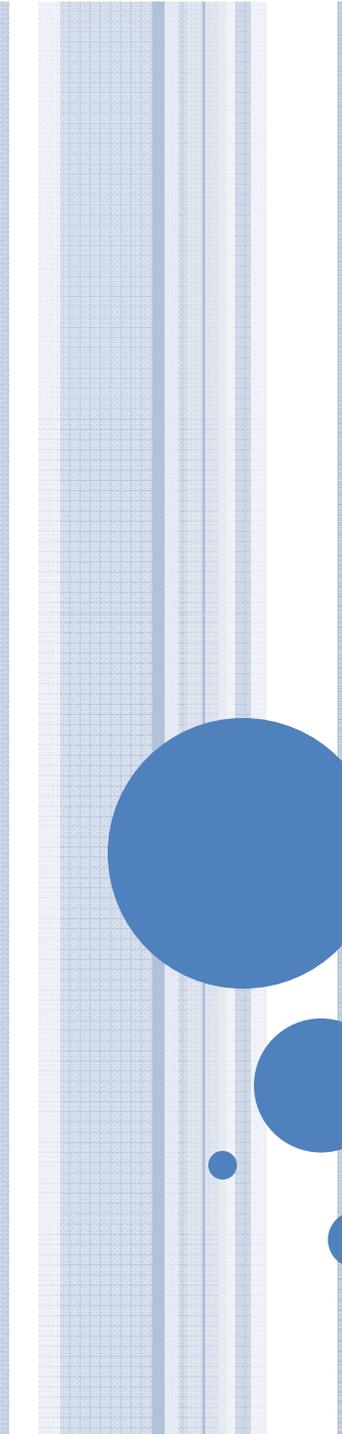


Tough TIMES
TOUGH Minds

102ND ANNUAL BUSINESS SESSION

Utah
League of
Cities and Towns





UTAH LEAGUE OF CITIES AND TOWNS ECONOMIC PANEL

Juliette Tennert

Governors Office of Planning and Budget

James Wood

University of Utah Bureau of Economic and
Business Research

