

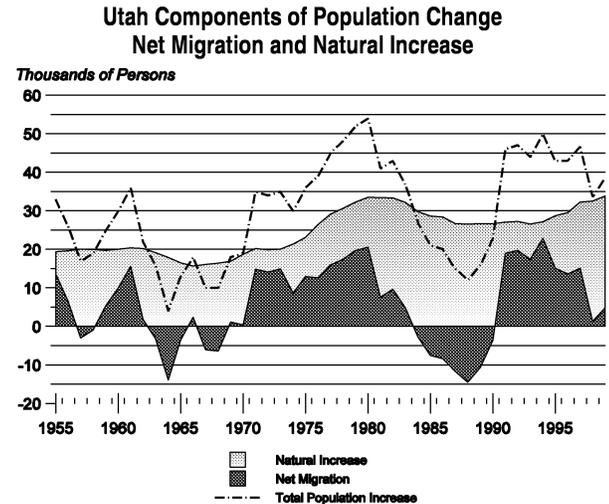
2000 ECONOMIC REPORT TO THE GOVERNOR EXCERPTS

STATE OF UTAH
MICHAEL O. LEAVITT, GOVERNOR

* Demographics *

- **Population** – Utah's population reached just over 2,121,000 persons in 1999, for an increase of 38,500 persons.
- **Rate of Growth** – Utah's rate of population growth of 1.9% more than doubled the national rate of 0.9% in 1999.
- **Components of Growth** – Natural increase accounted for 88% of Utah's population growth during 1999. Net in-migration also occurred for the ninth consecutive year.
- **Median Age** – Utah continues to have the youngest median age in the country. It increased from 23 in 1980 to 27 in 1998. The national median age in 1998 is 35.
- **Long Term Projections** – Utah's population is expected to reach approximately 2.7 million in 2010, surpass 3.0 million by 2020, and tally 3.7 million by 2030.

Total Population	2,121,053
Increase (1998-1999)	38,551
Percent Change (1998-1999)	1.9%
Births	45,434
Deaths	11,636
Net Migration	4,753

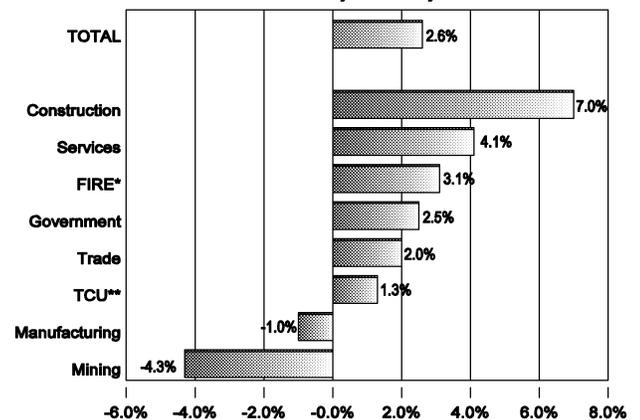


Source: Utah Population Estimates Committee and Utah Bureau of Health Statistics

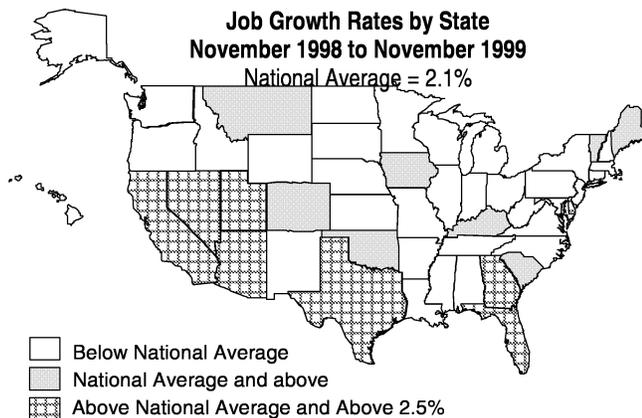
* Employment and Wages *

- **Job Growth** – Utah's rate of job growth, which was 2.6% in 1999, slowed for the 5th consecutive year. Utah is still the 6th fastest growing state in terms of job creation.
- **Leading Industries** – Construction and services remain the major catalysts for growth. Utah's construction boom is now in its 9th year and the total value of permitted construction reached another all-time high during 1999. The service industry created 11,600 new jobs in 1999.
- **Unemployment** – During 1999, Utah's unemployment rate remained at 3.8% for the second straight year.
- **Average Wage** – The state's average wage increased by 3.6%. This is lower than the increase of 4.4% in 1998, but still more rapid than the increase in consumer prices of 2.1% (CPI-U). Wages have increased faster than inflation for five consecutive years.

