



Annual Utah Economic Review 2006



Overview

- **Contributors**
- **Special Thanks**
- **Key Indicators**
- **Important Factors**
- **Outlook**



Contributors

- Governor's Office of Planning and Budget
- Bureau of Economic and Business Research
- Utah Foundation
- Utah State University
- State Government Agencies
 - GOED Office of Tourism
 - State Tax Commission
 - Department of Workforce Services
 - Department of Natural Resources
 - Office of the Legislative Fiscal Analyst
 - Legislative Research & General Counsel
 - State Office of Education



Special Thanks

- **Richard Ellis**
- **Marvin Dodge**
- **Joe Brown**
- **Robert Spendlove**
- **Effie Johnson**
- **David Stringfellow**
- **Peter Donner**
- **Lance Rovig**
- **Morgan Lyon Cotti**
- **Mindy Powers**



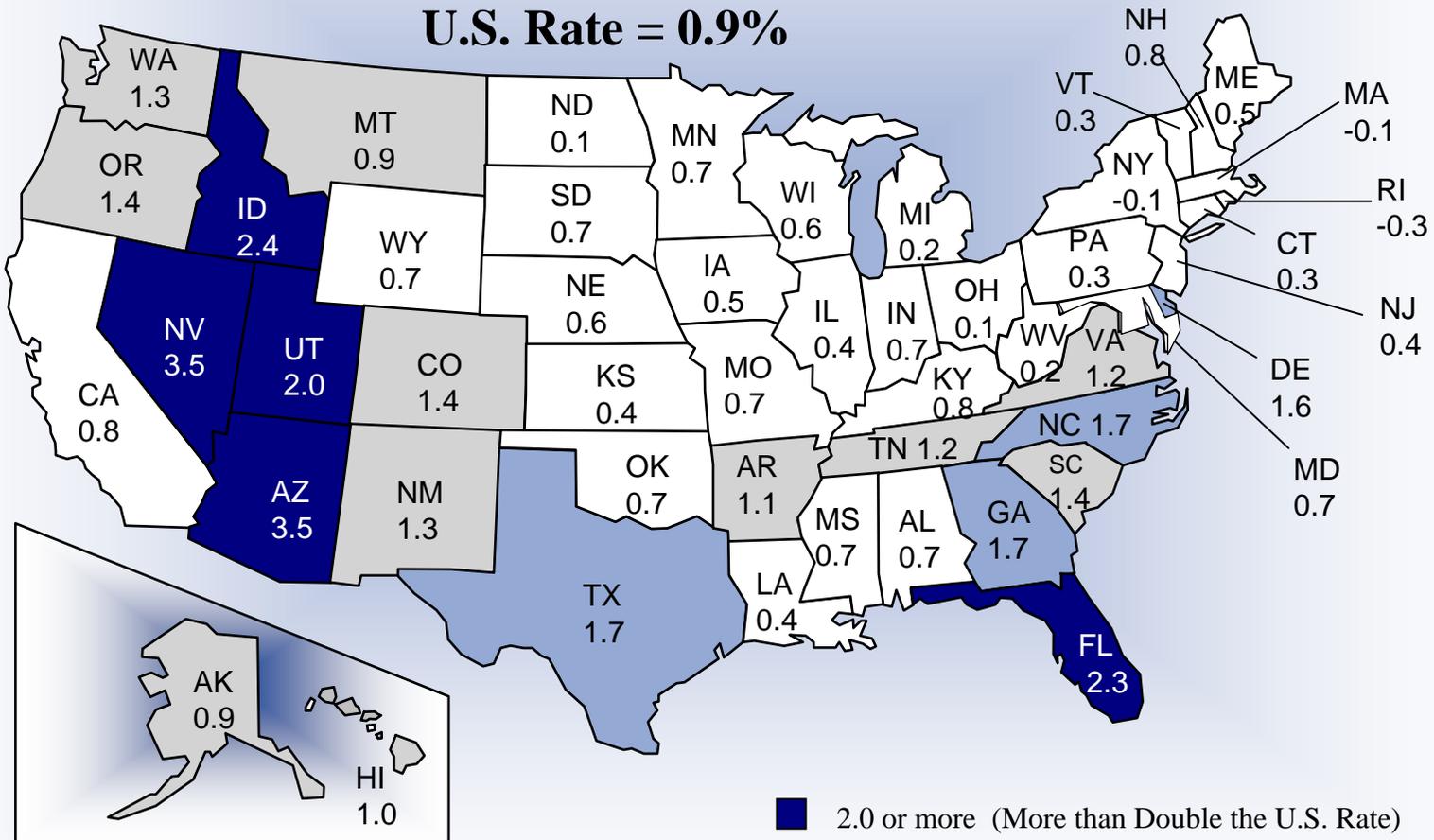
Key Indicators

- **Population**
- **Job Growth**

Utah is in the Center of the Fastest Growing Region in the Country

Percent Change in Population for States : 2004 to 2005

U.S. Rate = 0.9%

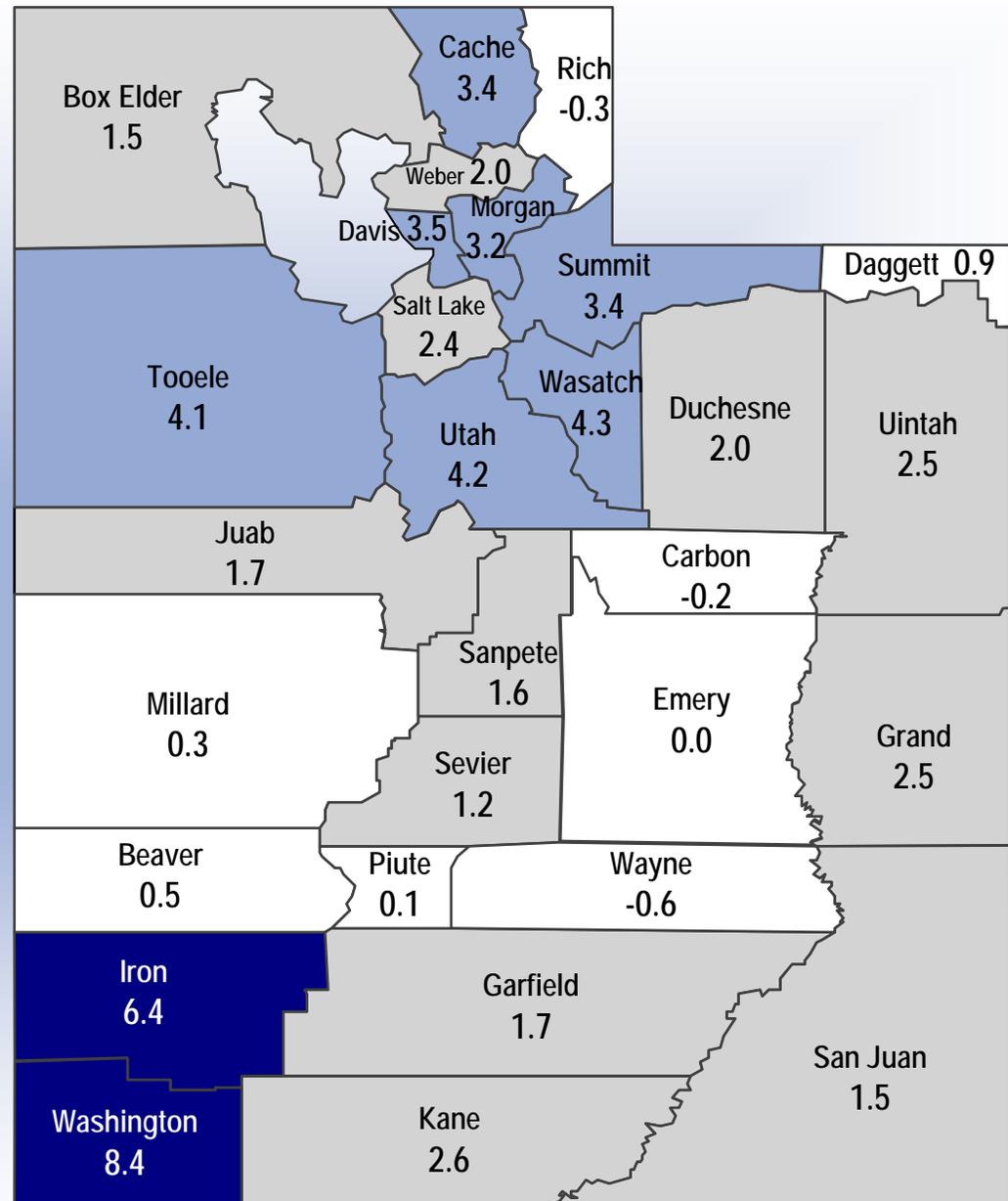
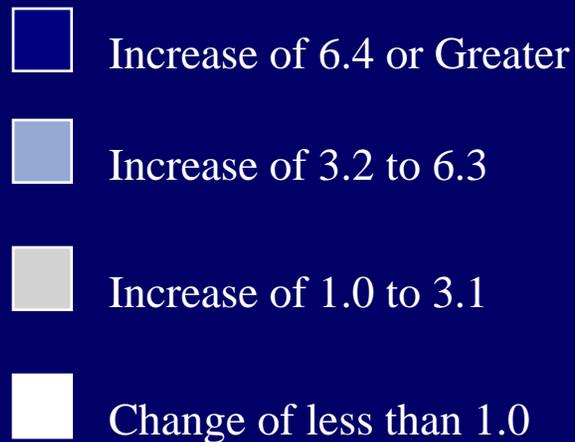


- 2.0 or more (More than Double the U.S. Rate)
- 1.5 to 1.9
- 0.9 to 1.4 (At or Above the U.S. Rate)