Doug Macdonald

Utah League of Cities and Towns

Neil Abercrombie

Utah League of Cities and Towns

Anxiety Easing

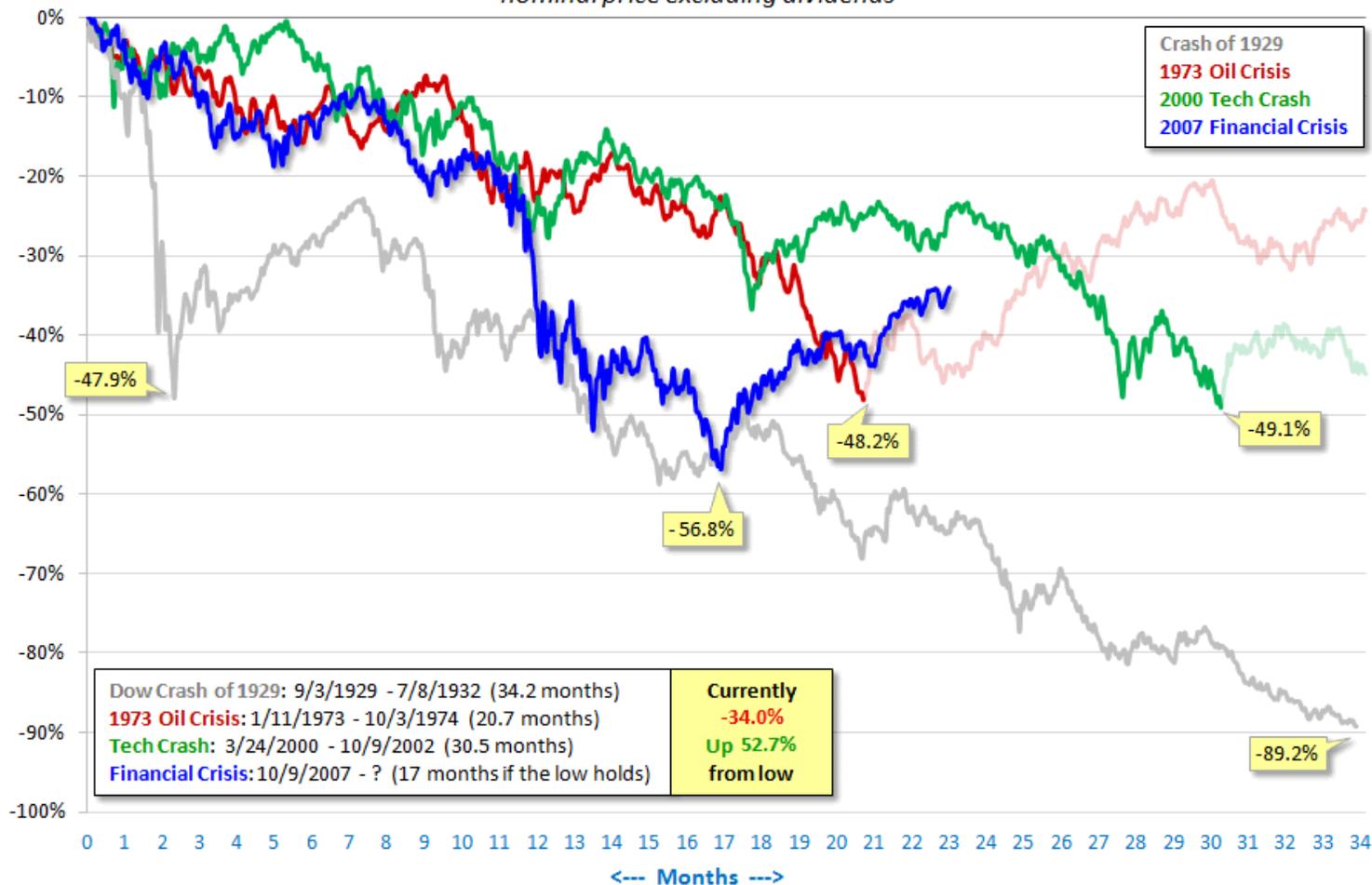
Four Bad Bear Markets

dshort.com

9/9/2009

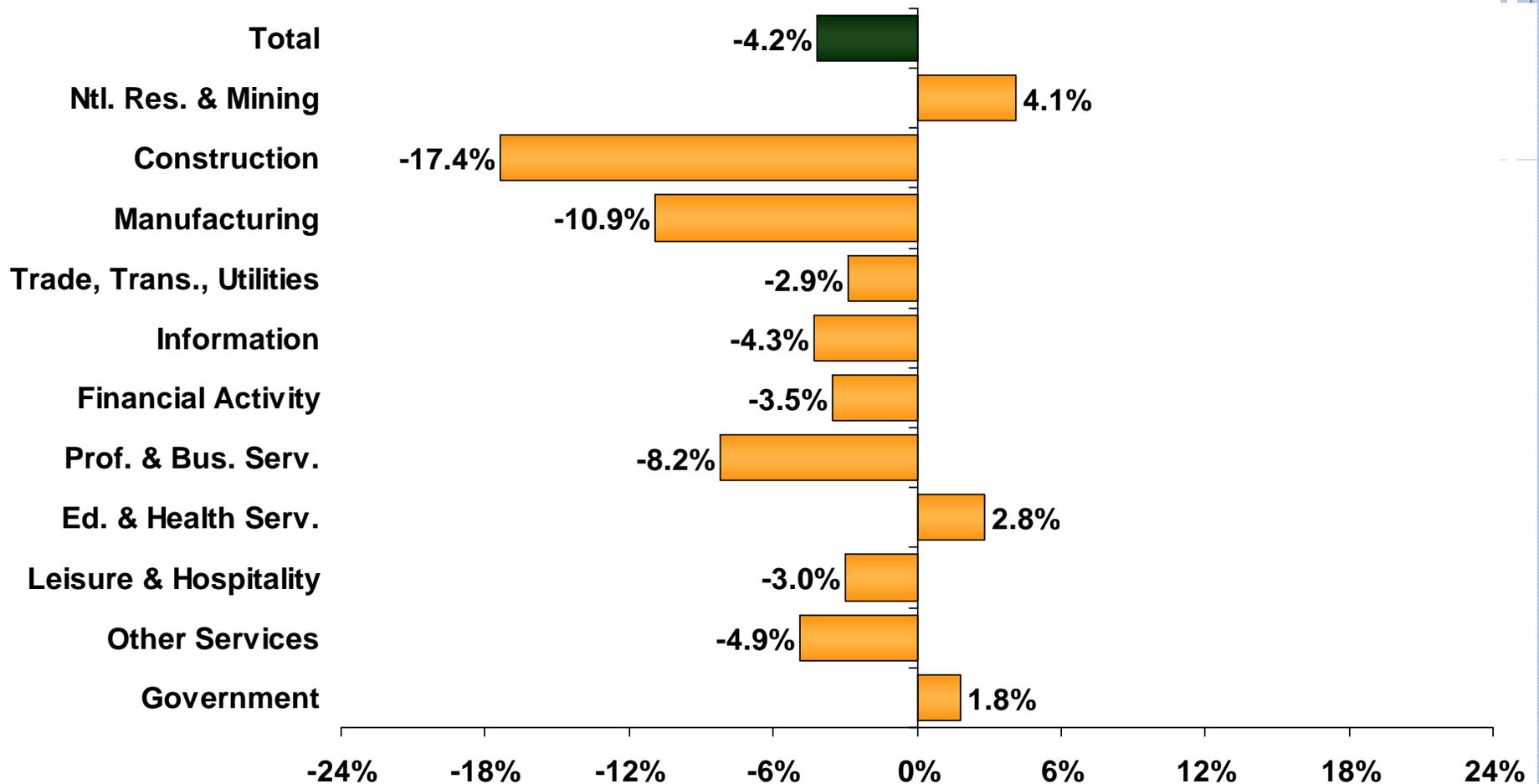
Dow in 1929-1932; S&P 500 in 1973-74, 2000-02, 2007-09

