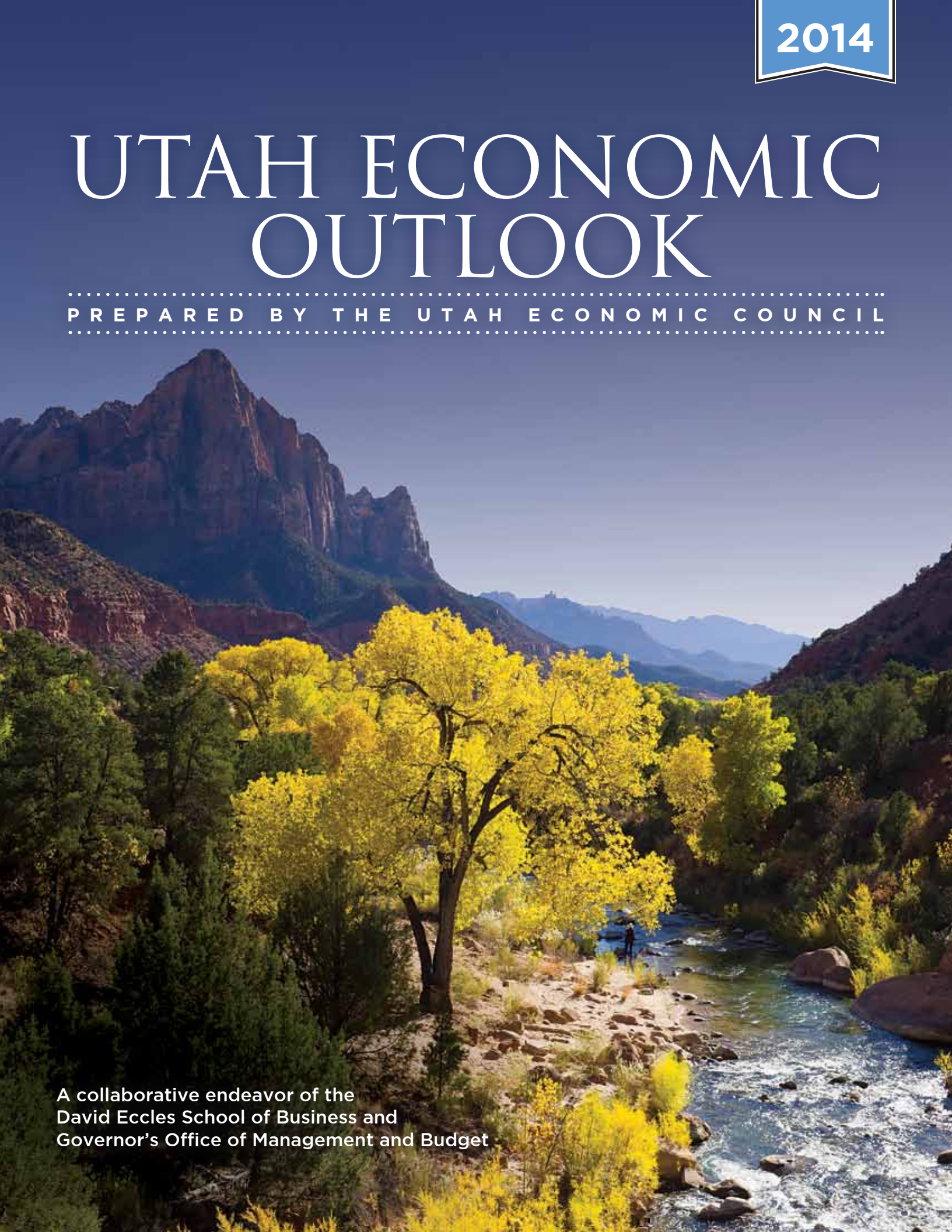


2014

UTAH ECONOMIC OUTLOOK

.....
P R E P A R E D B Y T H E U T A H E C O N O M I C C O U N C I L
.....



A collaborative endeavor of the
David Eccles School of Business and
Governor's Office of Management and Budget

Preface

For the past three years, the *Utah Economic Outlook* has served as a companion piece to the *Economic Report to the Governor* that has been published in the fall. This preeminent source for data, research, and analysis pertaining to the Utah economy has been and will continue to be a valuable tool, as it has been for the past two decades. The focus of the *Utah Economic Outlook* includes a summary of 2013 and a forecast for 2014.

The primary goal of the report is to improve the reader's understanding of the Utah economy. With improved economic literacy, decision makers in the public and private sectors will be able to plan, budget, and make policy decisions with an awareness of how their actions are both influenced by and impact economic activity.

New Partnership/Collaboration

In addition to the customary review and commentary brought forth by the Governor's Office of Management and Budget, the *2014 Utah Economic Outlook* will be the first to feature a new partnership with the Bureau of Economic and Business Research (BEBR) at the University of Utah. Established in 1932, BEBR is an applied research center at the David Eccles School of Business, interacting with both private and public entities and conducting independent studies across the state. Since its inception, BEBR has been a primary source of information on the Utah economy. In addition to this new partnership between the Governor's Office of Management and Budget and the Bureau of Economic and Business Research, authors from both the private and public sectors devote a significant amount of time to the creation of this report, ensuring the latest economic and demographic information is included. More detailed information about the findings in each chapter can be obtained by contacting the authoring entity.

Statistics Used in This Report

Statistical contents included in this outlook are derived from a multitude of sources that are cited at the bottom of each table and figure and are generally representative of the most recent year or period available. However, there may be a quarter or more of lag time before data are made final. It must be noted that all data in this report are subject to error due to a multitude of factors, including sampling variability, reporting errors, incomplete coverage, non-response, imputations, and processing error. If there are any questions or concerns regarding sources used or limitations, the appropriate entity should be contacted.

Statistics for States and Counties

This outlook focuses on data for the state, with occasional data for county geographies. For information about data for a different level of geography than shown in this outlook, the contributing entity should be contacted.

Electronic Access

This report is available on the Governor's Office of Management and Budget's website at gomb.utah.gov/budget-policy/demographic-economic-analysis/, as well as the website of the Bureau of Economic and Business Research at www.bebr.utah.edu.

Suggestions and Comments

Readers of the *Utah Economic Outlook* are encouraged to write with suggestions that will improve future editions and may be sent to the Bureau of Economic Research, 1655 Campus Center Drive, Room 1113, Salt Lake City, Utah 84112 or by email at bureau@business.utah.edu.

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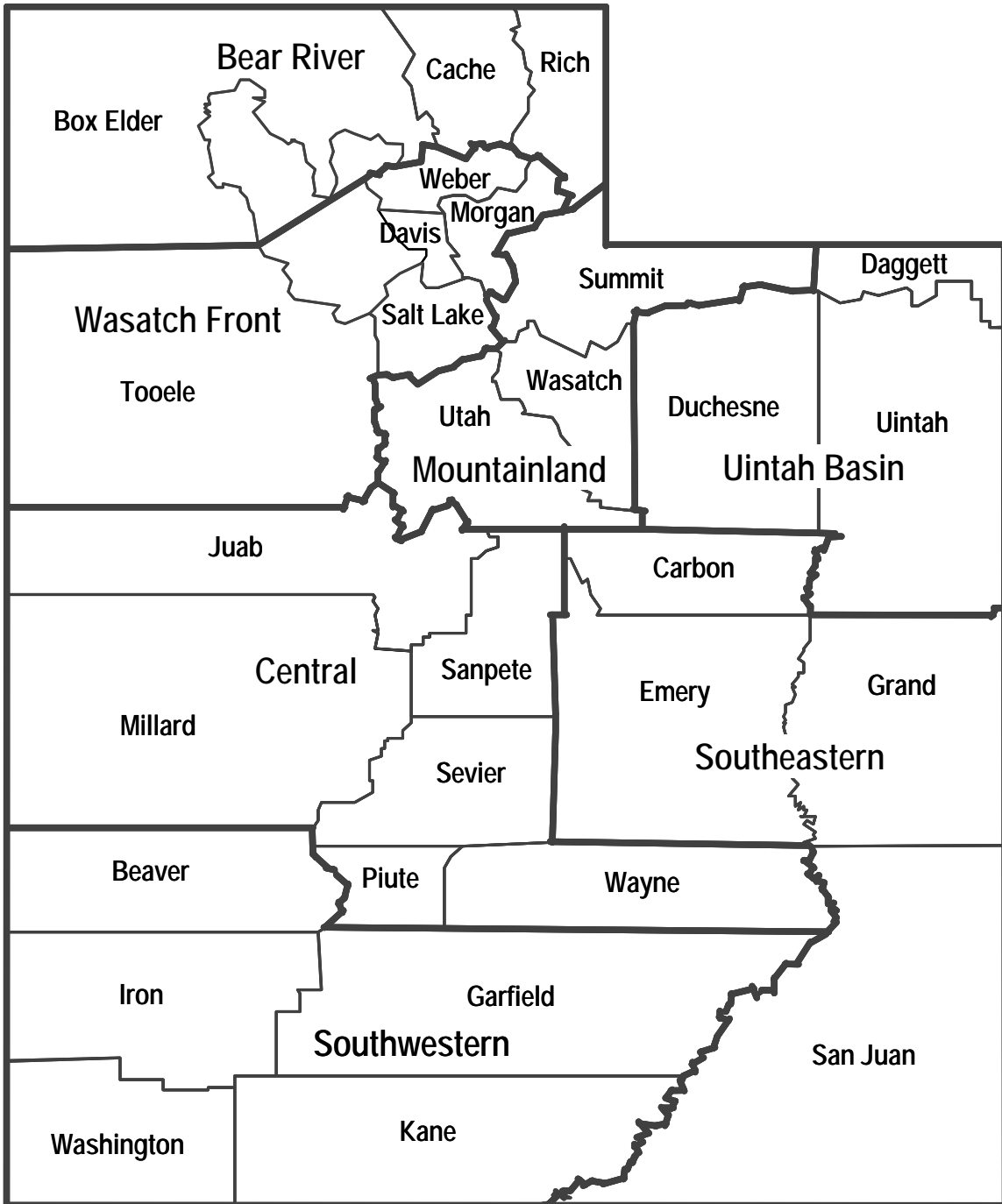
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Map of Utah



Economic Indicators for Utah and the United States

ECONOMIC INDICATORS	UNITS	2011	2012	2013	2014	PERCENT CHANGE		
		ACTUAL	ACTUAL	ESTIMATE	FORECAST	2012	2013	2014
PRODUCTION AND SPENDING								
U.S. Real Gross Domestic Product	Billion Chained \$2009	15,052.4	15,470.7	15,705.9	16,099.6	2.8	1.5	2.5
U.S. Real Personal Consumption	Billion Chained \$2009	10,291.3	10,517.6	10,714.5	10,981.2	2.2	1.9	2.5
U.S. Real Private Fixed Investment	Billion Chained \$2009	2,184.6	2,365.3	2,470.4	2,647.0	8.3	4.4	7.1
U.S. Real Federal Defense Spending	Billion Chained \$2009	794.6	769.1	718.4	722.2	-3.2	-6.6	0.5
U.S. Real Exports	Billion Chained \$2009	1,890.6	1,957.5	2,001.4	2,098.2	3.5	2.2	4.8
Utah Exports (NAICS, Census)	Million Dollars	18,930.2	19,255.8	19,294.3	21,024.2	1.7	0.2	9.0
Utah Coal Production	Million Tons	20.1	17.2	16.9	16.8	-14.5	-1.5	-0.6
Utah Crude Oil Production	Million Barrels	26.3	30.2	33.0	34.7	14.8	9.3	5.2
Utah Natural Gas Production Sales	Billion Cubic Feet	404.2	436.1	416.0	405.0	7.9	-4.6	-2.6
Utah Copper Mined Production	Million Pounds	533.0	358.6	407.9	400.0	-32.7	13.7	-1.9
Utah Molybdenum Production	Million Pounds	30.0	20.6	23.0	22.0	-31.2	11.4	-4.3
SALES AND CONSTRUCTION								
U.S. New Auto and Truck Sales	Millions	12.7	14.4	15.5	15.9	13.4	7.5	2.6
U.S. Housing Starts	Millions	0.61	0.78	0.91	1.15	28.0	16.7	26.1
U.S. Private Residential Investment	Billion Dollars	385.8	439.2	520.1	618.3	13.8	18.4	18.9
U.S. Nonresidential Structures	Billion Dollars	380.6	437.3	454.3	488.5	14.9	3.9	7.5
U.S. Home Price Index (FHFA)	1980Q1 = 100	313.1	313.0	333.5	363.2	0.0	6.6	8.9
U.S. Nontaxable & Taxable Retail Sales	Billion Dollars	4,630.5	4,874.4	5,083.9	5,278.8	5.3	4.3	3.8
Utah New Auto and Truck Sales	Thousands	82.2	96.8	108.2	119.5	17.7	11.8	10.4
Utah Dwelling Unit Permits	Thousands	9.1	13.5	13.0	14.0	48.9	-3.7	7.7
Utah Residential Permit Value	Million Dollars	1,700.0	2,582.0	2,719.9	3,134.2	51.9	5.3	15.2
Utah Nonresidential Permit Value	Million Dollars	1,195.8	1,063.0	900.0	1,100.0	-11.1	-15.3	22.2
Utah Additions, Alterations and Repairs Value	Million Dollars	863.7	653.0	750.0	800.0	-24.4	14.9	6.7
Utah Home Price Index (FHFA)	1980Q1 = 100	303.8	308.9	330.6	360.1	1.7	7.0	8.9
Utah Taxable Retail Sales	Million Dollars	21,799	23,510	24,864	26,134	7.9	5.8	5.1
Utah All Taxable Sales	Million Dollars	44,097	47,531	49,784	52,198	7.8	4.7	4.8
DEMOGRAPHICS AND SENTIMENT								
U.S. July 1st Population	Millions	312.3	314.6	317.0	319.5	0.7	0.8	0.8
U.S. Consumer Sentiment (U of M)	Diffusion Index	67.4	76.5	78.6	82.3	13.6	2.7	4.8
Utah July 1st Population (UPEC)	Thousands	2,813.9	2,852.4	2,897.2	2,946.1	1.4	1.6	1.7
Utah Net Migration (UPEC)	Thousands	2.3	2.4	8.2	11.7			
PROFITS AND RESOURCE PRICES								
U.S. Corporate Before Tax Profits	Billion Dollars	1,847.4	2,190.0	2,219.1	2,492.8	18.5	1.3	12.3
U.S. Corporate Profit [above less Fed. Res.]	Billion Dollars	1,771.4	2,118.3	2,140.9	2,413.2	19.6	1.1	12.7
West Texas Intermediate Crude Oil	\$ Per Barrel	95.1	94.2	99.4	104.8	-0.9	5.5	5.4
U.S. Coal Producer Price Index	1982 = 100	206.6	210.9	209.2	218.5	2.1	-0.8	4.4
Utah Coal Prices	\$ Per Short Ton	32.9	35.8	36.0	36.0	8.8	0.6	0.1
Utah Oil Prices	\$ Per Barrel	82.5	82.7	87.0	85.0	0.2	5.2	-2.3
Utah Natural Gas Prices	\$ Per MCF	3.90	2.75	3.65	4.00	-29.5	32.7	9.6
Utah Copper Prices	\$ Per Pound	4.00	3.60	3.40	3.15	-10.0	-5.6	-7.4
Utah Molybdenum Prices	\$ Per Pound	15.8	13.0	10.5	11.3	-17.7	-19.2	7.1
INFLATION AND INTEREST RATES								
U.S. CPI Urban Consumers (BLS)	1982-84 = 100	224.9	229.6	233.0	236.8	2.1	1.5	1.6
U.S. GDP Chained Price Index (BEA)	2005 = 100	103.2	105.0	106.5	108.4	1.7	1.4	1.8
U.S. Federal Funds Rate (FRB)	Effective Rate	0.10	0.14	0.12	0.16			
U.S. 3-Month Treasury Bills (FRB)	Discount Rate	0.05	0.09	0.05	0.08			
U.S. 10-Year Treasury Notes (FRB)	Yield (%)	2.79	1.80	2.33	2.91			
30 Year Mortgage Rate (FHLMC)	Percent	4.46	3.66	4.00	4.59			
EMPLOYMENT AND WAGES								
U.S. Establishment Employment (BLS)	Millions	131.5	133.7	135.9	138.3	1.7	1.6	1.7
U.S. Average Annual Pay (BLS)	Dollars	50,485	51,794	52,389	53,796	2.6	1.1	2.7
U.S. Total Wages & Salaries (BLS)	Billion Dollars	6,638.7	6,926.8	7,119.8	7,438.8	4.3	2.8	4.5
Utah Nonagricultural Employment (DWS)	Thousands	1,208.6	1,248.9	1,290.5	1,330.4	3.3	3.3	3.1
Utah Average Annual Pay (DWS)	Dollars	39,689	40,646	41,245	42,276	2.4	1.5	2.5
Utah Total Nonagricultural Wages (DWS)	Million Dollars	47,968	50,762	53,227	56,085	5.8	4.9	5.4
INCOME AND UNEMPLOYMENT								
U.S. Personal Income (BEA)	Billion Dollars	13,191	13,744	14,129	14,796	4.2	2.8	4.7
U.S. Unemployment Rate (BLS)	Percent	8.9	8.1	7.5	7.1			
Utah Personal Income (BEA)	Million Dollars	96,175	101,163	105,192	110,814	5.2	4.0	5.3
Utah Unemployment Rate (DWS)	Percent	6.9	5.7	4.8	4.2			

Sources: State of Utah Revenue Assumptions Working Group and IHS Global Insight, October 2013.

UTAH ECONOMIC OUTLOOK

2014

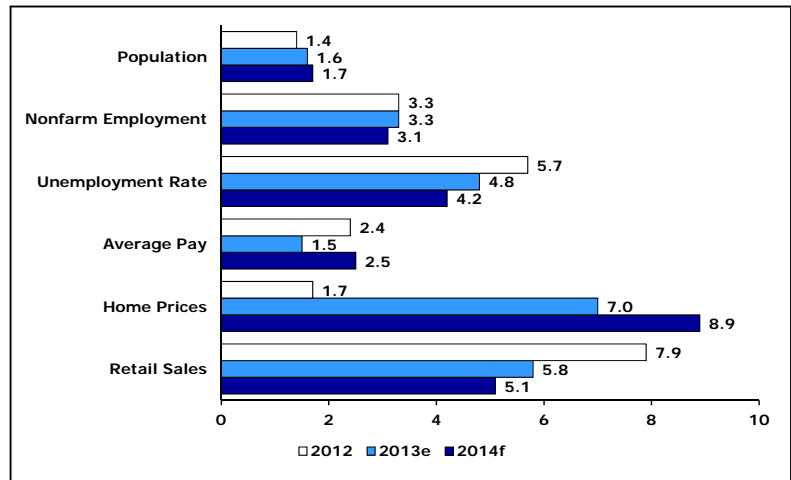
Executive Summary

Outlook

Overview of the Economy—Utah typically grows more rapidly than the nation after a recession, and this pattern is continuing in the current recovery. For the U.S., employment grew 1.6 percent in 2013, compared to 3.3 percent for Utah. While employment increased during 2013, Utah's unemployment rate also improved to 4.8 percent, lower than the rate in 2012. Though housing stabilized, with building permits at 12,500 in 2013, home-building is not leading the economy as it does during a typical recovery.

Outlook 2014—Utah's employment is expected to grow at 3.1 percent, equal its long-term average, while the nation increases to 1.7 percent. With job growth near the long-term average, the unemployment rate will decrease to 4.2 percent. In contrast to the early stages of the recovery, housing will provide noticeable support to the expansion. Construction employment will grow 7 percent in 2014. The continuing housing recovery accounts for most of the strong showing in construction.

Figure 1: Utah Economic Indicators: 2012-2014



Source: Council of Economic Advisors' Revenue Assumptions Working Group e = estimate f = forecast

Highlights

Personal Income—Utah's total personal income is estimated to have increased by 4 percent in 2013, lower growth compared to the 5.2 percent increase in 2012. The 2013 increase in personal income was led by strong wage growth, 4.9 percent. All sources of income were positive in 2013. Moving into 2014 as the economy continues to recover from the recession, Utah personal income is expected to increase by 5.3 percent, 0.6 percentage points above the anticipated U.S. increase. Per capita personal income is forecast to increase 3.6 percent in 2014, slightly decreasing the ratio of per capita personal income in Utah to the U.S. average to 81.2 percent.

Utah Taxable Sales—Total taxable sales were estimated to increase by 4.7 percent to \$49.8 billion in 2013, which is the fourth consecutive year of positive growth. Retail trade was estimated to grow by 5.7 percent in 2013 while business investment and utility taxable sales were estimated to grow 0.4 percent, and taxable services are expected to increase by 6.5 percent. In 2014, overall growth is expected with taxable sales estimated to increase 4.8 percent. These increases are expected as a result of rising consumer confidence and improvements in the labor and housing markets but are also restrained by federal spending cuts as well as changes in tax policy.

Tax Collections—The Consensus Revenue Forecast for the General and Education Fund was released in the Governor's FY2014 Budget Recommendation. General and Education Fund unrestricted revenue is forecast to decline 1.5 percent (\$82 million) in FY2014 to \$5,247.24 million, and to increase 3.8 percent in FY2015 to \$5,447.22 million. The primary reason for the FY2014 decline is that final FY2013 revenues came in higher than anticipated due to income shifting into FY2013 from FY2014 as a result of changes in the federal tax law. Tax collections have received a boost from an improving housing sector, strong demand for motor vehicles, healthy corporate profits, stock market gains, and steady growth in the labor market. Steady, although modest, economic growth is expected in the next two years. Taxable sales growth is estimated to be 4.8 percent in 2014.

Construction—Utah's construction sector will expand in 2014 with valuation increasing by 18 percent to \$4.8 billion. Nonresidential construction will see the greatest improvement as job growth and reduced vacancies in office, retail and industrial buildings spur new development. The value of nonresidential construction in 2014 is forecast to reach \$1.1 billion. In 2014 multifamily construction should also see some improvement with 3,000 new units, a 20 percent increase over 2013. The single-family market will benefit from pent-up demand which should push new home construction to 11,000 units, an increase of 10 percent.

