

SUMMARY

Roundtable Proceedings

October 13 - 15, 1985

UCROSS FOUNDATION

"Financial Institutions in Wyoming"

.

With Grateful Acknowledgement

To Martha Thomas
for the many hours volunteered
to record, review and assimilate
these Roundtable proceedings

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ROUNDTABLE

on

FINANCIAL INSTITUTIONS IN WYOMING

October 13 - 15, 1985

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WHAT DOES WYOMING HAVE TO OFFER THE FINANCIAL INDUSTRY IN THE STATE?

The following emerged as assets Wyoming offers to the financial industry:

- A business environment conducive to opportunities for future growth and innovation. (A small population permits more room for new approaches.)
- A conservative fiscal government which, historically, has provided a financially stable economic base from which to operate (despite boom/bust cycle).
- A quality of life enhanced by
low population,
high per capita income,
beautifully clean environment, and
recreational opportunitie's such as hunting and fishing.

Statistics support the fact that this quality of life is

attracting people from the Midwest and

South as residents and

provides access to public officials which permits the

opportunity for he ordinary citizen to impact

state decision-making processes.

Wyoming has a higher average of younger people than any

other state which she should entice to stay in Wyoming;

Public deposits which produce a cash-rich Treasury and permit the possible use of these state funds within the state.

- An attractive tax base which includes low property taxes and no income tax.
- An educational system which provides high educational standards which produces educated people for employment who are responsive to industrial needs, and can be readily trained for service in financial industries.
- Natural beauty of environment and historical places and events which attract tourists' dollars.
- A right-to-work law which encourages a highly productive work force.
- An adequate rail access to markets and road transportation system.

(NOTE: There is no passenger rail transportation nor intrastate air system.)
- A state loan program which encourages new business through such organizations as

the Small Business Administration and

Wyoming Community Development Authority.
- Potential for co-operative regulation between banks, regulatory boards and problem loans.
- A contribution from the University of Wyoming through research in business-related areas and student preparation.

WHAT ARE SOME NEEDS/GOALS/PLANS WHICH WOULD ENABLE THE FINANCIAL INDUSTRY TO BETTER SERVE WYOMING?

The following are some of the identifiable needs within the state of Wyoming:

- the need to consider alternative uses of state funds which might include examination and expansion of the potential for more Wyoming funds to be used to develop the economic base; articulation of goals for investment of state funds which might include such ideas as using a portion of state funds in higher risk investments, allowing the state to "trade" in longer term/higher yields and equities, and permit "in-state" investment with state funds;
- the need to co-ordinate and fund a state-wide economic development program;
- the need to develop a venture capital fund (This might be accomplished by uniting the Wyoming Industrial Development Corporation and the Wyoming Enterprise Funds.);
- the need to explore, review and develop international markets for Wyoming products;
- the need to improve Wyoming's general business image;
- the need for equitable distribution of state investments into rural areas, and

- the need to grant tax incentives to companies to encourage further refining, processing or use of Wyoming raw materials in the state.
- the need to examine the present regulatory-state structure which might lead to a carefully continuing selective deregulation of the financial industry;
- the need for better co-ordination of financial assistance programs;
- the need for an intrastate air transportation system;
- the need for interstate and branch banking;
- the need to improve the agricultural economy, and the postal service;
- the need for the University of Wyoming and the Community Colleges to provide more research, education and assistance related to business/industry;
- the need to expand the scope of the Wyoming Community Development Authority;
- the need to re-regulate interest rates (nationally);
- the need to study the insurance coverage within the state; and
- the need to improve the business climate through legislative/constitutional tort reform by limiting punitive and personal damage awards.

NAME (AND EVALUATE) THREE TO FIVE SPECIFIC PLANS OF ACTION WHICH, WITH CREATIVE LEADERSHIP, WOULD BENEFIT WYOMING 'TROUGH THE STATE'S FINANCIAL INDUSTRY.

