

1999 Economic Report to the Governor

Prepared By

Council of Economic
Advisors

Governor's Office of
Planning and Budget

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Governor

Council of Economic Advisors



Major Contributors

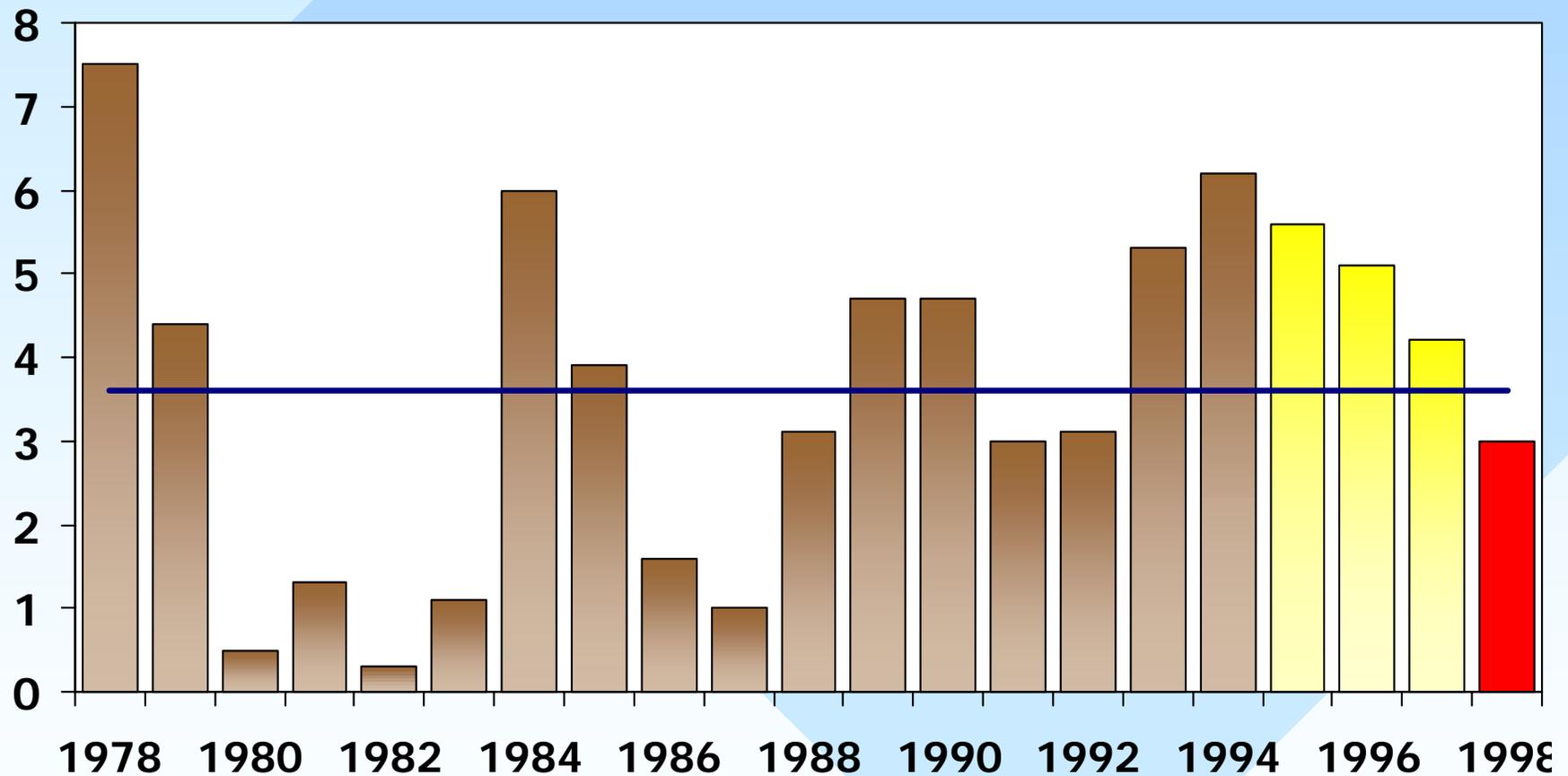
- **Bureau of Economic and Business Research**
- **Utah Foundation**
- **First Security Bank**
- **Utah State University**
- **Utah Transit Authority**
- **State Government Agencies**
 - **Workforce Services**
 - **Tax Commission**
 - **Community and Economic Development**
 - **Natural Resources**
 - **Governor's Office of Planning and Budget**
 - **Legislative Fiscal Analyst**

Presentation Overview

- Contributors
- Central Message: *Utah's Return to a Modest Pace of Growth*
- Context/Perspective
- Reasons for Slowdown
- Bright Spots and Challenges
- Consensus Forecast

Utah Job Growth Rates

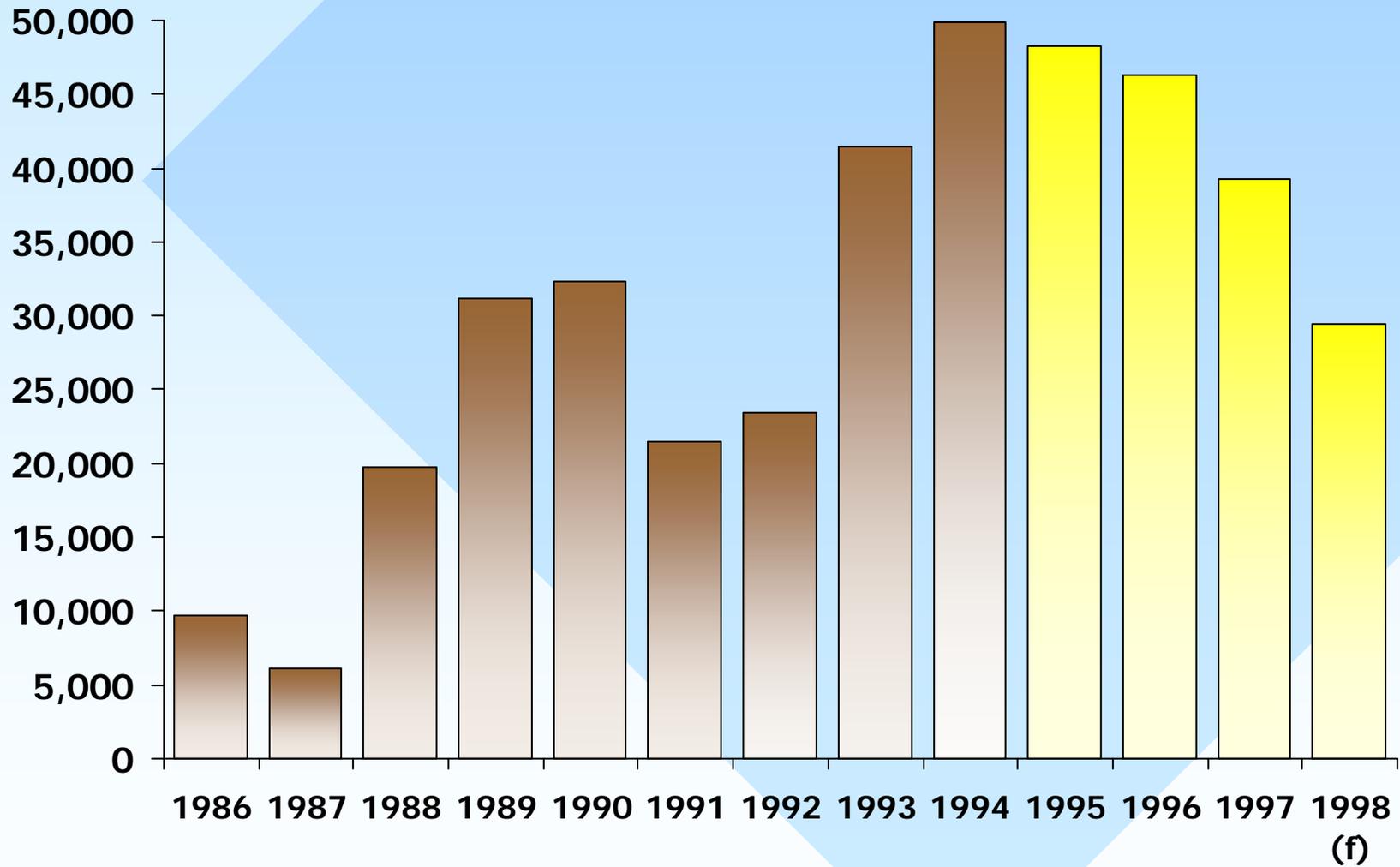
Percent Change



— Long Term Historic Average (3.6%)

