

ECONOMIC AND FISCAL DIVERSIFICATION IN WYOMING

Wyoming State Legislature Revenue Committee
Cheyenne, WY
July 8, 2019

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's 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

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 38-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

Econometrics

Advanced statistical analyses underpinning the model

General Equilibrium

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

Economic Geography

Effects of geographic concentration of labor and industry



Integrated REMI economic modelling approach



Iowa Department of
REVENUE

BND
Bank of North Dakota



what does **REMI** say? sm

LOUISIANA
DEPARTMENT of REVENUE

Kansas
Department of Revenue

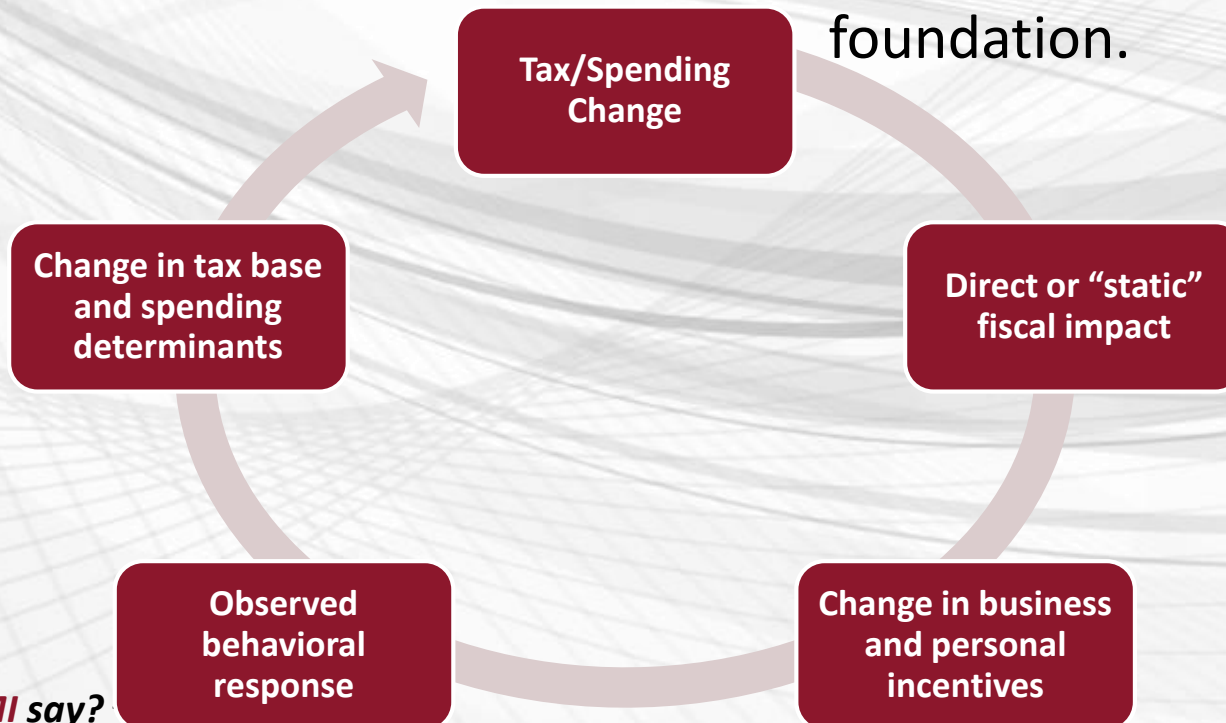


What is Tax-PI?



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.



