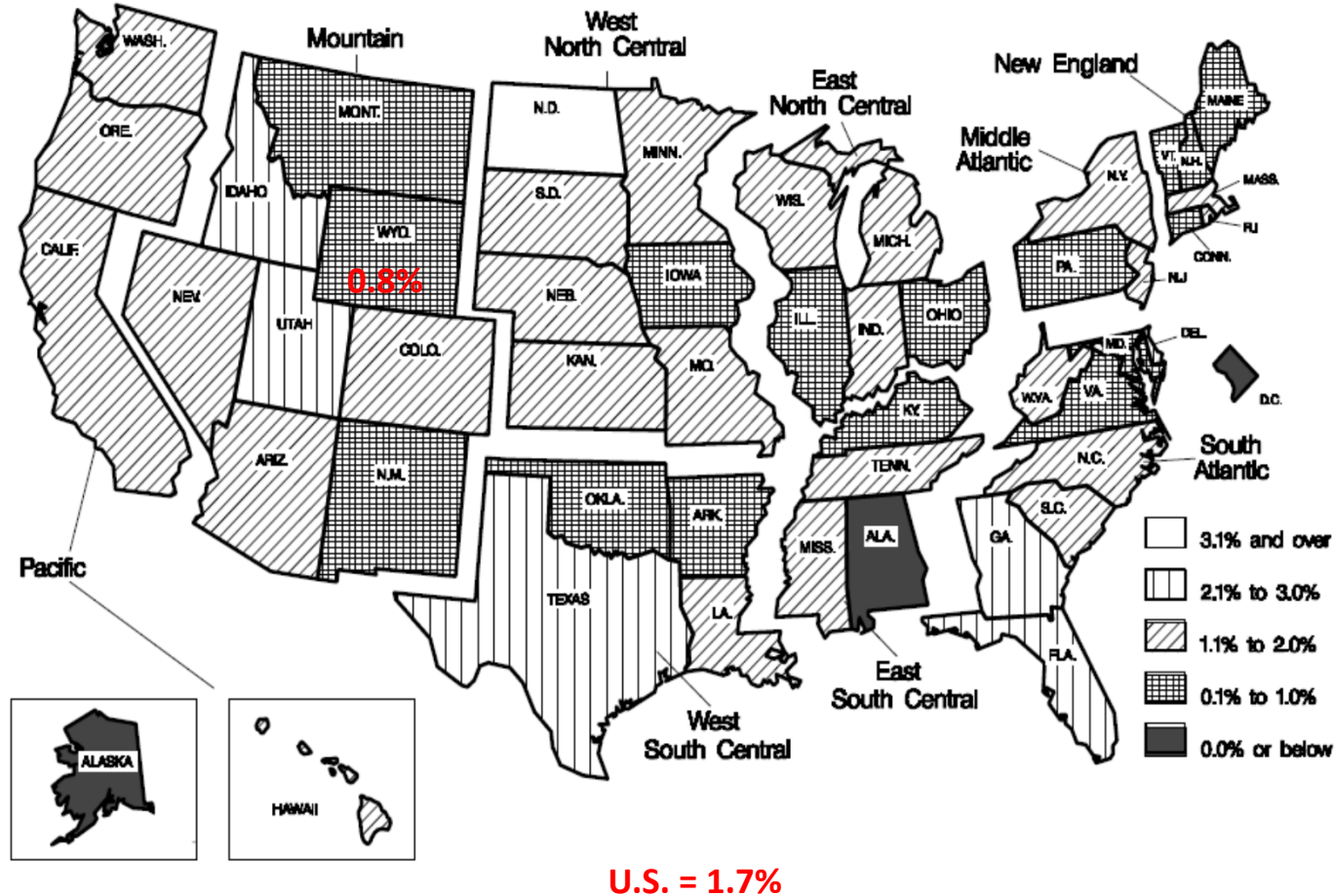
Source: U.S. Bureau of Labor Statistics

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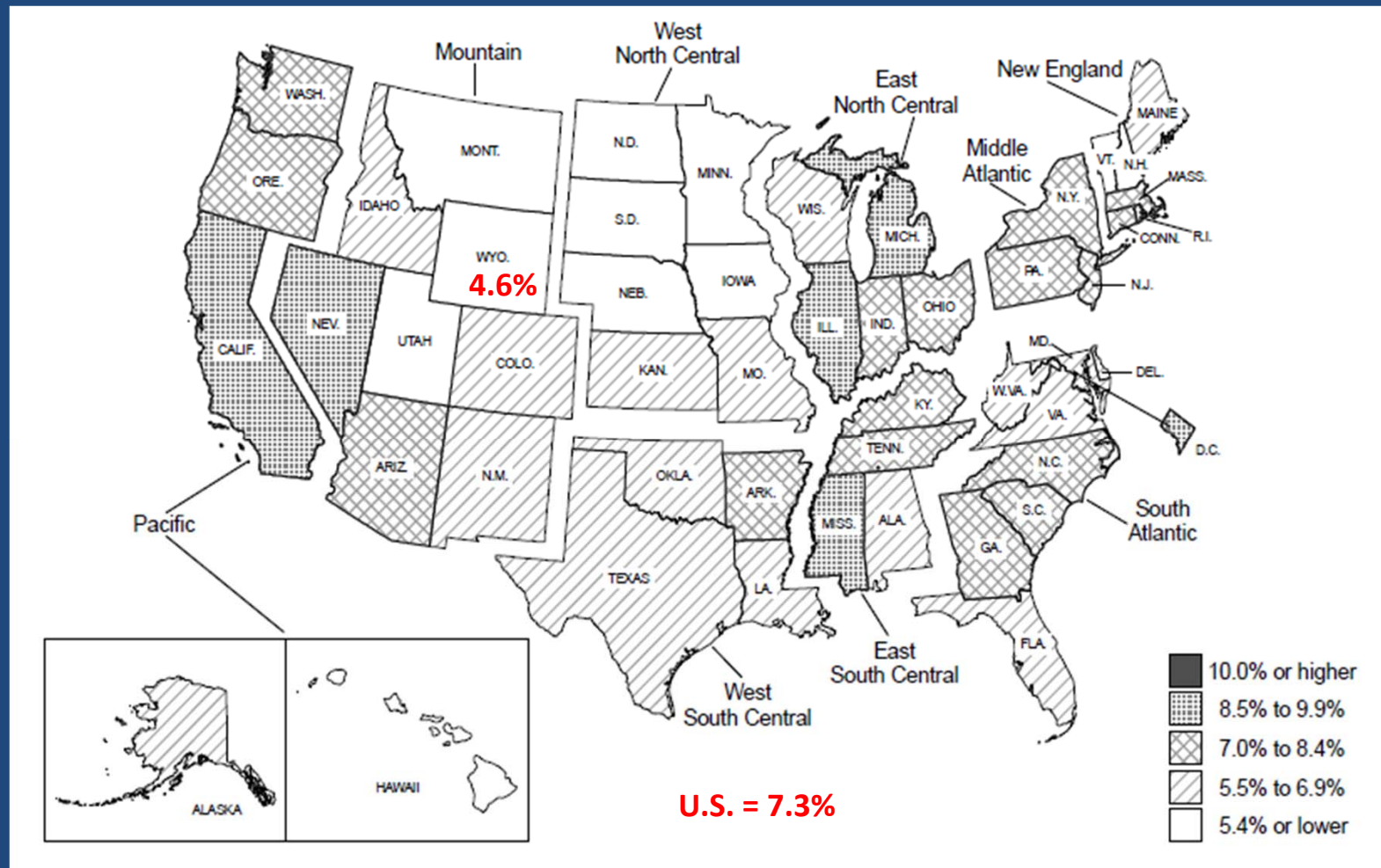
Source: U.S. BLS and Wyoming DWS

