



ECONOMIC AND FISCAL DIVERSIFICATION IN WYOMING

Wyoming State Legislature Revenue Committee
Riverton, WY
June 4, 2018

what does **REMI** say? sm

Presented by Peter Evangelakis, Ph.D.
Regional Economic Models, Inc.

This Presentation



- **Goal:** Analyze fiscal impacts of economic diversification efforts in Wyoming under current tax structure
 - ▣ Use REMI's Tax-PI policy model

- **Main Result:** Under its current tax structure, Wyoming effort to stimulate non-resource sectors in the state presents fiscal challenges
 - ▣ No personal or corporate income taxes
 - ▣ Low sales and property taxes
 - ▣ Heavy reliance on resource-based revenue

*what does **REMI** say? sm*

Outline



1. Introduction to REMI and Tax-PI modeling
2. Economic and fiscal impacts of interventions in selected Wyoming industries
3. Comparison of fiscal impacts of given intervention in Wyoming under different states' tax structures

About REMI



REMI's 35-year history of rigorous academic research and software development has led to the development of the the industry standard in macroeconomic research methodology:

Input-Output

Close analysis of inter-industry relationships

General Equilibrium

Estimate of long-run stability of the economy allows for analysis of policy decisions

Econometrics

Advanced statistical analyses underpinning the model

Economic Geography

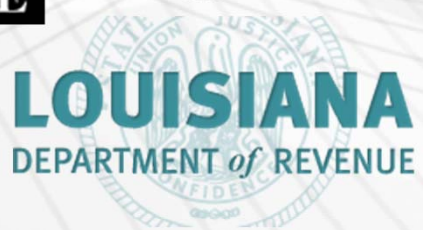
Effects of geographic concentration of labor and industry



Integrated REMI economic modelling approach



what does REMI say? sm



What is Tax-PI?



Tax-PI is the only commercially available dynamic macroeconomic and fiscal impact analysis tool.

Tax-PI allows users to understand the deep linkages and relationship between a budget and its economic foundation.

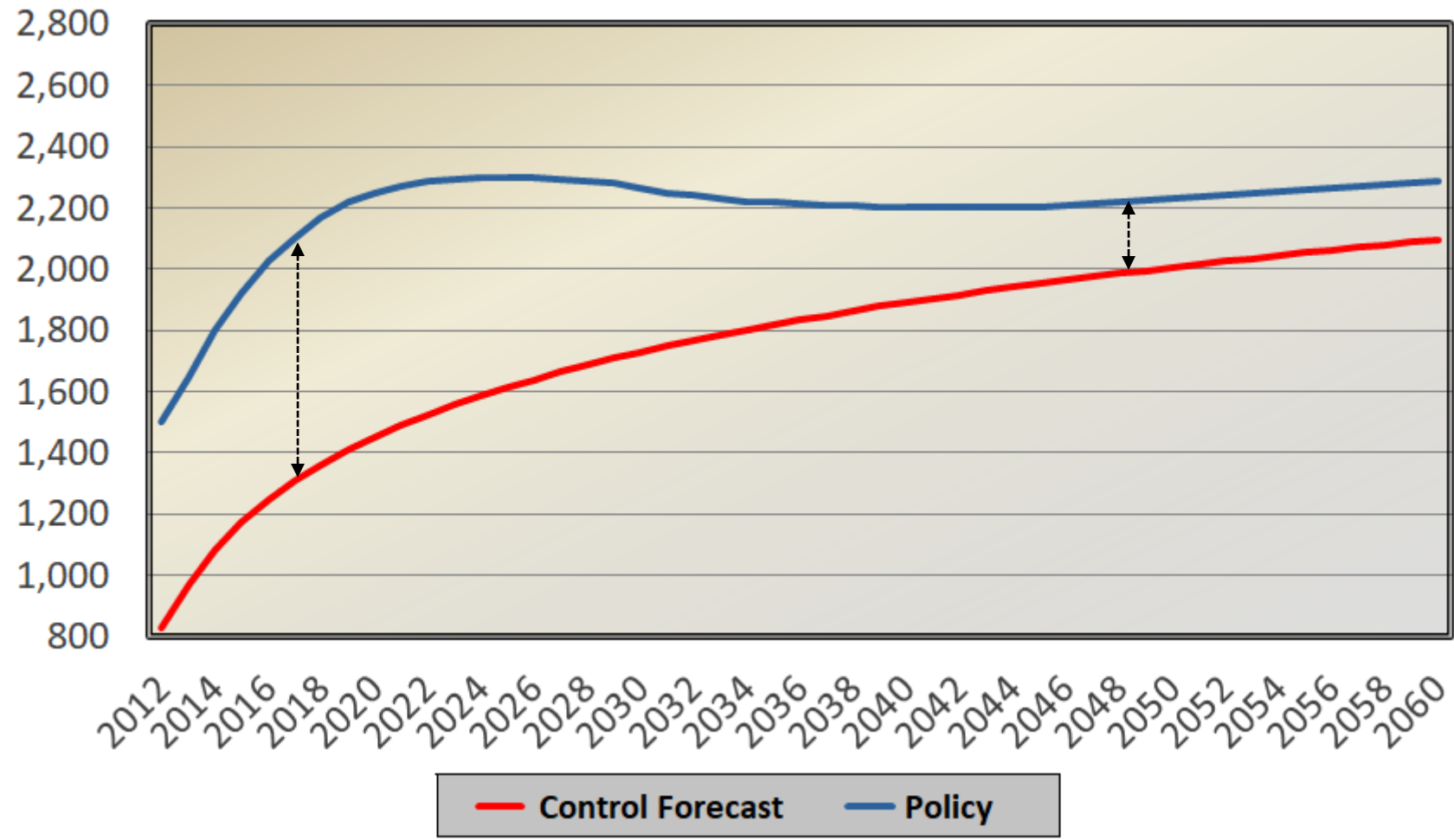
Tax-PI is uniquely customizable to your state's budget:

