

# Utah Taxable Sales

## Overview

Taxable sales are made up of three major components: retail trade, business investments and utility taxable sales, and taxable services. In 2006, taxable sales in Utah increased by 11.7% to an estimated \$43.8 billion. This growth rate continues the pace set in 2004 and 2005. All three economic sectors contributed to the robust economic growth experienced in 2006.

Retail trade taxable sales were an estimated \$24.6 billion in 2006, representing 56.2% of taxable sales. This represents an 11.1% increase over 2005, which is the fastest rate of growth since 1993. Retail trade is projected to grow 7.5% in 2007. Business investment and utility taxable sales were an estimated \$11.9 billion in 2006, representing 27.2% of taxable sales. This yields an increase of 12.6% over 2005. This sector is expected to grow 2.9% in 2007. Taxable services were estimated at \$5.6 billion for 2006, representing 12.7% of taxable sales. This represents an 8.3% growth in 2006. Taxable services related sales are expected to increase by 4.7% in 2007.

## 2006 Summary

**Retail Trade.** Taxable sales from retail trade in Utah have remained strong since 1990, with average annual growth at 6.9%. During the current economic expansion, consumers have spent at levels exceeding inflation and population growth. In 2006, population and inflation will have grown at 6.0% compared with an 11.1% growth in retail trade. Over the past three years, strong consumer spending has been attributable to favorable employment conditions and higher wages, as well as to greater financial flexibility through increased use of home-equity loans and credit cards. The 7.7% gain in wages during 2005 was exceeded by the 8.9% growth in retail trade. In 2006, the strong 11.7% increase in total taxable sales compared to a 10.9% increase in wages and salaries.

**Retail Nondurable Goods.** Nondurable goods sold by retailers are classified into the following sectors: general merchandise, food, apparel, eating and drinking, and miscellaneous shopping goods stores. Taxable sales from nondurable retail sales reached \$15.6 billion in 2006, which represents 35.5% of all taxable sales. In 2006, sales in this sector increased by 12.6% over 2005. The largest sector within nondurable goods retail trade is general merchandise, which includes so-called "big box" stores. The fastest growing sectors were miscellaneous shopping goods (21.5%) and eating and drinking (21.4%); followed by food stores (9.7%), apparel (8.4%), and general merchandise (8.0%). Nondurable retail sales are forecasted to increase 8.0% in 2007.

**Retail Durable Goods.** Retail durable goods are defined as those items that last three or more years. These goods are broadly associated with building and garden stores, furniture stores, and motor vehicle dealers. The sale and consumption

of retail durable goods are usually impacted by job growth, interest rates, dealer incentives, and consumer confidence. For the third year in a row, all of these conditions were favorable, helping durable goods sales to reach an estimated \$9.0 billion in 2006, an 8.6% increase over 2005.

The construction boom led to increases in building and garden store sales which grew at a rate of 14.9%, while furniture and home furnishings sales slowed to a rate of 3.3%. Growth in sales occurred in spite of the decline in new residential construction in 2006. It appears that increases in new nonresidential construction as well as in additions, alterations, and repairs to existing construction were enough to offset the decline in new residential construction.

The motor vehicle sector grew 8.1% in 2006. New passenger vehicles and light truck sales showed a 5.0% increase in unit sales, while used vehicle sales grew a slight 1.0% in unit sales. Thus, the large growth in taxable sales was attributable to more expensive, new-vehicle sales.

**Business Investment and Utility Sales.** This category includes taxable, business-to-business purchases of supplies and equipment, as well as business-to-consumer sales of utilities and final sales at wholesale trade stores. Business investment purchases began declining during the fall 2001, which corresponded with a recession that year. This recession was compounded with the September 11, 2001 terrorist attacks and military conflicts in the Middle East, both of which contributed to shaking investor confidence. Consequently, business investment sales continued to decline during 2002 and 2003. In 2004, business investment sales rebounded, followed by a further expansion in 2005. In 2006, this sector grew by 12.6% to \$11.9 billion, making up 27.2% of all taxable sales. Approximately 16.9% of all taxable sales occurred in the mining, manufacturing, and wholesale trade sectors. The service sectors of transportation, communication, and public utilities comprised 8.7% of taxable sales. Business investment purchases in Utah are projected to increase 2.9% in 2007.