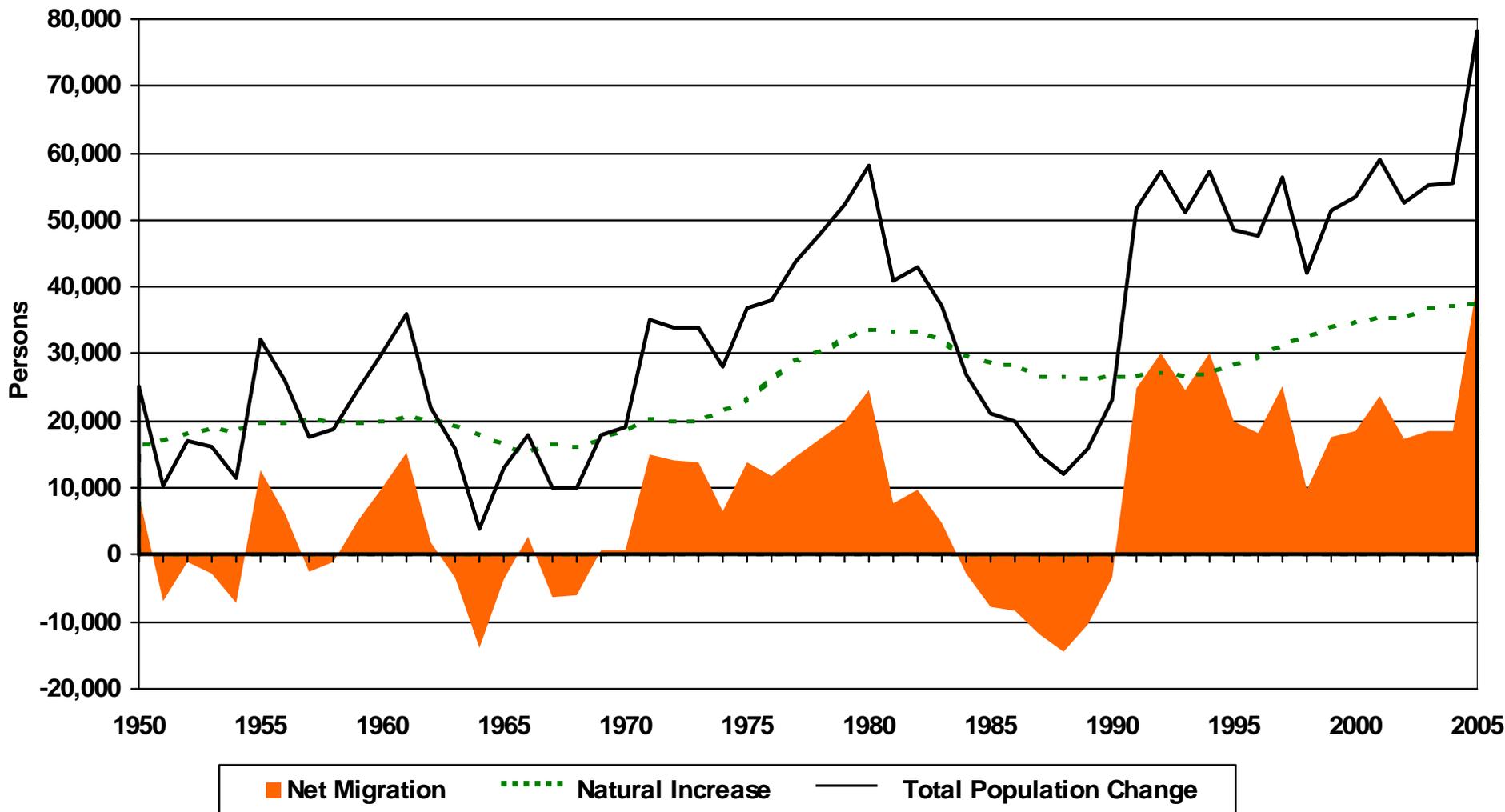
Source: U.S Census Bureau

Utah Population Growth Rates By County 2004 to 2005

State Average = 3.2%



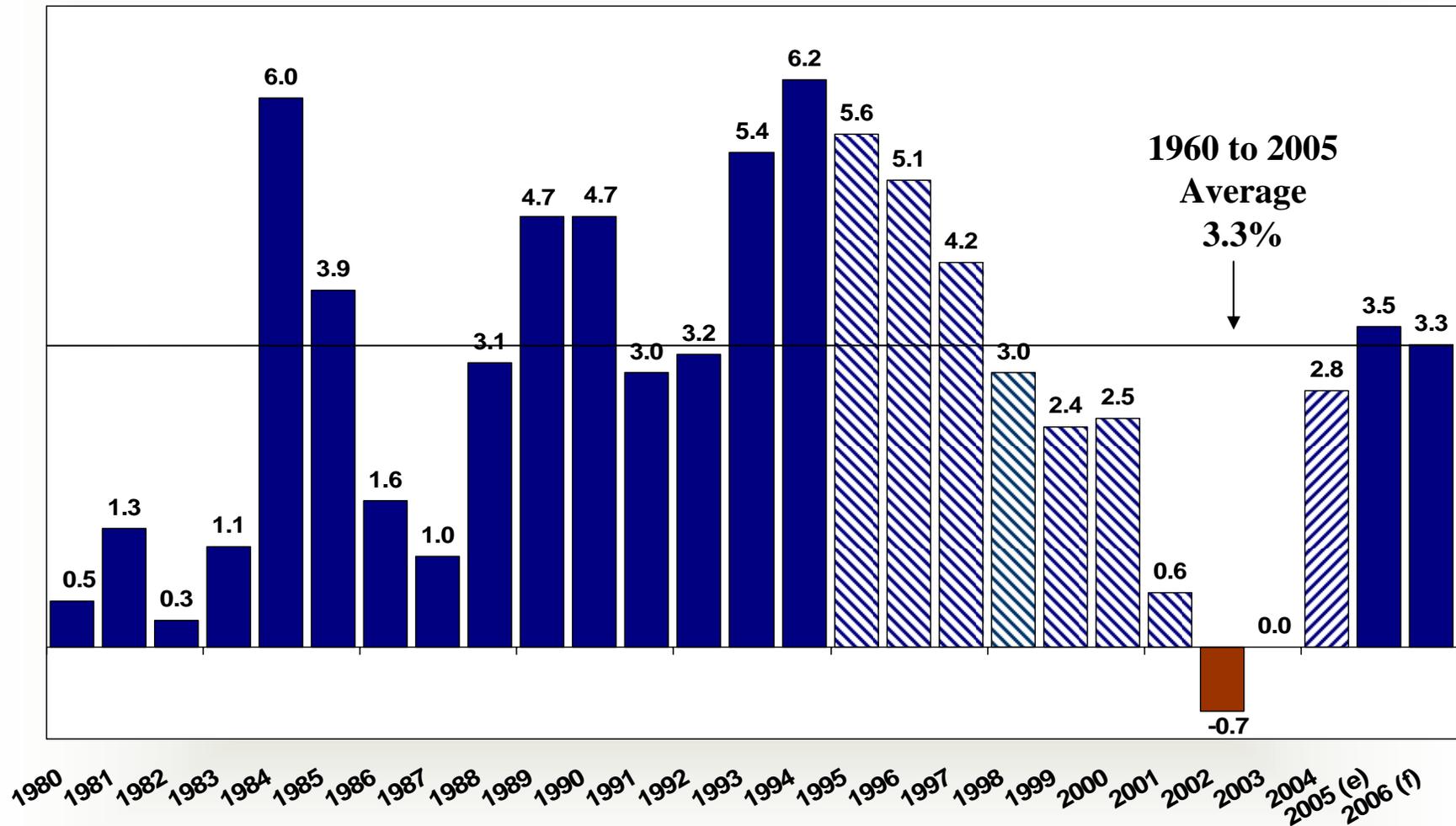
Utah Components of Population Change



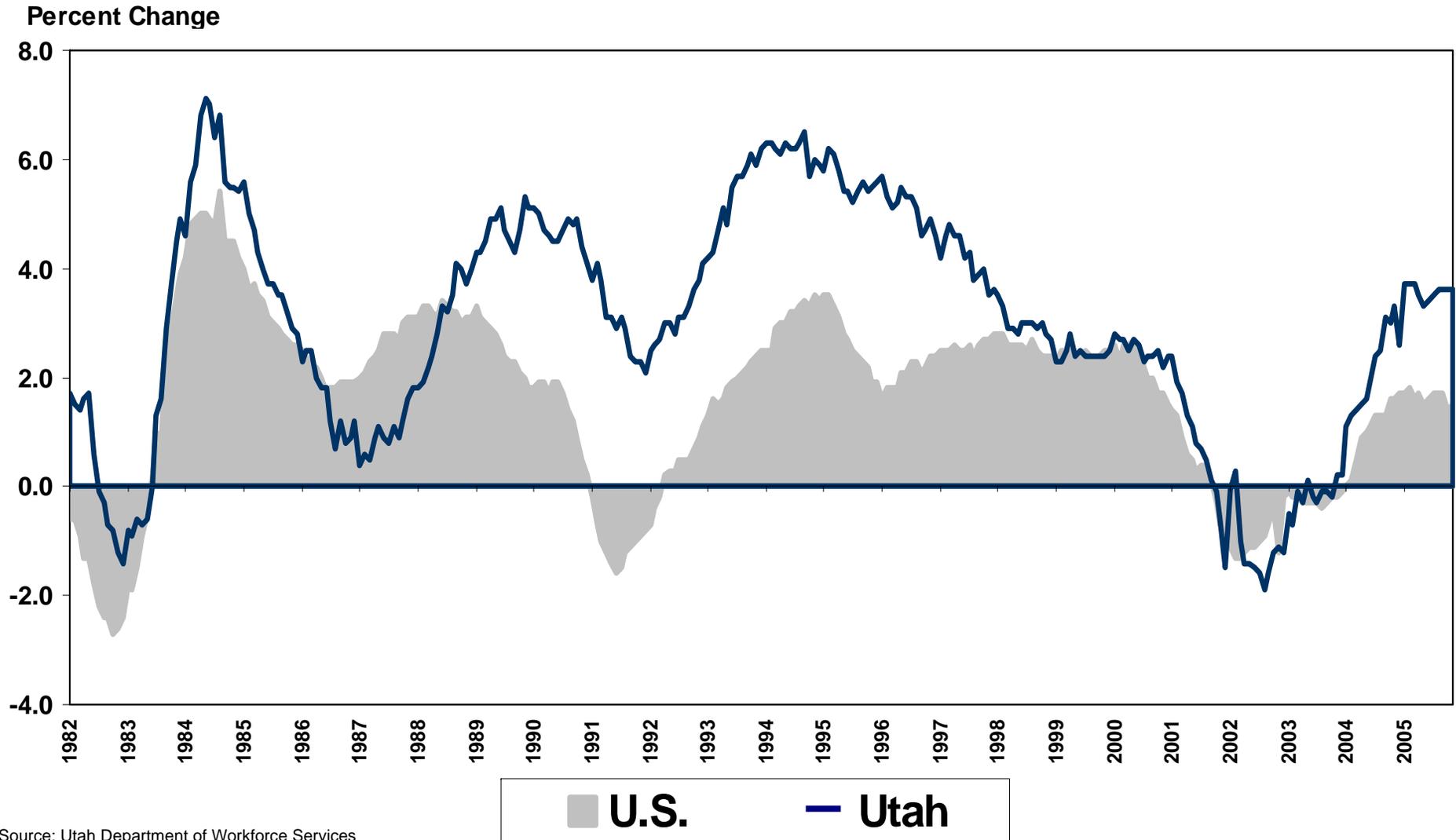
Source: Utah Population Estimates Committee

Strong Job Growth in Utah

Year Over Rate of Job Growth

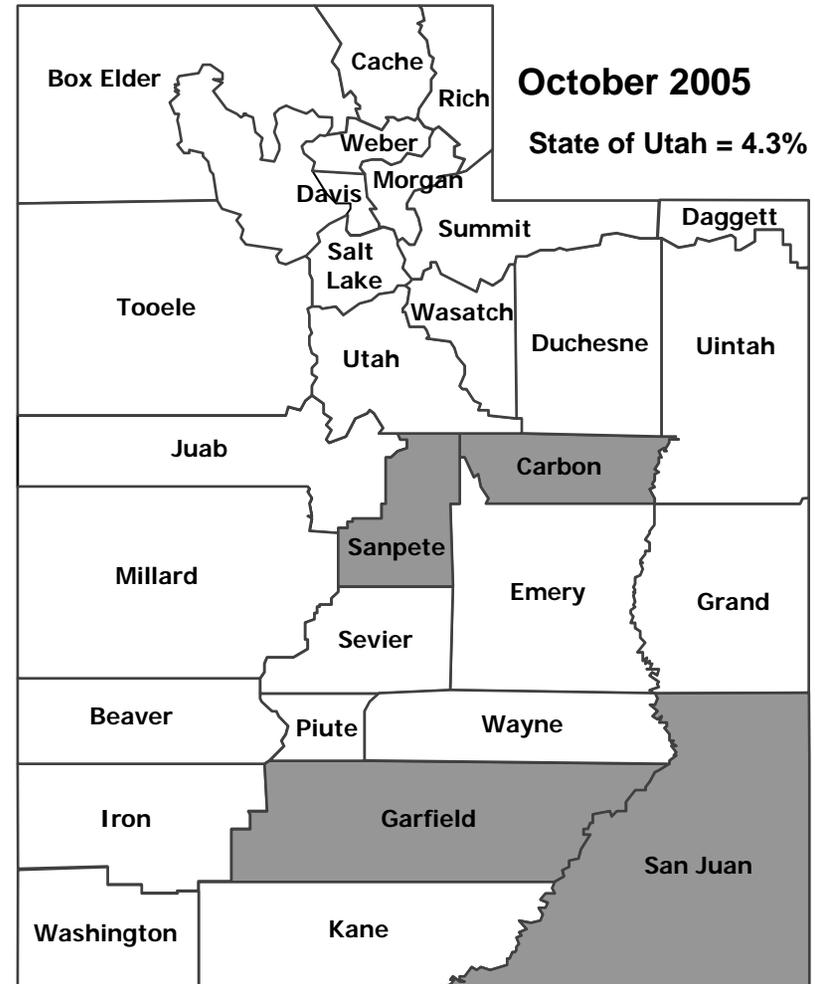
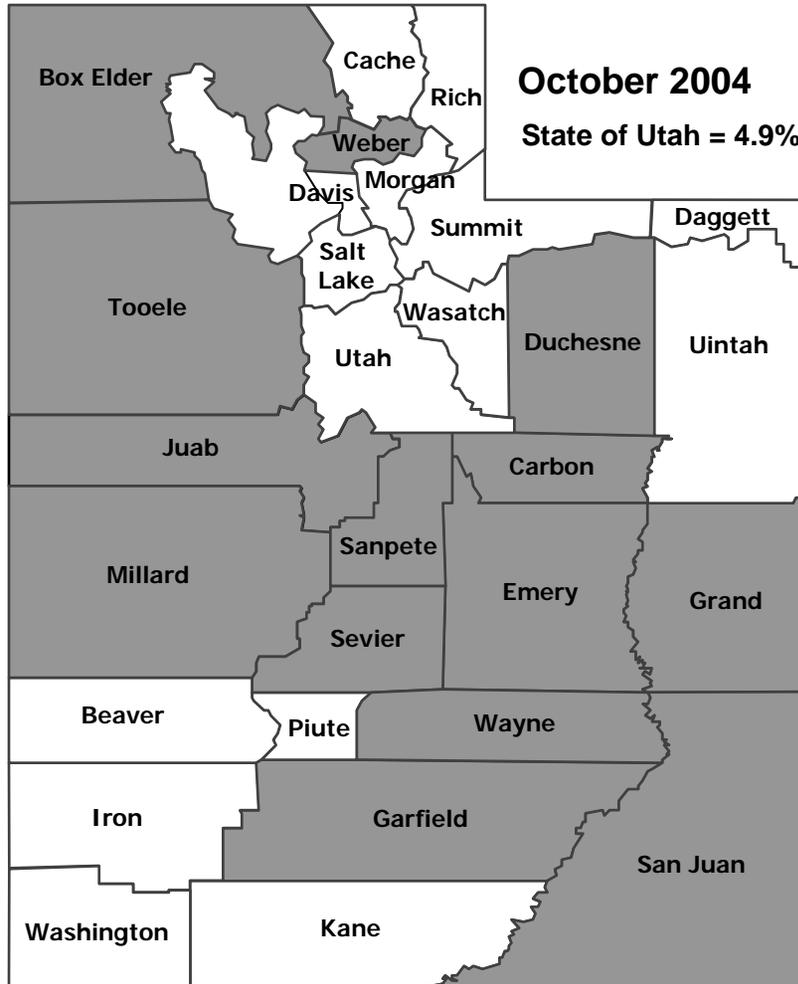