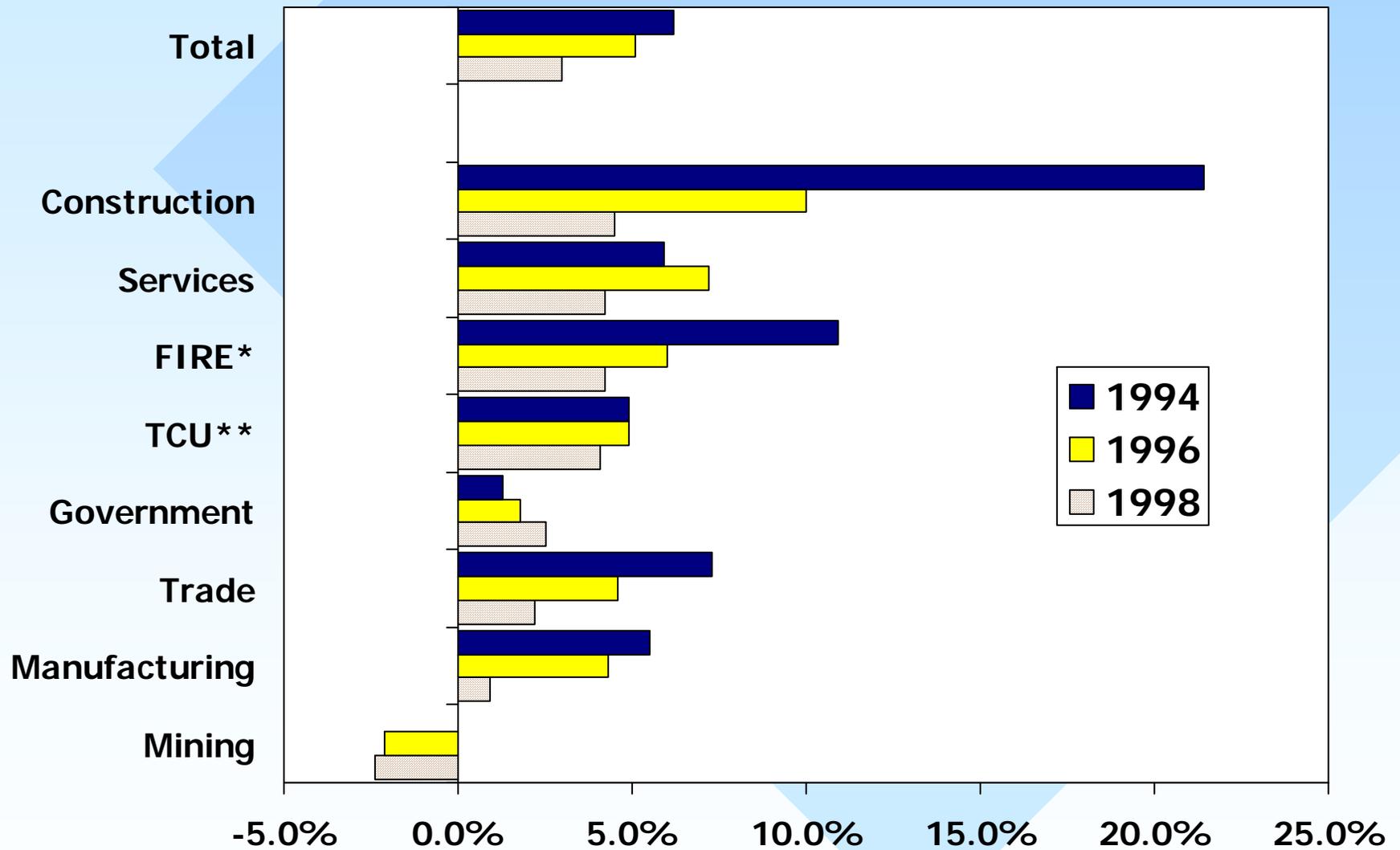
Source: Utah Department of Workforce Services

Utah Job Creation



Source: Utah Department of Workforce Services

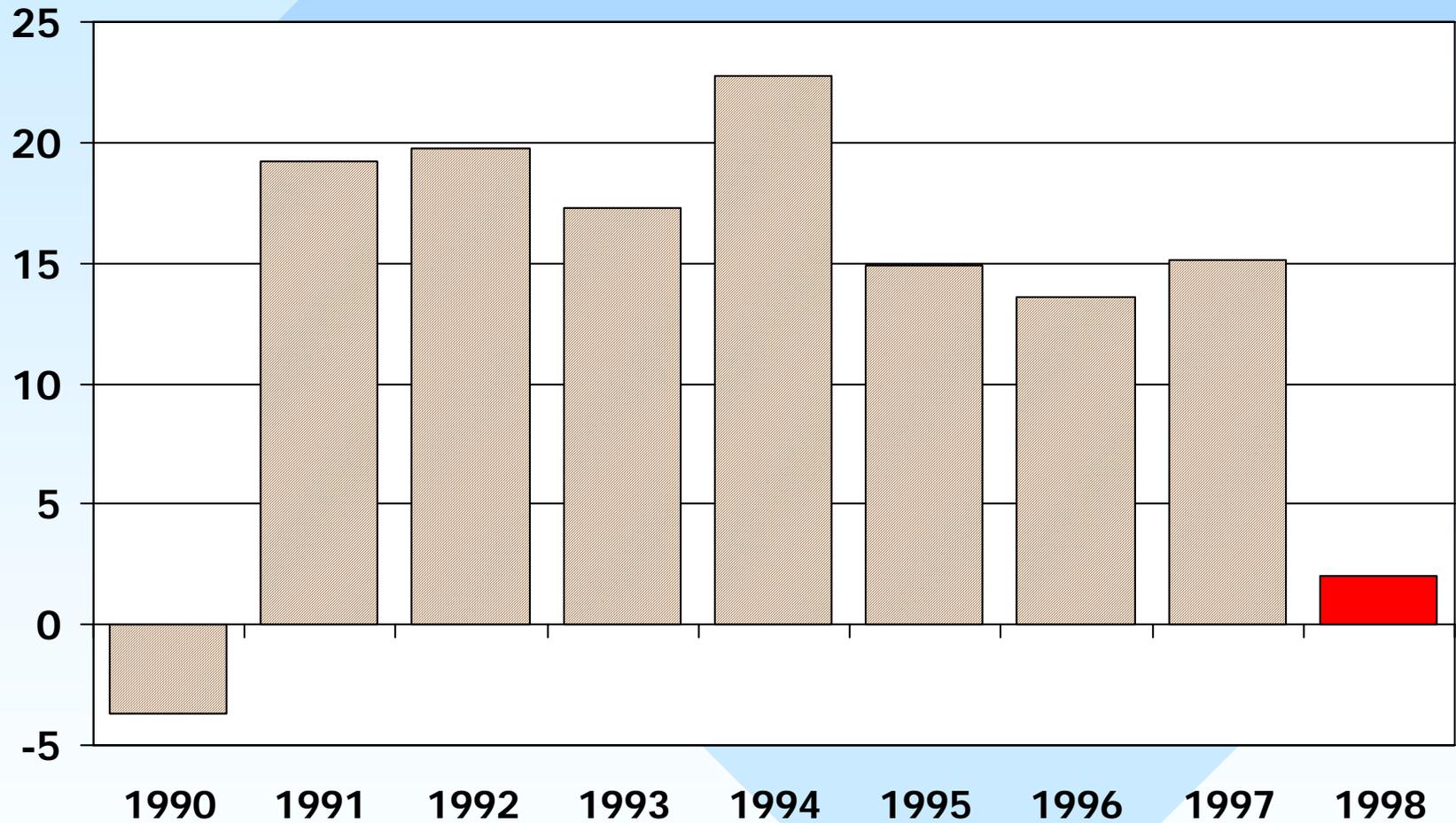
Utah Job Growth Rates by Industry: 1997-1998



