

Business Incentives and Economic Development Expenditures: An Overview of Wyoming's Program Investments and Outcomes

Summary

Across the country, state economic development incentives have evolved into a complex mixture of programs with diverse structures and goals. The Council for Community and Economic Research (C2ER) and the Center for Regional Economic Competitiveness (CREC) have been working to catalog and document the range of available state programs through the [C2ER State Business Incentives Database](#), which includes detailed information about almost 2,000 state-administered incentive programs from every state; and the [C2ER State Economic Development Expenditures Database](#), a compilation of economic development expenditure budget data from every state. This report builds on that work by taking a deeper look at Wyoming's full array of incentive programs and includes an analysis of the available outcome data that is used by state policymakers and program administrators to gauge program effectiveness.

In order to create a comprehensive picture of the economic development landscape, we reviewed and culled data from a range of state statutes, reports, and websites. The numbers contained in this report are CREC and C2ER's best estimate of the dollars spent on economic development incentives at the state level in Wyoming.

In Fiscal year (FY) 2016, the most recent year in which spending data are available for all program types, the state is expected to spend \$76 million on economic development program expenditures.¹

[The Center for Regional Economic Competitiveness \(CREC\)](#) is working with The Pew Charitable Trusts (Pew) on the Business Incentives Initiative. This initiative engages forward-thinking teams of economic development policymakers and practitioners from six states. These leaders are working together to identify effective ways to manage and assess economic development incentive policies and practices, improve data collection and reporting on incentive investments, and develop national standards. The initiative is supported by a grant from the Laura and John Arnold Foundation.

¹ Please see Appendices for detailed lists of all items included in this report as incentives, economic development program expenditures, and economic development tax expenditures.

Figure 1: Wyoming State Business Incentives by Agency, 2015

State Agency	Number of Programs
Wyoming Business Council	9
Wyoming Smart Capital Network	2
Wyoming Department of Workforce Services	1

Source: C2ER State Business Incentives Database

Overview of Business Incentives

Wyoming has a small number of incentive programs, with a total of 12 active programs in 2015. The C2ER State Business Incentives Database defines state business incentives as state-administered programs designed to influence business investment behaviors. States design their programs to influence these behaviors through tax incentives, as well as through non-tax programs, such as grants, loans, business assistance, and other investment vehicles. These incentives help businesses address one or more needs, such as capital access, workforce preparation, technology transfer, site facility improvements, and so forth.²

In Wyoming, the responsibility for administering these incentive programs is spread across three different state agencies. The primary agencies responsible for administering incentive programs are the Wyoming Business Council, the Wyoming Smart Capital Network, and the Department of Workforce Services. (See Figure 1.)

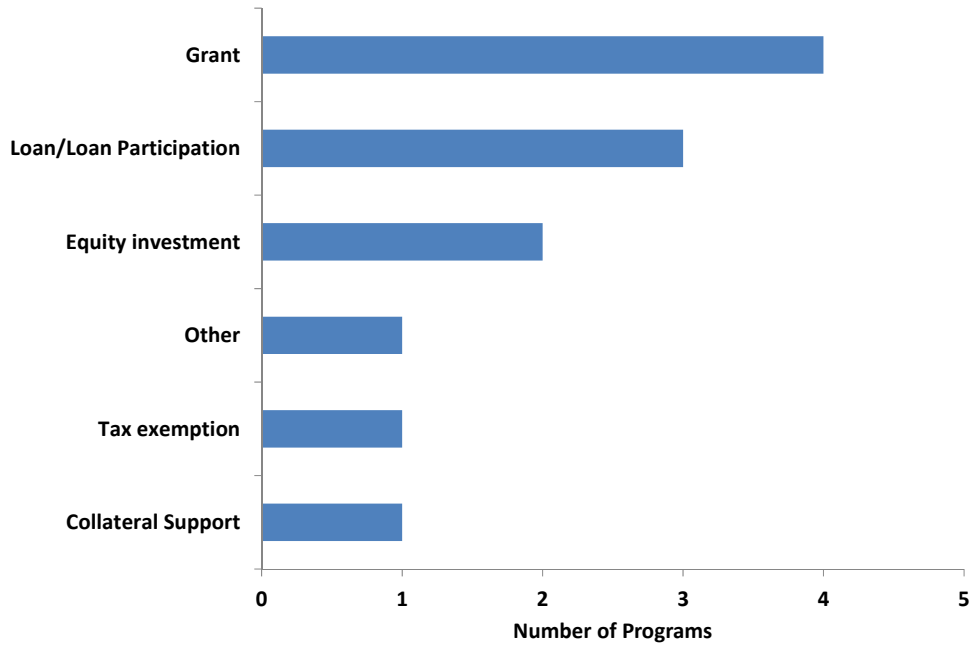
Wyoming emphasizes direct financing loan and grant programs. Direct business financing accounts for approximately 67 percent of Wyoming's active incentive programs. Approximately 8 percent of Wyoming's state business incentives offer some kind of tax-related benefit. By comparison, tax incentives represent 45 percent of all state business incentive programs across the nation. (See Figure 2.)