Utah Employment Growth is Twice the National Average



Source: Utah Department of Workforce Services

Unemployment Rates Continue to Drop

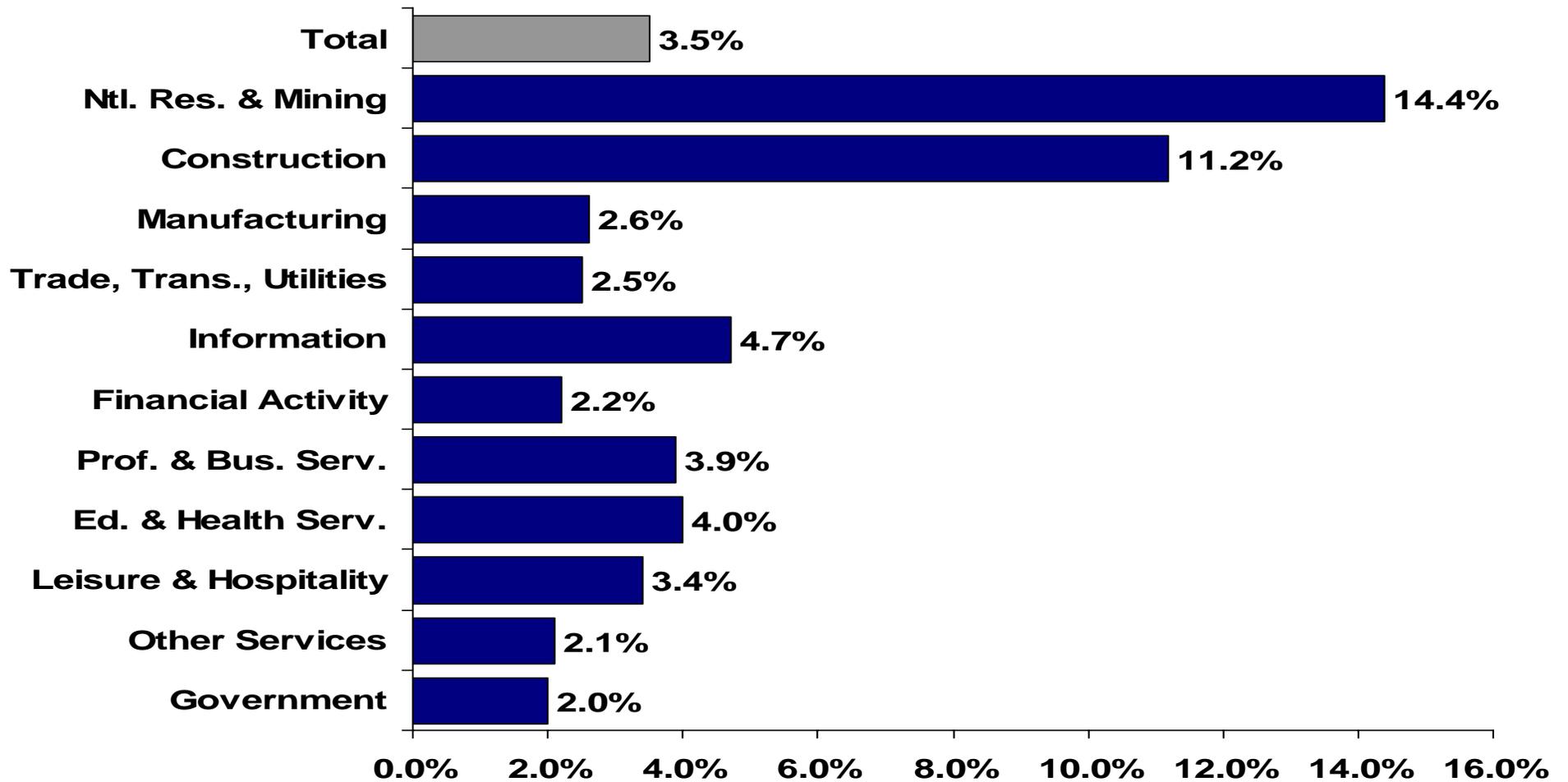


■ Unemployment Above 5%

□ Unemployment at or Below 5%

All Utah Industries Growing

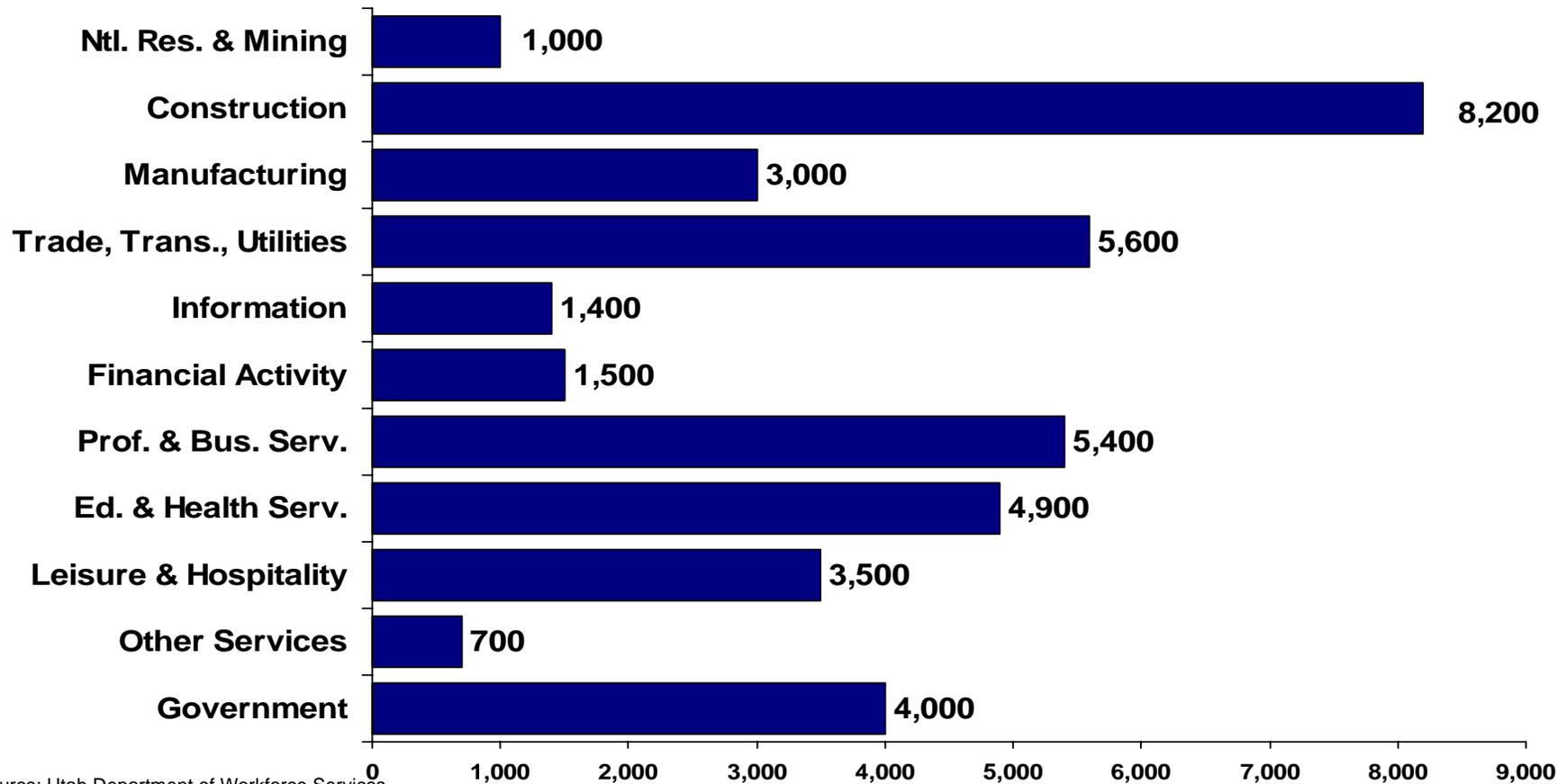
Percent Change in Utah Employment by Industry: 2004-2005



All Utah Industries Growing

Numerical Change in Utah Employment by Industry: 2004 to 2005

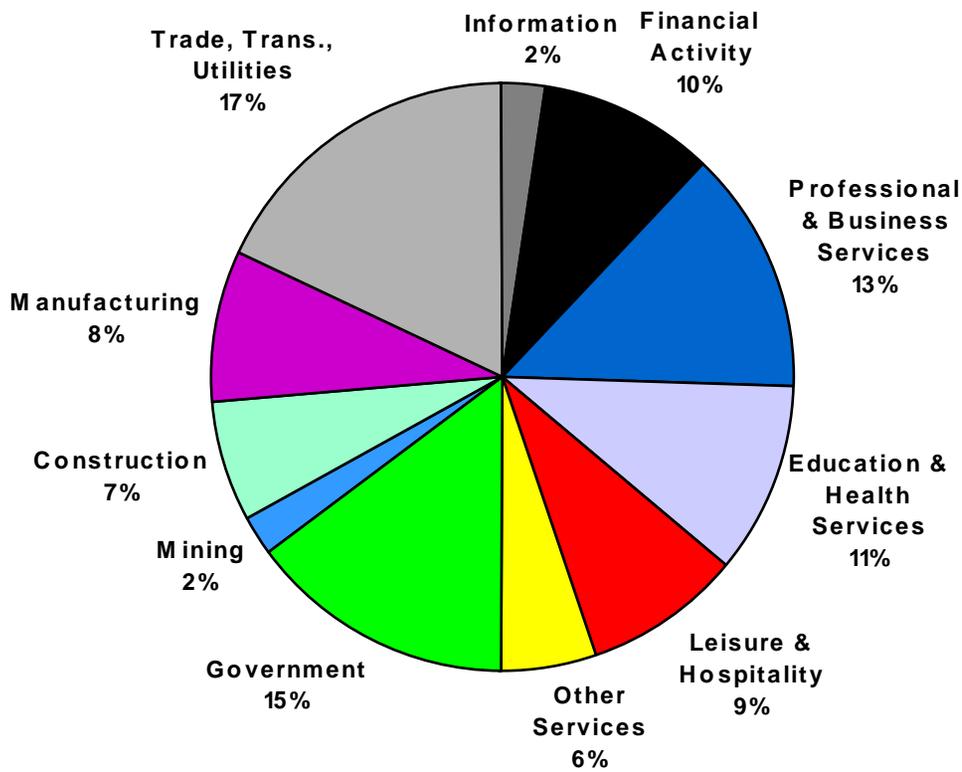
Total State Employment Grew by 39,200 Jobs



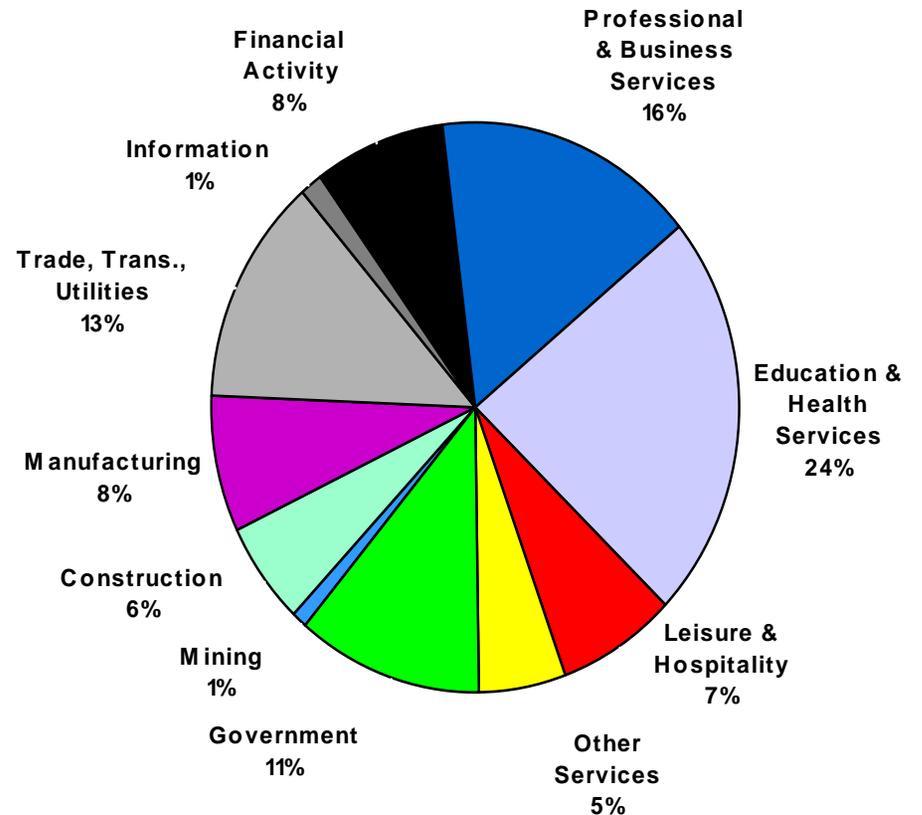
Source: Utah Department of Workforce Services

Utah Employment by Industry as a Share of Total State Employment

2006



2050



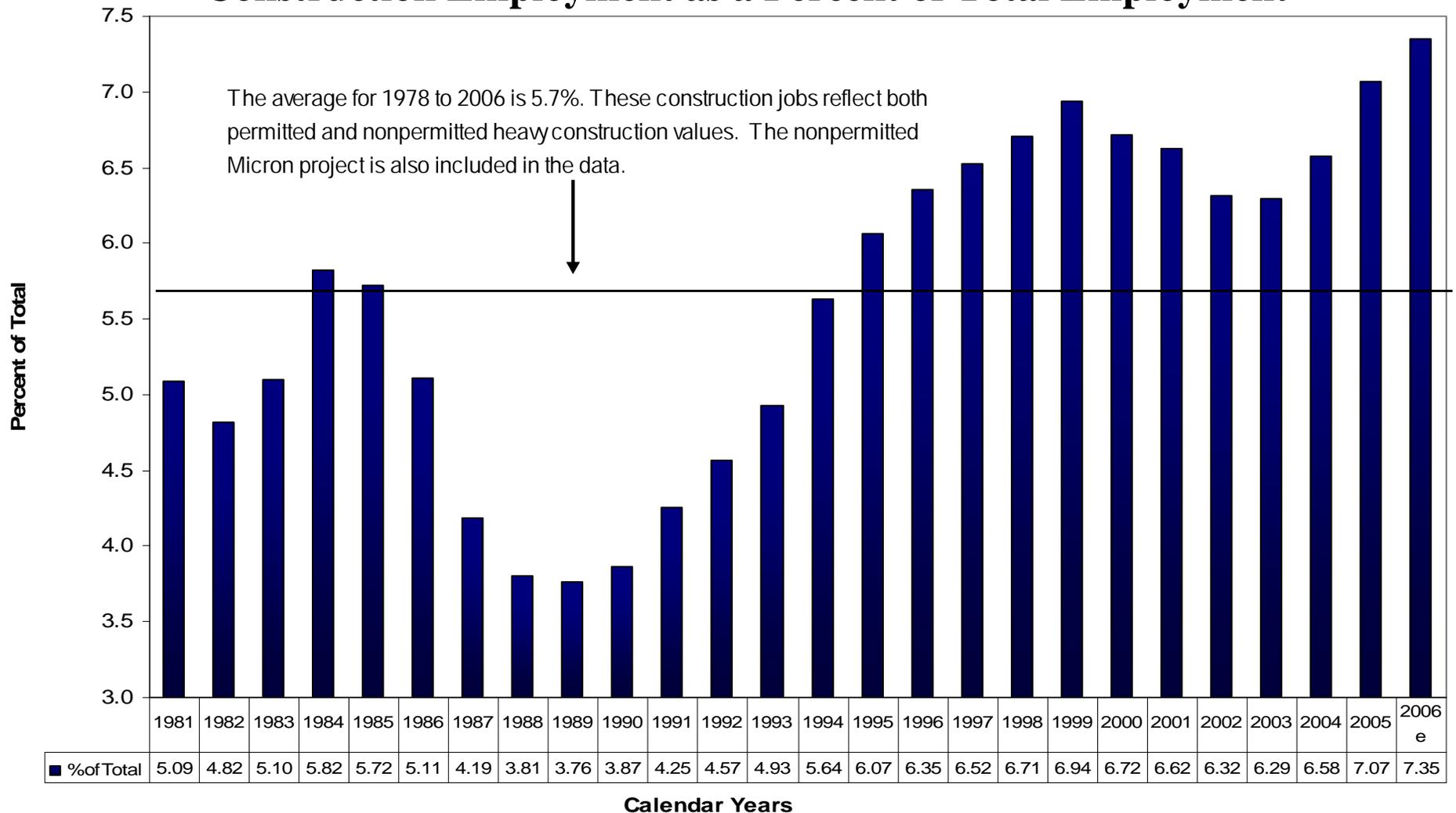


Important Factors

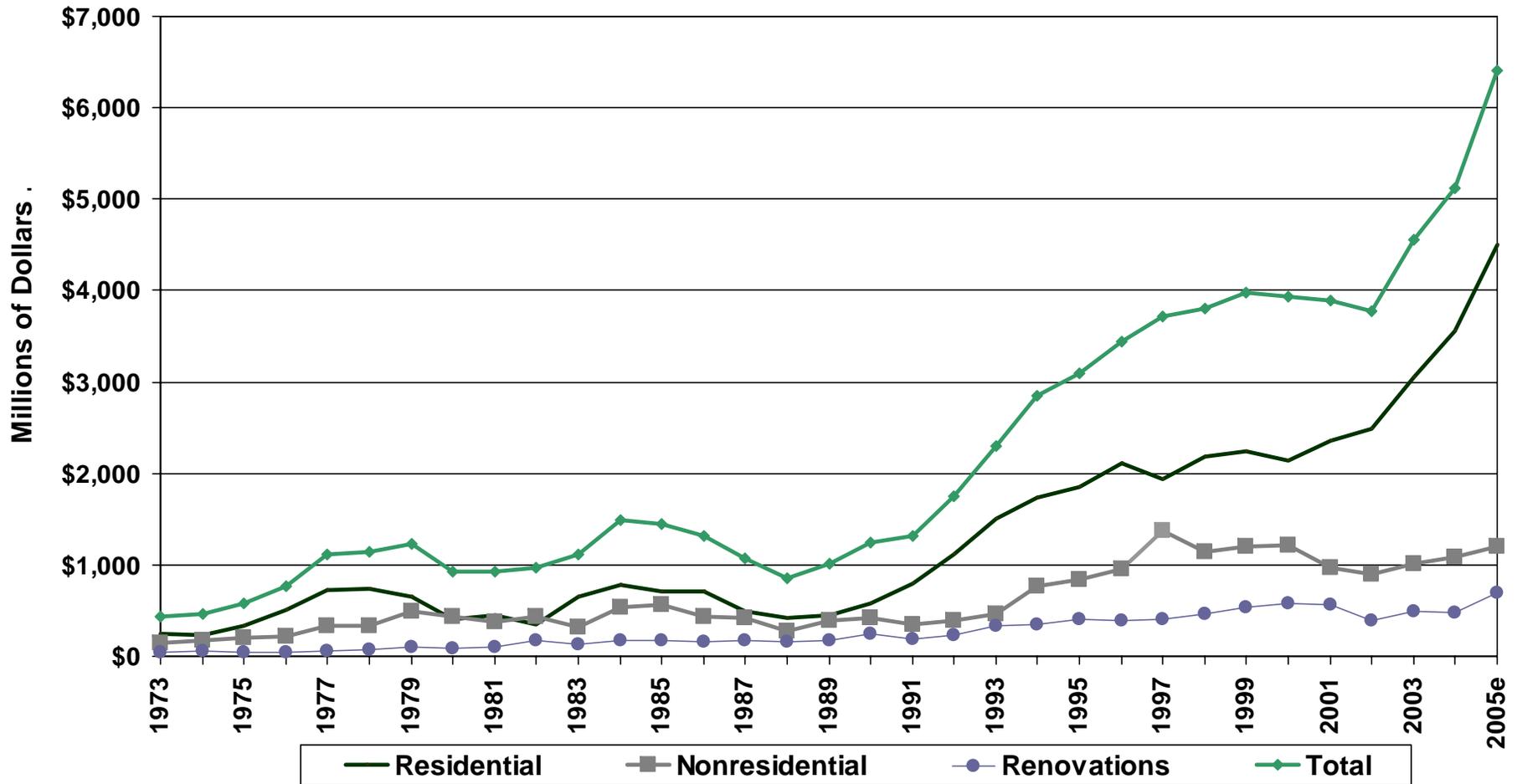
- **Construction**
- **Housing Appreciation**
- **Exports**
- **Mineral Production**
- **Defense Spending**
- **Visitor Spending**

