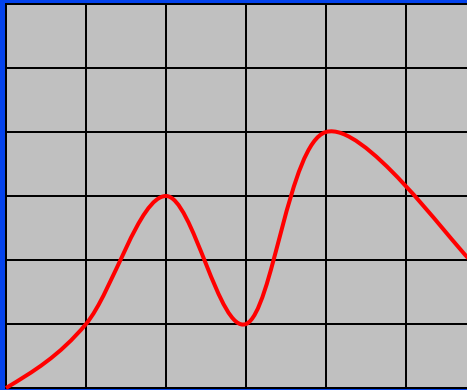


WYOMING ECONOMIC OUTLOOK



**Wyoming Credit Union
League
September 8, 2006**



Buck McVeigh, Administrator

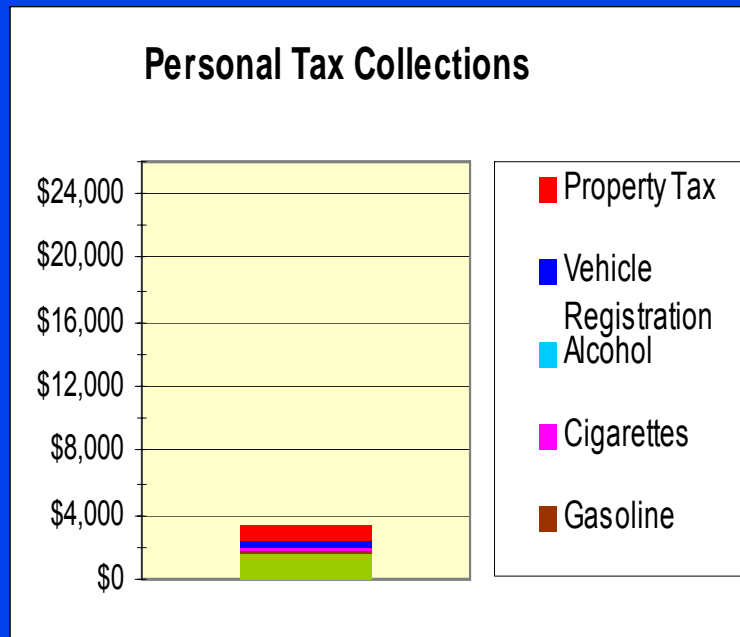
Wyoming Tax Facts

- **Tax structure reliant on extractive industries.**
 - **Income inelastic** (mineral tax collections unrelated to state income changes).
- **No income tax, low property taxes.**
- **Near top rank in per capita state and local government revenue and expenditures.**
- **Lowest household tax burden in the nation.**
 - **Mineral portion is exported out of state.**

Direct Tax Collections and Public Service Costs: 2005

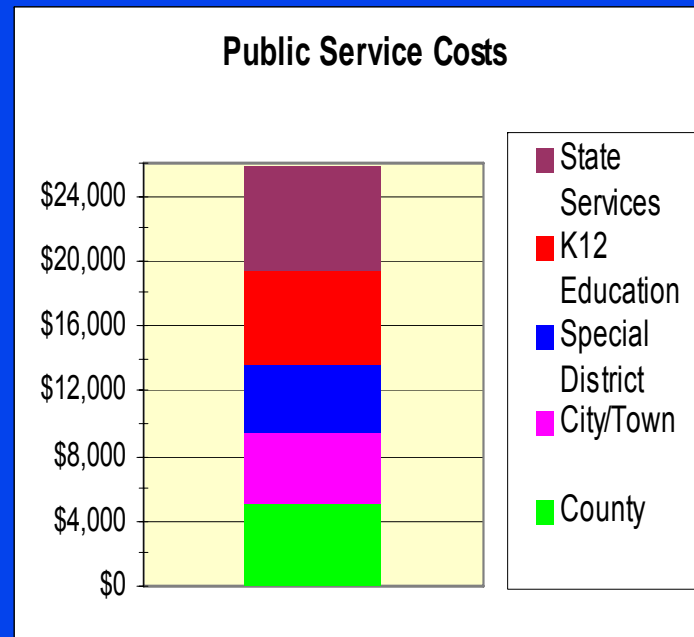
For a 4-person family with income of \$50,000 and own home valuing \$140,000

Personal Tax Collections



Retail Sales	\$1,620
Gasoline	\$160
Cigarettes	\$120
Alcohol	\$10
Vehicle Registration	\$500
Property Tax	\$1,000
TOTAL:	\$3,410

Public Service Costs



County	\$5,090
City/Town	\$4,360
Special District	\$4,100
K12 Education	\$5,850
State Services	\$6,360
TOTAL:	\$25,760

How long will it last?

RY CHRISTMAS — AND HAPPY RESOLUTIONS

Only to get your loved ones off the couch and on the door

C1

CASPER Star Tribune

Tuesday, December 13, 2005 • WYOMING'S STATEWIDE NEWSPAPER • www.casperstartribune.net



And the boom goes on...

Outlook

Oil forecast for 2006 is 10 percent higher than what it was last year.

Oil prices in constant dollars

Oil prices in constant dollars

Oil prices in constant dollars

Oil prices in constant dollars

Oil prices in constant dollars

Oil prices in constant dollars

Oil prices in constant dollars

Oil prices in constant dollars

Prediction: Oil prices at or above \$50 a barrel for years

From staff and wire reports

Wyoming's energy boom is likely to continue, with oil prices persisting near or above \$50 a barrel for years, the government said Monday.

The analysis reflected a sig-

nificant change from the Energy Department's projections a year ago when it predicted oil prices in constant dollars — not counting normal inflation — would retreat in the long term and settle at about \$31 a barrel by 2025.

Natural gas prices, meanwhile, aren't expected to stay at the extremely high levels of recent weeks. The forecast said they would retreat from the recent spikes — to more than \$4 per thousand cubic feet — and settle at under \$5 in the long term as demand weakens, es-

pecially for electricity production. That's still nearly twice the price of \$2.50 per thousand cubic feet seen in the late 1990s.

The government also predicted Monday that coal would remain the primary fuel for producing electricity through 2030. Wyoming is the nation's leading coal producer, and coal prices in recent months have reached some of their highest levels in years.

Wyoming's tight energy market has flooded govern-

ment coffers with the spoils of mineral severance tax and royalty revenues. As the nation's leading energy export state, Wyoming is enjoying low unemployment and one of the biggest budget surpluses in the nation.

Businesses and individuals outside Wyoming's energy industry feel the same pinch as others across the nation. However, the energy boom presents a different set of challenges here.

"Our main challenge in Wyoming now is work force development," said Ron Pas-

co, president of First Interstate Bank in Casper. "We need to attract workers to Wyoming because there is a big shortage. It's extremely challenging right now for everybody in the business sector in Wyoming."

Energy companies are desperately seeking to fill positions to keep up with a steady increase in natural gas and coal production.

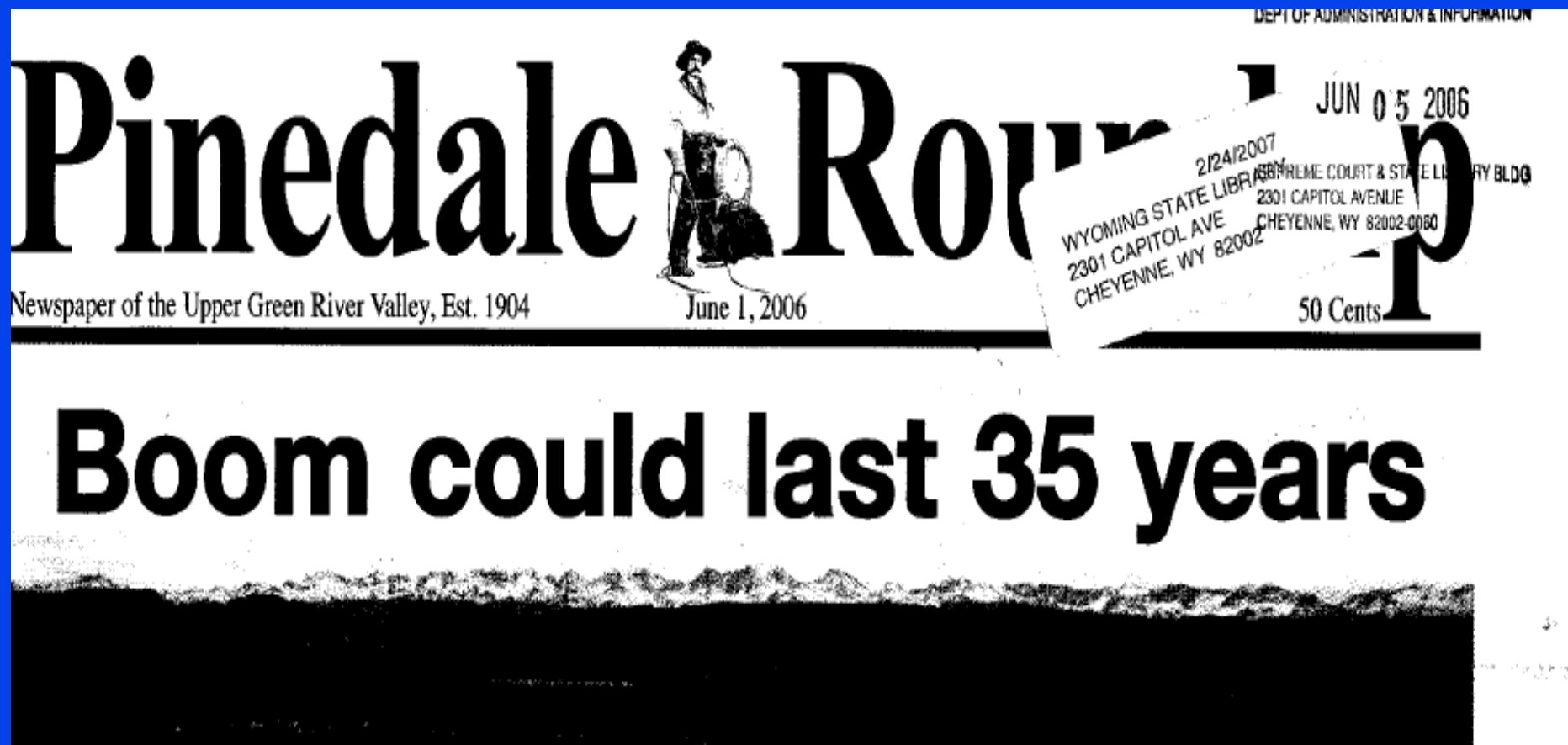
Continuing high fuel prices also threaten Wyomingites who are on fixed incomes. Last

