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College of Business  
Center for Business  
and Economic Analysis

# **Evaluating the Economic Impact of Fremont County's Retail Sales Tax for the April 2021- September 2023 Period**

**February 2024**

The Center for Business and Economic Analysis (CBEA) at the University of Wyoming (UWyo) supports the economic growth and diversification of Wyoming's economy through applied economic and business analytics for communities, industries, and entrepreneurs. The center was established in 2019 as a unit within the College of Business. CBEA is a member of the Association for University Business and Economic Research (AUBER).

## Team

### ***Alexander Specht, Associate Director***

Alexander Specht is the Associate Director of the CBEA at the University of Wyoming. Alexander has several years of experience in fiscal policy analysis, education policy, public utility regulation, and regional economic development. His research has been cited in academic journal articles, in U.S. Congressional testimony and in committee reports. He has been cited as an authority in a significant U.S. Supreme Court case, has served as an expert witness on high-profile regulatory cases, been a featured panelist and speaker at various events, and has had economic analyses featured on radio and television news shows and quoted by the press. Alexander holds a B.S. in Finance and a B.S. in Economics from George Mason University and a M.A. in Economics from Claremont Graduate University.

### ***Dallas McWhorter, Graduate Assistant***

Dallas McWhorter is a 2<sup>nd</sup> year master's student in the economics department. He received his B.S. in economics from the University of Wyoming and is especially focused on the quantitative and statistical side of economics. Having grown up in Texas, he relocated to Wyoming in 2015 and enjoys the state. He hopes to work in its unique economy following his graduation.

### ***David Aadland, Director, Professor, and Director***

Dr. David Aadland is the Director of the Center for CBEA. He is a professor and the former chair of the Department of Economics at the University of Wyoming where he teaches Macroeconomics and Econometrics. His research interests have been wide and varied over the years with papers written in the areas of macroeconomics, non-market valuation, applied econometrics, behavioral economics, agricultural economics, and statistics. His recent research has focused on interdisciplinary natural resource questions and the intersection of ecology, epidemiology, entomology, and economics. In particular, he has been working on projects related to pine beetle epidemics, ecological impacts of energy development, and the economics of chronic wasting disease. He holds a Ph.D. in Economics from the University of Oregon.

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Correspondence: For additional information, contact [aadland@uwyo.edu](mailto:aadland@uwyo.edu).

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## Executive Summary

To date, the resulting economic impact of funding economic development projects in Fremont County from earmarked ½ percent sales tax receipts has been significant. Total combined output value resulting from the ½ percent sales tax initiative during the April 2021- September 2023 period in all of Fremont County equaled almost \$25 million with around 250 direct, indirect, and induced jobs created, generating over \$9 million in labor income. Furthermore, over \$1 million in state and local tax revenue was generated by investment of awards funded by the sales tax proceeds. Of this over \$1 million in state and local tax revenue, around \$250,000 was collected within Fremont County.

For every award dollar spent under the Fremont County sales tax for economic development initiative, \$3.91 in output, \$2 in value added, \$1.46 in wages, and \$0.16 in initial state and local tax revenue was generated from resulting economic activity with \$0.04 of this tax revenue amount collected within Fremont County. Furthermore, for every \$24,913 spent on economic development projects funded by sales tax receipts during the April 2021- September 2023 period, 1 job was created.

Once all funds awarded during the April 2021- September 2023 period have been expended (including pending award expenditures), the Fremont County sales tax for economic development initiative will have contributed well over \$65 million in economic output and around \$60 million in value added, supporting approximately 580 total jobs (includes direct, indirect, and induced effects as well as pending award spending) in Fremont County. This increase in economic activity will have returned to state and local governments almost \$2.5 million in tax revenue with over \$500,000 of this amount collected within Fremont County.

When all awards have been spent, for every award dollar spent under the Fremont County sales tax for economic development initiative, \$7.34 in output, \$6.68 in value added, \$1.86 in wages, and \$0.25 in initial state and local tax revenue is generated from resulting economic activity with \$0.06 of this tax revenue amount collected within Fremont County. Furthermore, for every \$15,500 spent on economic development projects funded by sales tax receipts during the April 2021- September 2023 period, 1 job will have been created.

Continuation of the sales tax and subsequent funding of economic development projects is expected to lead to further economic benefits for Fremont County. Over \$120 million in estimated output value, 1,059 direct, indirect, and induced jobs, over \$30.5 million in labor income, and more than \$4 million in state and local tax revenue are expected to be generated over a 4-year period by investment of potential future sales tax proceeds if voters approve of the program's continuation. Of this more than \$4 million in expected state and local tax revenue, around \$1 million is expected to be collected within Fremont County over the potential 4-year period.

