

The Quarter Percent Economic Development Tax – My Thoughts



Pick up a copy of [Homes & More Magazine](#) each month to read *My Thoughts with Mark Christensen*, My monthly take on *Our Community, Our State, Local Events & Politics*. This preview of *My Thoughts* is being brought to you on County 17 by [Homes & More Magazine](#).

As many of you know, Energy Capital Economic Development and Gillette College made a request to the Board of County Commissioners, Gillette City Council, and Wright Town Council, to place on the ballot of a special election, a quarter percent (.25% or 1/4%) economic development tax. The Campbell County Commissioners advanced the request on a 4:1 vote, the Wright Town Council advanced the request unanimously, and the Gillette City Council advanced it on a 4:3 vote.

The general feedback from the elected officials who supported putting the tax proposition on the ballot was to let the people decide. My own personal opinion is that it is not my place to block a reasonable proposal to let the people decide if they want to

tax themselves. In this specific instance, it is not the elected officials from any of the boards/councils saying the tax is the best solution – we are simply saying it has merit, the College and Energy Capital ED have provided a good reason for it to be heard, and the public can ultimately decide if they see value in the organizations at a level where they want to support them with their tax dollars.

Many of the elected officials who voted against the proposal to place the quarter percent tax on the ballot did so because of a desire to avoid any new taxes or because they were afraid of jeopardizing the Optional 1% sales tax, which will be up for renewal by the voters of Campbell County during next year's 2018 general election.

As I write this piece, however, I do find myself frustrated by the large amount of “fake news” already online about the tax proposal. If you have not seen it, check out your favorite rants and raves page (there are many) and you will likely see some things that do not make sense. I like to believe the authors of these lies are simply uninformed. Unfortunately, I think many of them know what they are doing and intend to manipulate the issue. It's not just D.C., fake news has come to Wyoming and Campbell County.

Quite possibly my favorite fake news, is that the tax would be \$25 on every \$100 of taxable sales. Simple math tells us that the proposed tax would in fact be 25 cents on \$100.

Because of the misinformation, let me clearly lay out the proposal. Wyoming Statute §39-15-204(a)(vi) allows counties to impose an excise tax (sales tax) in increments of one-quarter (1/4) of one percent (1%), up to a maximum of one percent (1%), for the purposes of economic development upon approval of the electors (voters) of the county. In order to place the proposed tax before the voters, a resolution proposing the tax must be approved by the Board of County Commissioners and at least two-thirds (2/3) of the municipalities. In Campbell County there are two municipalities, Gillette and Wright, so each must also pass a resolution to allow the tax.

With the resolutions approved by the Campbell County Commissioners, Gillette City Council, and Wright Town Council, a special election for the proposed quarter percent economic development excise tax is set for November 7, 2017.

One of the things I have been most surprised to learn while serving on the ENDOW Executive Council are the factors that truly drive site selection for businesses looking to relocate. A recent survey within Area Development Magazine, *13th Annual Consultants Survey: Confidence in U.S. Economy, Concern Over Proposed Trump Policies*, showed that 100% of consultants ranked “Availability of skilled labor” as “very important” or “important”. Interestingly, “Highway accessibility” came in at 98.7%, showing that even in our new digital world, access to markets and transportation are still critical components of economic development. Tied at 95.8% were “Labor costs”, “Proximity to major markets”, “State and local incentives”, “Available land”, and “Tax exemptions”. In at number eight was “Energy availability and costs”, which was important to 93.0% of respondents, with “Proximity to suppliers” tied at that same level. The importance of

energy is a benefit to Wyoming. The next point was “Training programs/technical schools”, which was important to 91.7% of the respondents. Quite shocking to me, “Corporate tax rate” was number 18 on the list of 28 factors.