Please see **BOOM**, A13

Tough

Tears of joy

Believe it or not.



Believe it or not.

THE WEST

Wednesday, June 21, 2006

Autopsy doesn't show how beheaded woman died

BOISE, Idaho (AP) — An autopsy performed on a woman authorities allege was beheaded by her estranged husband did not reveal when or how she died, Canyon County Coroner Vicki DeGeus-Morris said.

DeGeus-Morris told The Idaho Statesman that investigators

his pickup truck into another vehicle, killing a mother and her daughter. Samantha Murphy, 36, and Jaelynne Grimes, 4, died in the Thursday crash.

Theresa Time's head, which was being carried in the truck, was found about 30 feet away where it landed after the crash.

“This is not your father’s boom”

- **Demand driven (long-term) vs. supply driven (short-term).**
- **Global demand for energy increasing while supply is dwindling. Result = new price threshold.**
- **Higher prices foster more exploration & development.**
- **Rockies are natural gas production alley.**
 - **Wyoming: 2nd in U.S. natural gas reserves: 200 tcf; 3rd in production: 2 tcf**

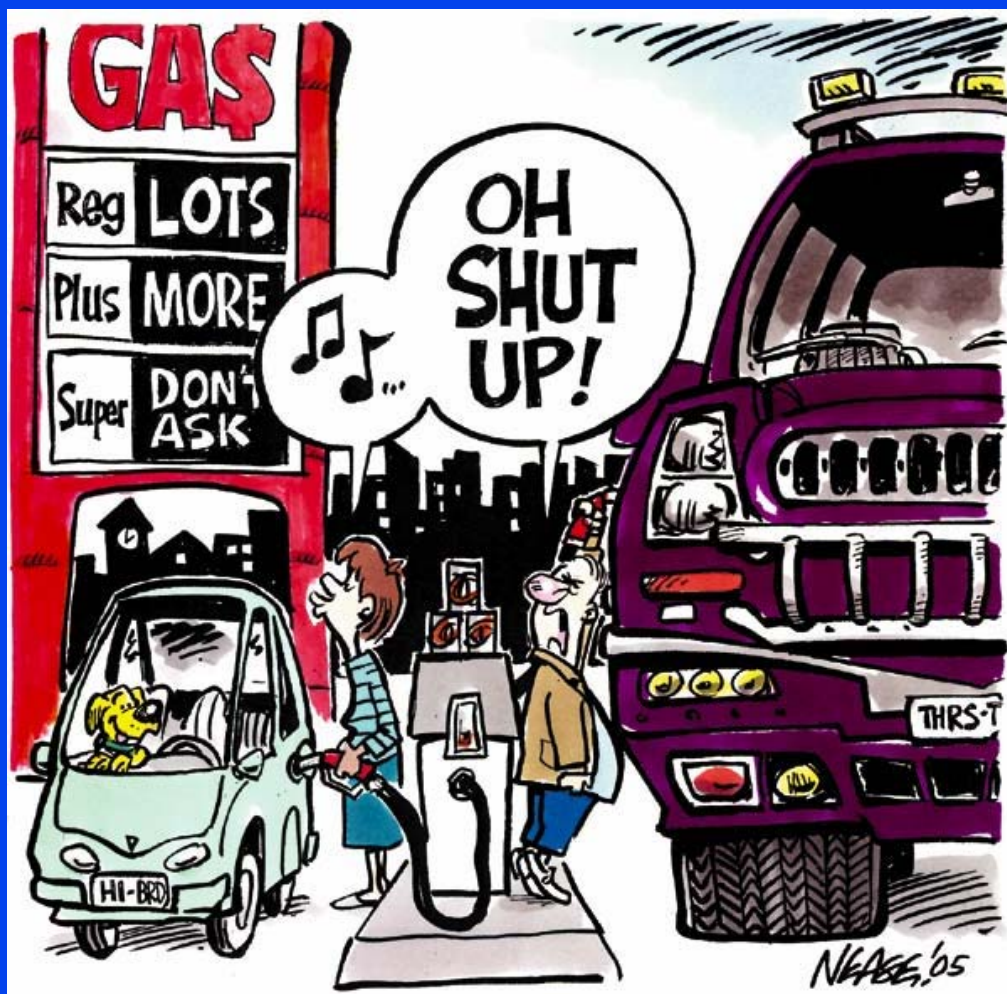
Current Economic Conditions

- **Net population in-migration last 4 years.**
- **Employment: July 2005 vs. July 2006**
 - 10,100 (3.7%) total; 2,700 (11.6%) Mining.
- **3.0% unemployment; U.S. at 4.8%.**
- **Year-over-year income growth continues in 2005.**
 - TPI increased 8.0%; ranked 4th in U.S.
 - PCI increased 7.3% (1st in U.S.) to \$36,778.
- **Consumer spending continues to climb.**
 - Retail sales taxes up 13.5% from year ago.
- **State revenue outpacing forecast levels.**
- **Gross State Product soars in 2004.**
 - GSP up 7.6% to \$24 billion; ranked 12th in U.S. (6.7%).

Current Economic Conditions

- **Downside**: Influx of workers stress communities.
 - Traffic, domestic violence, drug use, 911 emergency services.
 - Housing availability/ affordability.
 - Lodging shortage – accommodations for travelers short supply.
- **Population: slow growth.**
 - Transient versus permanent population.
- **Workforce shortage.**
- **Uneven growth: energy boom is spreading wealth unevenly across state.**
- **Low industrial diversification.**
- **Wyoming 4Q05 inflation hits 5%; U.S. at 3.4% .**

