

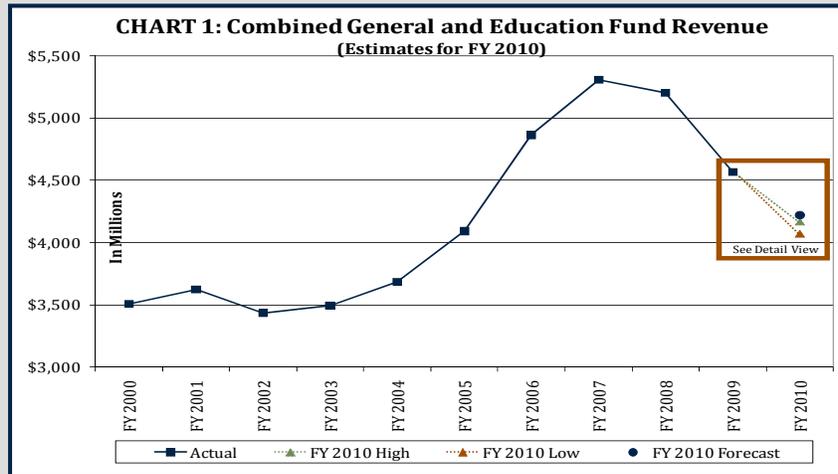
Revenue & Economic Update June 2010

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Report Structure

- Collections to Date
 - General Fund
 - Education Fund
- Wages and Employment
- Credit Conditions: Business & Consumer
- Construction and Real Estate
- National and International Economic Conditions in Relation to the Utah Economy

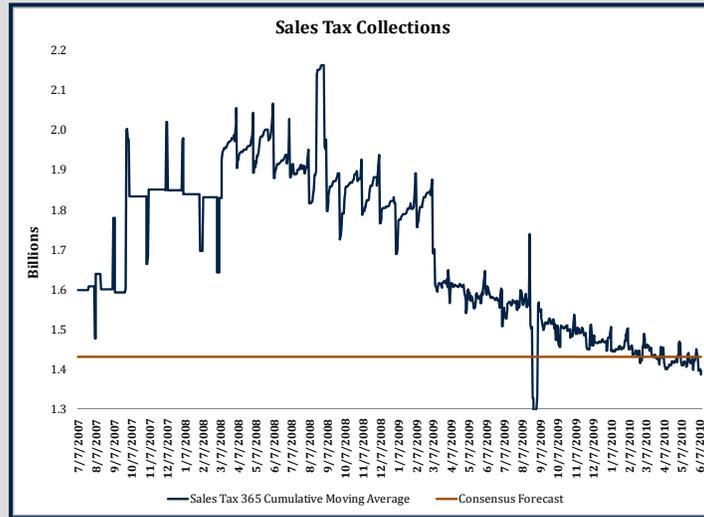
FY 2010 Range



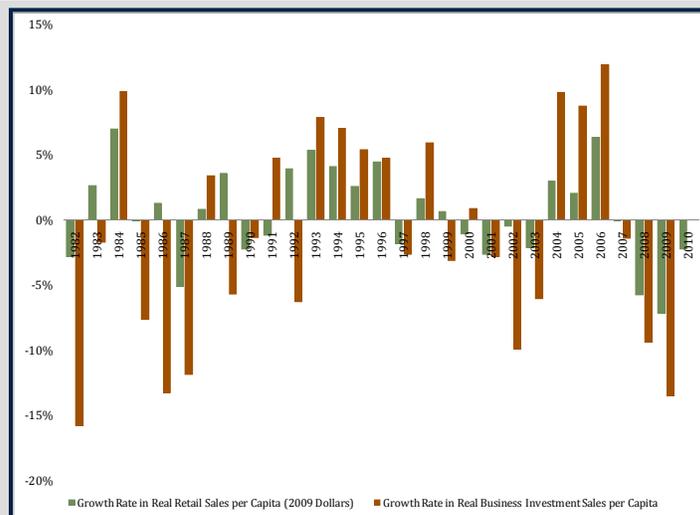
Collections YTD – General Fund

- Collections to date are expected come in between \$0 and -\$50 million from February targets.
- Wage constraints and consumer caution are impacting sales tax.
- Insurance premiums are below targets.
- Severance Taxes and Cable/Satellite Tax are above targets.