User-defined revenue and expenditure categories

Automatic budget-balancer: demand- or revenue-driven

Accommodates state's economic, demographic, fiscal projections

Model Framework

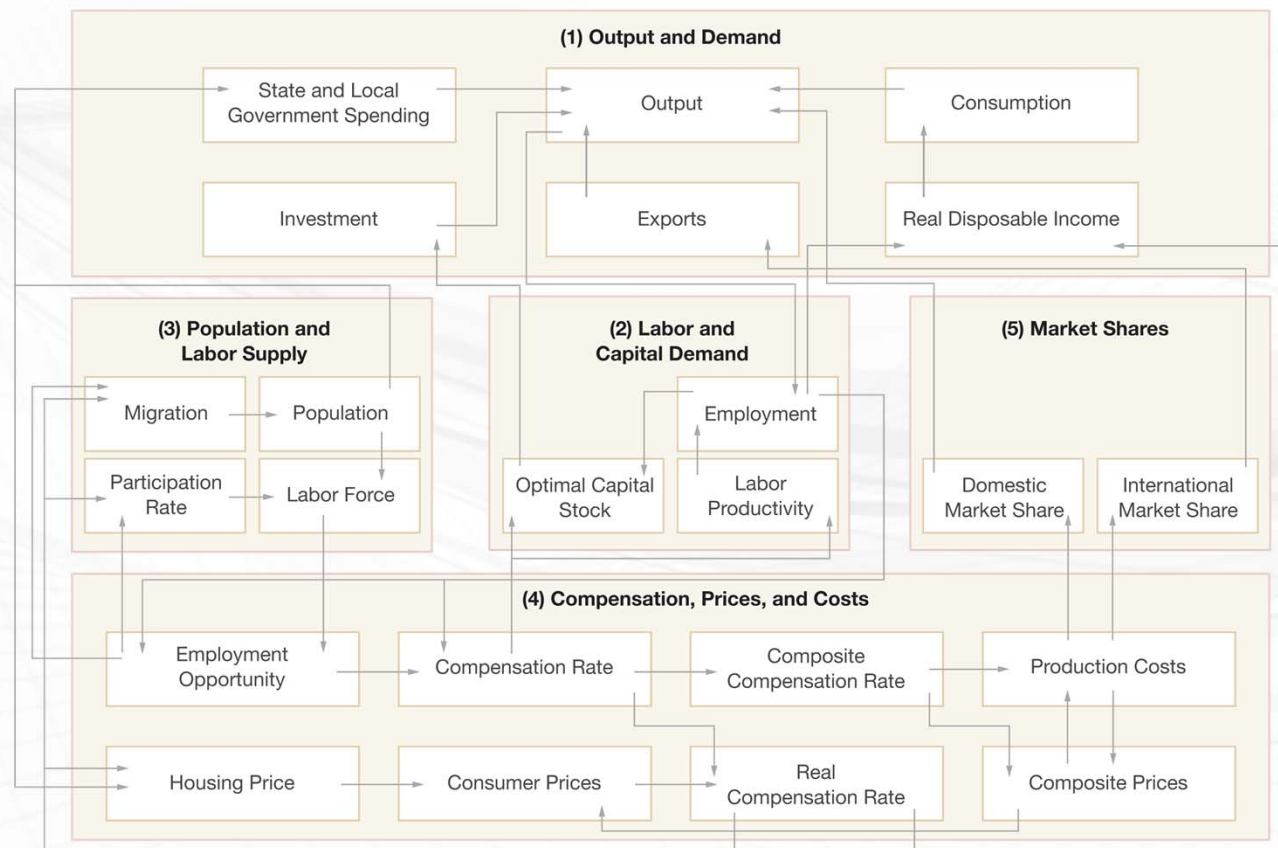


what does REMI say? sm

Model Structure

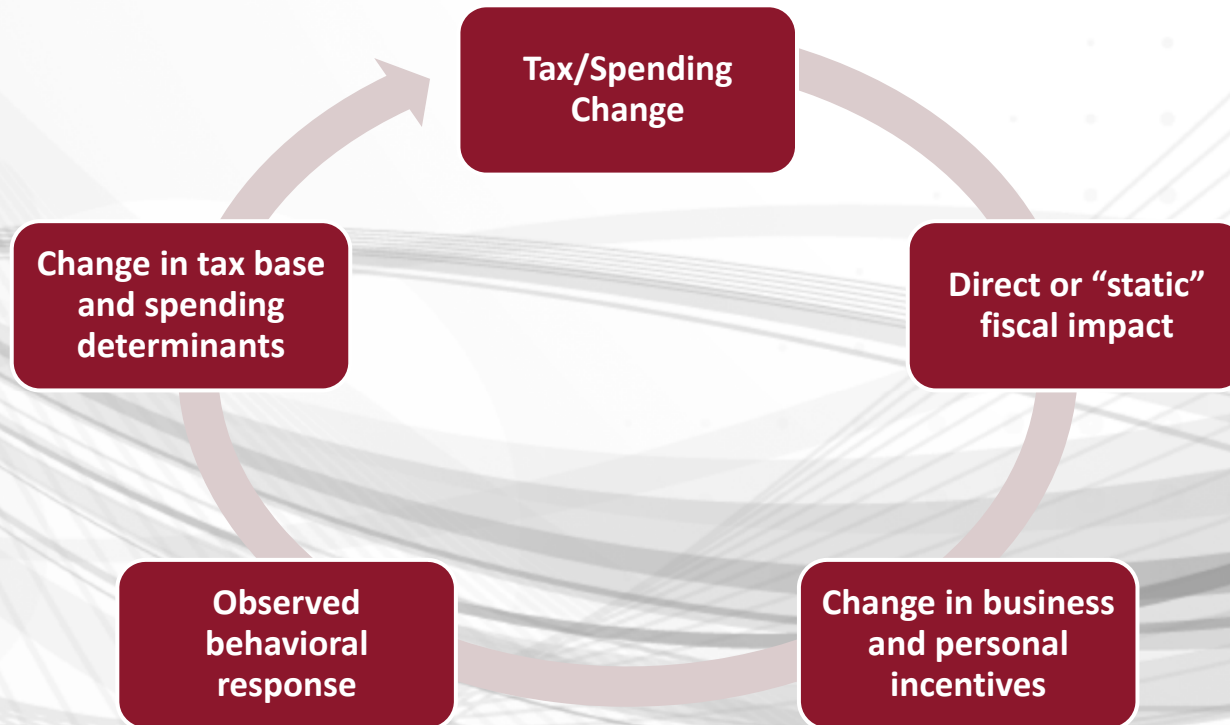


REMI Model Linkages (Excluding Economic Geography Linkages)



what does **REMI** say? *sm*

Dynamic Fiscal Analysis



"Conventional analysis of proposed legislation...does not incorporate effects on the economy... trying to account for such effects may increase the likelihood of producing an accurate answer."

Keith Hall, Director, Congressional Budget Office

what does **REMI** say? sm

Outline



1. Introduction to REMI and Tax-PI modeling
2. Economic and fiscal impacts of interventions in selected Wyoming industries
3. Comparison of fiscal impacts of given intervention in Wyoming under different states' tax structures

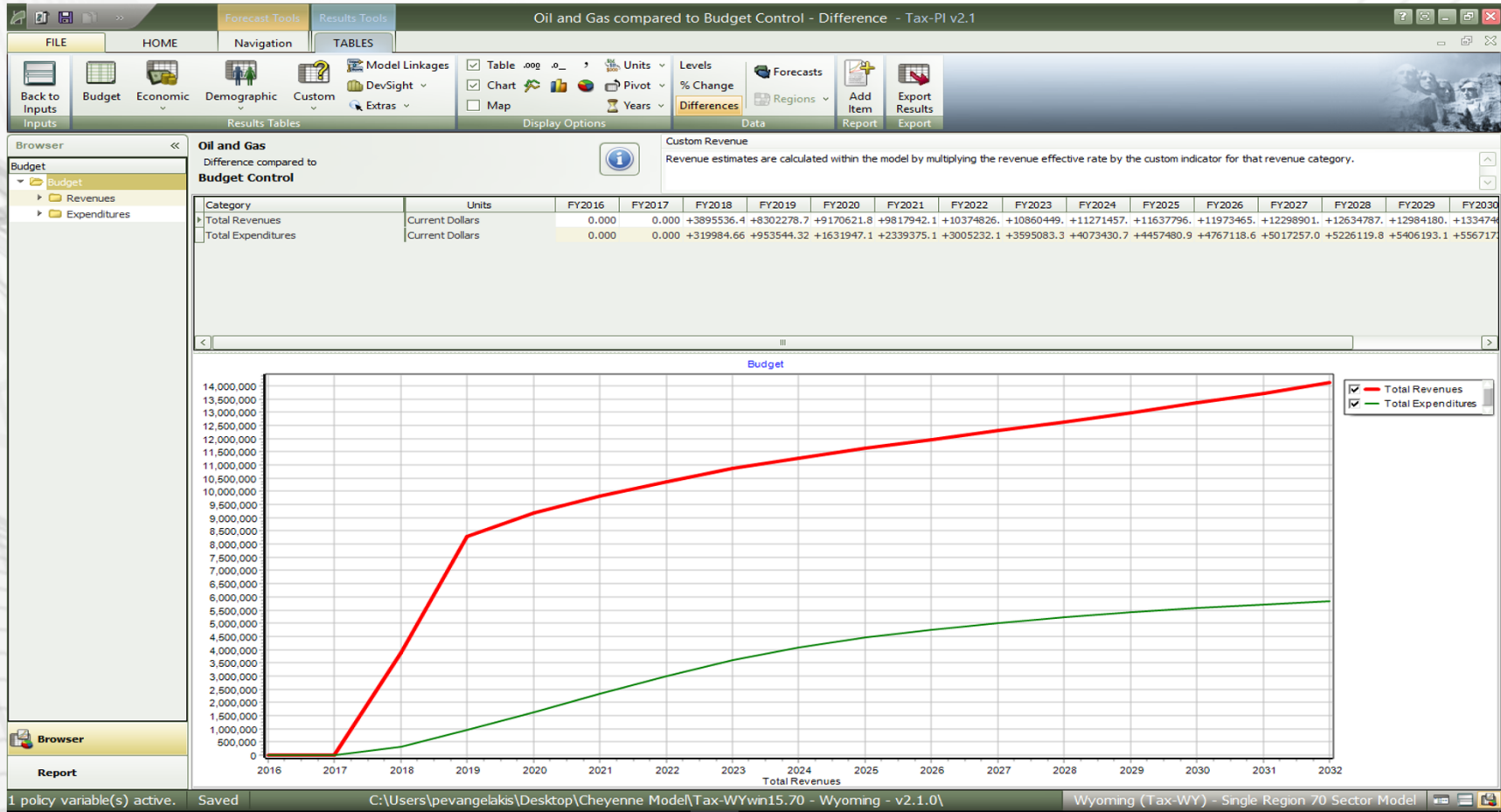
Intervention



- Add 100 direct jobs into several different Wyoming industries:
 - Oil & Gas
 - Chemical Manufacturing
 - Utilities
 - Food Manufacturing

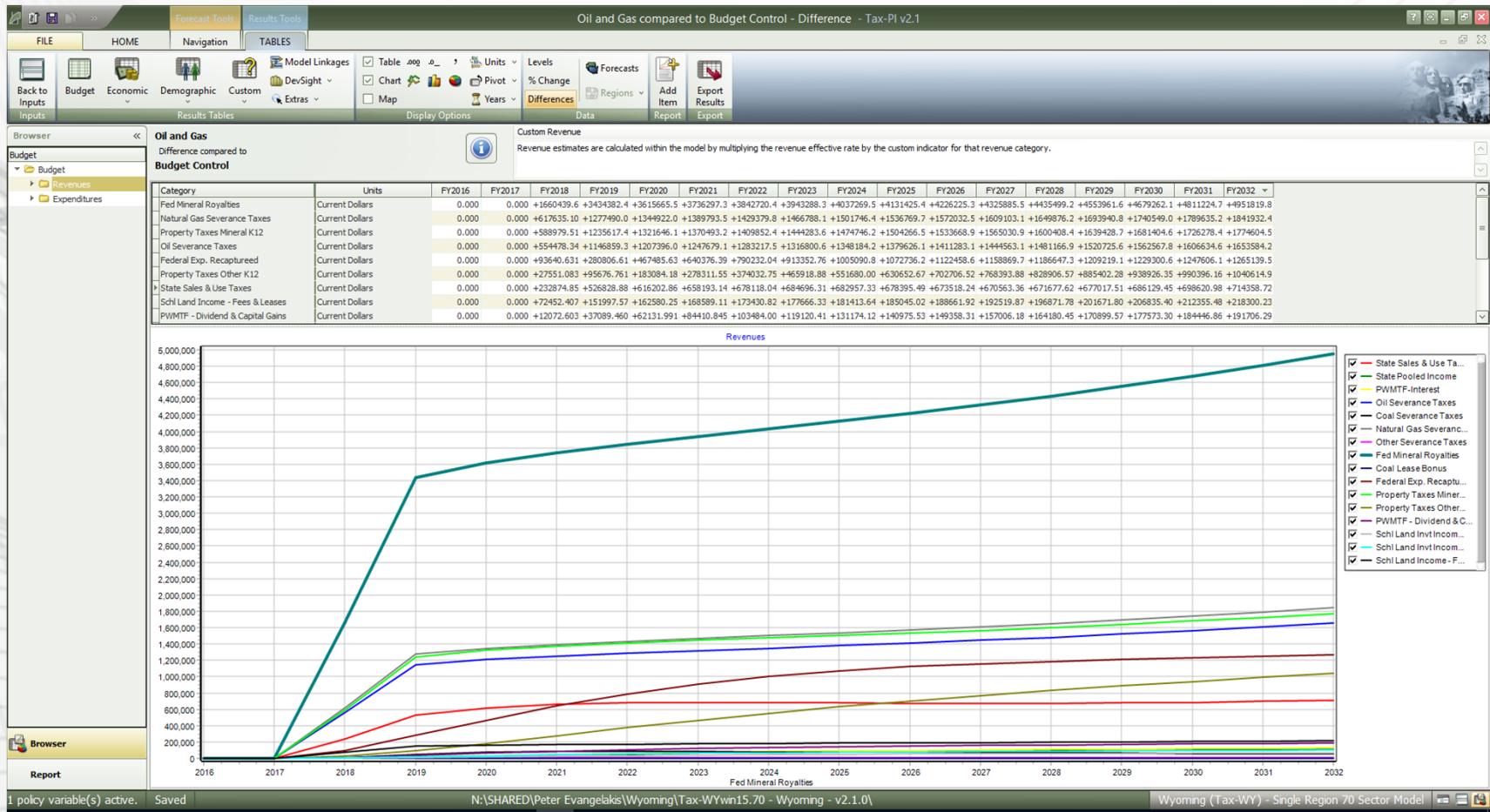
- Show impacts on Wyoming's budget, economic production, population