The emphasis of the state's current portfolio of incentives is on capital access or formation. Focus is also given to facility/site location, tax/regulatory burden reduction, workforce prep or development, marketing & sales assistance, and infrastructure improvement. (See Figure 3.)

² The C2ER State Business Incentives Database definition of business incentives may differ from the definition used by the state of South Dakota. For a list of definitions used by C2ER, please see the [glossary](#) on the C2ER State Business Incentives Database. For a current list of incentive programs as defined by the state, please see the [Governor's Office of Economic Development](#) website.

Figure 2: Incentive Programs by Type**

Wyoming Incentive Programs by Type (2015)

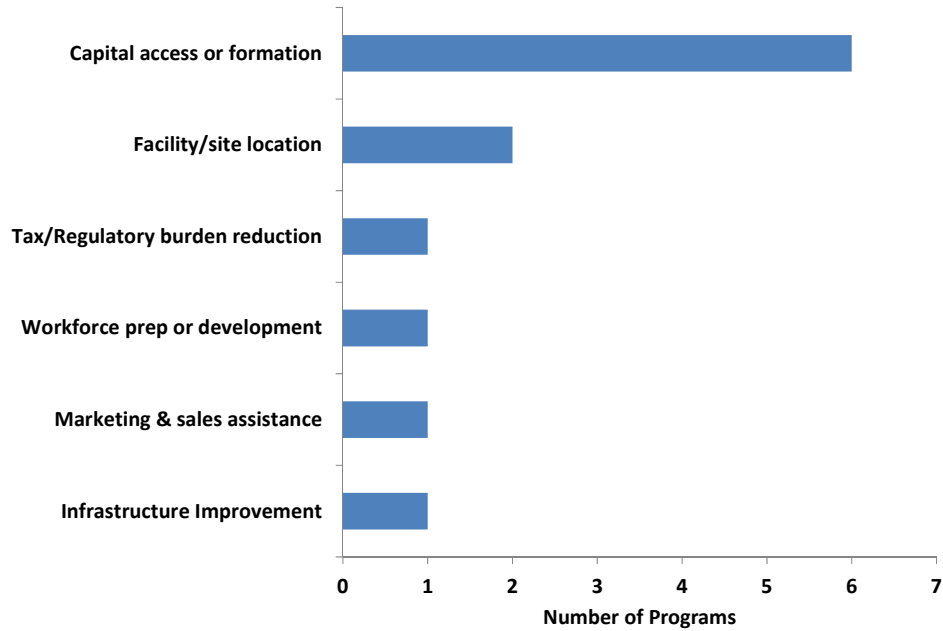


Source: C2ER State Business Incentives Database

** Note: Programs may appear more than once if they provide multiple incentive types.

Figure 3: Incentive Programs by Business Need**

Wyoming Incentive Programs by Business Need (2015)