nominal price excluding dividends



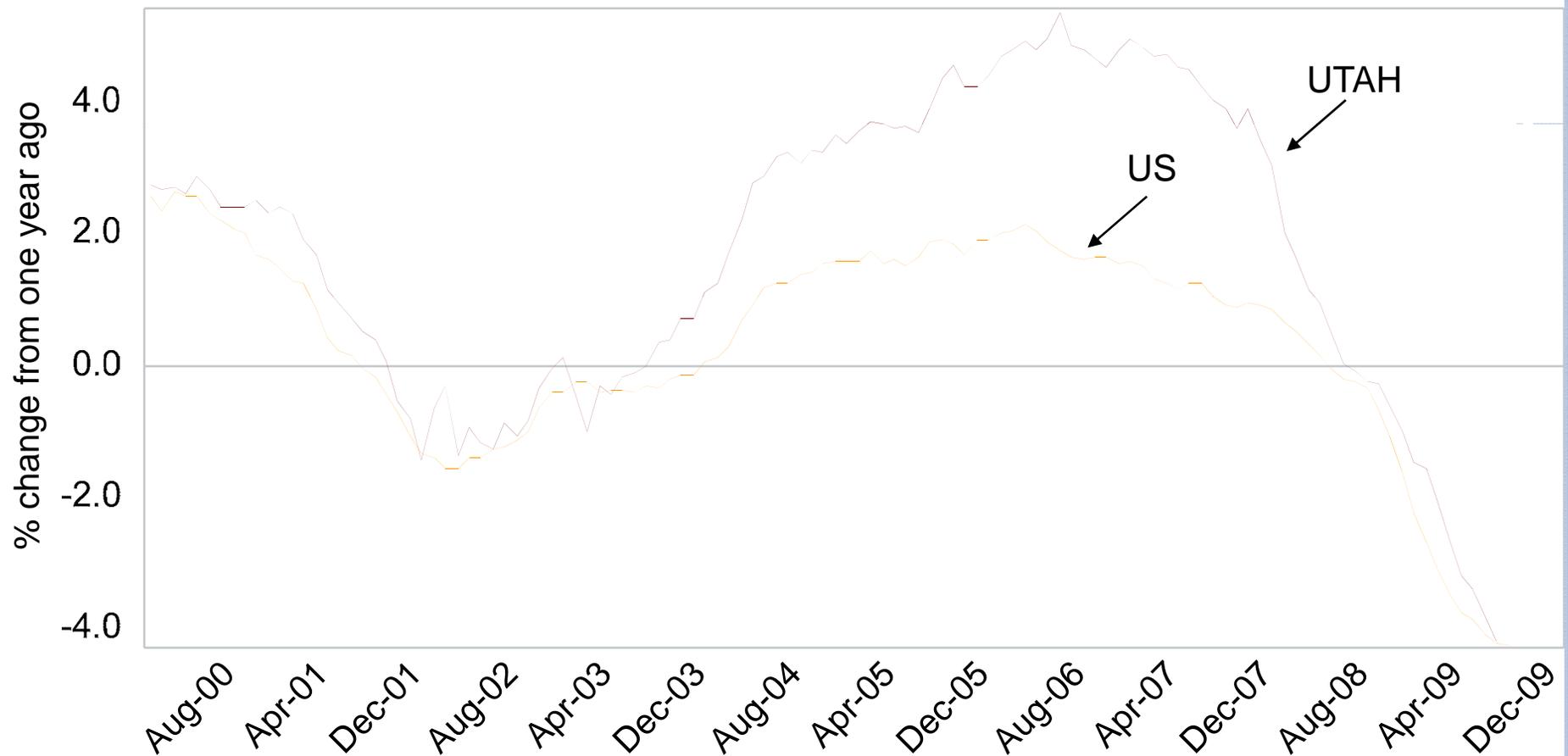
WEAKNESS HAS SPREAD THROUGH MOST INDUSTRIES