High Oil/Gasoline Prices Act Like a Tax on Consumers



**10,100 miles
per capita/year
in U. S.**

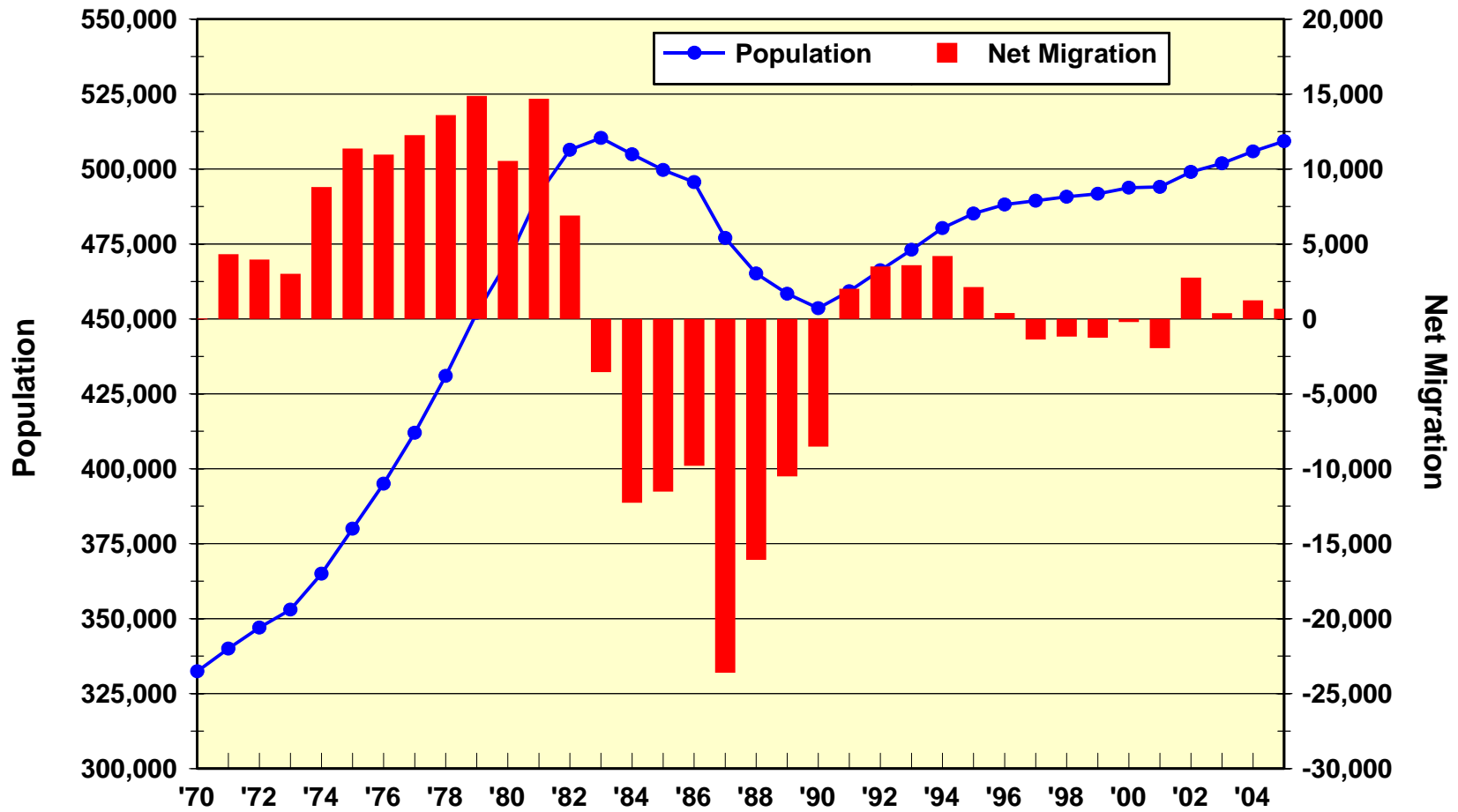
**18,300 miles
per capita/year
in Wyoming**

Drivin' in Wyomin' ain't cheap!

At \$3.00 per gallon prices:
\$2,064 per capita (per year)
\$5,160 per household (per year)



Wyoming Population and Net Migration: 1970 to 2005

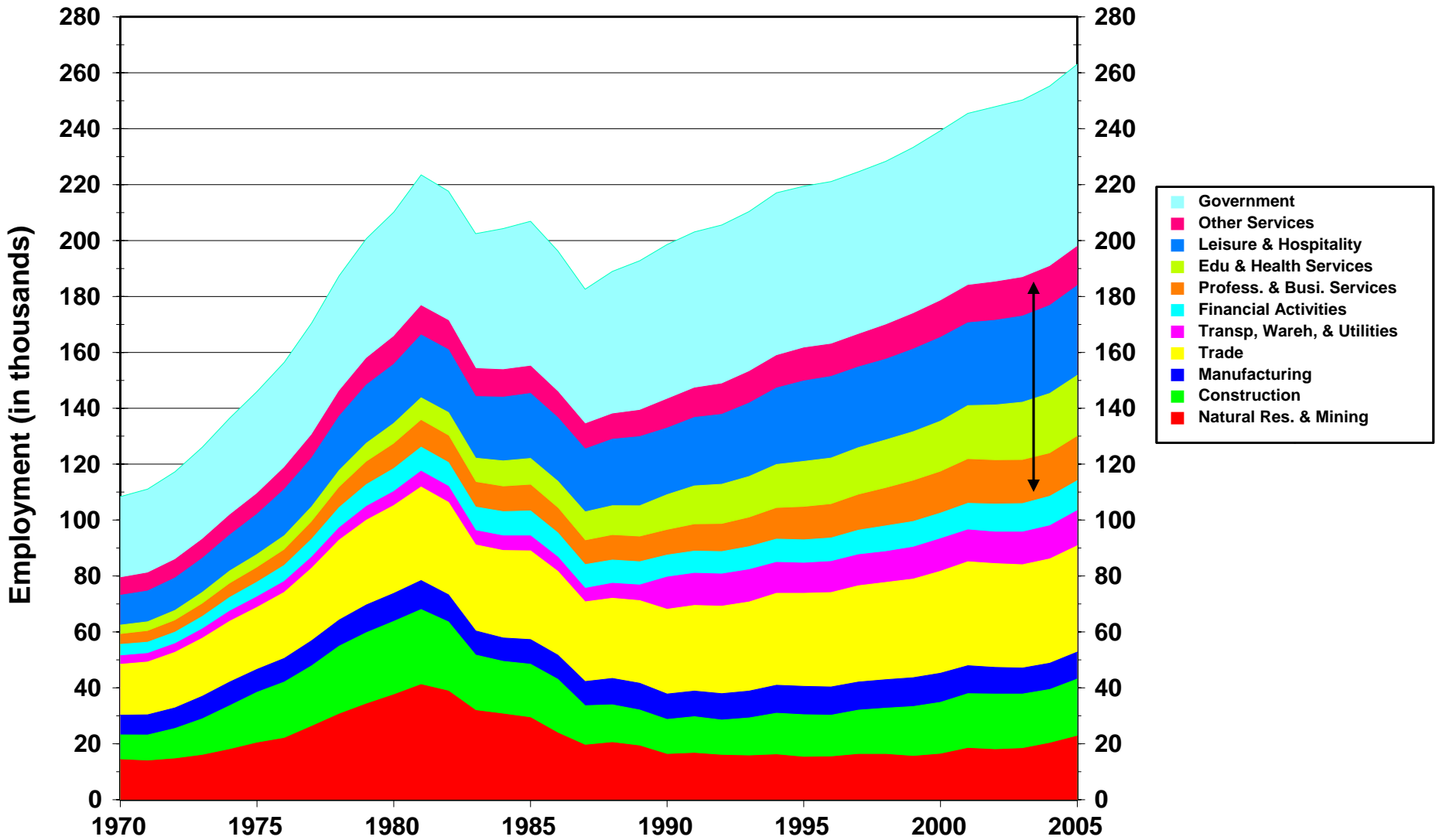


Net Migration = Immigration - Outmigration

Source: U.S. Census Bureau

Prepared by Wyoming Economic Analysis Division

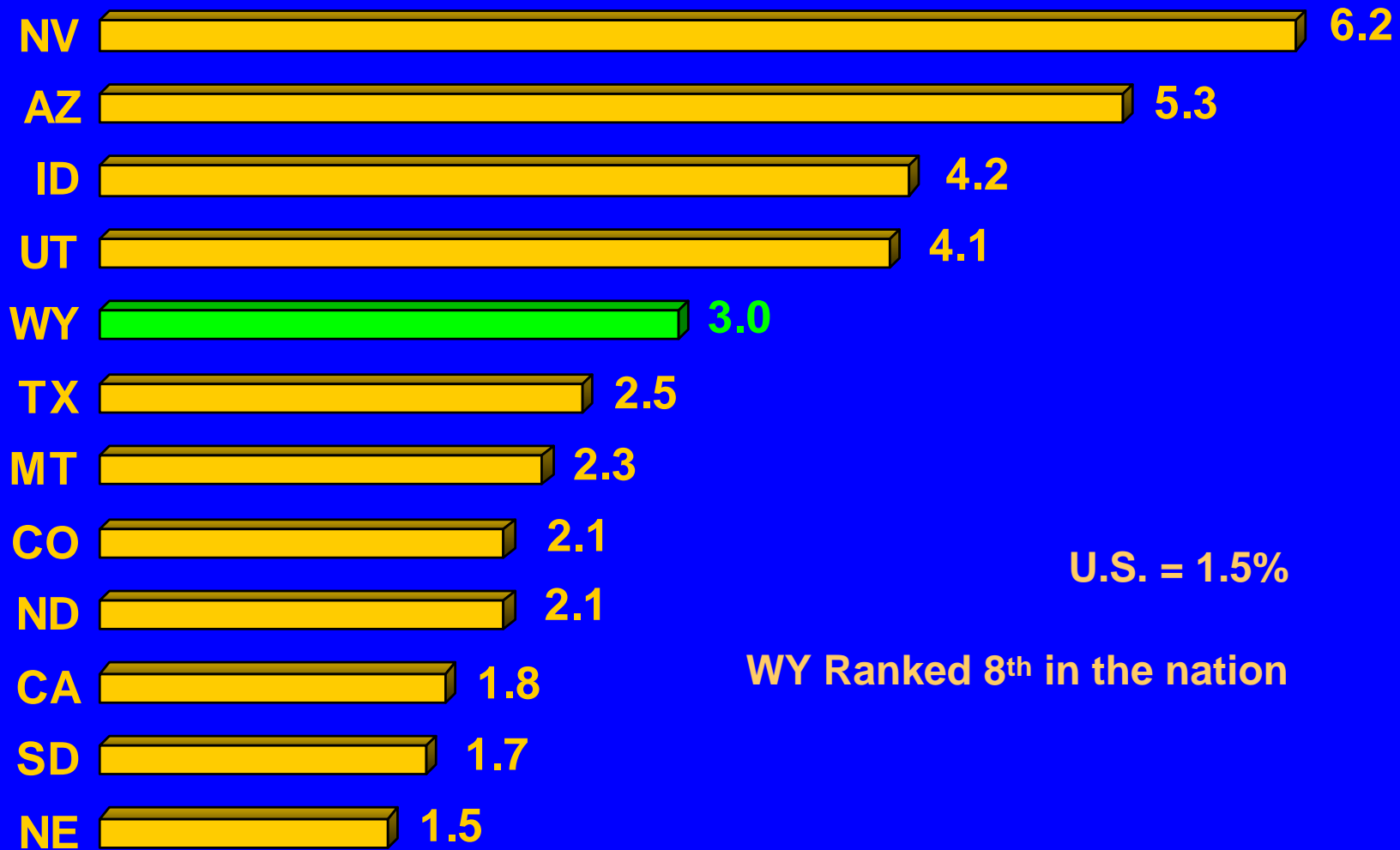
Non-Farm Employment by Industry (NAICS) for Wyoming 1970 to 2005