Oil and Gas Budget



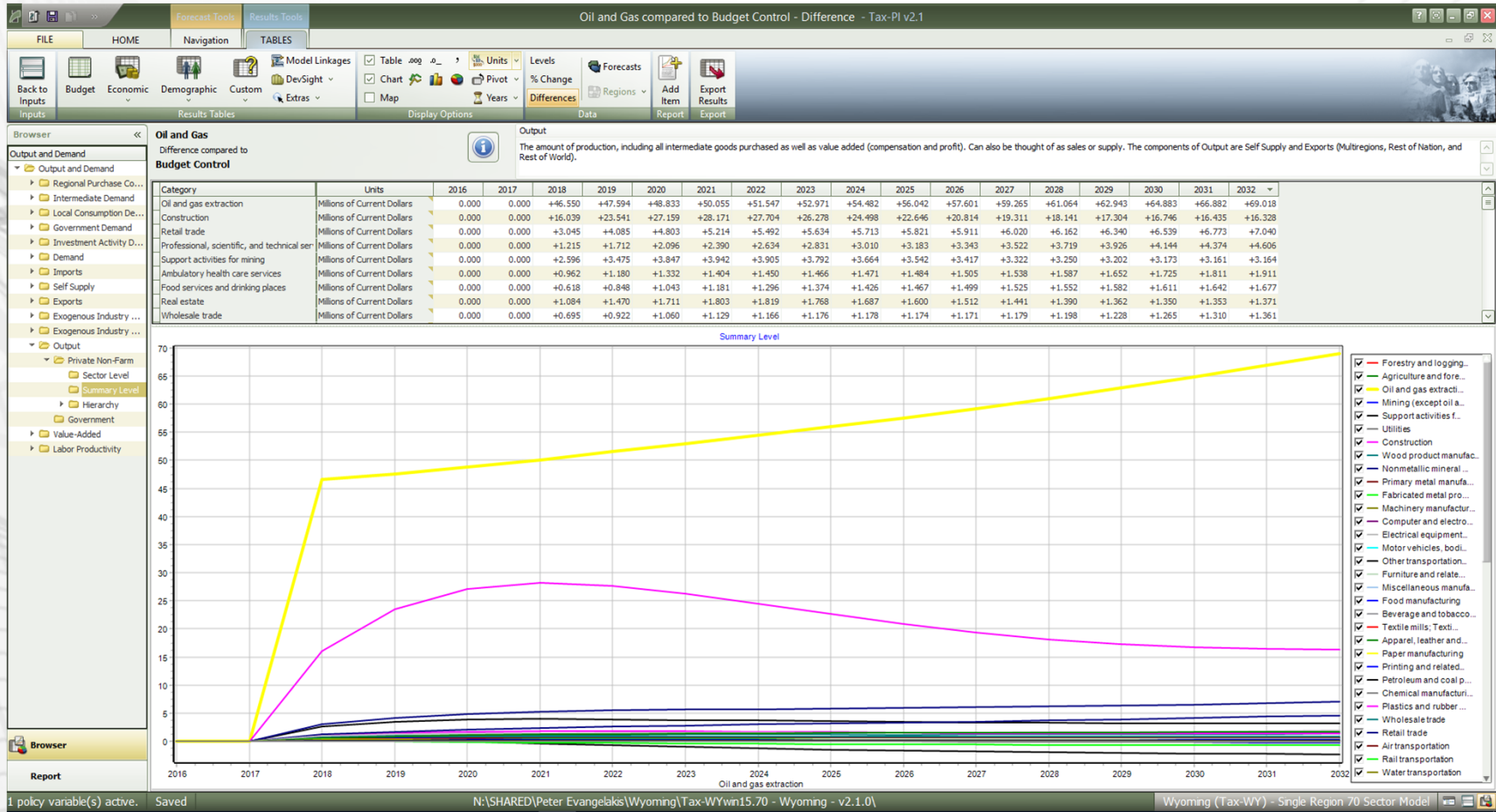
what does REMI say? sm

Oil and Gas Revenues



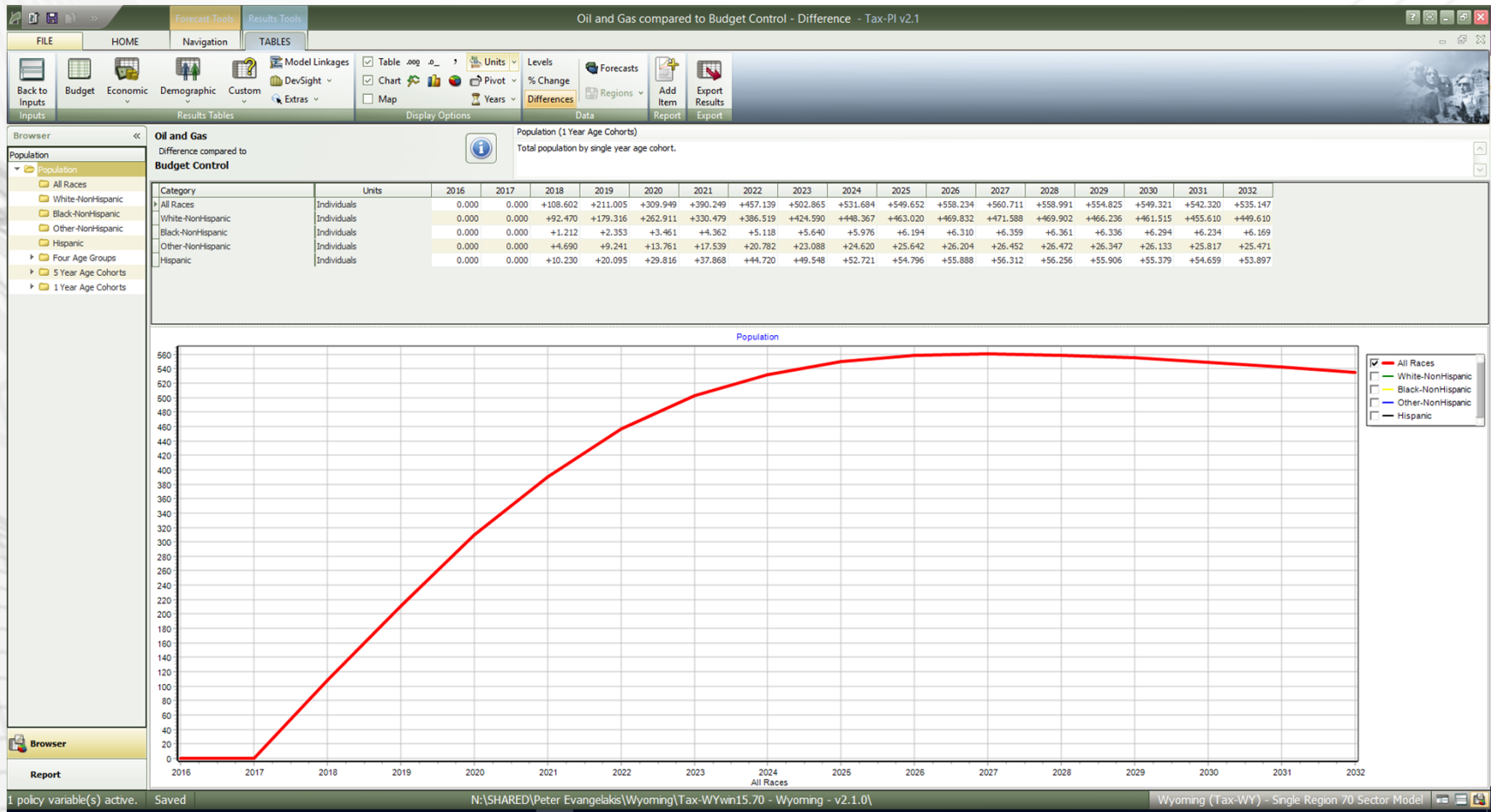
what does REMI say? sm

Oil and Gas Production



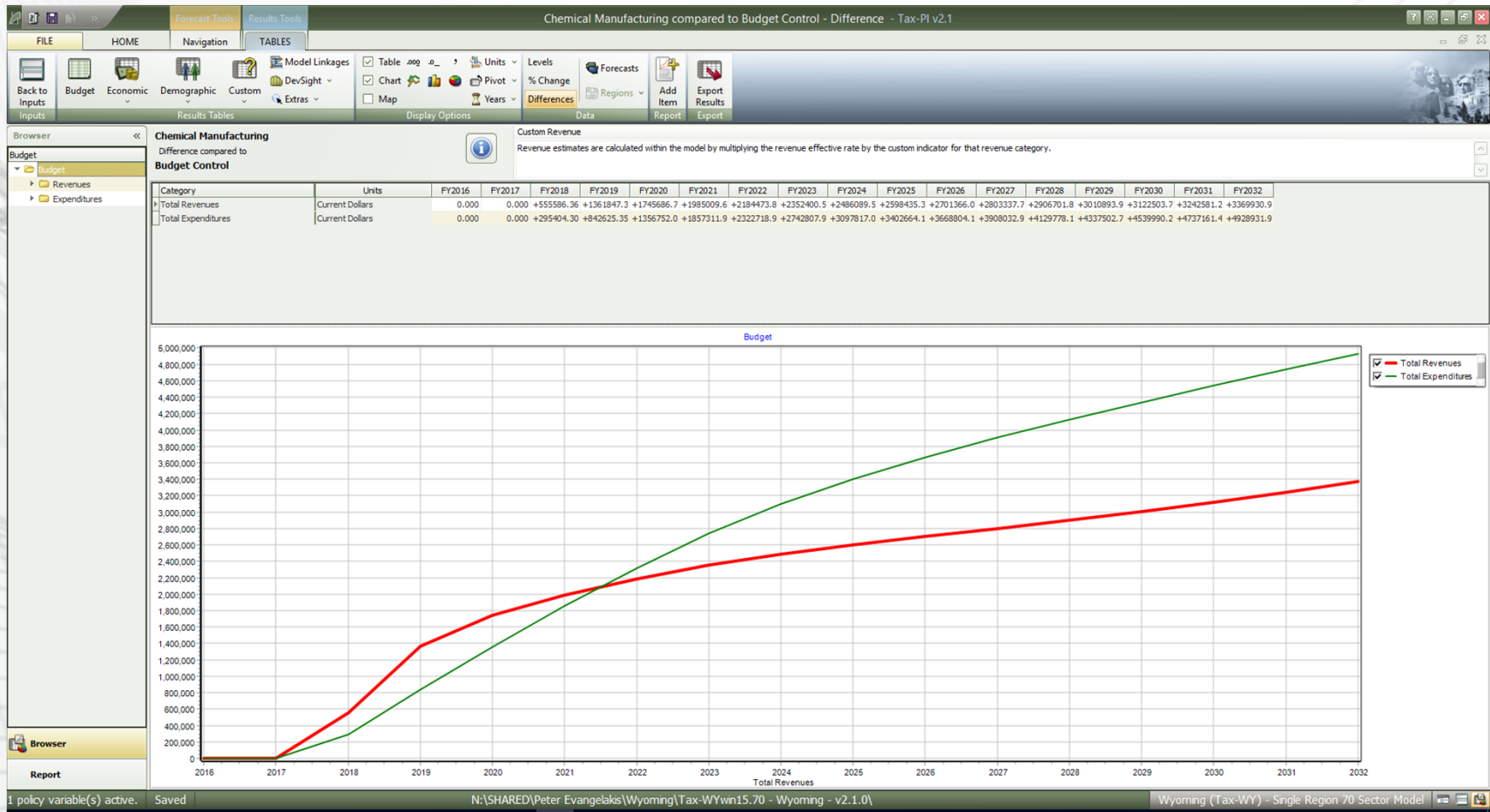
what does REMI say? sm

Oil and Gas Population



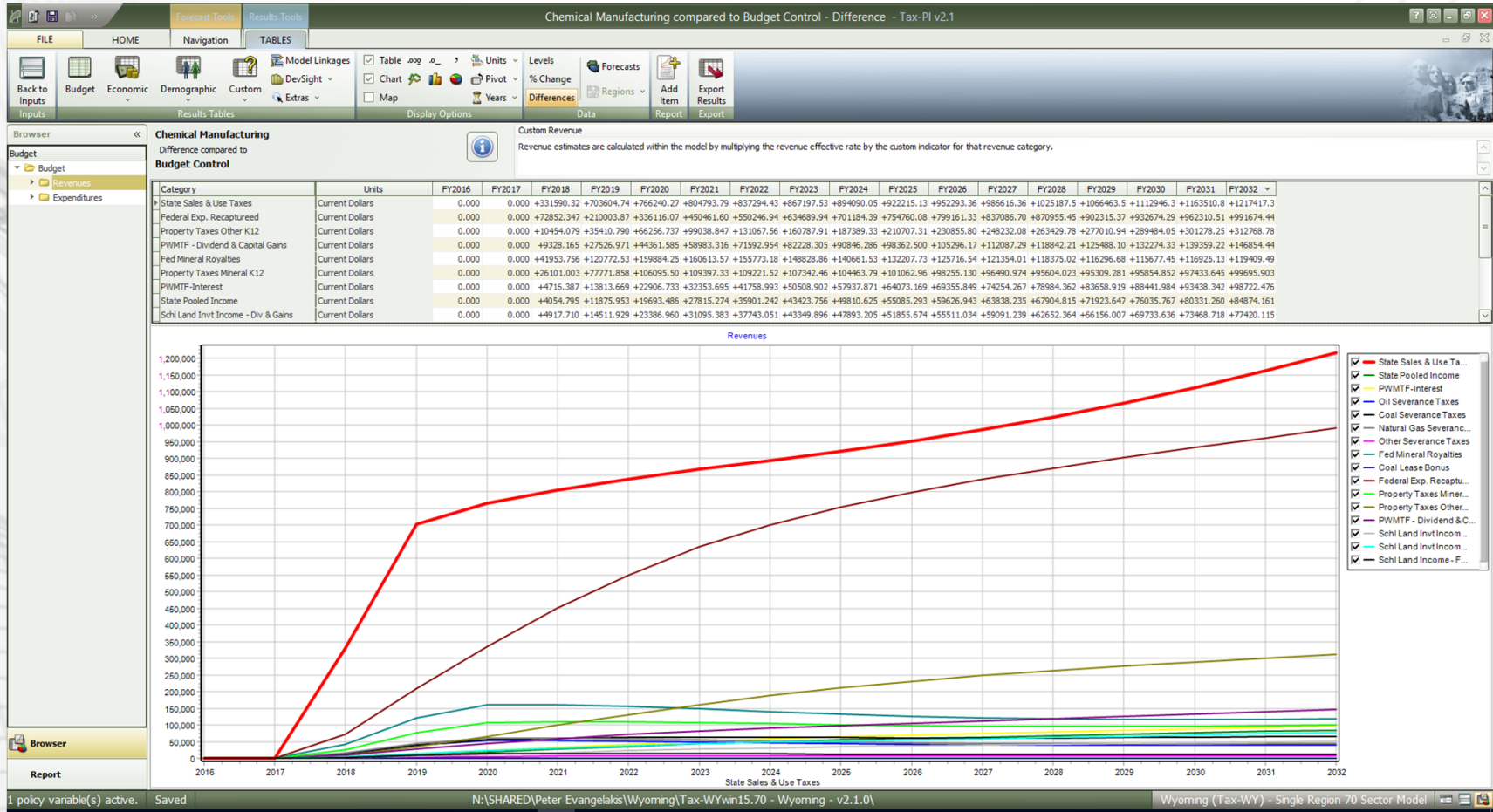