*what does **REMI** say?*

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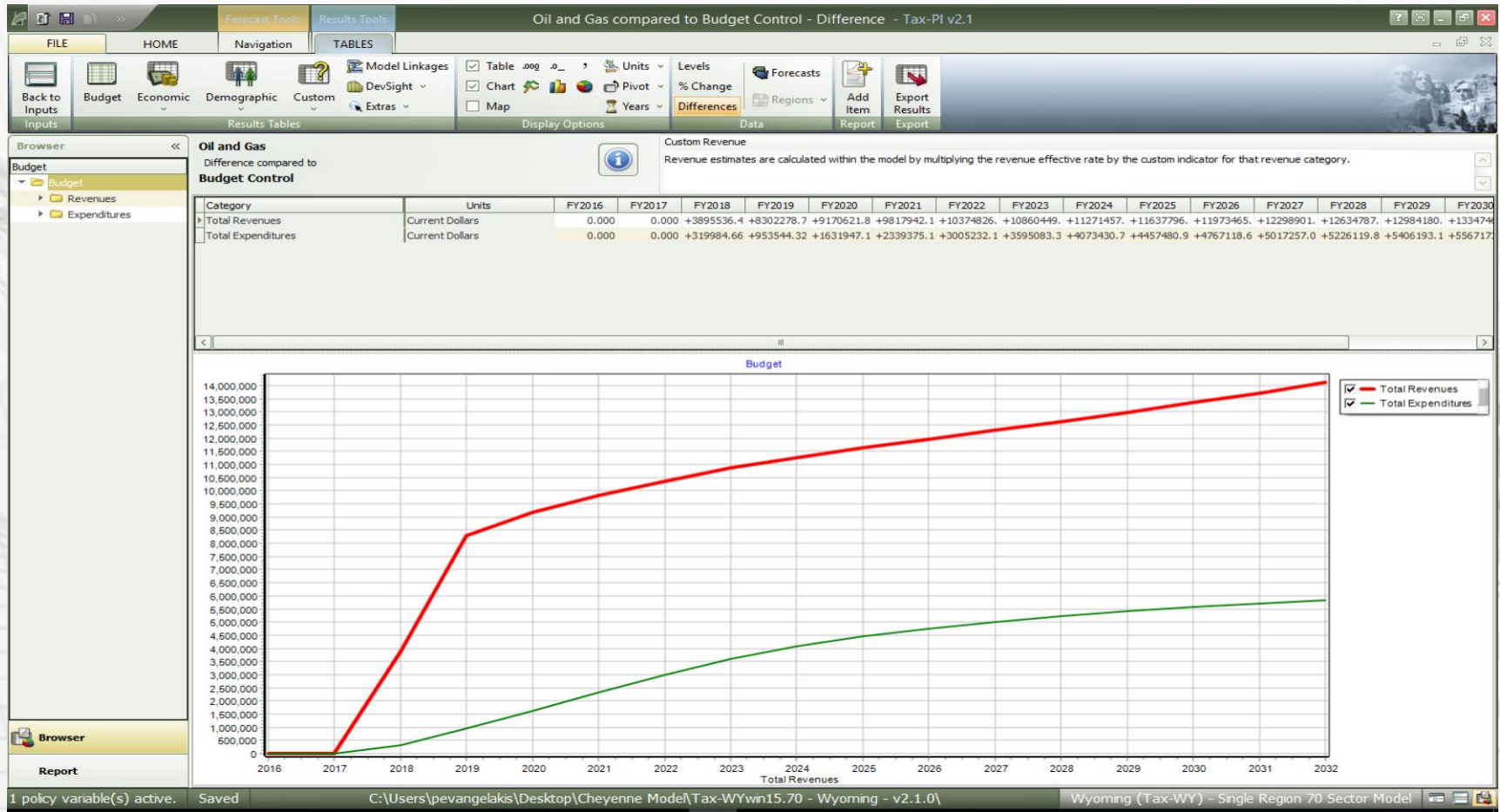
Intervention