Source: C2ER State Business Incentives Database

** Note: Programs may appear more than once if they are intended to fulfill multiple business needs.

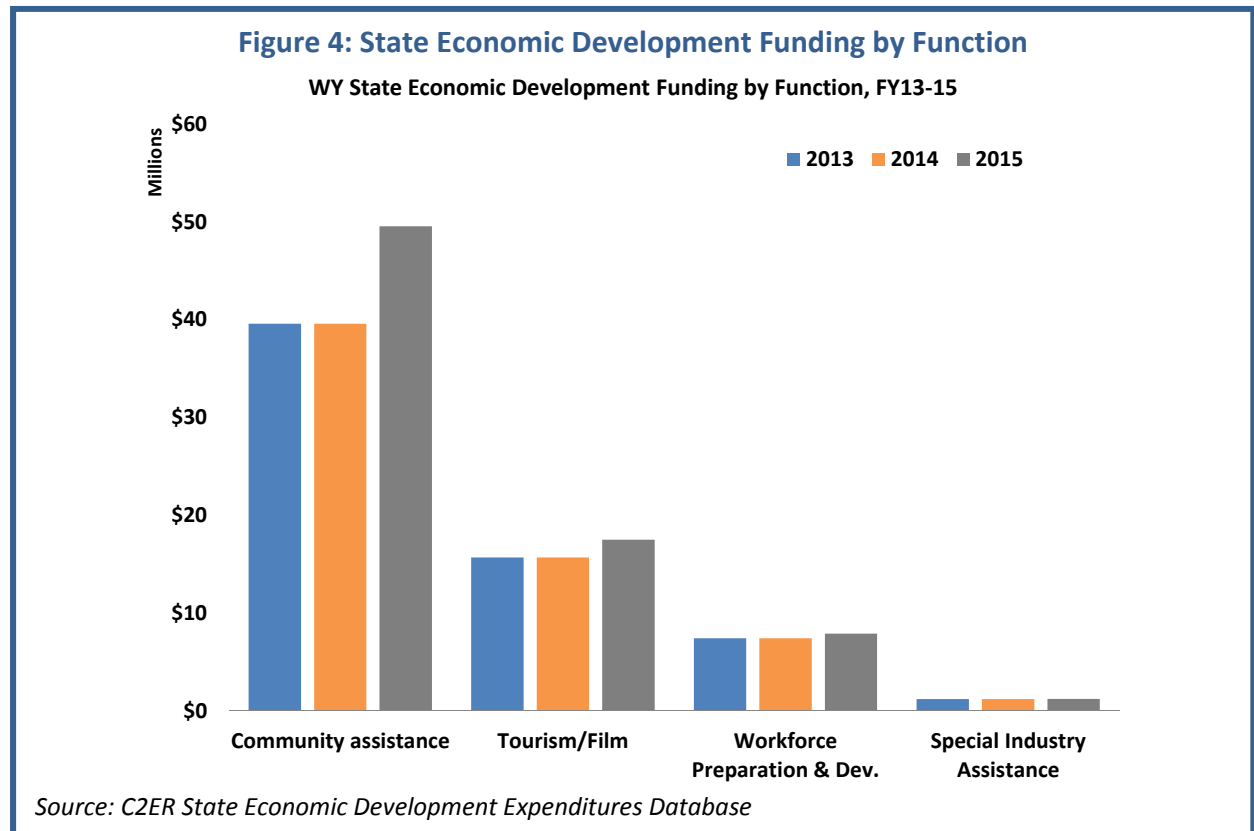
Economic Development Program Expenditures

Examining Wyoming’s budget for economic development program expenditures reveals how various state agencies outlay money for economic development programs. Expenditures fall into 15 functional areas for economic development defined by the C2ER State Economic Development Expenditures Database.³

According to Wyoming’s FY2013-2014 Supplemental Budget, which details appropriated spending for FY2014, the state spent approximately \$64 million in FY2014.

