

# Gallatin County

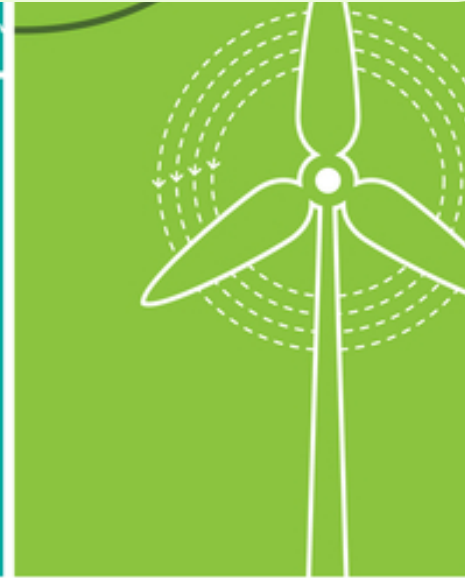
Midyear 2012

By Paul E. Polzin

Director Emeritus

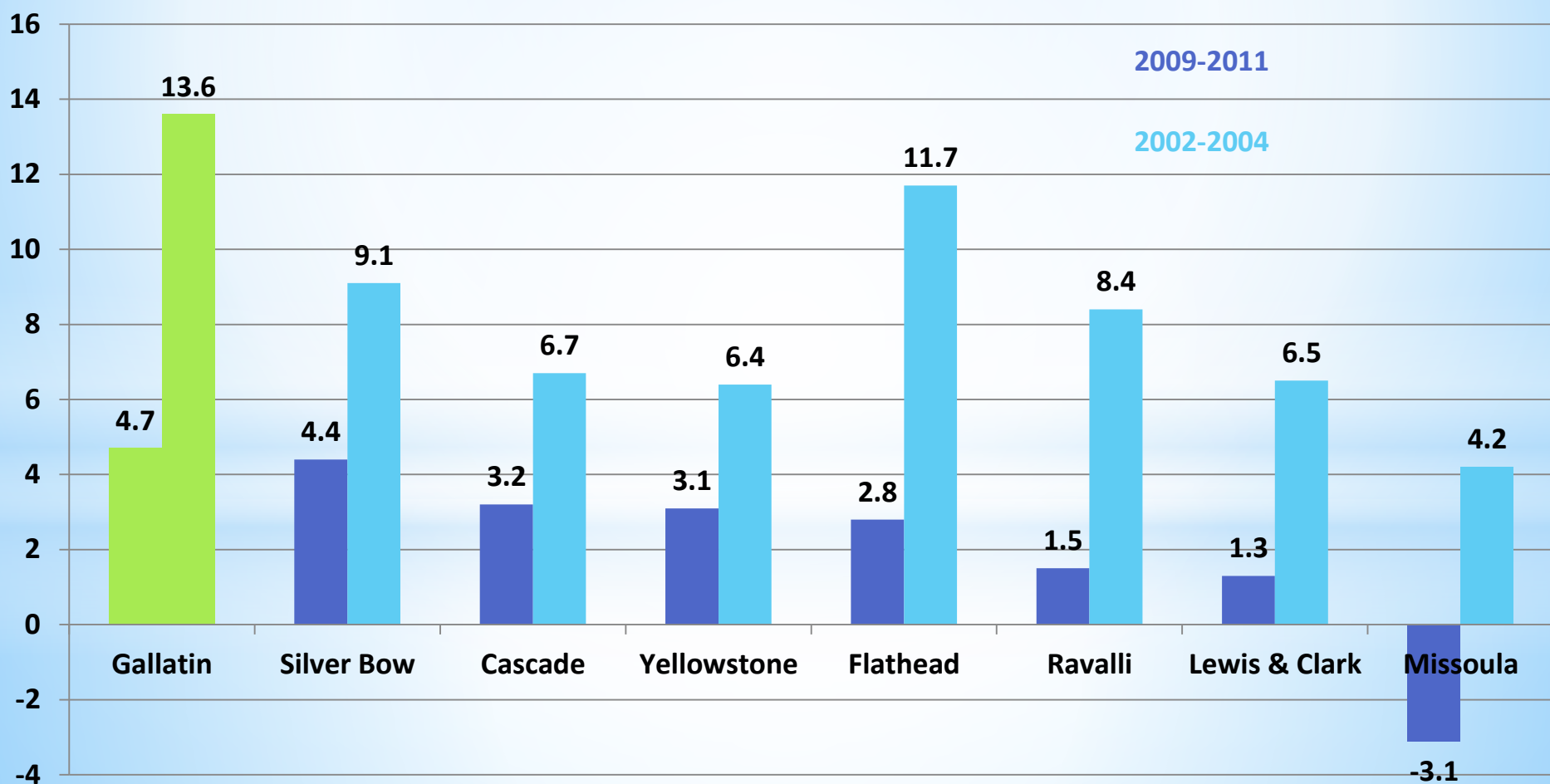
Bureau of Business and Economic Research