Percent Change in Utah Employment by Industry: July 2008 to July 2009



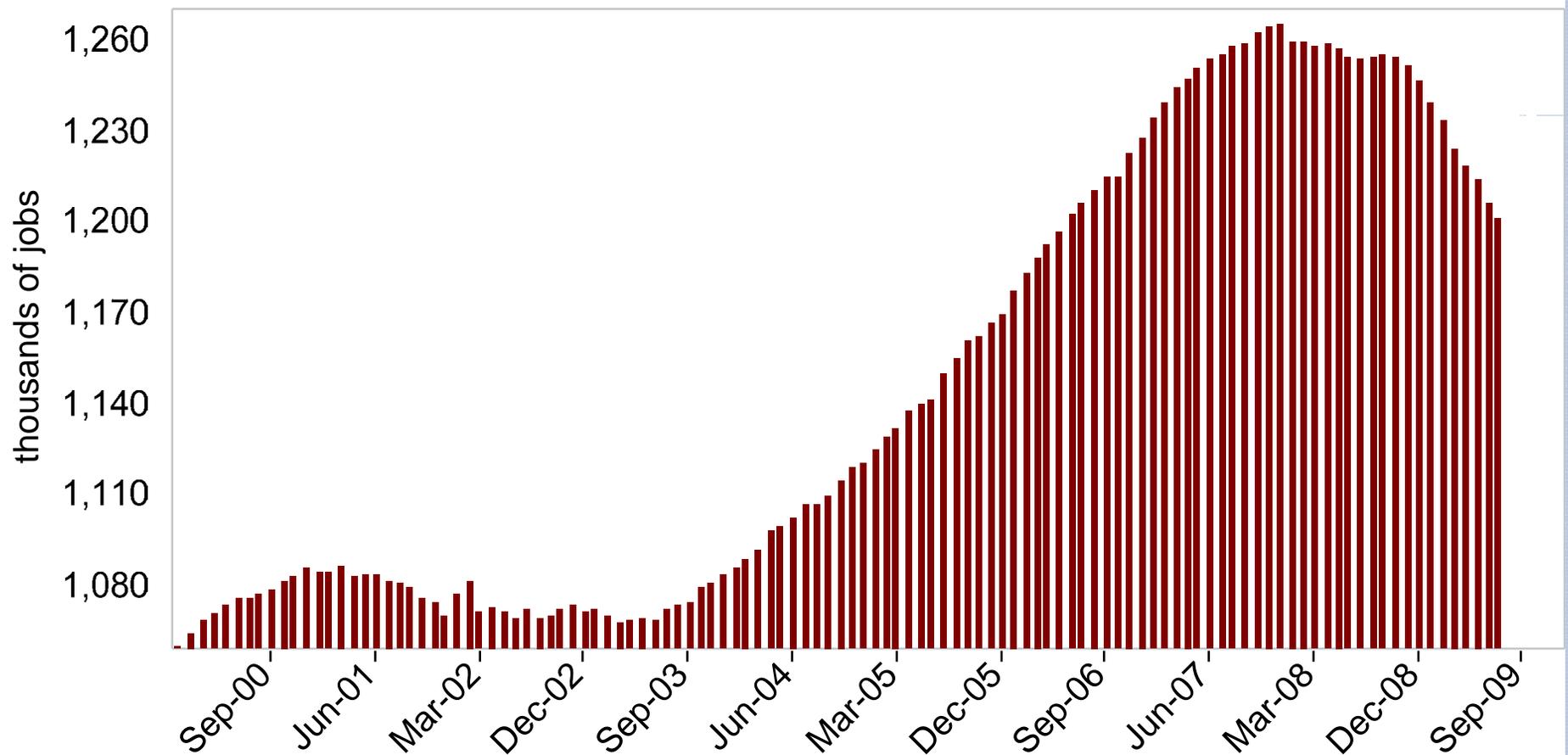
DECELERATION IN EMPLOYMENT

**Change in Monthly Establishment