In 2006, taxable sales from mining purchases increased 49.6% to \$380.0 million; in 2005, mining purchases increased by 30.0%. These gains were in response to higher prices for mining products. Construction purchases rose 35.0% in 2005 and 27.1% in 2006, a response to large increases in construction over the past three years. Similarly, taxable manufacturing purchases increased 16.0% in 2005, and 17.3% in 2006. Increased manufacturing purchases were due to gains in mining, construction, and in export demand.

**Taxable Services.** The taxable services sector is made up of consumer spending on amusement, personal, and financial services, as well as tourist spending for Utah's hotels, resorts

and rental cars, and business and consumer spending on computers and equipment. This sector is driven by growth in wages and population, Salt Lake City International Airport arrivals and departures, and U.S. business spending on software and equipment.

Between 1990 and 2000, taxable services had an average annual growth rate of 10.0%. This high growth at the beginning of this decade ended abruptly with the dot-com implosion and a recession. The September 11, 2001 terrorist attacks further affected this sector by reducing tourism. Taxable services declined for three straight years from 2001 through 2003, but grew by 3.1% in 2004, a robust 13.3% in 2005, and 8.3% in 2006. Taxable Services are expected to increase by 4.7% in 2007.

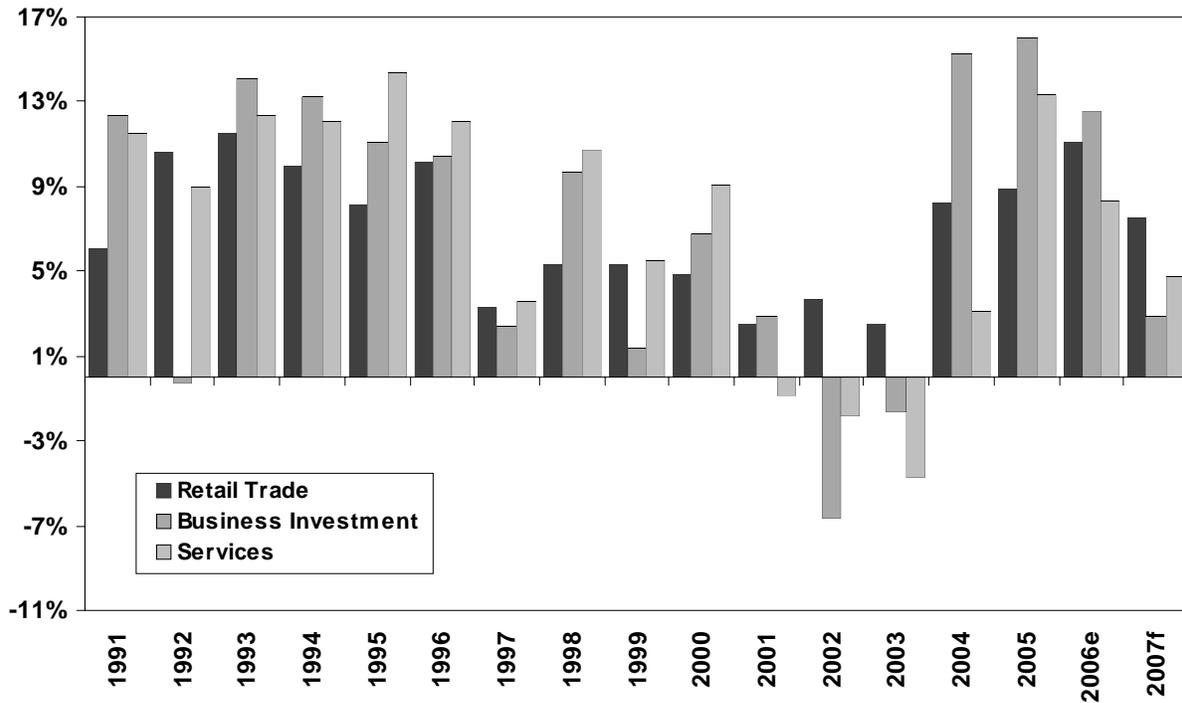
After very strong growth in 2004 and 2005 at 10.1% and 12.0% respectively, hotel and lodging sector taxable sales dipped by 0.7% in 2006. Auto rentals and repairs sales realized an increase of 7.6% in 2006. The amusement and recreation sector increased 22.3% in 2006.

The business portion of the services sector had mixed growth in 2006. Taxable sales for education, legal, and social services declined by 18.6%, while business services grew 19.2%, and financial insurance and real estate services grew 16.3% sales.