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

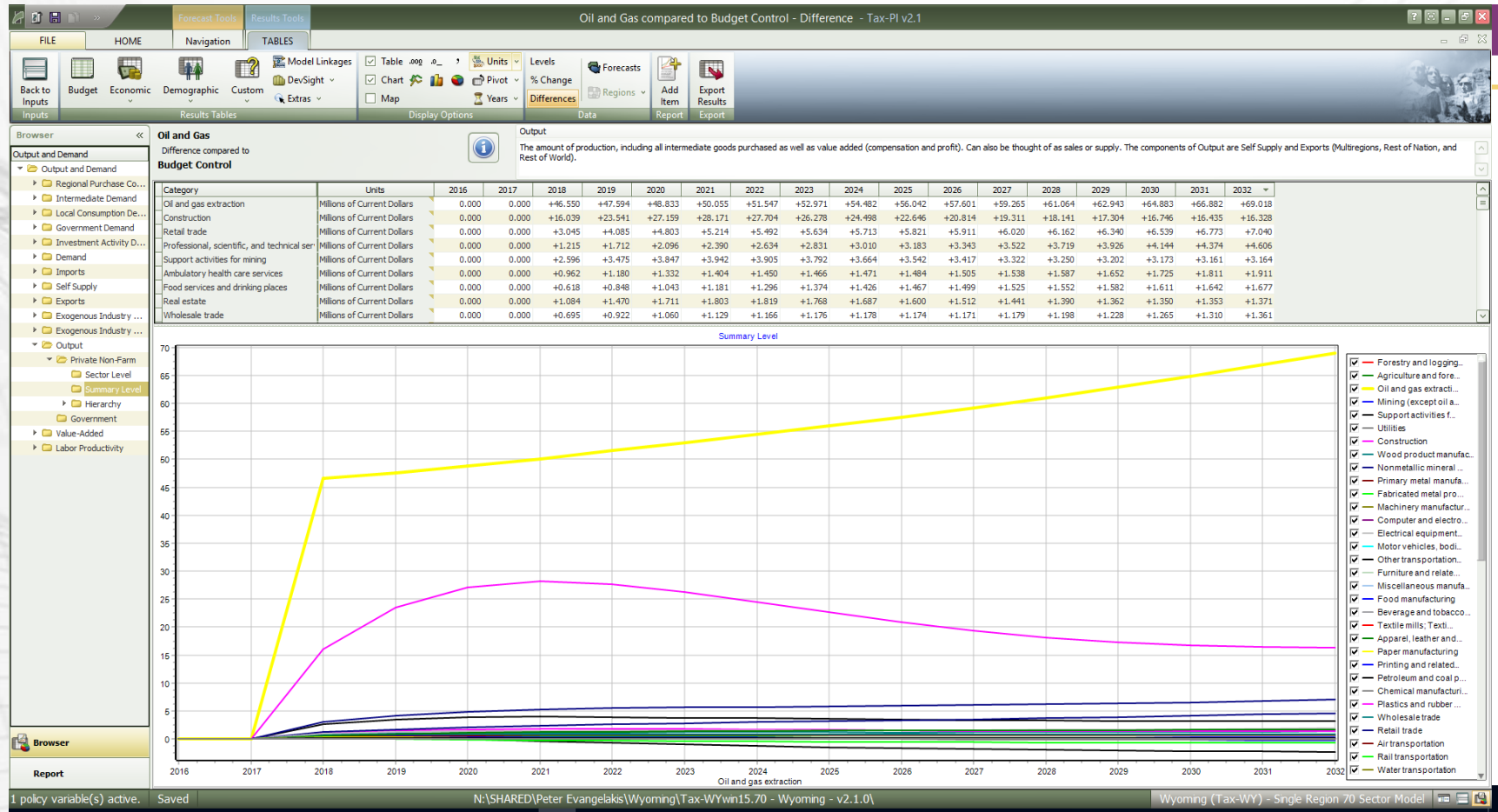
- Show impacts on Wyoming's budget, economic production, population

