



A SOFTER LANDING

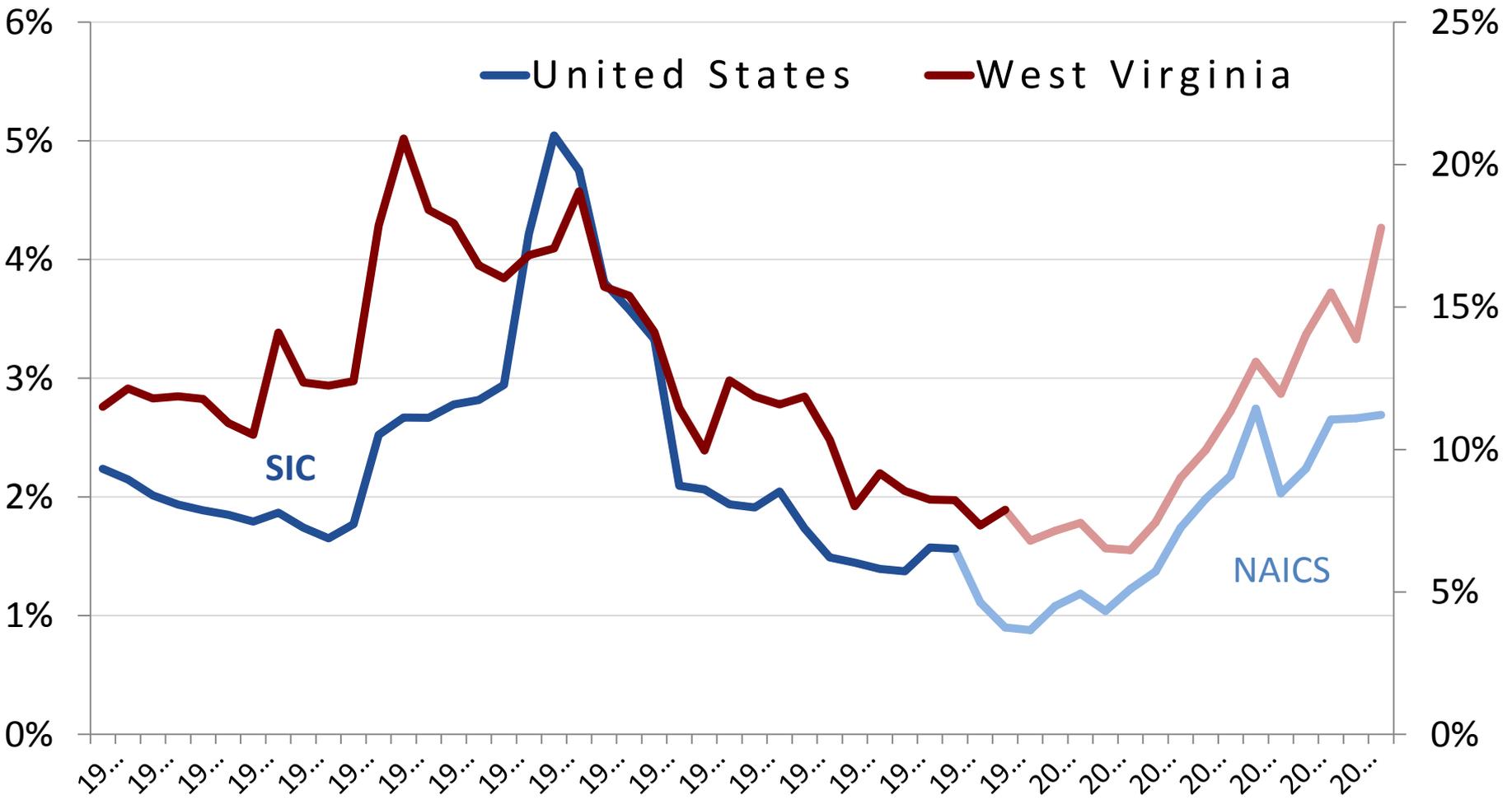
FIGHTING THE RESOURCE CURSE

