

## **Economic Impact of JR Simplot Company Operations**

*By Mark Mendiola*

In March 2006, an economic impact study commissioned by the J.R. Simplot Company revealed that Simplot's phosphate fertilizer complex in Pocatello and the Smoky Canyon phosphate mine near the Idaho/Wyoming border in Caribou County created nearly \$131.3 million in economic activity annually throughout nine counties.

Dr. John Church, an economist with Idaho Economics, a Boise-based research firm, conducted the six-month study, which Simplot officials said was the first extensive look at the social and economic impact of Simplot's operations in Eastern Idaho. It was the first time the private Simplot company had opened its books for such an independent, comprehensive analysis.

It was done in conjunction with a draft environmental impact statement regarding plans to expand the Smoky Canyon Mine to adjacent Manning Creek and Deer Creek leases. That expansion would keep Simplot's Don Plant west of Pocatello running for another estimated 15 years after ore on an existing tract was expected to be depleted by 2008. The plant gets virtually all of its phosphate from Smoky Canyon via a nearly 90-mile-long slurry pipeline.

In 2005, nearly 560 Eastern Idaho and Lincoln County, Wyoming residents were directly employed at either the Don Plant or Smoky Canyon. Nearly 400 of those employed were Idaho residents while nearly 160 of those employed at Smoky Canyon lived in Wyoming. The direct employment of the 560 workers along with Simplot's purchases of goods and services in the area accounted for another nearly 1,070 additional or secondary industry jobs in Eastern Idaho and Western Wyoming, the study concluded.

In 2005, Don Plant and Smoky Canyon workers were paid nearly \$52.1 million in wages and salaries – or nearly 15 percent of the total wages and salaries paid to all workers in Caribou County. The plant and mine added nearly \$102.2 million to the total personal income earned in Idaho. They purchased nearly \$87.5 million in goods and services. Nearly \$24 million went to Idaho vendors and another \$1.4 million was purchased from suppliers in Wyoming. Smoky Canyon's economic impact on Lincoln County, Wyoming, totaled \$29.1 million.

The wages and salaries paid to Simplot employees, and purchases of goods and services accounted for nearly \$3.8 million in tax revenues for Idaho. The study also noted that the company's sponsorship of the Simplot Games at Idaho State University's Holt Arena generated \$3.5 million in economic activity, boosting state tax revenues by an additional \$218,000.

The Don Plant is west of Pocatello in Power County, but Bannock County derived the most economic benefit from the plant, the study showed. About 92 percent of the plant's employees lived in Bannock County, where Pocatello is located. The study

concluded Bannock County's annual economic impact was \$68.5 million. Simplot had a direct economic impact on Bannock County of \$41.2 million in 2005 -- \$30.6 million in wages and \$10.6 million in purchases. That revenue also produced \$27 million in secondary economic impacts.

The study also showed that Simplot paid Bannock, Power, Bear Lake and Franklin counties a combined \$2.93 million each year in local property taxes. Power County received \$2.4 million, which accounted for 26.7 percent of its property tax revenue. Simplot paid about \$6.3 million in Idaho taxes.

Simplot sent its utility payments to Boise in Ada County, where its impact was estimated at \$11.7 million. The company made many of its purchases in Bingham and Bonneville counties, where its impact was \$4.7 million and \$4.3 million, respectively. Both counties are directly north of Pocatello.

The economic impact study also showed that the Don Plant annually used 1.6 million to 1.8 million tons of phosphate ore, 400,000 tons of sulfur and more than 90,000 tons of ammonia per year.