This level of spending represents an average of \$2506 per business, which is significantly higher than the median average of \$875 per business spent in other states for that fiscal year. In FY2014, Wyoming ranked 5th in the nation for expenditures per business establishment, behind Rhode Island,

- State Economic Development Expenditures
Function Areas**
- Business Finance
 - Strategic Business Attraction Fund
 - Business Assistance
 - International Trade and Investment
 - Domestic Recruitment/Out-of-State
 - Workforce Preparation & Development
 - Technology Transfer
 - Entrepreneurial Development
 - Minority business development
 - Community Assistance
 - Tourism/Film
 - Special Industry Assistance
 - Program Support
 - Administration
 - Other Program Areas

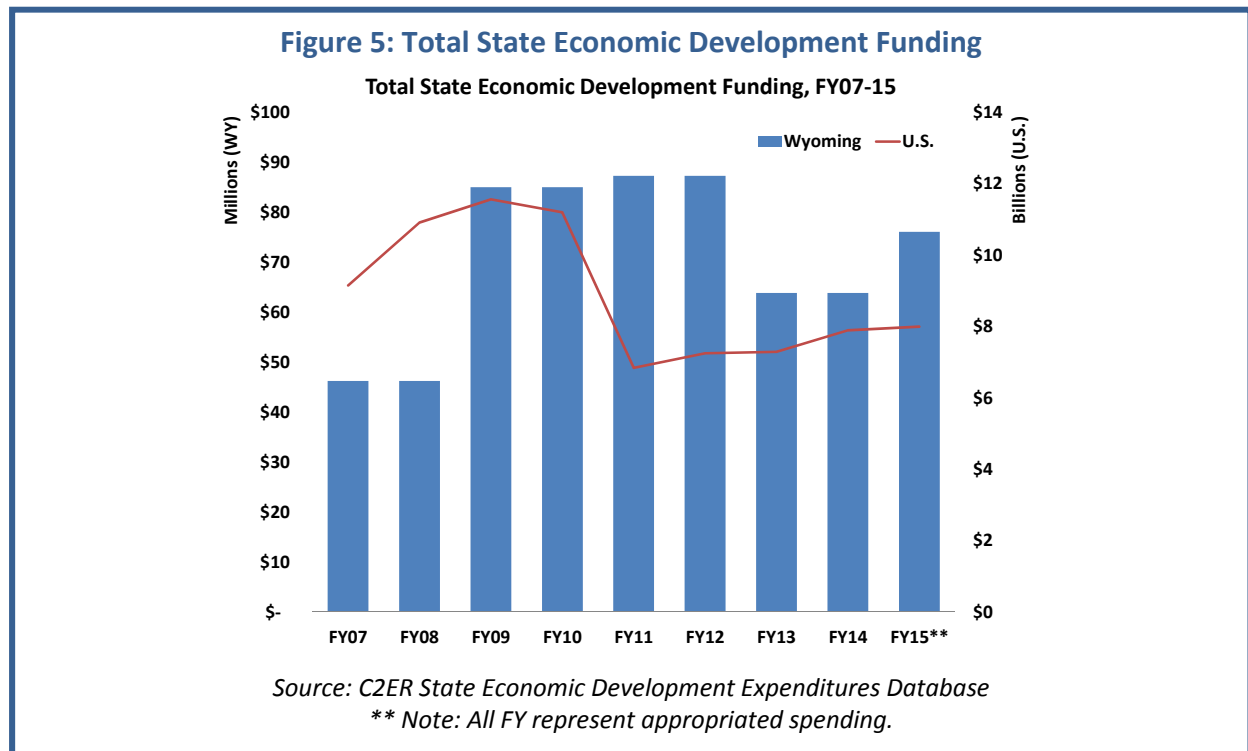


³ See Glossary definitions here - http://www.stateexpenditures.org/about/Definition_of_ED_Functions.pdf

South Dakota, Hawaii, and Alaska. Most of Wyoming’s economic development expenditures through the Wyoming Business Council, Wyoming Tourism Board, the Department of Workforce Services, and the Department of Agriculture. The Wyoming Business Council received approximately 61% of overall state economic development funding in FY2014. This is consistent with previous budgets.