Table 1: Utah Rankings

Demographic	State Rank	Value	Year	Economic	State Rank	Value	Year
Population Growth Rate	3rd	1.6%	2013	Rate of Job Growth	7th	2.2%	Nov. 2013
Fertility Rate	1st	2.38	2011	Unemployment Rate	4th	4.3%	Nov. 2013
Life Expectancy	10th	80.2	2010	Urban Status	13th	86.7%	2010
Median Age	1st	29.9	2012	Median Household Income	13th	\$58,235	2010-2012
Household Size	1st	3.14	2012	Average Annual Pay	37th	\$41,300	2012
Social Indicators				Per Capita Personal Income	47th	\$34,601	2012
Poverty Rate	8th	10.7%	2010-2012	Notes: 1. Rankings are based on the most current national data available for all states, and may differ from other data.			
Educational Attainment							
Persons 25+ w/high school degree	10th	91.0%	2012	2. Rank is most favorable to least favorable.			
Persons 25+ w/bachelor's degree	16th	30.7%	2012				

Employment and Wages

Employment—Total nonfarm employment increased by 41,497 jobs (3.3 percent) in 2013 and is expected to increase by 39,918 jobs (3.1 percent) in 2014.

Unemployment—Utah’s 2013 unemployment rate was 4.8 percent, down from 5.7 percent in 2012. In 2013, there were an average of 66,314 unemployed Utahns. The unemployment rate is anticipated to decline to 4.2 percent in 2014.

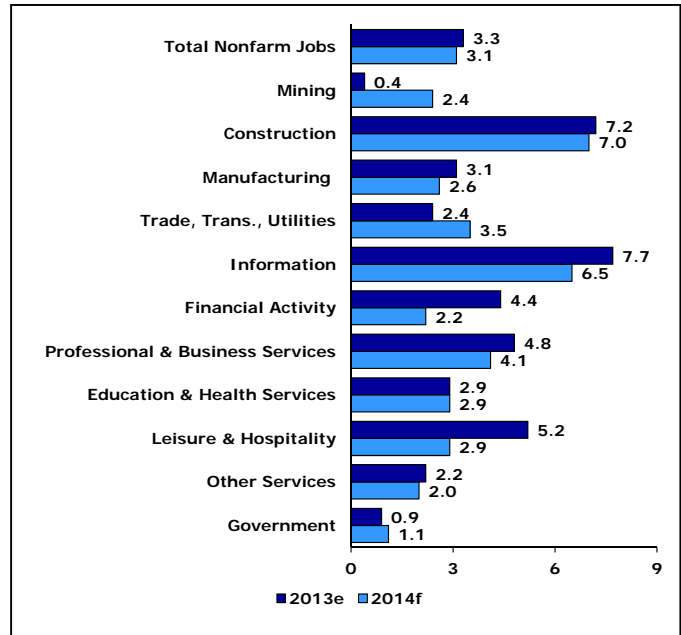
Average Wage—In 2013, Utah’s average annual nonfarm wage was \$41,245, an increase of 1.5 percent from 2012. The average annual wage is forecast to increase 2.5 percent in 2014.

Table 2: Employment, Wages, and Income

Total Nonfarm Employment (2014)	1,330,350
Change (2013-2014)	39,918
Percent Change (2013-2014)	3.1%
Unemployment (2014)	4.2%
Total Nonfarm Wages (2014)	\$56.1 billion
Percent Change (2013-2014)	5.4%
Average Annual Wage (2014)	\$42,276
Percent Change (2013-2014)	2.5%
Total Personal Income (2014)	\$110.8 billion
Percent Change (2013-2014)	5.3%
Per Capita Personal Income (2014)	\$37,614
Percent Change (2013-2014)	3.6%

Source: Revenue Assumptions Working Group 2014 = Forecast

Figure 2: Percent Change in Utah Employment by Industry



Demographics

2013 Census Bureau State Population Estimates—At the end of December 2013, the U.S. Census Bureau released the July 1, 2013 population estimates for the nation and states. The total July 1, 2013 population estimate for the United States was 316,128,839. This represents a population increase of 2,255,154 people or 0.7 percent from 2012. This is the slowest national growth since the 1940s. Utah’s 2013 total population estimate was 2,900,872. This represents a population increase of 46,001 people or 1.6 percent from 2012, ranking Utah third among states and the District of Columbia in population growth. Utah grew more than twice as fast as the nation from 2012 to 2013.

Table 3: Utah and U.S. Population Estimates

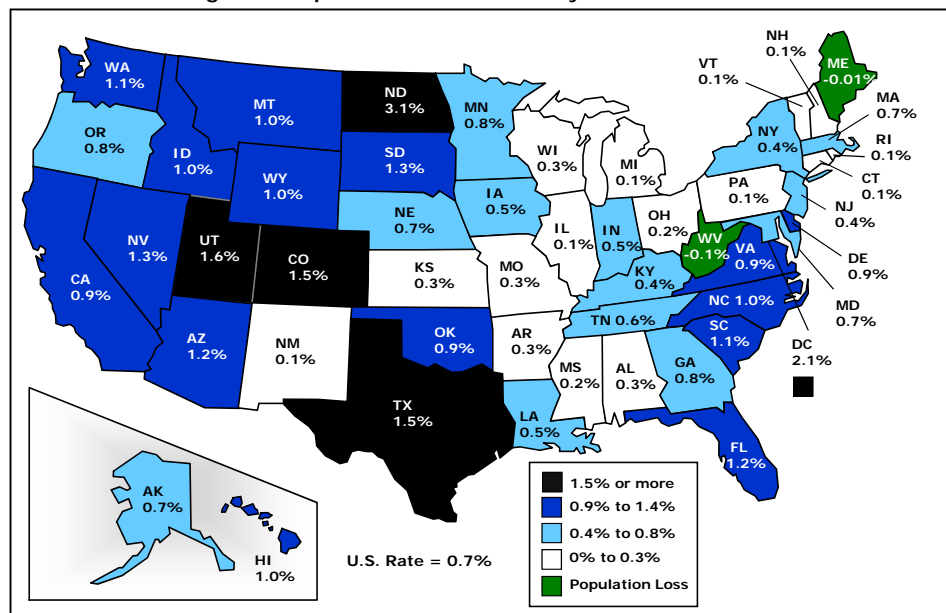
	Utah	United States
2012 Estimate	2,854,871	313,873,685
2013 Estimate	2,900,872	316,128,839
2012-2013 Percent Change	1.6%	0.7%
2012-2013 Absolute Change	46,001	2,255,154

Source: U.S. Census Bureau

Rate of Growth—The majority of states with the highest growth rates from 2012 to 2013 were located in the West and South regions of the United States. The top ten states or equivalent with the highest growth rates include: North Dakota (3.1 percent), District of Columbia (2.1 percent), Utah (1.6 percent), Colorado (1.5 percent), Texas (1.5 percent), Florida (1.2 percent), Arizona (1.2 percent), Nevada (1.3 percent), South Dakota (1.3 percent), and Washington (1.1 percent).

2014 Outlook—Utah will continue to experience population growth at a rate higher than most states in 2014 on account of strong natural increase in addition to in-migration. Natural increase (births less deaths) is anticipated to add 37,200 people to Utah’s population. While net in-migration has slowed during the economic recession, Utah’s net migration is projected to increase to 11,700 people.

Figure 3: Population Growth Rates by State: 2012-2013



National Outlook

The outlook for the United States will continue to depend upon the quality of policy produced by leaders on a national level. During the fourth quarter of 2013, a partial government shutdown and threat of a U.S. default proved to be disruptive, impacting both business and consumer sentiment. While there are signs that negative effects associated with the budget debacle will be transitory, unsettling national governance and its effects on the broader economy should not be discounted.

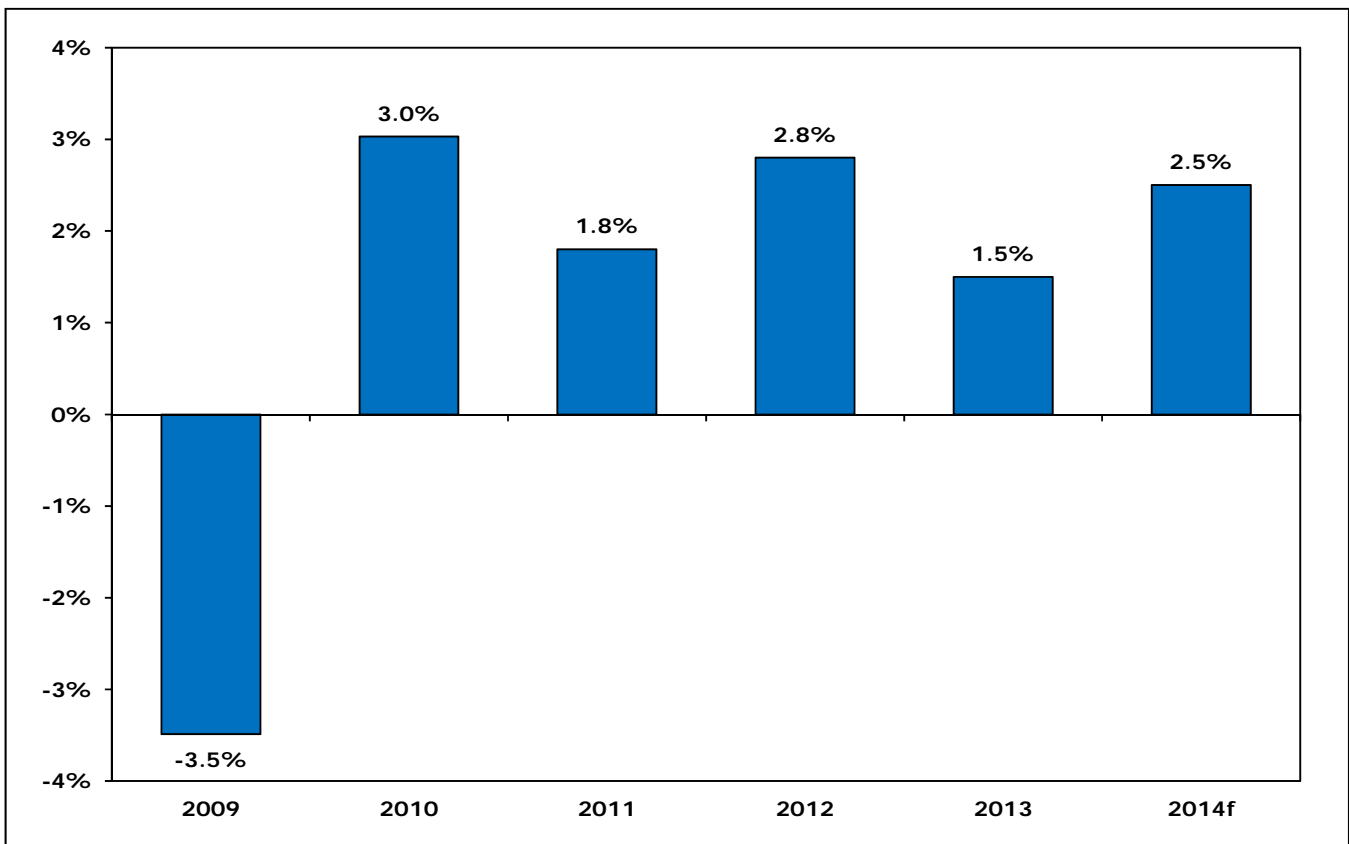
Events such as the government shutdown and debt ceiling debates are particularly damaging due to the fact that they affect confidence, an important point, because consumer spending accounts for approximately 70 percent of economic activity in the United States. Damage to business sentiment is also of particular concern. Companies continue to maintain large amounts of cash on their balance sheets and are reluctant to deploy capital amid elevated uncertainty. This is troublesome, as businesses are in the best position to increase demand while consumers and governments continue adjusting to post-recession realities. Consequently, major drivers of economic activity are inhibited by disruptive governance.

While a deal was reached to end the partial government shutdown and raise the debt ceiling, it was a very short-term agreement. A continuing resolution passed in October 2013 funded the federal government through January 15, 2014 and the debt ceiling was raised through February 7, 2014. This means budget battles and their accompanying negative impacts could spill over into 2014.

However, the budget compromise reached by Representative Paul Ryan and Senator Patty Murray in December 2013 is encouraging. By reaching a deal, at least one potential headwind (another government shutdown) was likely averted. Furthermore, it lessens the impact of sequestration and will reduce deficits by about \$85 billion over the next ten years, according to the Congressional Budget Office. This is achieved by allowing higher levels of spending, but offsetting it with increases in fees and implementing other permanent cost-saving measures.

The deal is significant in the sense that it provides a badly needed victory for pragmatism in Congress, and provides additional time for them to work on a broader agreement.

Figure 4
United States Real GDP Growth



Source: State of Utah Revenue Assumptions Working Group

Still, long term structural problems such as spending on entitlement programs were not included, and neither was tax reform. This means broader questions surrounding the sustainability of U.S. fiscal policy beyond the short term remain.

Furthermore, the deal does not raise the debt ceiling, which means the potential for highly disruptive political disputes remains a possibility in 2014. In fact, the debt ceiling maintains the most potential to disrupt financial markets and inflict pain on the economy. As such, the greatest victory for the Murray-Ryan deal would be if it provides a foundation for practical governance.

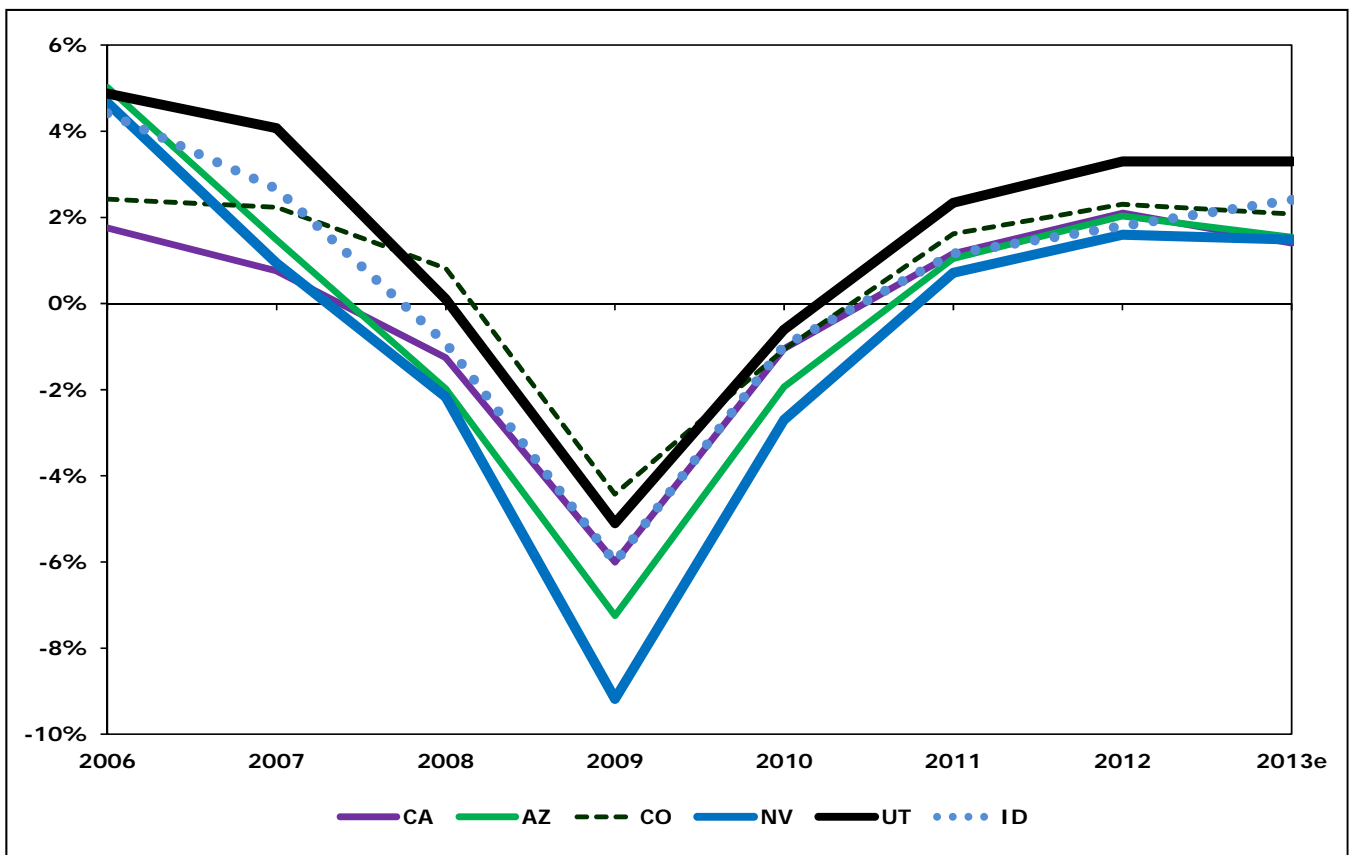
Beyond fiscal policy, adjustments in monetary policy will also impact U.S. economic performance. If extreme market volatility occurs, it could introduce even more uncertainty into the outlook. Sectors of the economy sensitive to interest rates, such as housing, will also be affected by changes in Fed poli-

cy. With these potential changes, however, it is important to note that Fed policy is expected to maintain an accommodative bias throughout 2014.

Looking ahead, the U.S. economy will benefit from positive developments in key industries, such as tech and energy. Furthermore, the housing and auto sectors will continue to contribute to growth during the coming year. In addition, the private sector is well positioned and capable of achieving higher levels of growth.

Altogether, steady improvement is expected on the national level with potential for accelerated growth going forward (depending on policy), but risks to the outlook remain. Real GDP growth for the coming year is projected to be 2.5 percent, representing an improvement over 2013's rate of 1.5 percent.

Figure 5
Job Growth in Western States



Source: Salt Lake County, Federal Reserve Bank of St. Louis

Utah Outlook

Over the last several years, Utah has outperformed a sluggish national economy. Absent any significant deterioration in the macro-economic environment, this trend is expected to continue. Still, it is important to recognize that the state's economy is not completely insulated from exogenous pressures. Recent data indicate the state's economy softened from the spring going into the fall of 2013, reflecting a similar trend nationally; but this is expected to be a temporary dip in growth levels and should not extend beyond the first half of 2014. However, as growth rates level off in Utah, the spread between national and state growth levels will narrow in 2014.

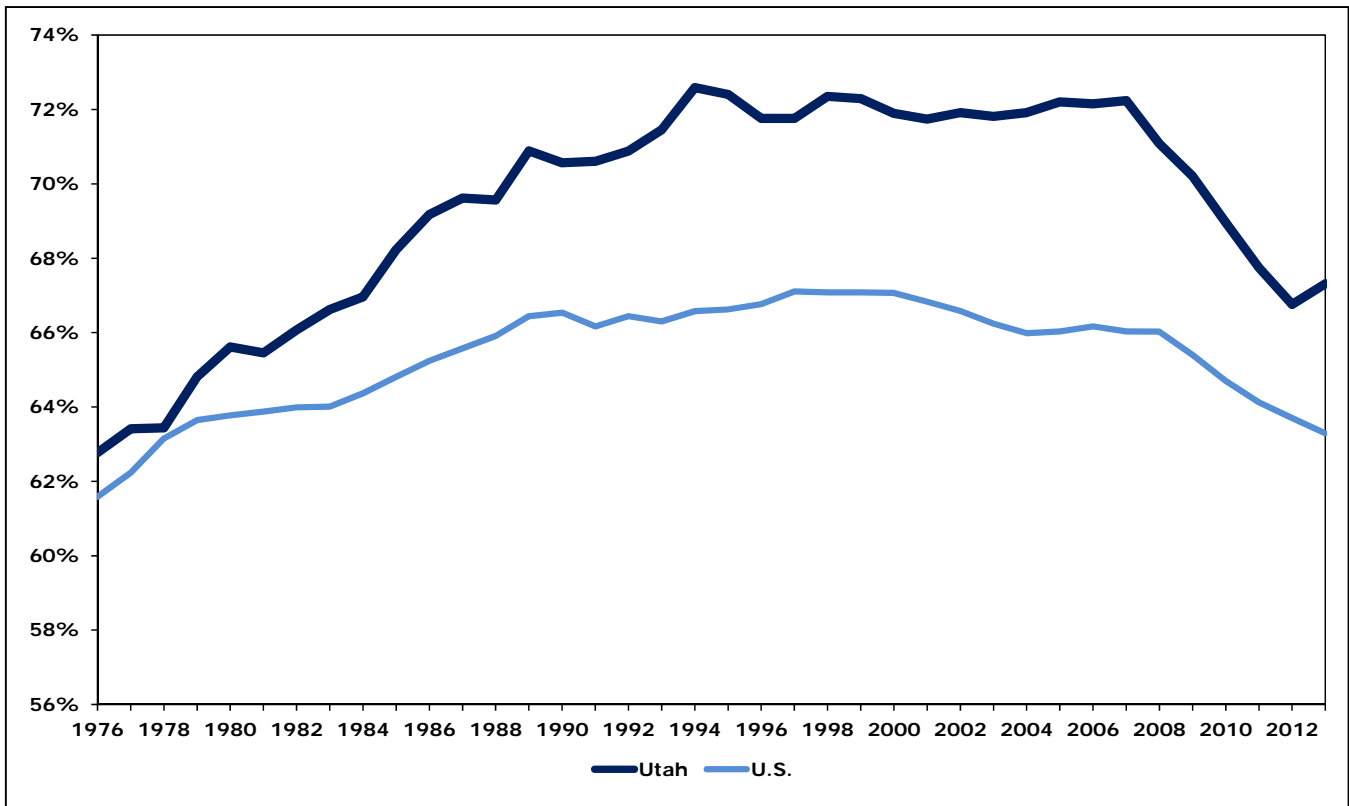
Improvement in the state's labor market will continue during the coming 12 months. Job growth, at 3.1 percent in 2014, will be near, but slightly below the state's long-term average. This growth will bring Utah's unemployment level down to 4.2 percent by the end of 2014. However, it should be noted that labor participation rates in the state continue to be of concern; while Utah recovered all of the jobs lost during the Great Recession, labor force participation remains well below pre-recession levels. Frustratingly, while employment growth

in Utah is expected during 2014, anticipated levels will remain below potential.