what does REMI say? *sm*

Chemical Manufacturing Budget



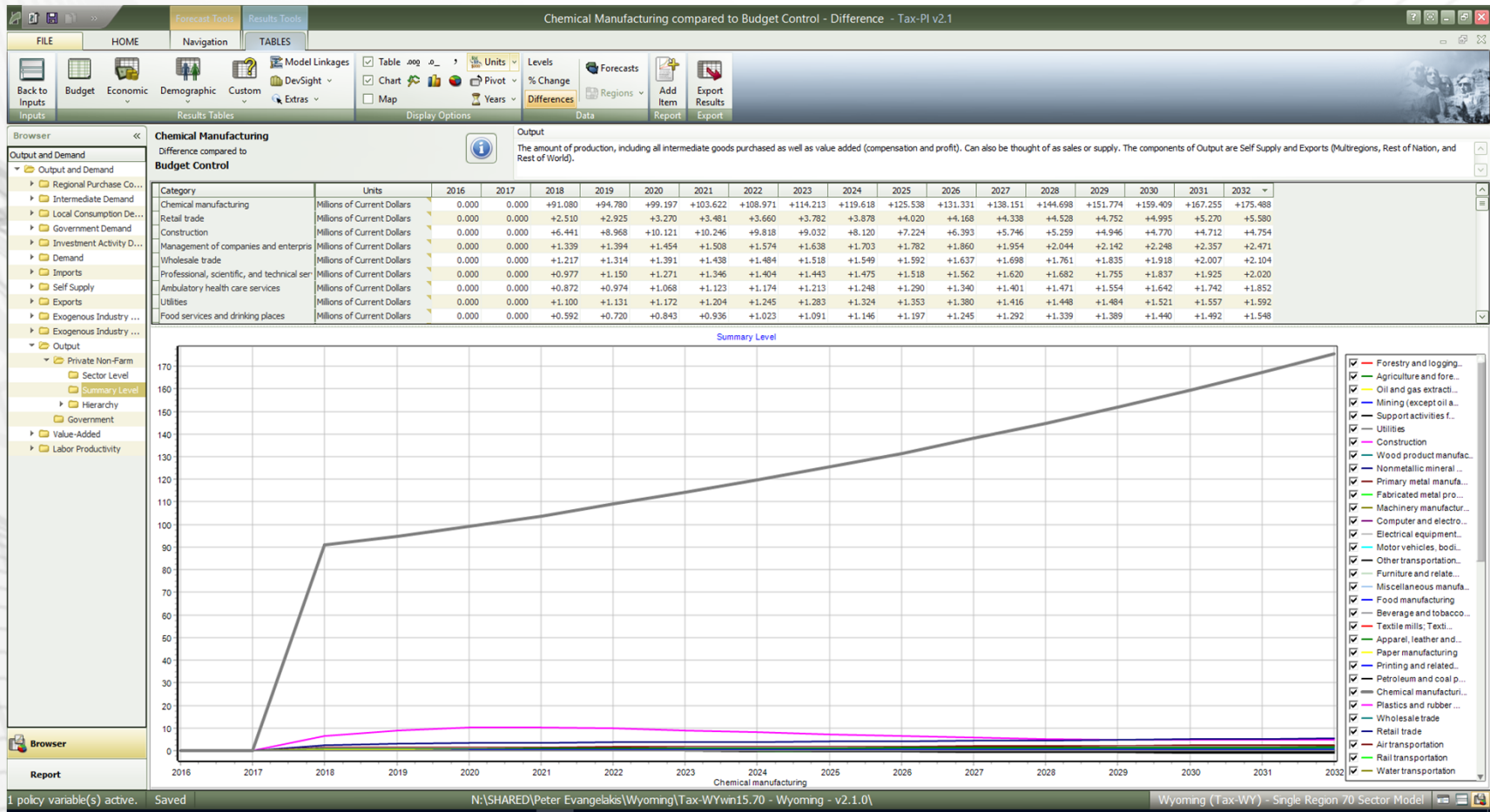
what does REMI say? *sm*

Chemical Manufacturing Revenues



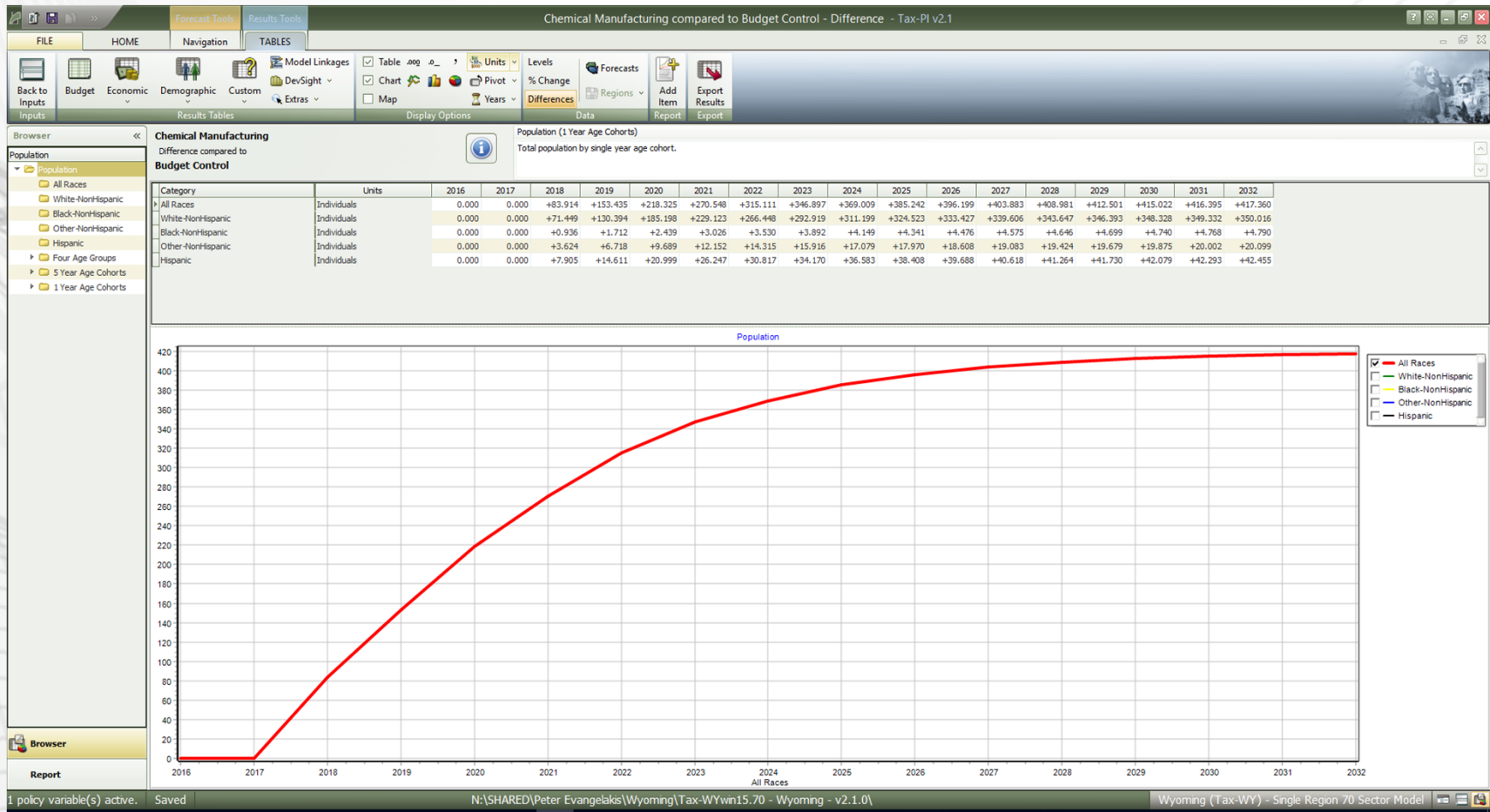
what does REMI say? sm

Chemical Manufacturing Production



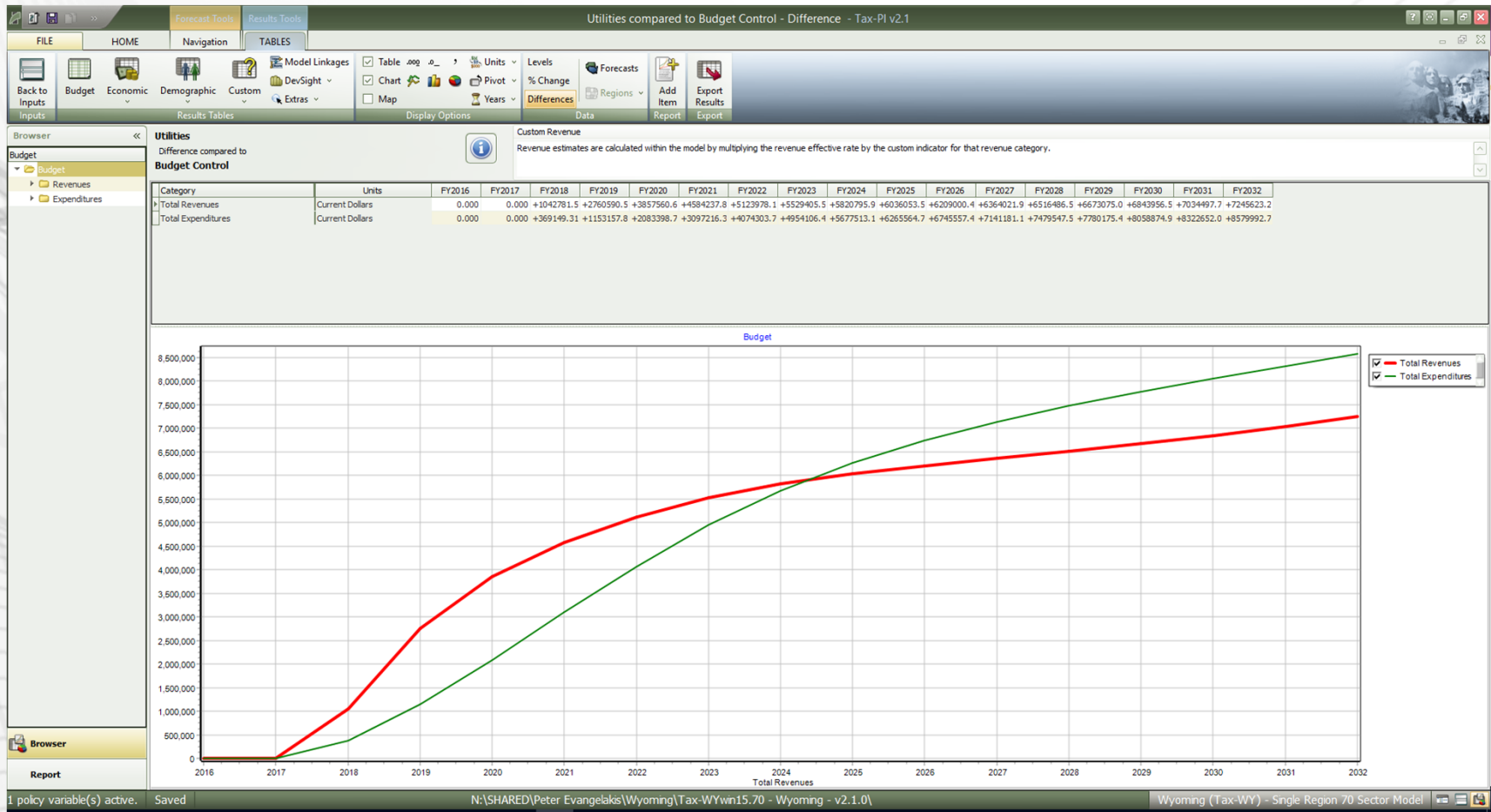
what does REMI say? sm