Nonagricultural Employment
Utah & US: January 2000 – August 2009**



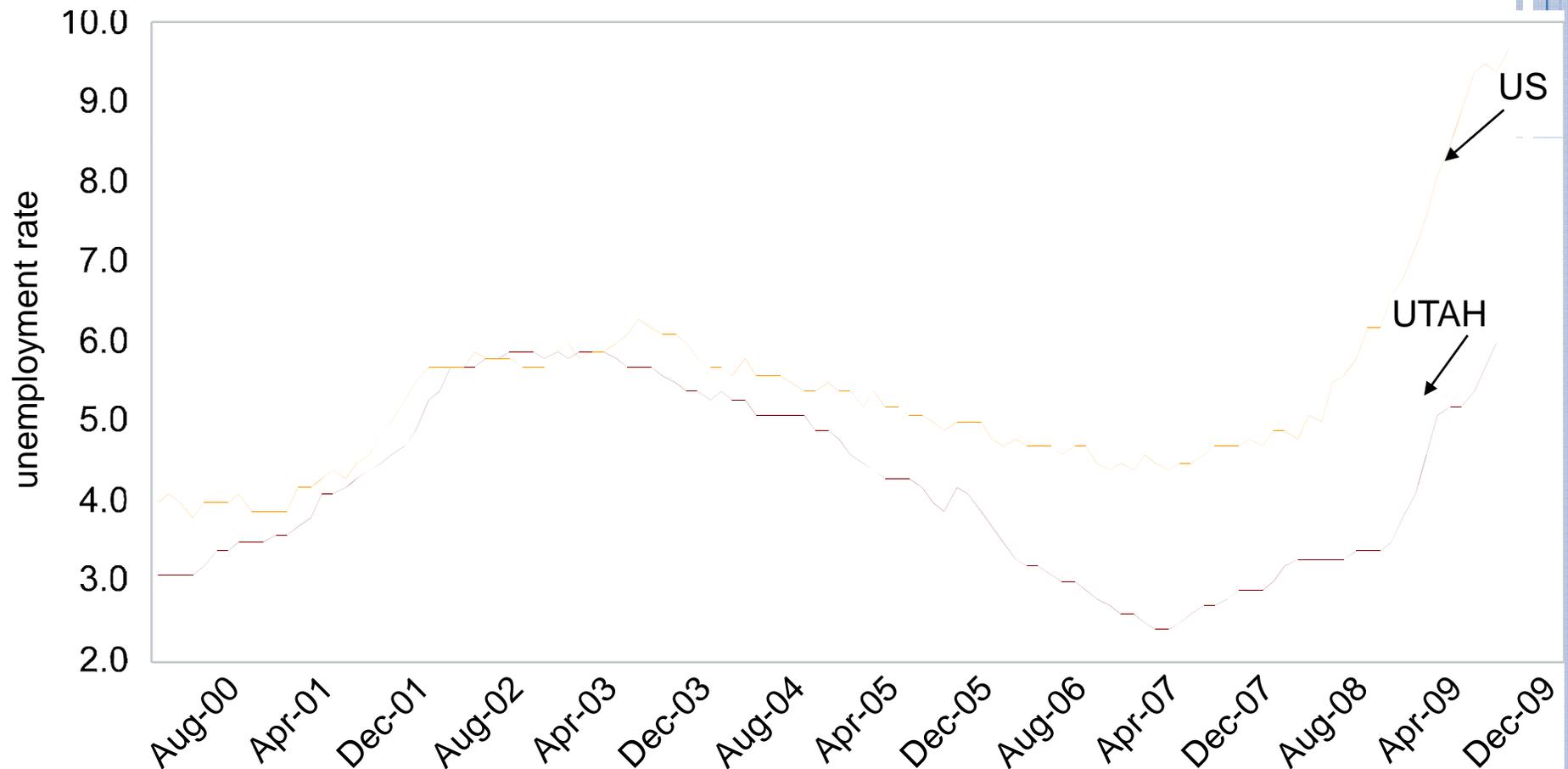
DECELERATION IN EMPLOYMENT

Monthly Utah Establishment Nonagricultural Employment