Source: Utah Department of Workforce Services

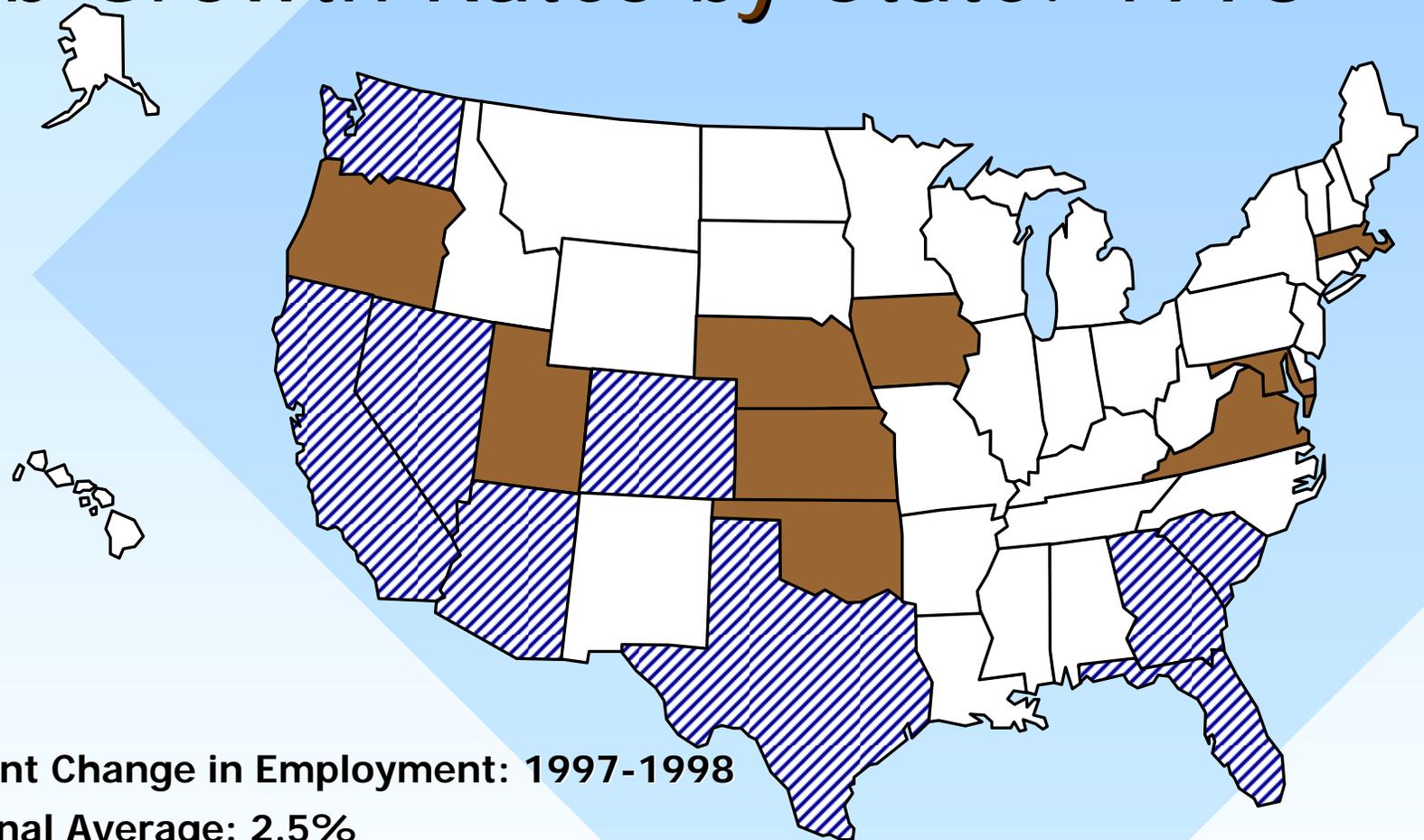
Utah Net Migration

Thousands of
Persons



Source: Utah Population Estimates Committee

Job Growth Rates by State: 1998



Percent Change in Employment: 1997-1998

National Average: 2.5%

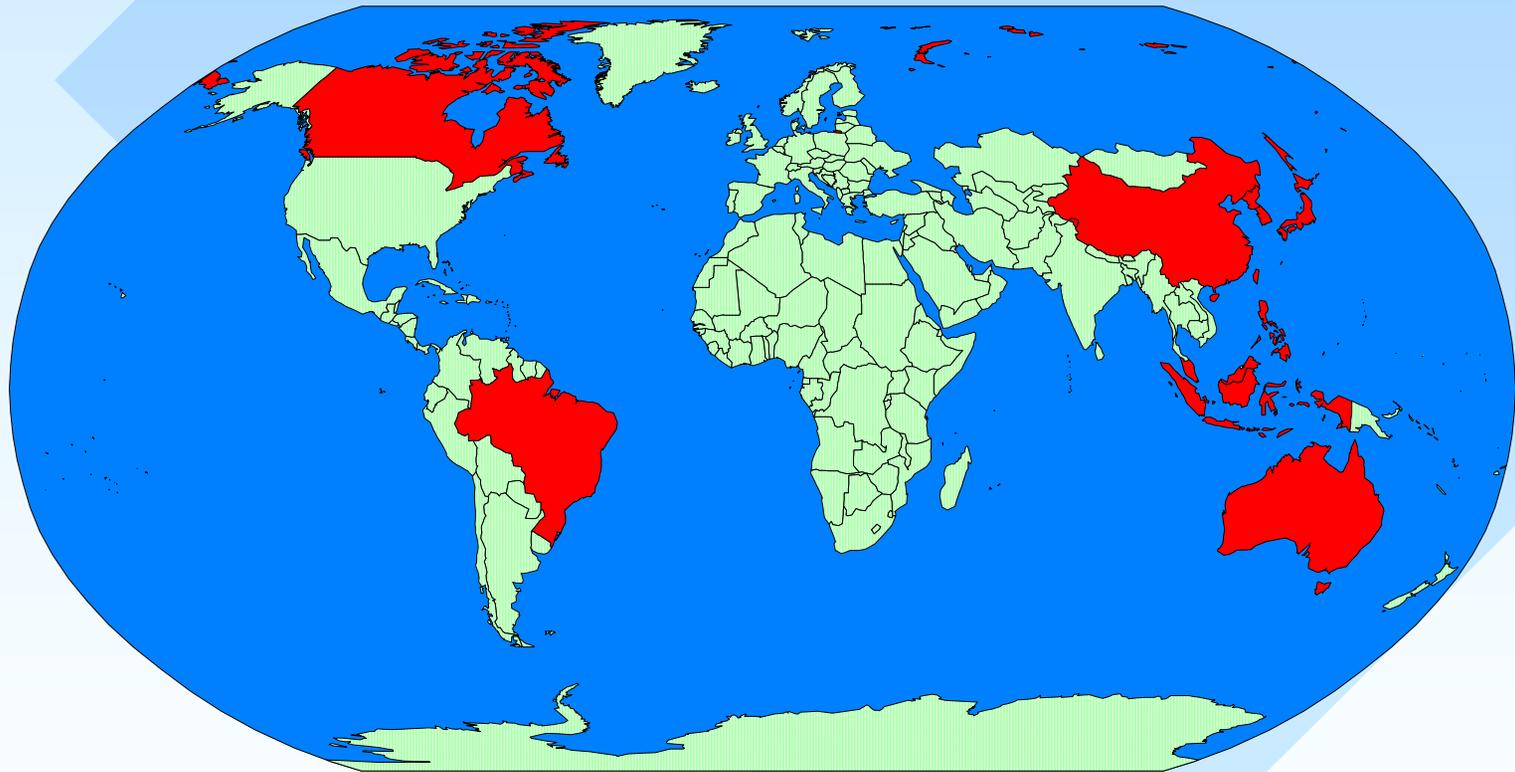
- Below National Average
- Above National Average
- Above National Average and Above 3%