In comparison to economic development expenditures nationally, between FY 2007 and FY 2016, Wyoming spent a greater proportion of its budget (relative to other states) on programs related to community assistance and tourism, and a lower share on programs related to administration, business assistance, business finance, domestic recruitment, entrepreneurial development, international trade and investment, minority business development, other program areas, program support, special industry assistance, strategic business attraction, technology transfer, and workforce development.

Between FY 2007 and FY 2015, economic development spending in Wyoming mirrored spending in the rest of the nation. Spending increased from approximately \$46 million in FY 2008 to \$85 million in FY 2009, an increase of nearly 46%. Spending again increased slightly between FY 2010 and FY 2011. Spending dropped by 37%, from \$87 million in FY 2012 to \$64 million in FY 2013. This is inconsistent with national trends in economic development spending, as most states decreased spending in FY 2011 following the Great Recession and have since made gradual spending increases. (See Figure 5.) It should be noted, however, that all listed figures are appropriated as actual figures were not available from Wyoming budget documents.



Economic Development Tax Expenditures

Tax expenditures can be defined as “revenue losses attributable to tax provisions that often result from the use of the tax system to promote social goals without incurring direct expenditures.”⁴ *Economic development tax expenditures* in this context represent those tax provisions that use the state tax system to promote business investments that promote state economic priorities.

Wyoming is one of the few states which do not release a regular and independent tax expenditure report. The Wyoming Department of Administration & Information, Economic Analysis Division releases [annual reports](#) on sales, use, and lodging tax revenue (dating back to FY 1977). This report lists available sales and use tax exemptions but contains no spending totals. When the exemptions are classified by industry focus, Wyoming expenditures are particularly focused on agriculture, transportation/shipping, and mining or oil extraction.

Analysis of Available Outcome Data

Wyoming has created a comprehensive transparency website, [Transparency in Wyoming Government](#). The site includes annual fiscal and budget reports at the state, county, and city level. Information on payment distributions, investments, and sales and use taxes are also available. The website provides links to the Wyoming Business Council, the Department of Workforce Services, and the Wyoming Labor Market Information site. Also included are links to fiscal data books, economic analysis reports, planning documents, and public service commission orders.

Wyoming requires the Business Council to submit an annual report which includes the status of the implementation of the economic development strategy, recommended legislative and executive actions related to the implantation of the strategy, and a summary of economic benchmarks. The Wyoming Business Council provides their annual reports dating back to FY2011 on their [website](#).

Conclusion

Compared to other states, Wyoming has a small number of incentive programs, primarily administered by the Wyoming Business Council. Despite this, Wyoming spends significantly more per business establishment than the rest of the nation. The state’s incentive portfolio favors grants and loans for increasing business’ access to capital and workforce development.

While Wyoming does not provide tax expenditure information to the public, the state does provide significant amounts of data through its transparency website. A regularly released tax expenditure report, in addition to the Wyoming transparency website, will better allow the state to focus on analyzing the impacts of its economic development incentives and expenditures, giving policymakers the tools necessary to encourage greater economic development.

⁴ *Tax Expenditures: What are they and how are they structured?* Tax Policy Center. Accessed November 25, 2014 at: www.taxpolicycenter.org/briefing-book/background/shelters/expenditures.cfm

Appendix A: Full List of Wyoming State Business Incentives (2015)