Strong Construction Growth Continues

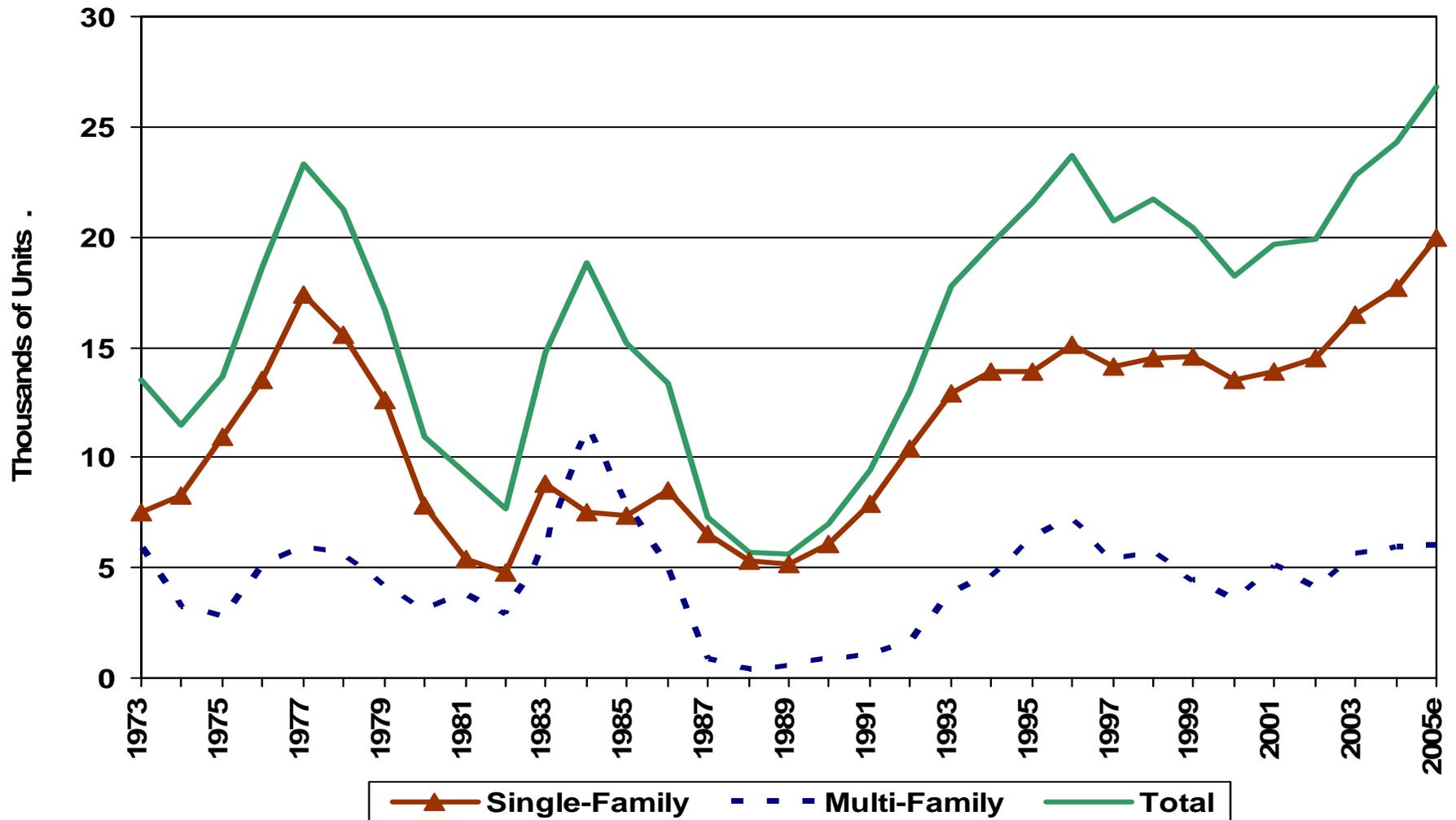
Construction Employment as a Percent of Total Employment



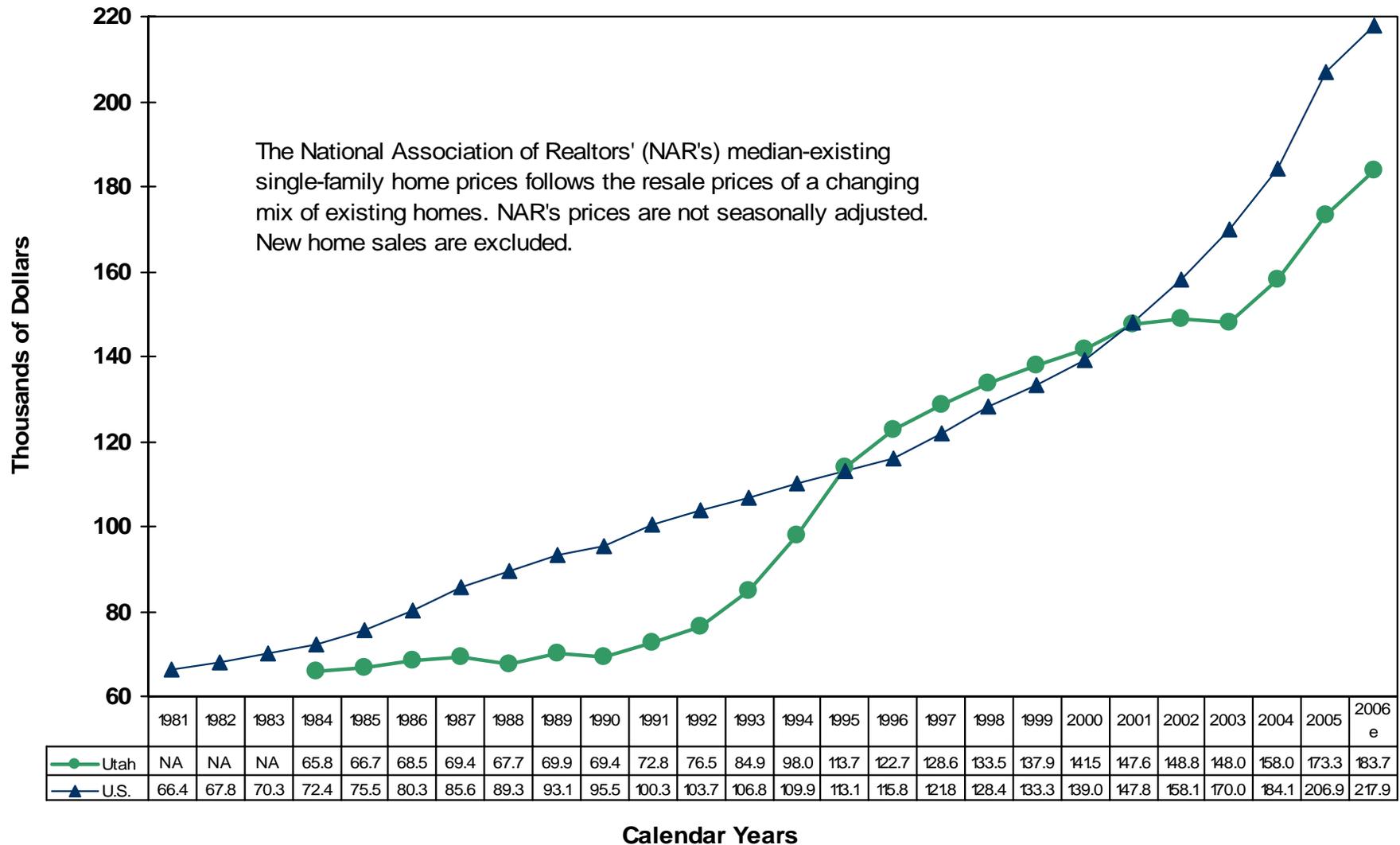
Construction Valuation at Record Highs



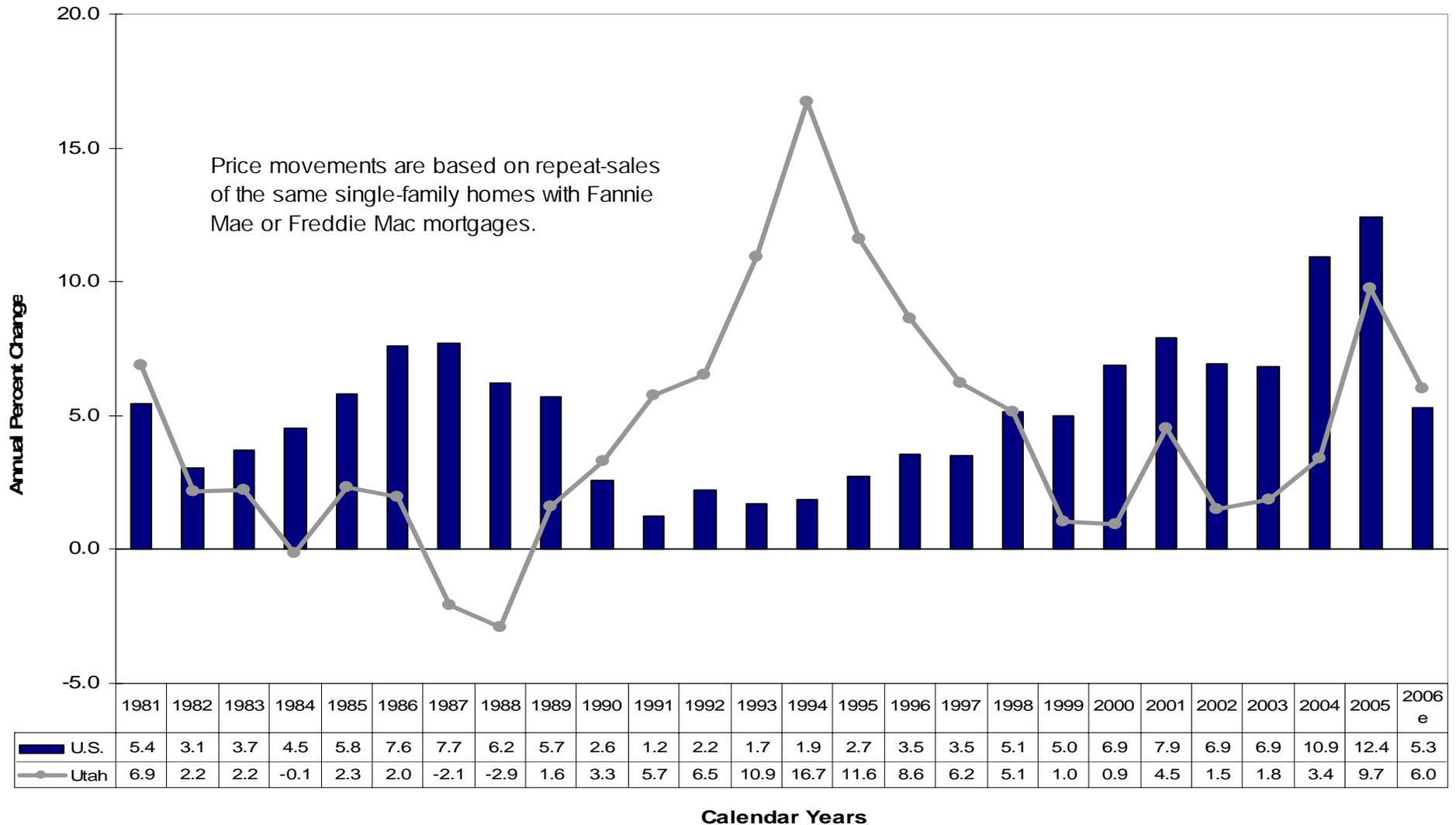
Residential Construction Continues to Hold Strong