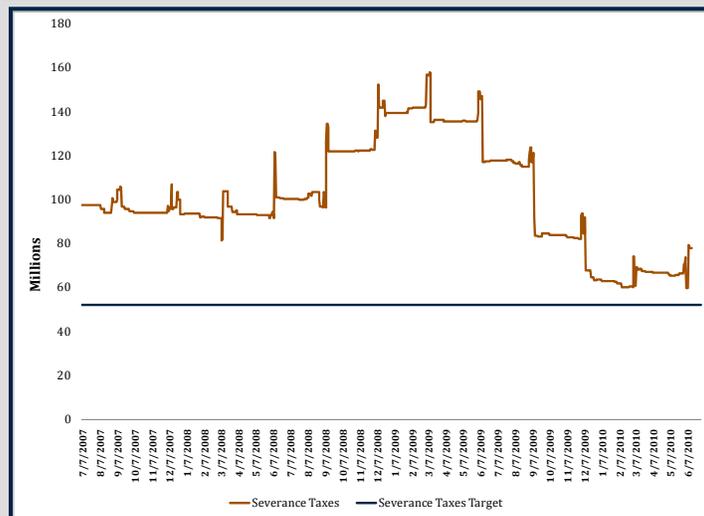
Sales Tax Collections



Real per Capita Taxable Retail Sales and Business Investment



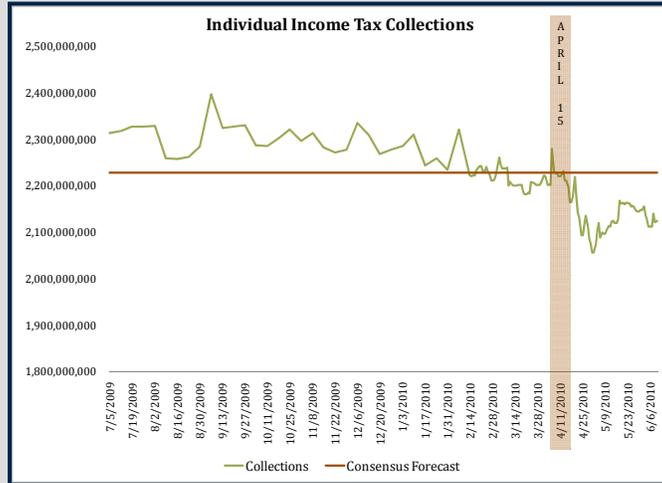
Severance Taxes



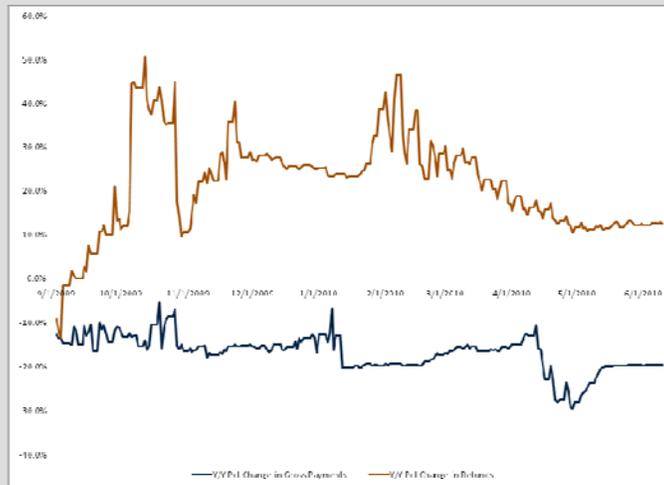
Collections YTD – Education Fund

- Education Fund \$50 to \$100 million below February estimates.
- Employment and wage declines slow income tax collections.
- Corporate Tax is currently above estimates.

