



GROSS TAXABLE SALES GROW RAPIDLY

Growth Rate Exceeds 11% for First Time Since 1993

Office of Legislative Research and General Counsel

HIGHLIGHTS

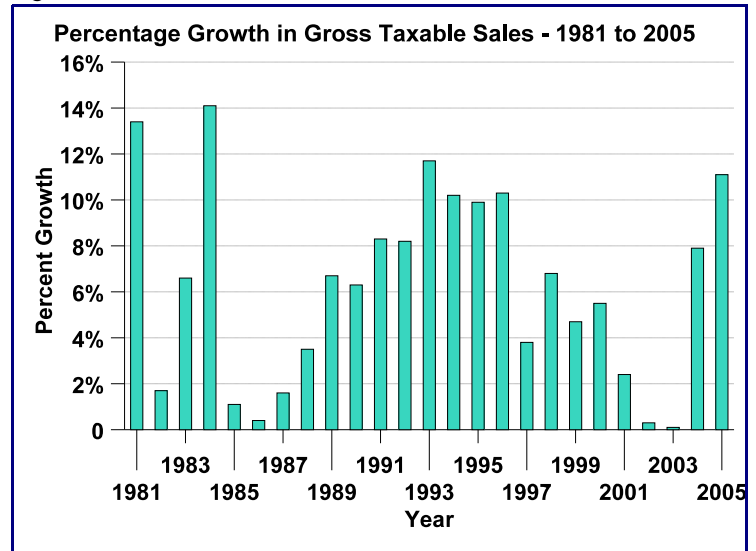
- Utah's gross taxable sales grew by 11.1 percent (\$3.9 billion) in 2005, reaching \$39 billion in total sales.
- This increase represents the largest one-year growth rate since 1993, and is only the fourth time since 1980 that taxable sales have increased by more than 11 percent.
- Retail Sales accounted for 46 percent (\$1.8 billion) of the total increase.
- Business Service purchases grew substantially (21 percent) for the first time in the past five years.
- Mining and Transportation taxable sales continued to grow rapidly at 39 percent and 37 percent respectively.
- Salt Lake, Utah, and Washington Counties accounted for 65 percent of the total state gross taxable sales growth.
- Juab and Daggett Counties experienced the fastest gross taxable sales increase in 2005 and have the highest average annual growth rate for the current decade.

Historical Gross Taxable Sales Growth

With total growth of 11.1 percent, Utah's 2005 taxable sales and purchases topped the 8.4 percent increase the state experienced in 2004. This is the highest annual growth rate since taxable sales increased 11.7 percent in 1993. An increase of 11 percent or greater has only occurred three other times in the past 25 years (1981, 1984, and 1993).

Figure 1 shows that sales have rebounded nicely since low rates of 0.3 percent in 2002 and 0.1 percent in 2003. Revenue estimators predict continuing growth through the current fiscal year.

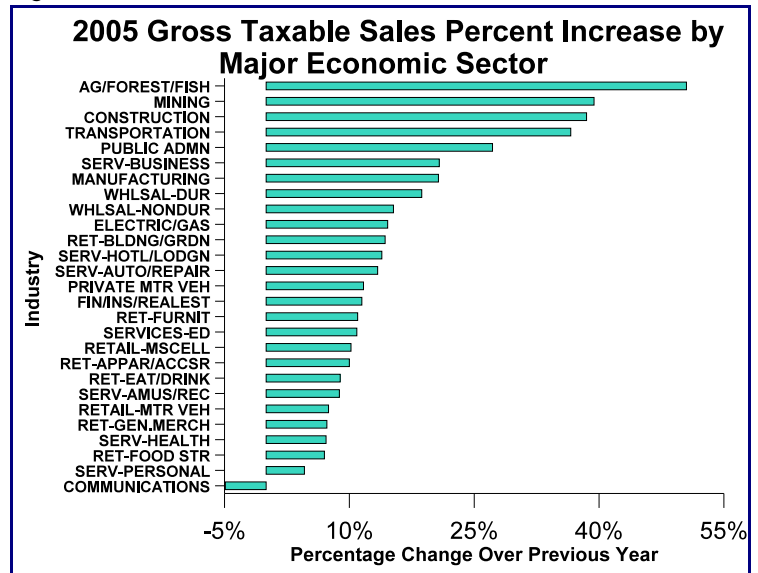
Figure 1



Major Economic Sectors

Several major economic sectors experienced robust growth in gross taxable sales during 2005. Figure 2 shows the percent change by industry. Mining purchases saw large