Aside from the possibility of unanticipated shocks on a global or national level, primary risks to the state's economic outlook emanate from a lack of policy leadership from Washington. However, there is reason to be optimistic that extremely negative policy outcomes can be avoided. For example, the Murray-Ryan budget deal lessened the impact of budget cuts called for in the Budget Control Act of 2011. This is worth noting, because although sequestration would be manageable for state agencies, the potential for greater economic damage would come from defense cuts and negative effects on consumer and business confidence.

Direct impacts of the federal sequester, which began in 2013, are already being felt in the state. One company with a significant presence in Utah reduced its workforce through a combination of layoffs and employee buyouts during the third quarter of 2013. This reduction represented roughly 12 percent of the firm's area workforce. Federal budget cuts were

Figure 6
Labor Force Participation Rate



Note: Axis does not start at zero

Source: Bureau of Labor Statistics

cited as the reason for decreased demand for products and services, necessitating the reduction.

However, recent news that Hill Air Force Base was chosen to house the new F-35 Joint Strike Fighter bodes well for the future of defense-related activity in Utah. The nation's first operational fleet of the new jet will be located at Hill Air Force Base where F-35 maintenance and support are already present. Nevertheless, it is unlikely the state will completely escape negative effects from budget cuts, but such news provides assurances Utah will be spared from worst-case scenarios.

Another concern for Utah's economy is reduced production at Rio Tinto Kennecott's Bingham Canyon Mine due to its large contribution to economic activity. Production fell at the site due to a massive landslide that occurred early in 2013. However, such effects will be temporary as affected areas will be brought back online over the course of the next 24 to 36 months. Furthermore, production in unaffected areas, as well as activities to recover production in damaged areas, will continue to support the state's economy.

Aside from negative risks, there are many developments in the state that will support growth over the short term and continue to yield dividends into the future. Two notable projects with regional and potentially broader impacts include the Huntsman Cancer Institute's \$100 million expansion and the \$2.3 billion Terminal Redevelopment Program at Salt Lake City International Airport. Both projects will serve to enhance northern Utah's profile on several levels and provide world-class services. The positive impact of these projects will be felt starting in 2014 as construction commences.

Looking ahead, Utah's favorable demographic profile, continued labor market improvements and particularly dynamic

sectors such as tech, energy and medical research will fuel growth. Another key area, housing, will contribute to growth during the coming year. Additionally, as companies look to guard their bottom line amid an uncertain atmosphere, Utah's stable and low-cost business environment will continue to support existing operations and attract new businesses and capital.

Conclusion

During the coming year, Utah will experience moderate growth. Nationally, growth levels are expected to continue improving. However, the state economy will not outperform the U.S. to the degree that it did following the Great Recession. Although steady improvement is expected during the coming year, questions remain going forward.

Structural issues plaguing large economies around the globe with broad implications will continue to weigh on growth and add to risks beyond 2014. On a national level, the Ryan-Murray budget deal provides hope that worst-case scenario budget battles will not occur during the coming year. However, the debt ceiling will need to be raised in 2014. The manner in which policymakers handle this issue will impact the U.S. and Utah economies during the coming year. Consequently, policymakers will remain in the economic driver's seat in 2014. In addition to fiscal questions, efforts by the Federal Reserve to begin normalizing monetary policy will affect markets and possibly broader economic conditions.

Although Utah's economic outlook gives much reason for optimism, a proactive stance on the part of policymakers will be required to realize its full potential. In a rapidly evolving and competitive global economy, the state's ability to manage environmental issues, enhance its human capital through education and maintain adequate infrastructure will be key areas affecting growth over the long term.

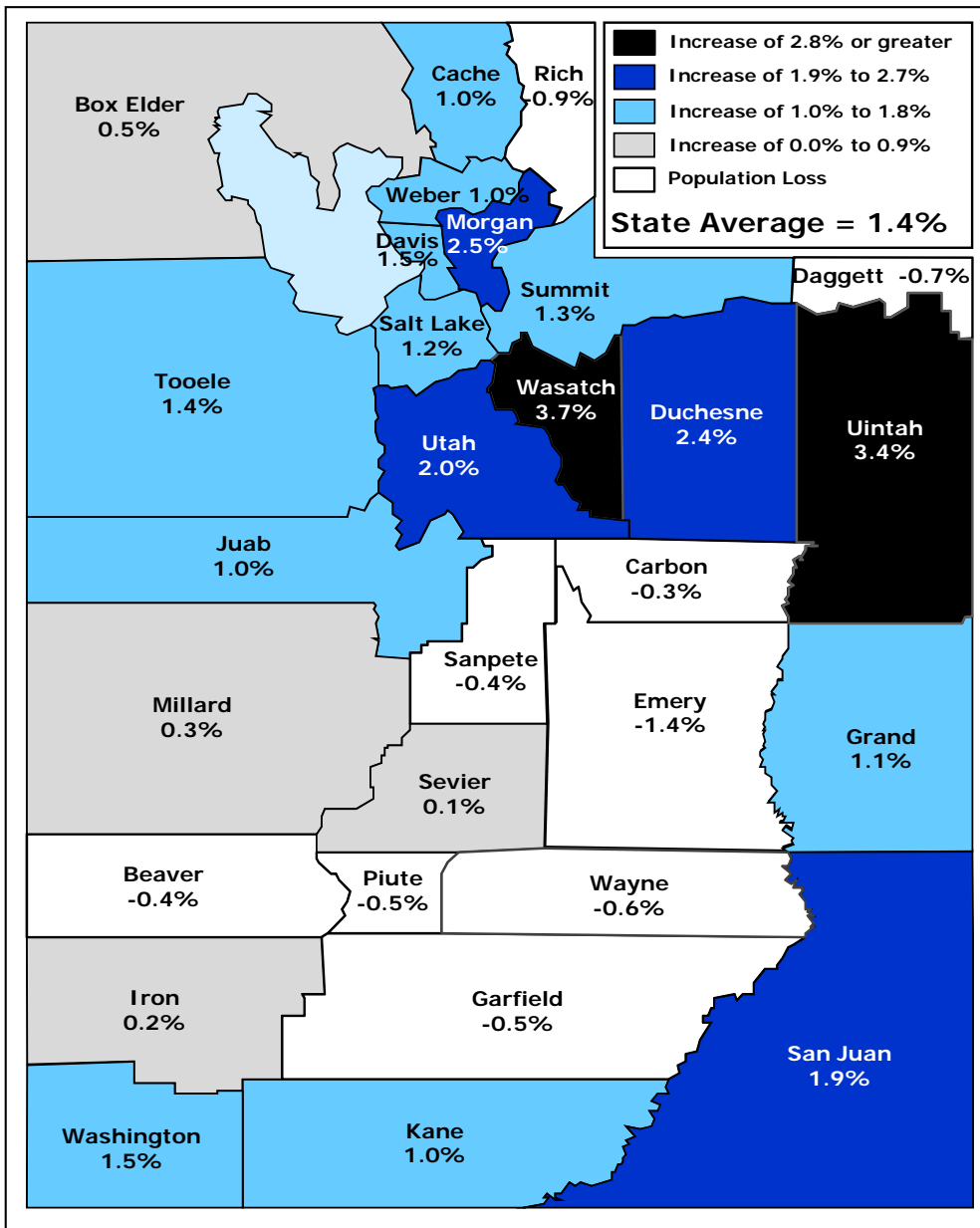
Economic Indicators

Demographics

The State of Utah's official July 1, 2012 population was estimated to be 2,852,589, an increase of 1.4 percent from 2011, according to the Utah Population Estimates Committee (UPEC). This is lower than the decade-high growth of 3.1 percent experienced in 2005. A total of 38,666 people were added to Utah's population, with 6 percent of this increase coming from people moving into the state. Utah's unique

characteristics of a high fertility rate and low mortality consistently contribute to strong natural increase, the difference between births and deaths. The 51,573 births led to a strong natural increase of 36,356. Deaths within the state totaled 15,217 in 2012. Natural increase accounted for 94 percent of total population growth.

Figure 7
Utah Population Growth Rates by County: 2011-2012



Source: Utah Population Estimates Committee

2013 Census Bureau State Population Estimates

The Census Bureau produces population estimates which differ from UPEC estimates due to different estimation methodologies. At the end of December 2013, the U.S. Census Bureau released the July 1, 2013 population estimates for the nation and states. The total July 1, 2013 population estimate for the United States was 316,128,839. This represents a population increase of 2,255,154 people or 0.7 percent from 2012. This is the slowest national growth since the 1940s. Utah's 2013 total population estimate was 2,900,872. This represents a population increase of 46,001 people or 1.6 percent from 2012, ranking Utah third among states and the District of Columbia in population growth. Utah grew more than twice as fast as the nation from 2012 to 2013.

The majority of states with the highest growth rates from 2012 to 2013 were located in the West and South regions of the United States. The top ten states or equivalent with the highest growth rates include: North Dakota (3.1 percent), District of Columbia (2.1 percent), Utah (1.6 percent), Colorado (1.5 percent), Texas (1.5 percent), Nevada (1.3 percent), South Dakota (1.3 percent), Florida (1.2 percent), Arizona (1.2 percent), and Washington

(1.1 percent). The United States increased by 2.3 million people from 2012 to 2013. Texas had the largest population increase (387,397) followed by California (332,643), Florida (232,111), North Carolina (99,696), and Colorado (78,909). With a numerical increase of 46,001, Utah moved up from the 34th largest state in the nation to the 33rd largest, surpassing Kansas (2,893,957).

Utah Population Estimates Committee

Utah's counties experienced varying growth rates in 2012. Differing from recent years, the most rapid growth rates occurred in counties in the Uintah Basin area and along the Wasatch Back, as well as in counties adjacent to larger population centers. Counties that grew faster than the state rate of 1.4 percent were Wasatch, with the highest growth rate of 3.7 percent, followed by Uintah (3.4 percent), Morgan (2.5 percent), Duchesne (2.4 percent), Utah (2.0 percent), San Juan (1.9 percent), Washington (1.5 percent), and Davis (1.5 percent) counties. Nine counties had very small decreases in population from 2011 to 2012. These counties are mostly located in the central and southwest areas of the state.

2014 Outlook

Utah will continue to experience population growth at a rate higher than most states in 2014 on account of strong natural increase in addition to in-migration. Natural increase (births less deaths) is anticipated to add 37,200 people to Utah's population. While net in-migration has slowed during the economic recession, Utah's net migration is projected to increase to 11,700 people.

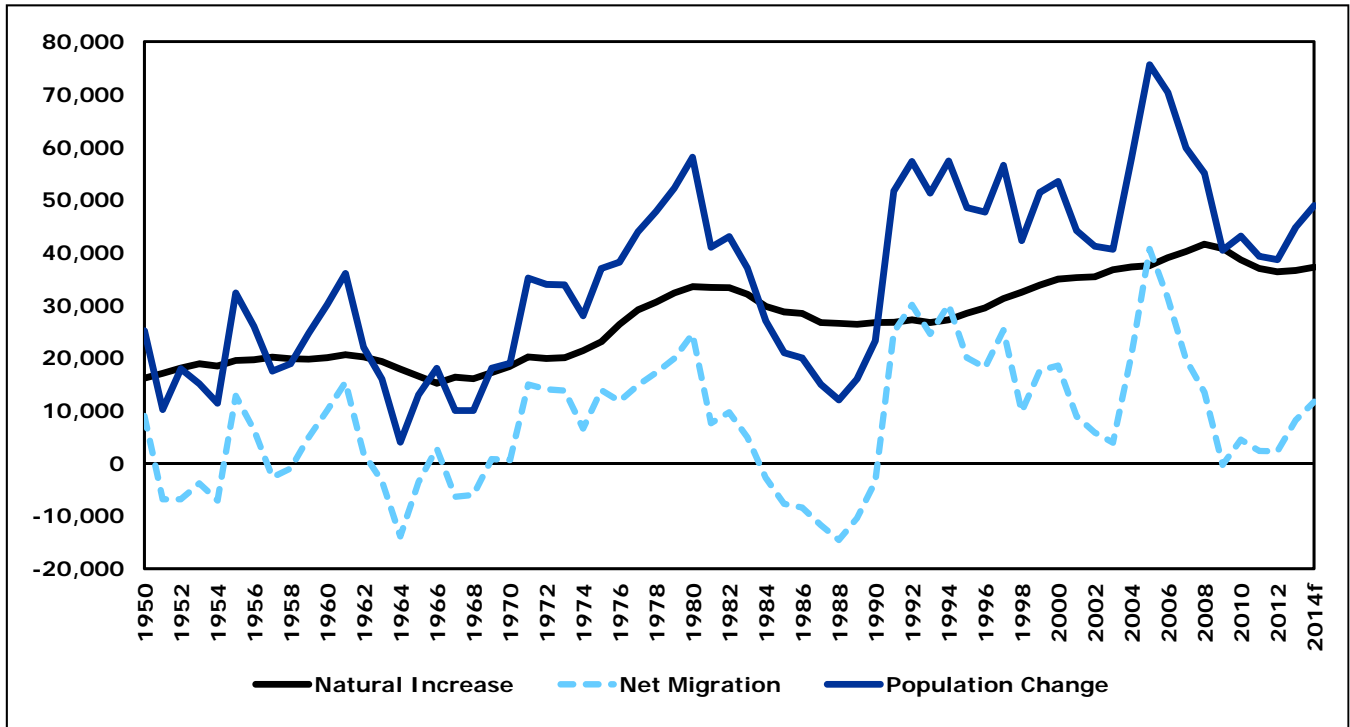
Table 4
Utah Population Estimates, Net Migration, Births, and Deaths

Year	July 1st Population	Percent Change	Percent Increase	Net Migration	Natural Increase	Fiscal Year Births	Fiscal Year Deaths
1960	900,000	3.5%	30,100	10,047	20,053	26,011	5,958
1961	936,000	4.0%	36,000	15,371	20,629	26,560	5,931
1962	958,000	2.4%	22,000	1,817	20,183	26,431	6,248
1963	974,000	1.7%	16,000	-3,317	19,317	25,648	6,331
1964	978,000	0.4%	4,000	-13,863	17,863	24,461	6,598
1965	991,000	1.3%	13,000	-3,553	16,553	23,082	6,529
1966	1,009,000	1.8%	18,000	2,810	15,190	21,953	6,763
1967	1,019,000	1.0%	10,000	-6,350	16,350	23,030	6,680
1968	1,029,000	1.0%	10,000	-6,029	16,029	22,743	6,714
1969	1,047,000	1.7%	18,000	798	17,202	24,033	6,831
1970	1,066,000	1.8%	19,000	612	18,388	25,281	6,893
1971	1,101,150	3.3%	35,150	14,966	20,184	27,400	7,216
1972	1,135,100	3.1%	33,950	14,046	19,904	27,146	7,242
1973	1,168,950	3.0%	33,850	13,810	20,040	27,562	7,522
1974	1,196,950	2.4%	28,000	6,621	21,379	28,876	7,497
1975	1,233,900	3.1%	36,950	13,897	23,053	30,566	7,513
1976	1,272,050	3.1%	38,150	11,761	26,389	33,773	7,384
1977	1,315,950	3.5%	43,900	14,824	29,076	36,707	7,631
1978	1,363,750	3.6%	47,800	17,220	30,580	38,289	7,709
1979	1,415,950	3.8%	52,200	19,868	32,332	40,216	7,884
1980	1,474,000	4.1%	58,050	24,536	33,514	41,645	8,131
1981	1,515,000	2.8%	41,000	7,612	33,388	41,509	8,121
1982	1,558,000	2.8%	43,000	9,662	33,338	41,773	8,435
1983	1,595,000	2.4%	37,000	4,914	32,086	40,555	8,469
1984	1,622,000	1.7%	27,000	-2,793	29,793	38,643	8,850
1985	1,643,000	1.3%	21,000	-7,714	28,714	37,664	8,950
1986	1,663,000	1.2%	20,000	-8,408	28,408	37,309	8,901
1987	1,678,000	0.9%	15,000	-11,713	26,713	35,631	8,918
1988	1,690,000	0.7%	12,000	-14,557	26,557	35,809	9,252
1989	1,706,000	0.9%	16,000	-10,355	26,355	35,439	9,084
1990	1,729,227	1.4%	23,227	-3,480	26,707	35,830	9,123
1991	1,780,870	3.0%	51,643	24,878	26,765	36,194	9,429
1992	1,838,149	3.2%	57,279	30,042	27,237	36,796	9,559
1993	1,889,393	2.8%	51,244	24,561	26,683	36,738	10,055
1994	1,946,721	3.0%	57,328	30,116	27,212	37,623	10,411
1995	1,995,228	2.5%	48,507	20,024	28,483	39,064	10,581
1996	2,042,893	2.4%	47,665	18,171	29,494	40,495	11,001
1997	2,099,409	2.8%	56,516	25,253	31,263	42,512	11,249
1998	2,141,632	2.0%	42,223	9,745	32,478	44,126	11,648
1999	2,193,014	2.4%	51,382	17,584	33,798	45,434	11,636
2000	2,246,467	2.4%	53,453	18,526	34,927	46,880	11,953
2001	2,290,632	2.0%	44,165	8,914	35,251	47,688	12,437
2002	2,331,826	1.8%	41,194	5,815	35,379	48,041	12,662
2003	2,372,457	1.7%	40,631	3,911	36,720	49,518	12,798
2004	2,430,224	2.4%	57,767	20,522	37,245	50,527	13,282
2005	2,505,844	3.1%	75,620	38,108	37,512	50,431	12,919
2006	2,576,228	2.8%	70,384	31,374	39,010	52,368	13,358
2007	2,636,077	2.3%	59,849	19,676	40,173	53,953	13,780
2008	2,691,122	2.1%	55,045	13,468	41,577	55,357	13,780
2009	2,731,558	1.5%	40,437	-326	40,763	54,548	13,785
2010	2,774,663	1.6%	43,104	4,501	38,603	52,898	14,295
2011	2,813,923	1.4%	39,260	2,313	36,947	51,734	14,787
2012	2,852,589	1.4%	38,666	2,310	36,356	51,573	15,217
2013f	2,897,200	1.6%	44,611	8,011	36,600	na	na
2014f	2,946,100	1.7%	48,900	11,700	37,200	na	na

Note: The Utah Population Estimates Committee revised the population estimates for the years from 2000 to 2009 following the results of the 2010 Census.

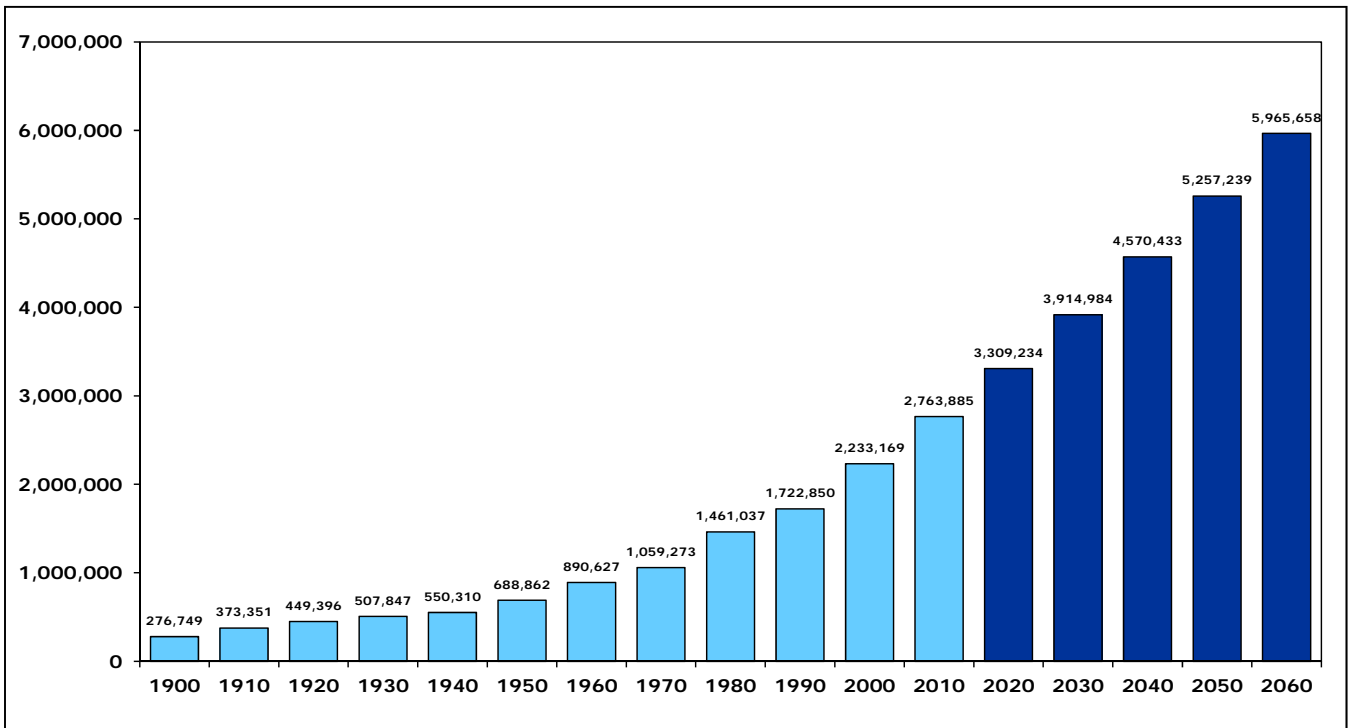
Source: Utah Population Estimates Committee