Percentage Change in Non-farm Employment by State October 2012 – October 2013



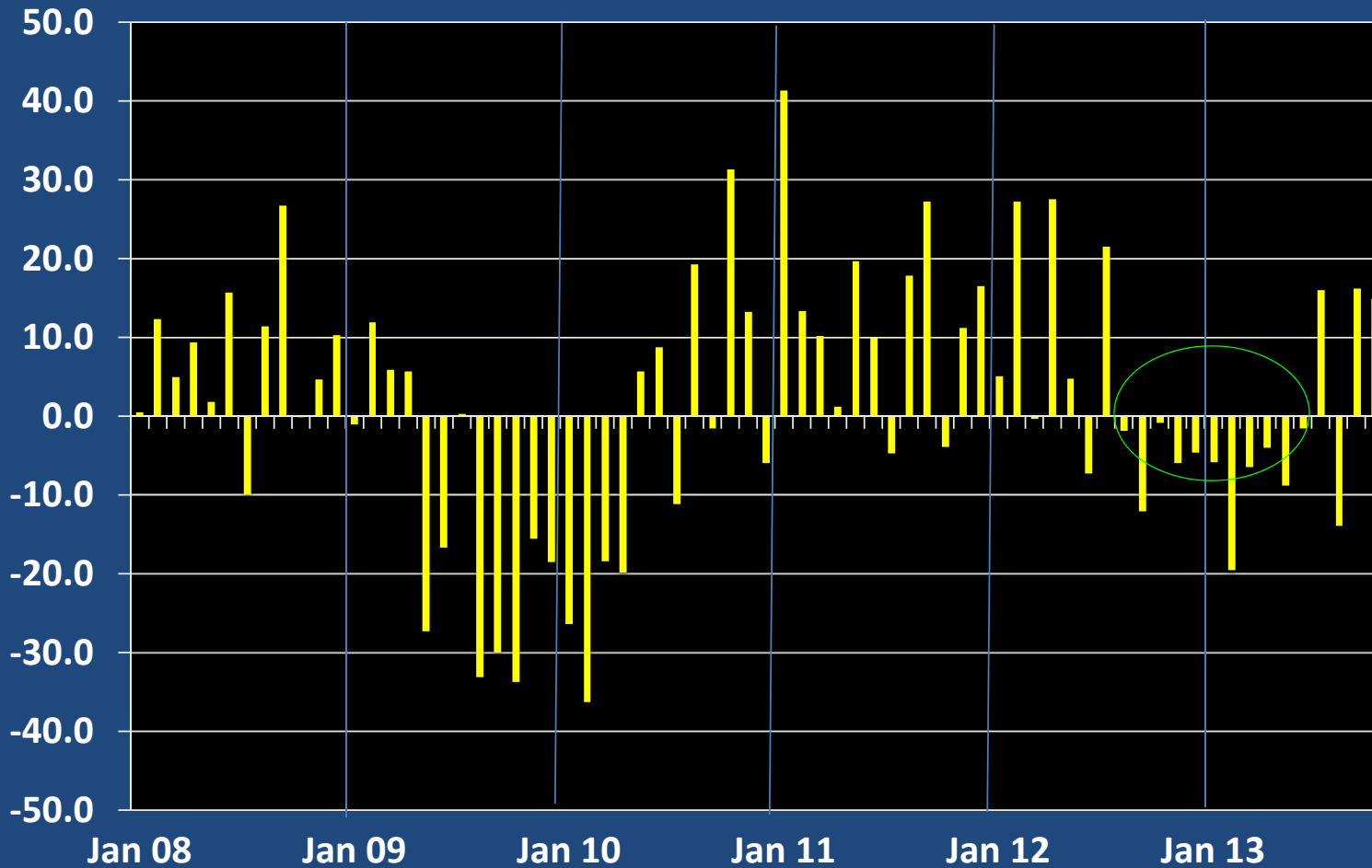
Source: U.S. Bureau of Labor Statistics

Unemployment Rate by State October 2013 (Seasonally Adjusted)