Figure 2

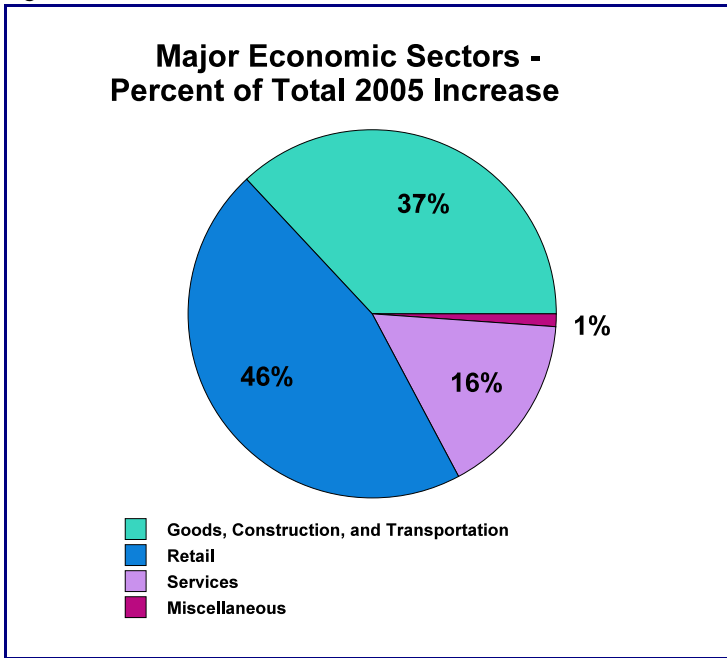


gains as oil and gas extraction continued as an important global issue. Demand for goods shipped in and out of Utah led to large increases for taxable purchases in the

transportation sector for the second year in a row (43.3 percent increase in 2004). Business service purchases rose sharply for the first time this decade up 20.8 percent. In addition, Motor Vehicle Sales continued to increase steadily, growing 7.5 percent in 2005.

Figure 3 shows the significance of Retail Sales growth, which makes up a large portion of the total taxable sales growth. However, the Retail Sales share of the total increase

Figure 3



is smaller than 2004 (61 percent), largely due to a strong showing from Business Service purchases in 2005.

Of the 29 major industries reported by the Utah State Tax Commission, only seven have sustained positive yearly growth since 2000: Agriculture, Forestry and Fishing; Building and Gardening; General Merchandise; Motor Vehicles Sales; Apparel and Accessories; Eating and Drinking; and Miscellaneous Retail. Agriculture, Forestry and Fishing is the only nonretail sector to sustain positive growth over each of the past five calendar years.

Gross Taxable Sales Growth by County

Most counties experienced solid growth in their gross taxable sales base during 2005. Wayne County, down 9.4 percent, was the only county that did not have a positive growth rate. The largest percent increases in taxable sales were in Daggett County (up 150 percent) and Juab County (up 102 percent). In 17 of the 29 counties, taxable sales

grew by more than 10 percent. Figure 5 (Page 3) shows growth rates for all 29 counties.

Figure 4

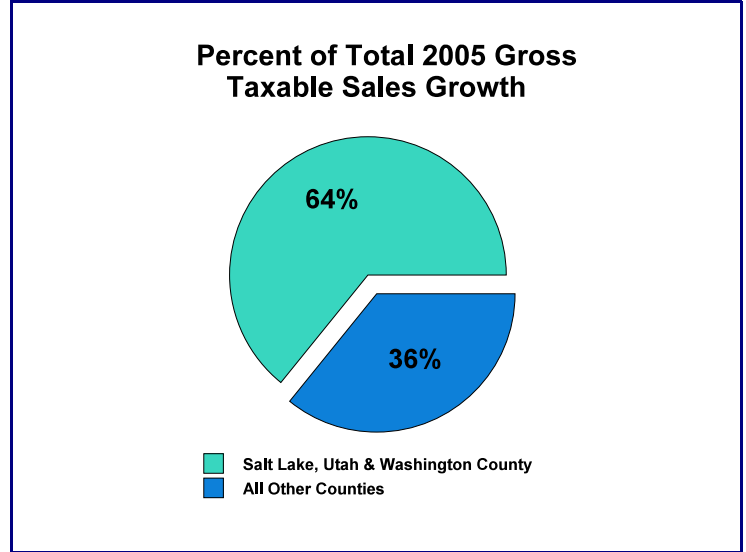


Figure 4 shows that nearly 65 percent of total growth occurred in Salt Lake, Utah, and Washington Counties. Salt Lake County alone is responsible for 37 percent or \$1.4 billion of the nearly \$3.9 billion of growth (See Figure 6 on Page 3). Despite large growth rates in other counties, most of Utah's total growth occurred in urban counties.