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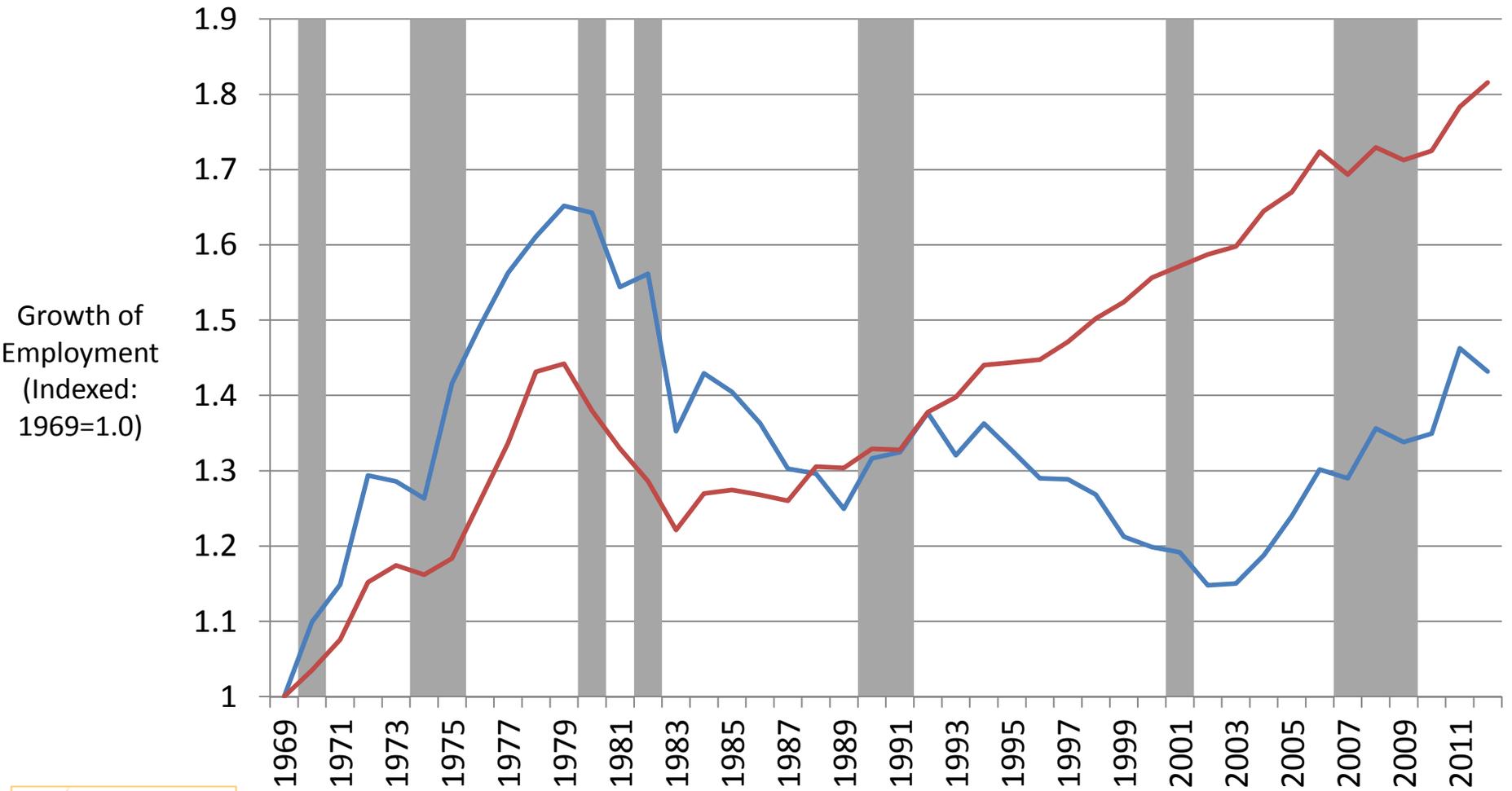
Energy Boom-Bust: U.S. & West Virginia