Figure 8
Utah Components of Population Change



Source: Utah Population Estimates Committee

Figure 9
Utah Total Population



Source: Utah Population Estimates Committee

Table 5
U.S. Census Bureau National and State Population Estimates

Area	July 1, 2012 Population	2012 Rank	July 1, 2013 Population	2013 Rank	2012-2013 Change	2012-2013 % Change	Rank Based on % Change
U.S.	313,873,685	na	316,128,839	na	2,255,154	0.7%	na
Region							
Northeast	55,771,792	4	55,943,073	4	171,281	0.3%	4
Midwest	67,321,425	3	67,547,890	3	226,465	0.3%	3
South	117,253,992	1	118,383,453	1	1,129,461	1.0%	2
West	73,526,476	2	74,254,423	2	727,947	1.0%	1
State							
Alabama	4,817,528	23	4,833,722	23	16,194	0.3%	35
Alaska	730,307	47	735,132	47	4,825	0.7%	27
Arizona	6,551,149	15	6,626,624	15	75,475	1.2%	9
Arkansas	2,949,828	32	2,959,373	32	9,545	0.3%	37
California	37,999,878	1	38,332,521	1	332,643	0.9%	20
Colorado	5,189,458	22	5,268,367	22	78,909	1.5%	4
Connecticut	3,591,765	29	3,596,080	29	4,315	0.1%	44
Delaware	917,053	45	925,749	45	8,696	0.9%	17
District of Columbia	633,427	49	646,449	49	13,022	2.1%	2
Florida	19,320,749	4	19,552,860	4	232,111	1.2%	8
Georgia	9,915,646	8	9,992,167	8	76,521	0.8%	22
Hawaii	1,390,090	40	1,404,054	40	13,964	1.0%	15
Idaho	1,595,590	39	1,612,136	39	16,546	1.0%	13
Illinois	12,868,192	5	12,882,135	5	13,943	0.1%	46
Indiana	6,537,782	16	6,570,902	16	33,120	0.5%	30
Iowa	3,075,039	30	3,090,416	30	15,377	0.5%	31
Kansas	2,885,398	33	2,893,957	34	8,559	0.3%	39
Kentucky	4,379,730	26	4,395,295	26	15,565	0.4%	34
Louisiana	4,602,134	25	4,625,470	25	23,336	0.5%	29
Maine	1,328,501	41	1,328,302	41	-199	0.0%	50
Maryland	5,884,868	19	5,928,814	19	43,946	0.7%	24
Massachusetts	6,645,303	14	6,692,824	14	47,521	0.7%	25
Michigan	9,882,519	9	9,895,622	9	13,103	0.1%	43
Minnesota	5,379,646	21	5,420,380	21	40,734	0.8%	23
Mississippi	2,986,450	31	2,991,207	31	4,757	0.2%	40
Missouri	6,024,522	18	6,044,171	18	19,649	0.3%	36
Montana	1,005,494	44	1,015,165	44	9,671	1.0%	16
Nebraska	1,855,350	38	1,868,516	37	13,166	0.7%	26
Nevada	2,754,354	35	2,790,136	35	35,782	1.3%	6
New Hampshire	1,321,617	42	1,323,459	42	1,842	0.1%	42
New Jersey	8,867,749	11	8,899,339	11	31,590	0.4%	33
New Mexico	2,083,540	36	2,085,287	36	1,747	0.1%	48
New York	19,576,125	3	19,651,127	3	75,002	0.4%	32
North Carolina	9,748,364	10	9,848,060	10	99,696	1.0%	14
North Dakota	701,345	48	723,393	48	22,048	3.1%	1
Ohio	11,553,031	7	11,570,808	7	17,777	0.2%	41
Oklahoma	3,815,780	28	3,850,568	28	34,788	0.9%	18
Oregon	3,899,801	27	3,930,065	27	30,264	0.8%	21
Pennsylvania	12,764,475	6	12,773,801	6	9,326	0.1%	49
Rhode Island	1,050,304	43	1,051,511	43	1,207	0.1%	45
South Carolina	4,723,417	24	4,774,839	24	51,422	1.1%	11
South Dakota	834,047	46	844,877	46	10,830	1.3%	7
Tennessee	6,454,914	17	6,495,978	17	41,064	0.6%	28
Texas	26,060,796	2	26,448,193	2	387,397	1.5%	5
Utah	2,854,871	34	2,900,872	33	46,001	1.6%	3
Vermont	625,953	50	626,630	50	677	0.1%	47
Virginia	8,186,628	12	8,260,405	12	73,777	0.9%	19
Washington	6,895,318	13	6,971,406	13	76,088	1.1%	10
West Virginia	1,856,680	37	1,854,304	38	-2,376	-0.1%	51
Wisconsin	5,724,554	20	5,742,713	20	18,159	0.3%	38
Wyoming	576,626	51	582,658	51	6,032	1.0%	12

Source: U.S. Census Bureau

Table 6
Utah Population Estimates by County

County	Census April 1, 2010	July 1, 2010	July 1, 2011	July 1, 2012	2011 - 2012		2012 % of Total Population
					Absolute Change	Percent Change	
Beaver	6,629	6,655	6,615	6,589	-26	-0.4%	0.23%
Box Elder	49,975	50,110	50,466	50,705	239	0.5%	1.78%
Cache	112,656	113,272	114,721	115,851	1,130	1.0%	4.06%
Carbon	21,403	21,463	21,485	21,431	-54	-0.3%	0.75%
Daggett	1,059	1,078	1,115	1,107	-8	-0.7%	0.04%
Davis	306,479	307,550	312,603	317,248	4,645	1.5%	11.12%
Duchesne	18,607	18,665	19,111	19,572	461	2.4%	0.69%
Emery	10,976	11,018	10,997	10,846	-151	-1.4%	0.38%
Garfield	5,172	5,184	5,149	5,125	-24	-0.5%	0.18%
Grand	9,225	9,231	9,322	9,420	98	1.1%	0.33%
Iron	46,163	46,272	46,767	46,883	116	0.2%	1.64%
Juab	10,246	10,253	10,323	10,426	103	1.0%	0.37%
Kane	7,125	7,137	7,208	7,282	74	1.0%	0.26%
Millard	12,503	12,516	12,591	12,625	34	0.3%	0.44%
Morgan	9,469	9,469	9,668	9,913	245	2.5%	0.35%
Piute	1,556	1,556	1,544	1,537	-7	-0.5%	0.05%
Rich	2,264	2,270	2,276	2,255	-21	-0.9%	0.08%
Salt Lake	1,029,655	1,033,299	1,045,829	1,059,112	13,283	1.3%	37.13%
San Juan	14,746	14,742	14,954	15,232	278	1.9%	0.53%
Sanpete	27,822	27,914	28,173	28,067	-106	-0.4%	0.98%
Sevier	20,802	20,839	20,903	20,914	11	0.1%	0.73%
Summit	36,324	36,496	37,208	37,704	496	1.3%	1.32%
Tooele	58,218	58,422	59,133	59,984	851	1.4%	2.10%
Uintah	32,588	32,619	33,315	34,435	1,120	3.4%	1.21%
Utah	516,564	519,299	530,789	541,378	10,589	2.0%	18.98%
Wasatch	23,530	23,682	24,456	25,354	898	3.7%	0.89%
Washington	138,115	138,761	141,219	143,352	2,133	1.5%	5.03%
Wayne	2,778	2,788	2,742	2,725	-17	-0.6%	0.10%
Weber	231,236	232,102	233,241	235,517	2,276	1.0%	8.26%
MCD							
Bear River	164,895	165,652	167,463	168,811	1,348	0.8%	5.92%
Central	75,707	75,866	76,276	76,294	18	0.0%	2.67%
Mountainland	576,418	579,478	592,453	604,436	11,983	2.0%	21.19%
Southeastern	56,350	56,453	56,758	56,929	171	0.3%	2.00%
Southwestern	203,204	204,010	206,958	209,231	2,273	1.1%	7.33%
Uintah Basin	52,254	52,362	53,541	55,114	1,573	2.9%	1.93%
Wasatch Front	1,635,057	1,640,842	1,660,474	1,681,774	21,300	1.3%	58.96%
State of Utah	2,763,885	2,774,663	2,813,923	2,852,589	38,666	1.4%	100.00%

Notes: Total may not add due to rounding. The MCDs are multi-county districts and are divided as follows: Bear River MCD: Box Elder, Cache, and Rich counties; Central MCD: Juab, Millard, Piute, Sanpete, Sevier, and Wayne counties; Mountainland MCD: Summit, Utah, and Wasatch counties; Southeastern MCD: Carbon, Emery, Grand, and San Juan counties; Southwestern MCD: Beaver, Garfield, Iron, Kane and Washington counties; Uintah Basin MCD: Daggett, Duchesne, and Uintah counties; Wasatch Front MCD: Davis, Morgan, Salt Lake, Tooele, and Weber counties.

Sources: April 1, 2010: U.S. Census Bureau; July 1, 2010-July 1, 2012: Utah Population Estimates Committee

Employment, Wages, and Labor Force

Utah's labor markets generally benefit from the state's business-friendly policies, growing population and notable economic diversity. Having officially reached pre-recession employment levels in the latter half of 2012 and picking up momentum in job growth moving into the new year, 2013 was estimated to produce an observable transition from economic recovery to robust expansion. While the factors to support a healthy and growing economy in Utah still exist, forces beyond our state's borders hinder potential growth and businesses exhibit reluctance to invest in an environment of uncertainty created by issues at the federal government level such as debt ceiling deadlines, budget sequestration and government shut-down.

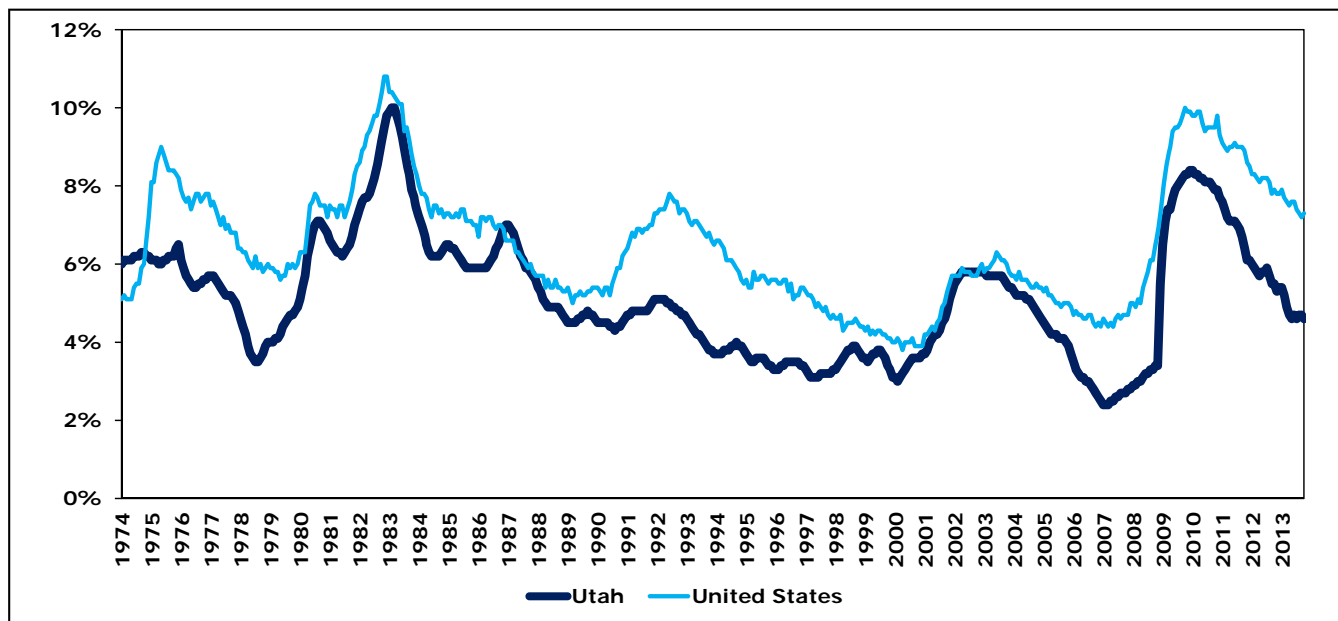
Regardless of the challenges, Utah's labor market posted an above-average growth of 3.3 percent in 2013, ending the year with over 41,000 jobs added to the economy. Considering Utah's economy now supports an employment level of roughly 1.3 million, it is a notable feat to continue posting growth above the long-term average rate of 3.1 percent. Jobs were added across all industry sectors in the Utah economy during 2013, including significant expansion in the information sector driven by the corridor of technology firms that continued to expand along I-15 across the Utah County-Salt Lake County border. The construction industry, which performed well in the early months of 2013 and was projected to boom in the summer given the favorable mortgage rates and relatively low prices in the housing market, instead gave way to slower-than-expected growth rates in the second half of the year.

Monthly unemployment rates in Utah dropped for the first half of the year then remained steady around 4.6 percent in the second half, resulting in a 2013 annual average rate of 4.8 percent. Decreases in the unemployment rate over the year were the result of increases in the number of employed individuals, decreases in the numbers of unemployed, and overall growth in the labor force. However, one negative attribute in Utah's labor market is the lack of recovery to pre-recession rates of labor force participation. The average rate of labor force participation over the last thirty-five years in Utah has been 69.4 percent, and prior to the Great Recession it was up to 72 percent. Currently, labor force participation sits at roughly 68 percent. To summarize: while unemployment is at a relatively low rate, there is a considerable number of Utah's working-age population who are choosing not to participate in the labor market altogether.

2014 Outlook

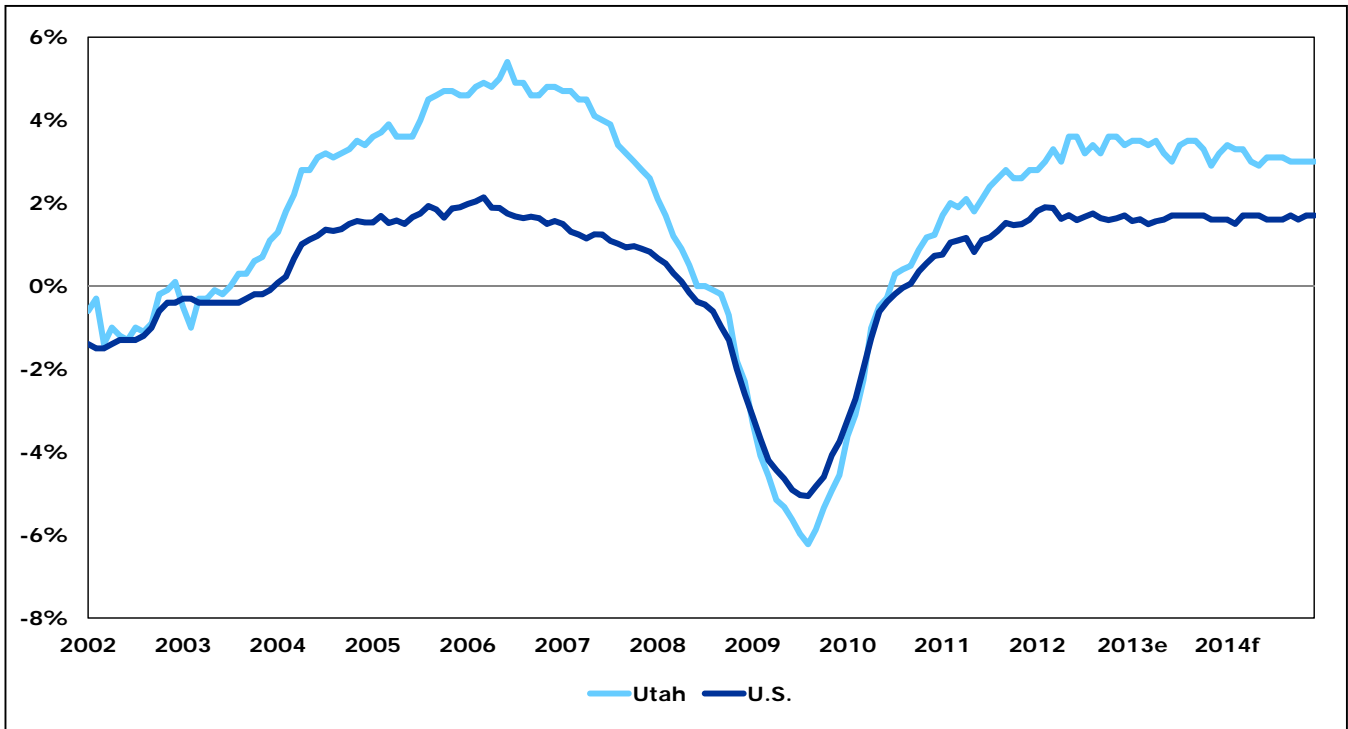
Given lower than average labor force participation rates, lingering uncertainty in fiscal policy at the federal level, along with ongoing sequestration cuts and debt limit deadlines on the horizon, Utah's labor market is projected to grow at a rate of 3.1 percent in 2014. The state will likely continue into early 2014 with slower-than-average labor market growth. However, if the federal government is able to calm the nerves of investors, Utah is in an excellent economic position to benefit greatly. The state continues to be supported by educated workers, a growing population, and favorable business policies such that growth could be easily accelerated in the latter half of the year.

Figure 10
Utah Unemployment Rate



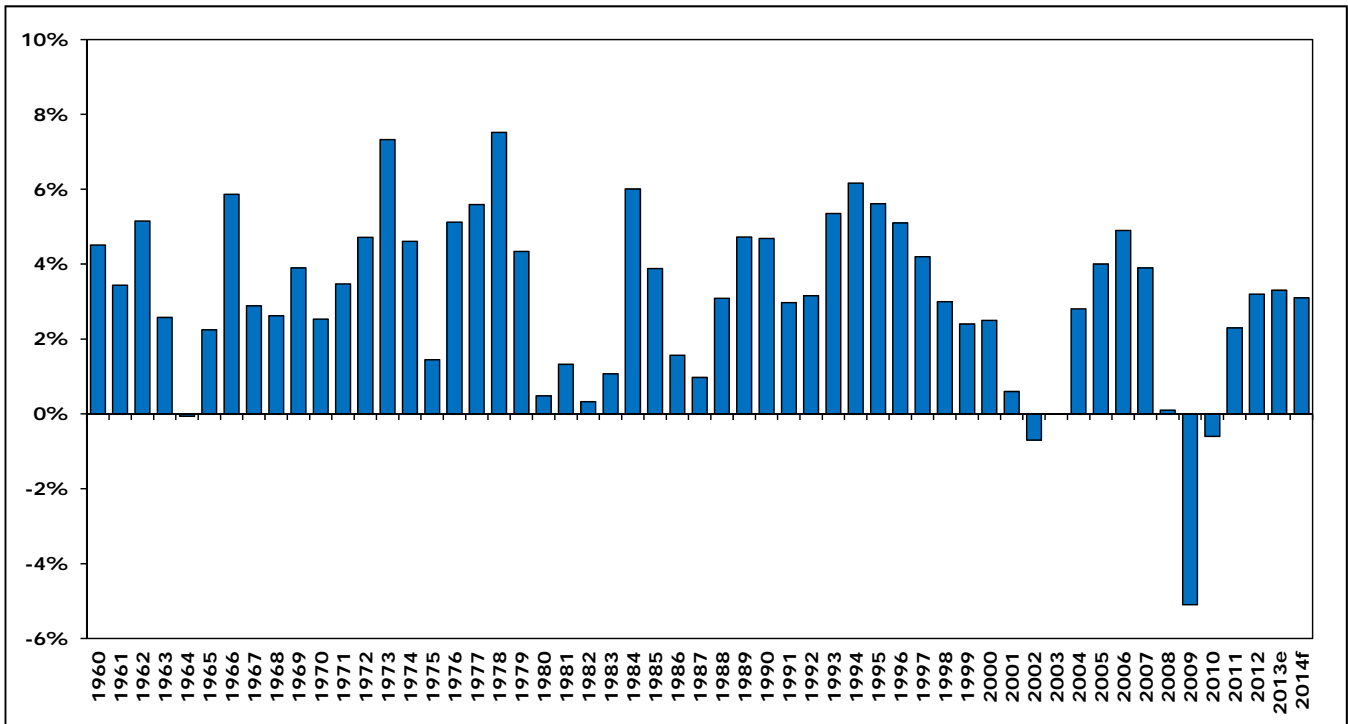
Source: U.S. Bureau of Labor Statistics

Figure 11
Year-Over Monthly Change in Utah Nonfarm Jobs



Source: Utah Department of Workforce Services e = estimate f = forecast

Figure 12
Annual Change of Utah Nonfarm Employment



Source: Utah Department of Workforce Services e = estimate f = forecast

Table 7
Utah Nonfarm Employment and Unemployment Rate

Year	Total Payroll Employment			Unemployment Rate	Year	Total Payroll Employment			Unemployment Rate
	Number	Percent Change	Absolute Change			Number	Percent Change	Absolute Change	
1950	189,153	3.1	5,653	5.5	1983	566,991	1.1	6,010	9.2
1951	207,386	9.6	18,233	3.3	1984	601,068	6.0	34,077	6.5
1952	214,409	3.4	7,023	3.2	1985	624,387	3.9	23,319	5.9
1953	217,194	1.3	2,785	3.3	1986	634,138	1.6	9,751	6.0
1954	211,864	-2.5	-5,330	5.2	1987	640,298	1.0	6,160	6.4
1955	224,007	5.7	12,143	4.1	1988	660,075	3.1	19,777	4.9
1956	236,225	5.5	12,218	3.4	1989	691,244	4.7	31,169	4.6
1957	240,577	1.8	4,352	3.7	1990	723,629	4.7	32,385	4.3
1958	240,816	0.1	239	5.3	1991	745,202	3.0	21,573	5.0
1959	251,940	4.6	11,124	4.6	1992	768,602	3.2	23,488	5.0
1960	263,307	4.5	11,367	4.8	1993	809,731	5.4	41,129	3.9
1961	272,355	3.4	9,048	5.3	1994	859,626	6.2	49,895	3.7
1962	286,382	5.2	14,027	4.9	1995	907,886	5.6	48,260	3.6
1963	293,758	2.6	7,376	5.4	1996	954,183	5.1	46,297	3.5
1964	293,576	-0.1	-182	6.0	1997	993,999	4.2	39,816	3.1
1965	300,164	2.2	6,588	6.1	1998	1,023,480	3.0	29,461	3.8
1966	317,771	5.9	17,607	4.9	1999	1,048,498	2.4	25,018	3.7
1967	326,953	2.9	9,182	5.2	2000	1,074,879	2.5	26,381	3.4
1968	335,527	2.6	8,574	5.4	2001	1,081,685	0.6	6,806	4.4
1969	348,612	3.9	13,085	5.2	2002	1,073,746	-0.7	-7,939	5.7
1970	357,435	2.5	8,823	6.1	2003	1,074,131	0.0	385	5.7
1971	369,836	3.5	12,401	6.6	2004	1,104,328	2.8	30,197	5.2
1972	387,271	4.7	17,435	6.3	2005	1,148,320	4.0	43,992	4.3
1973	415,641	7.3	28,370	5.8	2006	1,203,914	4.8	55,594	2.9
1974	434,793	4.6	19,152	6.1	2007	1,251,282	3.9	47,368	2.7
1975	441,082	1.4	6,289	6.5	2008	1,252,470	0.1	1,188	3.7
1976	463,658	5.1	22,576	5.7	2009	1,188,736	-5.1	-63,734	7.1
1977	489,580	5.6	25,922	5.3	2010	1,181,519	-0.6	-7,217	8.0
1978	526,400	7.5	36,820	3.8	2011	1,208,650	2.3	27,131	6.7
1979	549,242	4.3	22,842	4.3	2012	1,248,935	3.3	40,285	5.7
1980	551,889	0.5	2,647	6.3	2013e	1,290,432	3.3	41,497	4.8
1981	559,184	1.3	7,295	6.7	2014f	1,330,350	3.1	39,918	4.2
1982	560,981	0.3	1,797	7.8					