Some specific plans of action which would benefit Wyoming through the state's financial industry are:

- to assure insurance coverage at reasonable rates;
- to use state funds for market research and the development and operation of a comprehensive data base;
- to develop a public/private venture capital pool;
- to revise collateral requirements in order to encourage more participation in state deposits (i.e., market value base, more reasonable percentages, widen scope of eligible securities);
- to broaden legislation which will widen loan purchase participation by the state;
- the creation of a state-wide municipal bond pooling, carrying "full faith and credit provisions";
- to formulate a Wyoming Export Bank to purchase Wyoming products for marketing elsewhere (subsidized, if necessary);
- to promote Wyoming "lean" by advertising or selling below market value to gain public acceptance;
- to promote an agri-business leasing program (purchase equipment for leasing [renting] back to the industry);
- to establish a Wyoming Gambling Commission to create an acceptable "North Dakota" plan;

- to develop an "aqua-ranchette" which would create a new agri-industry to utilize excess and now-wasted energy;
- to provide industry with severance tax incentives to create jobs in the processing of natural resources in Wyoming;
- to provide state incentives for better intrastate airlines;
- to provide a factual image of Wyoming to attract business;
- to merge the Wyoming Industrial Development Corporation and the Wyoming Enterprise Fund, and
- to use Wyoming funds to develop a Wyoming economic base through venture capital, equities, and loan guarantees.

Following are four blueprints for action.

WYOMING GAMBLING COMMISSION

GOAL: To establish a Wyoming Gambling Commission which would create an act that would permit gambling in Wyoming, based upon similar limitations specified in the North Dakota Bill.

COMMENTS: The financial industry is a people-oriented business; therefore, the better the people do, the better the financial industry does. What Wyoming has to offer the financial industry is opportunity. Opportunity as a state with a low population, and many resources which are needed elsewhere.

Is there a need to create something for the financial world? No, but there is a need to create something for the people who are here now and for those who will be here in the future.

The financial industry tends to mirror the prosperity or the lack of prosperity of the customers who are served. In the past fourteen months, according to the Casper Star Tribune, seven banks have collapsed in the state. Therefore, the conclusion might be reached that things are not going well in Wyoming.

The SRI Study points out that tourism is one of the vast opportunities Wyoming has to offer. The Study further indicates that because of Wyoming's remoteness and adverse climate, it may not attract industries. Given this

scenario, perhaps this particular plan could stimulate the tourist industry, and, therefore indirectly, the financial industry.

North Dakota adopted a gambling law in 1977. They have been successful with this. For any one who is familiar with the personalities and characteristics of people in North Dakota, this must have been a new revolutionary *idea*. (North Dakota is a conservative state.) It is impossible to get a drink and have dinner in the same establishment. One year, the North Dakota Legislature considered seriously a bill presented by the Women's Christian Temperance Union, which requested that all bars be closed between the hours of 5 PM and 7 PM. So, it was in this protective climate that this gambling bill was adopted.

Basically, the bill is created so that the profits go to the public through non-profit agencies and organizations, and church groups. It limits itself to \$2.00 bets and, therefore, eliminates the entrance of organized crime.

The leaders of this project might be the Governor, and various legislative leaders.

COMMENTS: The communities that could benefit from this bill would be those located on the geographic perimeters of the state, such as Jackson Hole, Sheridan, and Cheyenne, because they attract people from other states - Colorado, South Dakota, Nebraska, Idaho, and Montana - who do not permit gambling.

It is important to have state-wide legislative support and not just support from those legislators whose areas receive direct benefit.

Those who should support the effort are:

Wyoming Hotel/Motel Association

Wyoming Association of Municipalities

County Commissions Association

Church groups

Liquor dealers

Wyoming 'Hospital Administration

State Chambers of Commerce

Other groups who support new jobs and businesses.

The opposition may arise from:

law enforcement groups. The legalized gambling in North

Dakota is run by non-profit organizations - the Lions, the Elks, the PTA. Any one of these may have a license for gambling. These groups - sponsors or players - could cheat. Thus it would be difficult to detect cheaters. Therefore, the law enforcement people in North Dakota were unable or untrained to detect cheaters in this process.

some conservative church groups, on moral or ethical grounds.