Source: U.S. Bureau of Labor Statistics

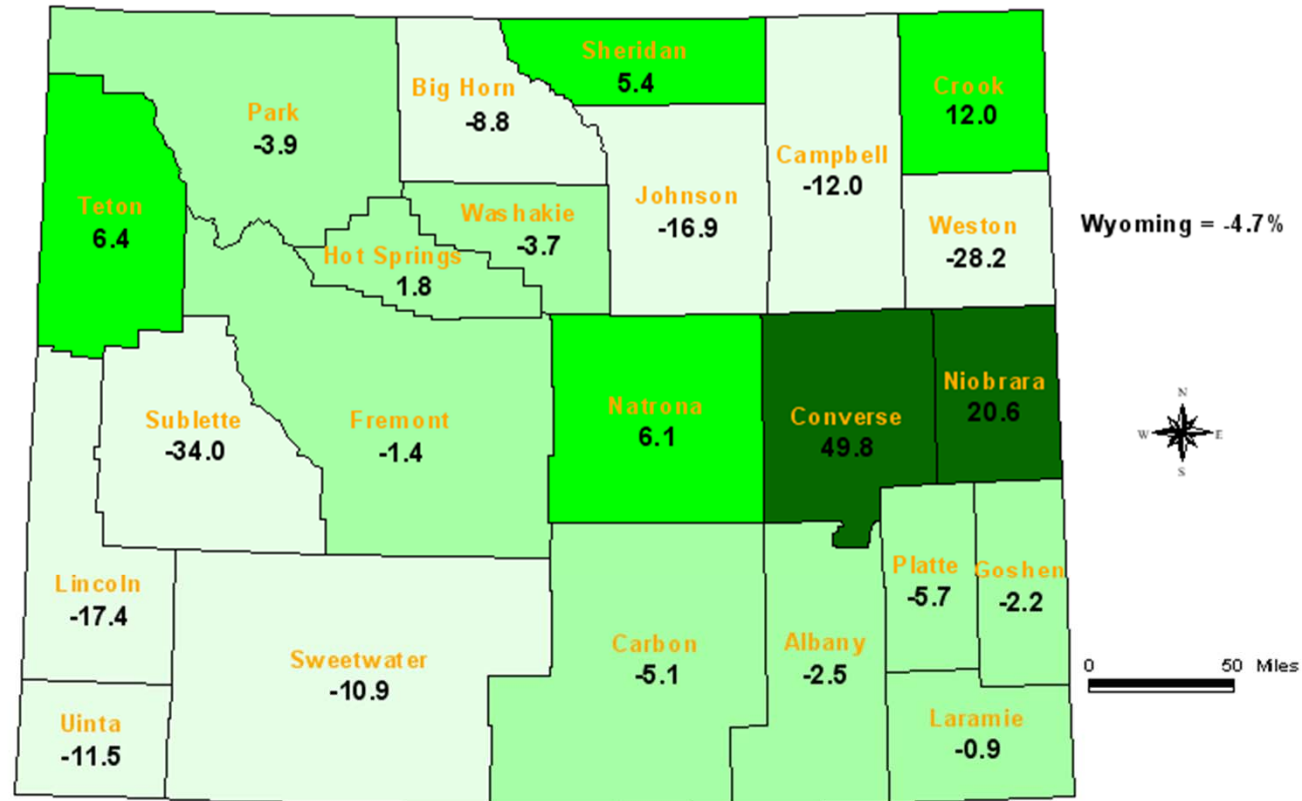
Percent Change in Wyoming's Sales Tax Collections (year over year)



Source: Wyoming Department of Revenue

Percent Change in Sales and Use Tax Collections: FY2012 - FY2013

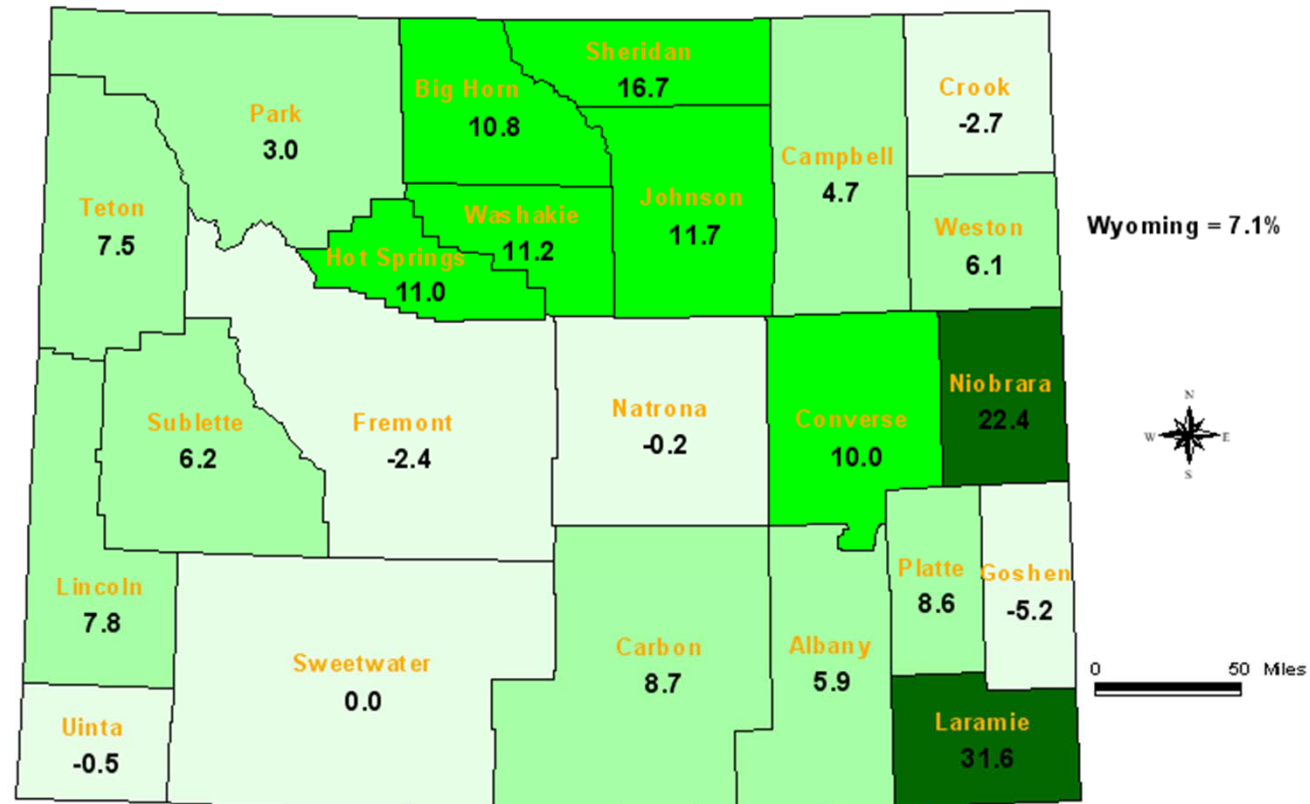
(only state imposed 4% sales tax is included)