The University of Montana





# Annual Percent Change In Non-Farm Earnings (in Constant Dollars)





# Non-Farm Employment and Inflation Adjusted Wages and Salaries, Seasonally Adjusted, Gallatin County

**Recession Trough, June 2009**





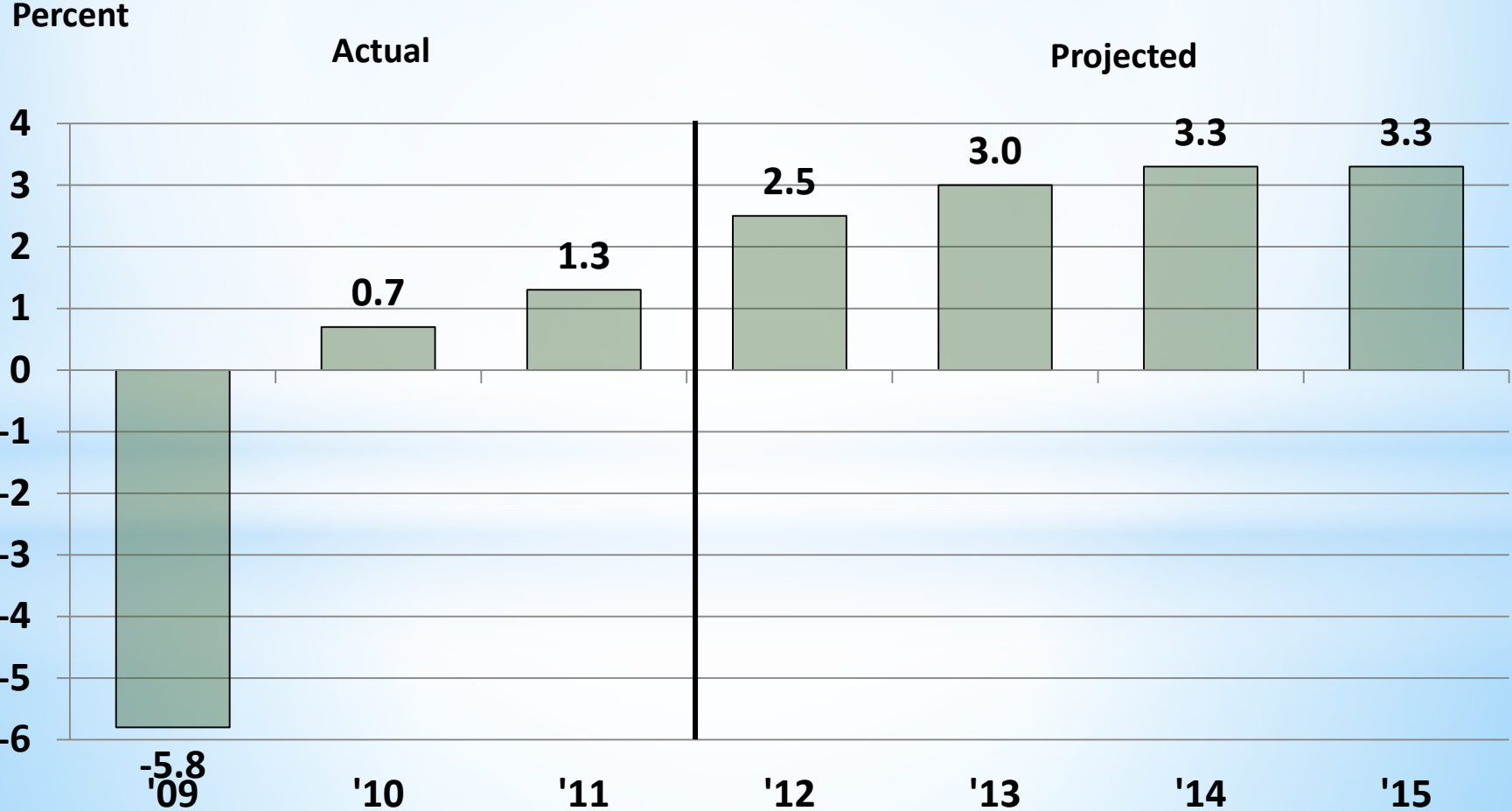
# Gallatin's Economic Base 2009-2012

		<u>Feb. '12</u>	<u>Aug. '12</u>
<b>Other Basic Industries</b>	<b>6%</b>		
<b>Federal Government</b>	<b>10%</b>	<b>Stable at Best</b>	✓
<b>Nonresident travel</b>	<b>11%</b>	<b>Some Recovery</b>	<b>Preliminary Data OK</b>
<b>Trade center*</b>	<b>24%</b>	<b>RightNow's Future?</b>	<b>Weak Retail</b>
<b>Manufacturing</b>	<b>18%</b>	<b>Stable</b>	✓
<b>MSU and state gov't</b>	<b>31%</b>	<b>Pay Freeze, Increased Research</b>	<b>Pay Freeze Ends</b>
<b>Construction</b>		<b>Not Before 2013</b>	✓