The only neutral party that could be identified in this project would be the Attorney-General's office. There would need to be assurance from this office that such a bill would not cause any Constitutional conflicts.

The operational time frame and steps towards the goal include:

immediately obtaining the model legislation from North Dakota and gathering any pertinent information. This should take two weeks.

Writing and circulating a white paper to legislators, participants, opponents and receive feedback. This process should take three weeks.

Having the LSO Office research the question and draft the bill.

Prefiling the legislation by December, 1985.

COMMENTS: The support for this idea must be a broad grass-root public support. The bill should be so structured that it not only provides an economic development benefit to the state, but also causes less of a strain on the State Treasury, in that it provides monies for physical needs that are normally required from the State Treasury.

It also creates jobs directly for those people who administer the gambling.

But more importantly, it will attract more tourist dollars to Wyoming. Wyoming is not usually a destination for most people, but only a place to pass through. This would be one more mechanism to keep tourist dollars in Wyoming longer.

It is one mechanism by which Wyoming could attract people from the neighboring states. This is probably one of the biggest future revenue resources for Wyoming. With the price of gas, food, and lodging, people will be looking for short hops to take for vacations.

QUESTIONS:What is the amount of dollars brought into North Dakota from
and outside the state?

COMMENTS: The \$142 million that went directly through the gaming table does
not include the dollars spent for meals, hotel rooms,
alcohol, gasoline, groceries and all other items purchased
by the people who came to gamble.

Could a part of the proceeds be directed toward a capital venture
pool?

Yes, a certain percentage of the profits could be directed toward
that.

However, no matter what the original plan, it seems to change
during the course of the legislative process.

ACCESS TO FINANCIAL SOURCES

GOAL: To develop an organization to facilitate access to financial sources and the framework within Wyoming.

The task is to correlate, catalog and communicate this information.

COMMENTS: There are some simple things that can be done to enhance the ability of the financial industry within the state of Wyoming to help the prosperity and economic growth of Wyoming. One simple solution is to find some way to provide information on how one would access this financial industry when beginning in business or further developing a business. This could be accomplished by bringing all the information to focus in one place so that the Chambers of Commerce, business, industry or industrial development groups can have things cataloged and assembled where they can review this information to help them make choices to proceed with finding venture capital or normal business loans to help enhance growth and prosperity.

To get this type of project going, how does one get the diversity of the financial institution industry together?

First of all, the leaders who should participate would be a selected representative from the Wyoming Bankers' Association, a selected representative from the Savings and Loan of Wyoming, and the Governor's office, which must be involved as a catalyst in this effort.

Those who should be involved in the process are:

Wyoming Enterprise Fund,
Savings and Loans,
Banks,
Wyoming Community Development Authority,
Wyoming Industrial Development Corporation,
State Treasurer,
A representative of the Legislature,
A representative of the Chambers of Commerce, and
Small Business Administration.

Realistically, opposition may arise from:

some legislators,
some right-wingers,
some environmentalists, '
some isolationists, and
some financial institutions.

The community of higher education, which includes both the
University of Wyoming and the Community Colleges, could be
involved in the process without bias.

The first step in this process would be
the notification of participants, probably in the form of a
letter from the Governor,
convening the participants
to organize a forum and
to set the agenda.

This process should begin as soon as possible.

The setting is immaterial, other than it probably should be in
some neutral place which is centrally located.

The essence of events leading to the goal are

to organize,

to collect the information,

to prepare, print and disseminate that information.

If there are indications of an eagerness and willingness towards

this project, there should be some follow-up which could

include:

the continuation to promote awareness,

monitoring to insure continuing operations,

the development of an "economic report card",

the development of a one-step informational source, and

continued resource development.

COMMENTS: Perhaps this information could be disseminated quarterly by listing the funds which have been contracted during any given quarter. Also, other sources may wish to seek acknowledgement and could do so quarterly. Thus, there would be a continual updating and correct monitoring of requests that have been granted.