#### **2007 Outlook**

Taxable sales will grow 5.9% in 2007 to \$46.4 billion from \$43.8 billion. After two years of phenomenally strong growth, taxable sales are expected to return to a more normal growth path. Notwithstanding this less rapid growth rate, taxable sales will still generate substantial tax revenue growth for both state and local government.

Figure 33  
Change in Taxable Sales by Major Sector



e = estimate f = forecast  
Source: Utah State Tax Commission

**Table 40**  
**Utah Taxable Sales and Percent Change by Sector**

Sectors	Millions of Dollars												
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006e
RETAIL TRADE	12,097	13,080	14,404	14,873	15,657	16,493	17,278	17,748	18,356	18,808	20,351	22,155	24,614
NONDURABLES	7,656	8,295	9,047	9,482	10,006	10,492	11,091	11,367	11,769	11,990	12,816	13,831	15,577
General Merchandise	1,816	2,033	2,256	2,328	2,463	2,619	2,797	3,100	3,598	3,820	4,171	4,438	4,793
Apparel	591	614	665	693	757	760	789	802	832	853	928	1,007	1,091
Food Stores	2,677	2,784	3,050	3,258	3,381	3,493	3,641	3,513	3,203	3,054	3,122	3,316	3,637
Eating and Drinking	1,234	1,349	1,473	1,554	1,677	1,815	1,906	1,946	2,013	2,068	2,245	2,425	2,944
Miscellaneous Shopping Goods	1,338	1,515	1,603	1,649	1,728	1,805	1,958	2,006	2,123	2,195	2,350	2,562	3,112
DURABLES	4,441	4,785	5,357	5,392	5,651	6,002	6,187	6,342	6,587	6,818	7,535	8,324	9,037
Motor Vehicles	2,331	2,431	2,710	2,775	2,965	3,175	3,390	3,570	3,734	3,812	4,043	4,366	4,719
Building & Garden	1,160	1,241	1,337	1,310	1,351	1,476	1,426	1,460	1,487	1,614	1,960	2,214	2,544
Furniture & Home Furnishings	950	1,112	1,310	1,307	1,335	1,351	1,371	1,312	1,366	1,392	1,533	1,717	1,774
BUSINESS INVESTMENT	5,609	6,231	6,878	7,044	7,729	7,839	8,372	8,588	8,039	7,909	9,121	10,579	11,915
Agriculture, Forestry & Fishing	19	13	17	26	22	27	32	36	38	57	45	68	74
Mining	149	176	174	245	259	180	202	210	157	141	195	254	380
Construction	290	343	371	389	400	422	408	368	315	306	369	498	633
Manufacturing	1,155	1,368	1,513	1,464	1,601	1,540	1,543	1,583	1,369	1,392	1,692	1,962	2,302
Transportation, Comm. & Public Utilities	1,657	1,776	1,935	2,062	2,291	2,392	2,742	3,164	3,060	2,923	3,209	3,428	3,816
Wholesale Trade	2,339	2,555	2,869	2,858	3,157	3,278	3,445	3,251	3,100	3,105	3,612	4,189	4,710
SERVICES	2,802	3,206	3,594	3,724	4,122	4,351	4,746	4,709	4,615	4,396	4,534	5,135	5,562
Hotels & Lodging	423	473	528	557	551	556	583	597	674	600	661	740	735
Amusement & Recreation	378	451	495	544	572	650	714	723	732	730	748	773	945
Personal	146	167	178	177	185	190	200	208	212	211	211	230	225
Health	84	91	90	92	88	86	93	95	104	114	111	127	133
Education, Legal & Social	160	175	194	167	195	207	224	225	220	205	245	320	260
Auto Rental & Repairs	763	901	1,012	1,073	1,160	1,169	1,239	1,268	1,211	1,174	1,214	1,359	1,463
Business	645	711	780	775	948	1,042	1,223	1,158	1,005	973	990	1,148	1,369
Finance Insurance & Real Estate	203	236	318	339	423	450	469	427	457	390	355	371	431
ALL OTHER	1,019	1,093	968	1,188	1,137	1,316	1,250	1,381	1,502	1,447	1,305	1,372	1,727
GRAND TOTAL TAXABLE SALES	21,527	23,609	25,844	26,829	28,646	29,999	31,645	32,426	32,512	32,560	35,311	39,241	43,818