Oil and Gas Budget



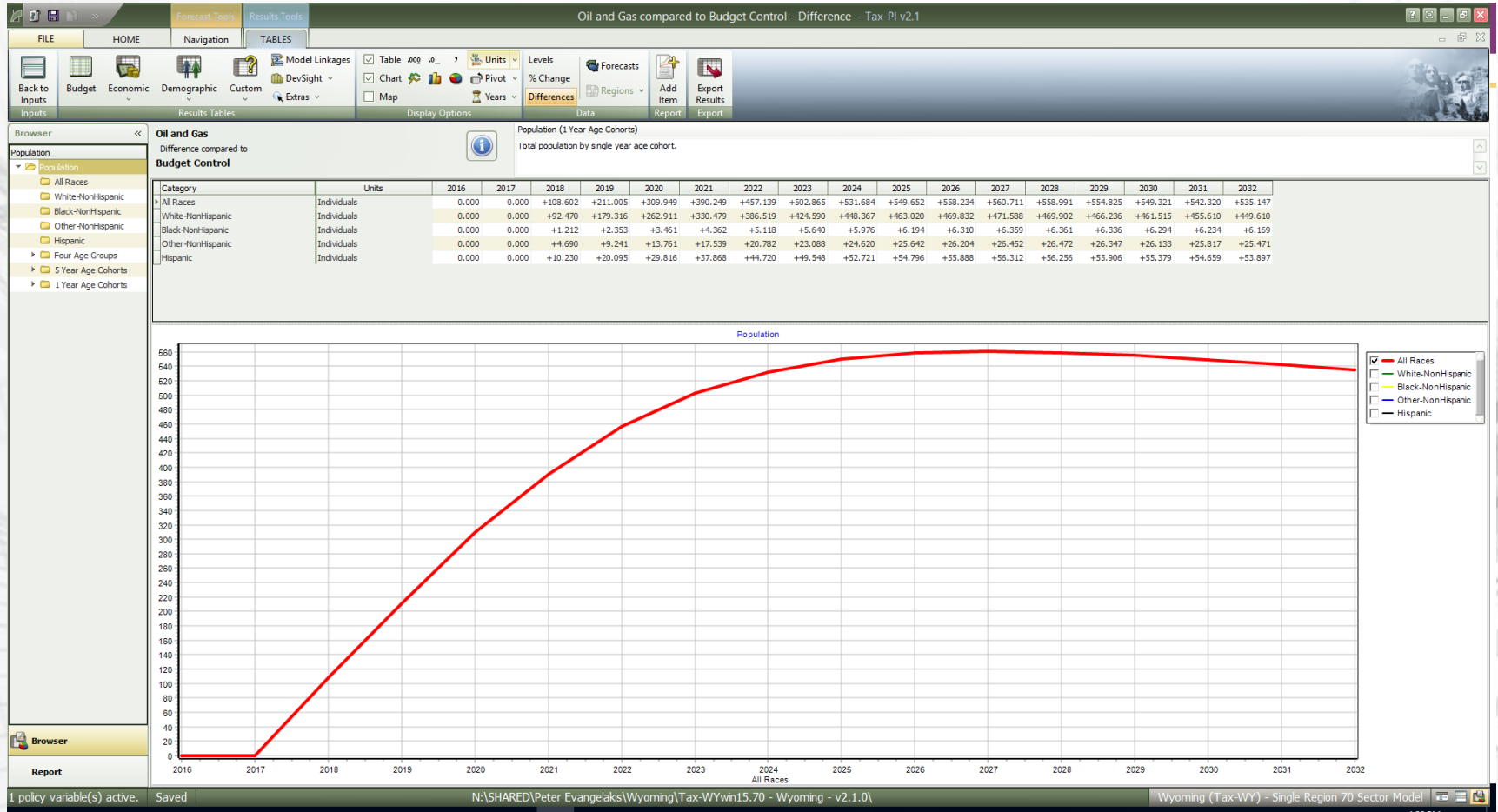
what does REMI say? sm

Oil and Gas Production