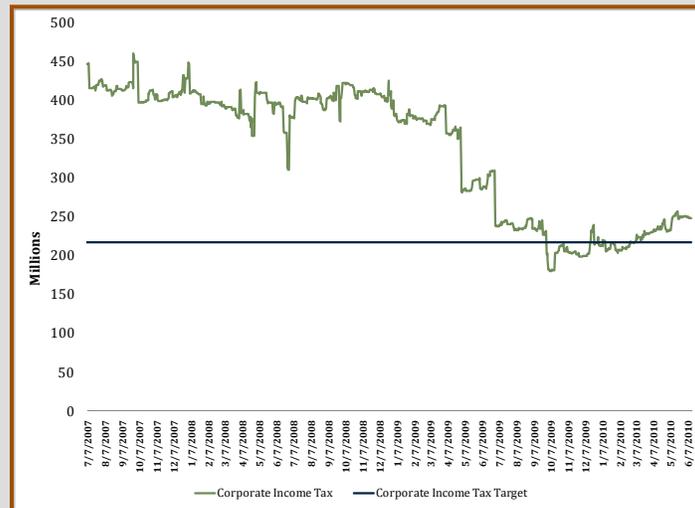
Income Tax



Income Tax Final Payments



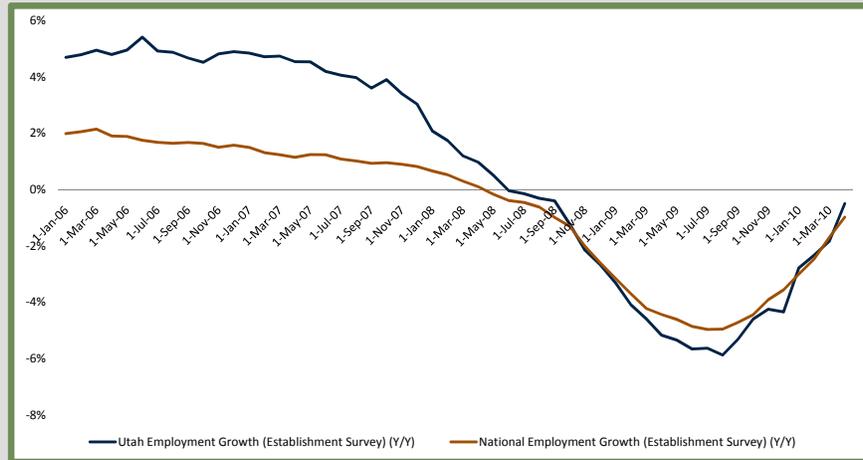
Corporate Income Tax



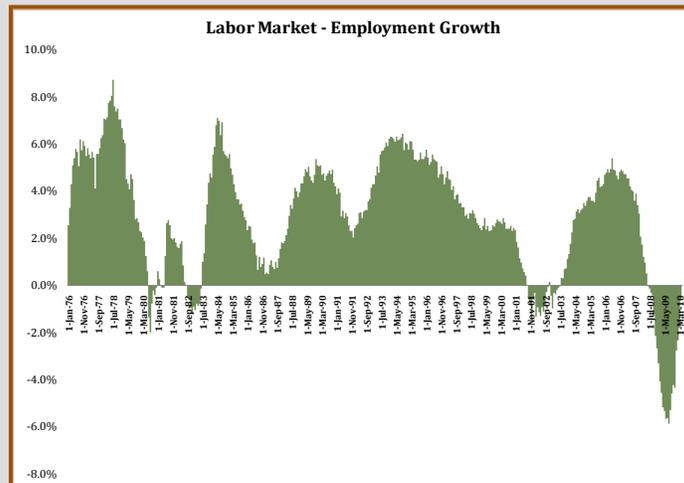
Wages and Employment

- At the peak of unemployment 84,300 jobs were lost.
- Employment declines are evident in most of the major categories.
- Productivity increases have led to reduced labor costs.