Housing Price Appreciation is Accelerating

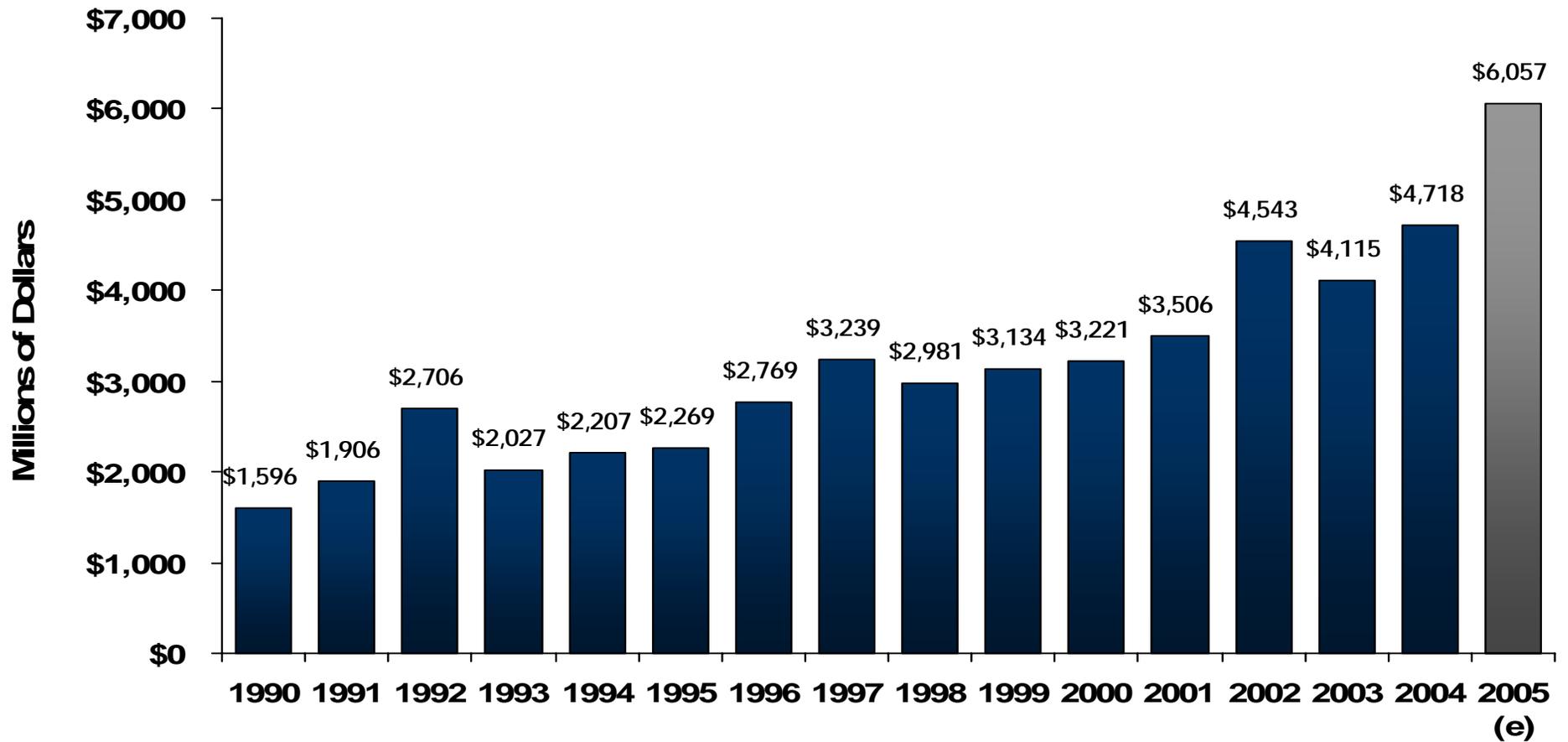


Percent Change in Median-Housing Prices for Repeat-Sales of Existing Homes

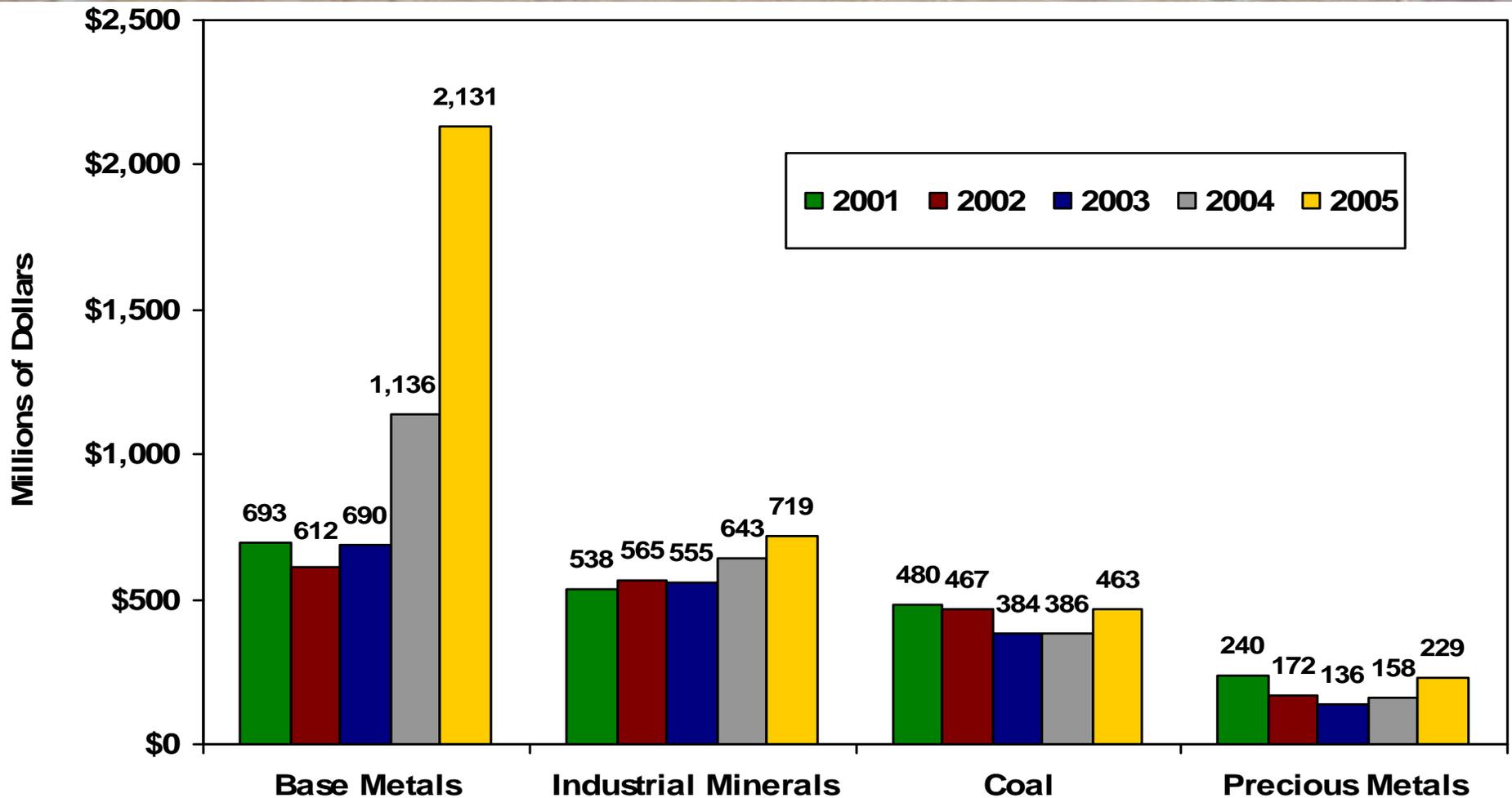


Utah Exports Increased by 28% in 2005

Utah Merchandise Exports

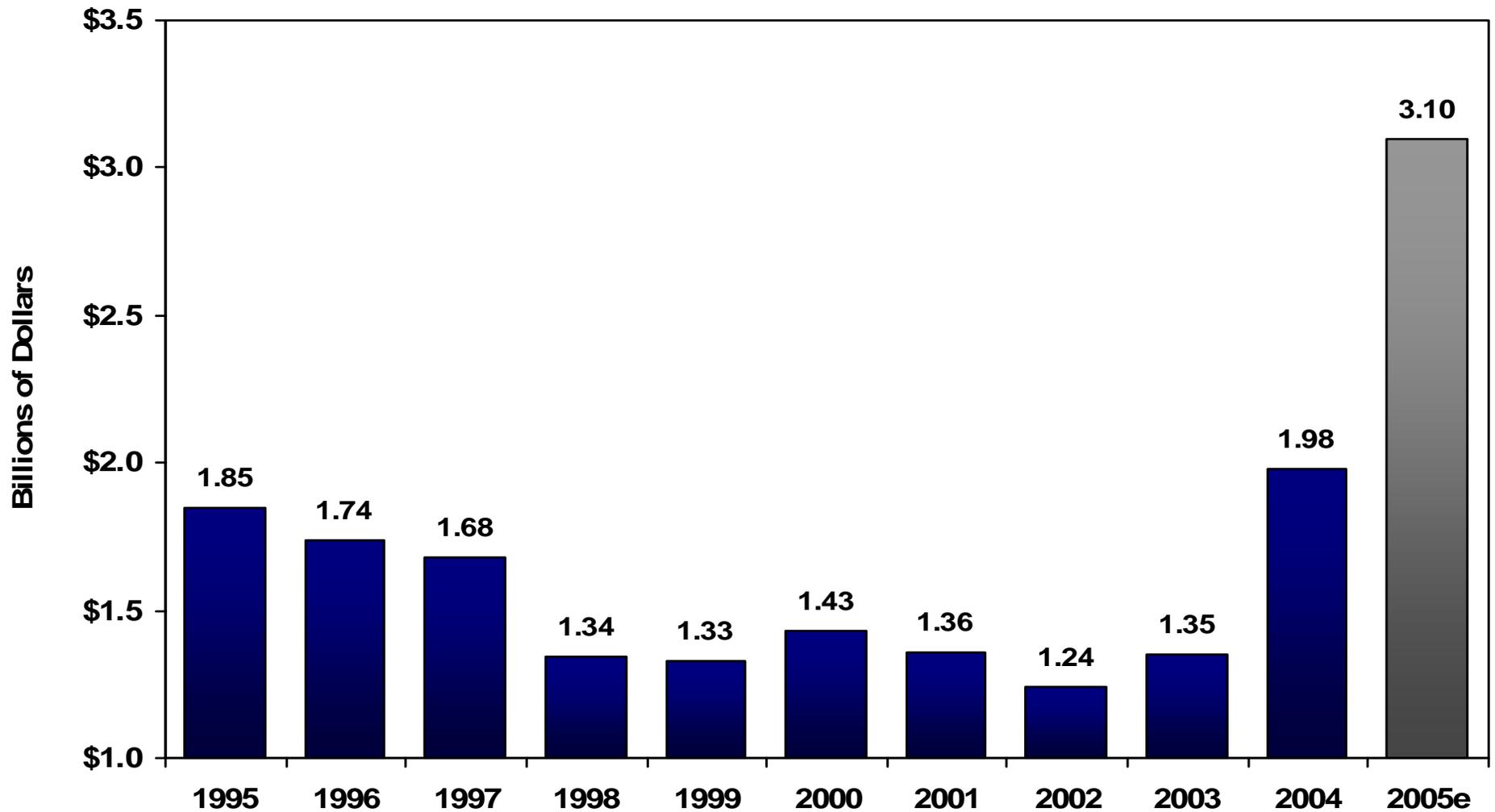


Value of Utah's Mineral Production from 2001 to 2005



Source: Utah Geological Survey

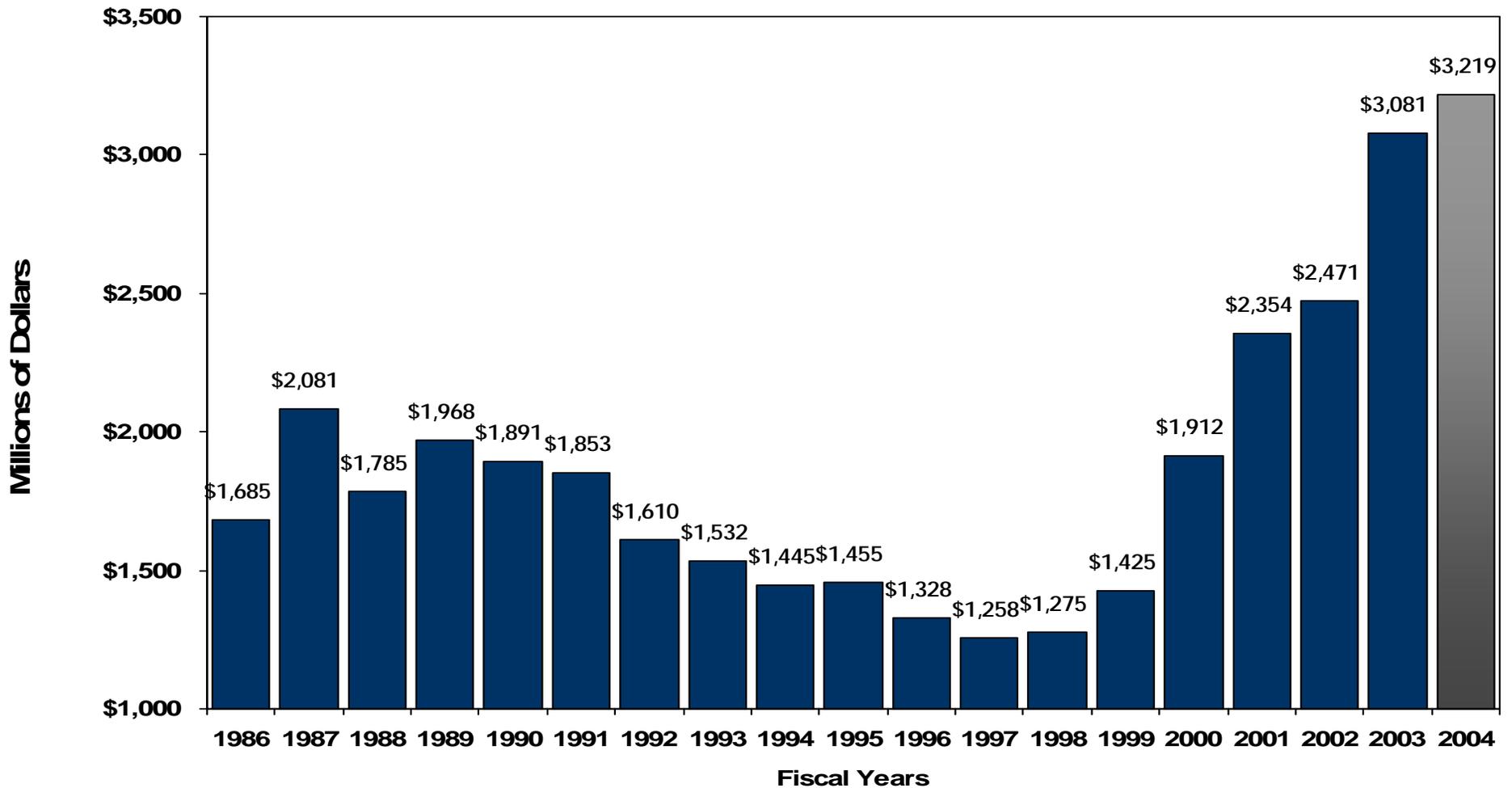
Non-fuel Mineral Production Increased 52% in 2005



e = estimate

Source: U.S. Geological Survey; estimate by Utah Geological Survey

Defense Spending Increased 5% in 2004

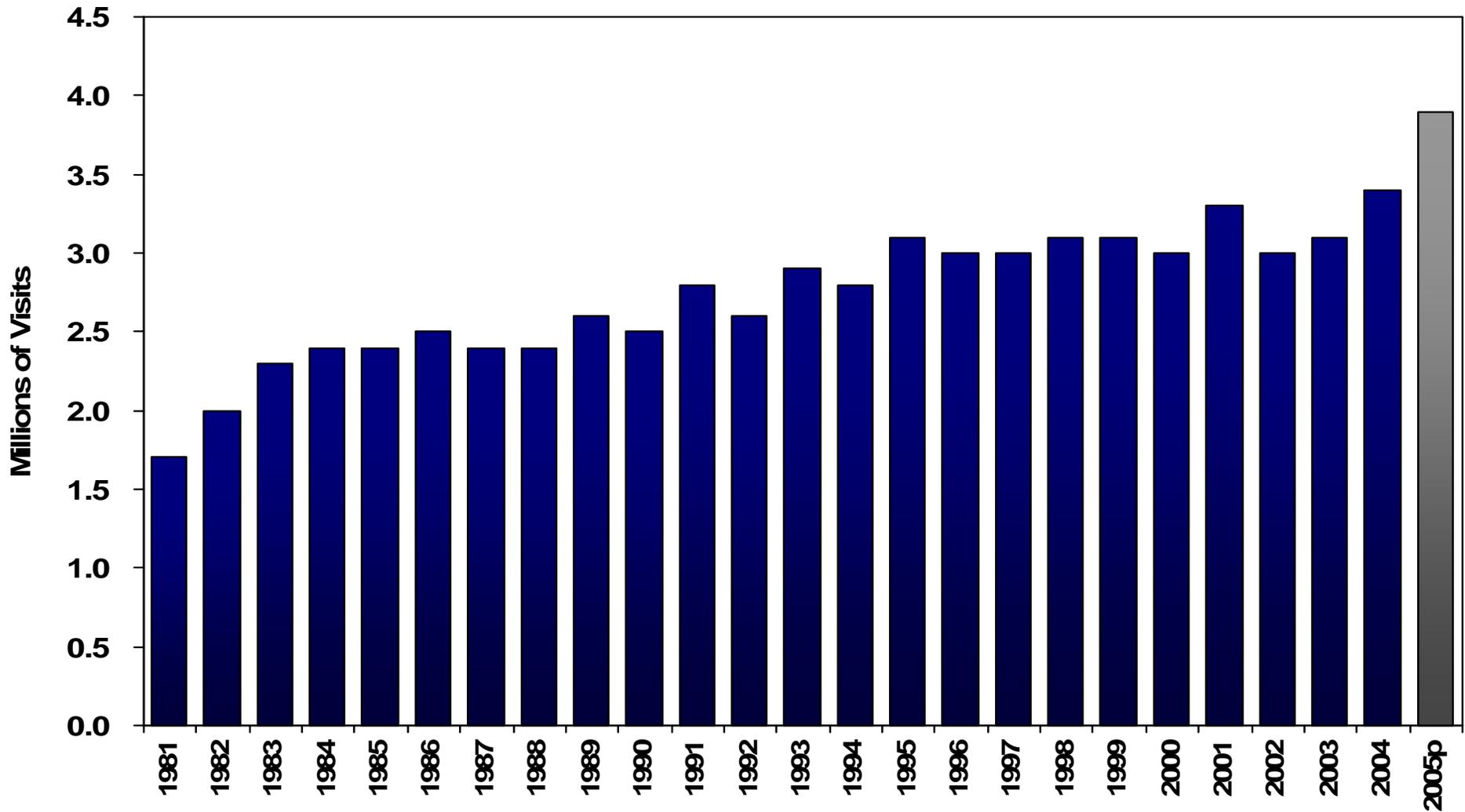




Base Closure and Realignment in Utah

- **Defense Department recommended:**
 - Close Deseret Chemical Depot
 - Net direct loss of 248 jobs
 - This base was originally scheduled for a 2012 phase-out
 - Realign Fort Douglas and Hill Air Force Base
 - Fort Douglas - Net direct loss of 53 jobs
 - Hill Air Force Base - Net direct loss of 145 jobs
 - Total impact to the State of Utah is a net direct loss of 446 jobs
- **BRAC commission changes:**
 - Leave Deseret Chemical Depot open
 - Hill Air Force Base will see minimal impact