Chemical Manufacturing Population



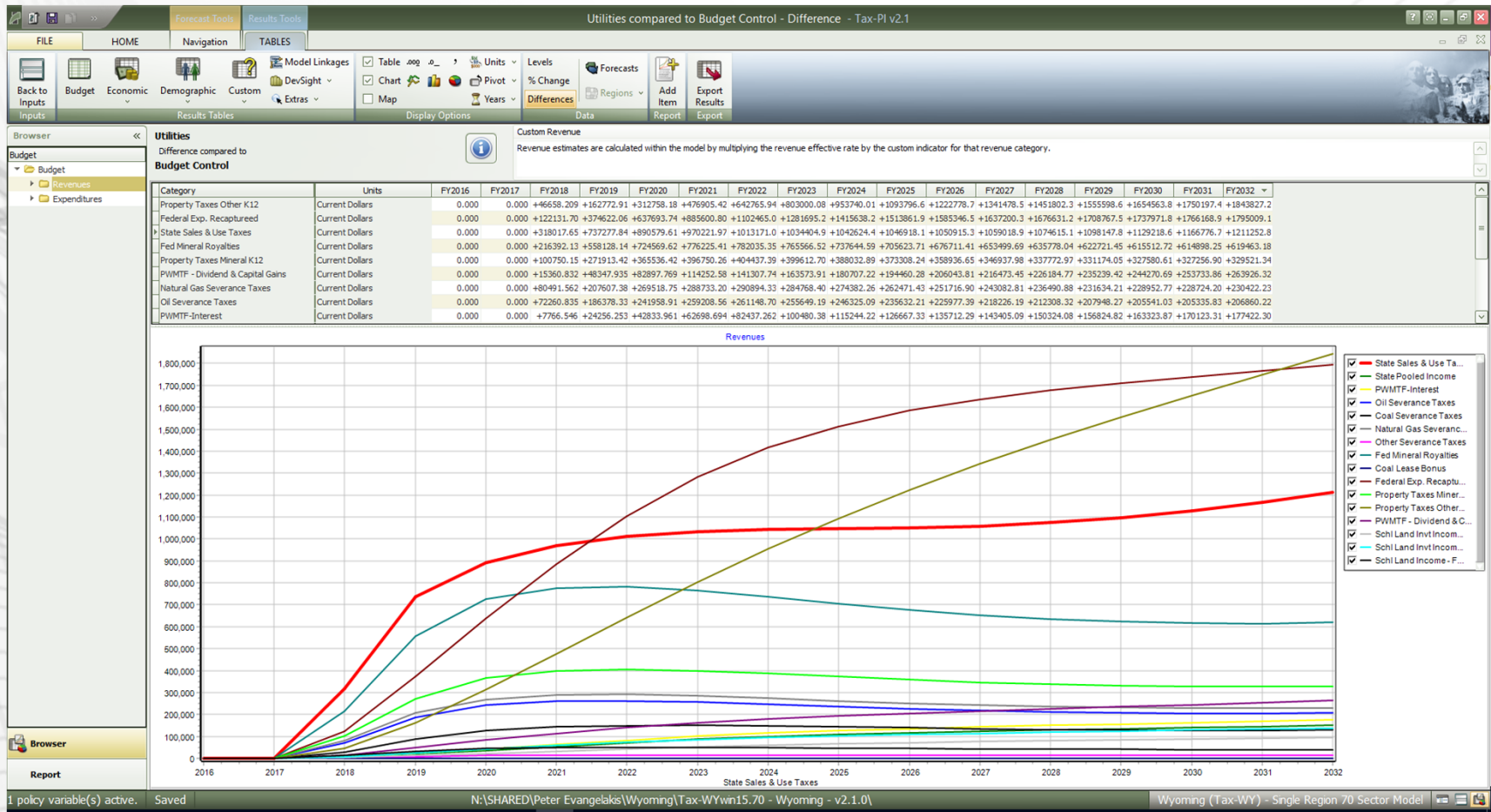
what does REMI say? sm

Utilities Budget



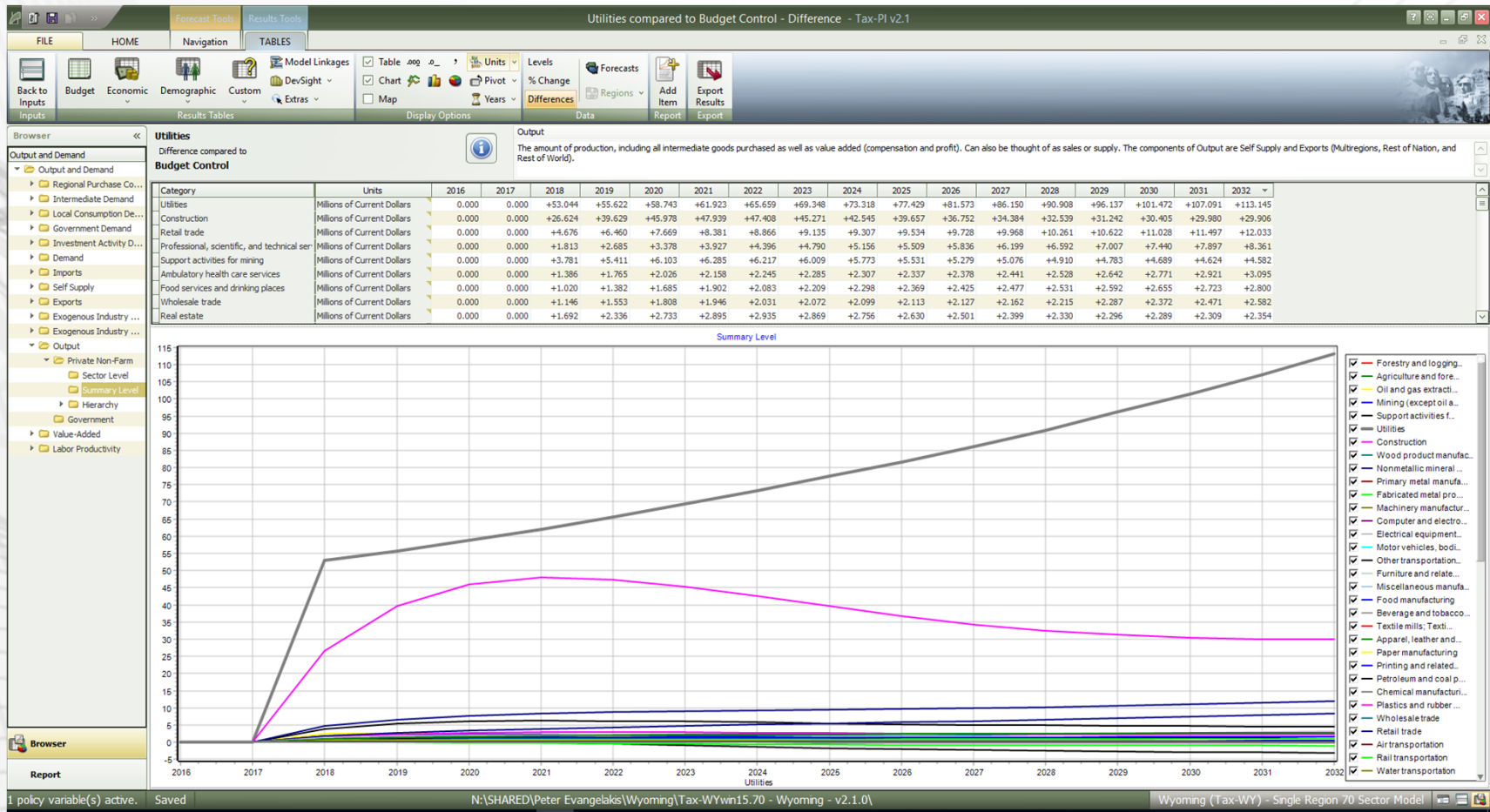
what does REMI say? sm

Utilities Revenues



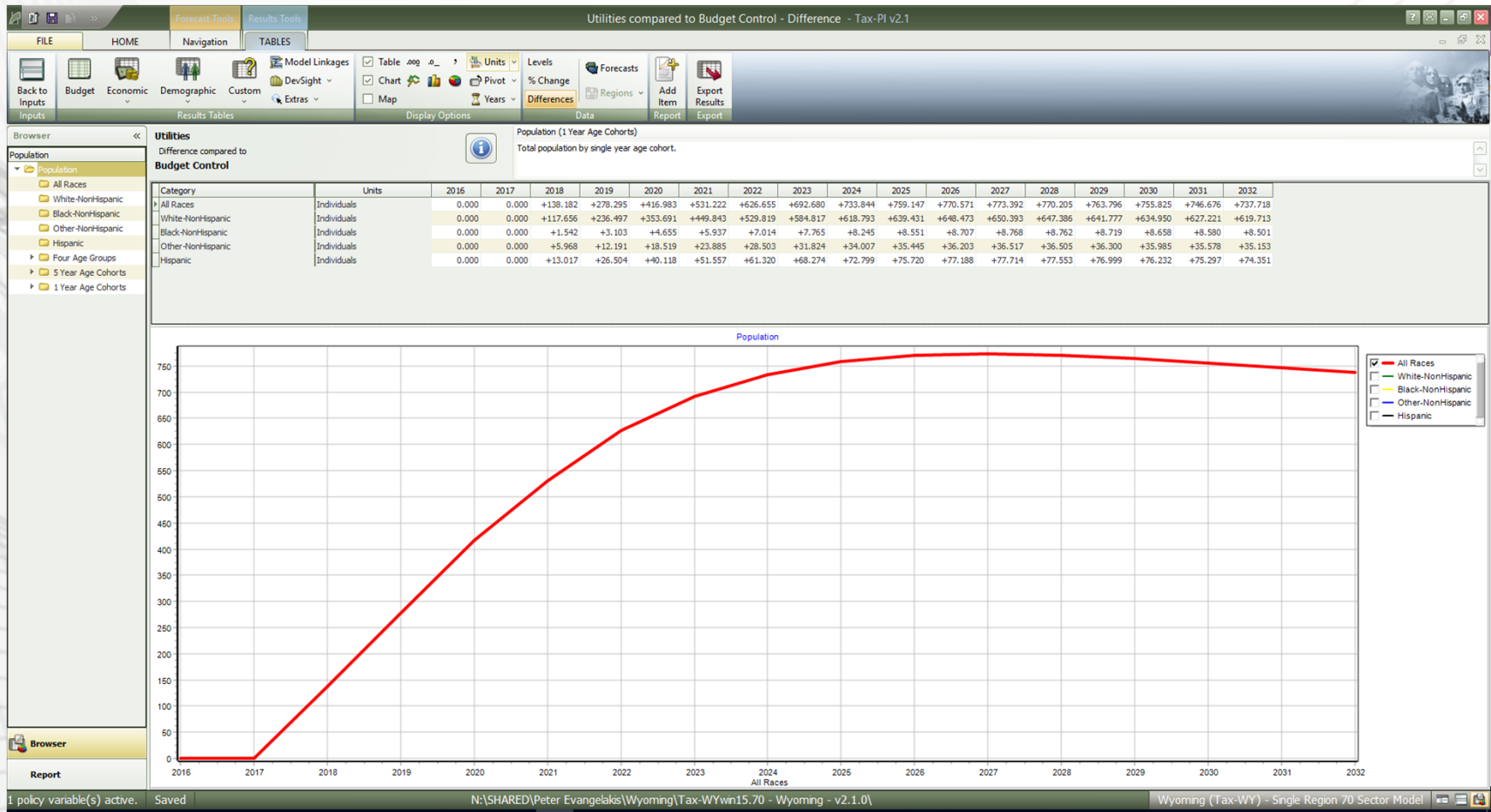
what does REMI say? sm

Utilities Production



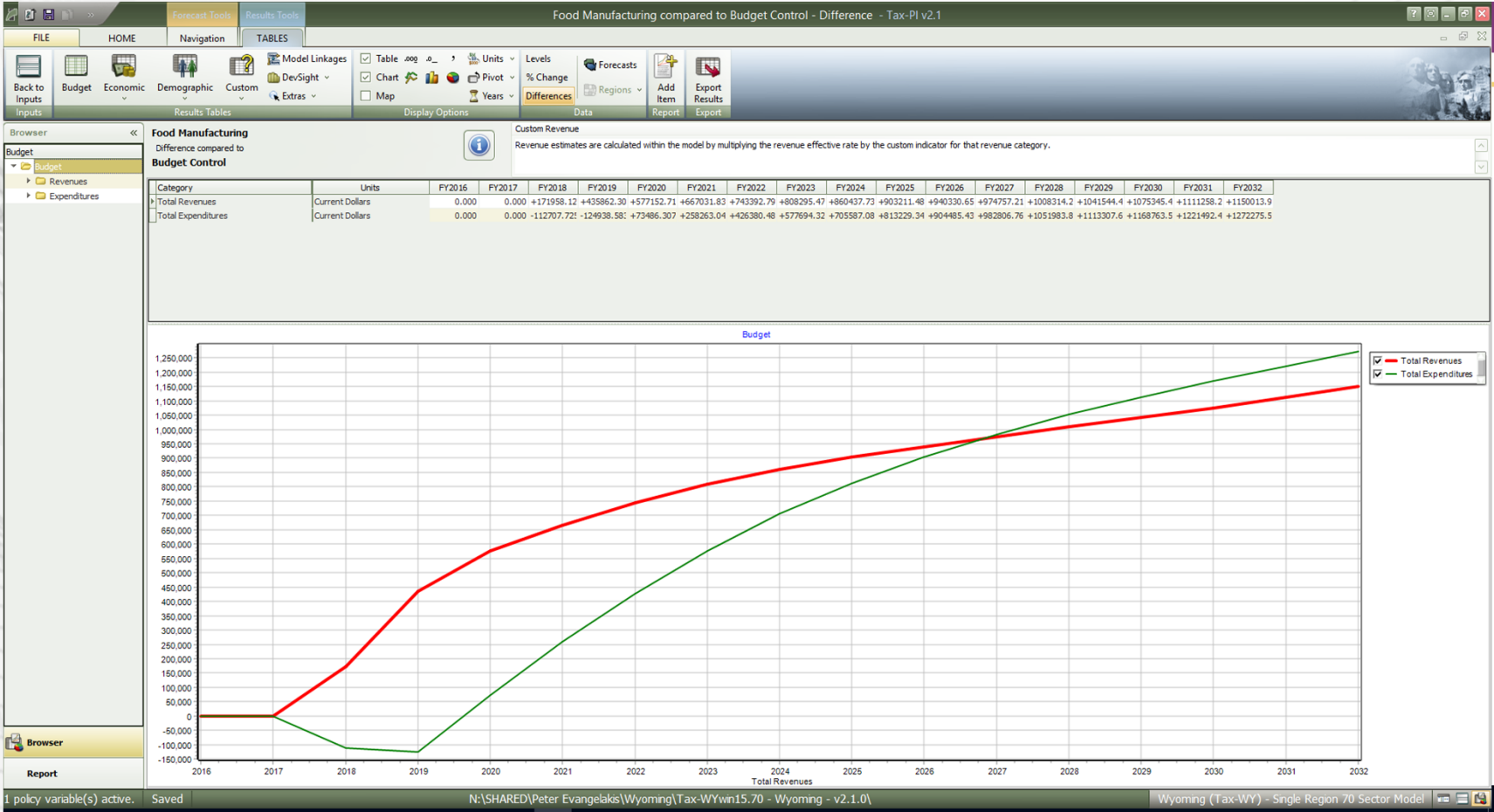