In my conservative soul and desire to pay no more tax than necessary, I always believed that tax policy was one of the most critical pieces and would drive business relocation and expansion. What I have come to find out, however, is what really drives business relocation and expansion, is people. It’s the availability of a qualified and trained workforce. This helps to answer why Google, who if they were only interested in low taxes and fiber, could have likely located a new office in Cheyenne, where we have a number of new data centers, instead chose to construct a major new office with thousands of employees in Boulder, Colorado...a place that is expensive to live and has high taxes. If you’re Google, however, what you’re interested in when locating in Boulder is programming talent, which the liberal utopia is full of.



Does this mean that taxes are unimportant? Absolutely not. Elected officials at all levels have a responsibility to let the people keep as much of their hard-earned money as they can, and to operate without waste and excess. This is what I hate about my federal taxes – not only are they high, they are wasted on programs and services the federal government has no place

in. At the same time, however, I have no problem with the people (in this case the citizens of Campbell County), voting to enact what I believe to be a reasonable quarter percent tax for economic development and to support Gillette College.

Many have asked how support of Gillette College qualifies as economic development? An economic development tax that supports Gillette College directly relates to the statistics I have given you above and can help us to guide the education and training of people within industries that will be successful in Campbell County and northeast Wyoming. Is it going to be computer programmers for Google? Probably not. But it may be PLC programmers to control the industrial systems at the refineries and enhancement facilities we want to develop to take our raw natural resources and enhance them into something more.

Additionally, community colleges are great for teaching developmental skills in writing, math, and other basics that employers say are lacking in potential recruits. If you want to drive economic development, having a trained workforce is key. We already have an abundance of talent in welding, diesel mechanics, and related industrial fields. Industry needs these professions and Gillette College churns out the talent. If we’re serious

about economic development and diversification, however, we need to develop resources – people – in new fields and new industries.

Successful economic development then takes an available, trained workforce, and puts them to work. This is where Energy Capital ED comes in. In collaboration with Gillette College, Energy Capital ED will need to work to develop local businesses and entrepreneurs, expand existing businesses, and recruit new businesses to northeast Wyoming who can benefit from the jobs we are training students for. At the same time, Gillette College should be training in fields that are directly relevant to our local economy – it makes no sense for the people of Campbell County to impose a tax to train people to move to other states and counties for employment.

Much of the discussion on the tax comes from a misunderstanding of how community colleges are funded. Wyoming Statutes encourage cooperation between community colleges and other educational groups. Gillette College, though it has grown into a comprehensive campus, rather than a traditional outreach center in a shopping center, is still an outreach of the Northern Wyoming Community College District (NWCCD) out of Sheridan. It works because NWCCD created a BOCHES (Board of Cooperative Higher Education Services) agreement with Campbell County School District. Campbell County School District taxes one-half mill (1/2) on the assessed valuation of Campbell County (property and ad valorem taxes). This money, combined with annual contributions of Optional 1% monies from the Campbell County Commissioners and City of Gillette covers some of the operational expenses at Gillette College. Additional monies come from state monies allocated based on enrollment and performance as well as tuition. You may ask why NWCCD/Sheridan would do this? Because it is a good arrangement for them too.

In order to be a community college, or a community college district, and receive state funding, you have to assess at least four mill (property and ad valorem taxes). Sheridan County voters made the decision to tax themselves four mill many years ago. Campbell County citizens do not pay four mill, but because of the partnership/BOCHES arrangement, Campbell County citizens benefit from NWCCD offerings in Campbell County. Why is NWCCD/Sheridan happy? Because this unique and fiscally conservative model allows the total NWCCD to generate a higher number of students (Gillette College students count towards the total), which means a large allocation of funds from the State of Wyoming. A lot of the administration/operations/management for NWCCD is based in Sheridan. Though a lot of that money does come back to Campbell County, some of it helps to offset the overhead of running NWCCD, so Sheridan County citizens like the arrangement too. The arrangement has kept costs down in both Sheridan and Campbell County and is viewed as the most efficient district within the state.