Program Name	Program Provider	Business Need	Type
Business Ready Committed Program	Wyoming Business Council	Infrastructure Improvement	Grant
Challenge Loan Program	Wyoming Business Council	Capital access or formation	Loan/Loan Participation
Collateral Support Program	Wyoming Smart Capital Network	Capital access or formation	Collateral Support
Industrial Development Revenue Bonds	Wyoming Business Council	Capital access or formation	Other
Manufacturing Sales Tax Exemption	Wyoming Business Council	Tax/Regulatory burden reduction	Tax exemption
Seed Capital Network Program	Wyoming Smart Capital Network	Capital access or formation	Equity investment
Small Business Energy Audit/Retrofit Program	Wyoming Business Council	Facility/site location	Grant
Small Business Investment Credit Program	Wyoming Business Council	Capital access or formation	Equity investment
Trade Show Incentive Grant Program	Wyoming Business Council	Marketing & sales assistance	Grant
Women's Business Center Microloan Program	Wyoming Business Council	Capital access or formation	Loan/Loan Participation
Workforce Development Training Fund	Wyoming Department of Workforce Services	Workforce prep or development	Grant
Wyoming Main Street Loan Program	Wyoming Business Council	Facility/site location	Loan/Loan Participation

Appendix B: WY Economic Development Program Expenditures (2014)

Function	Activity	Total State Funding
Community assistance	Community center revitalization	\$27,756,200
Community assistance	Funding for targeted geographic zones	\$508,338
Community assistance	Infrastructure (e.g., road/sewer/telecommunications)	\$810,213
Community assistance	Other Community assistance	\$382,613
Community assistance	Technical assistance/capacity building to communities (including rural)	\$10,096,563
Special Industry Assistance	Agriculture/agribusiness	\$1,196,771
Tourism/Film	Film Promotion	\$450,000
Tourism/Film	Major events/festivals	\$1,828,552
Tourism/Film	Tourism development	\$13,405,132
Workforce Preparation & Dev.	Customized training	\$3,470,617
Workforce Preparation & Dev.	Incumbent worker training	\$3,943,382
TOTAL		\$63,848,379

Appendix C: WY Economic Development Tax Expenditures (2016)

Description
Sales of tangible property to a person engaged in manufacturing
Sales of livestock, feeds for feeding livestock for marketing purposes; seeds, roots, bulbs, small plants, and fertilizer, planted or applied to land, the products of which are to be sold
Intrastate transportation of employees when the transportation is paid for by the employer
Intrastate transportation of raw farm products to processing plants
Interstate transportation of freight and passengers
Sales of energy if the energy is consumed directly in manufacturing, processing, or agriculture
Sales of power or fuel used directly in generating motive power for transportation purposes
Sales of the services of professional engineers, geologists, or members of similar professions
Sales made to the State of Wyoming or its political subdivisions
Sales of prescription drugs, oxygen for medical use, plasma, prosthetic devices, hearing aids, crutches, wheelchairs, eyeglasses and contact lenses, insulin for human relief, and any syringe, needle, or device for the administration thereof
Leases of vehicles if the lease is computed from gross receipts of the operation
Wholesale sales
Intrastate transportation of freight and property including oil and gas by pipeline
Sales to Wyoming joint apprenticeship and training programs
Sales to Joint Power Boards organized under the Wyoming Joint Powers Act
Transportation of drilling rigs, including charges for loading, unloading, assembly, and disassembly
Sales of carbon dioxide and other gases used in tertiary production
Labor/service charges, including transportation and travel, for repair, alteration, or improvement of property owned by the State of Wyoming or its political subdivisions.
Sales of personal property, or services performed for the repair, alteration, or improvement of railroad rolling stock
Lodging services provided by guides or outfitters
Intrastate transportation by public utility or others of raw farm products to processing or manufacturing plants
Sale of fuel for use as boiler fuel in the production of electricity
Sales of water delivered by pipeline or truck
Sales of farm implements
Sales or lease of machinery to be used in the state directly or predominantly in manufacturing tangible property
Sales or lease of any aircraft used in FAA commercial operation
Sales of equipment used to construct a new coal gasification or coal liquefaction facility
Sales price paid for purchase or rental of computer software, computer equipment, and related utility equipment by a data processing services center.