Source: Wyoming Department of Revenue

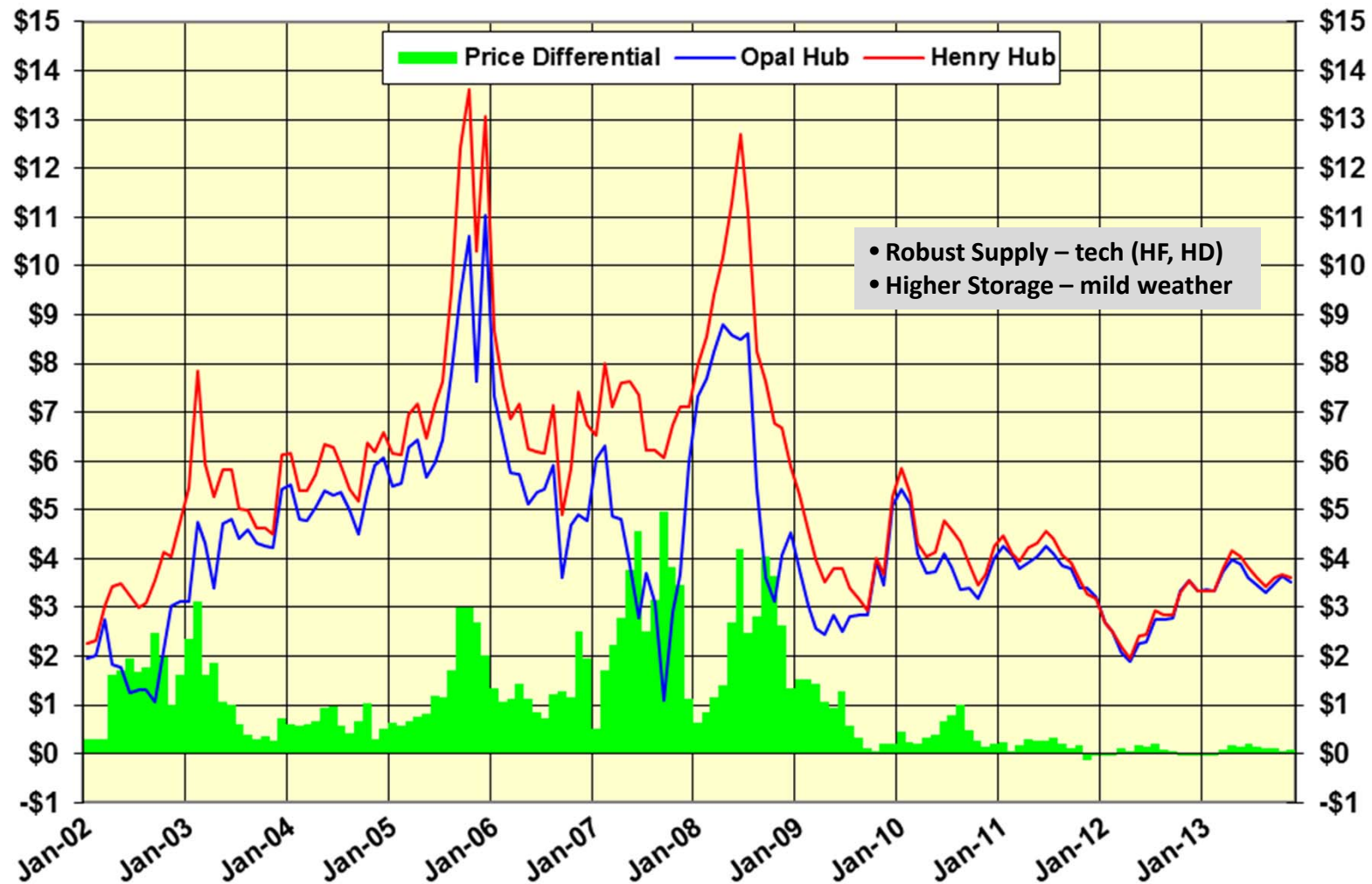
**Percent Change in Sales and Use Tax Collections:
FY2013 YTD - FY2014 YTD (July-Oct)**

(only state imposed 4% sales tax is included)