\*Including professional services

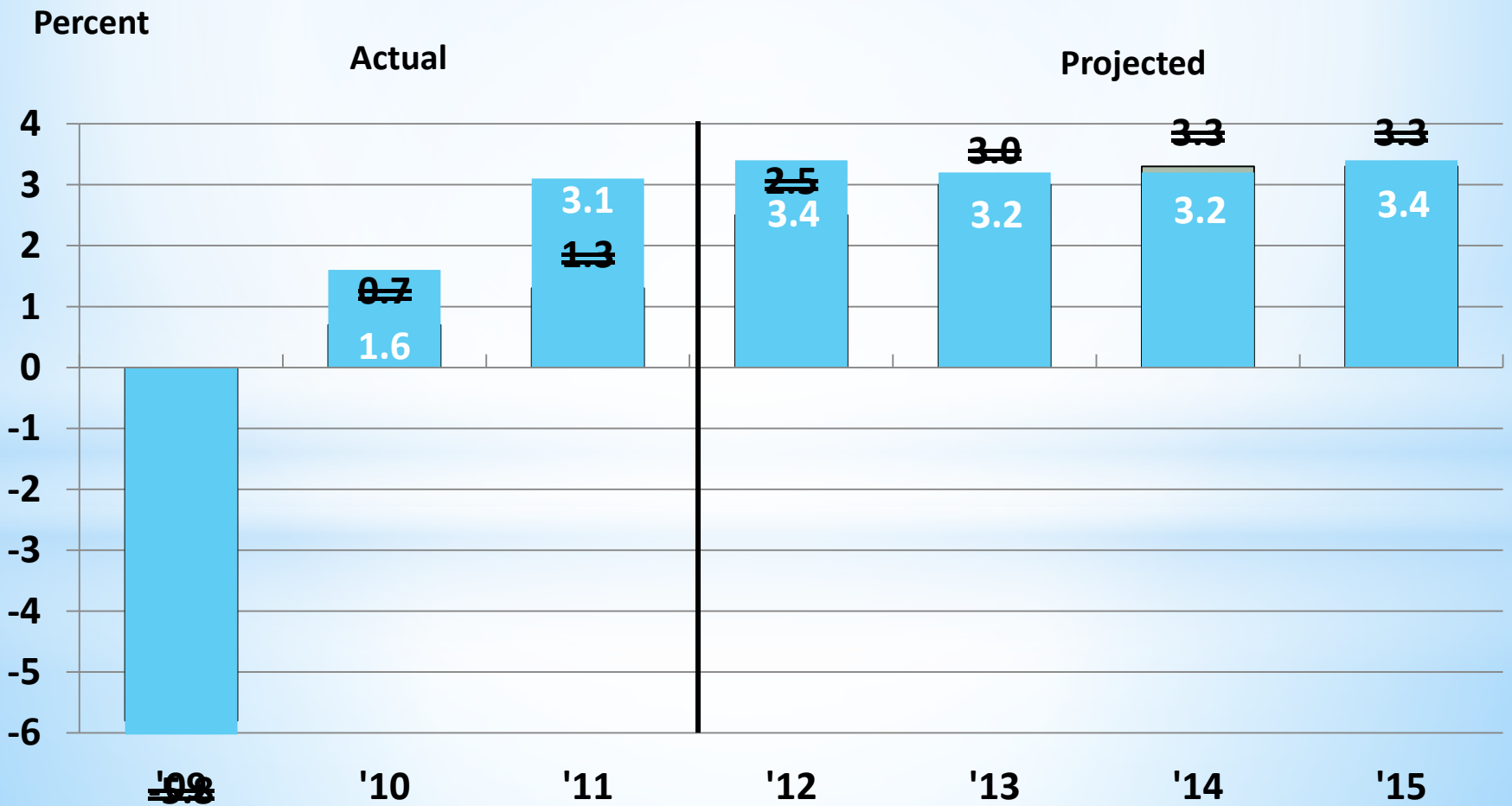


# Actual and Projected Change in Nonfarm Earnings, Gallatin County, 2009-2015



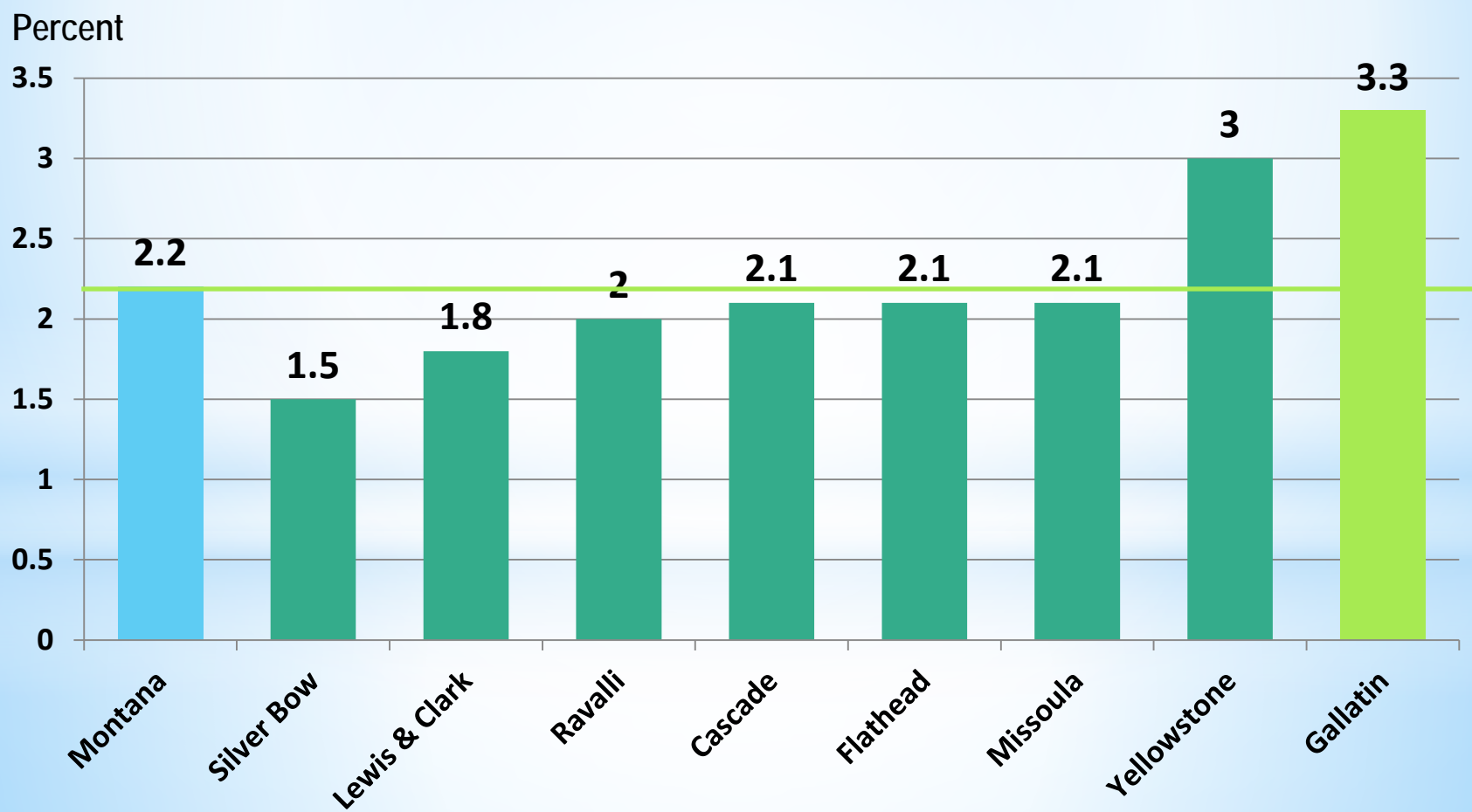


# Actual and Projected Change in Nonfarm Earnings, Gallatin County, 2009-2015





# Projected Annual Percent Change In Nonfarm Earnings (in Constant Dollars) 2012-2015





# ENERGY QUESTIONS

## PART II





## Energy Volatility; Is Government a Cause or a Remedy?

- **KEYSTONE XL PIPELINE**
  - Nebraska State Government
  - U.S. Government
- **WIND ENERGY**
  - Expiration of Federal Production Tax Credit (PTC)
  - California Energy Market
    - Wind is now 5% of total
    - Goal: Renewables are 33% of total