From time to time, sources will become dormant or drop out for one reason or another. Perhaps their funds are tapped up or legislative changes nationally affect their operation. Then, new sources will fill that vacuum. This could be an expansion of a continuing effort to help identify those sources and to keep a panoramic view of the availability of funds before an entrepreneur or business person.

The time frame includes:

30 days - a letter from the Governor requesting a meeting
and the meeting itself;

Six months - funding, operations, premarketing, information
collection;

An on-going process.

COMMENTS: If this is handled properly, it will require individual
conversations with financial sources and will include an
interviewing process which will draw out what is available
and what will fit into that matrix of what is required for
support and underwriting. This will take time.

The pivotal point for enhancement is viewed as getting the
Governor's office to use the respect from that office to get
the community of financial resources together.

Support and endorsement from the financial industry the Wyoming
Bankers' Association and the Savings and Loan League plus
the Boards of the Wyoming Community Development Authority
and Wyoming Industrial Development Corporation is necessary.

Financial assistance could come from
dollars initially raised from private financial industry,
and
matched by DEPAD for the purpose of interview costs and
clerical work.

The normal resistance to change may obstruct the process.

To present this plan as a positive marketing tool for the entire
industry would dispel opposition.

This requires a flow-through to Chambers of Commerce and to the industrial development groups who need to make intelligent selections, which would create a natural demand for this type of information.

There is no compromise within reasonable cost restraints. There is a high probability of success because of low cost, low risk and a visible product of high return.

QUESTIONS What kind of specific information would be included?

and Is there a possibility that regulators might raise some charge of

COMMENTS: collusion?

This information would be delivered in generic terms. It would list public as well as private sources.

PROCESSING OF NATURAL RESOURCES

GOAL: To provide industrial companies with a tax incentive on the severance tax which would entice them to further process, refine or use Wyoming's natural resources before they are shipped out of state thus creating new jobs for Wyoming people.

For example, a producer of gas or coal, such as Union Pacific's Champlin, could use their influence to bring into Wyoming a manufacturing process for fertilizers, plastics and adhesives.

The leaders who could have an impact and realistically influence the process are:

the Governor,

legislative leaders,

State Board of Economic Development,

industry leaders,

research from the University of Wyoming,

labor unions, and

large energy companies who extract these raw materials.

Those who would logically support this idea include:

Chambers of Commerce and

the industrial development committees of those chambers,

the University of Wyoming,

Wyoming taxpayers,

Futures Project people, and

labor unions.

Those who would oppose the effort might include:

those who object to adjustments which would create jobs and bring additional people into the state or bring changes to the environment,

those groups of people whose tax revenues might be

readjusted to flow in different directions, such as

the public schools,

aged-citizen groups, and

any group that benefits at the present time from

the severance tax as it is now distributed.

Neutral participants in the process might include:

the agricultural community,

Wyoming Association of Municipalities,

some groups receiving severance tax amenities now,

Wyoming Mineral Trust Fund,

Highway Department,

Water Development Board,

the general fund, and

the schools, in general.

This meeting is the embryo of an initial first step and this could be announced at Saturday's meeting (October 19, in Casper).

There would be a three to six week period of time needed for gathering additional information.

Perhaps the Wyoming Press Association would be a good group to announce this to and create some excitement, both pro and con.

The 1986 Budget Session will be a time to talk about economic development in the state. The "When" is NOW!

There is a need to go to the Legislative Service Office for help in drafting a bill. There are individuals on the Mines and Mineral Committee who could be influential and who should be contacted to spark interest.

This Roundtable group has made commitments to contact various groups or individuals to activate this process immediately.

The time frame might be as follows:

Introduction of the idea at Futures Meeting, October 19th in Casper;

The drafting of a bill which could take anywhere from ten days to two weeks.

Introduction to the Legislature as one of the pending bills and create some interest in committees;

It could be placed before the 1986 Legislature.

Assistance to this program could come from:

the Governor (very vital),

DEPAD,

unions,

bankers,

University of Wyoming,

leaders of the House and Senate,

endorsement of selective individuals, and

Chambers of Commerce, sparking the interest of the mineral and energy companies as to the possibilities this would provide.