what does **REMI** say? *sm*

Utilities Population



what does **REMI** say? *sm*

Food Manufacturing Budget



what does REMI say? sm

Outline



1. Introduction to REMI and Tax-PI modeling
2. Economic and fiscal impacts of interventions in selected Wyoming industries
3. Comparison of fiscal impacts of given intervention in Wyoming under different states' tax structures

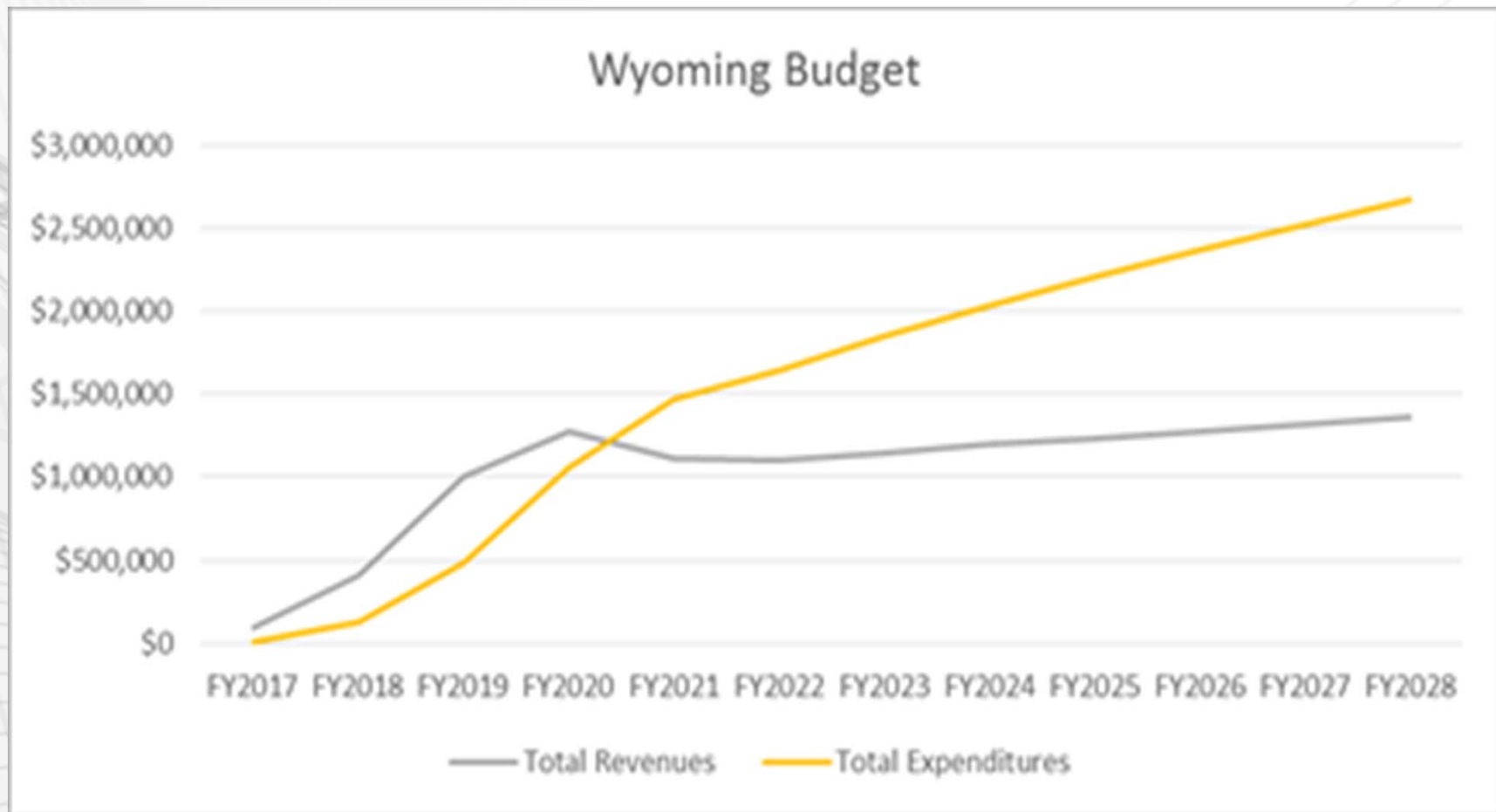
Intervention



- Intervention in Chemical Manufacturing sector

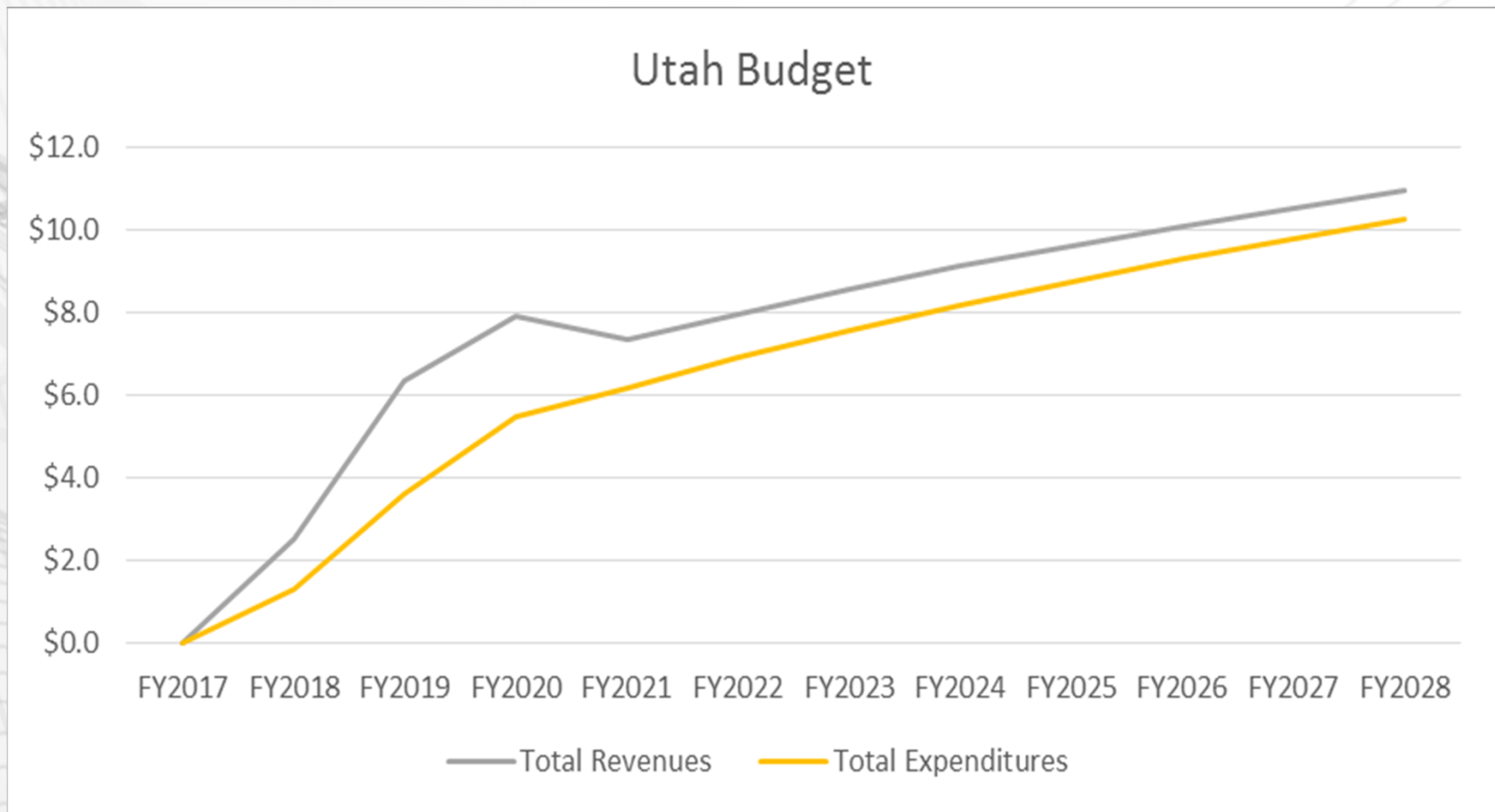
- Show impacts on Wyoming's budget under four states' tax structures:
 - Wyoming
 - Utah
 - North Dakota
 - Kentucky