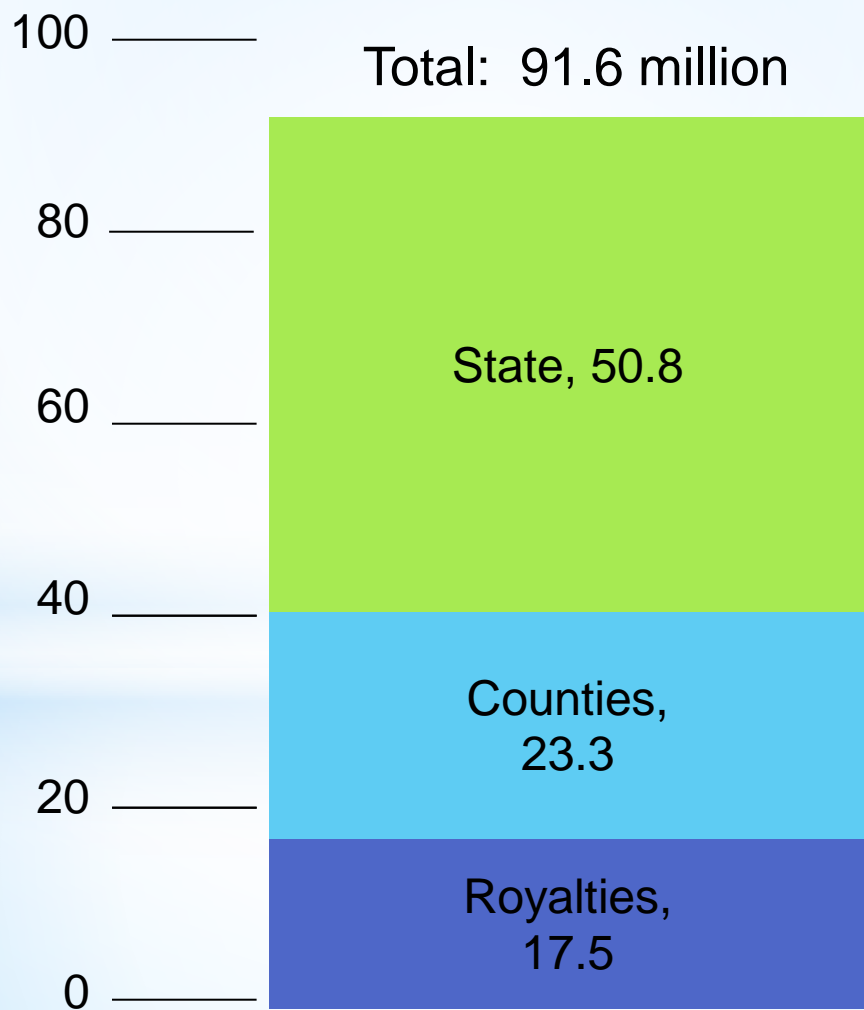


## Why Should Anyone in Western Montana Care About Energy Development in the Eastern Part of the State?

- Tax and Revenue Impacts
- Montana's Energy Transportation Systems



## Estimated Royalties and Taxes, 20 Million Ton per Year Coal Mine





## Montana Board of Investments Loan Programs Funded from the Permanent Coal Tax Trust Fund.

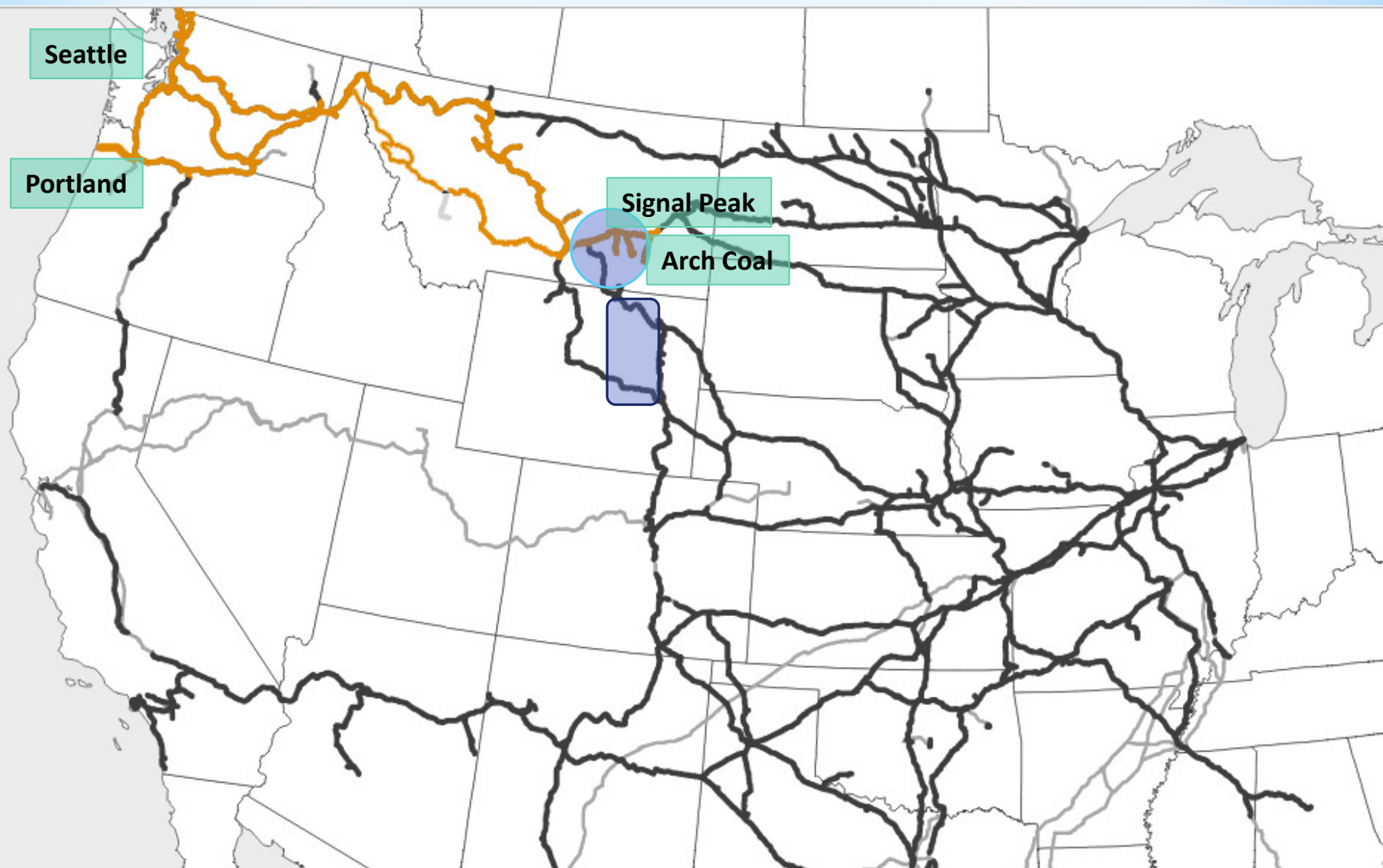
“Montana law states that  
‘the Board shall endeavor to invest 25 percent  
of the state’s Coal Tax Trust Fund  
in the Montana economy...’”

- **Business Loan Participation Program**
- **Link Deposit Business Loan Program**
- **Guaranteed Loan Purchase Program**
- **Value-Added Business Loan Program**
- **Infrastructure Loan Program**
- **Intermediary Relending Loan Program**