Skier Visits Increased 15% in 2005



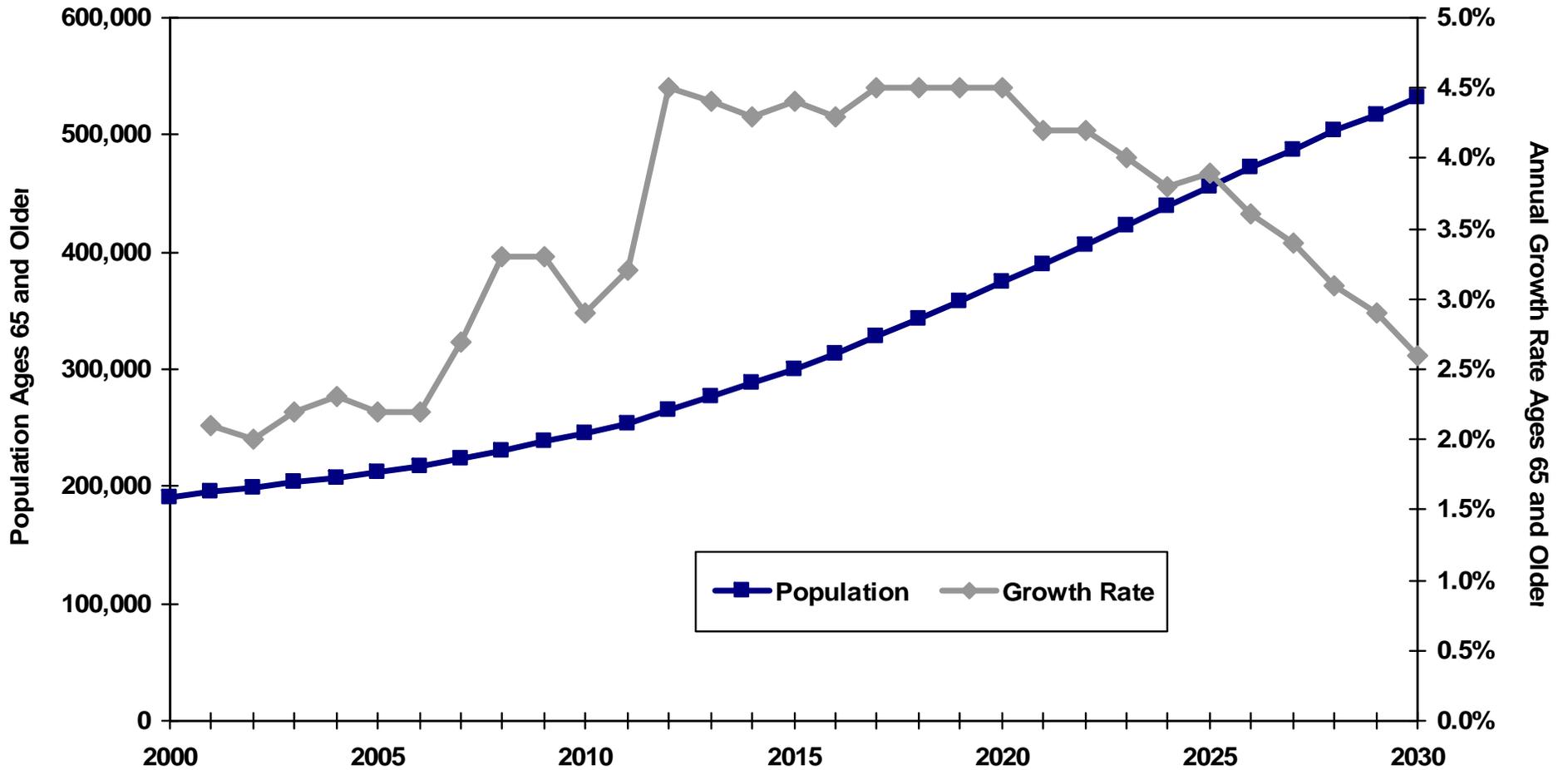
Source: Utah State Tax Commission; Rocky Mountain Lodging Report; Utah Governor's Office of Economic Development – Office of Tourism



Outlook: Challenges

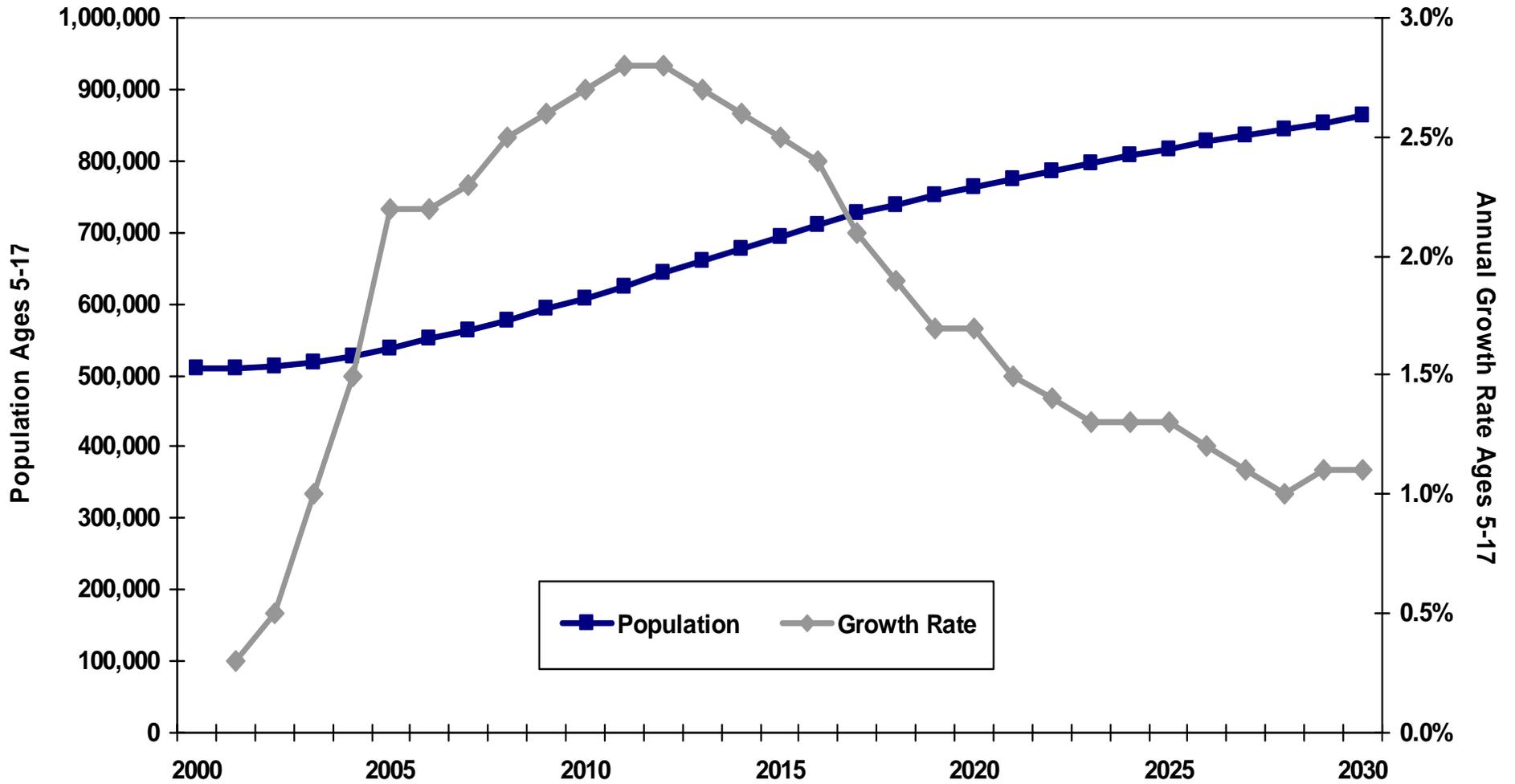
- **Growth Issues**
- **Energy Prices**

Growth of 65 and Older Age Group



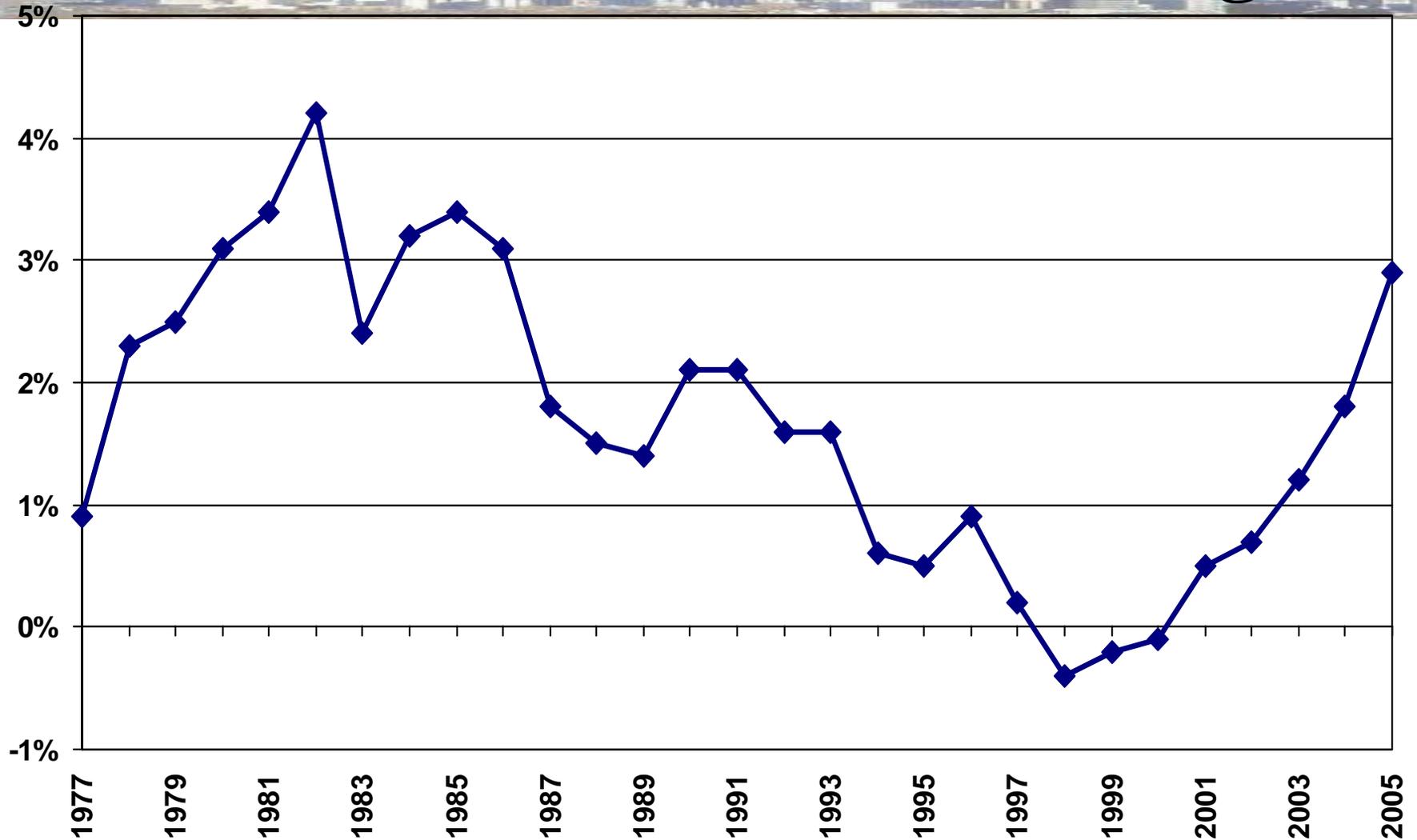
Source: 2005 Baseline Projections, Governor's Office of Planning and Budget

Growth of School Age Population



Source: 2005 Baseline Projections, Governor's Office of Planning and Budget

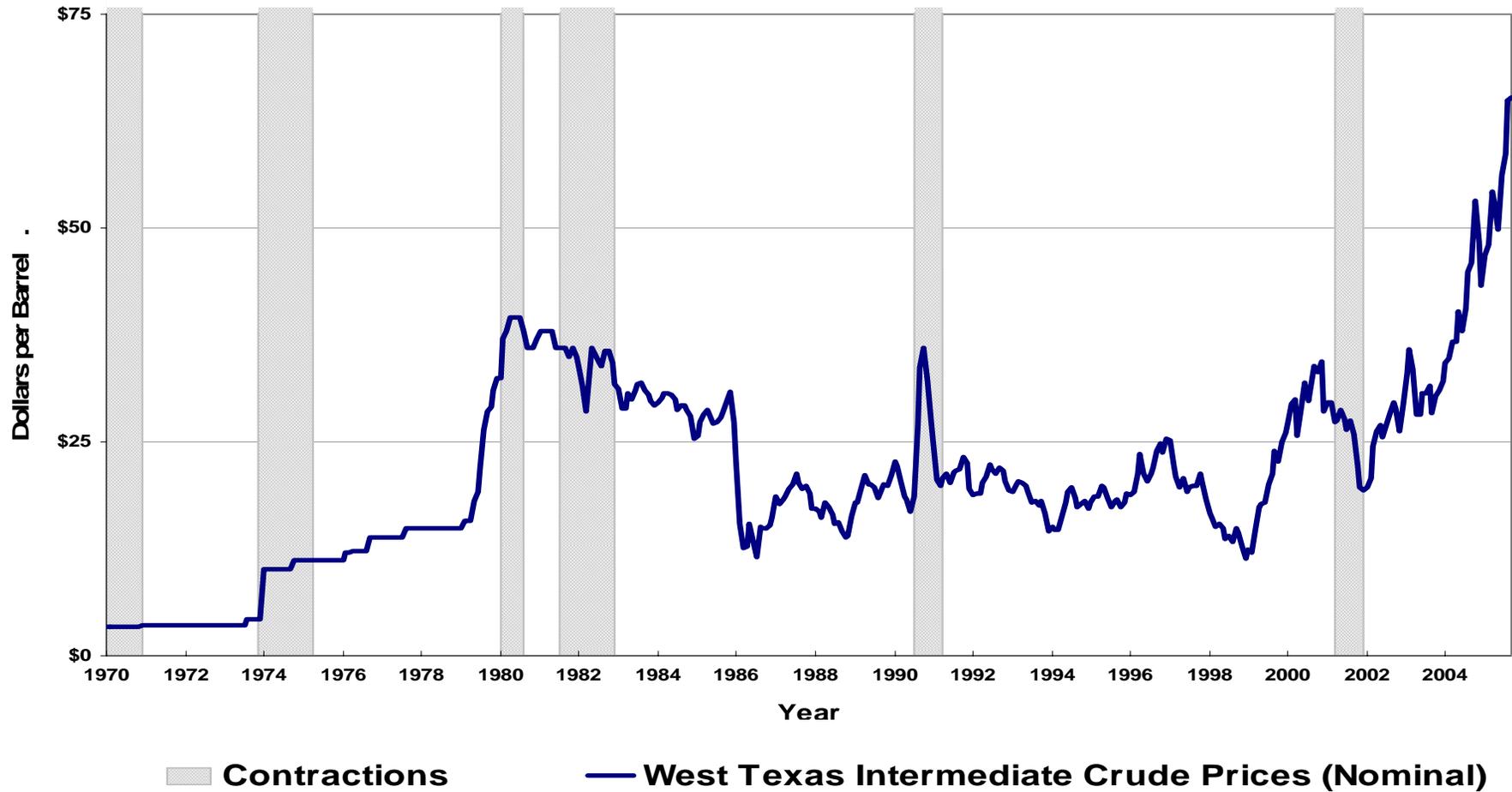
Utah Public School Enrollment Growth Accelerating