### ***Introduction***

In this report, the Center for Business and Economic Analysis (CBEA) at the University of Wyoming examines the economic impact of the ½ percent retail sales tax for economic

development in Fremont County over the period April 2021- September 2023, with the exception of air transportation, which is examined over the period June 2021 – December 2023. In addition, the report will provide a projection of the continuing economic impact if the sales tax were to remain in place.

This analysis will focus on evaluating the economic impact of the 1/2 percent retail sales tax for economic development in Fremont County. The stated purpose of the retail sales tax is to support transportation infrastructure as well as community-led economic development projects.

### ***Sales Tax Timeline***

Below is a brief historical timeline of the retail sales tax for economic development in Fremont County.

*August 20, 2020*

The ½ percent sales tax for economic development in Fremont County was officially approved by voters.

*April 1, 2021*

Sales tax goes into effect and begins funding air and ground transportation & economic development projects.

*November 5, 2024*

General election. Voters will decide on whether to extend the sales tax.

### ***Overview of Fremont County's Demographic and Economic Picture***

**Table E.1** presents employment numbers and average annual wage figures by industry sector for Fremont County.

**Table E.1: Employment and Average Annual Wages by Industry for Fremont County**

NAICS	Industry	Employment	Average Annual Wage
92	Federal Government	434	\$81,077.70
92	State Government	635	\$61,264.50
92	Local Government	4,677	\$51,045.06
21, 11	Natural Resources and Mining	541	\$74,560.20
23	Construction	962	\$52,557.12
31-33	Manufacturing	399	\$43,693.32
42, 44-45, 48-49, 22	Trade, transportation, and utilities	2,617	\$38,218.62
51	Information	125	\$67,677.72
52	Financial activities	490	\$56,415.48
54, 55	Professional and business services	781	\$63,662.94
61, 62	Education and health services	2,377	\$48,333.78
72, 71	Leisure and hospitality	1,849	\$20,647.44
81	Other services	375	\$43,641.18
81	Unclassified	5	\$107,721.24
Total Covered	Total	16,267	\$47,968.80

Source: Bureau of Labor Statistics Retrieved from <https://www.bls.gov/cew/downloadable-data-files.htm>

### ***Overview of the Sales Tax for Economic Development in Fremont County***

Fremont County’s one-half percent sales tax for economic development passed in August 2020 and will be back on the ballot in November 2024.<sup>1</sup> The initiative has used the proceeds from the sales tax to fund transportation services and grants for economic development projects throughout Fremont County since April 2021. Based on the 2023 Fiscal Year, the sales tax generated around \$4.4 million in revenues to Fremont County and its municipalities.

Since going into effect, the initiative’s sales tax has been collected on all retail sales of tangible personal property, and services made within Fremont County with the revenue used to fund commercial air and ground transportation, as well as community-led economic development projects.

The specific uses of the revenue from the one-half percent sales tax for economic development in Fremont County are as follows:

- **Transportation Infrastructure:** 20 percent of the sales tax revenue collected supports the county’s transportation infrastructure which includes the Minimum Revenue Guarantee (MRG) for commercial air service.
- **Ground Transportation:** 10 percent of the sales tax revenue supports ground transportation.

<sup>1</sup> Forward Fremont County. <https://www.forwardfremontcounty.org/>

- Community Development Projects:** 70 percent of the sales tax revenue is allocated to the county and 6 municipalities based on population size. This portion of the sales tax revenue is used to invest in selected economic development projects. Economic development projects on the Wind River Indian Reservation are eligible for funding provided by the county.

***Overview of the Sales Tax Funding Distribution***

Below is an overview of how the funds generated by the sales tax were distributed to support economic development throughout Fremont County.

**Table E.2: Breakdown of Sales Tax-Funded Community-Led Economic Development Project Awards and amounts Expended by Jurisdiction/Program (April 2021- September 2023)**

Jurisdiction/Program	Dubois	Fremont County MOVE	Hudson	Lander LIFT	Riverton EDGE	Shoshoni	Transport
Total Awarded	\$30,000	\$2,859,360	\$3,500	\$987,396	\$1,772,804	\$81,052	\$3,240,546
Total Expended	\$30,000	\$2,166,581	\$3,500	\$803,938	\$752,804	\$81,052	\$2,415,313

Of the sales tax revenues collected, 99 cents of every dollar raised was returned from the state of Wyoming back to the community that paid the sales tax.

***Economic Impact of Sales Tax Funding of Economic Development Projects***

**Table E.3** below presents the results of a calculation of the total economic impact of sales tax funding of development projects from April 2021- September 2023.

