



**INSTITUTE FOR
AGRICULTURE AND TRADE POLICY**

PRESS RELEASE

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Press Contact

Andrew Ranallo
Communications Associate, IATP
+1 (612) 870-3456
andrew@iatp.org

New report raises concerns about expansion of frac sand mines in Minnesota and Wisconsin

ST. PAUL – The true economic impact of frac sand mining may fall short of industry claims promising sustained prosperity and economic opportunity, says a first-of-its-kind expert report to be released Wednesday, May 15. By using currently available economic data, *The Economic Benefits and Costs of Frac-Sand Mining in West Central Wisconsin* offers a full, unbiased analysis of costs and benefits for communities affected by frac sand mining. The report concludes by offering a list of questions to be considered that can help rural towns in Wisconsin and Minnesota effectively evaluate benefits and costs of frac sand mining for their community. As frac-sand mining legislation is being considered in Minnesota, including taxes to benefit the state and conservation measures to protect the environment, the report offers data to supplement the often overly optimistic economic projections from mining companies that often ignore costs and minimize environmental risks.

When drilling for oil or natural gas is impractical due to geological factors, hydraulic fracturing (or “fracking”) is an increasingly popular alternative for oil and gas companies. Fracking involves injecting materials (often sand) into rock formations, opening them and allowing resources to be extracted. Wisconsin and Minnesota have substantial deposits of sand with the perfect properties for fracking—also known as “frac sand.” As oil and gas companies increasingly turn to fracking, the demand for frac sand has boomed.

By identifying challenges Wisconsin towns and counties have faced as the industry there has grown to over a hundred mines, the report highlights the mining industry’s tendency to disturb land and cause air and water pollution, as well as other environmental problems—issues often omitted in industry studies promising economic prosperity in the form of additional jobs, payrolls and taxes for the community. According to the report, however, these promises—usually backed by industry-produced economic impact analyses—are often unsubstantiated.

“We hope this report helps to shed light on the truth about frac sand mining and its actual impacts on communities and the environment,” said Jim Harkness, president of the Institute for Agriculture and Trade Policy (IATP). “While mining companies promise economic prosperity, our neighbors in Wisconsin have learned some valuable lessons about the associated costs.”

The report suggests a list of questions local communities should consider when evaluating a potential mining operation in their towns. The framework focuses both on benefits, such as jobs and tax revenues, and on costs that are often overlooked: environmental and health impacts, infrastructure costs, and negative effects on property values, other local businesses and industry.

“The economic analysis currently available is more public relations than facts—industry reports often leave out the short- and long-term costs while focusing exclusively on purported benefits,” said Dr. Thomas Power, principle author of the study. “This report is designed to help communities make more scientifically informed decisions.”

Dr. Thomas Power is Professor Emeritus in the Economics Department at the University of Montana and a nationally recognized economist with a long history of research on the economics of the mining industry. The report was commissioned by the Wisconsin Towns Association, Wisconsin Farmers Union and the Institute for Agriculture and Trade Policy (IATP).

Representatives from IATP and the Wisconsin Towns Association, as well as author Dr. Power, will be hosting a press conference May 15 at 1:00 p.m. in the Senate press room #125 at the Minnesota state capitol building.

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