January 2000 – July 2009



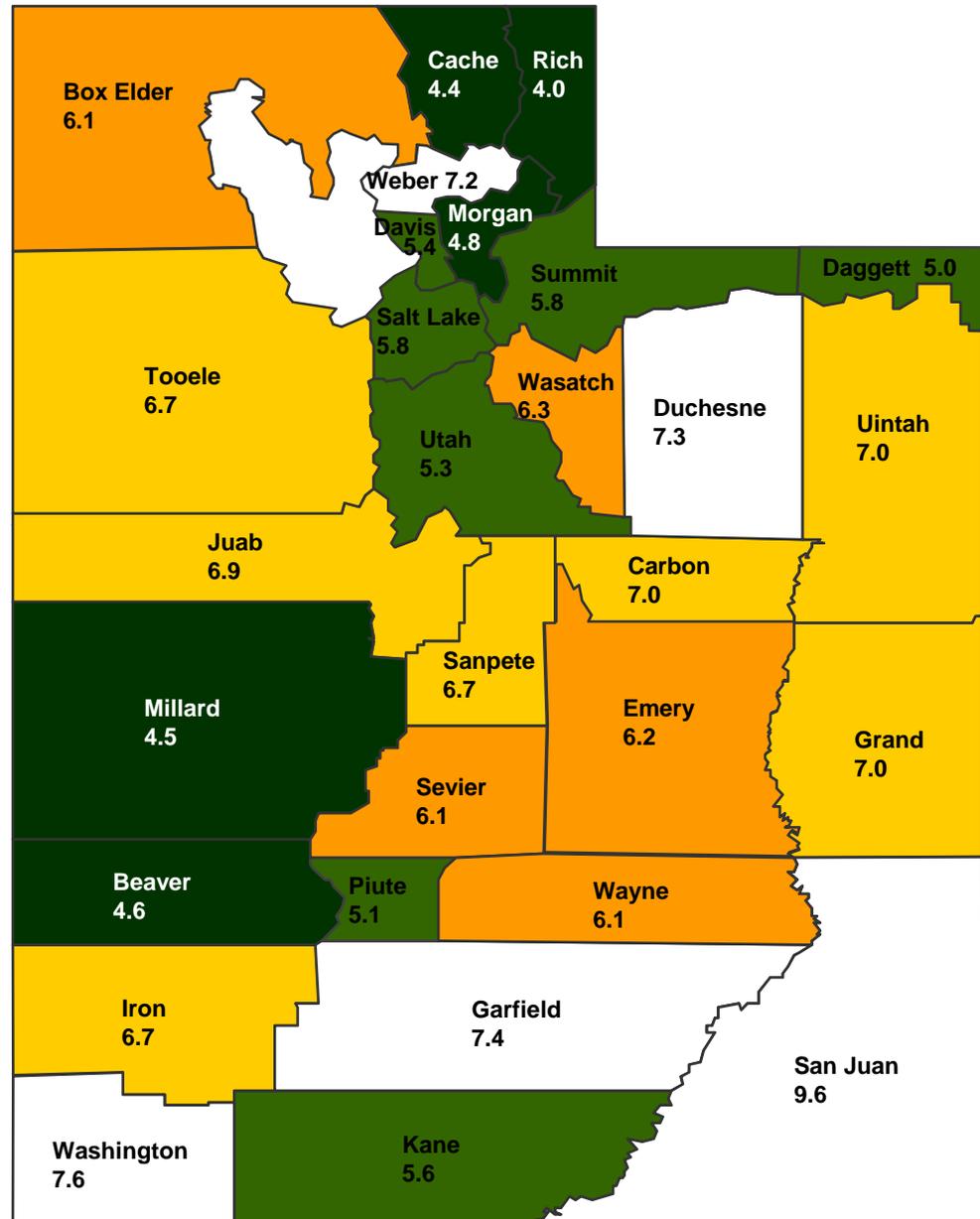
INCREASING UNEMPLOYMENT RATE

**Unemployment Rate
Utah & US: January 2000 – August 2009**