Source: Utah Department of Workforce Services e = estimate f = forecast

Table 8
Utah Population, Labor Force, Nonfarm Jobs by Industry, and Wages

	2010	2011	2012	2013e	2014f	Annual Percent Change			
						2011	2012	2013e	2014f
Civilian Labor Force	1,362,853	1,346,850	1,353,597	1,392,182	1,427,979	-1.2	0.5	2.9	2.6
Employed Persons	1,252,466	1,254,151	1,276,249	1,325,868	1,367,556	0.1	1.8	3.9	3.1
Unemployed Persons	110,387	92,699	77,348	66,314	60,423	-16.0	-16.6	-14.3	-8.9
Unemployment Rate	8.1	6.9	5.7	4.8	4.2				
U.S. Rate	9.6	9.0	8.1	7.5	7.1				
Total Nonfarm Jobs	1,181,624	1,208,582	1,248,893	1,290,500	1,330,400	2.3	3.3	3.3	3.1
Mining	10,442	11,659	12,553	12,600	12,900	11.7	7.7	0.4	2.4
Construction	65,223	65,168	69,225	74,200	79,400	-0.1	6.2	7.2	7.0
Manufacturing	111,075	113,684	116,667	120,300	123,400	2.3	2.6	3.1	2.6
Trade, Trans., Utilities	229,133	233,248	241,870	247,600	256,300	1.8	3.7	2.4	3.5
Information	29,276	29,495	31,295	33,700	35,900	0.7	6.1	7.7	6.5
Financial Activity	67,978	68,390	69,540	72,600	74,200	0.6	1.7	4.4	2.2
Professional & Business Services	152,336	159,420	167,219	175,200	182,400	4.7	4.9	4.8	4.1
Education & Health Services	155,005	159,211	163,594	168,400	173,200	2.7	2.8	2.9	2.9
Leisure & Hospitality	110,625	113,511	118,618	124,800	128,400	2.6	4.5	5.2	2.9
Other Services	33,624	34,022	35,014	35,800	36,500	1.2	2.9	2.2	2.0
Government	216,907	220,775	223,298	225,300	227,800	1.8	1.1	0.9	1.1
Goods-producing	186,740	190,511	198,445	207,100	215,700	2.0	4.2	4.4	4.2
Service-producing	994,884	1,018,071	1,050,448	1,083,400	1,114,700	2.3	3.2	3.1	2.9
Percent Svc.-producing	84.2%	84.2%	84.1%	84.0%	83.8%				
U.S. Nonfarm Job Growth %	-0.7	1.2	1.7	1.7	1.8				
Total Nonfarm Wages (millions)	\$45,876	\$47,968	\$50,762	\$53,227	\$56,085	4.6	5.8	4.9	5.4
Average Annual Wage	\$38,825	\$39,689	\$40,646	\$41,245	\$42,276	2.2	2.4	1.5	2.5
Average Monthly Wage	\$3,235	\$3,307	\$3,387	\$3,437	\$3,513	2.2	2.4	1.5	2.2
Establishments (first quarter)	80,419	80,567	81,551	84,920	86,950				

Note: Numbers in this table may differ from other tables as not all industrial sectors are listed here.

Source: Utah Department of Workforce Services e = estimate f = forecast

Personal Income

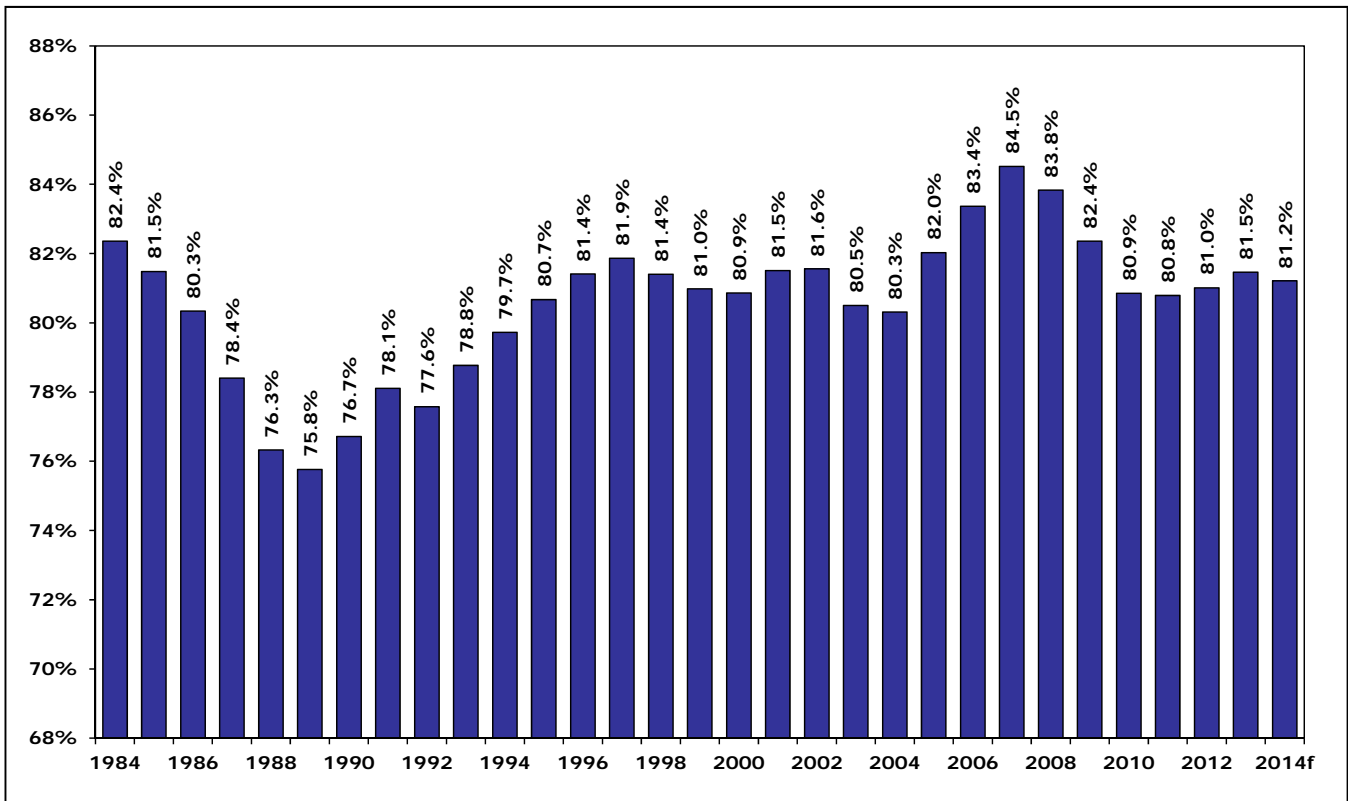
Utah's total personal income in 2013 was an estimated \$105.2 billion, a 4 percent increase from \$101.2 billion in 2012. The 2013 increase in personal income was led by strong wage growth, a 4.9 percent increase from 2012. All sources of income were estimated to have positive growth in 2013. Utah's estimated 2013 per capita income was \$36,308, up 2.5 percent from the 2012 level of \$35,430. Growth in 2013 was restrained by recent federal tax changes. First, the two percentage point reduction in the personal contribution rate for social security was extended through 2012 but was not extended through 2013. Second, the anticipated expiration of the Bush tax cuts at the end of 2012 caused income to be shifted into

that same year. These federal tax changes contributed to high growth in 2012, while tempering growth in 2013.

2014 Outlook

Moving into 2014 as the economy continues to recover from the recession, Utah personal income is expected to increase by 5.3 percent, a 0.6 percent increase over the anticipated U.S. increase. Per capita personal income is forecast to increase 3.6 percent in 2014, but Utah's per capita personal income relative to U.S. per capita personal income will decrease slightly to 81.2 percent.

Figure 13
Utah Per Capita Personal Income as a Percent of the United States



Note: Vertical axis does not begin at zero f = forecast

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

Table 9
Total and Per Capita Personal Income

Year	Total Personal Income (Millions of Dollars)			Annual Growth Rates		Per Capita Personal Income (Dollars)		
	Utah	United States	Utah as % of U.S.	Utah	United States	Utah	United States	Utah as % of U.S.
1970	\$3,611	\$832,238	0.43%	11.1%	7.8%	\$3,389	\$4,084	83.0%
1971	4,016	897,559	0.45%	11.2%	7.8%	3,649	4,340	84.1%
1972	4,505	987,073	0.46%	12.2%	10.0%	3,971	4,717	84.2%
1973	5,045	1,105,426	0.46%	12.0%	12.0%	4,316	5,230	82.5%
1974	5,680	1,217,673	0.47%	12.6%	10.2%	4,738	5,708	83.0%
1975	6,384	1,329,714	0.48%	12.4%	9.2%	5,173	6,172	83.8%
1976	7,322	1,469,355	0.50%	14.7%	10.5%	5,755	6,754	85.2%
1977	8,351	1,626,621	0.51%	14.0%	10.7%	6,344	7,402	85.7%
1978	9,625	1,830,836	0.53%	15.3%	12.6%	7,055	8,243	85.6%
1979	11,034	2,052,037	0.54%	14.6%	12.1%	7,792	9,138	85.3%
1980	12,506	2,292,903	0.55%	13.3%	11.7%	8,492	10,091	84.2%
1981	14,165	2,572,070	0.55%	13.3%	12.2%	9,347	11,209	83.4%
1982	15,510	2,757,048	0.56%	9.5%	7.2%	9,953	11,901	83.6%
1983	16,756	2,941,857	0.57%	8.0%	6.7%	10,506	12,583	83.5%
1984	18,448	3,256,048	0.57%	10.1%	10.7%	11,371	13,807	82.4%
1985	19,593	3,482,520	0.56%	6.2%	7.0%	11,926	14,637	81.5%
1986	20,490	3,683,091	0.56%	4.6%	5.8%	12,322	15,338	80.3%
1987	21,231	3,909,771	0.54%	3.6%	6.2%	12,652	16,137	78.4%
1988	22,236	4,216,123	0.53%	4.7%	7.8%	13,162	17,244	76.3%
1989	23,782	4,541,996	0.52%	7.0%	7.7%	13,941	18,402	75.8%
1990	25,704	4,831,282	0.53%	8.1%	6.4%	14,847	19,354	76.7%
1991	27,549	5,013,484	0.55%	7.2%	3.8%	15,479	19,818	78.1%
1992	29,636	5,335,268	0.56%	7.6%	6.4%	16,135	20,799	77.6%
1993	31,978	5,558,374	0.58%	7.9%	4.2%	16,845	21,385	78.8%
1994	34,848	5,866,796	0.59%	9.0%	5.5%	17,775	22,297	79.7%
1995	37,795	6,194,245	0.61%	8.5%	5.6%	18,765	23,262	80.7%
1996	41,151	6,584,404	0.62%	8.9%	6.3%	19,899	24,442	81.4%
1997	44,518	6,994,388	0.64%	8.2%	6.2%	21,001	25,654	81.9%
1998	48,057	7,519,327	0.64%	8.0%	7.5%	22,188	27,258	81.4%
1999	50,555	7,906,131	0.64%	5.2%	5.1%	22,943	28,333	81.0%
2000	55,025	8,554,866	0.64%	8.8%	8.2%	24,515	30,319	80.9%
2001	58,681	8,983,388	0.65%	6.6%	5.0%	25,695	31,524	81.5%
2002	60,289	9,145,998	0.66%	2.7%	1.8%	25,933	31,798	81.6%
2003	62,084	9,479,611	0.65%	3.0%	3.6%	26,305	32,676	80.5%
2004	66,154	10,043,284	0.66%	6.6%	5.9%	27,546	34,300	80.3%
2005	72,344	10,605,645	0.68%	9.4%	5.6%	29,436	35,888	82.0%
2006	80,277	11,376,460	0.71%	11.0%	7.3%	31,786	38,127	83.4%
2007	87,387	11,990,244	0.73%	8.9%	5.4%	33,640	39,804	84.5%
2008	91,249	12,429,284	0.73%	4.4%	3.7%	34,265	40,873	83.8%
2009	88,270	12,073,738	0.73%	-3.3%	-2.9%	32,412	39,357	82.4%
2010	90,113	12,423,332	0.73%	2.1%	2.9%	32,472	40,163	80.9%
2011	96,175	13,179,561	0.73%	6.7%	6.1%	34,173	42,298	80.8%
2012	101,163	13,729,063	0.74%	5.2%	4.2%	35,430	43,735	81.0%
2013e	105,192	14,129,350	0.74%	4.0%	2.9%	36,308	44,571	81.5%
2014f	110,814	14,796,320	0.75%	5.3%	4.7%	37,614	46,316	81.2%

e = estimate f = forecast

Source: U.S. Department of Commerce, Bureau of Economic Analysis; Utah Revenue Assumptions Working Group; Utah State Tax Commission

Utah Taxable Sales

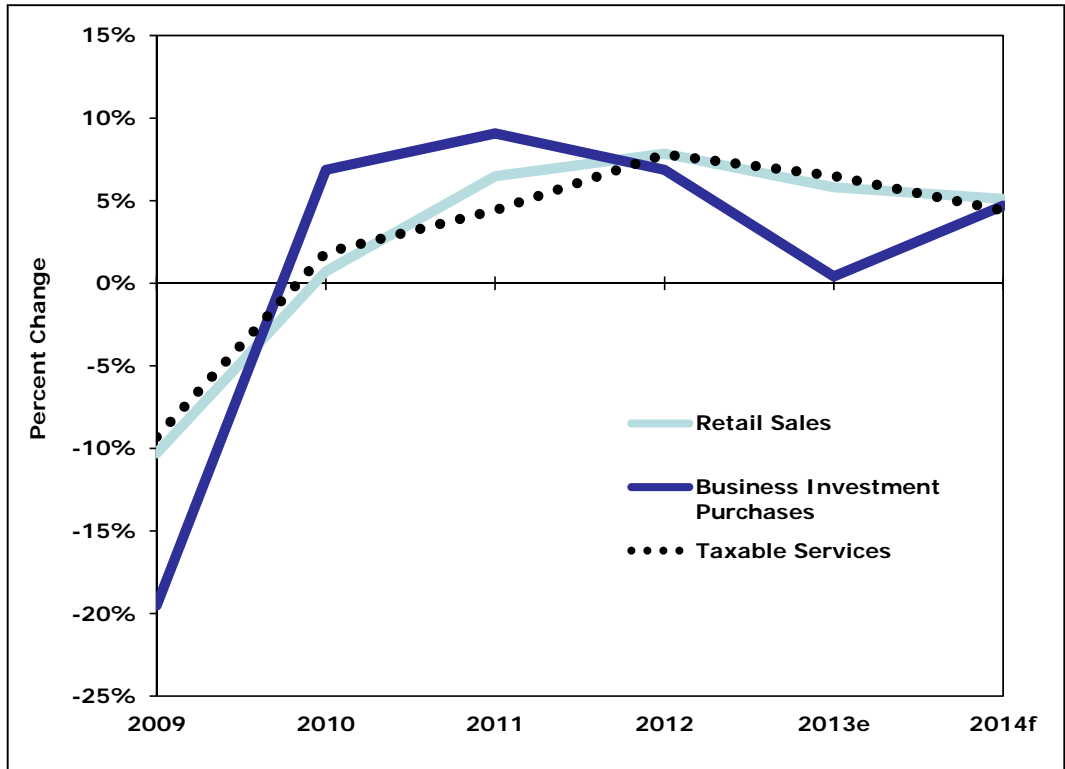
In 2013 Utah total taxable sales were estimated to increase by 4.7 percent to an estimated \$49.78 billion, which is the fourth consecutive year of positive growth following two years of decline. Taxable sales comprise three major components: retail trade, business investments & utilities, and taxable services. In 2013 it was expected that retail trade accounted for 49.9 percent of taxable sales, while taxable sales in business investment and services accounted for 22 percent and 23.2 percent respectively. Retail trade taxable sales were estimated to increase by 5.8 percent in 2013 to \$24.9 billion. Business investment & utility taxable sales were estimated to be \$10.9 billion in 2013. This is approximately even with 2012 levels. Taxable services were estimated to increase by 6.5 percent in 2013 to \$11.6 billion.

2014 Outlook

Overall growth is expected in 2014 with total taxable sales estimated to increase 4.8 percent to \$52.2 billion. Retail trade is projected to grow by 5.1 percent in 2014. Following a year of no growth in 2013, business

investment & utility taxable sales are expected to rebound, growing 4.7 percent in 2014. Taxable services are expected to increase by 4.4 percent in 2014. These increases are expected as a result of rising consumer confidence and improvements in the labor and housing markets but are also restrained by federal spending cuts as well as changes in tax policy.

Figure 14
Percent Change in Utah Taxable Sales by Component



Source: Utah State Tax Commission e = estimate f = forecast

Table 10
Utah Taxable Sales by Component

Year	Millions of Dollars					Percent Change				
	Retail Sales	Business Investment Purchases	Taxable Services	All Other	Total Taxable Sales	Retail Sales	Business Investment Purchases	Taxable Services	All Other	Total Taxable Sales
2008	\$22,659	\$10,858	\$10,438	\$1,977	\$45,932					
2009	20,329	8,740	9,466	1,946	40,481	-10.3	-19.5	-9.3	-1.6	-11.9
2010	20,475	9,339	9,643	1,930	41,387	0.7	6.9	1.9	-0.8	2.2
2011	21,799	10,186	10,069	2,041	44,097	6.5	9.1	4.4	5.7	6.5
2012	23,510	10,884	10,854	2,280	47,531	7.9	6.9	7.8	11.7	7.8
2013e	24,864	10,929	11,560	2,431	49,784	5.8	0.4	6.5	6.6	4.7
2014f	26,134	11,441	12,068	2,555	52,198	5.1	4.7	4.4	5.1	4.8

Source: Utah State Tax Commission e = estimate f = forecast

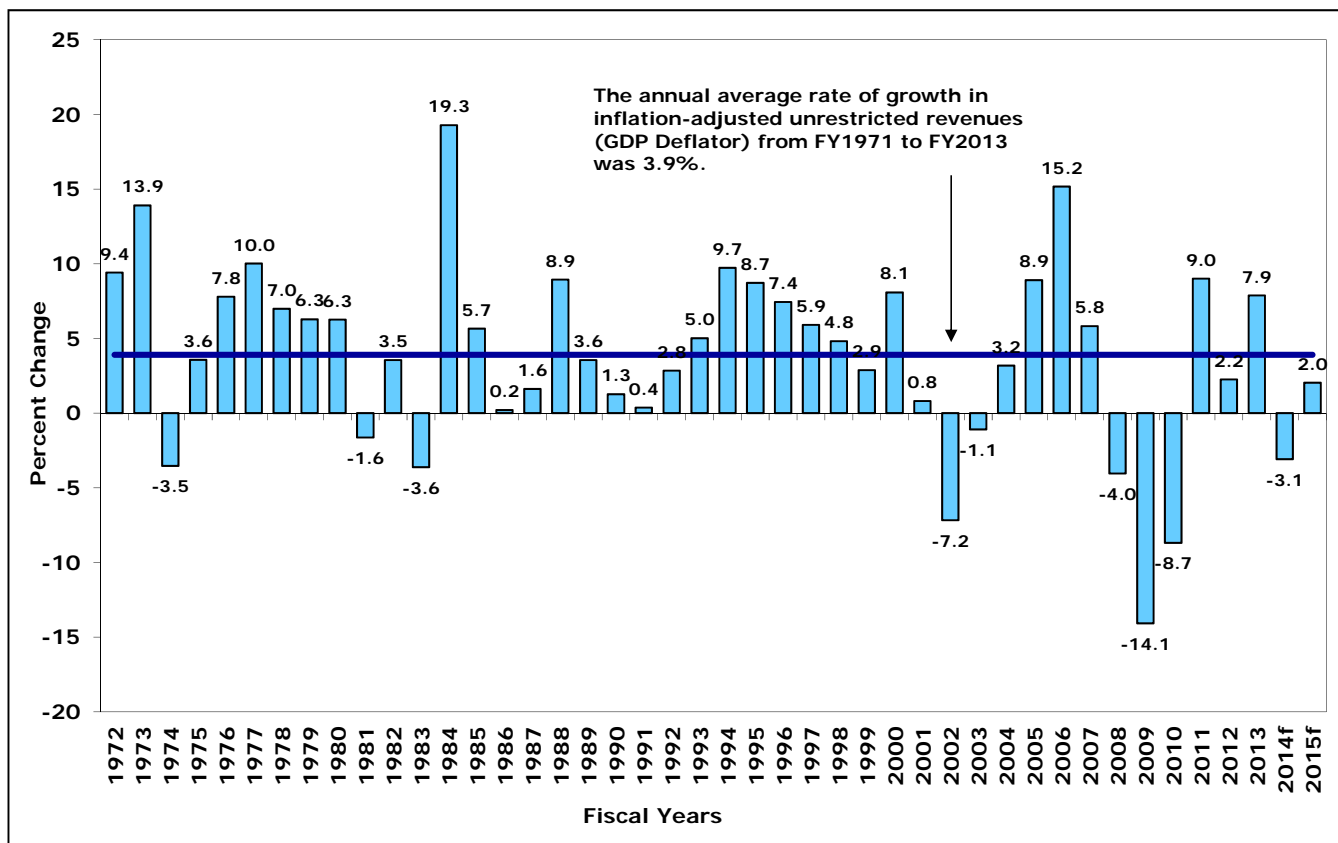
Tax Collections

The Consensus Revenue Forecast for the General and Education Fund was released in the Governor’s FY2014 Budget Recommendation. General and Education Fund unrestricted revenue is forecast to decline 1.5 percent (\$82 million) in FY2014 to \$5,247.24 million, and to increase 3.8 percent in FY2015 to \$5,447.22. The primary reason for the FY2014 decline is that final FY2013 revenues came in higher than anticipated due to income shifting into FY2013 from FY2014 as a result of changes in the federal tax law. Also, policy changes increasing the earmarking of sales tax to transportation are restraining the growth in free revenue. Total sales tax earmarks grew from \$189.2 million in FY2011 to \$332.1 million in FY2012 and to \$422.1 million in FY2013. The increase in FY2013 earmarks was largely due to the fact that a new earmark designating 30 percent of the growth in sales tax revenue (from FY2011) became effective. Sales tax earmarks in FY2014 and FY2015 are expected to total \$451.6 and \$495.3 million, respectively. Total collections, including earmarks, have grown faster than 7 percent for the last three years, with FY2013 growing 8.7 percent. FY2014 collections, including earmarks, are expected to be down slightly at -0.5 percent as income realized in FY2013 rather than FY2014

(due to the anticipated expiration of Bush era tax cuts) affects revenues in the Education Fund. FY2015 revenues, including earmarks, however, are expected to grow 4 percent.