Sectors	Percent Change												
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06e
RETAIL TRADE	10.0%	8.1%	10.1%	3.3%	5.3%	5.3%	4.8%	2.7%	3.4%	2.5%	8.2%	8.9%	11.1%
NONDURABLES	7.2%	8.3%	9.1%	4.8%	5.5%	4.9%	5.7%	2.5%	3.5%	1.9%	6.9%	7.9%	12.6%
General Merchandise	5.8%	12.0%	11.0%	3.2%	5.8%	6.3%	6.8%	10.8%	16.1%	6.2%	9.2%	6.4%	8.0%
Apparel	1.7%	3.9%	8.3%	4.2%	9.3%	0.4%	3.8%	1.6%	3.7%	2.5%	8.8%	8.5%	8.4%
Food Stores	7.3%	4.0%	9.5%	6.8%	3.8%	3.3%	4.2%	-3.5%	-8.8%	-4.7%	2.2%	6.2%	9.7%
Eating and Drinking	8.2%	9.3%	9.2%	5.5%	7.9%	8.2%	5.0%	2.1%	3.4%	2.7%	8.6%	8.0%	21.4%
Miscellaneous Shopping Goods	10.9%	13.2%	5.8%	2.9%	4.8%	4.5%	8.5%	2.5%	5.8%	3.4%	7.1%	9.0%	21.5%
DURABLES	15.2%	7.7%	12.0%	0.7%	4.8%	6.2%	3.1%	2.5%	3.9%	3.5%	10.5%	10.5%	8.6%
Motor Vehicles	8.9%	4.3%	11.5%	2.4%	6.8%	7.1%	6.8%	5.3%	4.6%	2.1%	6.1%	8.0%	8.1%
Building & Garden	23.3%	7.0%	7.7%	-2.0%	3.1%	9.3%	-3.4%	2.4%	1.8%	8.5%	21.4%	13.0%	14.9%
Furniture & Home Furnishings	22.9%	17.1%	17.8%	-0.2%	2.1%	1.2%	1.5%	-4.3%	4.1%	1.9%	10.1%	12.0%	3.3%
BUSINESS INVESTMENT	13.2%	11.1%	10.4%	2.4%	9.7%	1.4%	6.8%	2.6%	-6.4%	-1.6%	15.3%	16.0%	12.6%
Agriculture, Forestry & Fishing	-17.4%	-31.6%	33.8%	48.3%	-13.2%	20.5%	18.5%	12.5%	5.6%	51.2%	-21.7%	51.2%	8.8%
Mining	4.9%	18.1%	-0.9%	40.7%	5.6%	-30.5%	12.2%	4.0%	-25.2%	-10.2%	38.6%	30.0%	49.6%
Construction	17.4%	18.3%	8.1%	4.8%	3.0%	5.5%	-3.3%	-9.8%	-14.4%	-2.9%	20.6%	35.0%	27.1%
Manufacturing	6.6%	18.4%	10.6%	-3.2%	9.3%	-3.8%	0.2%	2.6%	-13.5%	1.7%	21.5%	16.0%	17.3%
Transportation, Comm. & Public Utilities	6.8%	7.2%	8.9%	6.6%	11.1%	4.4%	14.6%	15.4%	-3.3%	-4.5%	9.8%	6.8%	11.3%
Wholesale Trade	22.5%	9.2%	12.3%	-0.4%	10.5%	3.8%	5.1%	-5.6%	-4.6%	0.2%	16.3%	16.0%	12.4%
SERVICES	12.1%	14.4%	12.1%	3.6%	10.7%	5.6%	9.1%	-0.8%	-2.0%	-4.7%	3.1%	13.3%	8.3%
Hotels & Lodging	5.8%	11.8%	11.6%	5.5%	-1.1%	0.9%	4.9%	2.4%	12.9%	-11.0%	10.1%	12.0%	-0.7%
Amusement & Recreation	24.8%	19.4%	9.6%	9.9%	5.2%	13.6%	9.8%	1.3%	1.2%	-0.3%	2.5%	3.3%	22.3%
Personal	12.3%	14.4%	6.5%	-0.2%	4.3%	2.7%	5.3%	4.0%	1.9%	-0.5%	0.1%	8.7%	-2.0%
Health	-1.2%	8.0%	-1.2%	2.5%	-4.1%	-2.3%	8.1%	2.2%	9.5%	9.6%	-3.0%	15.0%	4.6%
Education, Legal & Social	11.1%	9.6%	10.6%	-13.8%	16.7%	6.2%	8.2%	0.4%	-2.2%	-6.8%	19.7%	30.2%	-18.6%
Auto Rental & Repairs	12.7%	18.1%	12.2%	6.1%	8.1%	0.8%	6.0%	2.3%	-4.5%	-3.1%	3.4%	12.0%	7.6%
Business	3.2%	10.2%	9.7%	-0.6%	22.3%	9.9%	17.4%	-5.3%	-13.2%	-3.2%	1.7%	16.0%	19.2%
Finance Insurance & Real Estate	50.4%	16.2%	34.9%	6.5%	24.9%	6.4%	4.2%	-9.0%	7.0%	-14.7%	-9.0%	4.4%	16.3%
ALL OTHER	14.2%	7.3%	-11.5%	22.7%	-4.2%	15.7%	-5.0%	10.5%	8.8%	-3.7%	-9.8%	5.1%	25.9%
GRAND TOTAL TAXABLE SALES	11.3%	9.7%	9.5%	3.8%	6.8%	4.7%	5.5%	2.5%	0.3%	0.1%	8.4%	11.1%	11.7%

