



Excerpts

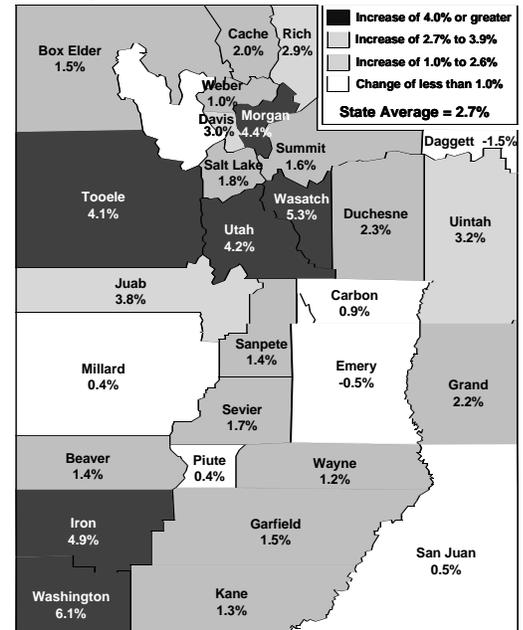
State of Utah
 Governor Jon M. Huntsman, Jr.

Demographics

- ▶ **Population:** The State's official July 1, 2006 population was estimated to be 2.6 million, an increase of 2.7% from 2005. Although this growth rate was lower than the rate of 3.2% from the previous year, it was still the third-highest growth rate in ten years. Natural increase was a record high with an increase of 39,010 persons, or 57.6% of total growth. This was a result of a record-high number of births (52,368) and deaths (13,358).
- ▶ **Rate of Growth:** According to the U.S. Census Bureau, Utah ranked sixth among states with a population growth rate of 2.4% from 2005 to 2006. The U.S. rate of growth was 1.0%.
- ▶ **Median Age:** Utah ranks as the youngest state in the nation (2005), with a median age of 28.5, compared to the national average of 36.4.
- ▶ **Long-Term Projections:** The State's population is projected to be 2.8 million in 2010, 3.5 million in 2020, 4.1 million in 2030, 4.7 million in 2040, and will reach 5.4 million in 2050.

2006 Utah Population Estimate	2,615,129
2005-2006 Percent Change	2.7%
2006 Net Migration	28,730
2006 Natural Increase	39,010
2006 Fiscal Year Births	52,368
2006 Fiscal Year Deaths	13,358

Population Growth Rates: 2005-2006

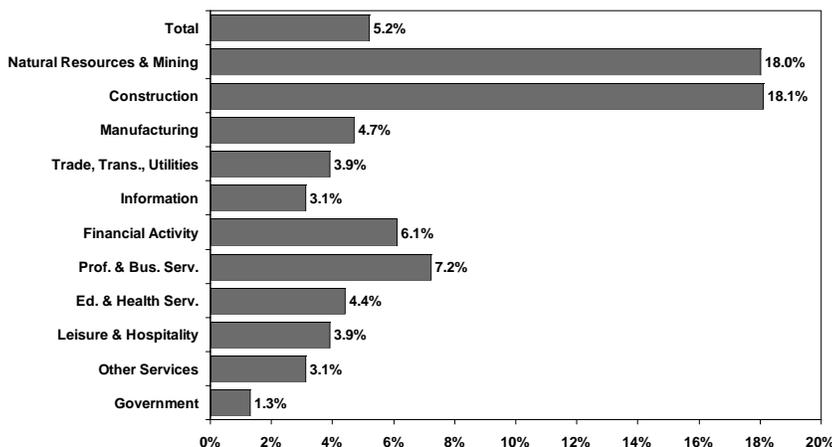


Source: Utah Population Estimates Committee

Employment and Wages

- ▶ Utah's economy continues to accelerate and is expected to see strong growth in 2007.
- ▶ **Job Growth** – Job growth rebounded from 0.0% in 2003, to 2.8% in 2004, 4.0% in 2005, and 5.2% in 2006.
- ▶ **Industry Focus** – Construction, natural resources and mining, professional and business services, and financial activity all experienced job growth higher than the state average of 5.2%. All other sectors also experienced positive job growth from 2005 to 2006.
- ▶ **Unemployment** – Utah's 2006 unemployment rate was 3.3%, down from 4.3% in 2005. On average, there were 43,700 Utahns unemployed in 2006.
- ▶ **Average Wage** – In 2006, Utah's average annual nonagricultural wage was \$34,600, an increase of 5.4% from 2005.

Percent Change in Utah Employment by Industry: 2005-2006 Annual Averages



Source: Department of Workforce Services

Total Nonagricultural Employment (2006e)	1,208,100
Increase (2005-2006)	59,785
Percent Change (2005-2006)	5.2%
Unemployment Rate (2006)	3.3%
Total Nonagricultural Wages (2006e)	\$41.8 billion
Percent Change (2005-2006)	10.9%
Average Annual Wage (2006e)	\$34,600
Percent Change (2005-2006)	5.4%
Total Personal Income (2006e)	\$74.4 billion
Percent Change (2005-2006)	9.5%
Per Capita Personal Income (2006e)	\$29,329
Percent Change (2005-2006)	6.7%