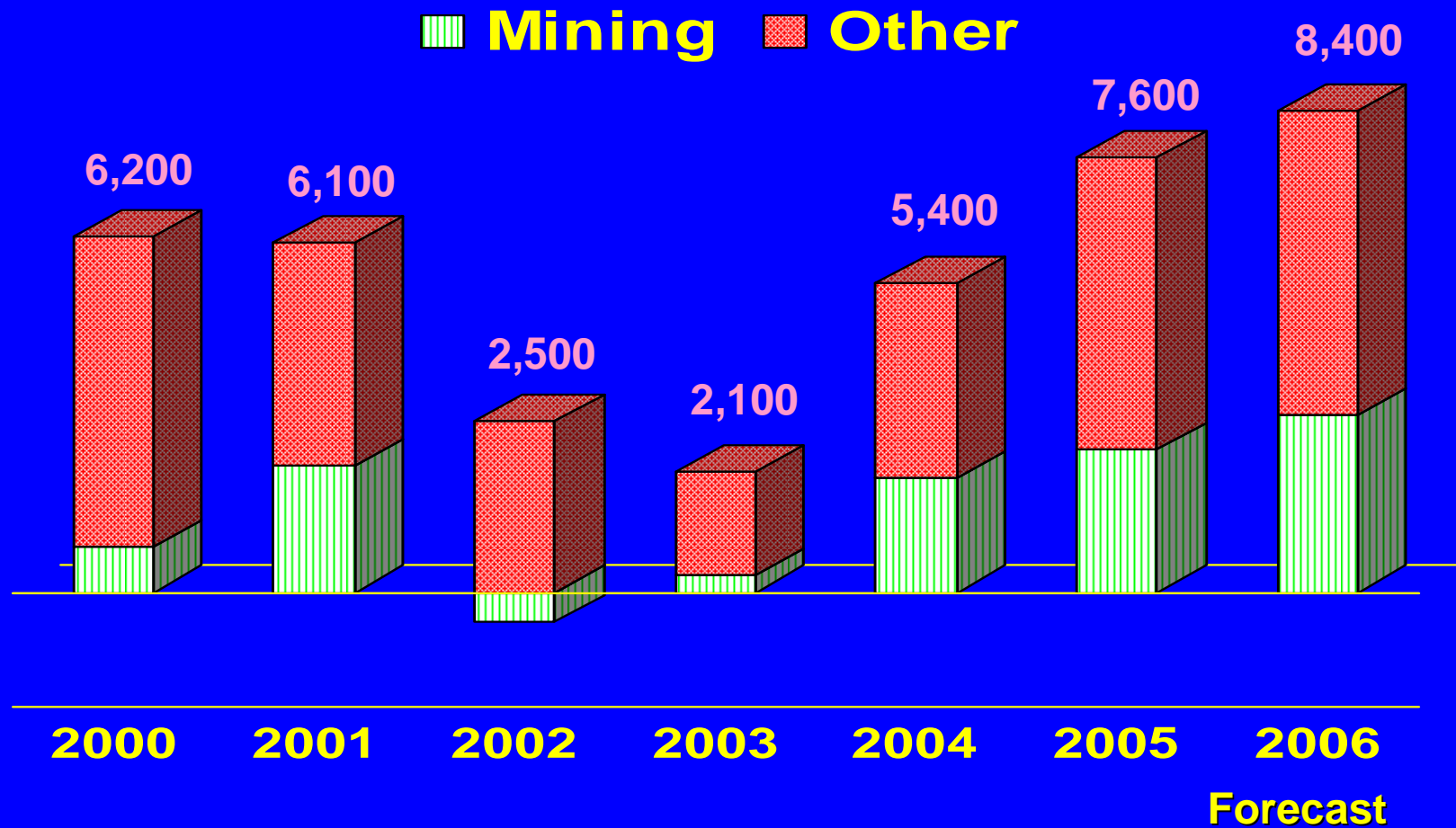
Source: U.S. Bureau of Labor Statistics, Economy.Com, and Wyoming Economic Analysis Division