Source: Regional Financial Review, December 1998

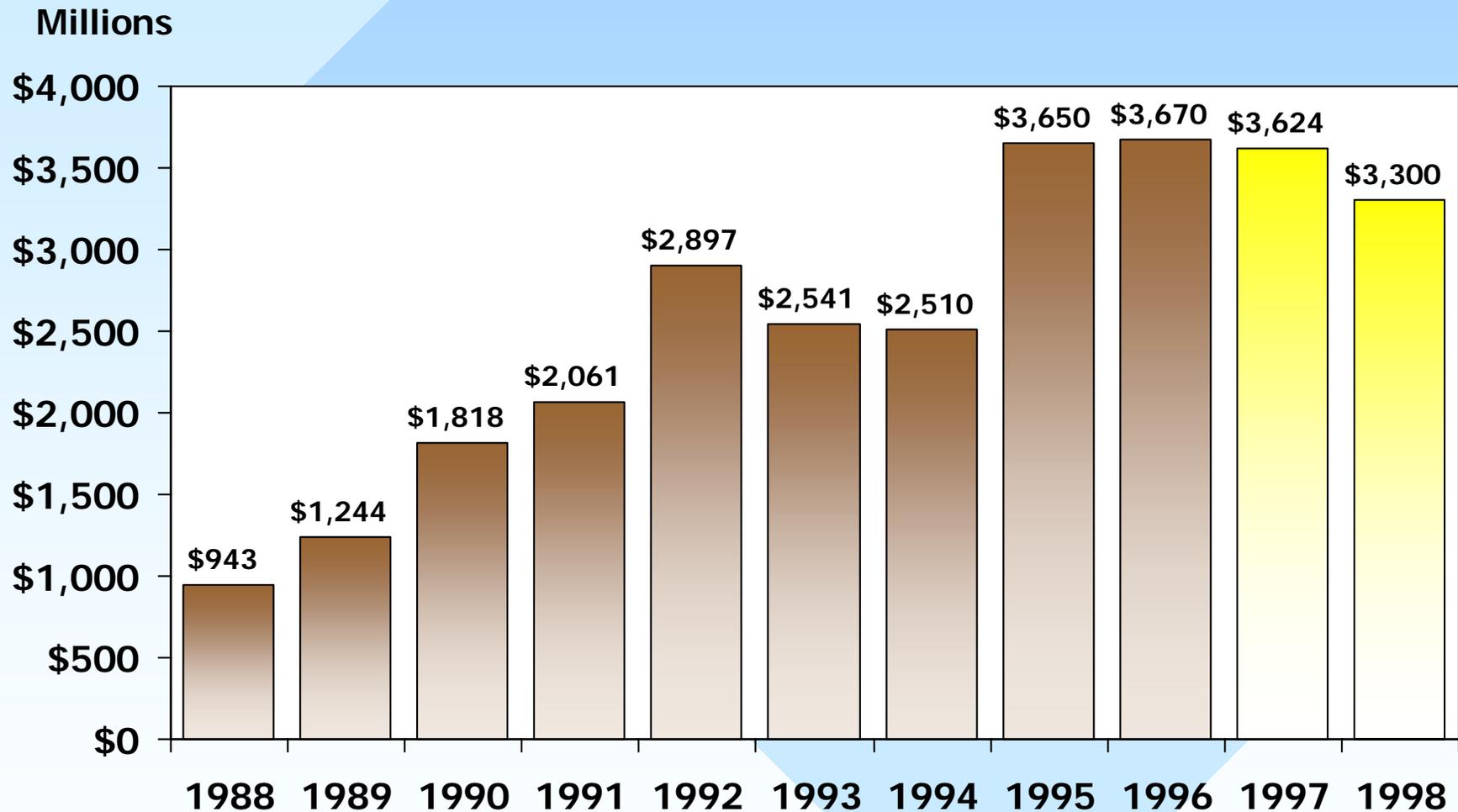
1998 National Economic Indicators

- Real gross domestic product growth: 3.6%
- Employment growth: 2.5%
- Unemployment rate: 4.5%
- Inflation: 1.6% (U.S. CPI-U)
- Mortgage rates: 6.7% (fixed)
- S&P 500 index growth: 22.1%