Note: e=estimate

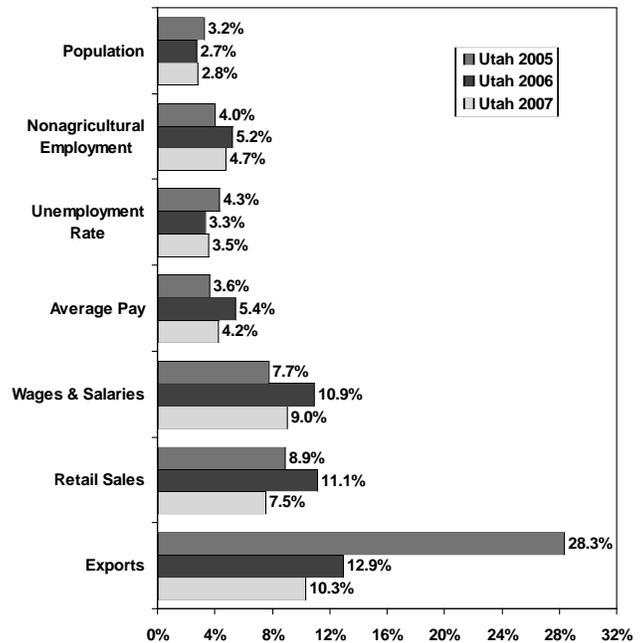
Industry Focus

- ▶ **Construction** - Continuing low interest rates and a growing economy powered construction value to an all-time high in 2006 of \$7.6 billion, a 15% increase from the 2005 record of \$6.6 billion. Residential construction again led the way with a record \$5.1 billion in new construction, and 27,000 new dwelling units receiving building permits.
- ▶ **Tourism** - Utah's travel and tourism sector saw improvements in leading indicators in 2006. Each of the five major tourism sectors experienced gains. For the third consecutive year, the Utah ski industry enjoyed a record-breaking number of skier visits. The outlook for 2007 is cautiously optimistic. Business and leisure travel should increase, but there are still concerns about consumer confidence, gasoline prices, the wars in Iraq and Afghanistan, and the U.S. image abroad.
- ▶ **Exports** - Utah's exports increased 12.9% during 2006, from \$6.1 billion to \$6.8 billion. Shipments of gold accounted for approximately 42% of the total during 2006. Utah's largest markets for merchandise exports are in Western Europe, East Asia, and Canada. Utah's exports to China exceeded \$100 million for the fourth year in a row. As the world economic recovery strengthens during 2007, Utah's exports should continue to grow.
- ▶ **Defense** - Defense-related spending in Utah in FY 2005, the most recent year for which data are available, was estimated at \$3.7 billion, rising 12.8% from 2004. The current level of defense activity is expected to continue in 2007, a result of military involvement overseas and base realignment.
- ▶ **Energy and Minerals** - The estimated value of energy and mineral production in Utah was a record \$7.6 billion, up from \$6.2 billion in 2005. This increase is due to significant increases in most precious-metal and base-metal production and prices, as well as increased production and prices of coal and industrial mineral commodities. Utah experienced a significant increase in all areas of energy production in 2006. Production and consumption of natural gas, coal and electricity all increased in 2006. Prices for oil rose to record highs in nominal dollars in 2006.
- ▶ **Agriculture** - With an increase in demand for grain as a source of energy--corn for the production of ethanol--the structure of agricultural production is changing. The price for cattle declined in late 2006, however demand for beef is expected to remain strong, generating welcome income growth.

Major Findings

- ▶ **Overview of the Economy** - Utah's economy grew rapidly during 2006. For the third consecutive year, the state outperformed the nation. Utah's job growth was 5.2%, the fastest since 1995, compared to 1.4% nationally. With this strong growth, Utah appears poised to repeat the long expansion of the 1990s. Strong growth in the construction and professional and business services sectors, as well as in exports and defense spending, strengthened the Utah economy in 2006.
- ▶ **Education** - In 2006, there were an estimated 526,000 students in Utah's public education system, a 3.2% increase over 2005. Enrollment in 2006 increased by 16,075 students. These students are becoming increasingly diverse, and score respectably with their national peers. Utah System of Higher Education enrollment for 2006 was 144,302, a slight decrease from 2005, when enrollment was an all-time high of 144,937.
- ▶ **Mountain States** - The Mountain Division is expanding more rapidly than the nation and is emerging as a growth center. Comparing September 2005 with September 2006, mountain state employment grew 3.8%, more than twice the nation's growth of 1.4%. Further, the area held four of the top five fastest growing states. However, the Mountain Division continues to pay lower wages, with only Colorado above the national average.
- ▶ **Outlook for 2007** - As the expansion progresses, Utah's economy will continue on the growth path that began in 2004. With strong growth during 2006 and the continuing momentum of expansion, employment should grow 4.7% during 2007. The unemployment rate is expected to remain low at 3.5%. Construction will be up with 11.6% job growth.

Utah Economic Indicators: 2005-2007



Source: Council of Economic Advisors' Revenue Assumptions Committee

Significant Utah Rankings

Demographic				Economic			
	State Rank	Value	Year		State Rank	Value	Year
Population Growth Rate	6th	2.4%	2005-2006	Rate of Job Growth	2nd	5.2%	2006
Fertility Rate	1st	2.54	2002	Urban Status	9th	88.3%	2000
Life Expectancy	3rd	78.6 years	2000	Unemployment Rate	2nd	3.3%	2006
Median Age	1st	28.5 years	2005	Median Household Income	10th	\$54,813	2003-2005
Household Size	1st	3.07 persons	2005	Average Annual Pay	37th	\$33,328	2005
Social Indicators				Per Capita Personal Income	47th	\$27,497	2005
Violent Crime	6th	227.2 per 100,000 people	2005				
Poverty Rate	9th	9.4%	2003-2005				
Educational Attainment	2nd	92.5% of persons 25+ w/ high school degree	2005				

Notes: 1) Rankings are based on the most current national data available for all states, and may differ from other data.
2) Rank is most favorable to least favorable.