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Mineral trust boosted budget, ex-Wyoming governor says

By [Ken Ward Jr.](#)

CHARLESTON, W.Va. -- A long-term trust fund fueled by mineral taxes like that proposed for West Virginia has allowed Wyoming to weather the boom-bust cycle of extractive industries, a former Wyoming governor said Tuesday.

"It has provided a renewable resource from a nonrenewable resource," said Michael J. Sullivan, who served as Wyoming governor from 1987 to 1995. "It has served us well."

Sullivan discussed Wyoming's Permanent Mineral Trust Fund during a visit to Charleston to speak at the West Virginia Center on Budget and Policy's annual meeting and discuss the fund with local lawmakers.

The center, a progressive think tank, proposed last week that West Virginia impose an additional 1 percent severance tax on coal and natural gas to funnel money to a similar project, which could raise \$5.8 billion in revenue over the next quarter-century.

West Virginia lawmakers could use interest on the fund to help pay for long-term programs for economic development, education and infrastructure improvement. Such a program would be an investment in protecting the state from volatile energy markets and preparing for the day when West Virginia's mineral resources are played out.

If West Virginia had created such a program in 1980, it could have provided the state with \$43 million each year and still had a balance of nearly \$2 billion at the end of 2010, the center said.

In Wyoming, voters created their mineral trust with a constitutional amendment in adopted in 1974. It currently has a market value of \$5.4 billion, and has provided the state an average annual investment return of 7.5 percent.

Sullivan explained that the trust was created in the wake of Wyoming's first mineral severance tax. That tax was begun in 1969 by Gov. Stanley Hathaway.

Hathaway, a Republican, a year earlier defeated a Democratic opponent after the Democrat proposed that Wyoming adopt a mineral severance tax, Sullivan said. Once Hathaway took office, he saw the state government's terrible financial condition and supported the tax, Sullivan said.

Sullivan said mineral trust funds, from which the principal is never spent, can help mineral-producing states deal with the so-called "resource curse" that keeps their economies from becoming more diverse.

"We're much too dependent on mineral resources," Sullivan said of Wyoming, the nation's top coal producer and among the top oil and gas producers. "I think we're spoiled."

In Wyoming, the mineral trust money is spent as part of the state's general government budget. Other states with similar programs use them for a variety of purposes, including general state spending and long-term economic, education and infrastructure improvements.

Gov. Earl Ray Tomblin has said he would not support the Center on Budget and Policy's proposal in West Virginia.

Senate President Jeff Kessler, D-Marshall, has his own proposal to funnel a portion of taxes on Marcellus Shale drilling to a "future fund," but has also said he would not support the center's proposal.

Reach Ken Ward Jr. at kw...@wvgazette.com or 304-348-1702.

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Good idea, it is sad there is no chance any politician in office would support something like this that would help us now and in the future!

Posted at: February 08, 2012 10:32:44 am

Posted By: publiuswv

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Funny, I could have sworn we already had a severance tax in place.... seems like just heard Mark Muchow talking about how it was projected to bring in \$500 million this year alone, with about \$35 million going back to the counties and municipalities to fund --- oh, I don't know ... schools, roads, economic development..... Hummmmm.

Posted at: February 08, 2012 12:22:00 pm