The Utah economy continues to rebound with positive economic indicators, wages, and employment that outpace the nation. Tax collections have received a boost from strength in the housing sector, strong demand for motor vehicles, healthy corporate profits, stock market gains, and steady growth in the labor market. Steady, although modest, economic growth is expected in the next two years. Taxable sales growth is estimated to be 4.8 percent in 2014 and 3.9 percent in 2015. FY2014 revenues, however, will show a slight decline due to the income shift mentioned earlier and the lagged effect of the expiration of the payroll tax cut. Although these one-time events mask the true growth in the Utah economy, there are factors which negatively weigh on the forecast such as political gridlock in Washington and fights over the debt ceiling, evidence of weakness in emerging markets, particularly China, policy action by the Federal Reserve Bank to taper its long-term bond-buying program, increasing mortgage interest rates (and their impact on the housing market), declining consumer

Figure 15
Inflation-Adjusted Percentage Change in Unrestricted General and Education Fund Revenue



Source: Utah State Tax Commission f = forecast

sentiment, and a slowdown in the rate of growth in the labor market.

2014 Governor’s Budget Recommendation

The Governor’s budget recommendations were based on the November 2013 consensus revenue forecast developed by the Governor’s Office of Management and Budget, the Office of the Legislative Fiscal Analyst, and the Utah State Tax Commission. The outlook for FY 2014 is for a 1 percent decline in total unrestricted revenue. Collections of unrestricted revenue are estimated to fall \$60.1 million in FY2014 to \$5,845.2 million due to the aforementioned federal tax law changes. Total free revenue is forecasted to grow 3.5 percent to \$6,052.2 million in FY2015, an expected increase of \$207 million. The expectation is for approximately \$132 million in one-time money, including \$122 million from the FY2013 revenue surplus, and \$206 million in ongoing (unrestricted General and Education) funds available during the next budget cycle.

Fiscal Year 2013: Continued Steady Growth

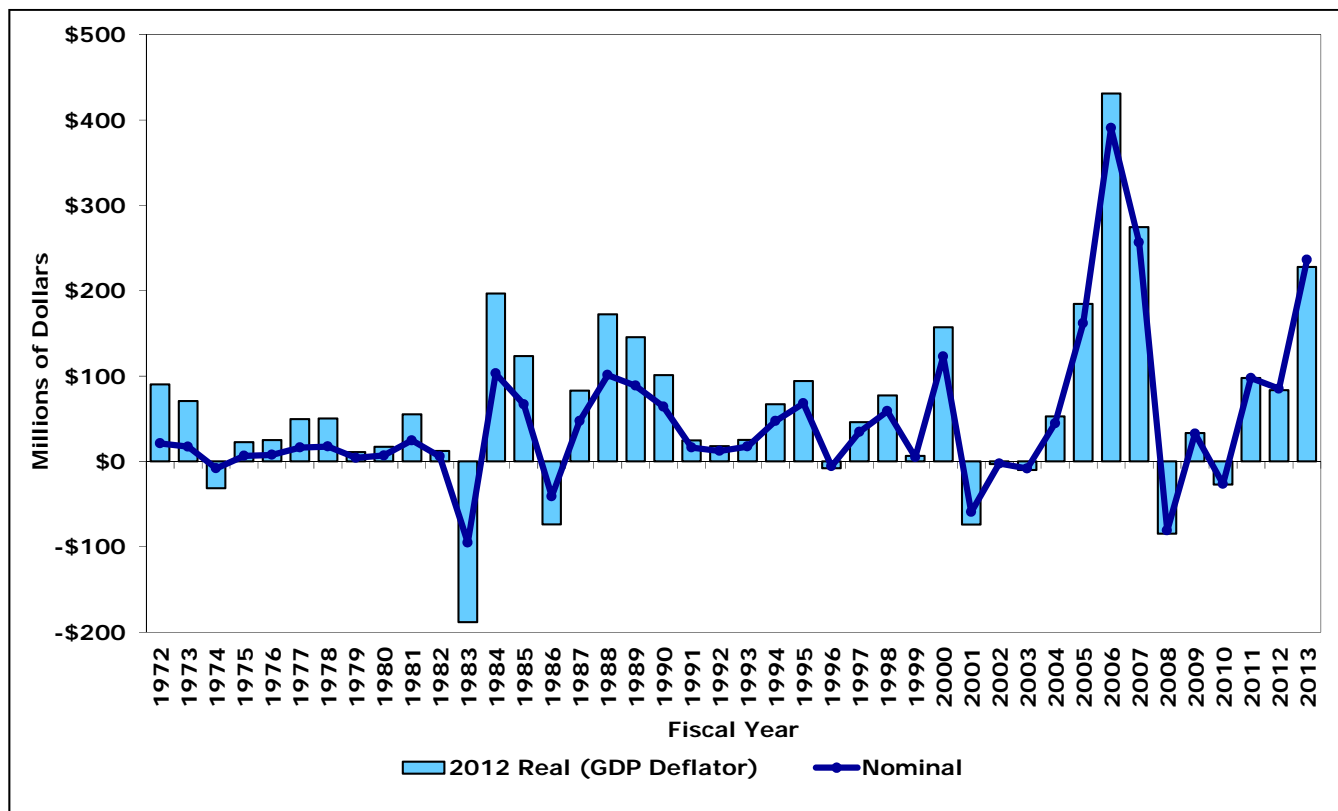
Total unrestricted General and Education Fund revenues increased \$469.7 million to \$5,329 million in FY2013, a 9.7 percent increase over FY2012 collections. The February FY2013 Consensus forecast (adjusted for legislation) estimated General and Education Fund free revenues to grow 4.8

percent to \$5,092.9 million in FY2013. This underestimated actual growth by \$236.1 million or 4.9 percent. Total unrestricted revenue collections (including General, Education, Transportation and Mineral Lease Funds) increased \$415.8 million or 7.6 percent in FY2013.

General Fund free revenue edged up 0.4 percent or \$7.5 million. The largest General Fund free revenue source, sales and use taxes, grew 2.1 percent to \$1,615.9 million in FY2013 as the impact of increasing Transportation Fund earmarks was felt. A total of \$422.1 million of sales taxes were earmarked for transportation, water, natural resources and other purposes in FY2013. Total liquor profits jumped 14.9 percent as consumption, demographic patterns, and economic factors combined to push sales up. FY2013 oil and gas and metal severance taxes fell 22.9 percent, significantly more than the 15.2 percent decline forecasted in February, due to declining prices and reduced production. Actual FY2013 beer, cigarette and tobacco taxes fell 3.6 percent, close to the 3.7 percent decline forecast in February. Insurance premium taxes increased 6.1 percent in FY 2013.

Revenue collections in the Education Fund increased \$462.2 million or 16.6 percent in FY2013. Individual income taxes grew \$392.6 million or 16 percent in FY2013. Federal tax

Figure 16
Actual and Inflation-Adjusted Revenue Surplus for the General and Education Funds



Source: Governor’s Office of Management and Budget

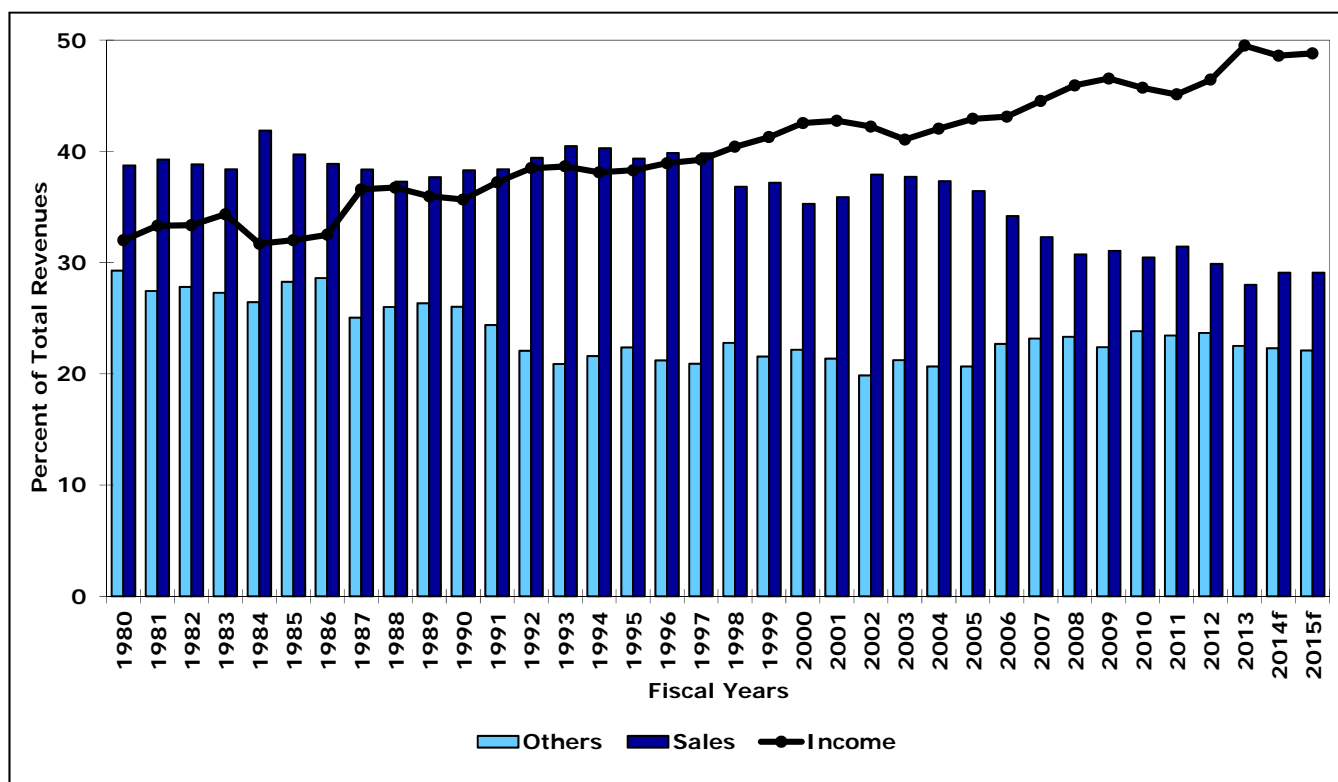
changes caused certain (higher income) individuals to shift income into tax year 2012 (FY2013) from future years to avoid higher tax rates on capital gains and dividends. Withholding grew 7.5 percent to \$2,313.7 million, gross final payments jumped nearly 34 percent to \$922 million and refunds, which totaled \$383.7 million, remained flat at 0.6 percent. Corporate tax collections finished the year up 25.8 percent, outpacing the 16.3 percent growth forecast in February 2013 as healthy business profits and restrained costs contributed to robust growth. Mineral production withholding fell 8 percent, from \$28.3 million in FY2012 to \$26.1 million in FY2013.

Legislation Impacting Tax Collections

A new sales tax earmark for transportation took effect in FY2013. Legislation passed in 2011, SB 229, Transportation

Funding Revisions, diverts 30 percent of the growth in sales tax revenue (from FY2011) for transportation starting July 1, 2012 (FY2013) until the current 8.3 percent earmark share reaches 17 percent. Several sales tax exemptions passed the 2013 Legislature including exemptions for: 1) machinery and equipment (if used by a person paying admissions or user fees) with an economic life of 3 or more years for NAICS 713 (amusement, gambling, and recreation), 2) database access, 3) short-term lodging consumables, 4) sales of a fuel cell 5) electronic financial payment services and 6) tangible personal property used in the preparation of food if the ownership of the seller and the ownership of the purchaser are the same.

Figure 17
Sales Tax, Income Tax, and All Other Unrestricted Revenues as a Percent of Total State Unrestricted Revenues



*The “Others” category includes unrestricted fines and fees, investment income, liquor profits, mineral lease, school land income (ended in fiscal 1988), federal revenue sharing (ended in fiscal 1982), corporate, gross receipts, severance, beer, cigarette, insurance, inheritance and motor fuels taxes.
Source: Governor’s Office of Management and Budget f = forecast

Figure 18
IRS Wage and Non-Wage Income as a Percent of Total Taxable Income



Source: Utah State Tax Commission f = forecast

Table 11
Fiscal Year Revenue Collections

Revenue Source	Nominal Revenue (Millions)																
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 ^f	2015 ^f
Sales and Use Tax	\$1,316.4	\$1,369.6	\$1,431.4	\$1,441.3	\$1,444.0	\$1,501.9	\$1,634.5	\$1,806.3	\$1,857.8	\$1,739.4	\$1,547.5	\$1,402.7	\$1,601.4	\$1,582.5	\$1,615.9	\$1,655.8	\$1,714.6
Earmarked Sales and Use Tax	35.1	39.2	43.7	43.2	29.0	39.1	42.0	100.2	250.0	325.3	276.3	301.0	189.2	332.1	422.1	451.6	495.3
Total Sales and Use Tax	1,351.5	1,408.8	1,475.1	1,484.5	1,472.9	1,541.1	1,676.5	1,906.4	2,107.8	2,064.7	1,823.8	1,703.7	1,790.6	1,914.6	2,038.0	2,107.4	2,209.9
Cable/Satellite Excise Tax	0.0	0.0	0.0	0.0	0.0	0.0	11.7	20.5	20.8	24.1	24.8	25.3	25.4	28.7	26.9	26.9	27.6
Liquor Profits	27.0	28.7	30.3	32.6	31.7	37.7	38.1	47.3	53.2	59.7	59.7	58.4	62.3	70.8	81.4	86.1	92.4
Insurance Premiums	47.7	52.2	46.0	56.6	59.0	62.4	67.4	71.4	71.8	77.2	83.0	80.0	75.9	84.4	89.6	92.3	95.8
Beer, Cigarette, and Tobacco	60.0	58.0	57.9	60.0	54.2	62.8	61.9	60.8	62.4	62.8	60.6	58.7	125.5	125.4	120.9	117.9	116.8
Oil and Gas Severance Tax	7.9	17.3	39.4	18.9	26.7	36.7	53.5	71.5	65.4	65.5	71.0	56.2	59.9	65.5	53.2	66.3	69.9
Metal Severance Tax	5.1	5.7	6.2	5.0	5.8	6.0	11.4	17.0	23.6	26.5	14.6	20.9	27.1	25.4	16.9	19.1	18.7
Inheritance Tax	8.2	64.6	30.0	9.4	33.0	9.7	3.0	7.4	0.5	0.1	0.3	0.1	0.1	0.0	0.0	0.0	0.0
Investment Income	15.0	19.5	27.5	9.7	6.5	5.5	13.6	40.0	83.5	62.8	25.1	5.3	2.4	5.6	6.0	4.4	4.8
General Fund Other	38.0	40.8	46.0	45.3	46.7	45.6	46.4	50.8	58.0	53.4	54.4	80.3	72.3	95.9	80.4	75.4	75.4
Property and Energy Credit	-5.3	-4.4	-5.4	-5.3	-5.5	-5.6	-5.9	-5.6	-6.2	-6.4	-6.2	-6.4	-6.0	-6.8	-6.3	-6.5	-6.7
General Fund Total	1,520.2	1,652.1	1,709.3	1,673.5	1,702.1	1,762.7	1,935.4	2,187.5	2,290.9	2,165.1	1,934.6	1,781.4	2,046.3	2,077.5	2,084.9	2,137.9	2,203.3
GF & Earmarks Total	1,555.3	1,691.3	1,753.0	1,716.7	1,731.1	1,801.8	1,977.4	2,287.6	2,540.9	2,490.4	2,210.9	2,082.4	2,235.4	2,409.6	2,507.0	2,589.5	2,704.6
Individual Income Tax	1,461.3	1,651.4	1,705.3	1,605.3	1,572.5	1,692.3	1,926.6	2,277.6	2,561.4	2,598.8	2,319.6	2,104.6	2,298.2	2,459.4	2,852.02	2,763.4	2,876.4
Withholding	1,318.2	1,452.7	1,527.5	1,571.9	1,544.6	1,617.9	1,741.6	1,929.6	2,124.0	2,138.2	1,962.3	1,942.1	2,035.3	2,151.8	2,313.7	2,411.1	2,531.2
Final Payments	413.1	487.9	487.5	396.1	381.5	432.2	549.8	745.2	902.1	962.7	753.4	613.8	669.3	689.0	922.0	710.0	745.5
Refunds	-270.1	-289.2	-309.7	-362.7	-353.6	-357.8	-364.9	-397.2	-464.7	-502.1	-396.1	-451.3	-406.4	-381.4	-383.7	-357.7	-365.8
Corporate Taxes	188.1	181.1	171.1	119.0	156.3	158.2	204.2	366.6	414.1	405.1	255.4	258.4	260.7	268.9	338.2	291.6	304.7
Mineral Production Withholding	6.8	9.3	19.5	13.2	7.2	17.3	16.7	22.7	23.1	23.8	32.5	24.6	26.7	28.3	26.1	29.7	31.6
Education Fund Other	7.6	8.5	9.7	5.6	5.0	4.5	0.0	9.8	18.2	20.1	19.3	24.6	26.6	25.2	27.8	24.6	25.3
Education Fund Total	1,663.7	1,850.4	1,905.5	1,743.0	1,741.0	1,872.2	2,147.6	2,676.8	3,016.8	3,047.8	2,626.8	2,412.2	2,612.2	2,781.9	3,244.1	3,109.4	3,237.9
GF/EF Total	3,183.9	3,502.4	3,614.8	3,416.5	3,443.1	3,634.9	4,083.0	4,864.2	5,307.7	5,212.9	4,561.4	4,193.6	4,658.5	4,859.3	5,329.0	5,247.2	5,447.2
GF/EF & Earmarks Total	3,219.0	3,541.6	3,658.5	3,459.7	3,472.0	3,674.0	4,125.0	4,964.4	5,557.7	5,538.2	4,837.7	4,494.6	4,847.7	5,191.4	5,751.1	5,698.8	5,942.5
Motor Fuel Tax	224.7	237.6	229.4	237.9	236.6	239.9	241.5	240.4	254.7	250.7	235.5	243.3	252.5	253.0	256.9	256.3	257.5
Special Fuel Tax	73.7	76.6	80.6	84.4	84.5	86.2	93.8	101.1	111.1	113.0	101.2	94.4	102.2	104.1	101.4	101.2	101.1
Other	58.5	64.9	64.2	62.8	65.4	64.9	70.0	76.6	78.8	82.4	85.4	73.6	80.7	79.2	81.2	83.3	84.7
Transportation Fund Total	356.9	379.0	374.2	385.1	386.6	391.0	405.3	418.1	444.6	446.0	422.1	411.4	435.4	436.2	439.4	440.8	443.3
Mineral Lease Payments	31.5	39.6	57.9	36.5	53.1	74.8	92.0	170.0	160.9	150.3	189.1	147.2	152.8	194.0	136.9	157.2	161.7
TOTAL	3,572.2	3,921.1	4,046.8	3,838.1	3,882.7	4,100.7	4,580.3	5,452.4	5,913.2	5,809.2	5,172.7	4,752.2	5,246.7	5,489.5	5,905.3	5,845.2	6,052.2
TOTAL & Earmarks	3,607.3	3,960.3	4,090.5	3,881.3	3,911.7	4,139.8	4,622.3	5,552.6	6,163.2	6,134.6	5,449.0	5,053.2	5,435.9	5,821.6	6,327.4	6,296.8	6,547.5