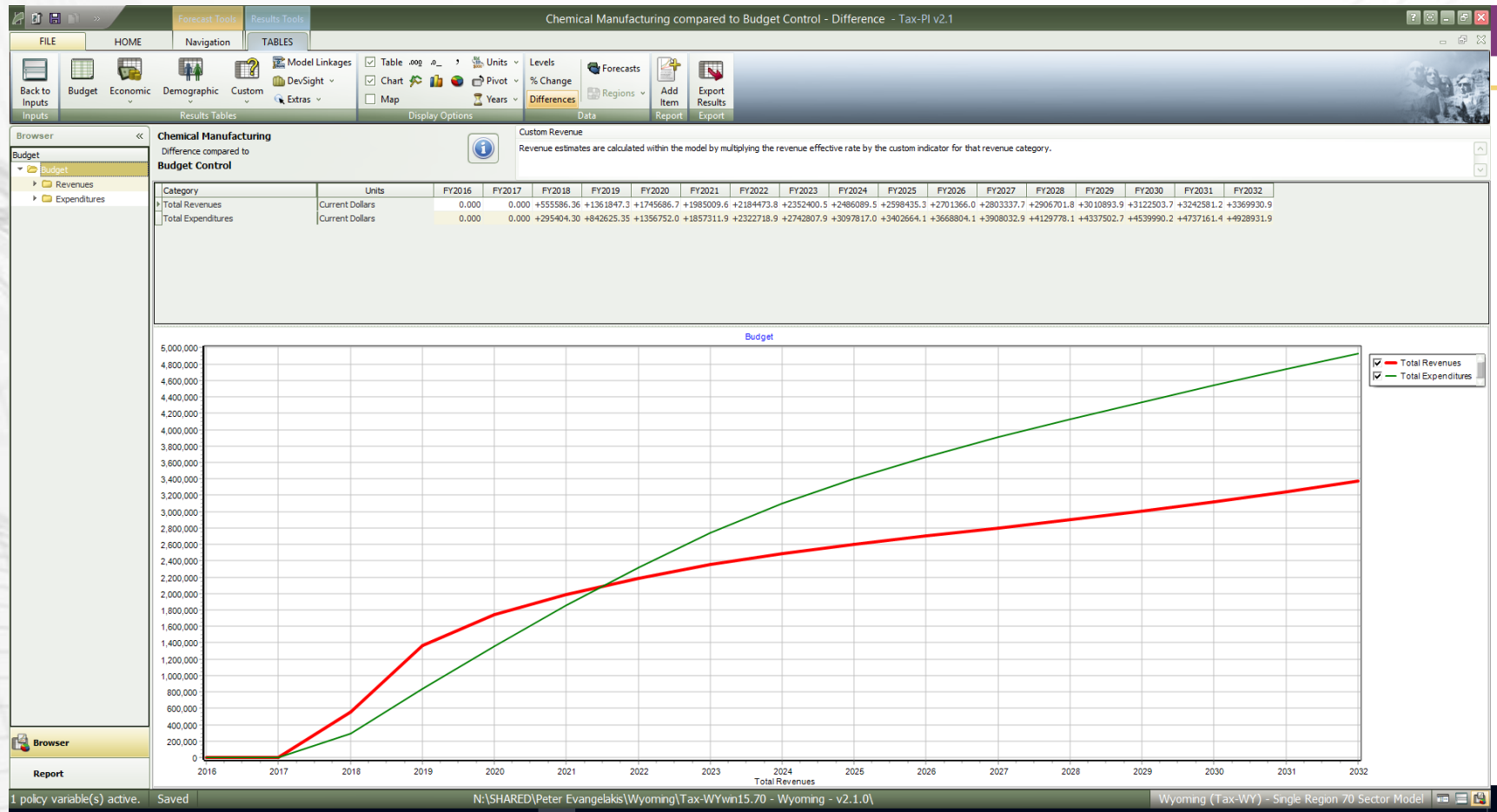
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Oil and Gas Population