Source: Wyoming Department of Revenue

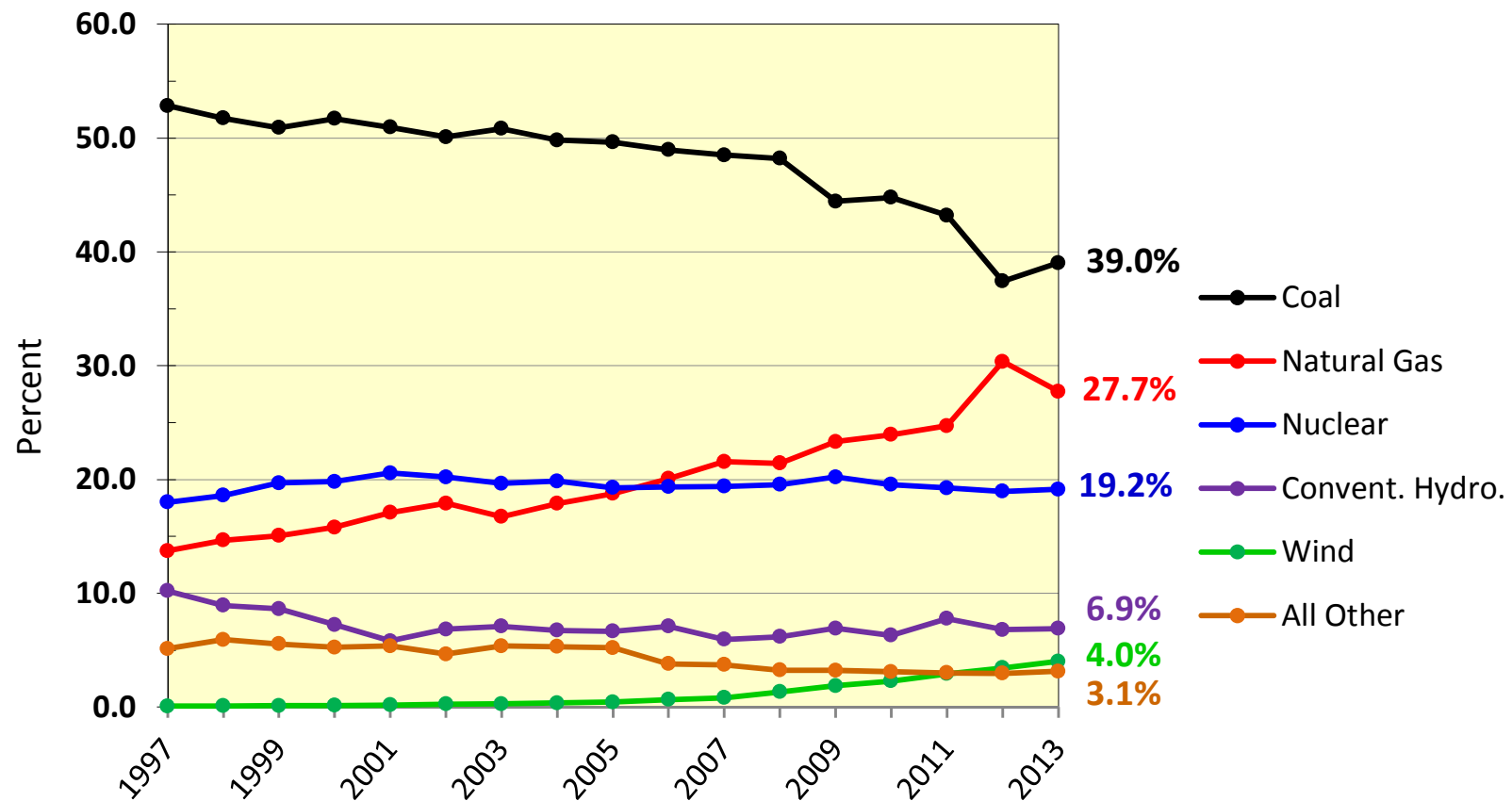
Monthly Natural Gas Spot Prices (\$/mcf): Jan 2002 - Nov 2013



Source: Natural Gas Intelligence

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U.S. Electricity Generation by Energy Source



Note: 2013 includes data from Jan to Sept 2013.

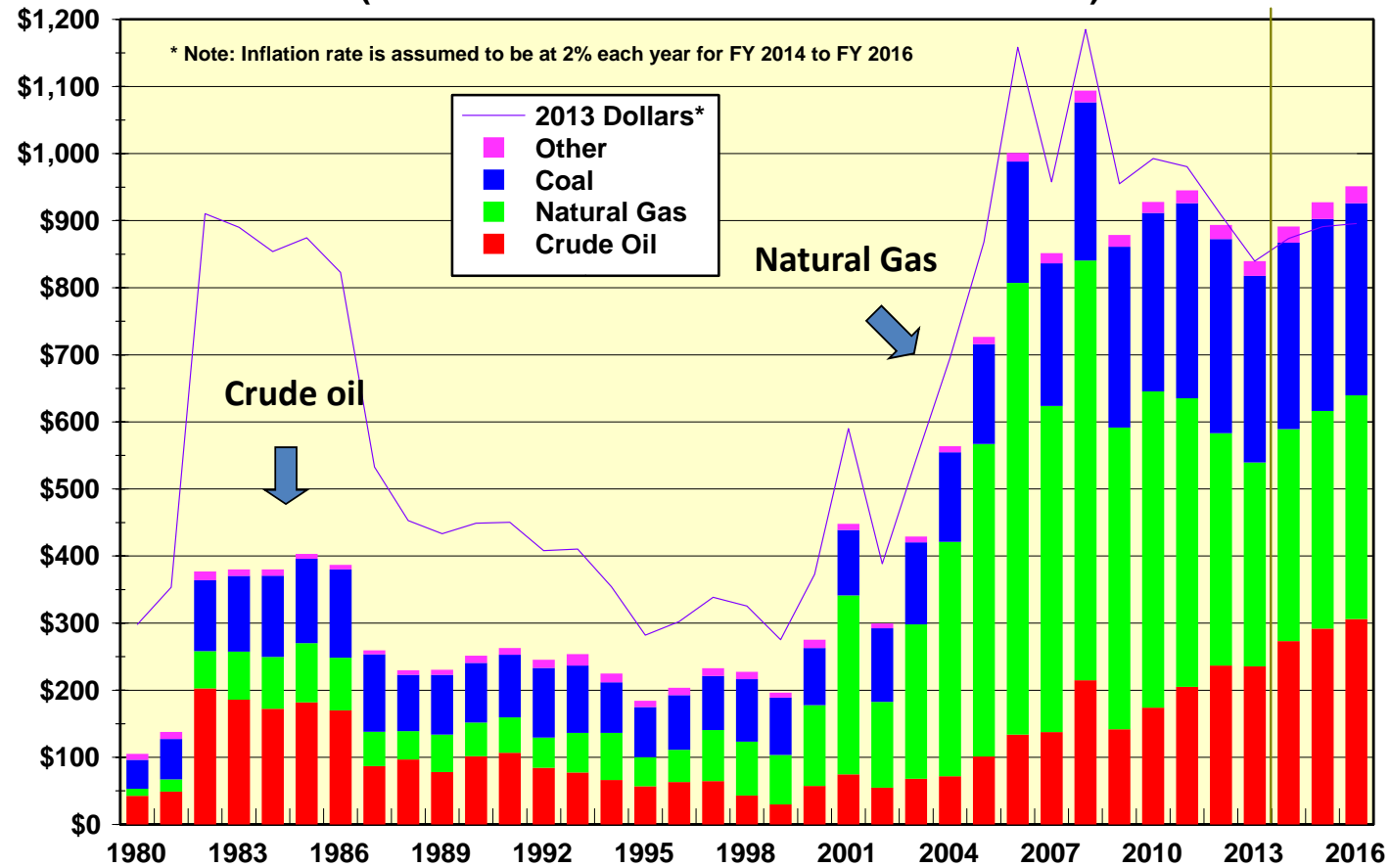
Source: EIA/Electric Power Monthly/1.1 & 1.1A; Prepared by Wyoming Economic Analysis Division