Source: Governor's Office of Management and Budget f = forecast

Table 12
Percent Change in Fiscal Year Revenue Collections

Revenue Source	Nominal Revenue (Percent Change)															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014f	2015f
Sales and Use Tax	4.0%	4.5%	0.7%	0.2%	4.0%	8.8%	10.5%	2.9%	-6.4%	-11.0%	-9.4%	14.2%	-1.2%	2.1%	2.5%	3.6%
Earmarked Sales and Use Tax	11.7	11.5	-1.1	-33.0	35.1	7.3	138.5	149.6	30.1	-15.1	8.9	-37.2	75.6	27.1	7.0	9.7
Total Sales and Use Tax	4.2	4.7	0.6	-0.8	4.6	8.8	13.7	10.6	-2.0	-11.7	-6.6	5.1	6.9	6.4	3.4	4.9
Cable/Satellite Excise Tax							75.8	1.7	15.5	3.0	2.0	0.3	13.0	-6.1	-0.2	2.5
Liquor Profits	6.3	5.6	7.7	-2.5	18.6	1.1	24.2	12.5	12.2	0.0	-2.2	6.8	13.6	14.9	5.8	7.4
Insurance Premiums	9.3	-11.8	23.1	4.2	5.8	7.9	6.0	0.5	7.6	7.5	-3.6	-5.2	11.2	6.1	3.1	3.7
Beer, Cigarette, and Tobacco	-3.3	-0.2	3.5	-9.6	15.9	-1.4	-1.8	2.6	0.7	-3.6	-3.1	113.8	-0.1	-3.6	-2.4	-0.9
Oil and Gas Severance Tax	118.0	127.3	-52.0	41.6	37.1	45.9	33.7	-8.5	0.1	8.4	-20.8	6.5	9.5	-18.9	24.7	5.4
Metal Severance Tax	11.5	8.9	-20.2	17.8	3.3	90.0	48.9	38.5	12.5	-45.1	43.2	30.0	-6.3	-33.3	13.0	-2.4
Inheritance Tax	683.7	-53.5	-68.6	249.9	-70.7	-69.5	152.3	-93.3	-80.9	236.7	-81.1	113.8	-100.0	0.0	0.0	0.0
Investment Income	30.0	40.8	-64.6	-33.5	-14.9	147.1	194.1	108.7	-24.8	-60.1	-78.8	-55.0	135.2	6.8	-26.2	7.8
General Fund Other	7.4	12.8	-1.5	2.9	-2.3	1.6	9.5	14.3	-8.0	1.8	47.6	-9.9	32.7	-16.1	-6.2	-0.1
Property and Energy Credit	-17.3	23.8	-1.3	3.2	2.2	5.6	-5.7	9.9	3.8	-2.6	2.4	-6.4	13.8	-7.7	2.8	3.5
General Fund Total	8.7	3.5	-2.1	1.7	3.6	9.8	13.0	4.7	-5.5	-10.6	-7.9	14.9	1.5	0.4	2.5	3.3
GF & Earmarks Total	8.7	3.6	-2.1	0.8	4.1	9.7	15.7	11.1	-2.0	-11.2	-5.8	7.3	7.8	4.0	3.3	4.4
Individual Income Tax	13.0	3.3	-5.9	-2.0	7.6	13.8	18.2	12.5	1.5	-10.7	-9.3	9.2	7.0	16.0	-3.1	4.1
Withholding	10.2	5.1	2.9	-1.7	4.7	7.6	10.8	10.1	0.7	-8.2	-1.0	4.8	5.7	7.5	4.2	5.0
Final Payments	18.1	-0.1	-18.7	-3.7	13.3	27.2	35.5	21.1	6.7	-21.7	-18.5	9.0	2.9	33.8	-23.0	5.0
Refunds	7.1	7.1	17.1	-2.5	1.2	2.0	8.9	17.0	8.0	-21.1	13.9	-9.9	-6.2	0.6	-6.8	2.3
Corporate Taxes	-3.7	-5.5	-30.5	31.4	1.2	29.1	79.6	13.0	-2.2	-36.9	1.2	0.9	3.1	25.8	-13.8	4.5
Mineral Production Withholding	37.7	109.2	-32.0	-45.7	140.3	-3.1	35.8	1.4	3.4	36.3	-24.4	8.7	6.2	-8.0	13.9	6.3
Education Fund Other	11.9	13.8	-42.4	-10.7	-8.9	-99.1	23,989.4	85.9	10.4	-3.8	27.4	8.1	-5.4	10.4	-11.5	2.7
Education Fund Total	11.2	3.0	-8.5	-0.1	7.5	14.7	24.6	12.7	1.0	-13.8	-8.2	8.3	6.5	16.6	-4.2	4.1
GF/EF Total	10.0	3.2	-5.5	0.8	5.6	12.3	19.1	9.1	-1.8	-12.5	-8.1	11.1	4.3	9.7	-1.5	3.8
GF/EF & Earmarks Total	10.0	3.3	-5.4	0.4	5.8	12.3	20.3	12.0	-0.4	-12.6	-7.1	7.9	7.1	10.8	-0.9	4.3
Motor Fuel Tax	5.7	-3.4	3.7	-0.5	1.4	0.6	-0.4	5.9	-1.6	-6.1	3.3	3.8	0.2	1.5	-0.2	0.5
Special Fuel Tax	3.9	5.2	4.7	0.1	1.9	8.9	7.7	9.9	1.7	-10.4	-6.7	8.2	1.9	-2.6	-0.2	-0.1
Other	10.9	-1.1	-2.2	4.2	-0.8	7.9	9.5	2.8	4.6	3.7	-13.8	9.6	-1.9	2.5	2.7	1.6
Transportation Fund Total	6.2	-1.3	2.9	0.4	1.1	3.7	3.2	6.3	0.3	-5.4	-2.5	5.8	0.2	0.7	0.3	0.6
Mineral Lease Payments	25.7	46.0	-36.9	45.6	40.9	23.0	84.8	-5.4	-6.5	25.8	-22.2	3.8	27.0	-29.4	14.8	2.9
TOTAL	9.8	3.2	-5.2	1.2	5.6	11.7	19.0	8.5	-1.8	-11.0	-8.1	10.4	4.6	7.6	-1.0	3.5
TOTAL & Earmarks	9.8	3.3	-5.1	0.8	5.8	11.7	20.1	11.0	-0.5	-11.2	-7.3	7.6	7.1	8.7	-0.5	4.0

Source: Governor's Office of Management and Budget f = forecast

Industry Focus

Construction

The value of permit-authorized construction in Utah was estimated at \$4.0 billion in 2013, nearly unchanged from 2012. This total value includes residential, nonresidential and additions, alterations and repairs. Residential construction continued to improve albeit at a slower pace than expected. Residential value in 2013 totaled \$2.8 billion, a 7 percent increase over 2012. Offsetting this increase was the 34 percent decline in nonresidential construction valuation. In 2013 the value of permit-authorized new nonresidential construction dropped to \$700 million. Additions, alterations and repairs added \$575 million in construction value, bringing the combined value of permit-authorized construction to \$4.0 billion. Residential activity accounted for 70 percent of permit-authorized value in 2013 and nonresidential activity stood at 17.5 percent. The remaining 12.5 percent included additions, alterations, and repairs.

2013 Summary

The most surprising developments for Utah's construction industry in 2013 were the steep decline in multifamily con-

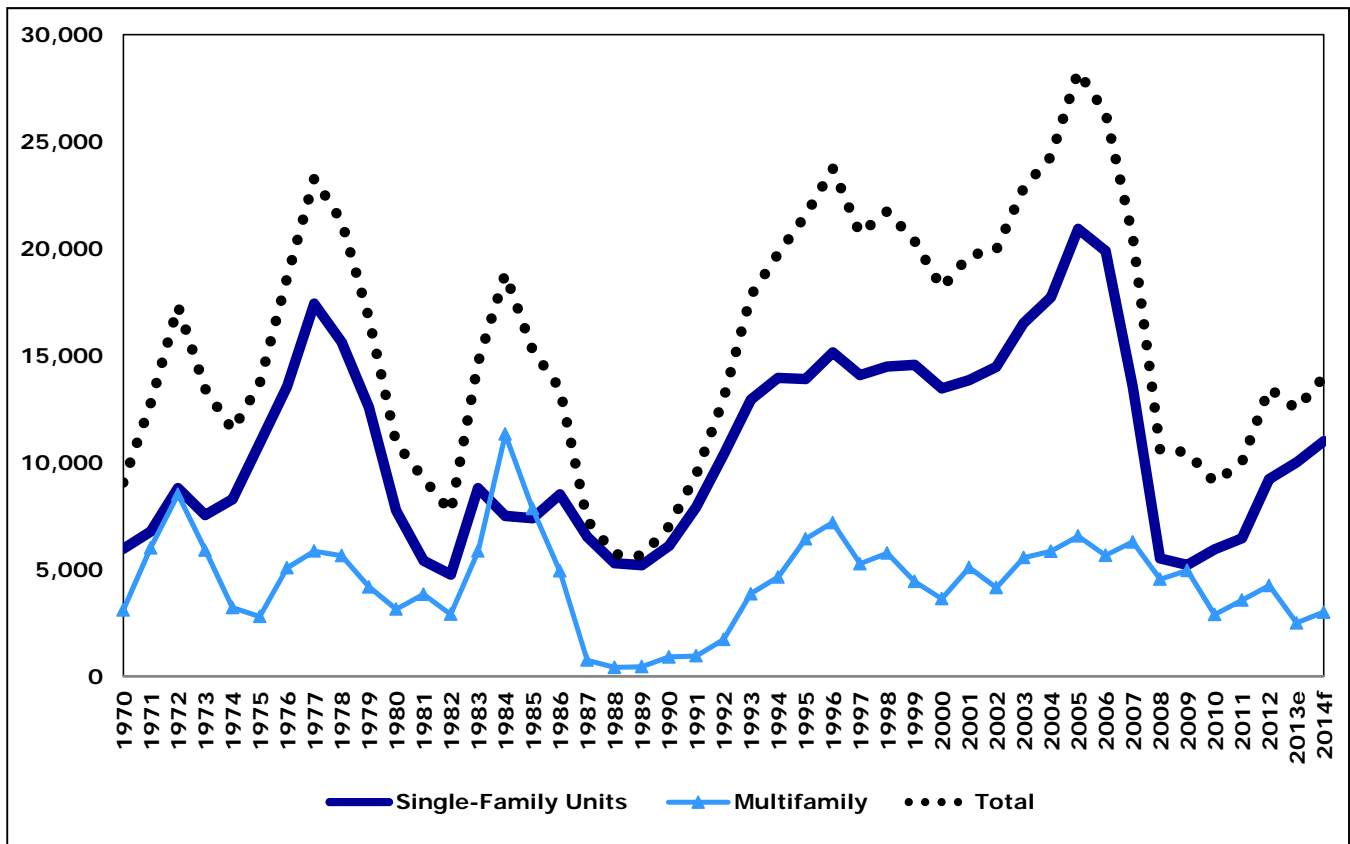
struction activity, particularly apartment units, and the continued weakness of the nonresidential market. Multifamily permits dropped by 41 percent, to 2,500 units in 2013. The market segment was hurt by the increase in interest rates in the late spring. Despite the decline in construction activity, market conditions remain very positive for new apartment development as vacancy rates have dropped to less than 4 percent and rental rates continue to increase. Consequently the decline in new construction activity is viewed as temporary.

The value of nonresidential construction dropped to its lowest value in 20 years. The value of office, industrial, and retail was down 38 percent in 2013.

2014 Outlook

Utah's construction sector will expand in 2014 with valuation increasing by 18 percent to \$4.8 billion. In 2014, multifamily construction should see some improvement with 3,000 new units, a 20 percent increase over 2013. The single-family mar-

Figure 19
Utah Residential Construction Activity



Source: University of Utah, David Eccles School of Business, Bureau of Economic and Business Research e = estimate f = forecast

ket will benefit from pent-up demand which should push new home construction to 11,000 units, an increase of 10 percent.

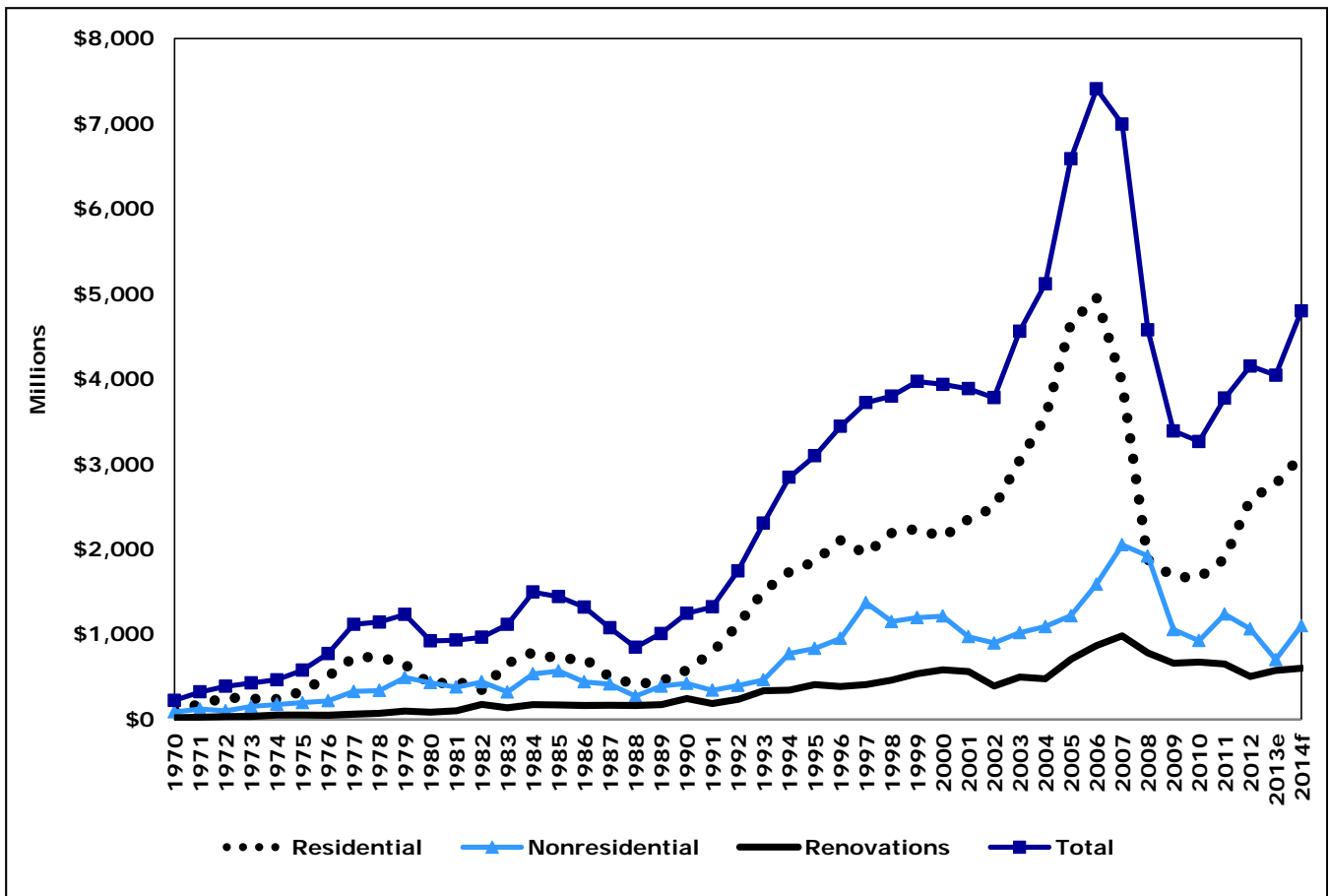
Nonresidential construction will see the greatest improvement as job growth and reduced vacancies in office, retail and industrial buildings spur new development. The value of nonresidential construction in 2014 is forecast to reach \$1.1 billion.

Capital market conditions and commercial real estate market fundamentals will continue to improve, which will allow new projects to move forward. Generally speaking, the amount of

commercial square footage under construction is expected to remain at similar levels heading into 2014, with some upside potential.

Nonresidential construction starts will continue to be influenced by demand from tenants, geographic preferences and dynamic sectors of the Utah economy. As many large public sector projects reached completion in 2013, the most prominent project for the near-future will be the \$2.3 billion Terminal Redevelopment Program at Salt Lake City International Airport (non-permit authorized) which will commence development in 2014.

Figure 20
Value of New Construction



Source: University of Utah, David Eccles School of Business, Bureau of Economic and Business Research e = estimates f = forecast

Table 13
Residential and Nonresidential Construction Activity

Year	Single-Family Units	Multi-Family Units	Mobile Homes/Cabins	Total Units	Value of Residential Construction (millions)	Value of Nonresidential Construction (millions)	Value of Add., Alt., and Repairs (millions)	Total Valuation (millions)
1970	5,962	3,108	na	9,070	\$117.0	\$87.3	\$18.0	\$222.3
1971	6,768	6,009	na	12,777	176.8	121.6	23.9	322.3
1972	8,807	8,513	na	17,320	256.5	99.0	31.8	387.3
1973	7,546	5,904	na	13,450	240.9	150.3	36.3	427.5
1974	8,284	3,217	na	11,501	237.9	174.2	52.3	464.4
1975	10,912	2,800	na	13,712	330.6	196.5	50.0	577.1
1976	13,546	5,075	na	18,621	507.0	216.8	49.4	773.2
1977	17,424	5,856	na	23,280	728.0	327.1	61.7	1,116.8
1978	15,618	5,646	na	21,264	734.0	338.6	70.8	1,143.4
1979	12,570	4,179	na	16,749	645.8	490.3	96.0	1,232.1
1980	7,760	3,141	na	10,901	408.3	430.0	83.7	922.0
1981	5,413	3,840	na	9,253	451.5	378.2	101.6	931.3
1982	4,767	2,904	na	7,671	347.6	440.1	175.7	963.4
1983	8,806	5,858	na	14,664	657.8	321.0	136.3	1,115.1
1984	7,496	11,327	na	18,823	786.7	535.2	172.9	1,494.8
1985	7,403	7,844	na	15,247	706.2	567.7	167.6	1,441.5
1986	8,512	4,932	na	13,444	715.5	439.9	164.1	1,319.5
1987	6,530	755	na	7,305	495.2	413.4	166.4	1,075.0
1988	5,297	418	na	5,715	413.0	272.1	161.5	846.6
1989	5,197	453	na	5,632	447.8	389.6	171.1	1,008.5
1990	6,099	910	na	7,009	579.4	422.9	243.4	1,245.7
1991r	7,911	958	572	9,441	791.0	342.6	186.9	1,320.5
1992	10,375	1,722	904	13,001	1,113.6	396.9	234.8	1,745.3
1993	12,929	3,865	1,010	17,804	1,504.4	463.7	337.3	2,305.4
1994	13,947	4,646	1,154	19,747	1,730.1	772.2	341.9	2,844.2
1995	13,904	6,425	1,229	21,558	1,854.6	832.7	409.0	3,096.3
1996	15,139	7,190	1,408	23,737	2,104.5	951.8	386.3	3,442.6
1997	14,079	5,265	1,343	20,687	1,943.5	1,370.9	407.1	3,721.5
1998	14,476	5,762	1,505	21,743	2,188.7	1,148.4	461.3	3,798.4
1999	14,561	4,443	1,346	20,350	2,238.0	1,195.0	537.0	3,970.0
2000	13,463	3,629	1,062	18,154	2,140.1	1,213.0	583.3	3,936.4
2001	13,851	5,089	735	19,675	2,352.7	970.0	562.8	3,885.5
2002	14,466	4,149	926	19,941	2,491.0	897.0	393.0	3,781.0
2003	16,515	5,555	766	22,836	3,046.4	1,017.4	497.0	4,560.8
2004	17,724	5,853	716	24,293	3,552.6	1,089.9	476.0	5,118.5
2005	20,912	6,562	811	28,285	4,662.6	1,217.8	707.6	6,588.0
2006	19,888	5,658	776	26,322	4,955.5	1,588.0	865.3	7,408.8
2007	13,510	6,290	739	20,539	3,963.2	2,051.0	979.7	6,993.9
2008	5,513	4,544	546	10,603	1,877.0	1,919.1	781.2	4,577.3
2009	5,217	4,951	320	10,488	1,674.0	1,054.3	660.1	3,388.4
2010	5,936	2,890	240	9,066	1,667.0	925.1	672.0	3,264.1
2011	6,454	3,568	na	10,023	1,885.4	1,236.0	652.0	3,773.4
2012	9,222	4,248	na	13,470	2,584.4	1,062.6	504.8	4,151.8
2013e	10,000	2,500	na	12,500	2,769.8	700.0	575.0	4,044.8
2014f	11,000	3,000	na	14,000	3,100.0	1,100.0	600.0	4,800.0

Source: University of Utah, David Eccles School of Business, Bureau of Economic and Business Research e = estimates f = forecast

Energy

Utah's energy sector experienced some ups and downs during 2013. Crude oil production continued to rise as oil prices remained high; however, natural gas production peaked in 2012 and began to decline due to modest gas prices. Coal production in Utah decreased significantly in the last two years as demand for coal, especially out-of-state, remained low. Utah's electricity consumption continued its upward trend, growing at 3.2 percent each year, while electric generation started to rebound from recession-related lows. Indications are that energy consumption in 2014 will continue to increase, while production will increase or remain nearly steady, thus maintaining the energy sector as a positive attribute in Utah's still recovering economy.

Production and Consumption. Despite a 150 percent increase in crude oil production over the last ten years, and 2013 production totaling approximately 33.0 million barrels, Utah continued to be dependent on other states and Canada for crude oil and petroleum products as Utah production only met 60 percent of

in-state demand. Conversely, Utah continued to produce much more natural gas than it consumed (462 billion cubic feet produced in 2013 compared to 228 billion cubic feet consumed), allowing nearly half of total production to be exported out-of-state. Utah coal production decreased significantly in 2013 to 16.3 million tons as demand for coal continued to

plummet due to lower electricity demand and conversion of power and industrial plants to natural gas. Total coal production was roughly equal to total in-state demand. Electric generation in Utah rebounded from a recession-related drop, totaling 41,550 gigawatthours in 2013, while electricity consumption in Utah continued to rise, reaching a new record of 30,450 gigawatthours in 2013. Furthermore, electricity generation from coal and natural gas plants fluctuated with the economy in recent years and electricity from renewable resources more than doubled since 2008. This increase is attributed to the recent construction of the 306-MW Milford wind farm, as well as capacity increases at the Blundell geothermal power plant.

Prices. Utah's crude oil price rose 4 percent to an average of \$86 per barrel in 2013, the second highest price in nominal dollars, helping spur continued growth in crude oil development. Utah's price for natural gas averaged only \$3.58 per thousand cubic feet over the last five years. Consequently, natural gas production peaked in 2012 and began a downward trend. The minemouth price of coal was holding steady near \$36 per ton, but low demand was hampering production. With regard to electricity, Utah's well-established coal-fired power plants will assure affordable, reliable electric power for the foreseeable future and help keep Utah's electricity prices well below the national average.