e = estimate

Source Utah State Tax Commission



Table 41  
Utah Taxable Sales by Component

Millions of Dollars					
Calendar Year	Retail Sales	Business Investment Purchases	Taxable Services	All Other	Total Taxable Sales
1982	5,200	3,513	1,062	244	10,020
1983	5,638	3,648	1,138	262	10,686
1984	6,401	4,254	1,385	284	12,324
1985	6,708	4,122	1,379	304	12,513
1986	7,010	3,689	1,414	265	12,378
1987	6,951	3,398	1,587	252	12,188
1988	7,346	3,684	1,718	269	13,017
1989	8,048	3,675	1,849	320	13,892
1990	8,407	3,874	1,829	664	14,774
1991	8,918	4,355	2,040	685	15,998
1992	9,860	4,342	2,223	888	17,313
1993	10,994	4,956	2,499	892	19,341
1994	12,097	5,609	2,802	1,019	21,527
1995	13,080	6,231	3,205	1,093	23,609
1996	14,404	6,878	3,594	968	25,844
1997	14,873	7,044	3,724	1,188	26,829
1998	15,657	7,729	4,122	1,137	28,646
1999	16,493	7,839	4,351	1,316	29,999
2000	17,278	8,372	4,746	1,250	31,645
2001	17,748	8,588	4,709	1,381	32,426
2002	18,356	8,039	4,615	1,502	32,512
2003	18,808	7,909	4,396	1,447	32,560
2004	20,351	9,121	4,534	1,305	35,311
2005	22,155	10,579	5,135	1,372	39,241
2006e	24,614	11,915	5,562	1,727	43,818
2007f	26,467	12,262	5,821	1,857	46,407

Percent Change					
Calendar Year	Retail Sales	Business Investment Purchases	Taxable Services	All Other	Total Taxable Sales
1982	6.1%	-8.0%	15.6%	12.6%	1.7%
1983	8.4%	3.8%	7.2%	7.4%	6.6%
1984	13.5%	16.6%	21.7%	8.5%	15.3%
1985	4.8%	-3.1%	4.0%	7.0%	2.0%
1986	4.5%	-10.5%	-1.8%	-12.7%	-1.6%
1987	-0.8%	-7.9%	12.3%	-5.0%	-1.5%
1988	5.7%	8.4%	8.2%	6.7%	6.8%
1989	9.6%	-0.2%	7.6%	18.8%	6.7%
1990	4.5%	5.4%	-1.1%	107.8%	6.3%
1991	6.1%	12.4%	11.6%	3.2%	8.3%
1992	10.6%	-0.3%	9.0%	29.6%	8.2%
1993	11.5%	14.1%	12.4%	0.5%	11.7%
1994	10.0%	13.2%	12.1%	14.2%	11.3%
1995	8.1%	11.1%	14.4%	7.2%	9.7%
1996	10.1%	10.4%	12.1%	-11.4%	9.5%
1997	3.3%	2.4%	3.6%	22.7%	3.8%
1998	5.3%	9.7%	10.7%	-4.2%	6.8%
1999	5.3%	1.4%	5.5%	15.7%	4.7%
2000	4.8%	6.8%	9.1%	-5.0%	5.5%
2001	2.7%	2.6%	-0.8%	10.5%	2.5%
2002	3.4%	-6.4%	-2.0%	8.8%	0.3%
2003	2.5%	-1.6%	-4.7%	-3.7%	0.1%
2004	8.2%	15.3%	3.1%	-9.8%	8.4%
2005	8.9%	16.0%	13.3%	5.1%	11.1%
2006e	11.1%	12.6%	8.3%	25.9%	11.7%
2007f	7.5%	2.9%	4.7%	7.5%	5.9%