Selected States Job Growth: 2005

Percent Change

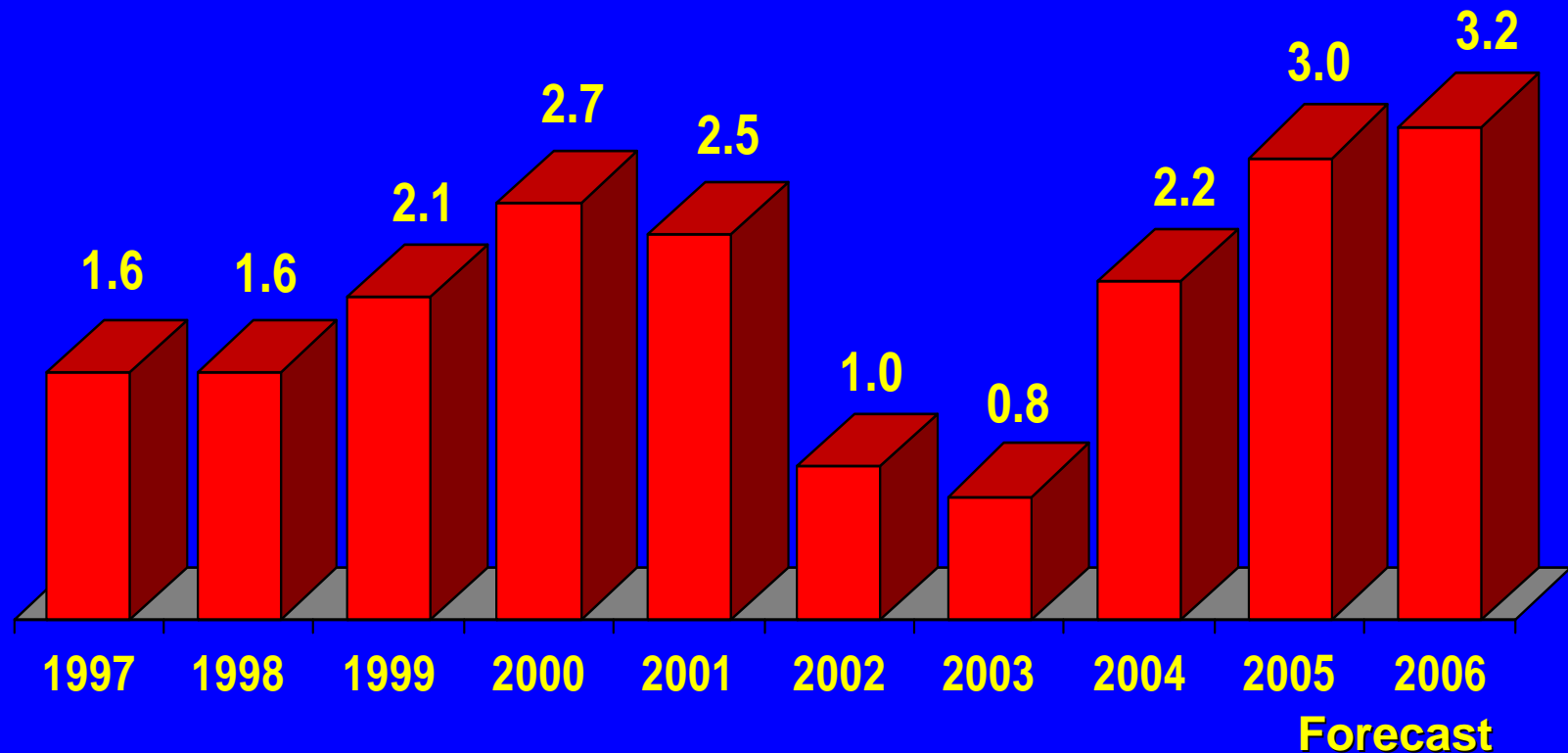


Wyoming Job Growth Outlook: 8,400 New Jobs in 2006

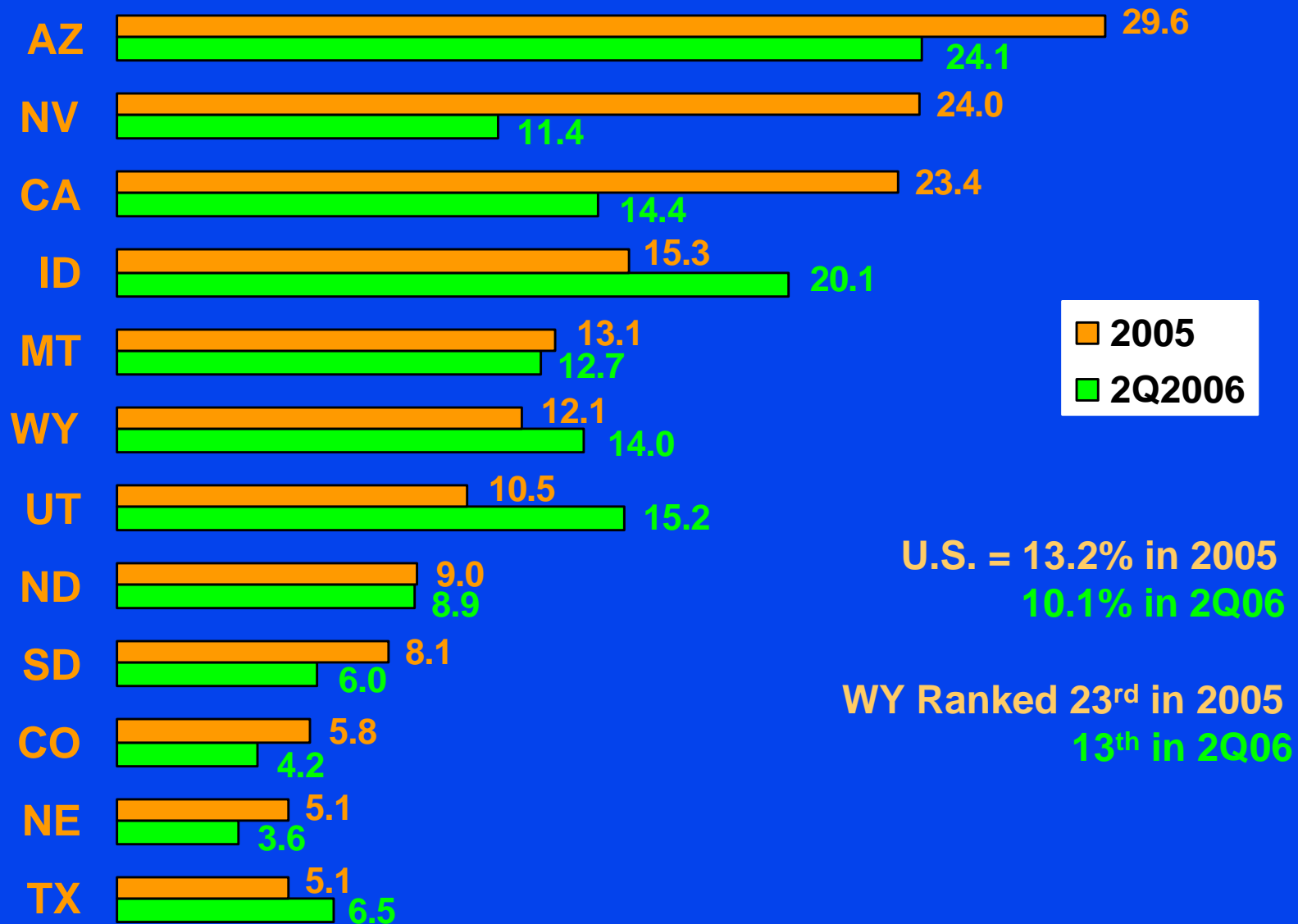


Wyoming Job Growth Outlook: Best Gains Since 1994

Annual Percent Growth In Non-Farm Employment

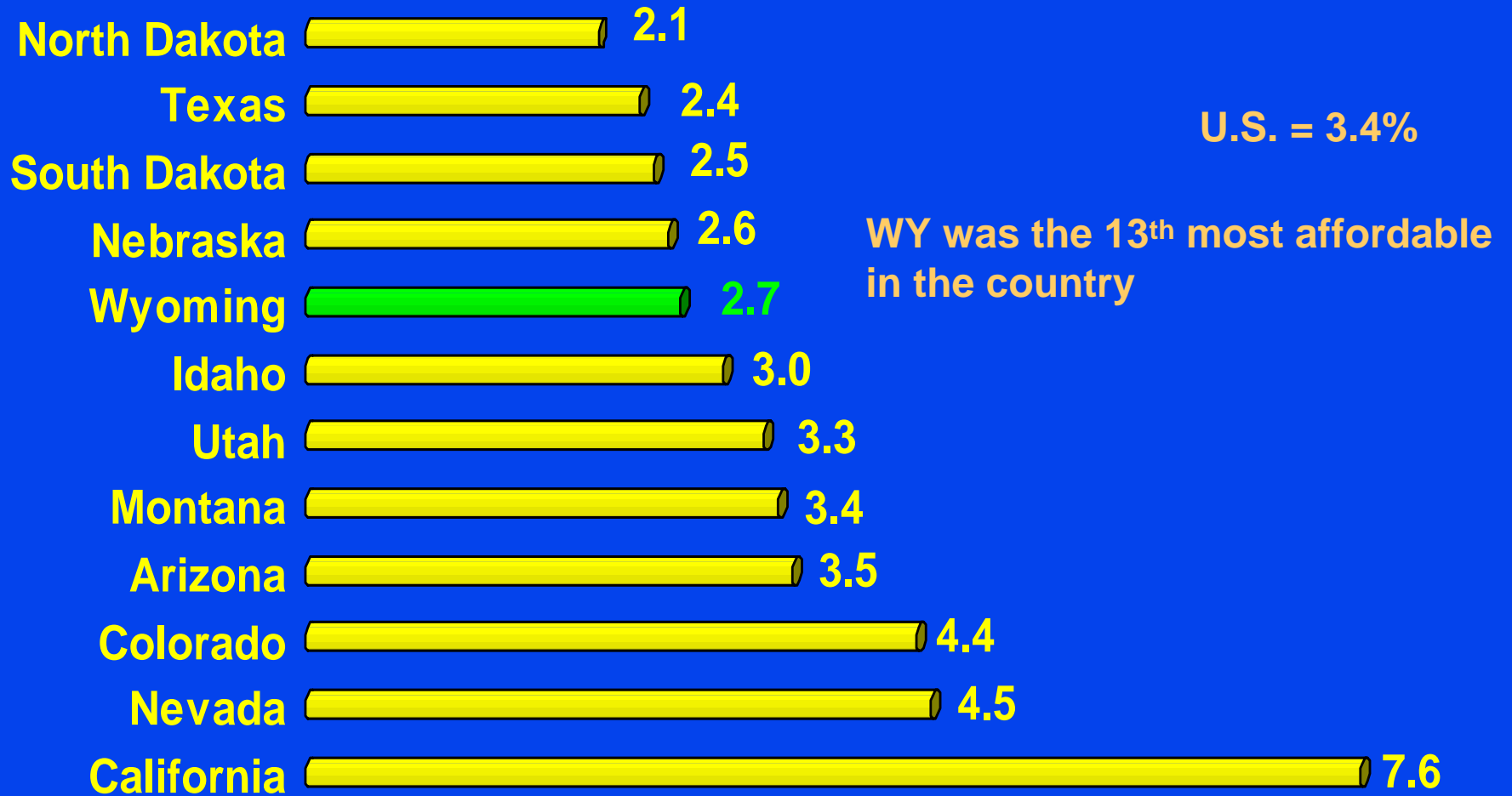


Home Prices (% Change)