Mining GDP as a Share of Total GDP



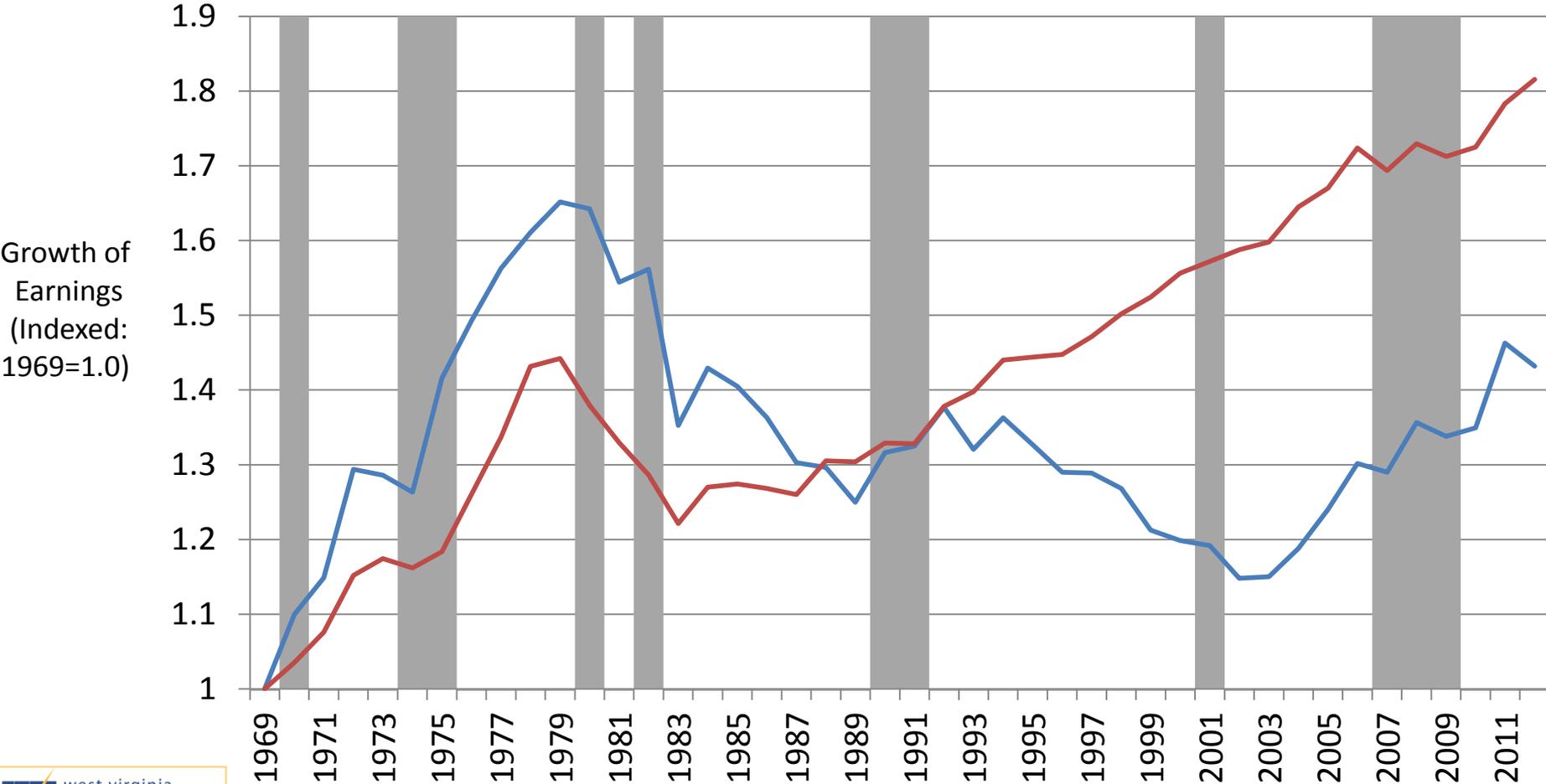
Energy Boom-Bust in West Virginia: Employment