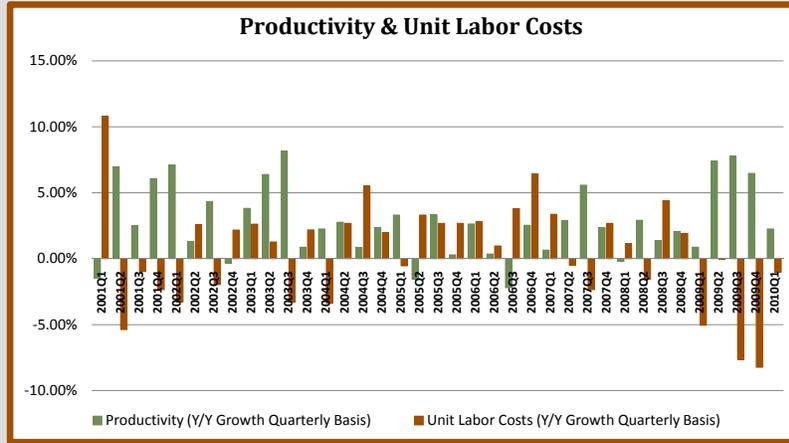
National and Utah Employment



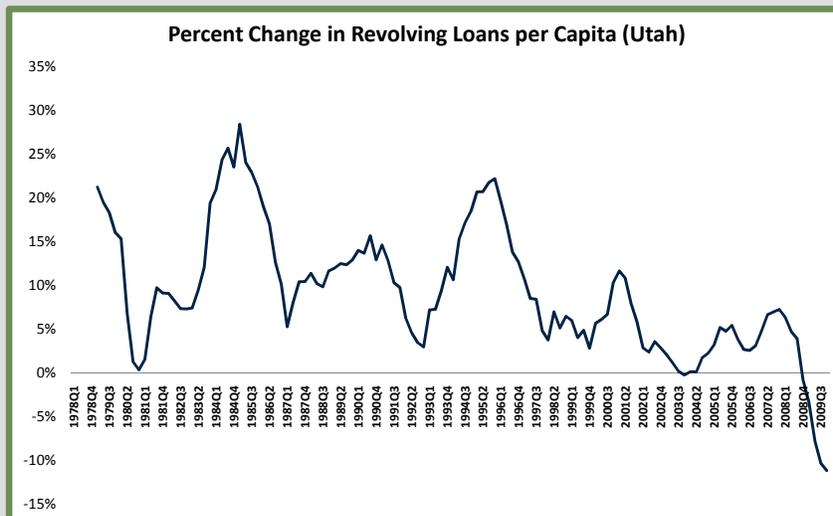
Employment Growth Rates



Productivity and Unit Labor Costs



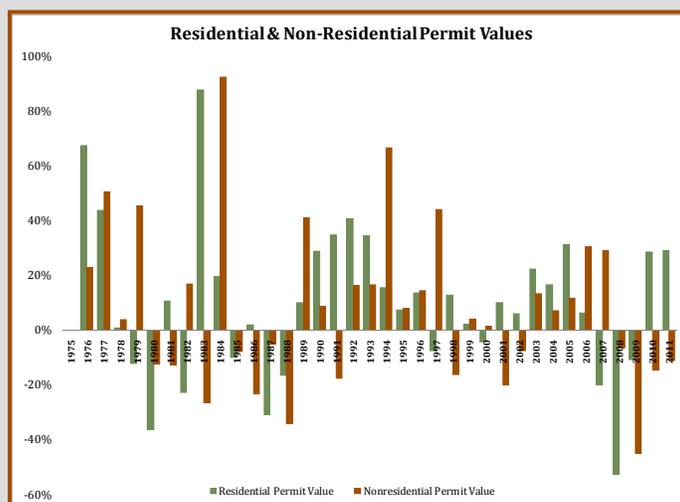
Credit Constraints



Construction

- Non-residential construction continues to decline.
- Dwelling permits show improvement.
- Apartment and condominiums are struggling.
- House values have dropped.

Residential and Nonresidential Permit Value



International and National Economic Conditions

- Government and consumer debt
- Slow growth
- Income and employment
- Uncertainty and lack of confidence

Debt Stabilization to Reach Benchmark

Nation	Debt-Stabilizing Primary Balance or Balance Needed to Bring Debt to Benchmark Level	
	10yr Deficit Cut Needed as a % of GDP	5yr CDS (May 31st)
Japan	13.4	90.0
UK	12.8	80.1
Ireland	11.8	232.4
Spain	10.7	218.8
Greece	9.0	663.2
US	8.8	37.0
Portugal	6.5	305.3
France	6.1	68.6
Italy	4.8	195.5
Australia	3.7	52.6
Germany	3.4	40.0
Korea	0.1	134.6

Source: International Monetary Fund

ISI Institutional Investor Consensus

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	Average	Low	High
Los Angeles			
U.S. Unemployment Rate in December 2011	8.80%	6.50%	14.00%
U.S. GDP Growth in December 2011	2.20%	0.00%	3.50%
Euro in December 2011	1.12	1.00	1.35
S&P in December 2011	1230	1000	1300
Chicago			
S&P in December 2011	1156	887	1400
How many jobs will be created in the next 12 months?	1.3m	0m	6m
How much will home prices change in 2011?	3%	-12%	15%

EARL (11 Months)

Tax Revenue (In Millions of Dollars)	FY 2009 Final	FY 2010 Budgeted	FY 2009 11 Mo. 6/14/2009	FY 2010 11 Mo. 6/14/2010	FY 2010 Budgeted Growth Rate	FY 2010 11 Mo. Growth Rate
Sales & Use Taxes	\$1,547.47	\$1,430.45	\$1,450.63	\$1,307.30	-7.6%	-9.9%
Individual Income Tax	2,338.59	2,228.93	2,188.67	1,985.39	-4.7%	-9.3%
Corporate Franchise Tax	268.87	216.80	237.56	224.98	-19.4%	-5.3%
Beer, Cigarette & Tabacco	60.61	53.15	56.73	52.63	-12.3%	-7.2%
Insurance Premium Taxes	82.98	86.25	79.80	75.04	3.9%	-6.0%
Severance Taxes	85.57	51.80	85.57	77.27	-39.5%	-9.7%
Other Sources	176.70	152.73	67.75	53.27	-13.6%	-21.4%
Total - General & Education Funds	\$4,560.79	\$4,220.11	\$4,166.72	\$3,775.88	-7.5%	-9.4%
Motor Fuel Tax	\$235.48	\$238.10	\$214.72	\$222.20	1.1%	3.5%
Special Fuel Taxes	101.23	92.25	94.18	86.04	-8.9%	-8.6%
Other Transportation Fund	80.35	79.90	65.89	66.01	-0.6%	0.2%
Total - Transportation Fund	\$417.06	\$410.25	\$374.79	\$374.25	-1.6%	-0.1%

Source: Legislative Fiscal Analyst, Utah State Division of Finance



Conclusions

Upside

- Housing stabilizing
- Labor stabilizing
- Wage increased

Downside

- Temporary employees
- Non-residential Construction
- Consumer spending