**Approximately 40% of the World is
Experiencing Significant Economic Problems**

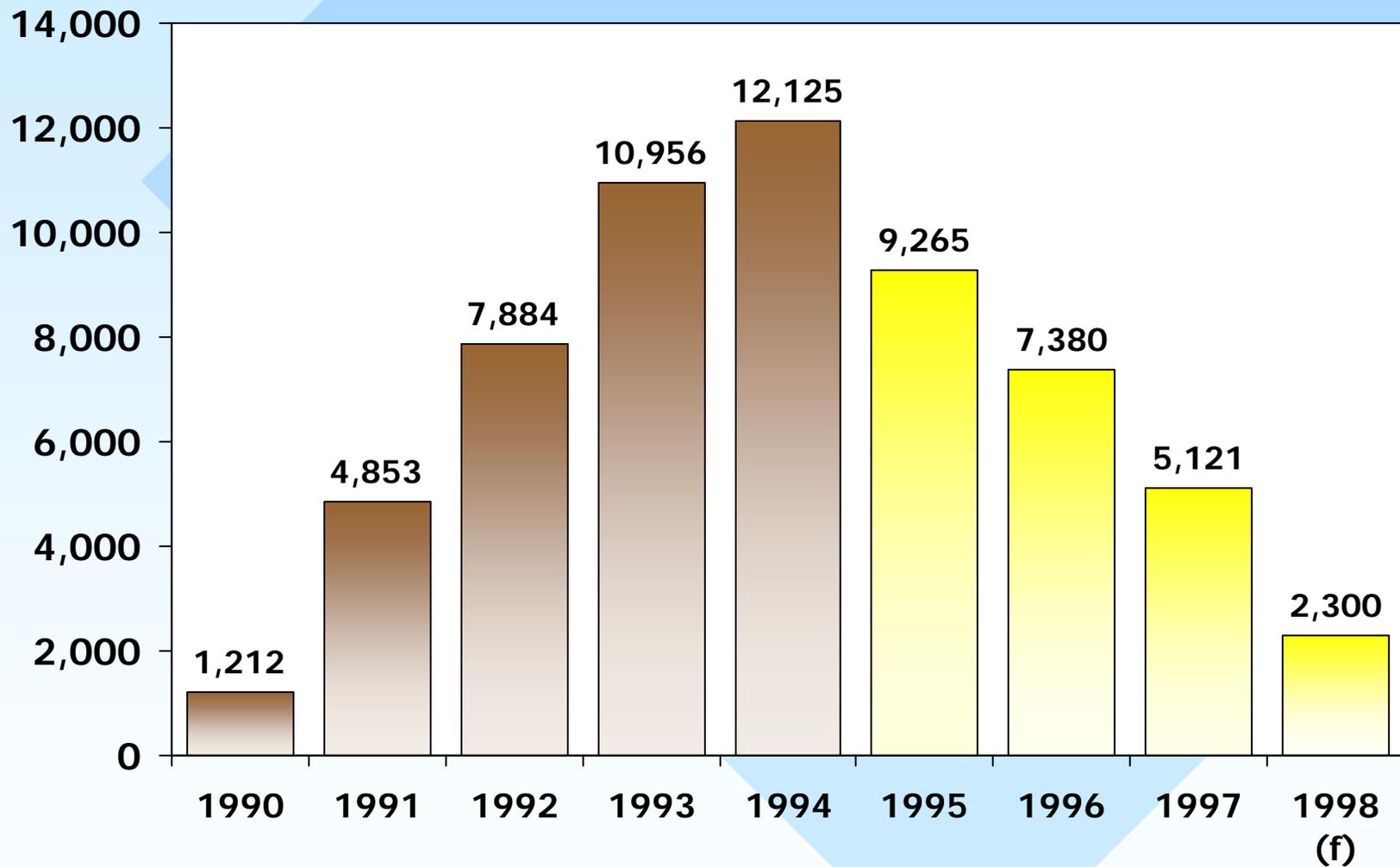


Merchandise Exports



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

California Migration to Utah



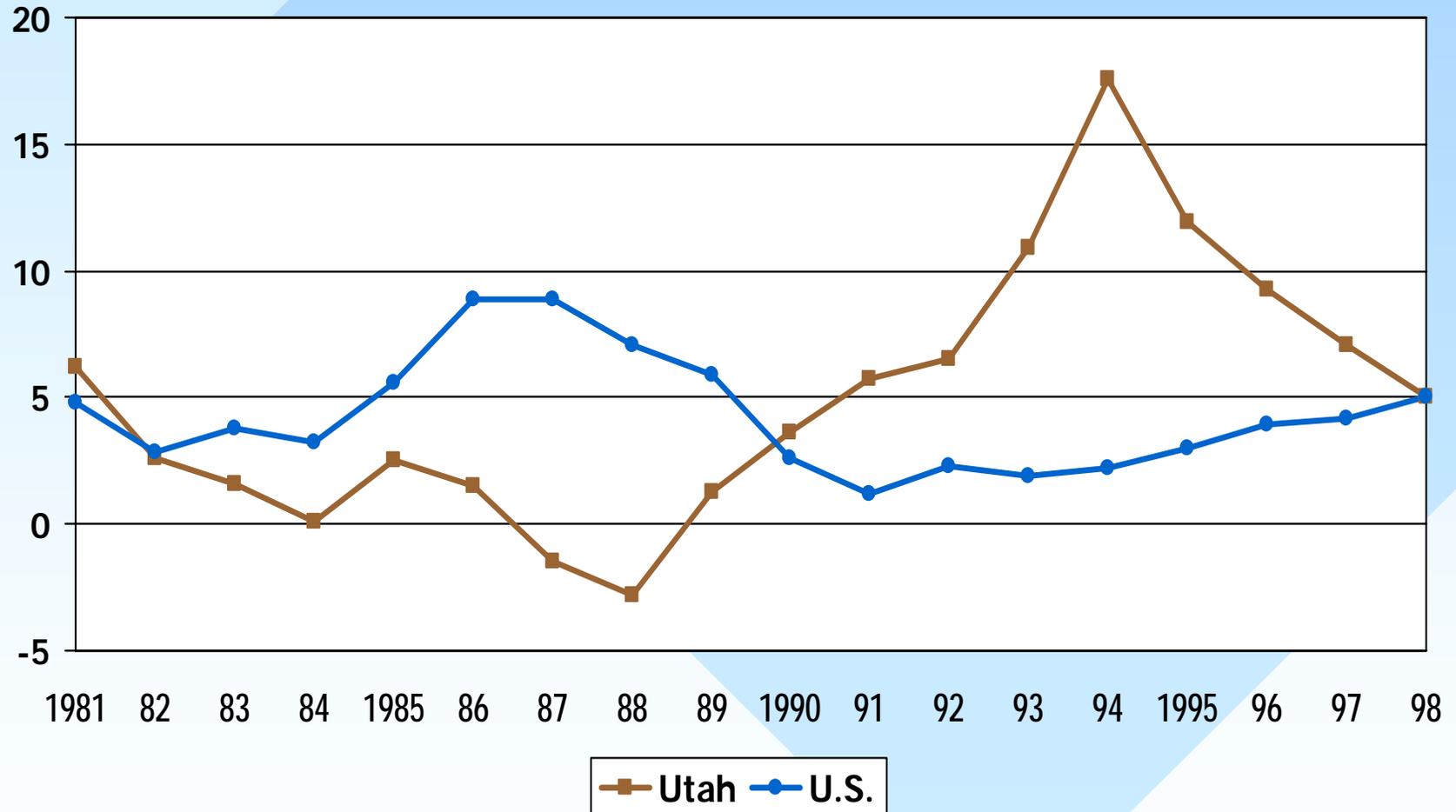
Source: IRS State-to-State Migration Flows, GOPB

Significance of the California Economy

- World's 7th largest economy, with a GSP that exceeds \$1 trillion
- 1300 public companies, that could form the 4th largest public exchange in the world
- Largest population and economy of any state
- In 1998 California's population grew at its highest rate since 1992, 1.5% or 484,000
- The rate of job growth in California exceeded Utah's last year

Housing Price Appreciation

Percent Change



Source: Office of Federal Housing Enterprise Oversight, "House Price Index"