■ National Recessions — Mining Counties — West Virginia

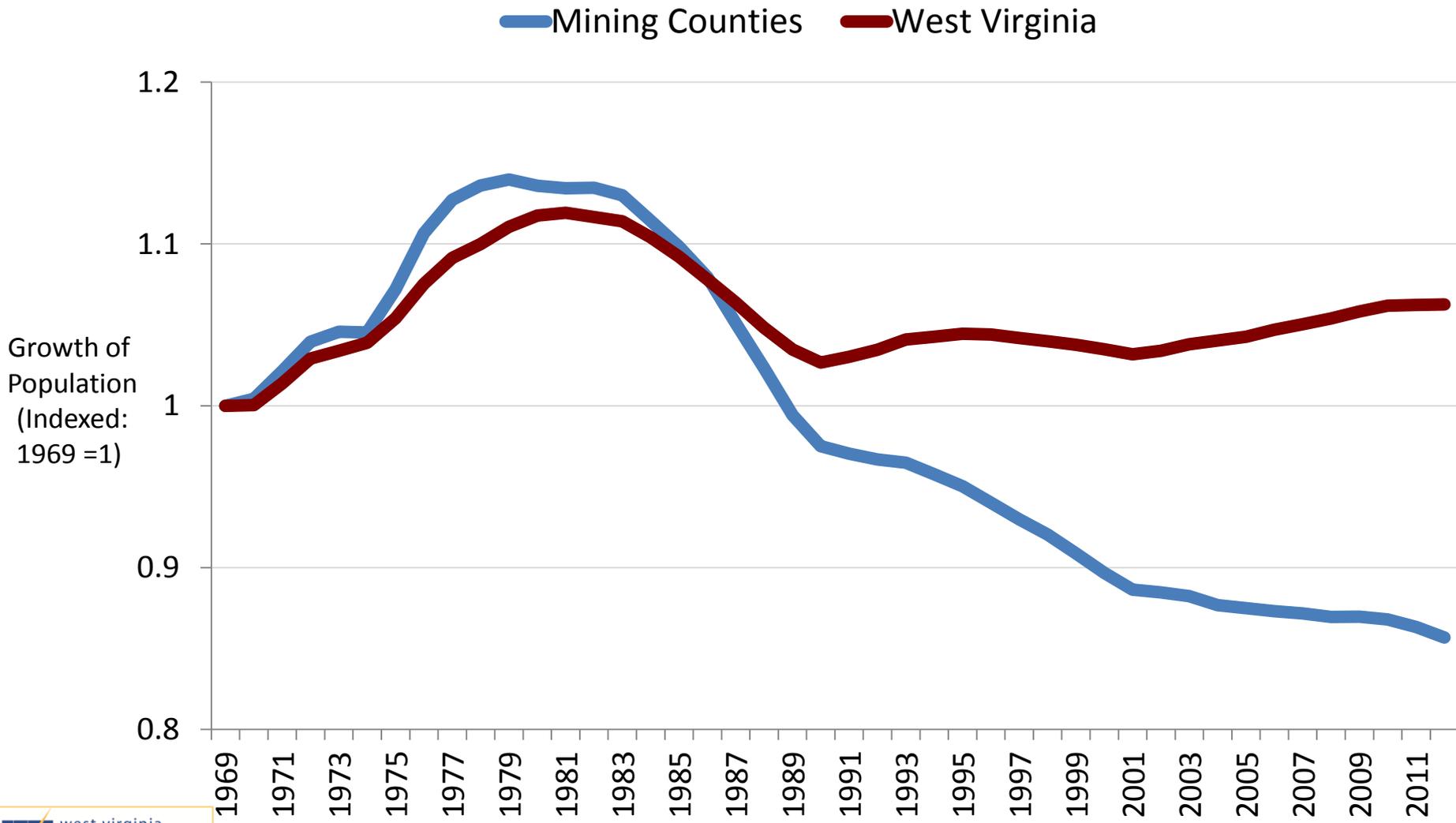


Energy Boom-Bust in West Virginia: Earnings

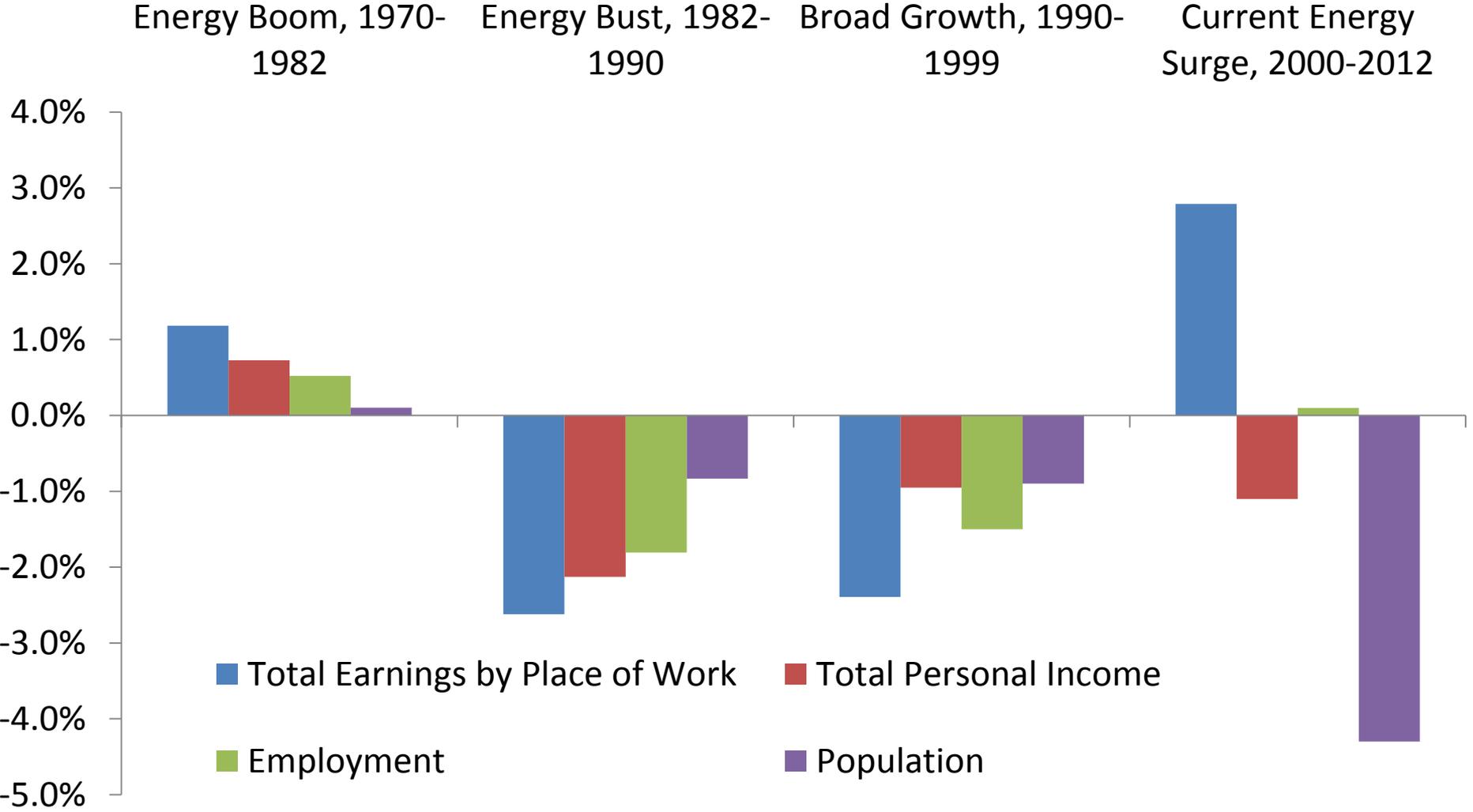
■ National Recessions — Mining Counties — West Virginia



Boom-Bust in West Virginia: Population Growth



After Outperforming the State Average during the Energy Boom, Mining Counties have Seen Decades of Underperformance



A Legacy of Booms-Busts in Mining Counties

- ◆ Median Household Incomes are Lower
- ◆ Family Poverty Rates are Higher
- ◆ Health Outcomes are Are Worse
- ◆ More likely to be “At-Risk” or “Distressed”

Why Have Mining Counties Underperformed?