Utah Job Growth Rates by Industry: 1998-1999



* Finance Insurance and Real Estate
 ** Transportation, Communications, and Utilities
 Source: Utah Department of Workforce Services



Source: Regional Financial Associates, December 1999

Total Nonagricultural Employment	1,050,000
Increase (1998-1999)	26,540
Percent Change (1998-1999)	2.6%
Unemployment Rate (1999)	3.8%
Total Nonagricultural Wages	\$28.8 billion
Percent Change (1998 to 1999)	6.3%
Average Wage Per Job	\$27,429
Percent Change (1997 to 1998)	3.6%
Total Personal Income	\$46.6 billion
Percent Change (1997 to 1998)	5.3%
Per Capita Personal Income	\$21,900

* Industry Focus *

- **Defense** – Utah's defense industry rebounded slightly in 1998 (most recent data available). During 1998, defense spending in Utah totaled \$1.27 billion, an increase of 1.3% and only the second increase in the past decade.
- **Tourism** – The state's tourism industry posted a slightly better year in 1999 than in 1998. During 1999, an estimated 18.2 million non-resident travelers visited the state, an increase of 2% from 1998. These visitors spent an estimated \$4.2 billion. One in every nine jobs in the state are directly or indirectly supported by the tourism industry.
- **Exports** – International merchandise exports from Utah have remained at approximately \$3.6 billion for six consecutive years. Exports have been flat because of a staggering world economy (particularly Asia) which now appears to be recovering.
- **High Tech** – Utah's high technology sector continues to fluctuate. Most notable is the rapid drop in aerospace activity, volatility of software development, and growth in the medical instruments and automotive components sector.
- **Energy, Minerals, and Agriculture** – These industries contracted during 1999 because of low commodity prices.



Source: U.S. Census Bureau and Massachusetts Institute for Social and Economic Research

* Major Findings *

- **Economy Remains Prosperous** – Although economic activity has slowed, Utah is still among the fastest growing states in the nation. During 1999, Utah's job and population growth rates ranked 6th and 8th, respectively, among states.
- **Maintained Pattern of Recent Years** – Construction activity remains the catalyst for growth and the national expansion continues to augment economic activity. Economic activity continued to moderate in 1999, but appears to have stabilized.
- **International, National, and Regional Context** – Utah's current prosperity occurs within the backdrop of a rebounding international economy, strong national economy, and a slowing, but still expanding, regional economy.
- **Expect a Few Disruptions in the Short Term** – As the current construction boom tapers and the state prepares for, hosts, and moves beyond the 2002 Olympic Winter Games, the economy is expected to experience some short term variability. Construction activity is key as the current boom is in its ninth year and nearly three times as many construction jobs exist in 1999 as at the beginning of the decade. Opinions remain mixed on the timing, duration, and severity of the expected contraction in construction jobs, but there is consensus that a contraction will occur.
- **Risks in the Forecast** – The state forecast assumes no national recession in 2000. Still, the U.S. economy does have some significant downside risks such as tight labor markets, a widening trade deficit, and low household savings rates. The potential for a significant stock market correction and accelerating prices and wages if productivity does not keep pace also pose downside risk.
- **Poised for the New Millennium** – Utah appears to be well-positioned to prosper in an information age where an attractive workforce, quality infrastructure, and favorable quality of life have become increasingly more important.

- **2000 Outlook** – Analysts expect slower construction activity to dampen job growth slightly. Job growth is also expected to slow because of lower net in-migration, a tight labor market, expensive housing relative to other states, and continuing improvement in the business climates and economies of other states. The year 2000, however, should be quite similar to 1999.

Utah Economic Indicators Annual Percent Change



Source: Council of Economic Advisors

* Significant Utah Rankings *

Demographic	State Rank	Value*	Year
Population Growth Rate	8 th	1.9%	1999
Fertility Rate	1 st	2.68	1999
Life Expectancy	3 rd	77.7 years	1990
Median Age	1 st	26.7 years	1998
Household Size	1 st	3.06 persons	1998

Social Indicators	State Rank	Value*	Year
Violent Crime	16 th	314.2 per 100,000 people	1998
Poverty Rate	2 nd	8.5%	96-98
Educational Attainment	6 th	89.3% persons 25+ w/ high school degree	1998

Economic	State Rank	Value*	Year
Rate of Job Growth	6 th	2.8%	1999
Urban Status	6 th	87% urban	1990
Unemployment Rate	13 th	3.8%	1999
Economic Diversity	13 th	0.74 (index value)	1998
Median Household Income	10 th	\$42,073	96-98
Average Annual pay	40 th	\$25,716	1998
Per Capita Income	44 th	\$21,096	1998

*Rankings are based on the most current data available for all states, and may differ from more recent data available for Utah only.