Gateway

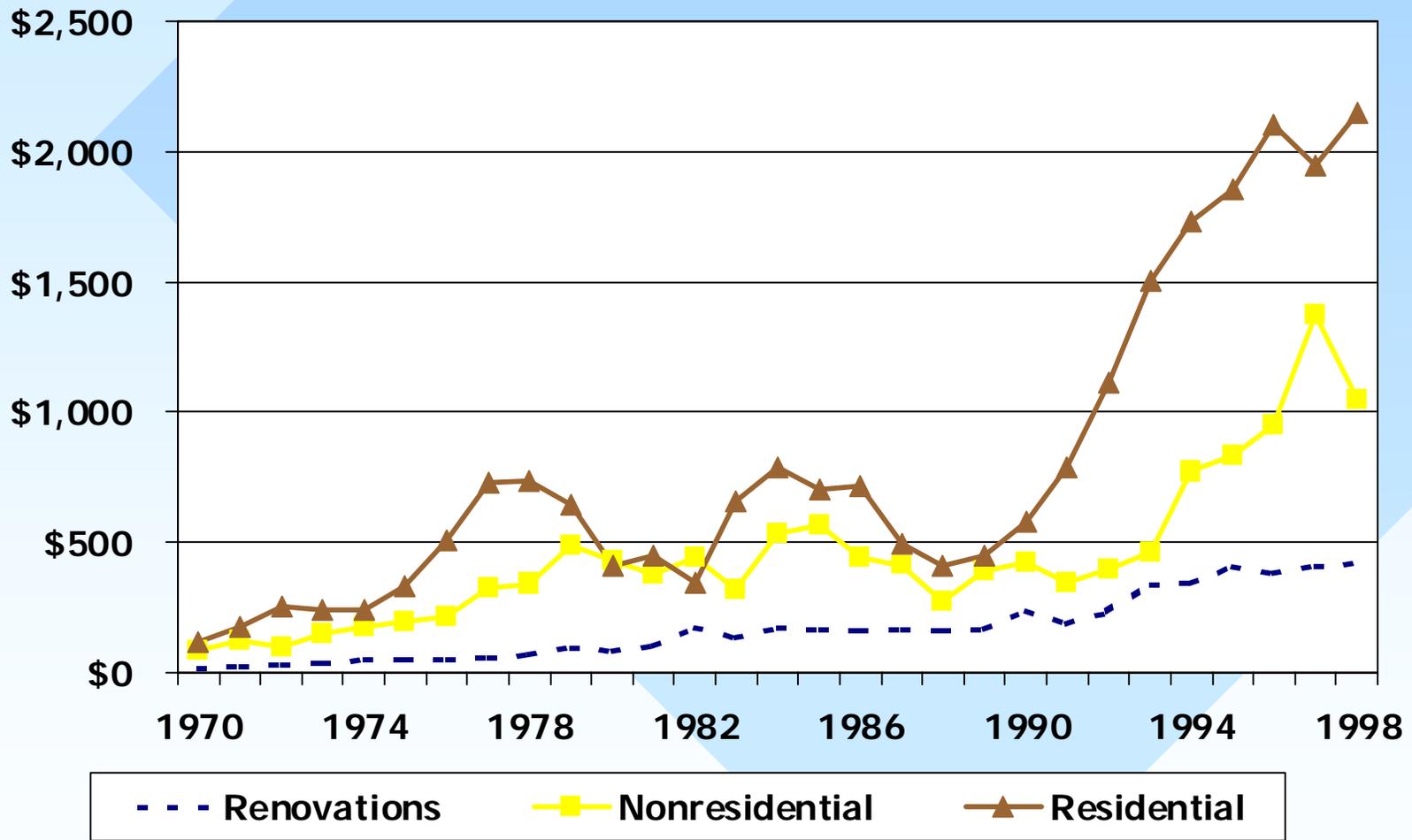


Potential for Intel R&D Facility



Value of New Construction in Utah

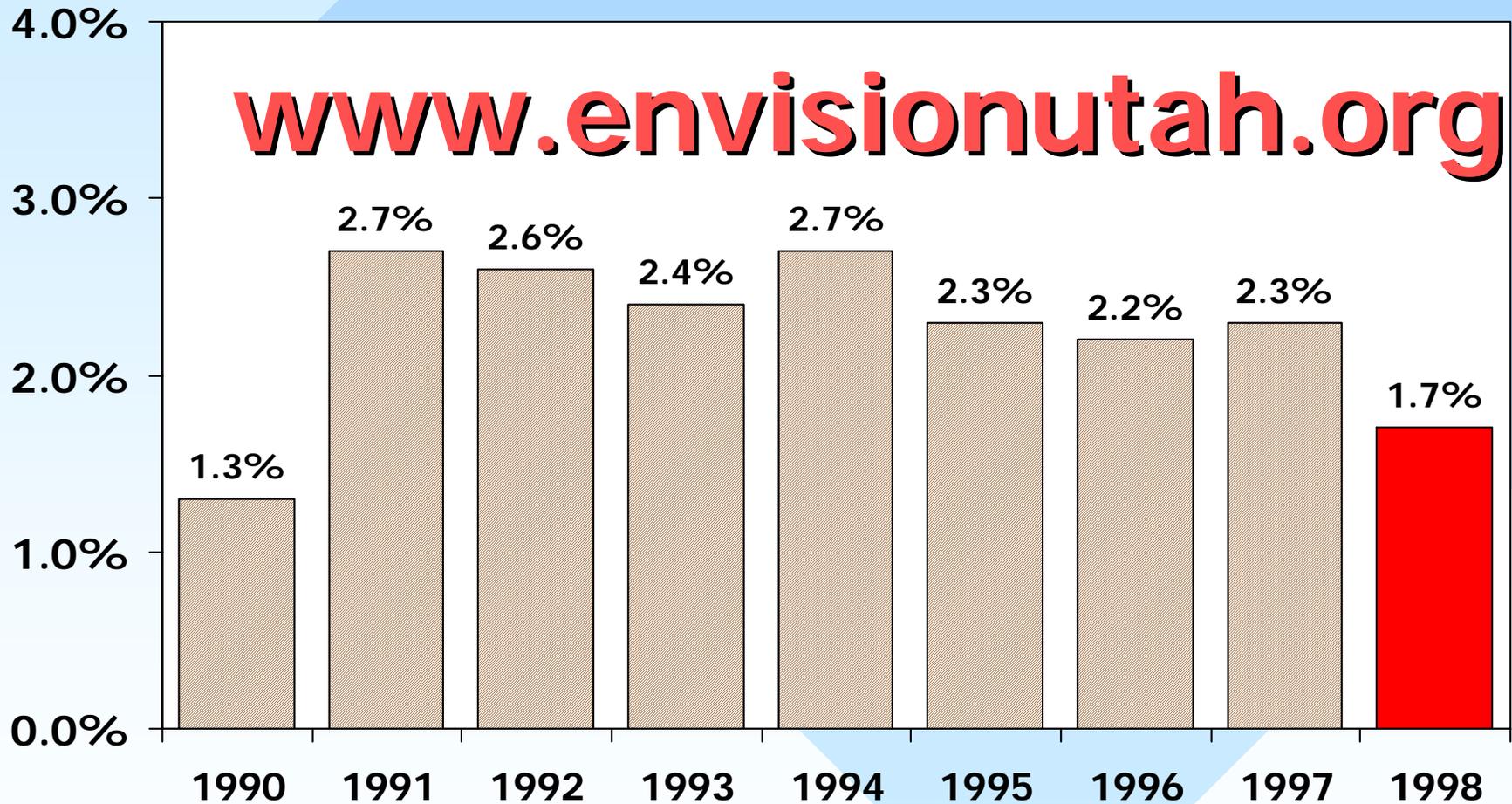
Millions



Source: University of Utah, Bureau of Economic and Business Research

Utah Population Growth Rates

Percent Change



Source: Utah Population Estimates Committee

Geneva



Hill Air Force Base

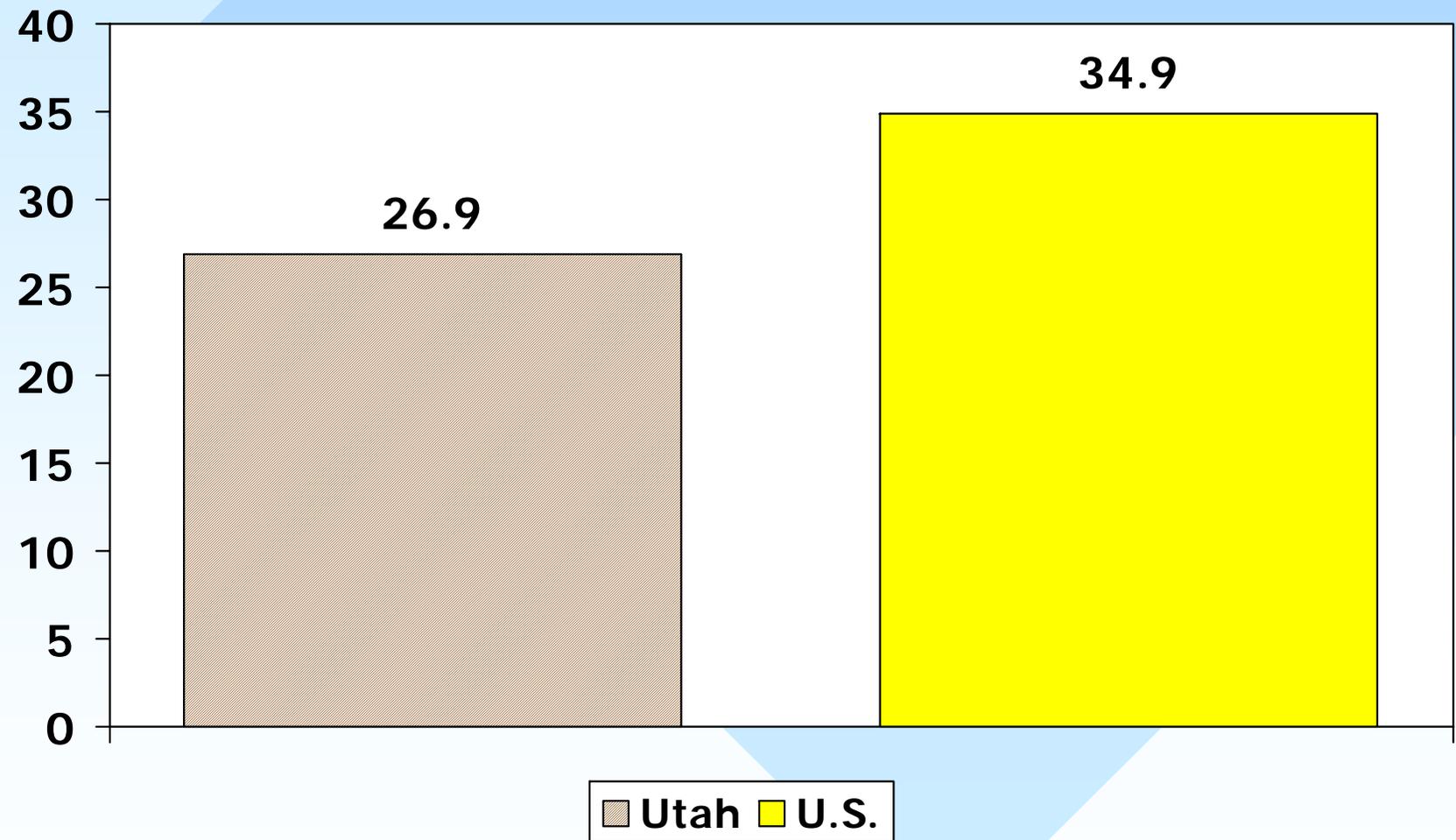


Potential for Overbuilding



Utah and U.S. Median Age

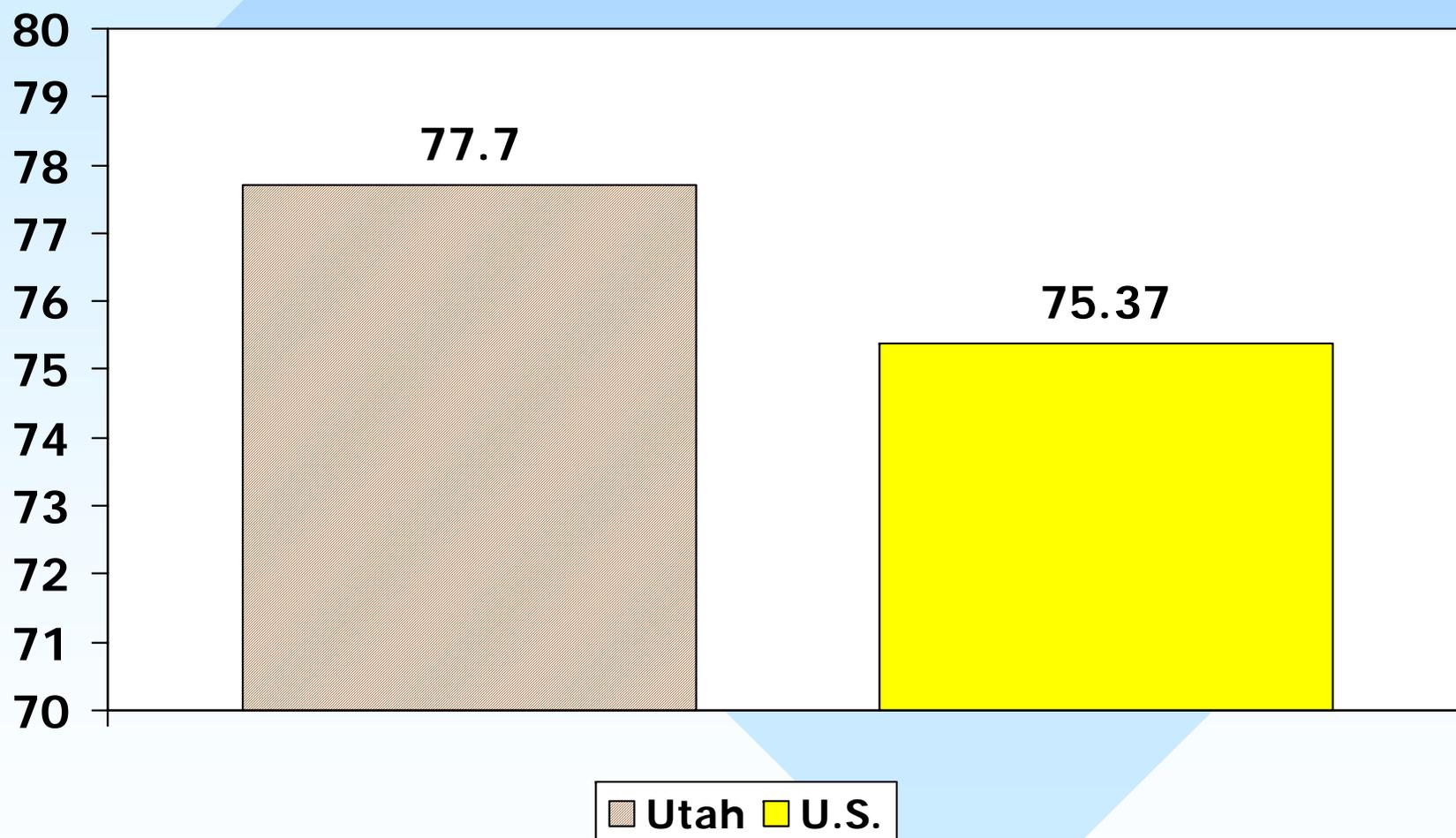