Campbell County citizens could vote to authorize four mill to support Gillette College, or some lesser amount, but there are risks in that approach. Any amount less than four mill would keep Gillette College from accessing any state funds. Also, four mill, based upon the current fiscal year, would generate \$16.8 million, significantly more than the \$5.2

million estimated for the quarter percent economic development excise tax based upon last year's sales tax collections. And the \$5.2 million is split between Gillette College and Energy Capital ED.

Additionally, for almost a year, sales tax collections have been higher from consumer/retail sales in Campbell County than extraction industries. This abnormality goes in the face of over twenty years of history, where sales of big mining equipment, pipe for pipelines, and other heavy industrial sales drove sales tax collections. An economic development excise tax means that the citizens will pay for the tax. Four mill would generate more money than is necessary and be paid primarily by the mineral extraction industries (70% would be paid by extraction industries), who many people know already pay an unusually high percentage of total taxes in Wyoming and Campbell County.

Additionally, it is unlikely that the Wyoming Community College Commission is going to allow for the creation of another community college district. Without the creation of a new district, Campbell County would likely end up imposing four mill and then having to annex to the NWCCD per Wyoming Statute § 21-18-310. At that point, Campbell County would get representation on the NWCCD board, but all of the money assessed (i.e. the four mill) would go to the district and you would run the risk that those monies would not all come back to Campbell County. The quarter percent economic development tax revenues, though they would not allow for seats on the NWCCD board, stay local. That money, just like the BOCHES money now, only gets spent in Campbell County.

You think the four mill sounds like a good idea, but you want some flexibility? The four mill option really doesn't allow it. Once that mill is approved by the voters, it is pretty much there to stay and the district board (either a newly created one for Gillette College or the combined Sheridan / Gillette NWCCD Board) can without a vote of the people go to five mill. The benefit of the quarter percent economic development excise tax, is that it must be renewed by the voters every four years per Wyoming Statute. There is no way around it.



You may ask, how will everyone agree on how to split the money between the organizations? Gillette College, NWCCD, Energy Capital Economic Development, the Campbell County Commissioners, Gillette City Council, and Wright Town Council are working to enter an agreement now that will outline how those funds are distributed and how they can be spent. The split proposed by Gillette College and Energy Capital ED is 65% to Gillette College, 30% to Energy Capital ED, and 5% for the groups to share for special collaborative projects/initiatives.

Additionally, many people think that Gillette College should just raise tuition to increase revenues. However, this is not an option. Community college tuition in Wyoming is set by the Wyoming Community College Commission and is uniform across all Wyoming community colleges. The Commission has been increasing tuition regularly and continues to look at other models. The State of Wyoming continues to be the primary funder for community colleges; however, state revenues are declining and there is a real sense communities should do more to support their local community college. Ideally, one might consider a model whereby student generates a third of the revenue, a third by the state, and a third locally. This year tuition contributes about 25% of the operational costs of Gillette College, which an upward trend.

Lastly, there have been some who say that Gillette College has not had to make cuts. The Wyoming Community College Commission took a cut from the Wyoming Legislature at the last budget session. That cut trickled down to Gillette College, and it was way more than the four percent (4%) that K-12 education was cut. Additionally, because of the decline in Campbell County's assessed valuation due to declines in prices and production of coal and oil, the BOCHES money for Gillette College is down by about 35% year-over-year. Add to this that Gillette College's enrollment has risen from 1,200 to 2,300 since the opening of the new campus in 2003, and you start to see why some sort of permanent solution is needed.

Some projections show the cost to a family of three earning \$45,000 for the quarter percent economic development tax to be around \$27 per year. Do you think that is worth having an educated workforce, a high quality of life, and to contribute towards economic development? That choice is up to you – but now you have some real facts, instead of just fake news.

Mr. Christensen is a Gillette real estate developer, owner of a holding company which owns this publication, and member of the Campbell County Board of Commissioners. Mr. Christensen is married with two children and lives in Gillette. He has a B.S. in Finance from the University of Wyoming and M.S. in Real Estate and Construction Management from the Daniels College of Business at the University of Denver.