From 2000 to 2005, all of Utah's counties experienced increases in gross taxable sales. As with 2005, Juab and Daggett top the list with average increases of 24.5 percent and 22.3 percent respectively (See Table 1 on Page 4).

Summary

- Utah's total gross taxable sales grew rapidly in 2005 and is expected to show strong growth in 2006.
- Given the rarity of such a high rate of growth, the rates of increase will likely slow down in 2006.
- Sixty-five percent of total state gross taxable sales growth occurred in Salt Lake, Utah, and Washington Counties.
- A surprisingly strong year for taxable services indicates that wages, tourism, and business spending are doing well.
- The five fastest growing counties over the past five years are: Juab, Daggett, Uintah, Washington, and Duchesne.
- Salt Lake County accounted for 37 percent of total gross taxable sales growth in 2005.

Figure 5

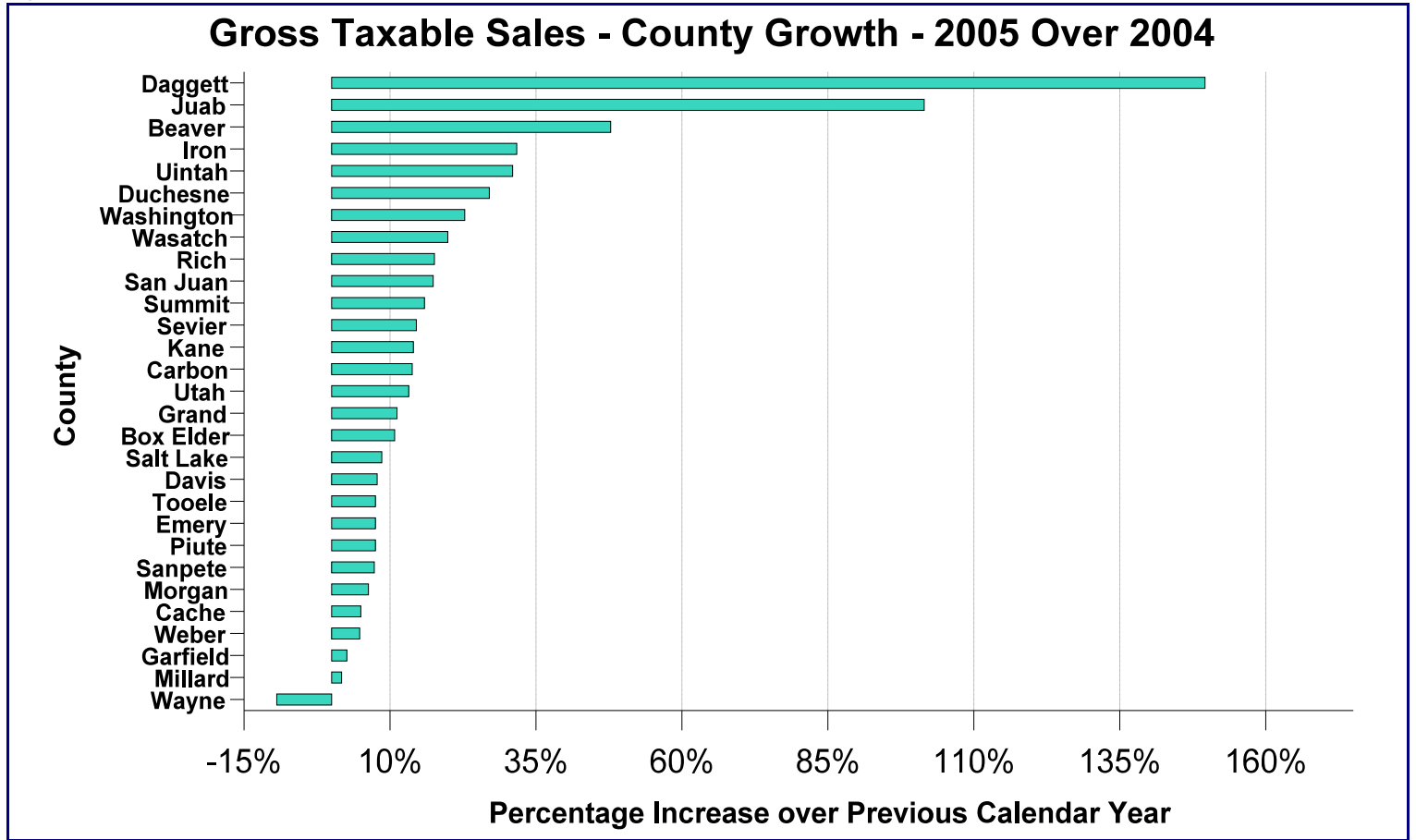
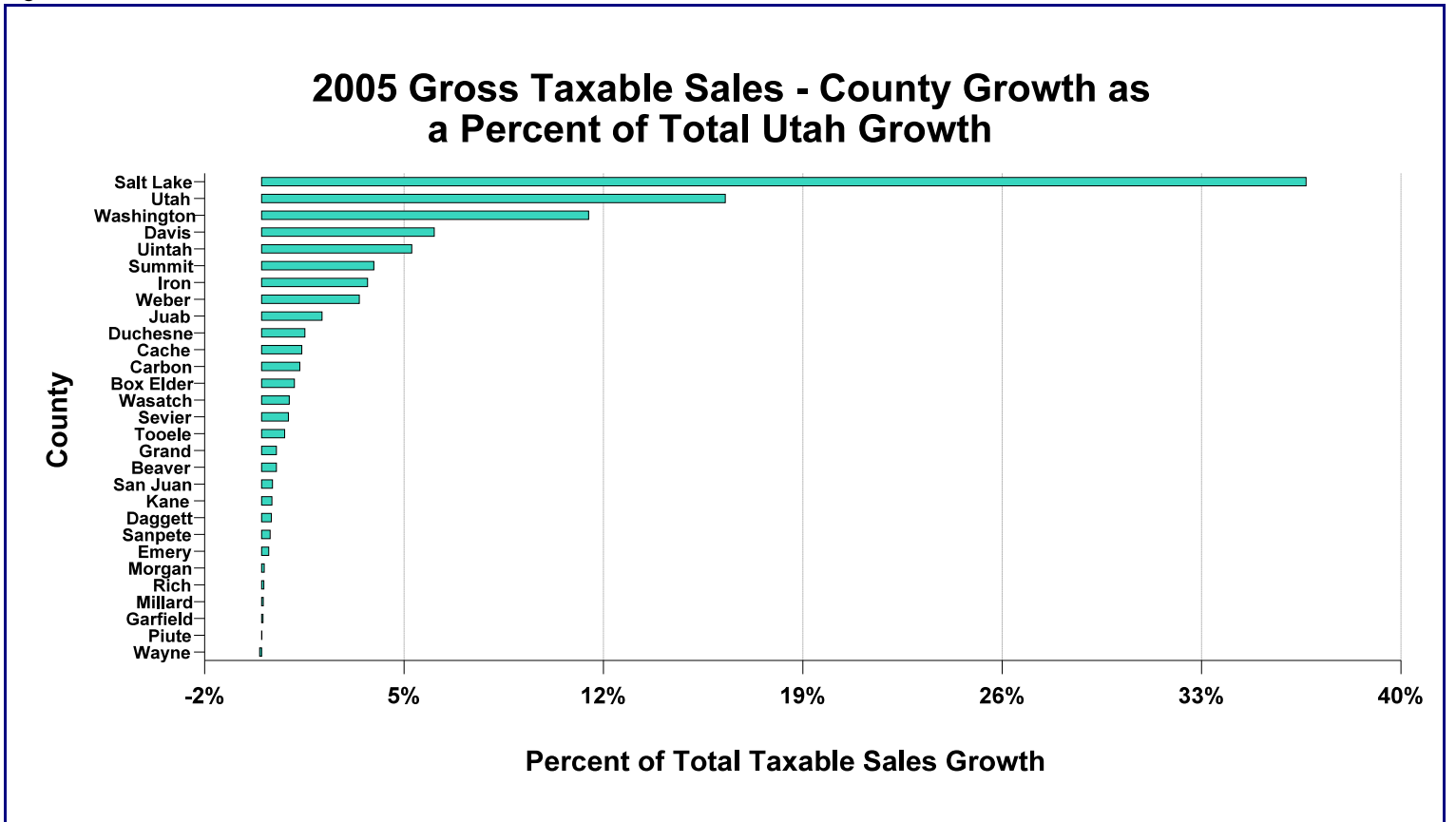


Figure 6



Gross Taxable Sales
Average Growth - 2000 to 2005
(millions of dollars)