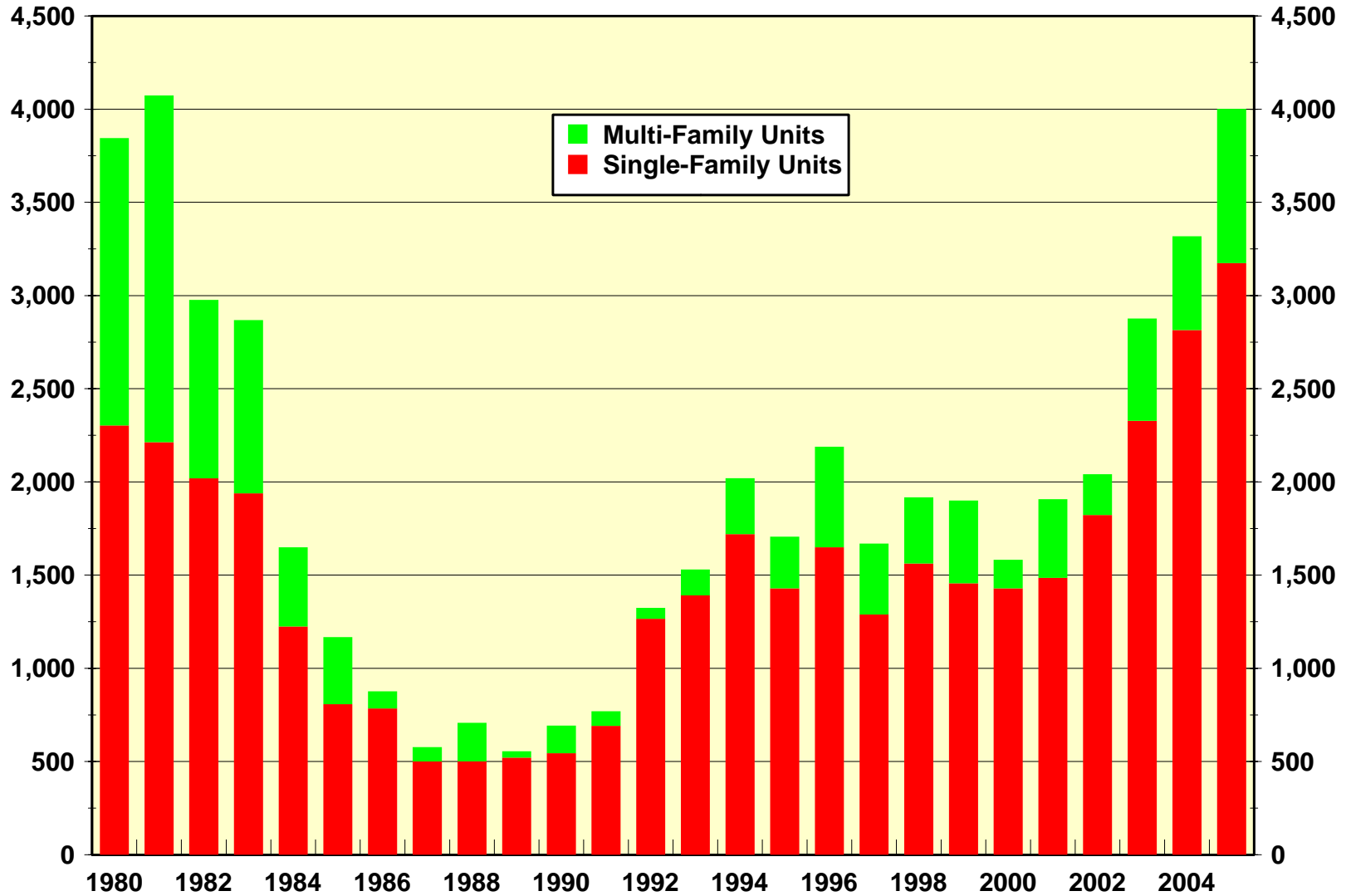


Housing Affordability: 2004

(Ratio of Median Value of Housing Unit to Median Household Income)



Residential Building Permits Authorized in Wyoming

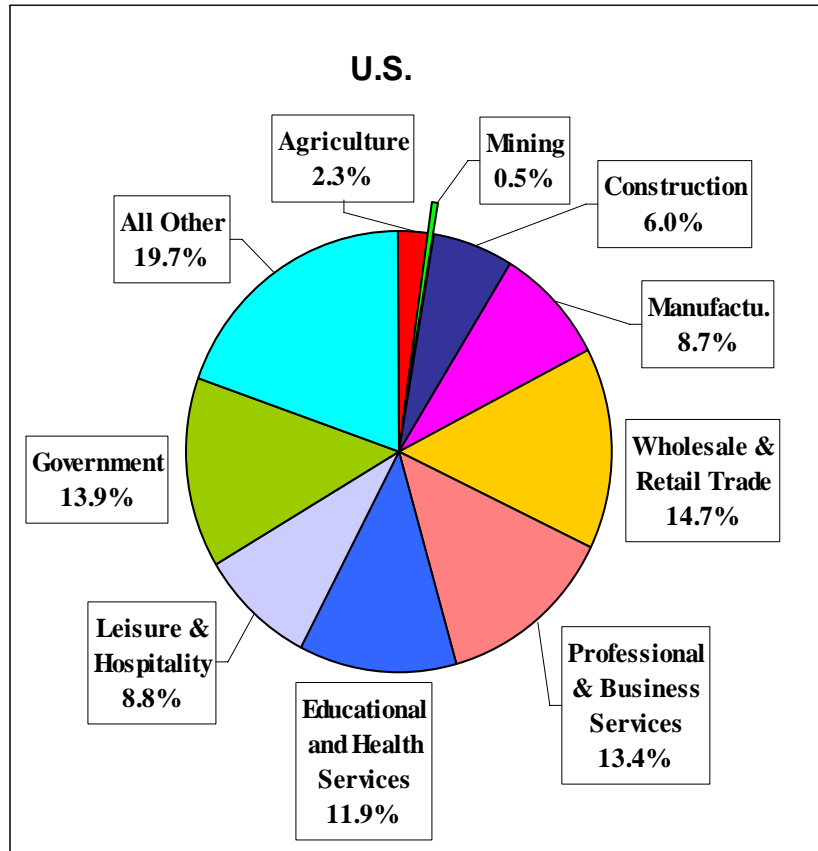


Source: U.S. Census Bureau

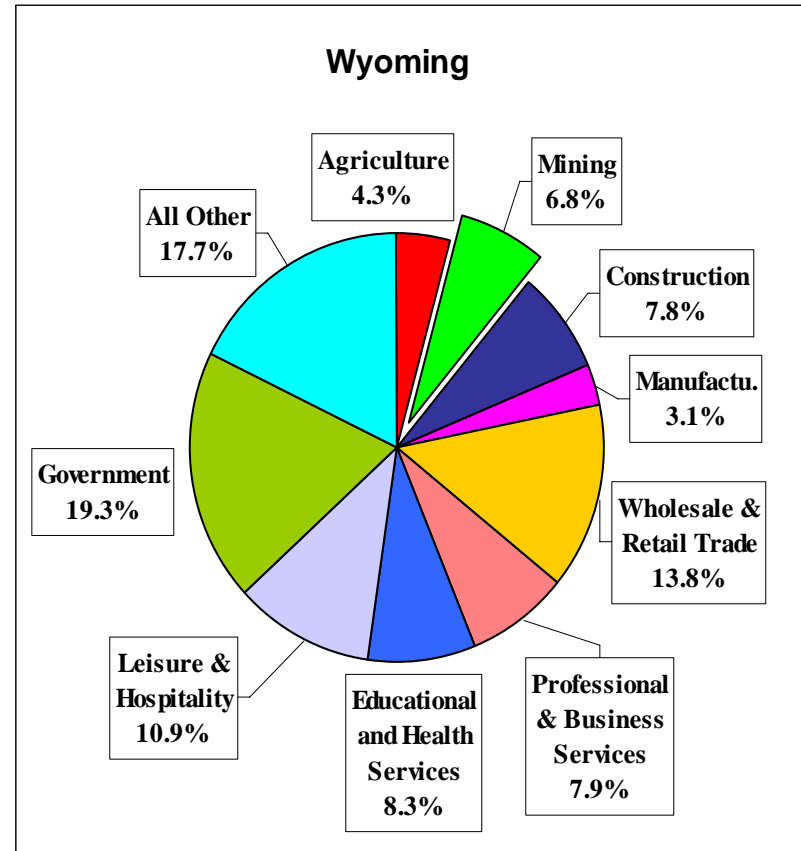
Prepared by Wyoming Economic Analysis Division

Employment by Industry (NAICS) for Wyoming and U.S.: 2004

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



- Mining - 1st
- Construction - 2nd
- Leisure & Hospitality - 4th
- Government - 4th