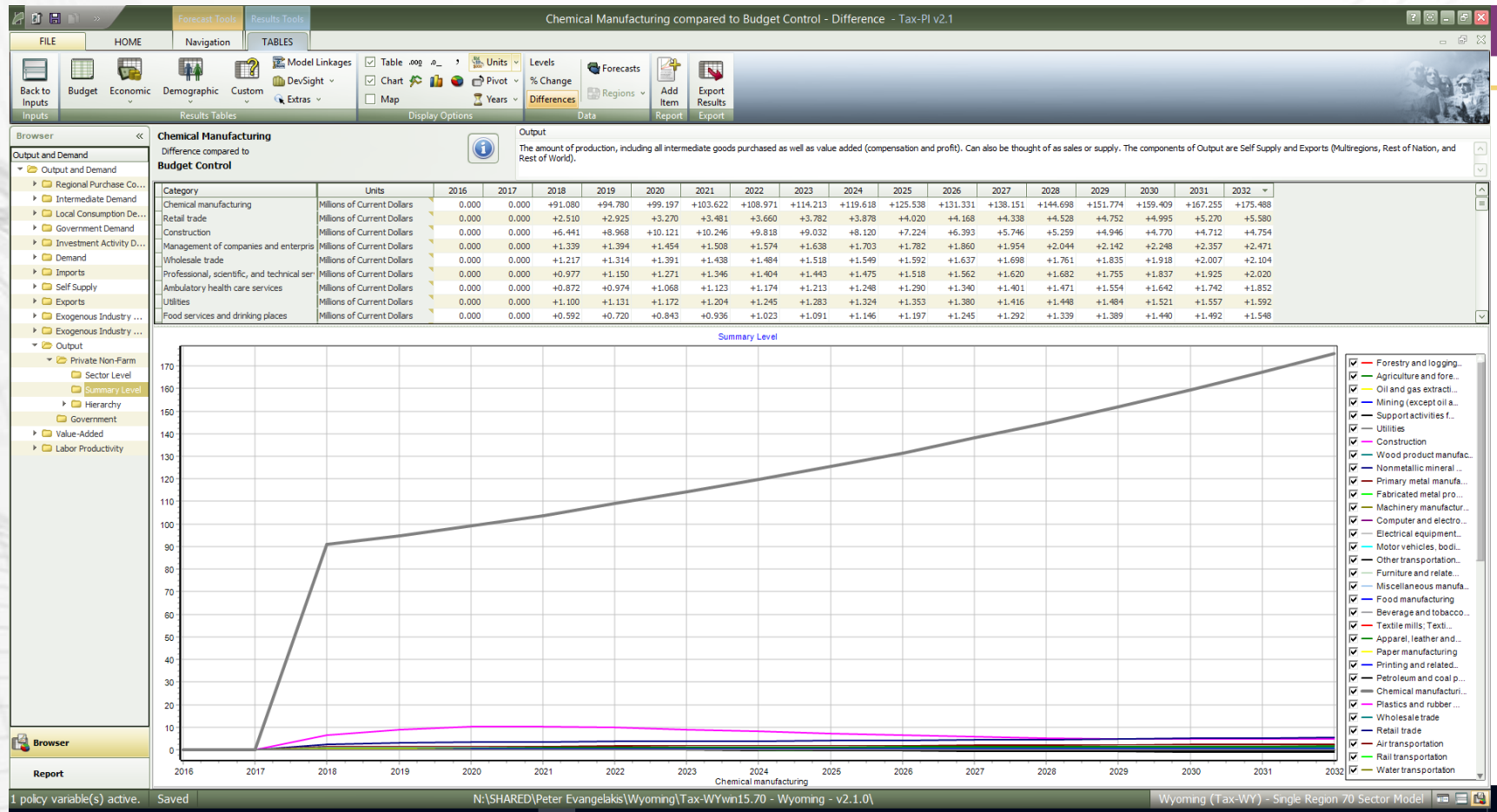
what does REMI say? *sm*

Chemical Manufacturing Budget



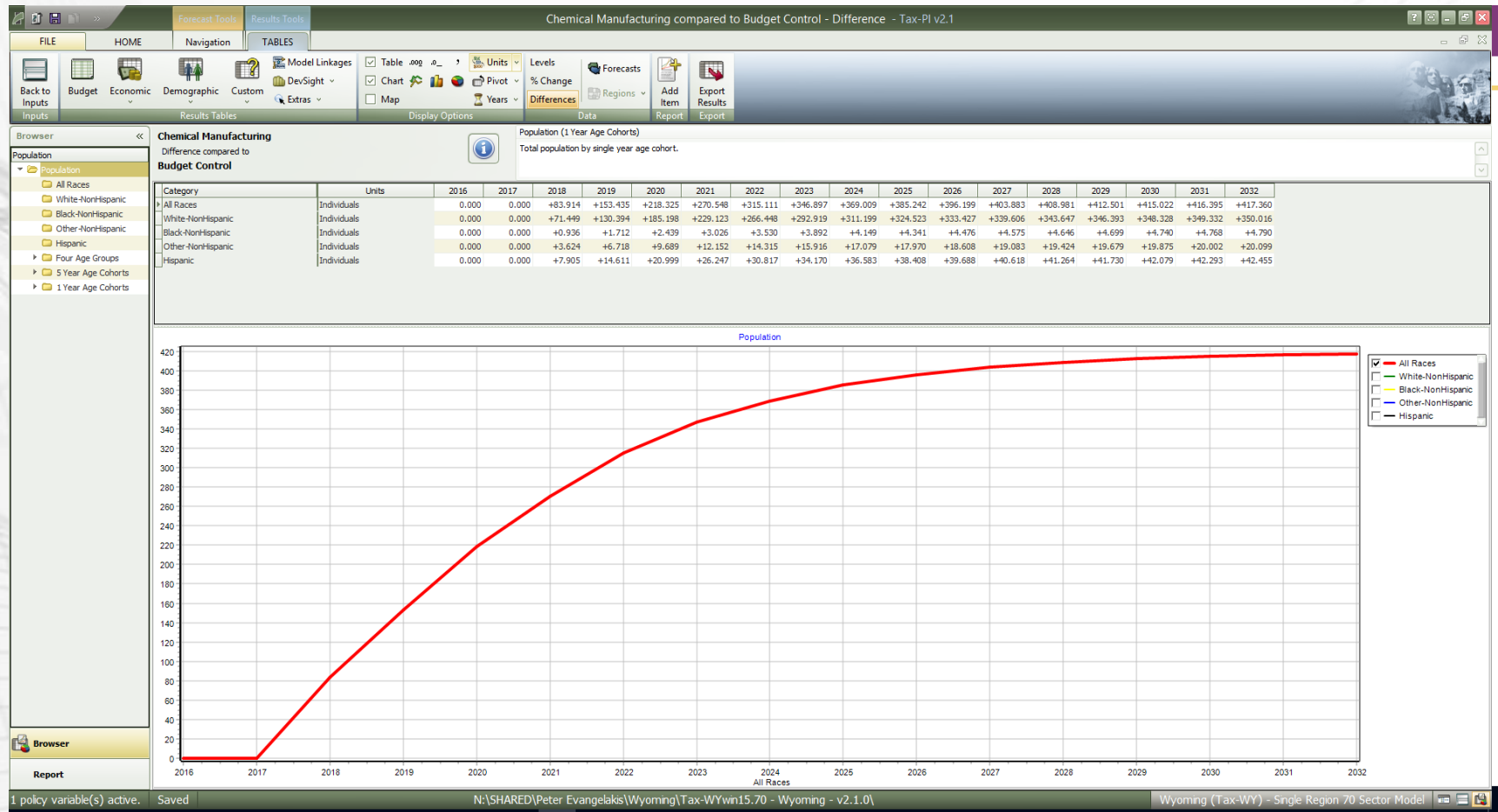
what does REMI say? *sm*

Chemical Manufacturing Production



