

Summary of Economic Analysis

- This 2019 [report](#) is similar to the 2015 CU Leeds School of Business report; however, the modeling is more conservative in the 2019 study. Both reports were limited to upstream and midstream oil and gas activity, making it different and narrower from other reports that include downstream and retail oil and gas impacts. The study was conducted by researchers with the University of Colorado Denver and Econ One Research, Inc. The analysis is based on the most recent data available (2017) from the U.S. Bureau of Economic Analysis (BEA).
- The 2015 CU study, which analyzed 2014 data, showed 102,000 direct, indirect, and induce employees within the upstream and midstream subsectors. The 2019 CU study, drawing from 2017 U.S. Bureau of Economic Analysis data, looks at the industry as it began its rebound from a prolonged commodities slump in 2015 and 2016. In 2017, the upstream and midstream subsectors in Colorado consisted of 89,000 direct, indirect, and induced employees. The CU study further explains significant efficiencies that were found in industry as it overcame a low commodity marketplace. The price of oil in 2014 reached \$114/barrel, while the price of oil averaged \$51 in 2017.
- The upstream and midstream subsectors of the industry provide a significant amount of public revenue, primarily in the form of local ad valorem and state severance taxes. In fact, \$1 billion in local and state taxes were paid by these subsectors in 2017 alone.
- There are three widely accepted economic modeling tools: IMPLAN, RIMS-II, and REMI. IMPLAN and RIMS-II are static input-output models that are typically used to account for inter-industry flows of past transactions. In this study, CU Denver and Econ One Research used IMPLAN to run an historical exercise, using Bureau of Economic Analysis data, to look at the economic and fiscal impacts of upstream and midstream oil and gas activity in 2017.
- [The API study](#) by PricewaterhouseCoopers is another study often referenced. It applied a methodology that captures all supply chain sectors, including gas stations and manufacturing that are also related to the oil and natural gas industry. API also used IMPLAN, but again, captured all supply chain sectors, while the CU Study specifically considered the upstream and midstream subsectors of the oil and natural gas industry.
- Another study commonly referenced was conducted by the [Common Sense Policy Roundtable](#) (CSPR), through the REMI Partnership, which conducted analysis regarding the potential economic and fiscal impacts of SB19-181. That analysis relied on the REMI model, which is a dynamic modeling tool used to forecast economic flows/activity. REMI is often used to analyze future economic impacts of policy decisions.