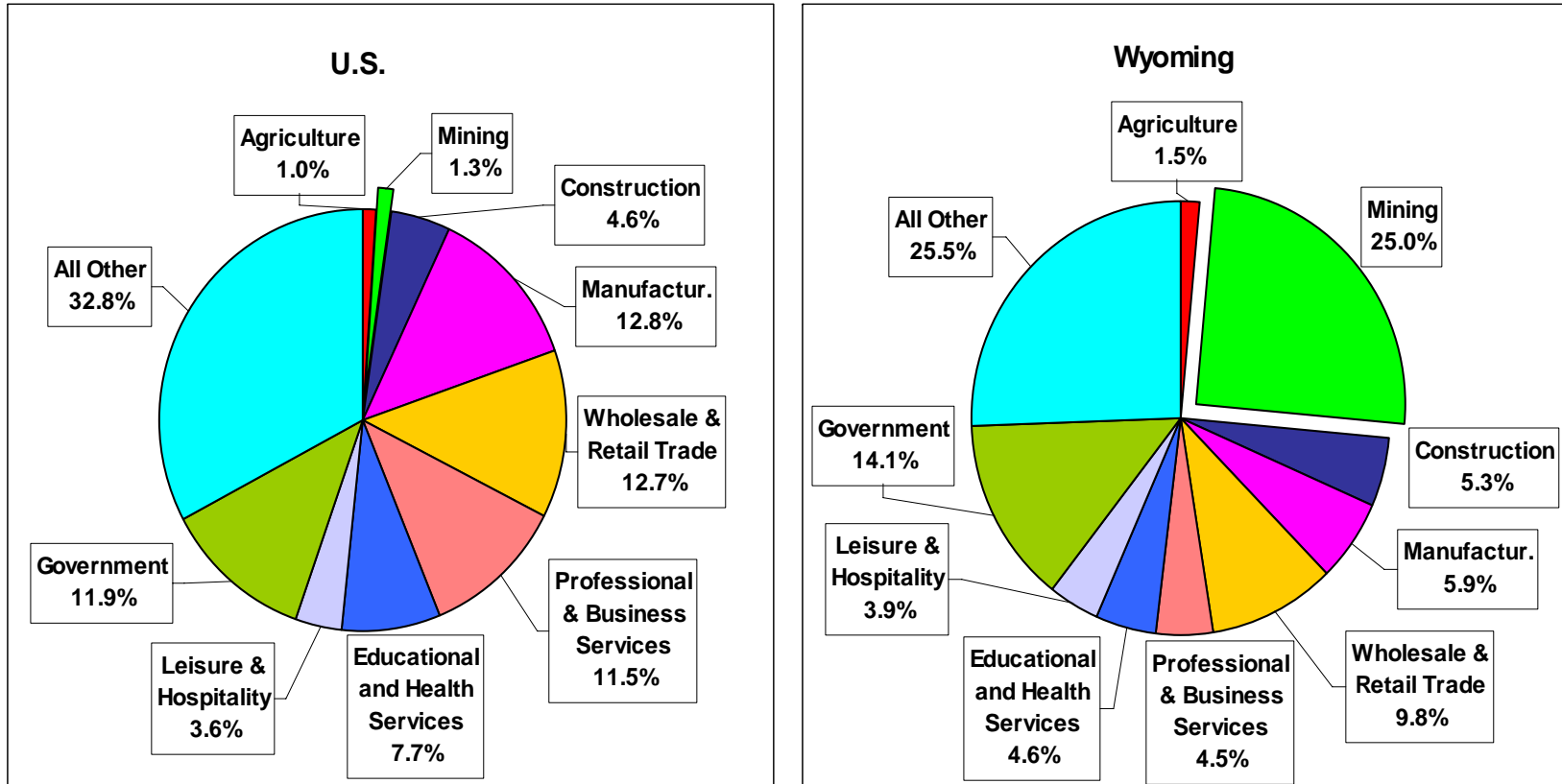


- Manufacturing - 49th
- Prof. & Business Services - 48th
- Education & health Services - 49th

Source: U.S. Bureau of Economic Analysis

Prepared by Wyoming Economic Analysis Division

Gross State Product by Industry (NAICS) for Wyoming and U.S.: 2004



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

Prepared by Wyoming Economic Analysis Division

Industrial Diversification Index

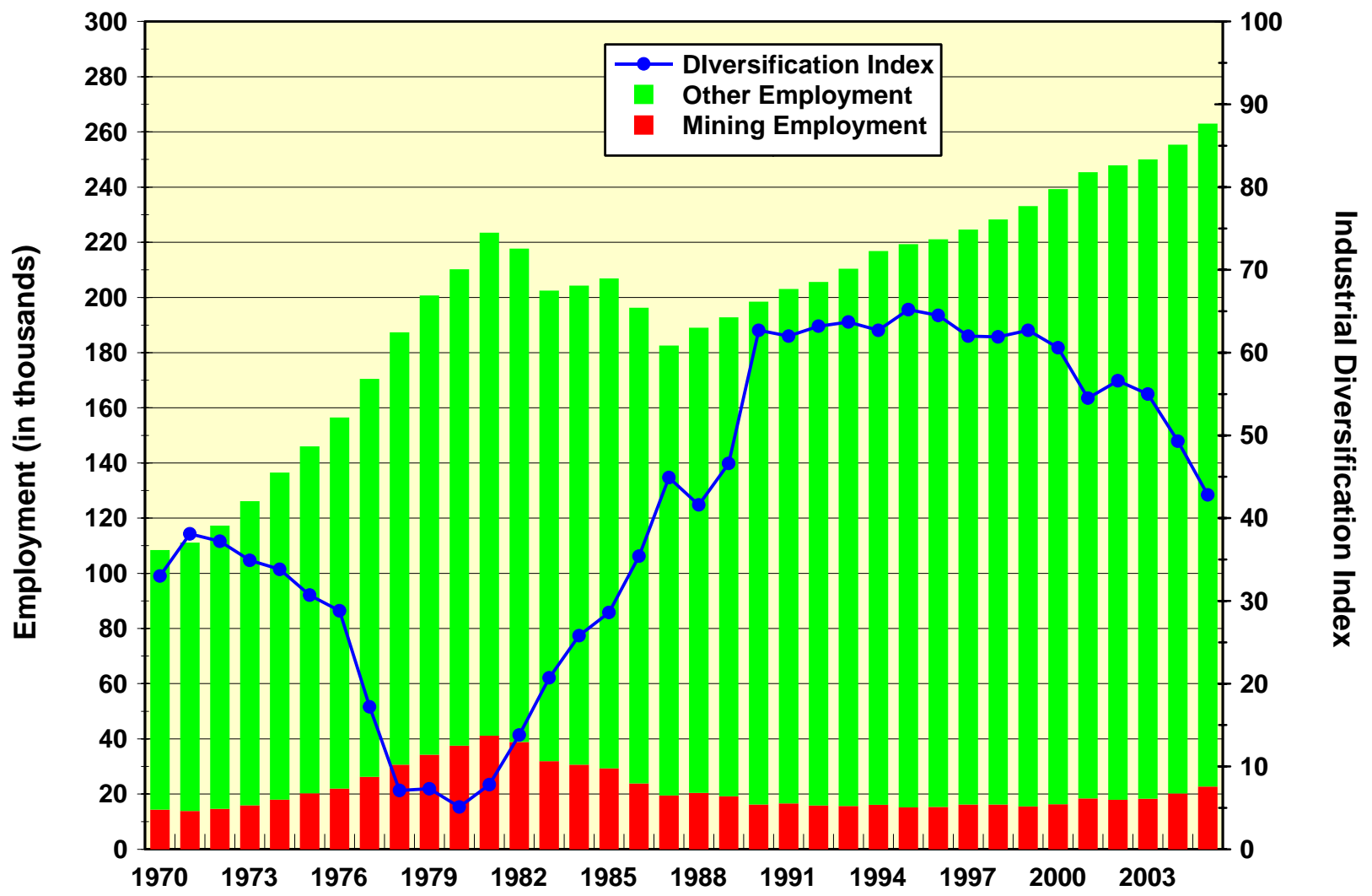
- ◆ Derived by measuring differences in employment share by industry at the state level compared with the same at the U.S. level.
- ◆ Index values range from 0 to 100.
- ◆ The higher the index value the closer the industry mix is to U.S. industry mix.