Utah Unemployment Rates By County July 2009

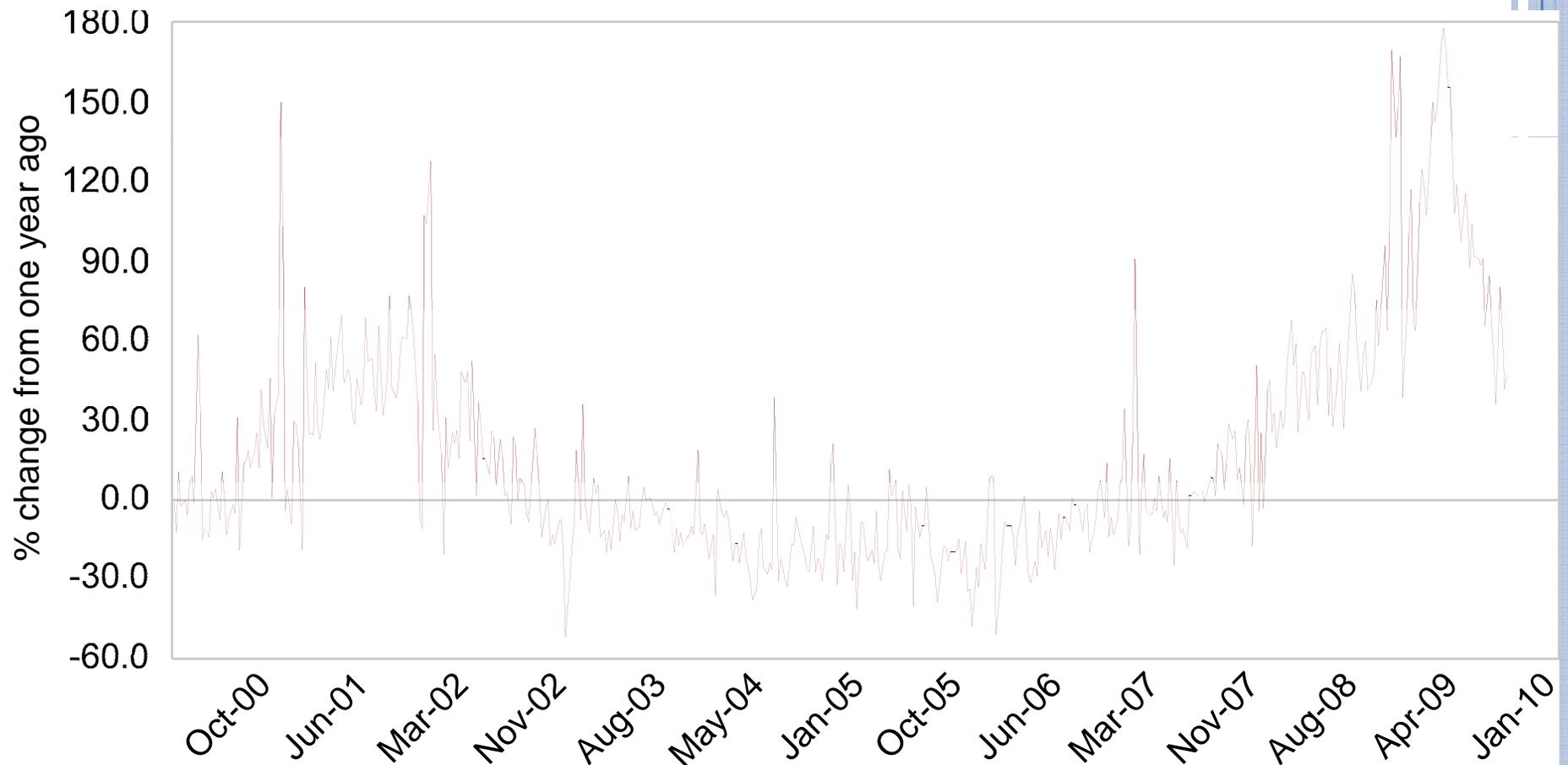
State Average = 6.0



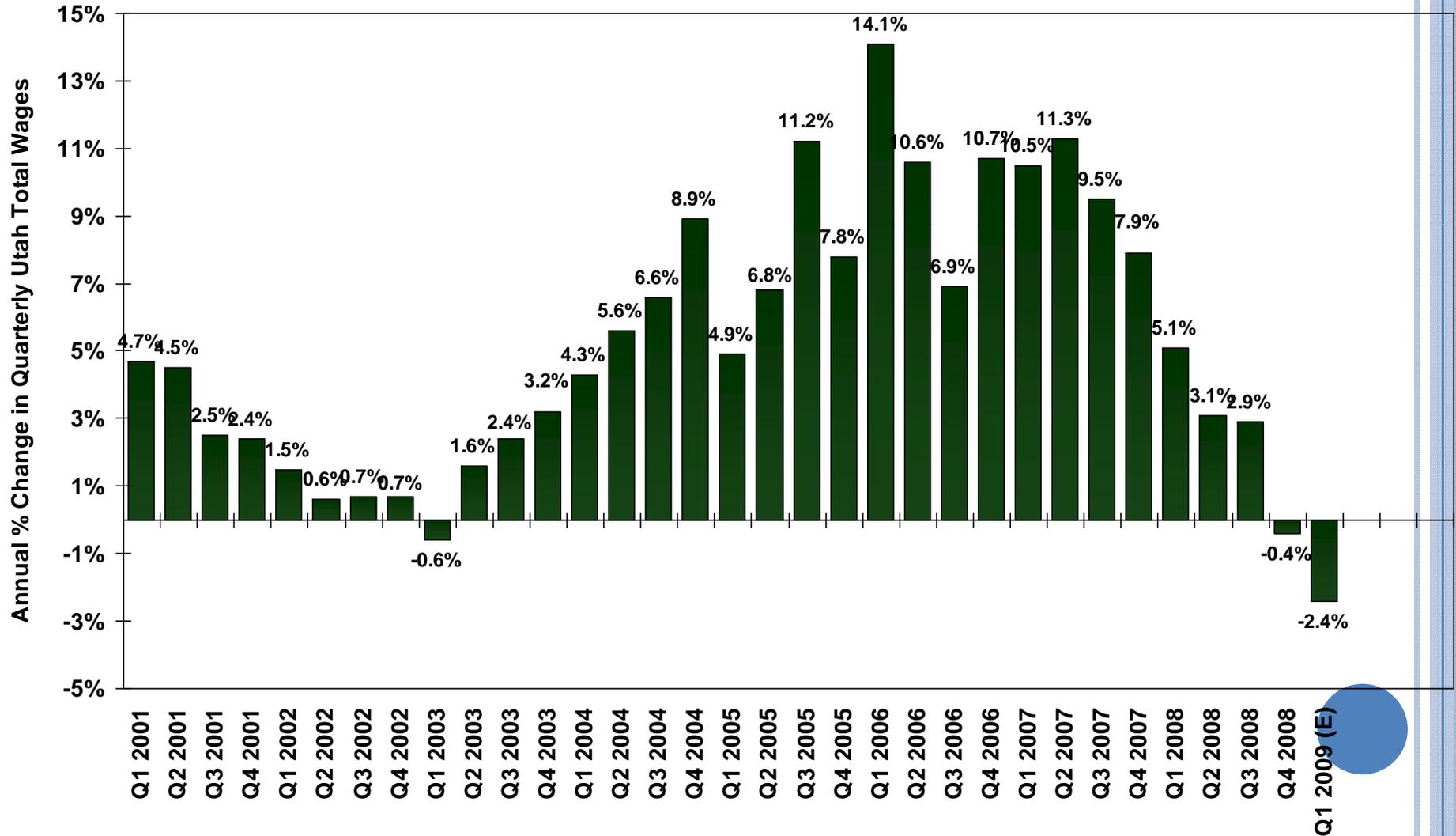
Source: Utah Department of Workforce Services