- ◆ Less Economically Diverse
- ◆ Lower Education Levels
- ◆ Higher Income Inequality
- ◆ Mining Hasn't Rebounded

A Softer Landing

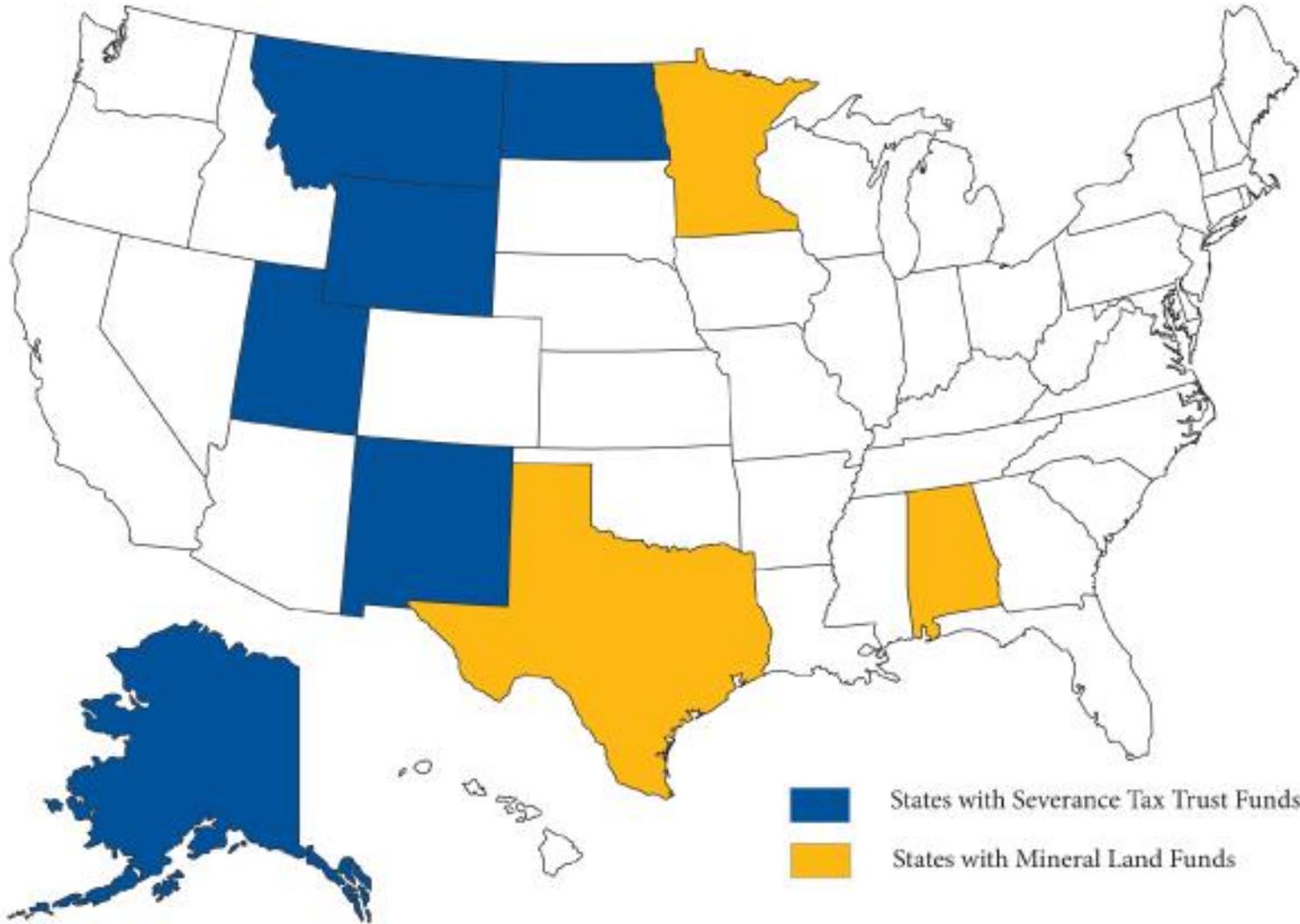
Creating a Permanent Mineral Trust Fund

- ◆ **Permanent mineral trust funds** are attempts by governments to convert non-renewable natural resource (oil, natural gas, coal, and other minerals) wealth into a renewable source of wealth for future generations.
- ◆ **Permanent mineral trust funds** are invested similar to pension funds and a portion of the fund is used each year to financially bolster the state's economy through strategic investments (e.g. education, infrastructure, and tax relief).
- ◆ These funds are “**permanent**” because the principal of the fund is usually constitutionally protected.