Vancouver

# Future Powder River Coal Market Areas





# Crude Oil Pipelines



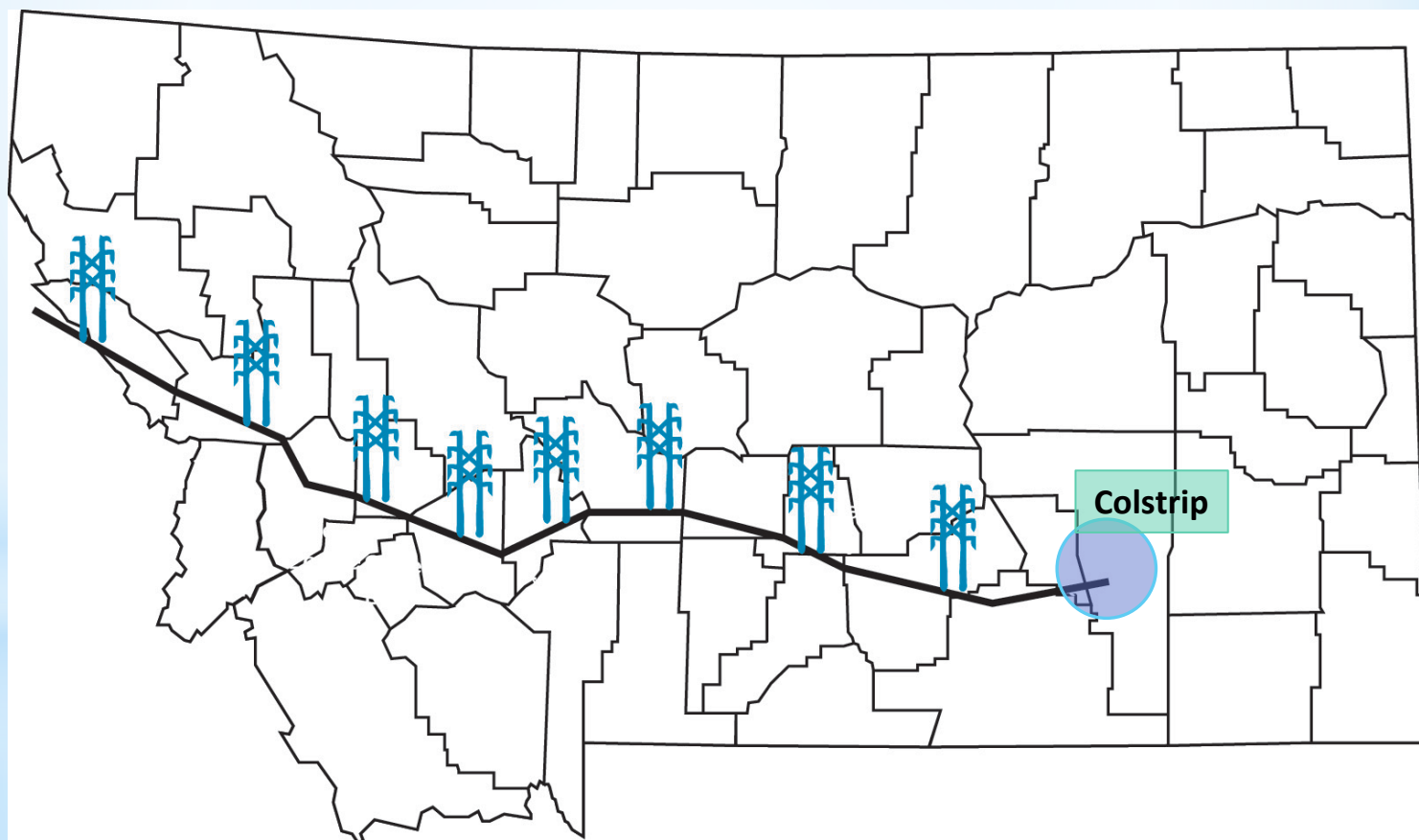


# Petroleum Product Pipeline





# Colstrip 500 KV Transmission Line







What Are The Chances of Another (1980's style)  
Energy Bust Putting an End to Everything?



