

**Written Testimony of Alex Kean, Administrator of the State of Wyoming Department of  
Administration & Information Economic Analysis Division**

**June 11, 2016**

Mr. Chairman, Ranking Member Lowenthal, and honorable members of this Subcommittee, thank you for the opportunity to present on H.R. 5259. My name is Alex Kean and I serve as the Administrator of the Economic Analysis Division for the State of Wyoming. I am appearing today on behalf of the Wyoming Governor's Office.

Wyoming is blessed to have abundant natural resources, in fact in 2014, Wyoming ranked 1<sup>st</sup> in the nation in coal production (395.8 million short tons), ranked 5<sup>th</sup> in oil production (75.6 million barrels) and 8th in natural gas production (1,765 trillion cubic feet) with most of this production from federal minerals. The revenue returned to the State of Wyoming through Federal Mineral Royalties (FMRs) has represented at least 20 percent of total state revenue each of last ten years and has been as high as 27 percent (state fiscal year 2009). Wyoming uses FMRs to fund the operations of public education from pre-kindergarten programs through higher education. FMRs are also a major source of funding in Wyoming for surface transportation projects and are used by cities, towns and counties to alleviate emergency situations which pose a direct and immediate threat to health, safety or welfare and for other essential public services.

The minerals produced in Wyoming create affordable, reliable energy not just for Wyoming but for the nation. Low cost energy in turn results in a higher standard of living for all people from children to grandparents. The abundance of these resources creates opportunities and stimulates innovation. Without low cost energy we lose our competitive advantage.

However, with such a heavy reliance on mineral price and production Wyoming also has a tremendously volatile revenue portfolio. Recent federal regulatory actions have increased uncertainty in an already struggling coal industry and this uncertainty has only accelerated the downward trend in coal revenue collected in Wyoming. In the first three months of 2016 coal produced in the Powder River Basin has declined to 69 million short tons, a level not seen since 1995 according to a June 10, 2016 release by the U.S. Energy Information Administration. The reduced mineral activity has led to other extensive revenue declines in Wyoming. For example, in a year over year comparison Wyoming sales and use tax has dropped by 21 percent. Every industrial sector in Wyoming has seen a decrease with the minerals sector falling by 49.5 percent. Rapid reductions like these make forecasting revenue very difficult and results in sudden and sometimes dramatic changes in funding levels for even essential services.

As a leading producer and exporter of energy, Wyoming understands and recognizes the value of good regulation. Wyoming has a unique relationship with the federal government because not only is 48 percent of the state federal land, two-thirds of the minerals are federal. Wyoming has had good partnerships with federal agencies on many issues, and in specific areas. Cooperation between State and federal agencies is critical to effective management of resources. Wyoming

has significant expertise and information that will improve federal regulatory processes in many areas. Wyoming has the biggest stake in the federal coal program and H.R. 5259 gives Wyoming the opportunity to be part of the process from the beginning and will result in better regulations and policies.

On behalf of the Wyoming Governor's Office, thank you for the opportunity to discuss this important issue with you today.