e = estimate  
f = forecast

Source: Utah State Tax Commission

Table 42  
Utah Total Taxable Sales by County

County	2000	2001	2002	2003	2004	2005	2006e	Percent Change 2005-2006
Beaver	\$59,533,738	\$57,150,257	\$80,227,179	\$78,321,295	\$42,100,390	\$61,425,176	\$67,358,370	9.7%
Box Elder	388,463,051	387,021,110	402,374,621	414,494,710	414,721,757	459,009,190	522,913,665	13.9%
Cache	881,748,639	936,524,543	998,898,630	1,029,987,061	1,103,940,836	1,163,228,307	1,285,126,804	10.5%
Carbon	346,715,900	361,995,352	365,312,958	333,785,502	379,035,713	417,165,129	459,100,472	10.1%
Daggett	13,701,974	14,635,105	14,003,631	11,692,322	8,850,106	16,284,566	23,043,653	41.5%
Davis	2,561,945,556	2,690,459,983	2,756,957,696	2,795,943,681	3,026,293,503	3,268,243,050	3,688,757,074	12.9%
Duchesne	152,667,814	163,956,901	140,916,226	157,009,682	217,723,687	280,791,211	306,657,844	9.2%
Emery	78,516,158	102,774,219	106,115,127	104,310,439	128,437,780	139,290,716	150,670,039	8.2%
Garfield	73,145,377	66,630,018	66,764,050	68,752,485	77,648,666	78,381,924	88,629,435	13.1%
Grand	162,911,808	166,019,643	169,251,051	163,637,016	180,031,694	198,213,638	228,663,942	15.4%
Iron	417,168,360	420,501,521	458,605,541	480,123,467	456,541,704	592,783,355	661,175,583	11.5%
Juab	73,826,705	69,528,286	104,856,351	99,188,624	81,415,135	164,387,520	223,346,176	35.9%
Kane	107,426,955	101,852,245	100,058,048	97,504,725	100,715,909	114,085,034	127,626,386	11.9%
Millard	107,366,842	120,662,495	129,903,813	128,822,920	135,398,480	136,959,491	150,670,039	10.0%
Morgan	55,091,635	55,255,017	49,290,396	49,300,117	54,461,648	57,558,865	65,585,782	13.9%
Piute	5,742,323	5,672,633	6,210,822	6,617,576	6,186,763	6,339,852	7,090,355	11.8%
Rich	16,731,346	16,224,980	16,872,707	18,373,609	18,482,439	20,638,560	19,498,476	-5.5%
Salt Lake	15,941,513,323	15,864,887,932	15,597,075,721	15,445,006,387	16,576,588,112	18,009,014,948	20,108,246,152	11.7%
San Juan	89,321,720	87,476,582	89,264,080	85,238,249	86,002,913	103,025,680	104,582,733	1.5%
Sanpete	143,234,506	158,395,663	159,147,172	162,116,042	162,631,076	174,115,526	191,439,579	9.9%
Sevier	219,208,375	219,577,652	229,374,023	225,887,000	252,351,206	289,358,111	322,611,142	11.5%
Summit	742,862,484	830,104,320	851,240,326	854,703,303	972,492,127	1,113,464,846	1,301,080,102	16.8%
Tooele	330,279,699	363,273,243	402,778,905	325,233,649	418,310,455	446,493,203	512,278,133	14.7%
Uintah	439,786,724	497,920,681	452,184,692	484,733,738	663,674,391	867,250,044	939,472,008	8.3%
Utah	4,170,665,617	4,326,455,093	4,395,924,116	4,433,228,375	4,791,033,296	5,409,233,063	6,039,209,683	11.6%
Wasatch	171,726,889	174,016,839	180,942,269	184,211,496	190,080,778	224,406,543	244,617,240	9.0%
Washington	1,237,822,795	1,376,922,982	1,510,266,389	1,626,273,410	1,958,528,256	2,406,220,140	2,662,428,219	10.6%
Wayne	23,460,239	23,595,162	23,244,473	27,607,530	30,348,445	29,232,626	31,906,597	9.1%
Weber	2,456,562,991	2,510,725,246	2,555,626,717	2,599,184,450	2,758,768,928	2,899,244,314	3,236,746,956	11.6%
Out-of-State Use Tax	175,863,321	255,972,886	98,463,573	68,753,302	18,078,794	95,146,380	47,859,895	-49.7%

e = estimate

Source: Utah State Tax Commission