**Table E.3: Total Combined Economic Impact of Sales Tax Funding of Development Projects (Three-year period excluding pending award spending)**

Combined	Total
Output	\$24,461,848
Value Added	\$12,520,472
Labor Income	\$9,144,470
State & Local Taxes	\$1,025,538
Employment	251

Source: Estimates by CBEA

**Table E.4** below presents the results of a calculation of the total economic impact of sales tax funding of development projects from April 2021- September 2023 and pending award spending.

**Table E.4: Total Combined Economic Impact of Sales Tax Funding of Development Projects (Three-year period including pending award spending)**

Combined	Total
Output	\$65,886,011
Value Added	\$59,943,257
Labor Income	\$16,712,829
State & Local Taxes	\$2,274,696
Employment	579

Source: Estimates by CBEA

***Projected Future Economic Impact of Continued Sales Tax Funding of Economic Development Projects***

**Table E.5** below presents the breakdown of forecasted output per quarter resulting from sales tax funding of total combined development project should the Fremont County optional ½ cent sales tax remain in place.

**Table E.5: Breakdown of Forecasted Output per Quarter Resulting from the Sales Tax Funding of Total Combined Development Projects from 2025-2028**

Quarter	Output
2025 Q1	\$6,411,522
2025 Q2	\$6,559,325
2025 Q3	\$6,708,769
2025 Q4	\$6,859,856
<b>2025 Total</b>	<b>\$26,539,472</b>
2026 Q1	\$7,010,943
2026 Q2	\$7,158,746
2026 Q3	\$7,308,190
2026 Q4	\$7,459,277
<b>2026 Total</b>	<b>\$28,937,157</b>
2027 Q1	\$7,610,364
2027 Q2	\$7,758,167
2027 Q3	\$7,907,611
2027 Q4	\$8,058,698
<b>2027 Total</b>	<b>\$31,334,841</b>
2028 Q1	\$8,209,785
2028 Q2	\$8,359,230
2028 Q3	\$8,508,675
2028 Q4	\$8,659,762
<b>2028 Total</b>	<b>\$33,737,452</b>
<b>4-Year Total</b>	<b>\$120,548,922</b>

Source: Estimates by CBEA



## ***Conclusion***

This study examined the economic impact of the April 2021- September 2023 retail sales tax for economic development in Fremont County. In addition, the report provided a projection of the continuing economic impact if the sales tax were to remain in place.

As shown above, the current resulting economic impact of funding economic development projects from sales tax receipts during the April 2021- September 2023 period was significant. Total combined output value during the three-year period in all of Fremont County equaled more than \$24 million with over 250 direct, indirect, and induced jobs created, generating around \$12.5 million in value added and over \$9 million in labor income. Furthermore, over \$1 million in state and local tax revenue was generated by investment of the sales tax proceeds. Of this over \$1 million in state and local tax revenue, around \$250,000 was collected within Fremont County.

For every \$1 spent on economic development projects funded by sales tax receipts during the 2021-2023 period, \$3.91 was generated in output, \$2 was generated in value added, \$1.46 was generated in labor income, and \$0.16 in initial state and local tax revenue was generated from resulting economic activity with \$0.04 of this tax revenue amount collected within Fremont County. Furthermore, for every \$24,913 spent on economic development projects funded by sales tax receipts during the April 2021- September 2023 period, 1 job was created.

When all awards have been spent, the Fremont County sales tax for economic development initiative will have contributed over \$65 million in economic output and almost \$60 million in value added, supporting around 580 total jobs (includes direct, indirect, and induced effects as well as pending award spending) in Fremont County. This increase in economic activity will have returned to state and local governments an estimated \$2.3 million in tax revenue with over \$500,000 of this amount collected within Fremont County.

After all awards have ultimately been expended, for every award dollar spent under the Fremont County sales tax for economic development initiative, \$7.34 in output, \$6.68 in value added, \$1.86 in wages, and \$0.25 in initial state and local tax revenue was generated from resulting economic activity with \$0.06 of this tax revenue amount collected within Fremont County. Furthermore, for every \$15,500 spent on economic development projects funded by sales tax receipts, 1 job will have been created.

Continuation of the sales tax and subsequent funding of economic development projects is expected to lead to further economic benefits. An estimated \$120.5 million in output value, 1,059 direct, indirect, and induced jobs, over \$30.5 million in labor income, and more than \$4 million in state and local tax revenue are expected to be generated by investment of potential future the sales tax proceeds if voters approve of the program's continuation over a 4-year period. Of this \$4.2 million in expected state and local tax revenue, around \$1 million is expected to be collected within Fremont County over the potential 4-year period.