## Price of Oil

February 1984  
\$26.00/B

July 1986  
\$9.25/B

**-64%**

July 2008  
\$128.00/B

February 2009  
\$35.00/B

**-73%**



# U.S. Oil Prices

Dollars per barrel

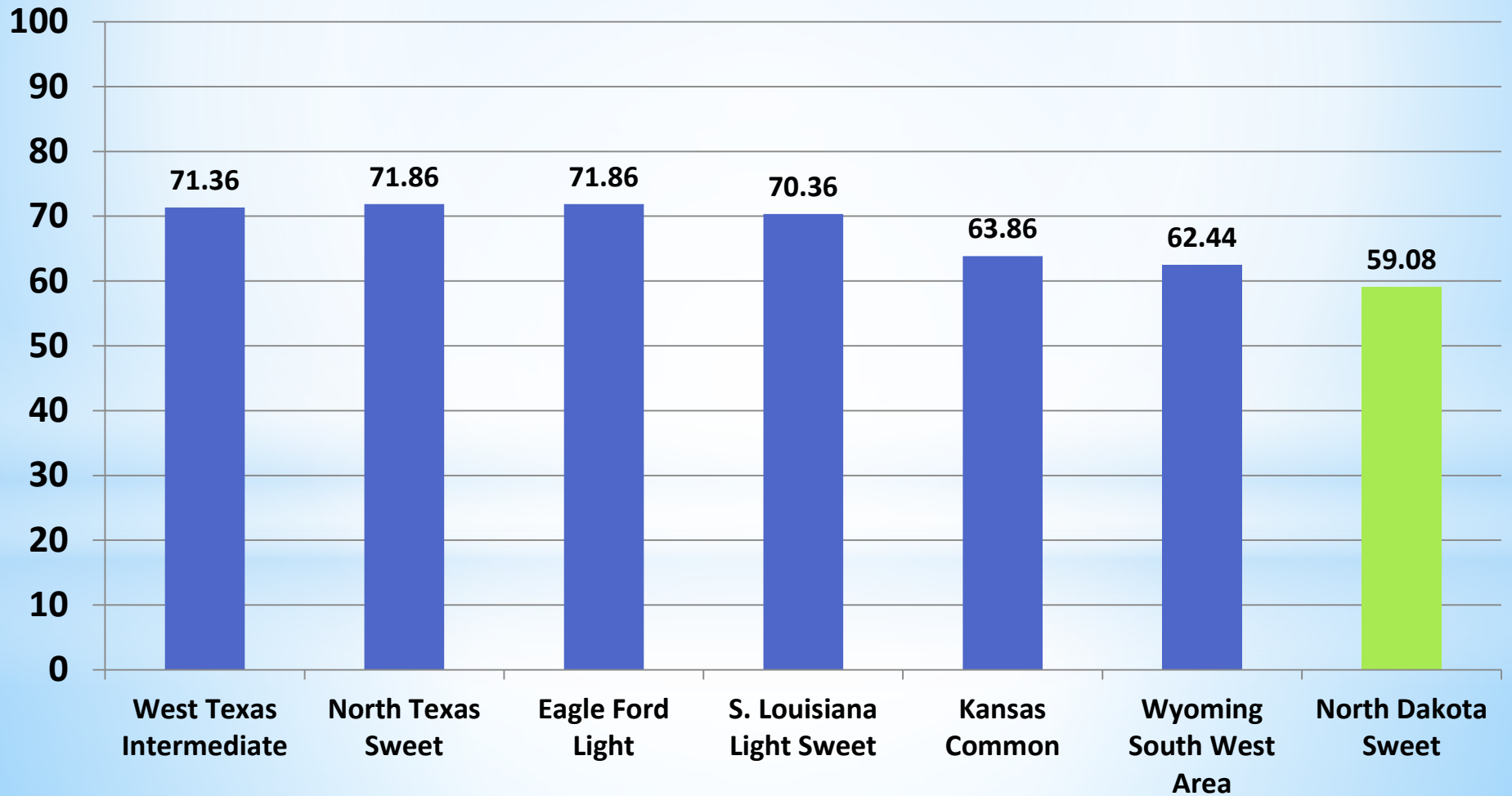




# Crude Oil Prices, by Grade

## June 2010

Dollars per barrel

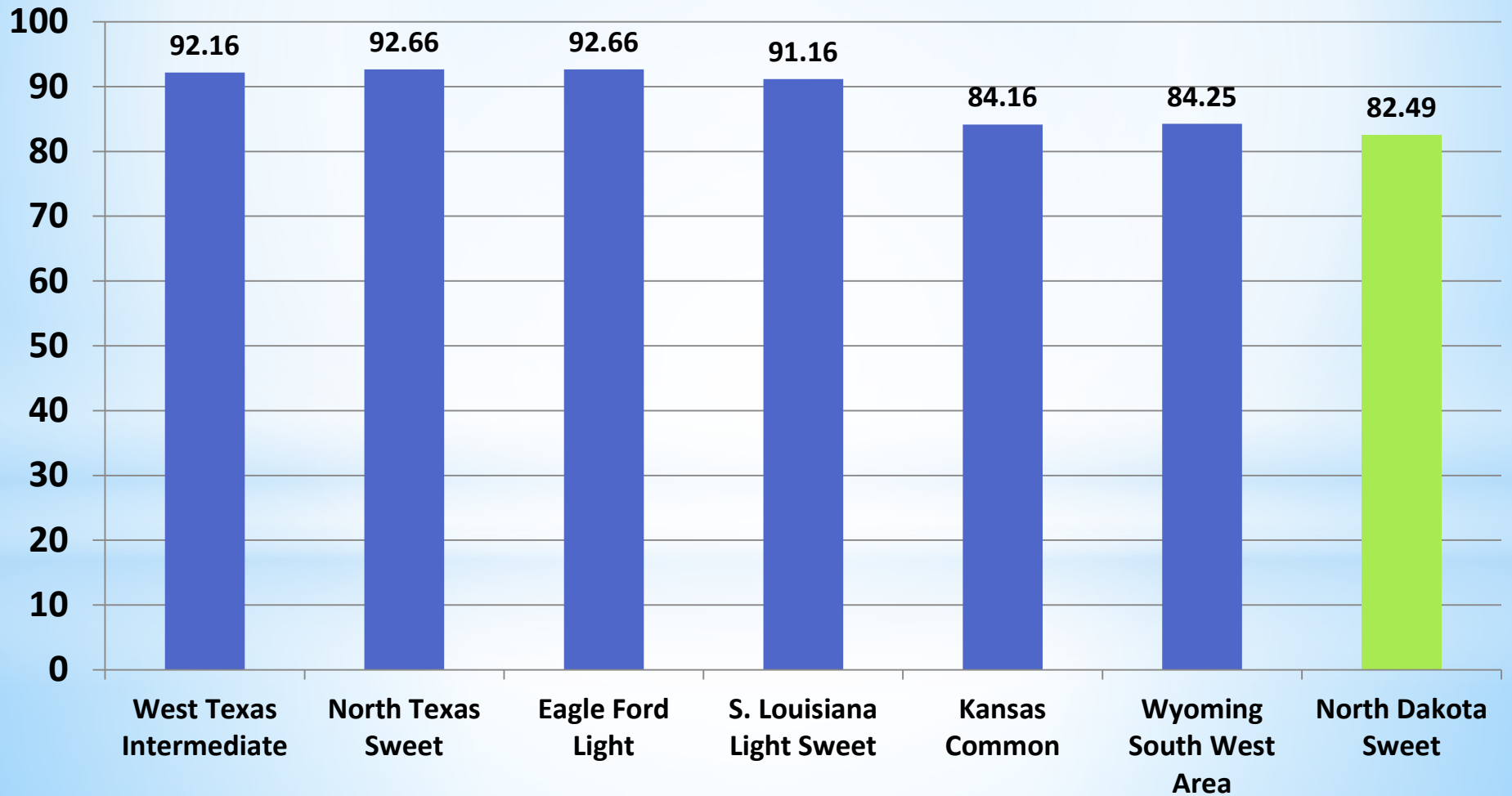




# Crude Oil Prices, by Grade

## June 2011

Dollars per barrel