what does REMI say? sm

Chemical Manufacturing Population



what does REMI say? sm

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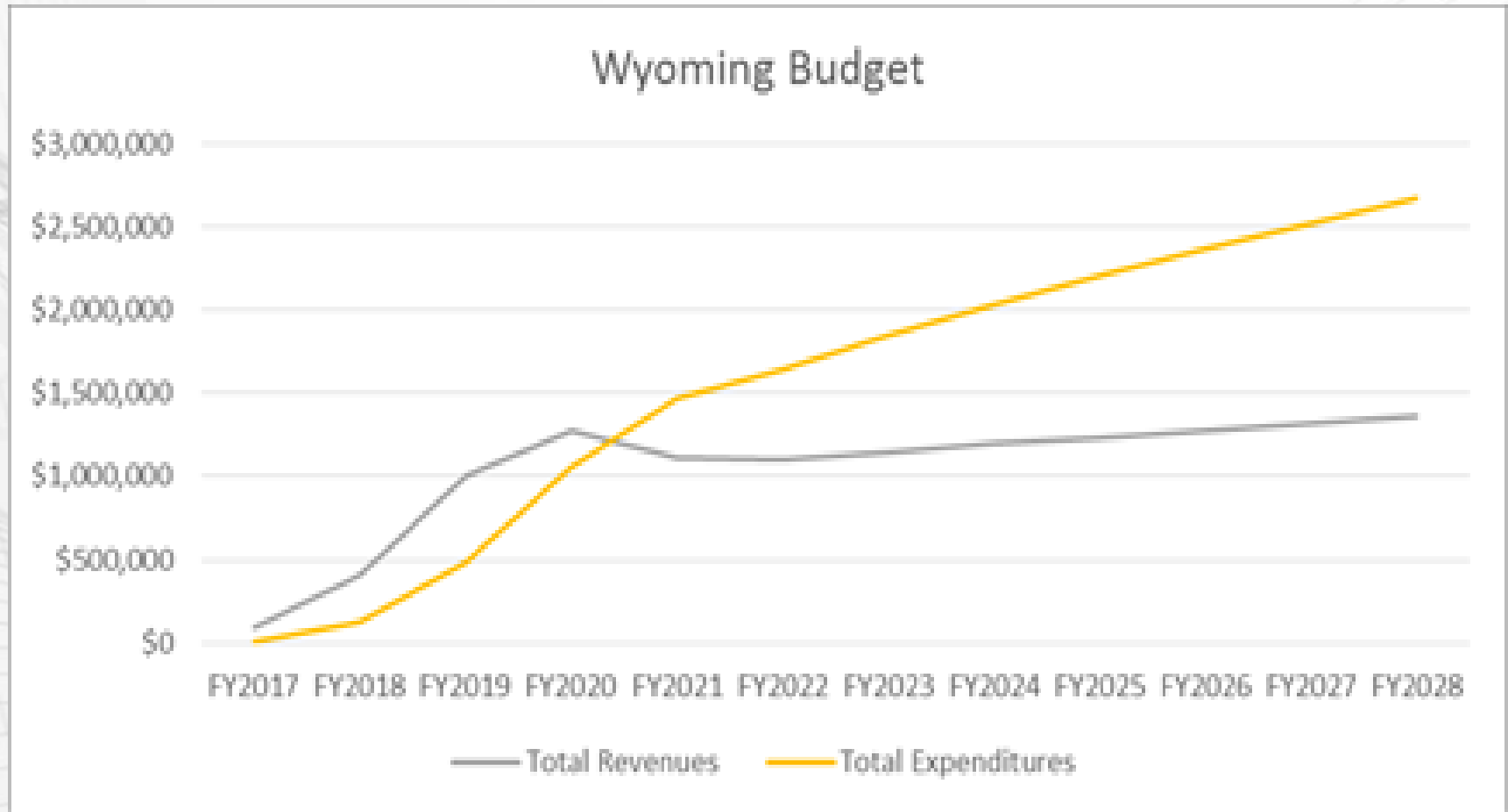
Intervention