Revenue Capture Wyoming



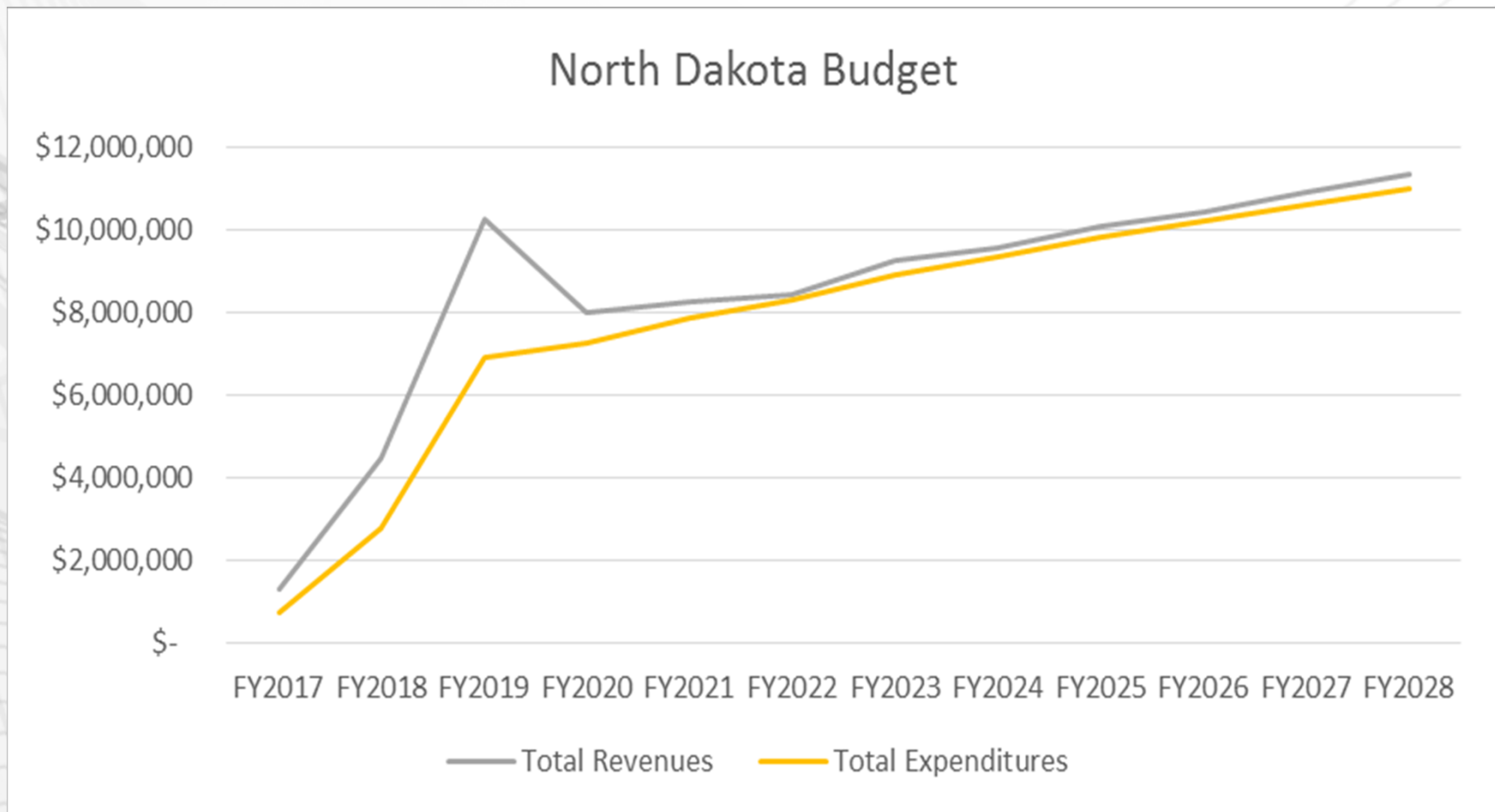
what does **REMI** say? sm

Revenue Capture Utah



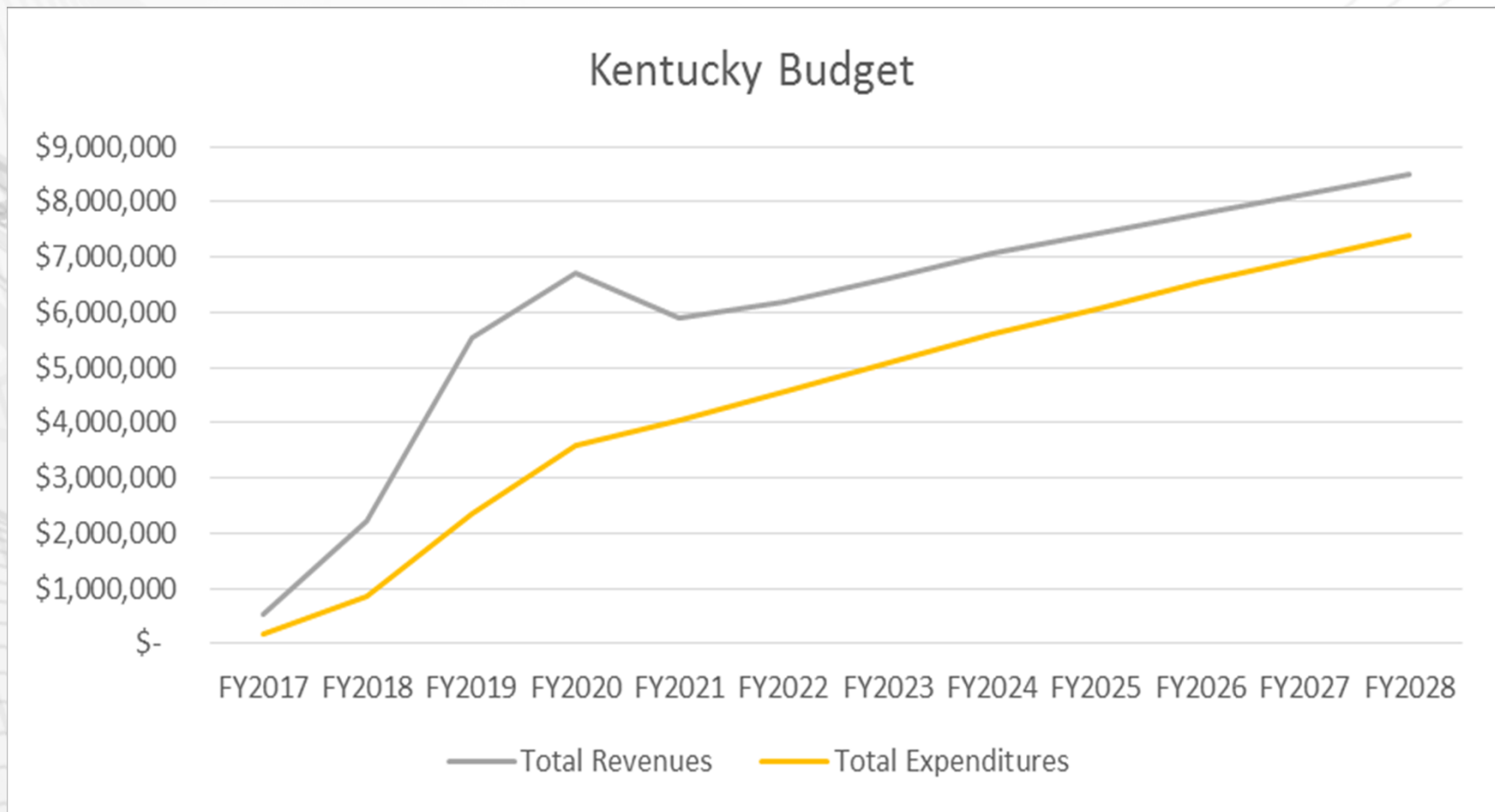
what does **REMI** say? sm

Revenue Capture North Dakota



what does **REMI** say? sm

Revenue Capture Kentucky



what does **REMI** say? sm

Conclusion



- Under its current tax structure, Wyoming effort to stimulate non-resource sectors in the state presents fiscal challenges
 - Only growth in resource sectors has significant positive fiscal impacts
- This is not an isolated issue
 - Demonstrated across several non resource sectors
- This is directly related to Wyoming's tax structure
 - Demonstrated using several state's budgets