Industrial Diversification Index

2005

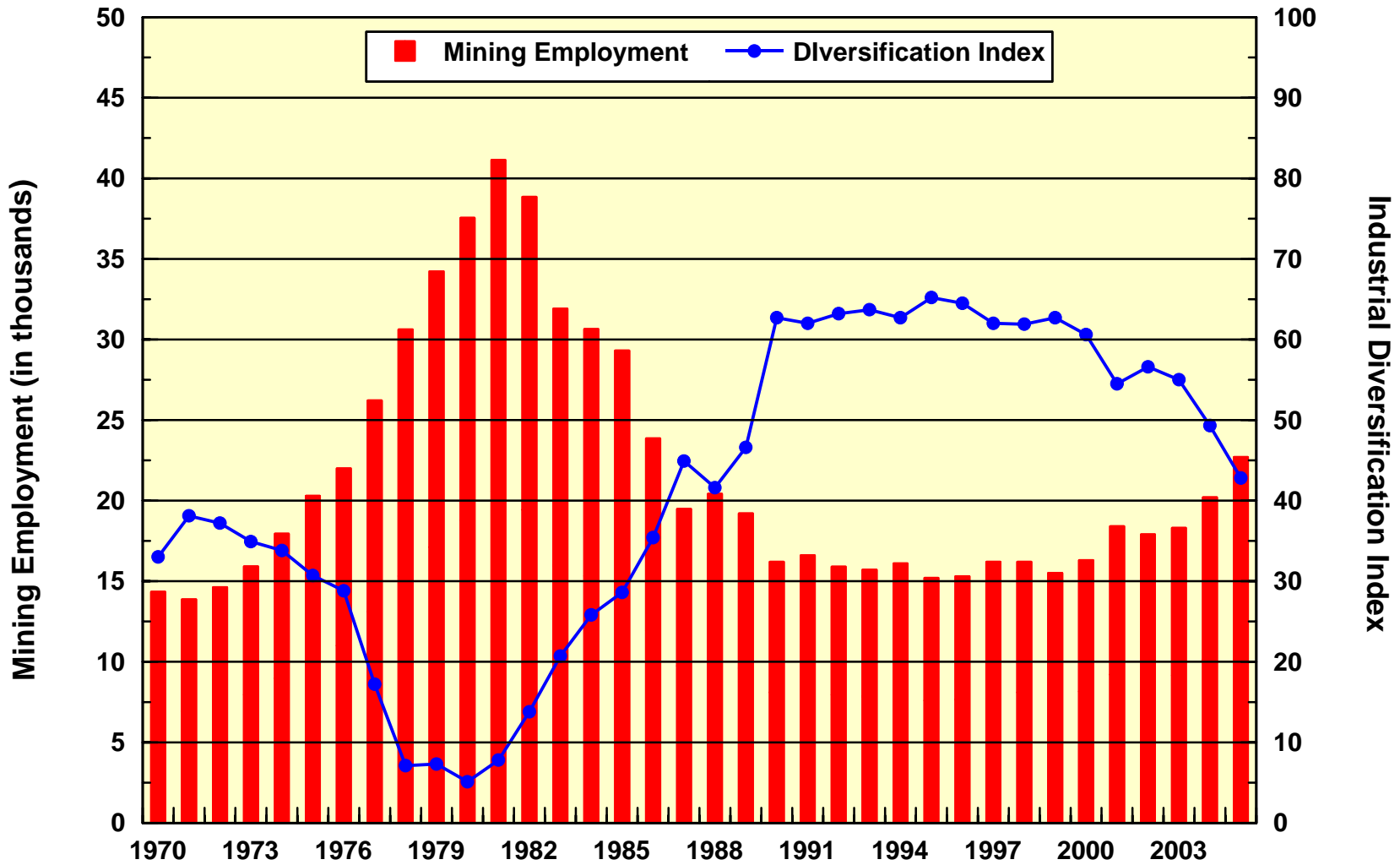
■ Missouri	99.9	■ Louisiana	95.9
■ Utah	99.4	■ New Mexico	94.5
■ Nebraska	99.3	■ Hawaii	94.4
■ Idaho	99.2	■ W. Virginia	90.5
■ Colorado	98.5	■ Alaska	87.2
■ So. Dakota	98.3	■ Nevada	83.3
■ No. Dakota	97.7	■ Wyoming	43.0
■ Montana	95.7		

Employment vs. Industrial Diversification for Wyoming: 1970 to 2005



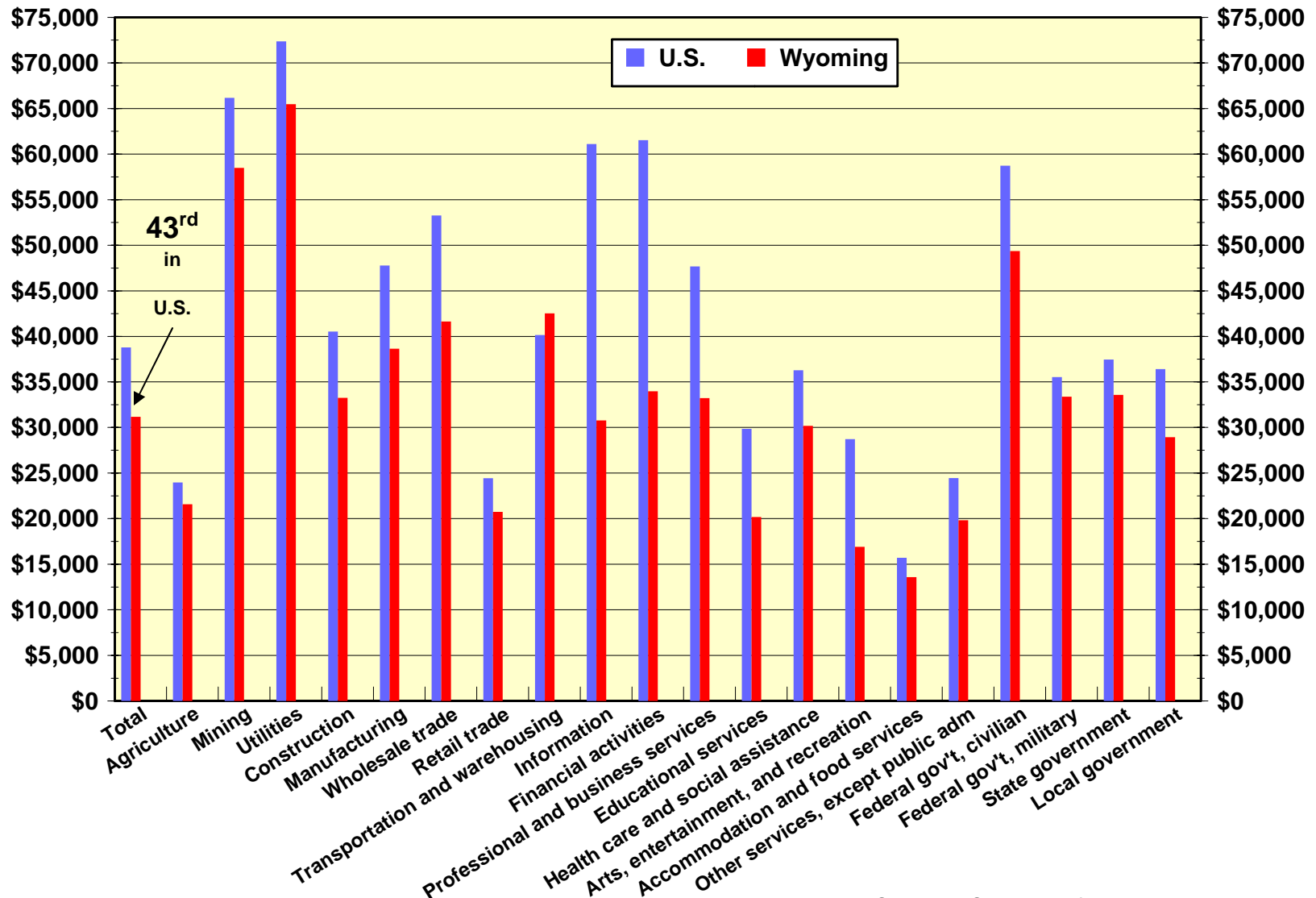
Source: U.S. Bureau of Labor Statistics, Economy.Com, and Wyoming Economic Analysis Division

Mining Employment vs. Industrial Diversification for Wyoming: 1970 to 2005



Source: U.S. Bureau of Labor Statistics, Economy.Com, and Wyoming Economic Analysis Division

Average Wage Per Job by Industry for U.S. and Wyoming: 2004



Source: U.S. Bureau of Economic Analysis

The Road Ahead

- ▶ **Energy production is the key in the near-term.**
 - ◆ Favorable tax structure to continue.
 - ◆ Employment and earnings will remain strong.
- ▶ **Low industrial diversification will continue to hamper payroll growth potential.**
- ▶ **Tight labor market will continue to temper economic growth.**
- ▶ **Long-term outlook (through 2014):**
 - ◆ Population to average 0.8% per year.
 - ◆ Employment to average 1.6% per year.
(3 out of every 4 jobs created will be in Services & Trade.)
 - ◆ Income to average 4.5% per year.

QUESTIONS?

Economic Analysis Division – **EAD**

Dept. of Administration & Information

Wyoming State Government

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

ead@state.wy.us

307.777.7504