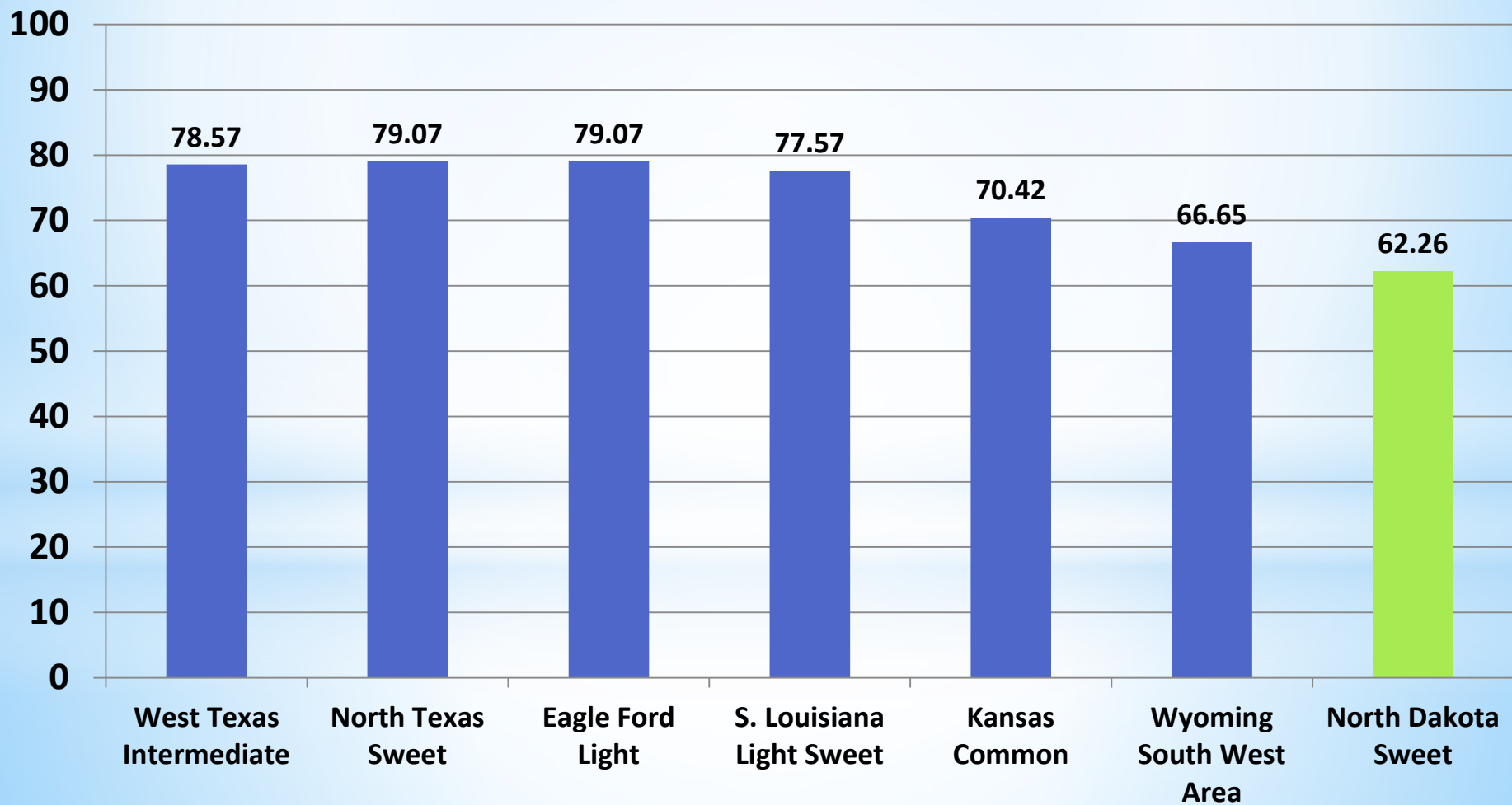




# Crude Oil Prices, by Grade

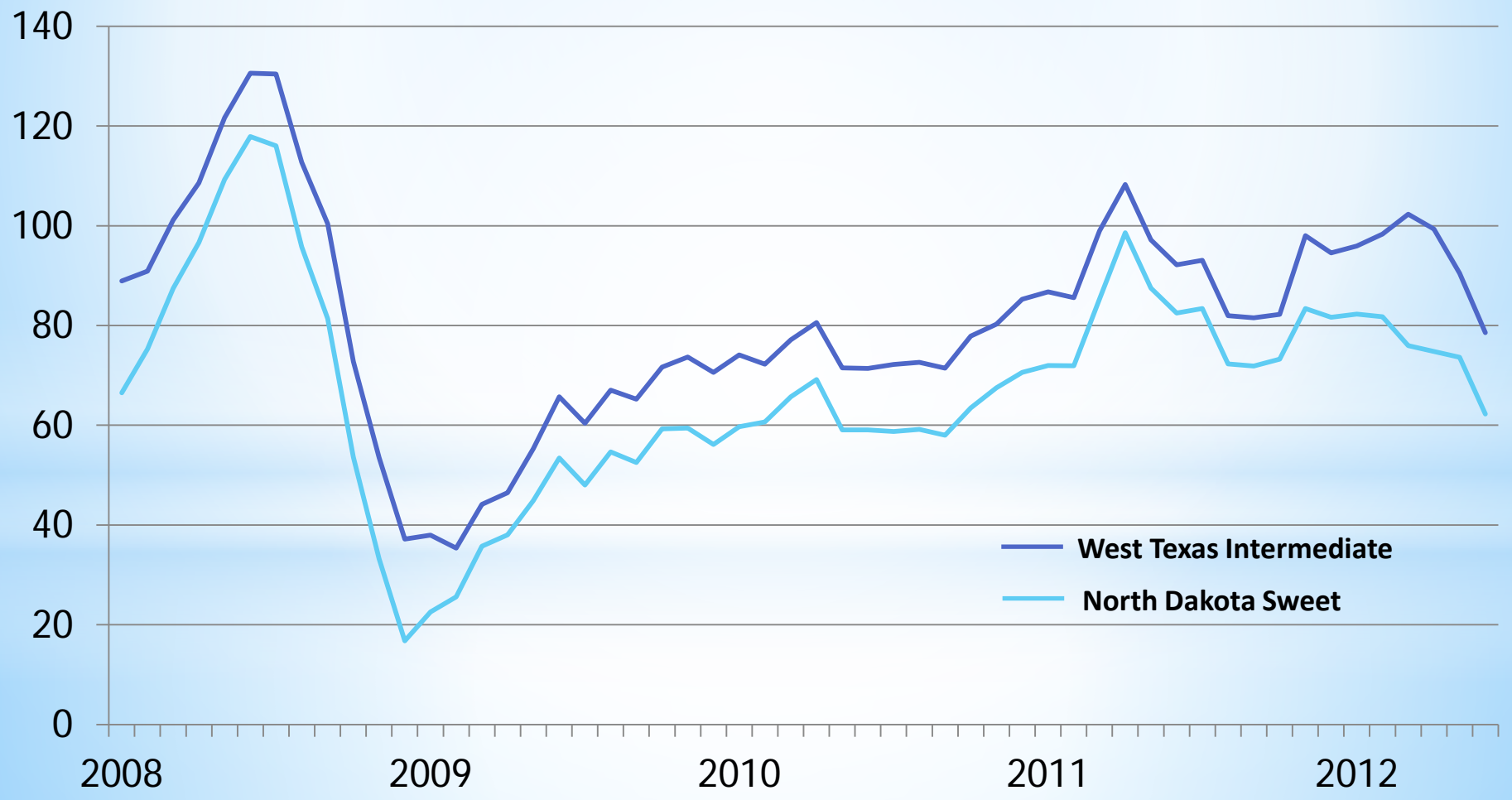
## June 2012

Dollars per barrel





## Crude Oil Prices, by Grade





Questions?