- Intervention in Chemical Manufacturing sector

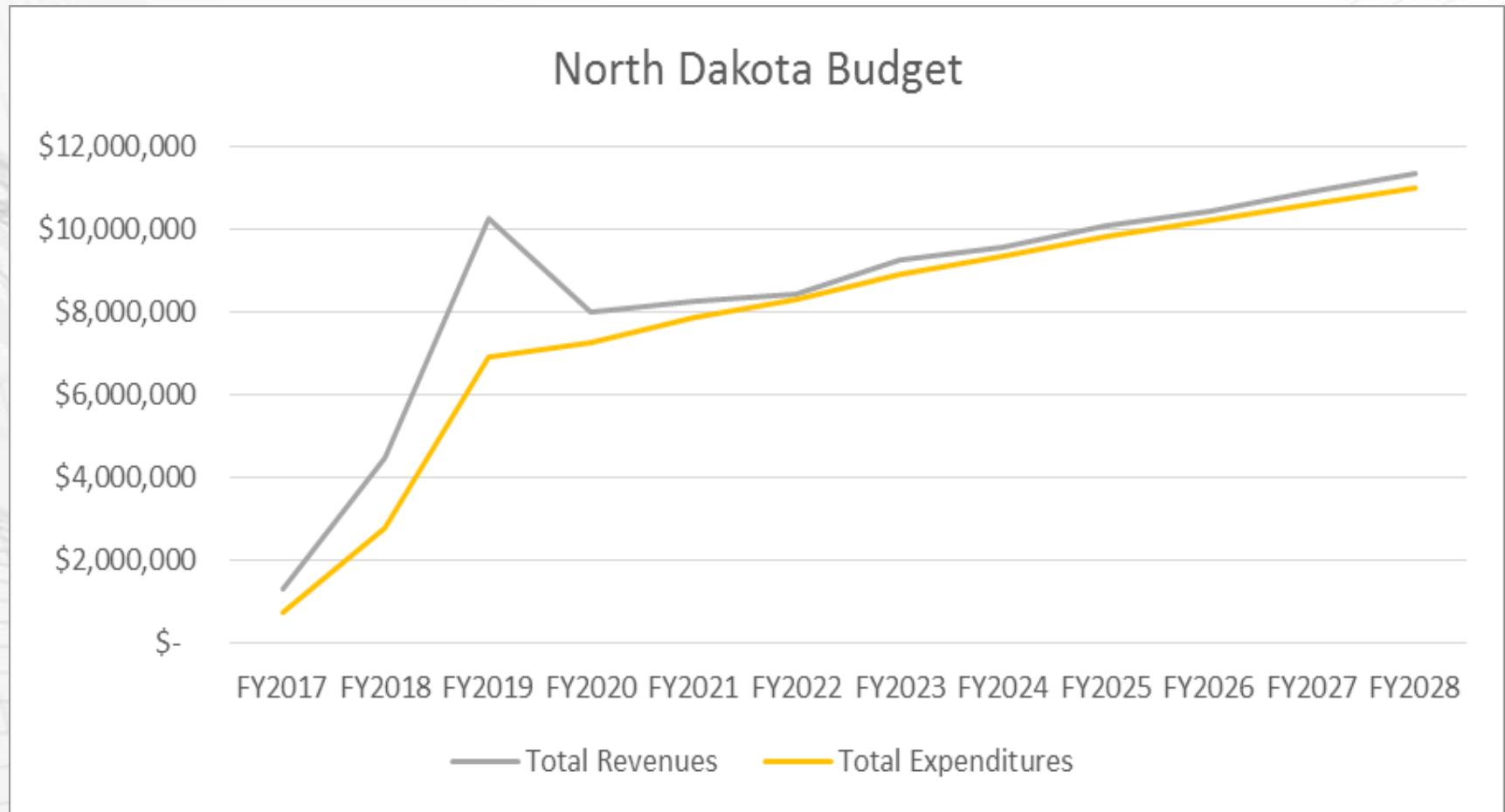
- Show impacts on Wyoming's budget under four states' tax structures:
 - Wyoming
 - North Dakota

Revenue Capture Wyoming



what does **REMI** say? sm

Revenue Capture North Dakota



Conclusion



- Under its current tax structure, Wyoming's 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
 - Applies generally across non resource sectors
- This is directly related to Wyoming's tax structure
 - Compared with several other states' budgets