To assure a positive presence and money resources, the process might:

Be kept simple: Talk about letting these companies

re-invest dollars back into other economic activities in the state. This helps these companies re-employ their own lost tax dollars, resulting in enhancement to Wyoming's work force, to the ripple effects of new dollars being spent in the state, and to all of the economic activity that creates.

Be researched so that accurate and timely information can be presented.

Hindrances might arise from

a lack of understanding, as these adjustments are being proposed. It might appear that the mineral industries are being favored at the expense of other businesses. the agricultural community, because of the need to remedy problems in that area.

the environmentalists, if it could not be supported that each of these process industries would be perfectly compatible with the present environment.

The way to address these possible obstacles is

through an educational effort which will tell the facts and present the benefits, by traveling into individual communities to provide personal contacts, through service clubs or Chambers of Commerce.

The people who do this should be a task force composed of representatives from labor, finance, state government and economic development.

The results would depend a great deal upon the enthusiasm put into it, the educational process, and the size of the adjustment to be made.

FINANCIAL DATA BASE

GOAL: To develop a financial data base and community inventory for market research and planning in Wyoming.

COMMENTS: In the process of fulfilling all of the needs that have been identified, it is imperative to develop a data base for the state. At one time, the Department of Economic Planning and Development did provide community profiles and gather a fair amount of data. That seems to have been phased out during the course of the boom days. Attention was directed more toward how to control growth and the impact on the environment. Subsequently, the data base for Wyoming began to be fractured. Much of it is prepared by the University Institute for Policy Research and usually the governmental agencies do their own data gathering. But there is no one central place where this is pulled together and is available for people such as venture capitalist or business segment groups who are interested, including Chambers, Associations, Economic Development groups, developers of new products and services, and Small Business Assistance activities.

Therefore, there is a need for a financial data base and community profile provided for proper market research and planning.

The leaders who would be spokesmen for the development of such a data base are:

Venture capitalists such as the Wyoming Enterprise Fund and the Wyoming Industrial Development Corporation;

Business segment groups;
Developers of new products or services;
Governmentally sponsored business programs; and the
Economic Development Board could probably provide a major
thrust forward for this project.

Opponents to the plan might be
those who oppose governmental agency growth,
those who perceive economic growth as a threatening factor
to a particular life style, and
perhaps existing competition.

A neutral party to this project would be the University of
Wyoming.

The initial steps to be taken would be:

to increase the awareness of the requirement for a decent
data base which is integral for the planning process,
and
to depend upon the legislature, the Governor and the
Economic Development Board to expand this.

This should happen NOW in the early phases of addressing economic
development.

The recommendation could be made through the Wyoming Futures
Project, at the October 19th meeting in Casper, to the
Economic Development Board.

To accomplish this goal would require
the Wyoming Futures Recommendation and legislative approval,
and
support from industrial leaders and proponents through a
lobbying effort. Some additional outlay by the

Legislature might be necessary with respect to having a governmental agency gather the data, store it and disseminate it.

The time frame calls for

asking for legislative authority and appropriations in February, 1986.

implementation and gathering of the information through 1986-1987.

instituting broad usage by 1987.

People who can support and enhance the process include

those who are involved in economic development interests, Chambers of Commerce, business planners, and the Governor.

Perhaps this presents an opportunity for the Department of

Economic Planning and Development to redeem itself in the eyes of the people. It is still an agency and still exists. There is an agency in place that can do this; therefore, the dollar impact would not be substantial.

Hindrances might arise from

those who do not want governmental growth, or individuals within an agency who do not want to be responsible for additional reporting.

These feelings could be neutralized to some extent

because this activity is an expansion for an existing governmental agency and with access fees should not require substantial outlays, and

because the information accumulated is necessary for
intelligent planning.

A high likelihood of success can be anticipated because the
alternatives to data base gathering are cumbersome or
impossible.

The Wyoming Futures Project or some subsequent task force is the
vehicle with which to move it forward.

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October 13-15, 1985

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