Source: State Office of Education, Finance and Statistics

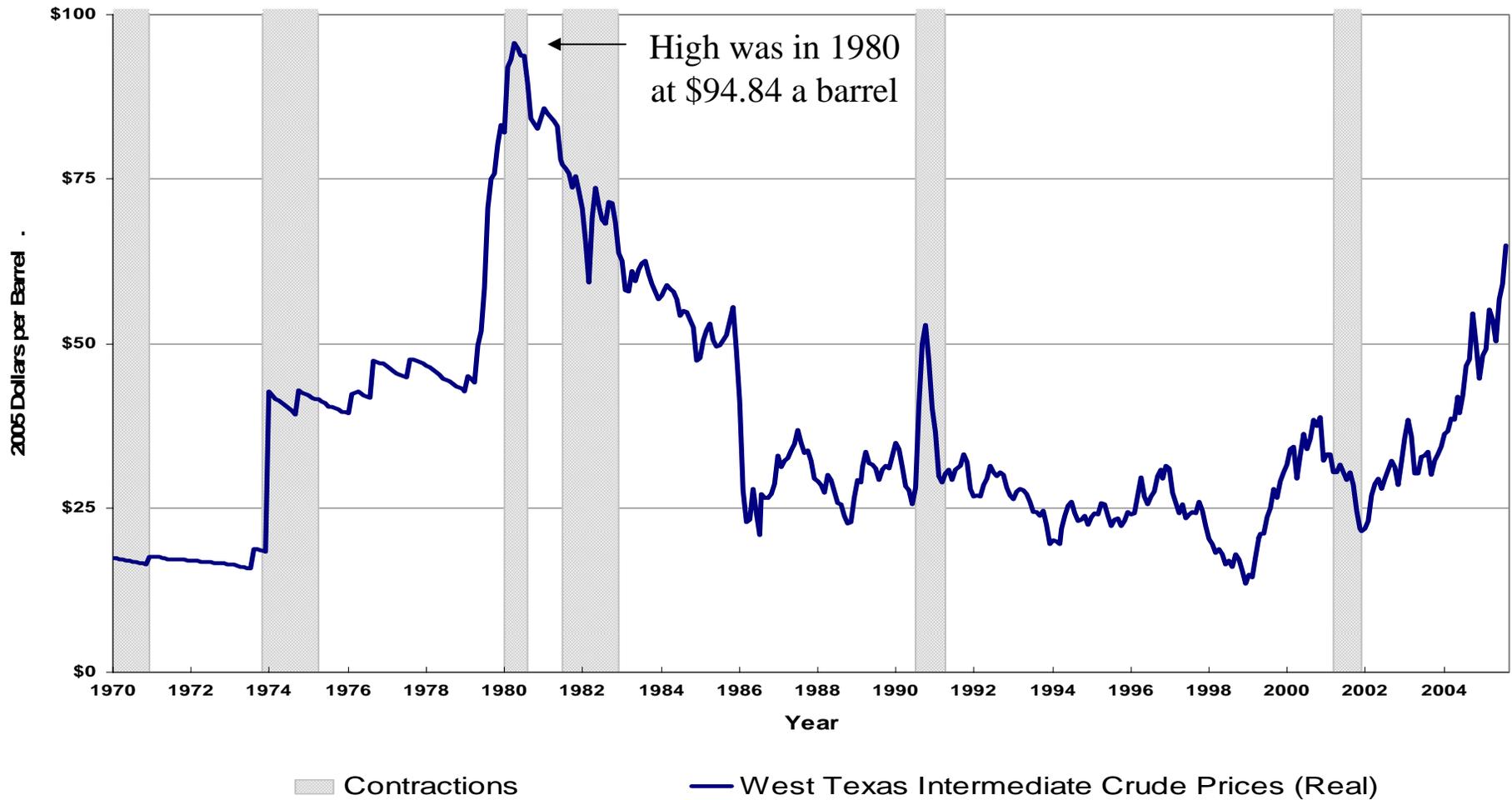
Increasing Energy Prices

U.S. Nominal Oil Prices



Increasing Energy Prices

U.S. Real Oil Prices



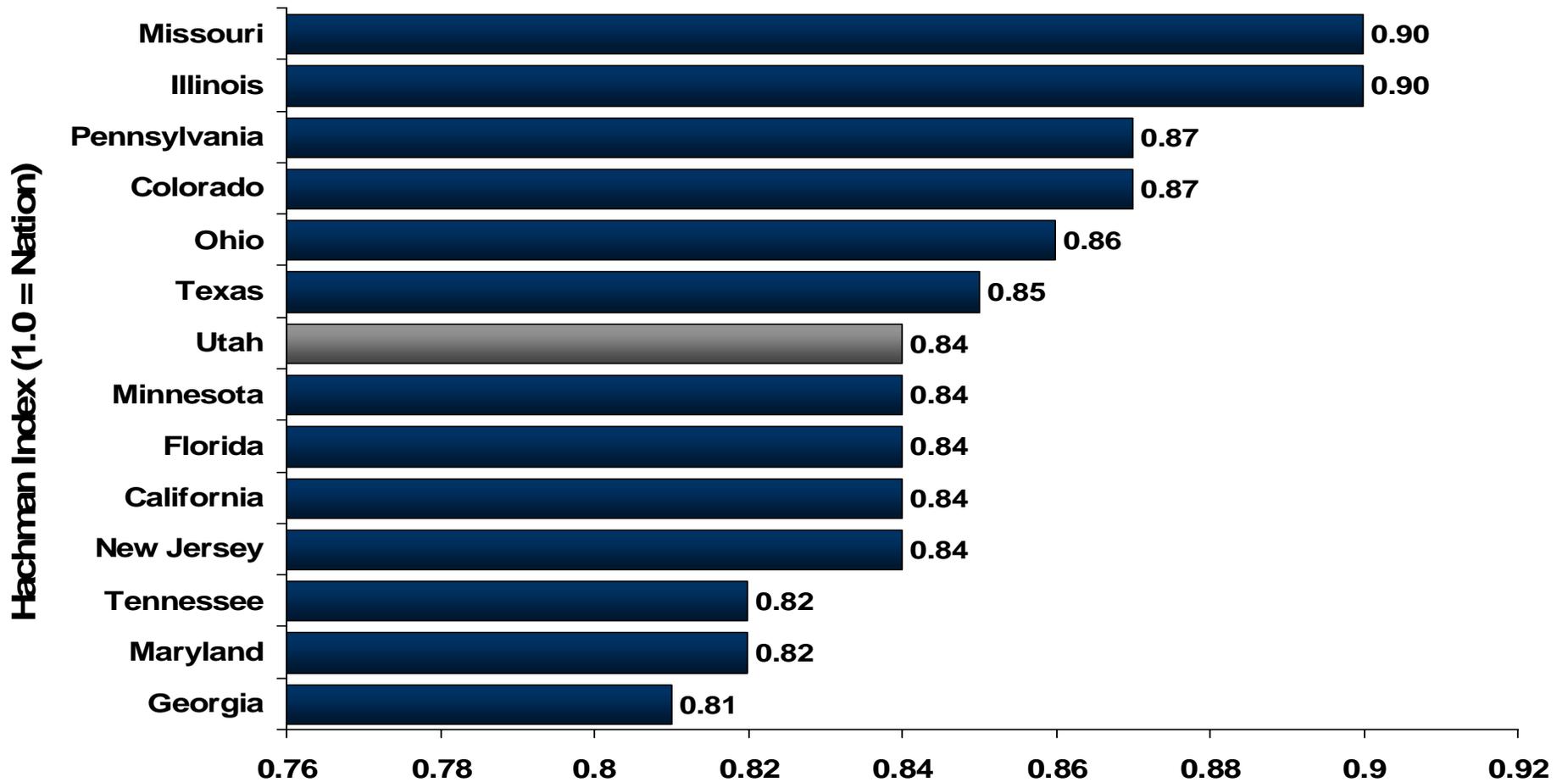


Outlook

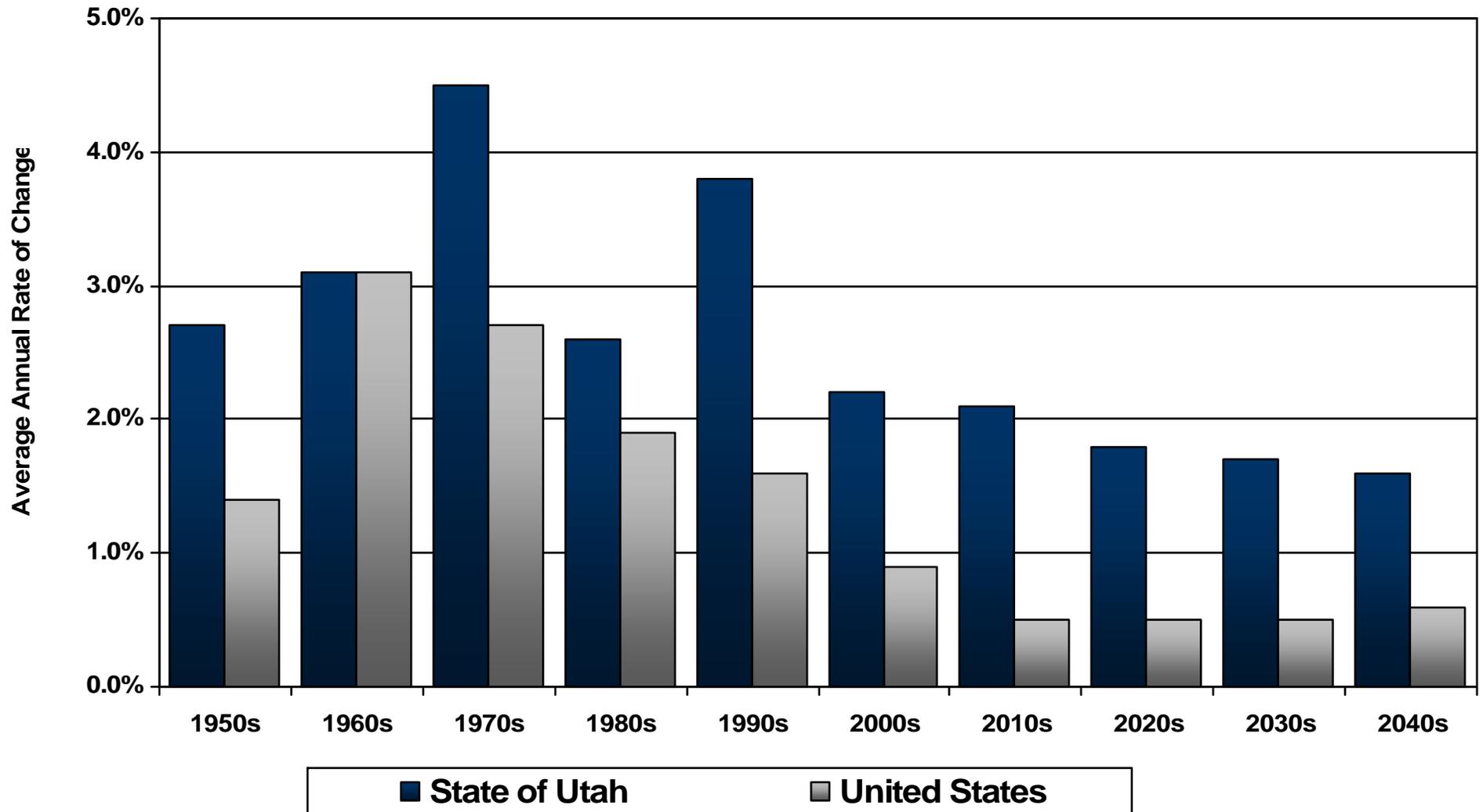
- **Economic Diversity**
- **Income and Education Levels**
- **Tax History and Reform**
- **Mega-Projects**

Utah's Economy Remains Well-Diversified

Most Diversified Economies in the Country: 2004

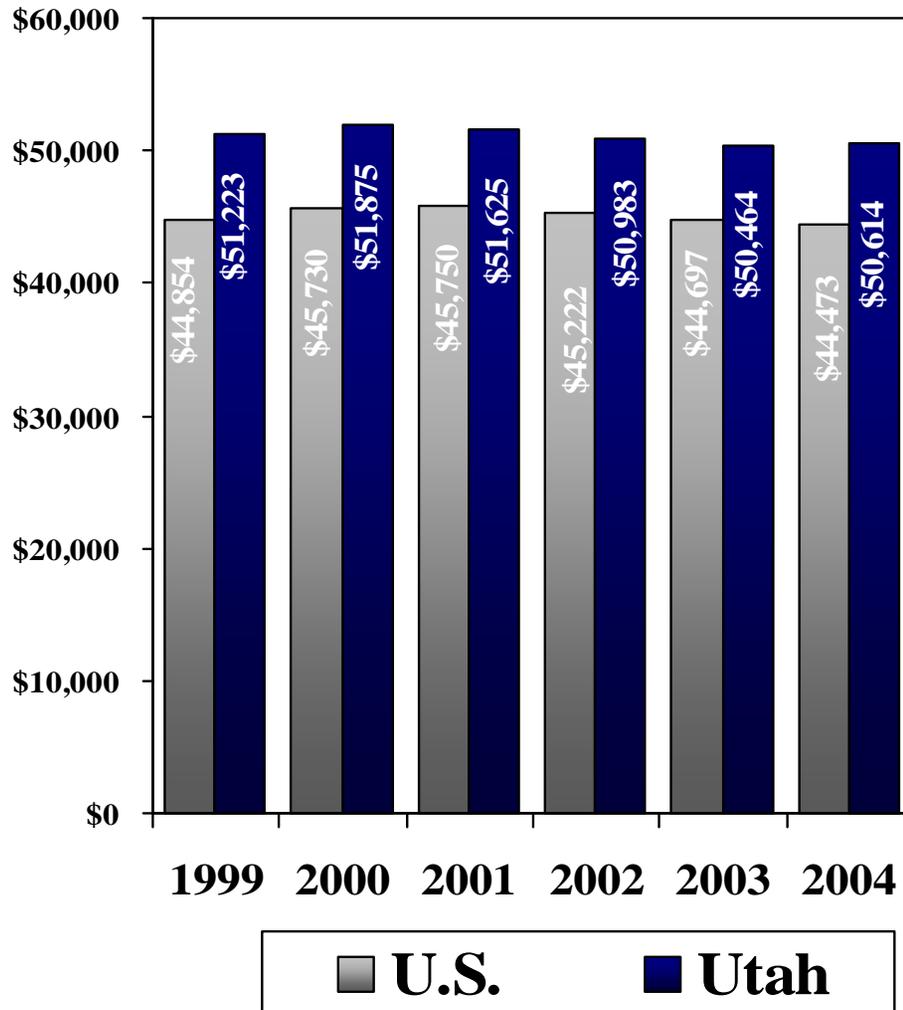


Total Employment Growth by Decade for Utah and the U.S.