Wyoming Revenue and Tax Facts

- Revenue heavily relies on extractive industries.
 - Mineral income currently makes up about two-thirds of State and over half of Local Government revenue.
 - FY 2013 Mineral income is obtained from:
 - Mineral severance taxes (\$839.8 M).
 - Federal mineral royalties (\$961.6 M).
 - Mineral property taxes (\$845.0 M).
 - Sales and use taxes (\$181.6 M).
 - Income from PWMTF (\$366.6 M).
- No income tax, low property and sales tax rates (food exemption).
- Household tax burden ranks among the lowest in the nation.
- Near top rank in per capita state and local government revenue and expenditures.

Mineral Severance Taxes: FY1980 - FY2016

(in millions of current and constant dollars)

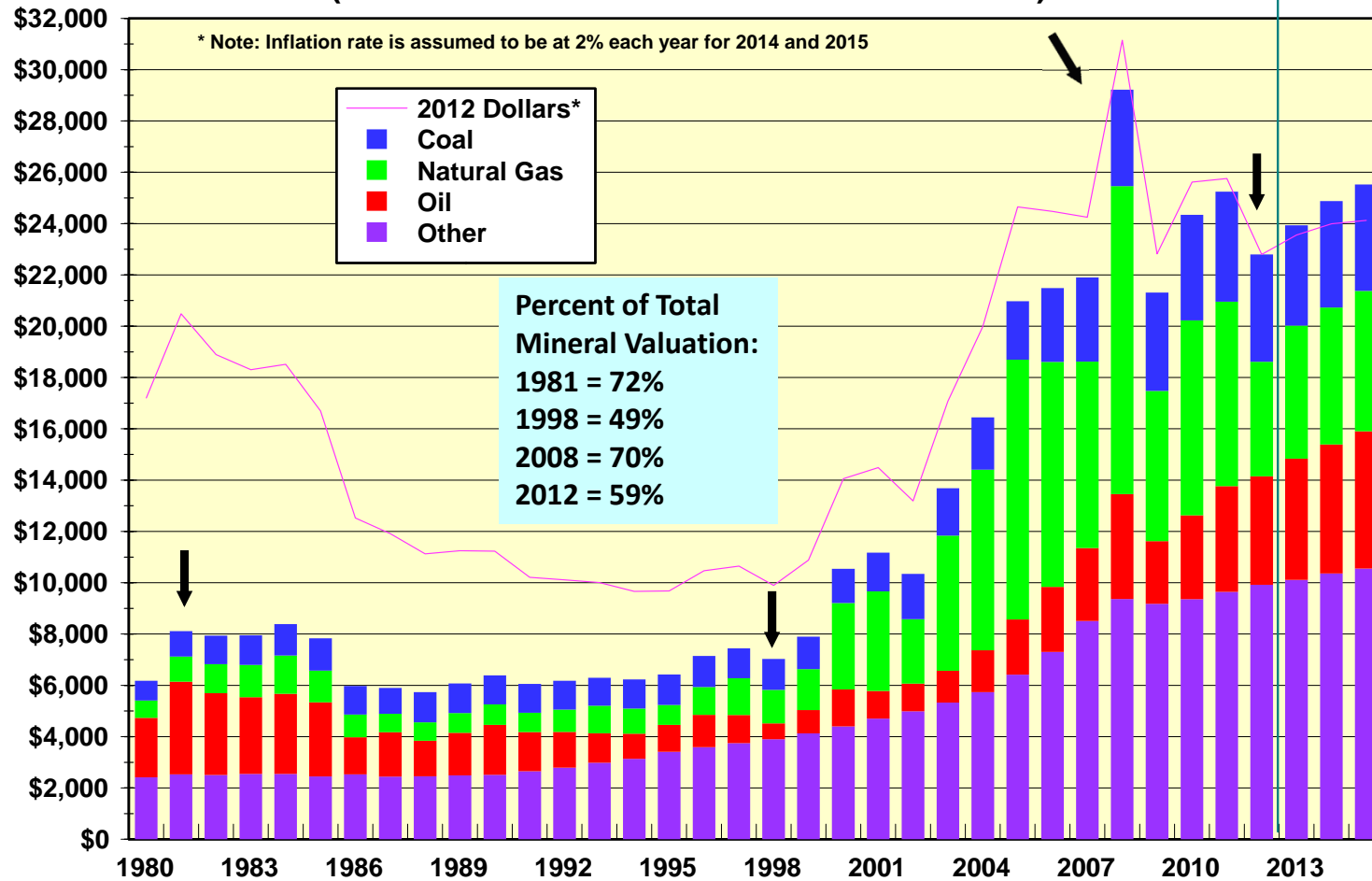


Source: Wyoming CREG

Prepared by Wyoming Economic Analysis Division

Total Locally and State Assessed Valuation: 1980 - 2015

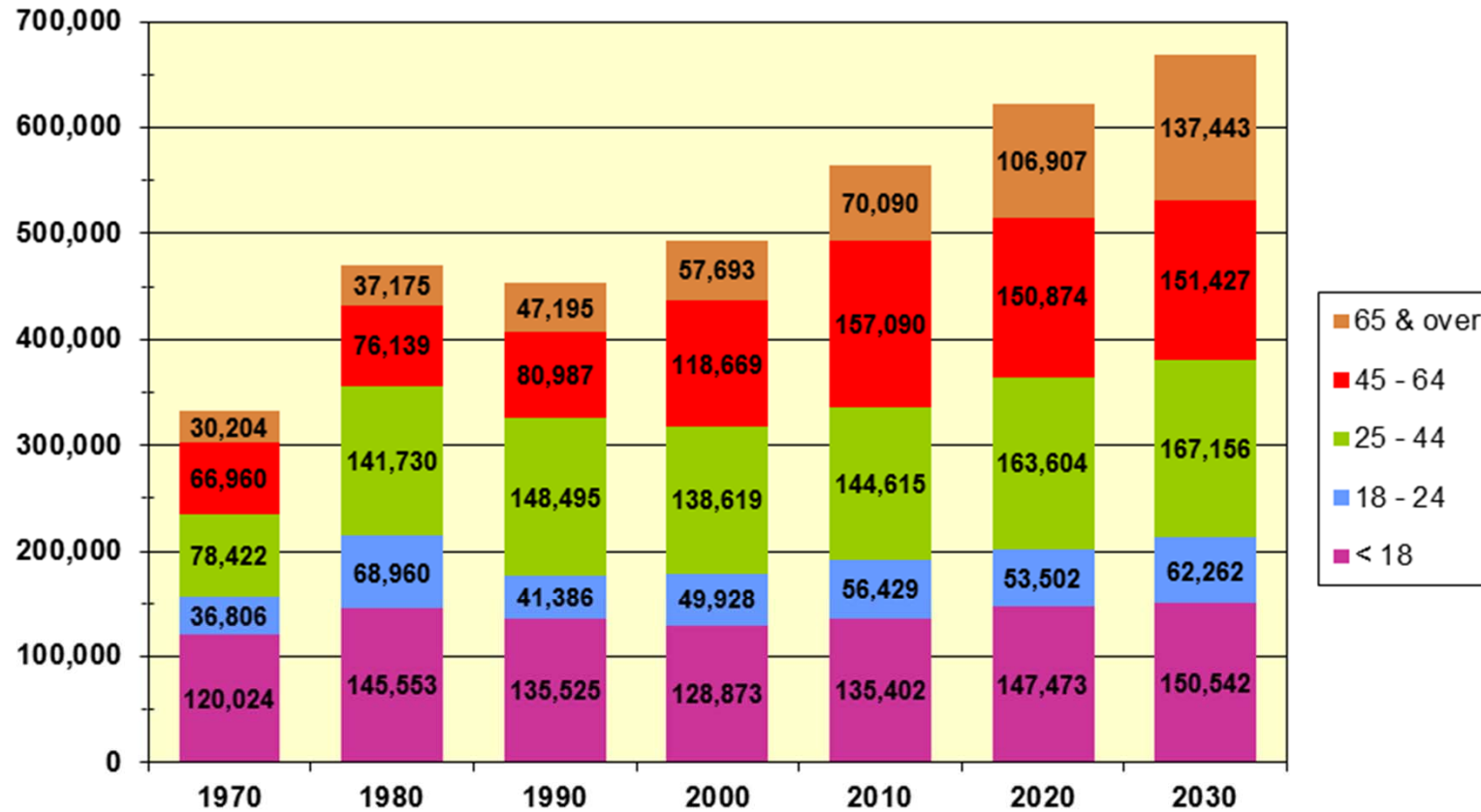
(in millions of current and constant dollars)