2014 Outlook

In 2014, Utah crude oil production should continue its recent growth as prices are expected to remain over \$80 per barrel. Utah coal production will remain in the 16 million ton range, as prospects for increasing demand are low. Natural gas production, having peaked in 2012, is expected to decline slightly in the following few years, at least until prices climb back to the \$4 to \$5 per thousand cubic foot range. Electricity generation in Utah has begun to rebound from a recession-related dip and will continue a slow climb as demand returns. As the economy grows, consumption of energy from all sources is expected to increase in 2014, while prices remain near 2013 averages. As always, future predictions are subject to change due to unforeseen socio-political and economic events.

Table 14
Electric Generation in Utah: 2013e

Source	GWh	Percent of Total
Coal	33,500	80.6%
Natural Gas	5,900	14.2%
Hydroelectric	970	2.3%
Wind	550	1.3%
Geothermal	310	0.7%
Other ¹	220	0.5%
Other Renewables ²	60	0.1%
Petroleum	40	0.1%
Total	41,550	

¹Includes nonbiogenic municipal solid waste and other manufactured and waste gases derived from fossil fuels.
²Landfill gas, biogenic municipal solid waste, and solar.

Source: Utah Geological Survey, U.S. Energy Information Administration e = estimate

**Table 15
Production, Consumption, and Selected Prices for Energy Sources in Utah**

Year	Crude Oil and Petroleum Products			Natural Gas			Coal			Electricity			Residential Electricity Price ¢/kWh	
	Production	Consumption	Wellhead Price	Marketed Production	Consumption	Wellhead Price	Production	Consumption	Mine-mouth Price	Generation from Fossil Fuels ¹	Generation from Renewables ²	Total Generation		Consumption
	Thousand barrels	Thousand barrels	\$/barrel	Million cubic feet	Million cubic feet	\$/thousand cubic feet	Thousand tons	Thousand tons	\$/ton	GWh	GWh	GWh		GWh
1980	24,979	35,983	19.79	47,857	115,092	1.12	13,236	7,106	25.63	11,291	821	12,112	10,705	5.5
1981	24,309	30,812	34.14	59,120	102,240	1.10	13,808	7,433	26.87	11,139	623	11,762	11,886	6.0
1982	23,595	30,563	30.50	49,995	117,706	3.06	16,912	6,787	29.42	10,867	1,024	11,891	12,391	6.3
1983	31,045	32,316	28.12	20,925	110,185	3.40	11,829	6,872	28.32	11,030	1,394	12,424	13,194	6.9
1984	38,054	32,101	27.21	74,698	115,578	4.08	12,259	7,905	29.20	12,359	1,429	13,788	12,717	7.4
1985	41,080	31,809	23.98	83,405	115,117	3.52	12,831	8,303	27.69	14,283	1,129	15,412	13,039	7.8
1986	39,243	34,406	13.33	90,013	105,175	2.90	14,269	8,112	27.64	15,235	1,584	16,819	12,989	8.0
1987	35,829	35,172	17.22	87,158	98,987	1.88	16,521	11,806	25.67	25,326	1,020	26,346	13,398	8.0
1988	33,365	35,971	14.24	101,372	108,953	2.39	18,164	14,513	22.85	28,870	767	29,637	14,507	7.8
1989	28,504	34,694	18.63	120,089	113,537	1.58	20,517	15,044	22.01	29,761	735	30,496	14,965	7.4
1990	27,705	35,082	22.61	145,875	116,648	1.70	22,012	15,737	21.78	31,903	660	32,564	15,402	7.1
1991	25,928	36,933	19.99	144,817	132,766	1.54	21,875	14,834	21.56	29,693	813	30,506	15,907	7.1
1992	24,074	36,524	19.39	171,293	122,785	1.63	21,015	15,719	21.83	32,448	836	33,284	16,567	7.0
1993	21,826	37,422	17.48	225,401	138,199	1.77	21,723	16,063	21.17	33,050	1,047	34,097	16,867	6.9
1994	20,668	38,275	16.38	270,858	137,222	1.54	24,422	16,603	20.07	34,252	983	35,235	17,847	6.9
1995	19,976	41,718	17.71	241,290	156,971	1.15	25,051	15,675	19.11	31,699	1,137	32,836	18,460	6.9
1996	19,529	44,628	21.10	250,767	161,285	1.39	27,071	15,616	18.50	31,711	1,272	32,983	19,858	7.0
1997	19,593	44,529	18.57	257,139	165,305	1.86	26,428	16,506	18.34	33,200	1,547	34,747	20,376	6.9
1998	19,218	45,452	12.52	277,340	170,134	1.73	26,600	17,482	17.83	34,436	1,509	35,945	20,700	6.8
1999	16,362	46,806	17.69	262,614	160,431	1.93	26,491	16,610	17.36	35,366	1,449	36,815	21,879	6.3
2000	15,609	49,179	28.53	269,285	165,023	3.28	26,920	17,373	16.93	35,697	942	36,639	23,185	6.3
2001	15,269	48,167	24.09	283,913	159,299	3.52	27,024	16,748	17.76	35,187	700	35,887	23,217	6.7
2002	13,771	47,607	23.87	274,739	163,379	1.99	25,299	16,434	18.20	35,926	682	36,608	23,267	6.8
2003	13,097	49,897	28.88	268,058	154,125	4.11	23,069	16,974	16.36	37,399	625	38,024	23,860	6.9
2004	14,744	50,625	39.35	277,969	155,891	5.24	21,818	17,615	16.82	37,563	649	38,212	24,512	7.2
2005	16,681	52,978	53.98	301,223	160,276	7.16	24,556	17,329	18.71	37,192	973	38,165	25,000	7.5
2006	17,929	56,863	59.70	348,320	187,399	5.70	26,131	17,515	21.77	40,311	952	41,263	26,366	7.6
2007	19,537	55,550	62.48	376,409	219,699	3.86	24,288	17,486	24.75	44,639	734	45,373	27,785	8.2
2008	22,041	52,955	86.58	433,566	224,187	6.15	24,275	17,779	27.70	45,609	970	46,579	28,192	8.3
2009	22,872	49,553	50.22	444,162	214,220	3.38	21,927	16,647	31.21	42,221	1,322	43,543	27,587	8.5
2010	24,669	49,420	68.09	432,045	219,178	4.23	19,406	15,976	30.89	40,773	1,476	42,249	28,044	8.7
2011	26,284	53,072	82.53	457,525	222,165	3.90	20,073	15,588	32.89	38,645	2,191	40,836	28,859	9.0
2012	30,190	54,568	82.73	485,527	217,357	2.75	17,155	14,085	35.78	37,555	1,848	39,403	29,723	9.9
2013e	33,000	54,949	86.00	462,000	227,855	3.65	16,300	15,943	35.98	39,660	1,890	41,550	30,450	10.5
2014f	34,700	55,500	83.50	458,000	228,000	3.85	16,500	16,200	36.00	40,500	2,000	42,500	31,300	11.0

e = estimate

f = forecast

¹Includes nonbiogenic municipal solid waste and other manufactured and waste gases derived from fossil fuels

²Includes hydroelectric, geothermal, biomass, wind, and solar

Note: Prices are in nominal dollars

Source: Utah Geological Survey, U.S. Energy Information Administration, Utah Division of Oil, Gas, and Mining

Minerals

The Utah Geological Survey (UGS) estimates the gross production value of nonfuel mineral commodities and uranium produced in Utah in 2013 totaled \$3.77 billion, an increase of about \$279 million over 2012. The U.S. Geological Survey reports the 2012 value of Utah's nonfuel minerals ranks seventh nationally with 4.6 percent of the total production. The 2013 data was derived primarily from corporate third quarter reports, 2013 corporate production projections reported in late 2012, and other sources where available.

2013 Summary

The estimated \$3.77 billion total value of mineral industry sectors includes a base metals value of \$2.22 billion (59 percent), an industrial minerals value of \$1.19 billion (31 percent), and a precious metals value of \$362 million (10 percent). Of the nonfuel mineral-producing companies surveyed in late 2012, 43 percent of them projected duplicating 2012 production in 2013, 37 percent planned on some production increase, and 20 percent projected less production.

The April 2013 Manefay landslide at Kennecott Utah Copper's (KUC) Bingham Canyon open pit copper-gold-molybdenum-silver mine had a negative impact on Utah's nonfuel mineral production value for 2013 because of the company's large share of the total Utah production value. The massive landslide moved approximately 132 million metric tons of rock and dirt from the northeast highwall into the bottom of the mine. In addition to lower production, commodity prices in 2013 were generally down from 2012 levels.

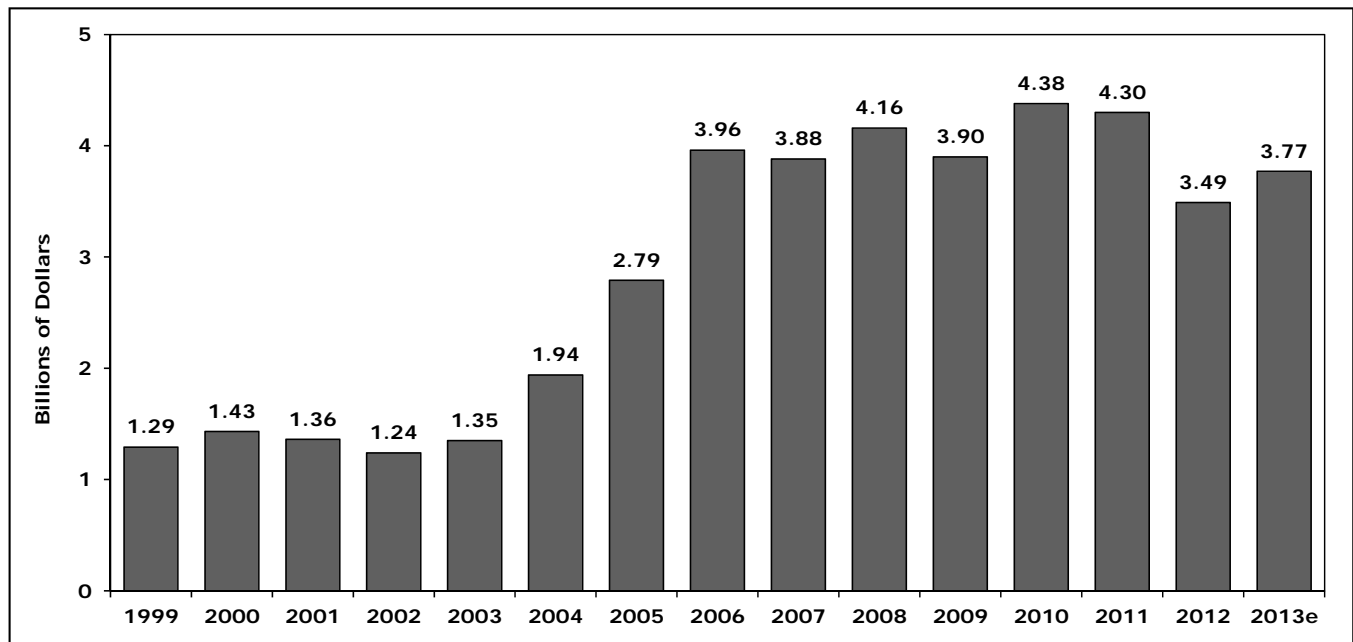
However, because 2012 was a poor year for the Bingham Canyon mine, the total value of the 2013 production was essentially unchanged.

Low uranium prices resulted in a halt to all production from Energy Fuels' uranium mining operations in Utah in early 2013, which also resulted in the loss of byproduct vanadium production. Nonfuel mineral exploration activities in Utah were lower in 2013 than the previous year. However, both iron ore production and prices were up. Industrial minerals production was estimated to remain stable in 2013.

2014 Outlook

While base and precious metal production are likely to be unchanged in 2014, metal prices are expected to decrease slightly from 2013, resulting in somewhat lower 2014 metals production value. A number of large construction projects in the state were completed or were projected to be completed in 2013. Smaller-scale construction projects will likely continue near 2013 levels. Potash, the highest industrial mineral value contributor in 2012, saw prices decrease marginally in 2013. Potash prices are likely to remain fairly stable in 2014, but recent industry developments have led to uncertainty in the market. Consequently, the UGS tentatively estimates that industrial mineral values in 2014 will not fluctuate significantly from 2013. Therefore, the relative stability in production and price for most nonfuel mineral commodities forecast for 2014 suggests that the overall value will be only slightly below 2013 values.

Figure 21
Total Annual Value of Utah's Nonfuel Mineral Production



Source: U.S. Geological Survey; estimate by the Utah Geological Survey e = estimate

Tourism

Utah’s tourism, travel, and recreation sector was heading for another successful year in 2013, but will more than likely fall slightly short of the revenue and visitation levels in 2012 due to the government shutdown in October. Even though 2013 was still a good year for tourism, it was unclear what the short term effect of the shutdown will be on final estimates.

2013 Summary

Utah’s travel and tourism sector was on pace to surpass the success of 2012 and as of September 2013, national parks, national monument and recreation areas, and state parks were on track to produce slight increases over 2012 visitation. Tourism- travel- and recreation-related taxes, statewide hotel occupancy rates, and welcome center visitation were also ahead of the September 2012 figures.

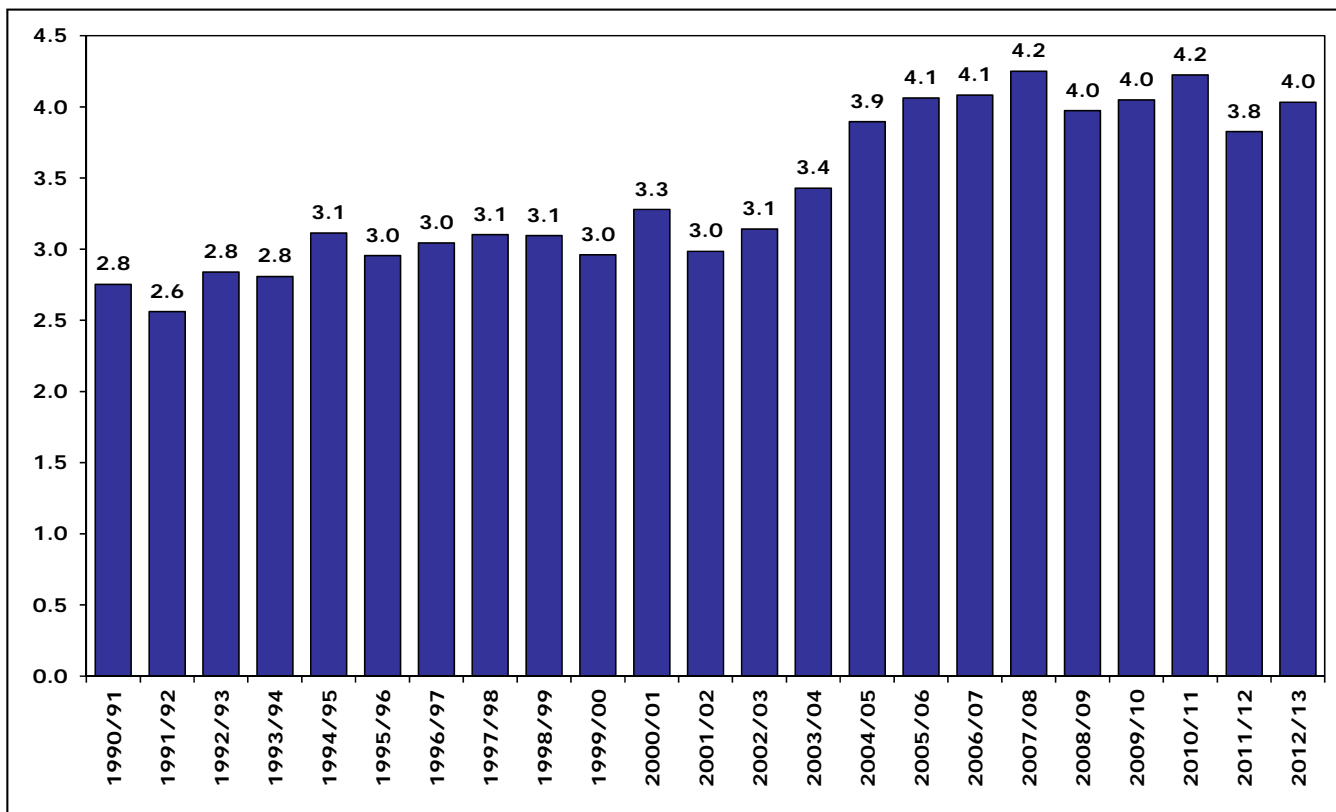
National park visitation for the month of October was down 33 percent due to the federal government shutdown which began on October 1, 2013. During the shutdown, Utah state parks accepted national park visitor passes, which was estimated to have positively impacted October state park visitation. Governor Herbert, working with the U.S. Department of the Interior, led the effort to re-open the national parks

with temporary state funding. “Utah’s national parks are the backbone of many rural economies,” Herbert said, “and hard-working Utahns are paying a heavy price for this shutdown.” Due to Herbert’s efforts, Utah’s national parks re-opened October 12, 2013.

The 2012/13 ski season was a success despite below average snowfall. Utah skier visits were up 5.4 percent, from 3.8 million during the 2011/12 season to 4.0 million during the 2012/13 season. Domestically, the largest number of out-of-state visitors were from New York City, Los Angeles, Boston, Atlanta, and Chicago. Top international-visitor markets included Australia, Canada, Germany, the United Kingdom, and Mexico. Resident and nonresident ski/snowboard visitors spent an estimated \$1.29 billion, up from \$1.17 billion in 2011/12. Major ski publications favorably ranked Utah ski resorts in 2013 and the resorts continue to make yearly infrastructure improvements.

Utah weathered the Great Recession better than most states and has enjoyed a sustained recovery. Overall, spending by travelers and tourists has been steadily increasing, as have tourism- travel- and recreation-related jobs, taxes, and overall

Figure 22
Total Utah Skier Visits



Source: Ski Utah

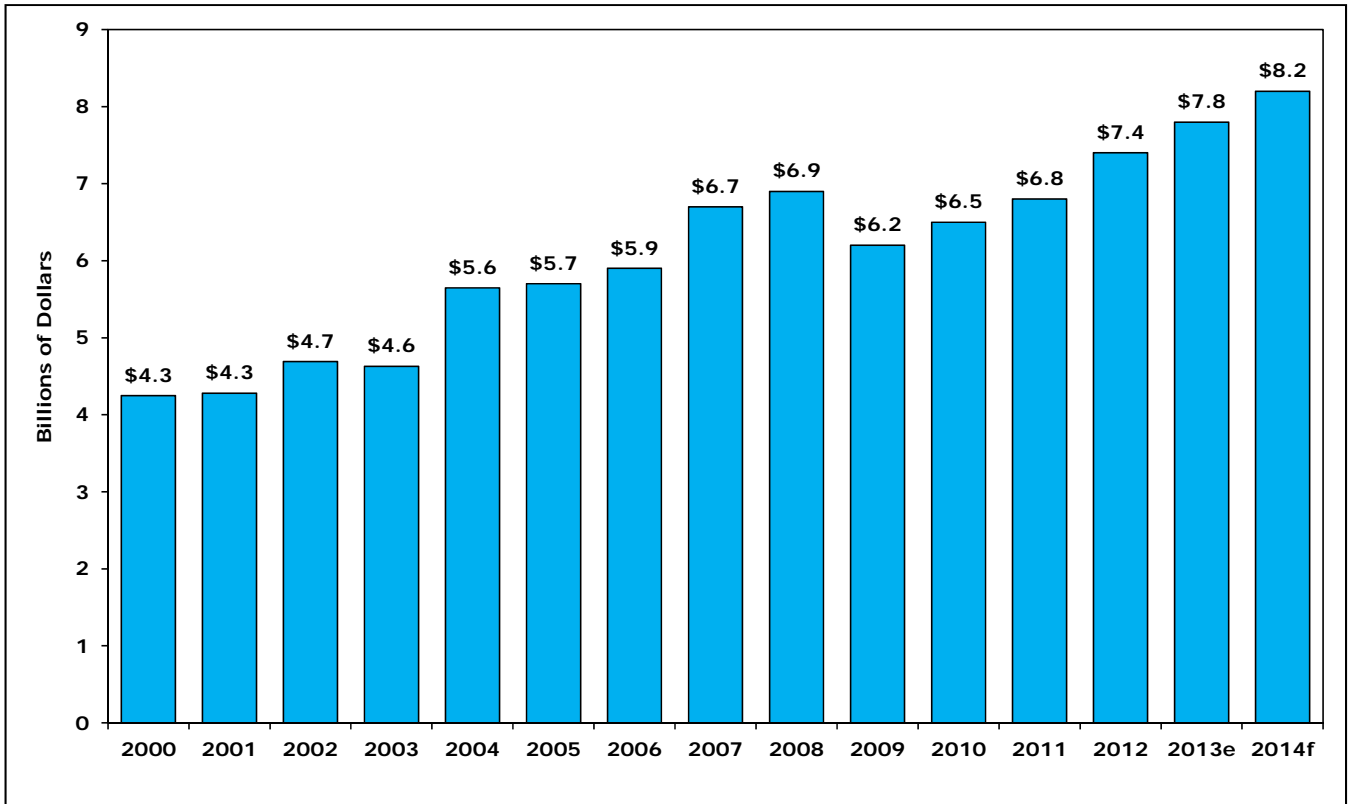
Utah visitation. With the construction of several new high-end resorts in recent years, Utah is experiencing an increase in luxury travel as well.

2014 Outlook

The outlook for 2014 is cautiously optimistic. Despite factors such as the national government shutdown in October, a stagnant national economy, and tepid consumer confidence, Utah’s tourism, travel, and recreation sector is expected to show a modest increase. Predictions include slow but steady growth in international, in-state, and domestic leisure travel.

Additionally, travelers continue to show strong interest in national parks, from which Utah should benefit. Competition among nearby destinations for the local and regional markets will continue to intensify. National trends highlight opportunities in key segments of the travel market including adventure travel, cultural and heritage tourism, nature-based travel, and family travel. Utah is well positioned to attract these visitors. Several of Utah’s resorts again received high rankings from major ski publications and hope to surpass the 2012/13 season.

Figure 23
Utah Total Tourism/Traveler Spending



Source: D.K. Shifflet & Associates Ltd.