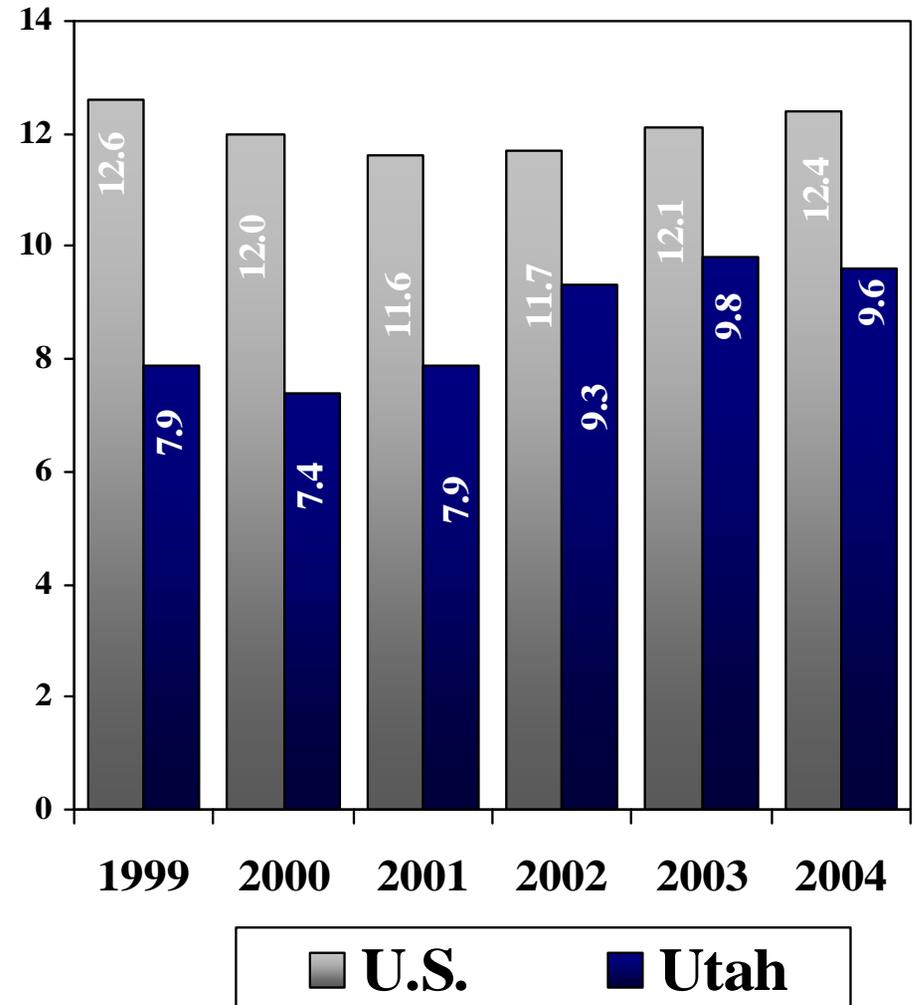


Utah Incomes Continue to Exceed those of the Nation

Median Household Income



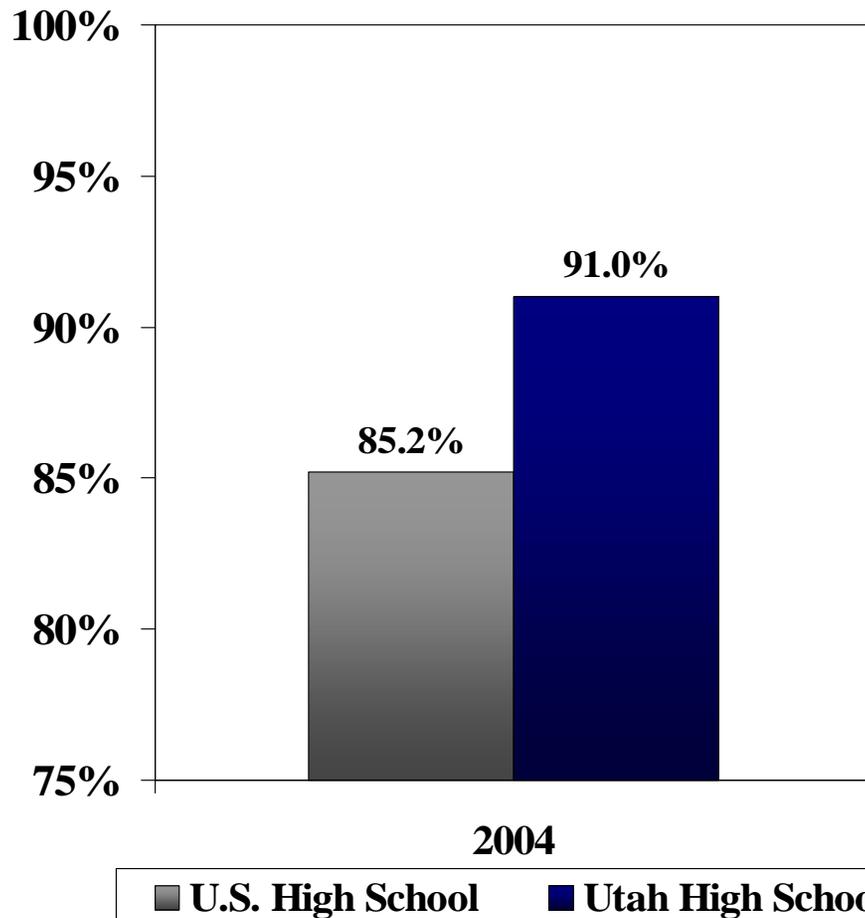
Percent of Persons in Poverty



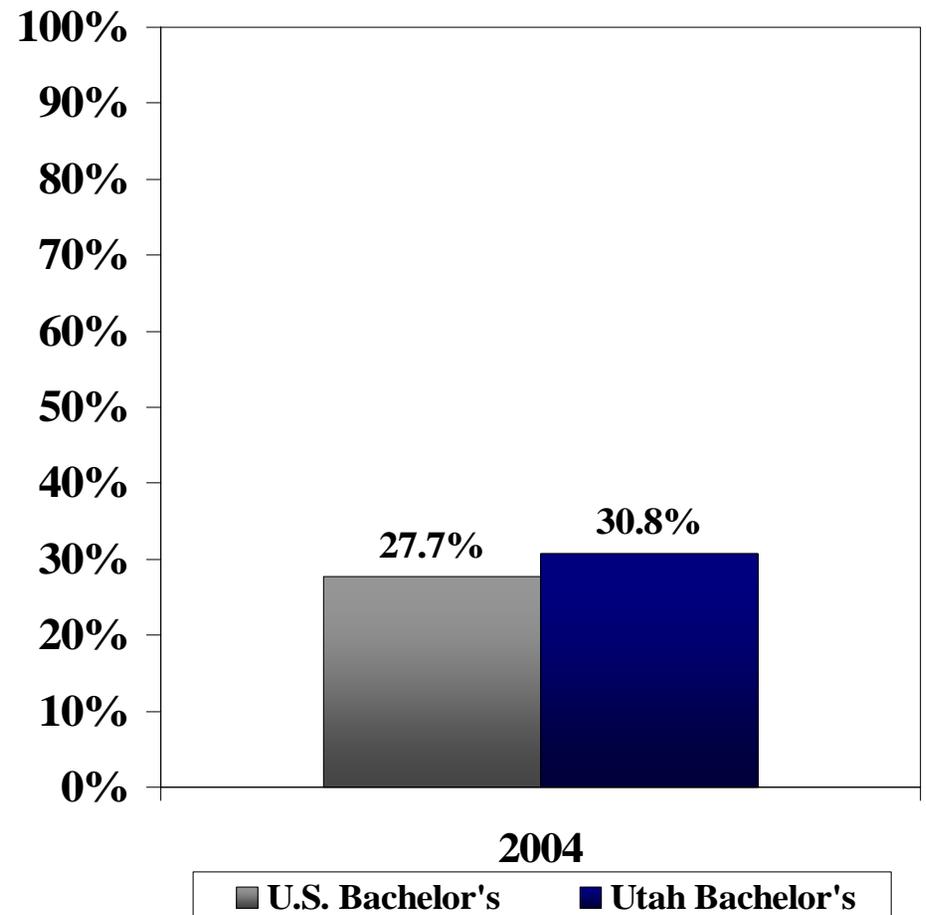
Source: U.S. Census Bureau, Current Population Survey (adjusted to 2004 dollars)

Education Minded State

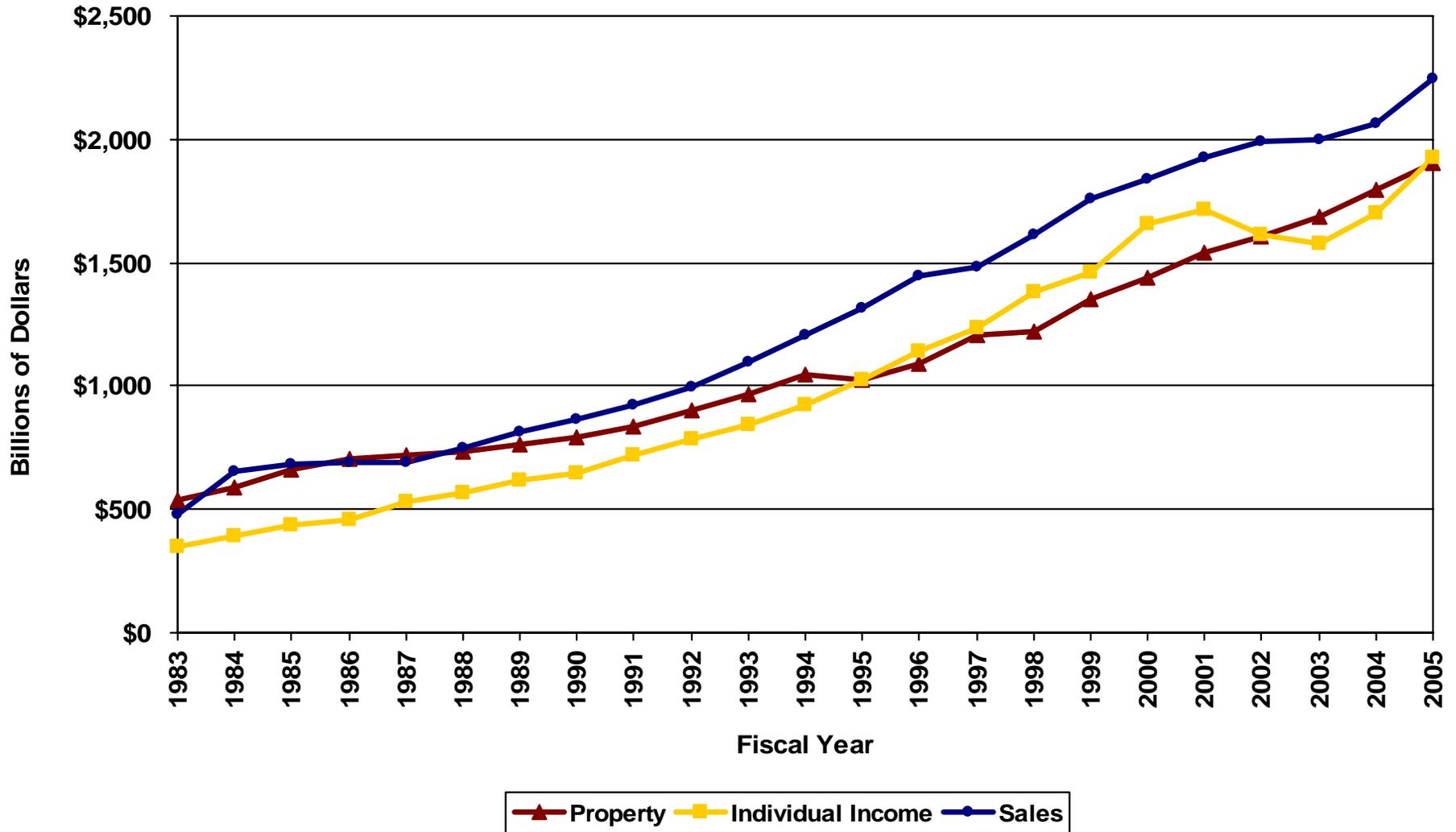
High School Diploma or Higher



Bachelor's Degree or Higher



Revenues from Utah's Three Major Taxes: State and Local Taxes



Source: Utah State Tax Commission



Tax Reform Task Force: Major Recommendations

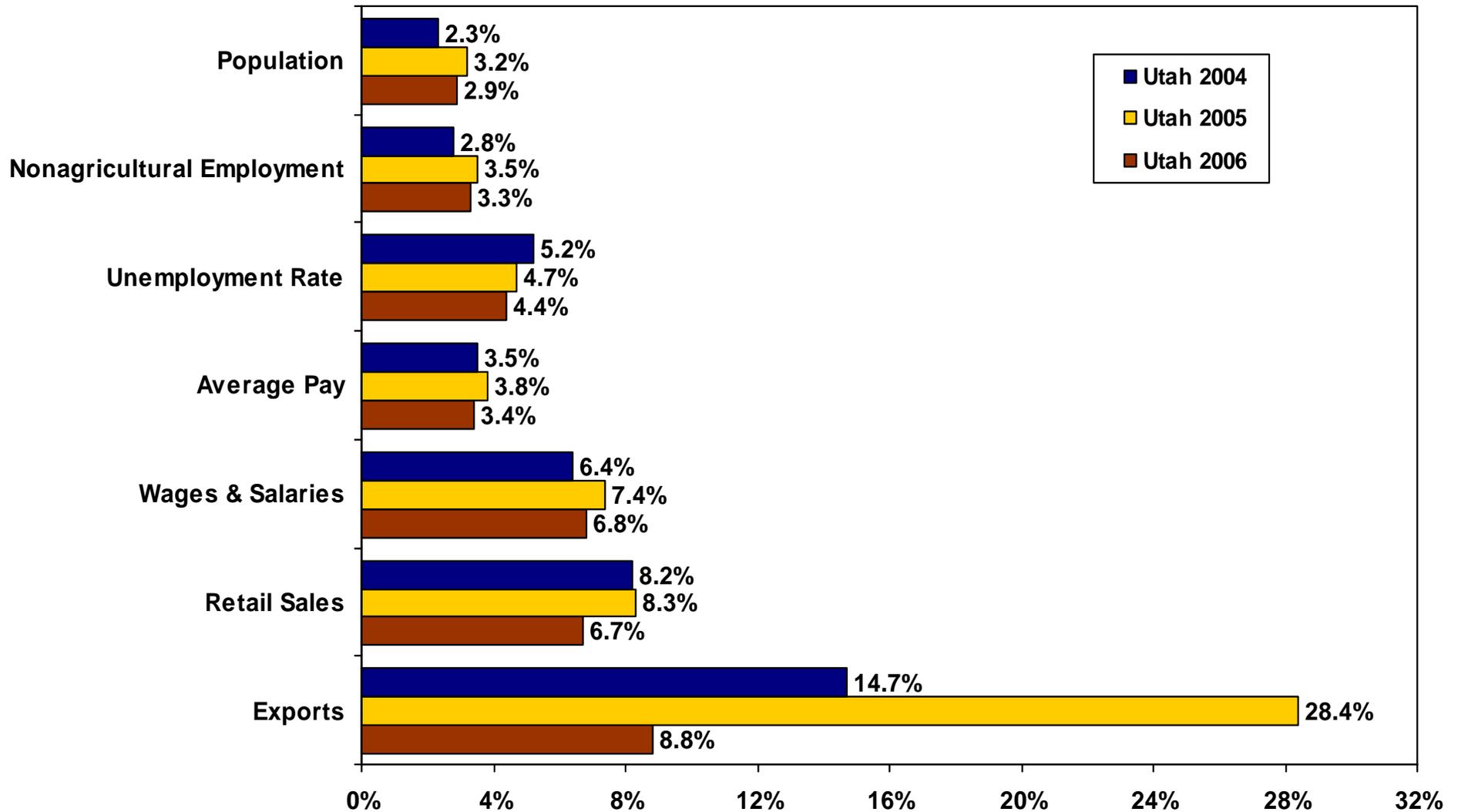
- Income Tax
 - Individual income tax of 5.0% or less with non-refundable credits
 - Single sales factor on corporate franchise and income tax
- Sales & Use Tax
 - Eliminate tax on unprepared food
 - Uniform statewide sales tax rate
- Property Tax
 - Truth in taxation
 - Personal property taxation
- Local Government and Other Taxes
 - RDA reform



Mega-Projects

- **Daybreak by Kennecott Land - \$1 billion**
- **Legacy Highway - \$680m**
- **Commuter Rail - \$542m**
- **Jordan Bluffs Mixed Use - \$500m**
- **LDS Downtown Rejuvenation - \$500m**
- **IHC Medical Center - \$387m**
- **Currant Creek Power Plant - \$350m**
- **Lake Side Gas Power Plant - \$300m**
- **Traverse Mountain Mixed Use - \$300m**
- **Amangiri Resort & Spa - \$125m**

Utah Economic Indicators: 2004-2006



Source: State of Utah Revenue Assumptions Committee



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