* Other includes other minerals, real and personal property

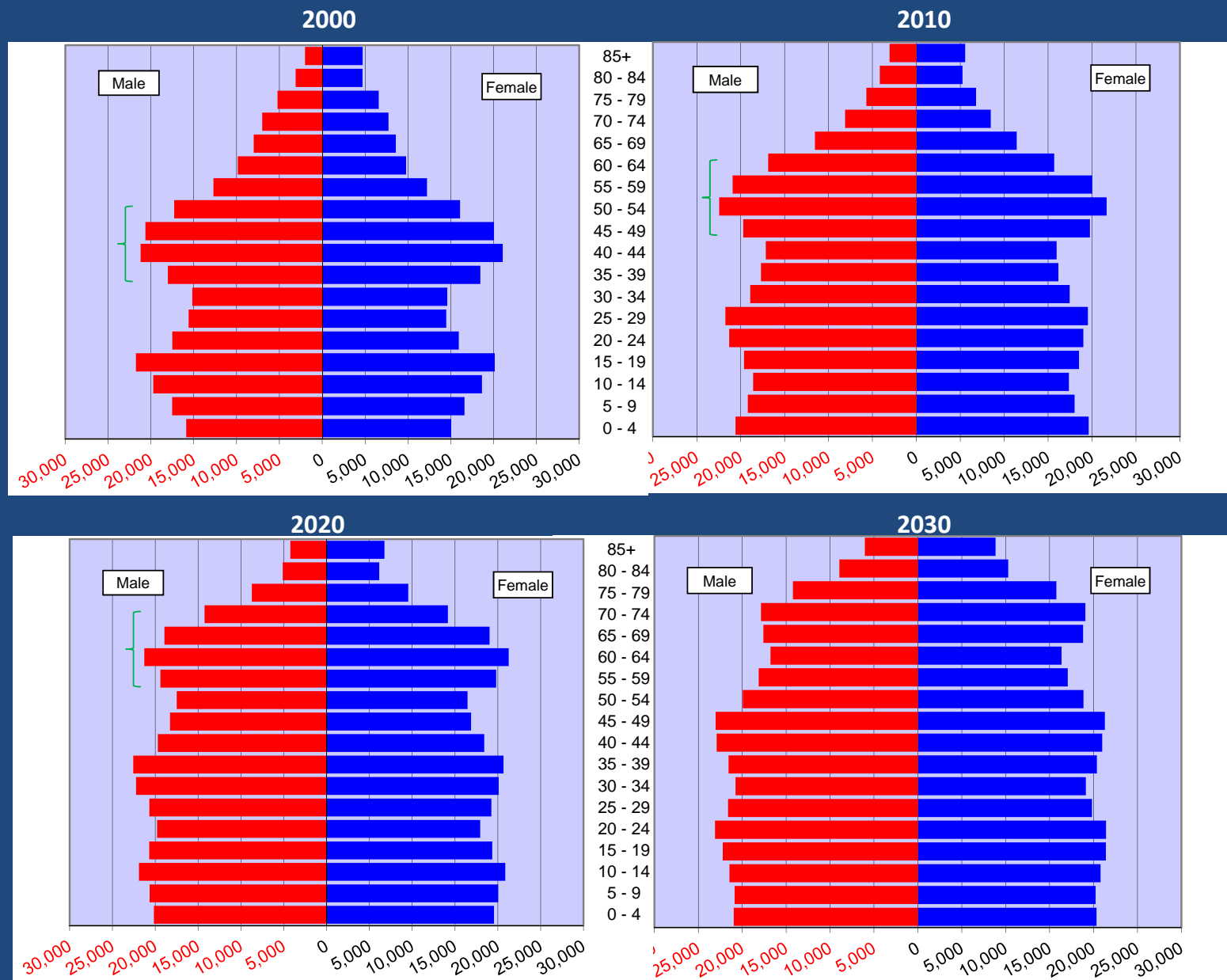
Wyoming Economic Analysis Division

Wyoming Population by Age Group

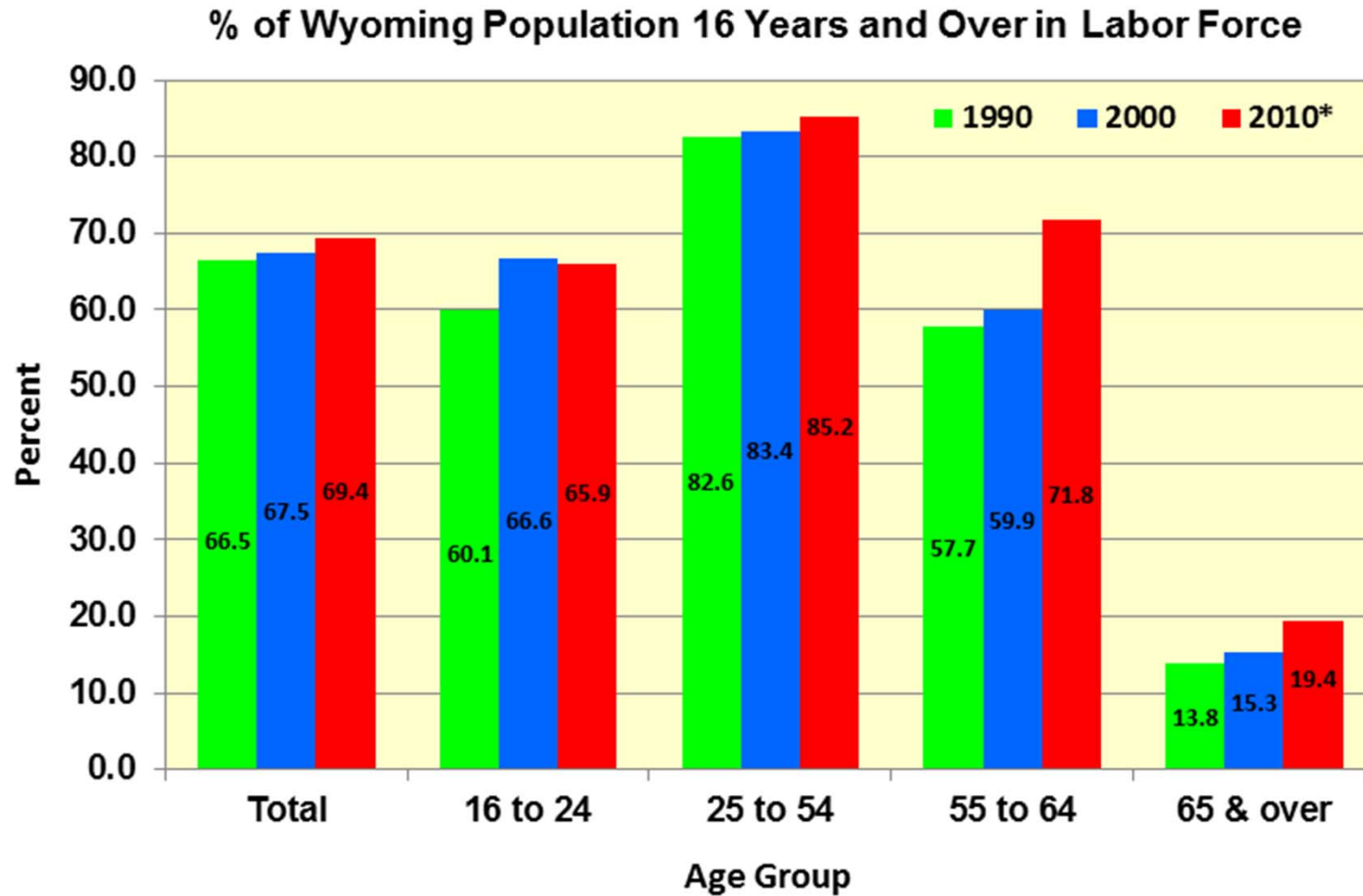


Source: population from 1970 to 2010 was from U.S. Census Bureau's decennial census, population for 2020 and 2030 were projections from Wyoming Economic Analysis Division

Source: U.S. Census Bureau and Wyoming Economic Analysis Division



Source: U.S. Census Bureau and Wyoming Economic Analysis Division



Note: 2010 is from 2009-2011 ACS

Source: U.S. Census Bureau

Wyoming's Positive Outlook

- WY economy has been improving since the summer of 2013 and is expected to continue to grow moderately in 2014 – benefiting from continuing expansion of oil exploration and recovery of NG prices.
 - Because of its large proportion and pivotal role in WY's economy, the improvement in mining industry will trigger into other economic sections.
 - As a energy extraction dependent economy, WY will benefit from continuing global commodity demand and U.S.' stronger economy in 2014.
 - Residential construction continues to grow.
 - Tourism industry will benefit from EU recovery and continued U.S. recovery because they bolster tourists' spending ability.
 - Population grow around 1.0%, and employment will grow over 1.0%; unemployment rate below 4.5% in 2014.
- Potential Projects: Chokecherry and Sierra Madre; Moneta Divide; Transmission lines (Gateway West, TransWest Express).
 - Concern: upcoming regulation on existing coal fueled power plants.

THANK YOU!

Economic Analysis Division – **EAD**

“Wyoming’s Source for Business and Economic Information”

<http://eativ.state.wy.us>

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