Years



Source: U.S. Bureau of the Census

Utah and U.S. Life Expectancy

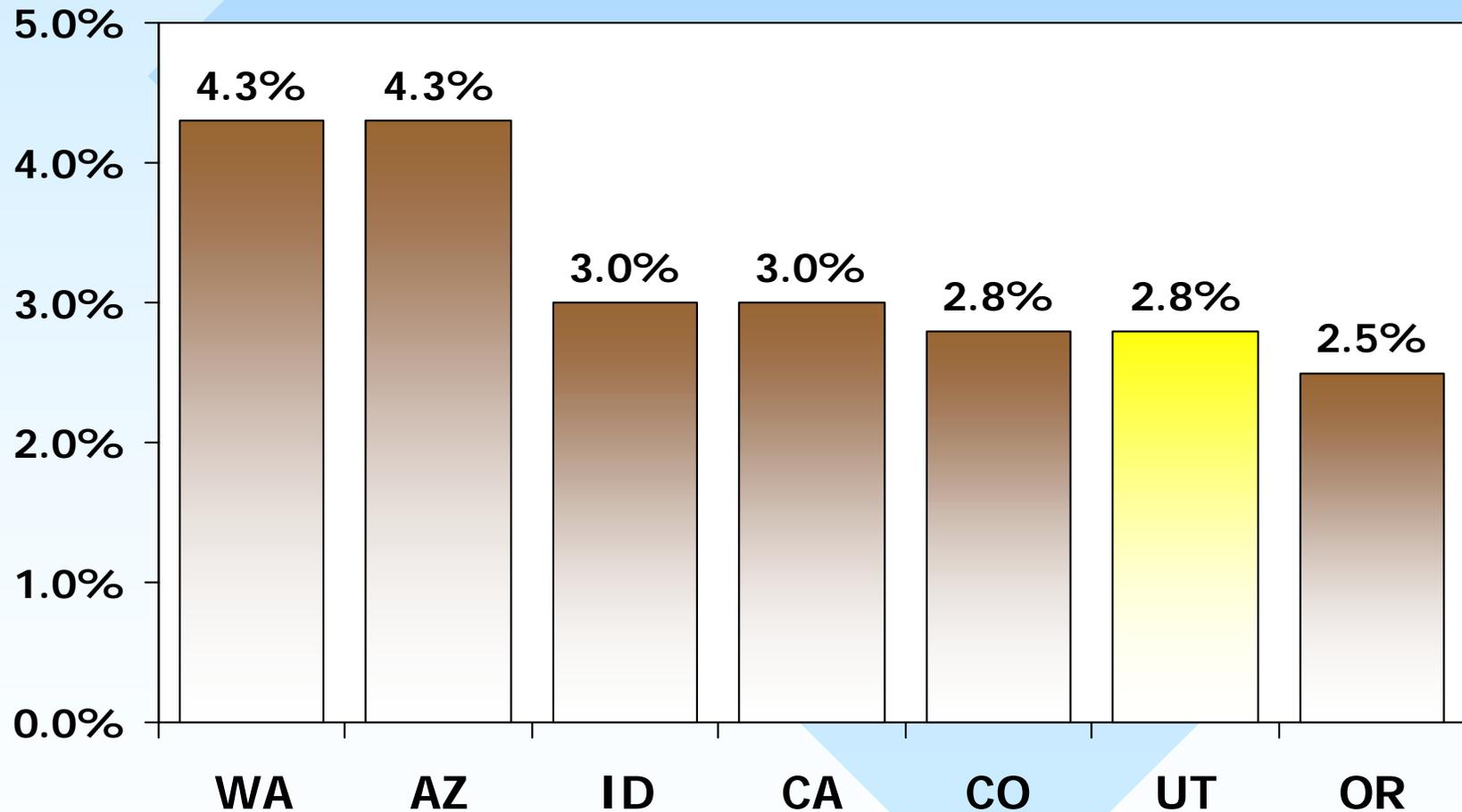
Years at Birth



Source: National Center for Health Statistics

Business Tax Burdens, Selected Western States: 1995-1996

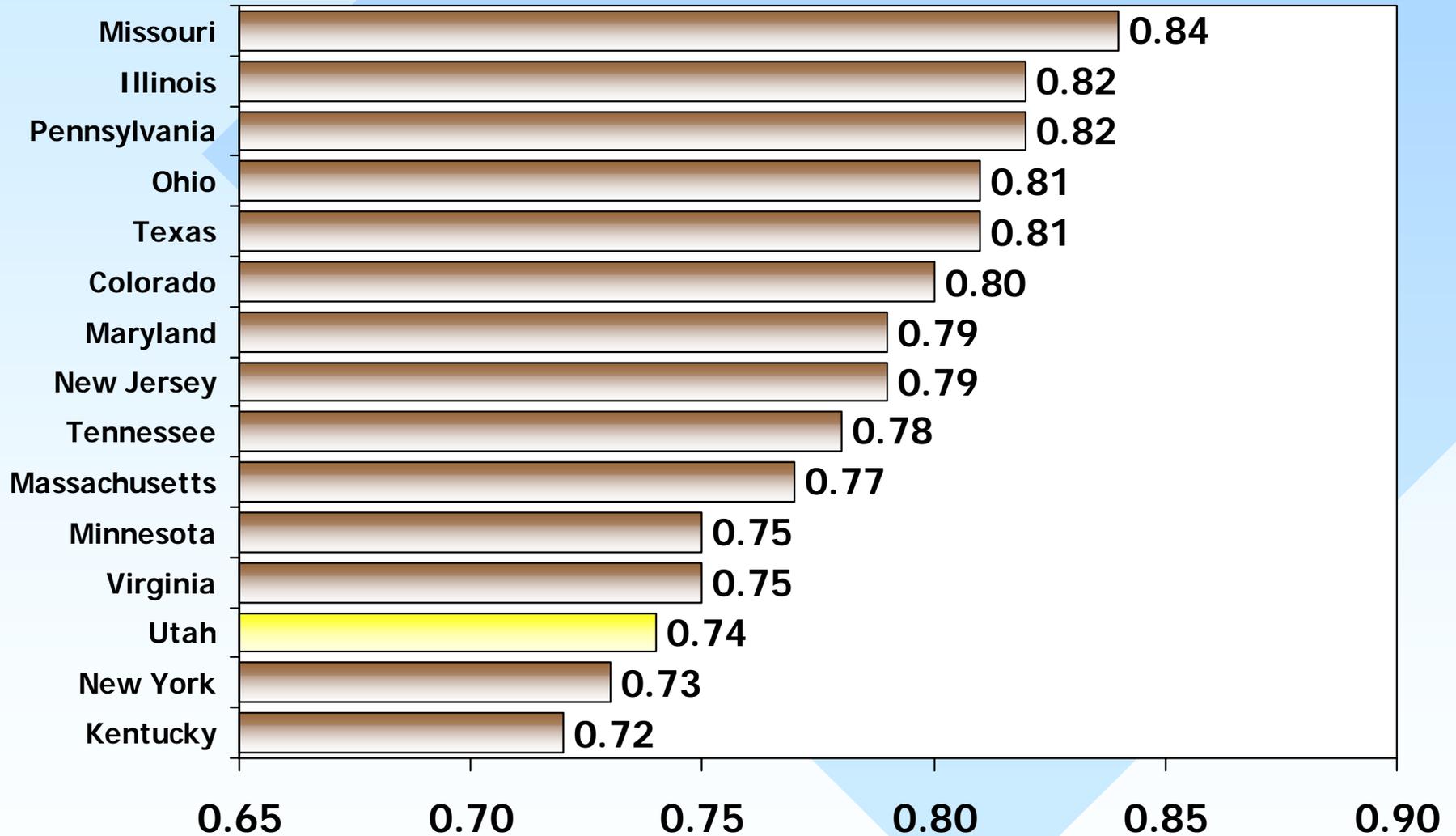
Percent of GSP



Source: Utah State Tax Commission

Index of Economic Diversity: Top 15 States

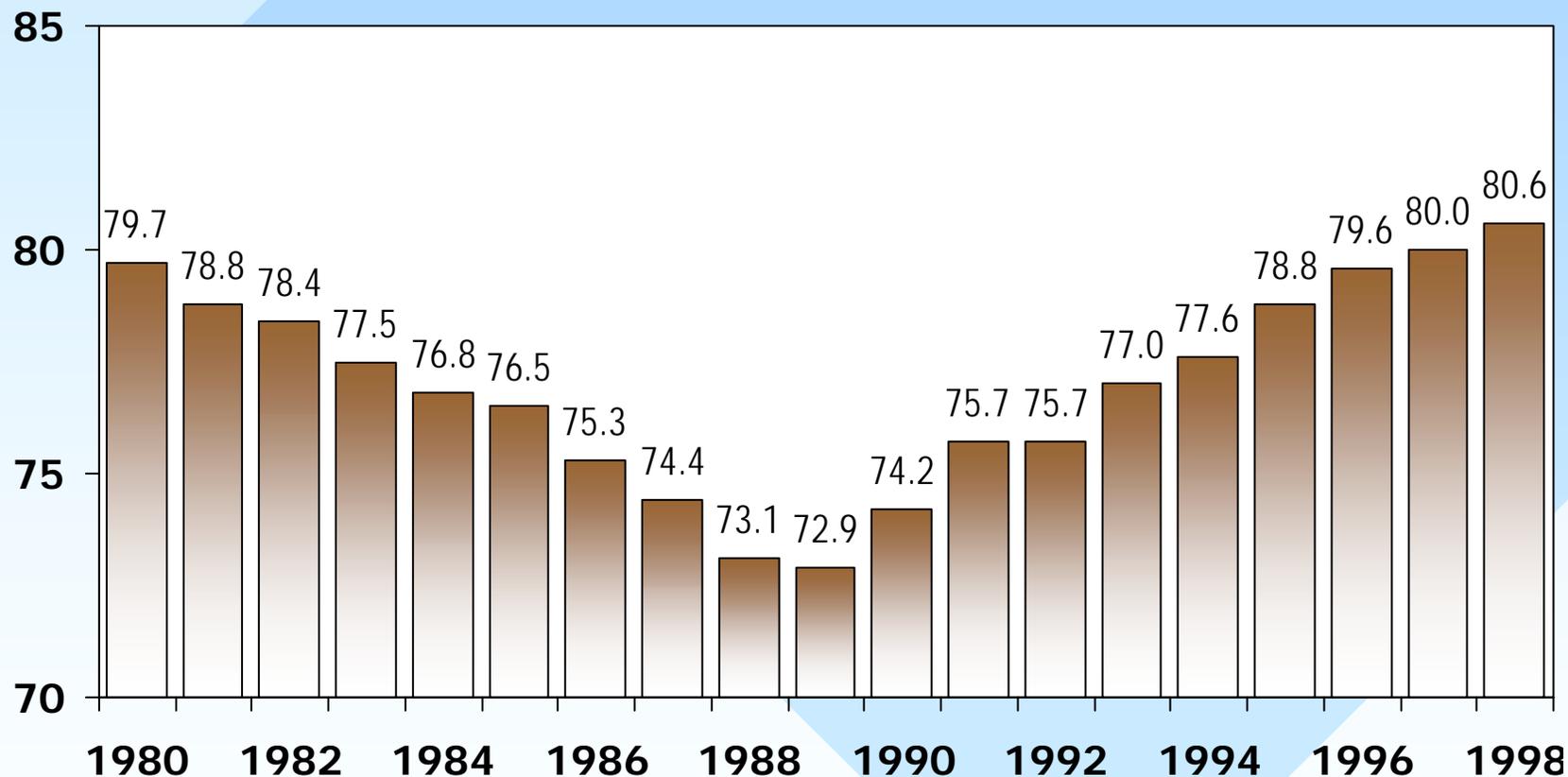
Hachman Index



Source: Regional Financial Associates

Utah Per Capita Personal Income as a Percent of U.S.

Percent



Source: U.S. Department of Commerce, Bureau of Economic Analysis and Governor's Office of Planning and Budget

Reconstruction of I-15



Reconstruction of I-15



TRAX: Light Rail



Salt Lake City International Airport



Consensus Forecast

- **Steady but slower growth**
- **Job growth rate of 2.5% (1.1% nat'l)**
- **Unemployment rate of 3.9% (4.7% nat'l)**
- **Population growth rate of 1.6% (0.9% nat'l)**
- **Inflation rate of 2.1% (CPI-U)**