County	2000 - 2001		2001 - 2002		2002 - 2003		2003 - 2004		2004 - 2005		Average Annual Increase 2000 to 2005
	2001 Gross Taxable Sales	Increase over previous year	2002 Gross Taxable Sales	Increase over previous year	2003 Gross Taxable Sales	Increase over previous year	2004 Gross Taxable Sales	Increase over previous year	2005 Gross Taxable Sales	Increase over previous year	
Juab	\$69.5	-6%	\$104.5	50%	\$99.2	-5%	\$81.1	-18%	\$163.5	102%	24.5%
Daggett	\$14.6	7%	\$14.7	1%	\$11.7	-21%	\$8.8	-25%	\$21.9	150%	22.3%
Uintah	\$497.9	13%	\$452.6	-9%	\$484.7	7%	\$658.7	36%	\$862.9	31%	15.6%
Washington	\$1,376.9	11%	\$1,503.3	9%	\$1,626.3	8%	\$1,950.2	20%	\$2,395.3	23%	14.3%
Duchesne	\$164.0	7%	\$145.1	-12%	\$157.0	8%	\$218.2	39%	\$277.0	27%	14.0%
Emery	\$102.8	31%	\$106.3	3%	\$104.3	-2%	\$127.8	23%	\$137.4	7%	12.5%
Summit	\$830.1	12%	\$862.3	4%	\$854.7	-1%	\$962.9	13%	\$1,115.6	16%	8.7%
Iron	\$420.5	1%	\$457.1	9%	\$480.1	5%	\$454.8	-5%	\$599.0	32%	8.2%
Tooele	\$363.3	10%	\$408.2	12%	\$325.2	-20%	\$415.9	28%	\$447.2	8%	7.5%
Beaver	\$57.2	-4%	\$78.6	38%	\$78.3	0%	\$41.8	-47%	\$61.8	48%	6.9%
Wasatch	\$174.0	1%	\$186.6	7%	\$184.2	-1%	\$189.0	3%	\$226.5	20%	5.9%
Sevier	\$219.6	0%	\$229.9	5%	\$225.9	-2%	\$251.1	11%	\$287.5	15%	5.8%
Cache	\$936.5	6%	\$991.9	6%	\$1,030.0	4%	\$1,100.6	7%	\$1,155.4	5%	5.6%
Utah	\$4,326.5	4%	\$4,394.3	2%	\$4,433.2	1%	\$4,772.4	8%	\$5,403.6	13%	5.4%
Rich	\$16.2	-3%	\$17.3	7%	\$18.4	6%	\$18.2	-1%	\$21.4	18%	5.3%
Millard	\$120.7	12%	\$128.8	7%	\$128.8	0%	\$134.5	4%	\$136.7	2%	5.0%
Davis	\$2,690.5	5%	\$2,759.2	3%	\$2,795.9	1%	\$3,014.6	8%	\$3,249.6	8%	4.9%
Carbon	\$362.0	4%	\$351.1	-3%	\$333.8	-5%	\$377.0	13%	\$429.0	14%	4.6%
Grand	\$166.0	2%	\$174.6	5%	\$163.6	-6%	\$178.8	9%	\$198.9	11%	4.3%
Sanpete	\$158.4	11%	\$158.2	0%	\$162.1	3%	\$161.8	0%	\$173.6	7%	4.0%
Box Elder	\$387.0	0%	\$397.6	3%	\$414.5	4%	\$412.9	0%	\$457.6	11%	3.4%
Weber	\$2,510.7	2%	\$2,552.4	2%	\$2,599.2	2%	\$2,754.4	6%	\$2,887.4	5%	3.3%
Wayne	\$23.6	1%	\$23.6	0%	\$27.6	17%	\$29.6	7%	\$26.9	-9%	3.1%
Piute	\$5.7	-1%	\$6.2	9%	\$6.6	7%	\$6.0	-9%	\$6.5	7%	2.6%
Salt Lake	\$15,864.9	0%	\$15,706.9	-1%	\$15,445.0	-2%	\$16,493.6	7%	\$17,915.2	9%	2.5%
San Juan	\$87.5	-2%	\$88.8	2%	\$85.2	-4%	\$84.5	-1%	\$99.2	17%	2.4%
Garfield	\$66.6	-9%	\$67.9	2%	\$68.8	1%	\$77.0	12%	\$79.0	3%	1.8%
Kane	\$101.9	-5%	\$99.8	-2%	\$97.5	-2%	\$100.0	3%	\$114.0	14%	1.4%
Morgan	\$55.3	0%	\$48.7	-12%	\$49.3	1%	\$54.2	10%	\$57.6	6%	1.2%