Why Do States Create Permanent Mineral Trust Funds?

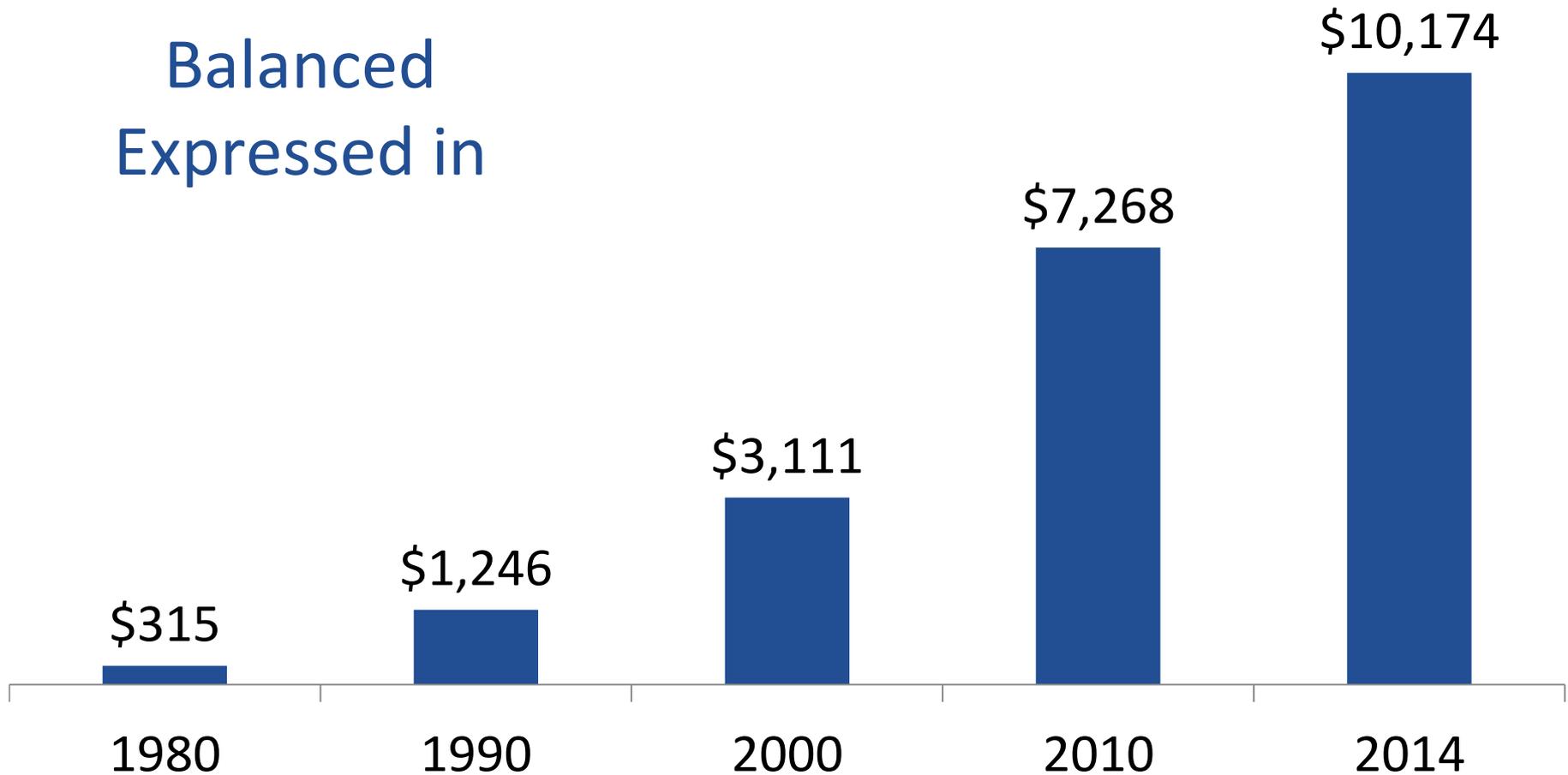
- ◆ Converts a depleting finite resource (coal, oil, natural gas) into a renewable source of wealth for state programs and future generations.
- ◆ Without a permanent fund, the economic benefit from natural resource extraction declines along with the natural resources themselves.
- ◆ Helps even out the booms and busts of energy-based states.
- ◆ By building assets, it can boost a state's bond rating.
- ◆ Severance tax is highly exportable with little impact on production.
- ◆ Lowers future tax burdens and build trusts
- ◆ To diversify and expand local economies and to invest in human capital and infrastructure.

