

Classroom Activity

Lignite Economics: Jobs, Business Volume, Tax Revenue

Lesson 1 -- Illustrate how each direct employee results in an additional 3 indirect employees

MN-DAK Mining Company ----- Sells six tons of coal at \$11/ton = \$66.00
Give President \$66 for coal purchase

President pays Tax Commissioner for Severance and Conversion Taxes (\$1/ton) = \$6.00

President hires Self & two employees (3 X \$5) = \$15.00

Hires 3 Businesses to provide goods & services - gives them each \$15 (\$45 total)

Each business has a total of 3 employees (Owner + 2)
(Each employee receives \$5)

*3 Mining Company Employers = 9 Indirect Employees

Lesson 2 -- Illustrate how dollar circulates in economy (\$1 = \$3)

Each employee (12) names personal goods or services needed -- pays businesses \$1 earned for desired goods and services

36 people plus Tax Commissioner now involved

Lesson 3 -- Illustrate how expenditures, salaries result in tax revenue and how tax revenue is used for services

12 employees -- pay \$1 to Tax Commissioner (20% tax bracket)

Tax Commissioner (\$18) identifies various service and pays each service \$1

Summary of \$66

\$12 -- keep for savings (Original 3 miners)

\$36 -- keep for savings (Identified 9 contractor/suppliers for goods and services)

\$12 -- Tax Commissioner (Personal and income tax)

\$ 6 -- Severance and Conversion Tax

\$66 -- Total

Classroom Activity: Lignite Economics

JOBS



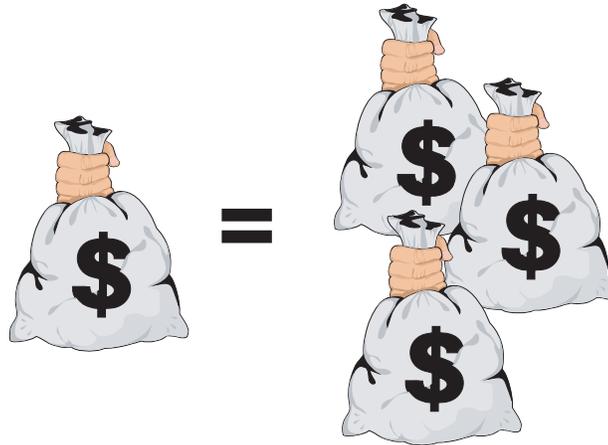
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Direct Job

Indirect Jobs

BUSINESS ACTIVITY



TAX REVENUE

Tax \$ = Services

Lignite Industry Contractors and Suppliers

Heavy equipment supplier

Coal testing lab

Fuel supplier

Engineering services

Earthwork contractor

Legal services

Machine shop services

Maintenance services

Utilities (electricity)

Transportation services

Parts supplier

Explosives supplier

Environmental consultant

Tire supplier

Lignite Industry Business Activity Generated

Doctor

Rent

Dentist

Bank (car or house payment)

Grocer (food)

Credit card payment

Telephone

Insurance payment

Gas/electricity

Home repairs/improvements

Water

Vacations

Clothing

Sporting events

Car repair/maintenance

Toys for children

Gasoline

New car or truck

Movies

Electronics (TV, stereo, home computer)

Life Before & After Electricity

Classroom Activity

Assign each student in a grade school or high school class to write a paper on what life was like just before a customer received electricity, and on what life was like just after a customer first received electricity. Have each student contact a senior citizen that they know, whether it be one of their grandparents or a neighbor (an alternative would be to talk to someone who has knowledge of such an experience, for example, someone who works in the energy industry, or someone who has heard about this experience many times from their parents). Ask this person questions such as:

- What was life like before electricity? How did you wash clothes, prepare food, read at night, dry your hair, etc.? Also, how did you get your work done, whether it be at a business or farm?
- When did you first get electricity? What did you have to do in order to be able to use that electricity (wire home, outlets)? What fuel source provided that electricity (lignite, hydro, etc.)?
- What were your first uses of electricity at your home and business/farm?
- Did the public eagerly anticipate the use of electricity, or were some people skeptical of its use?
- Do you have any personal experiences of electricity generated from lignite, whether it be working in the industry, or living near where it is generated?

Have the students write a report based on the interview with a senior citizen. Reports should be longer for high school students. An additional activity may be to have the students give a short oral presentation to the class on what they learned.