States with Permanent Mineral Trust Funds



What if a West Virginia Permanent Mineral Trust Fund had been created in 1970?

Balanced
Expressed in



Best Practices: Rebounding & Reinvention



Iron Range Resources & Rehabilitation Board



**NORD-PAS DE CALAIS
LA TROISIEME
REVOLUTION
INDUSTRIELLE
EST EN MARCHE**

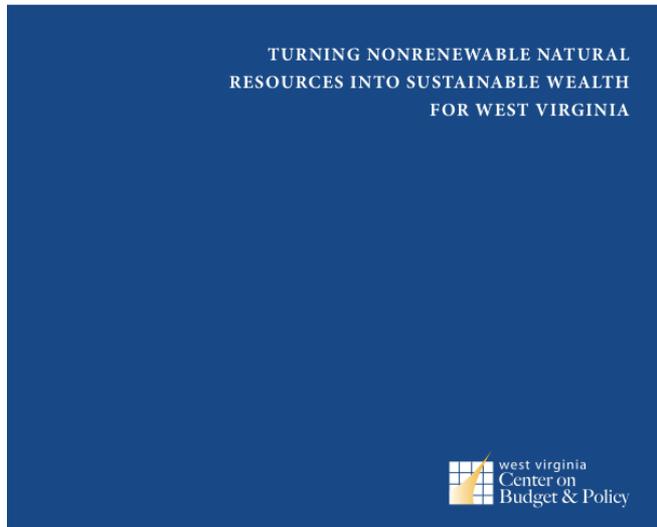
**Nord-Pas de Calais
Third Industrial Revolution
Master Plan – 2013**



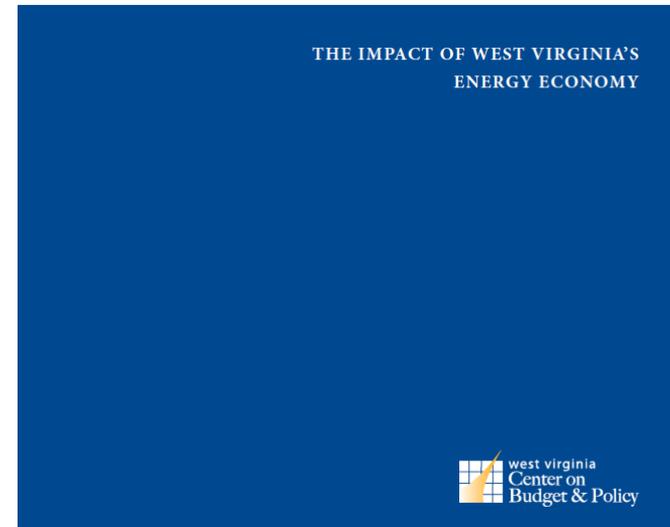
Questions?



CREATING AN ECONOMIC DIVERSIFICATION TRUST FUND



BOOMS AND BUSTS



- For more information go to www.wvpolicy.org