INCREASING UNEMPLOYMENT RATE

**Annual % Change in Weekly Initial Unemployment Insurance Claims
Utah: January 2000 – August 2009**



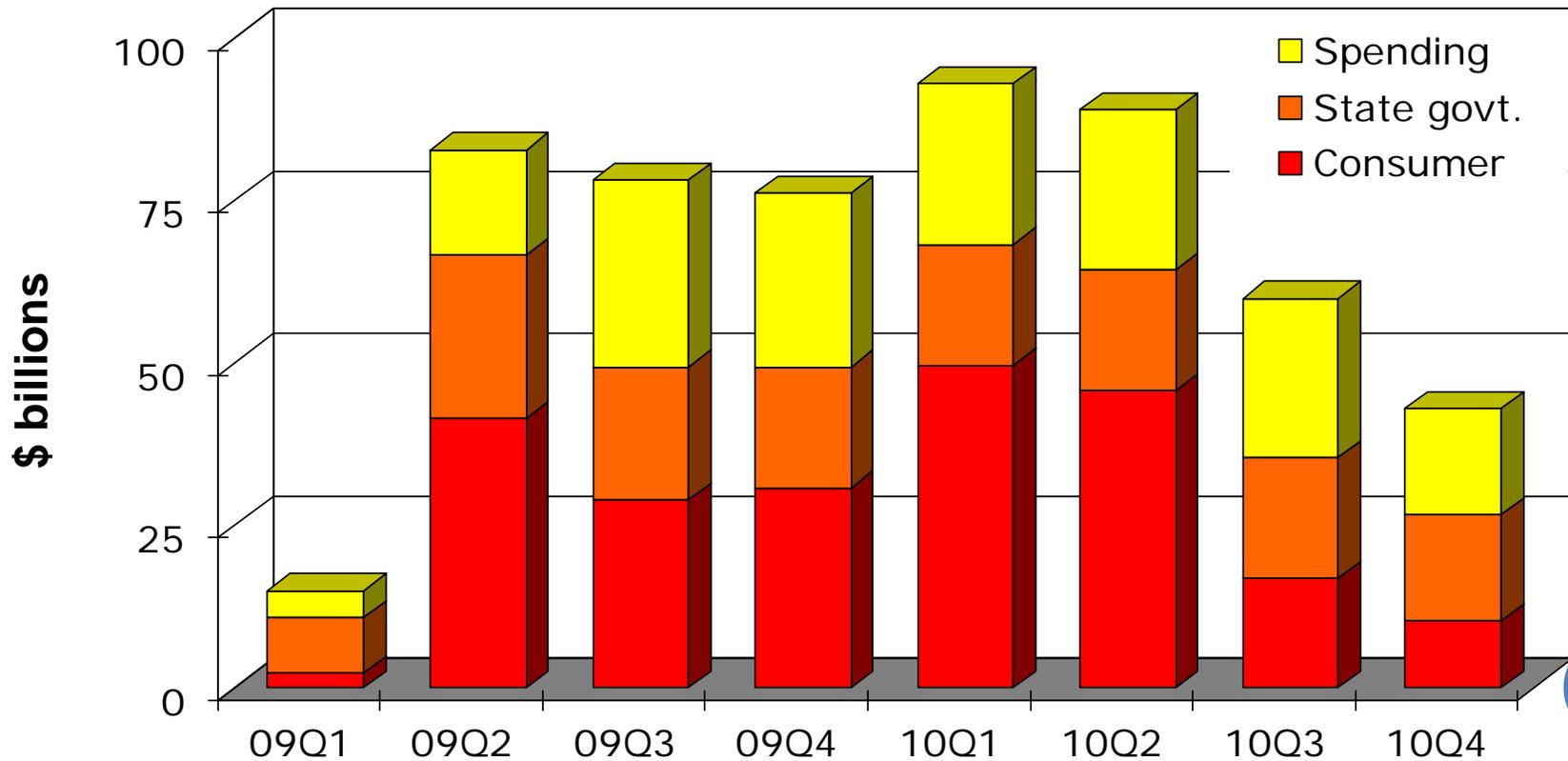
WAGES



Source: Utah Department of Work Force Services

American Recovery & Reinvestment

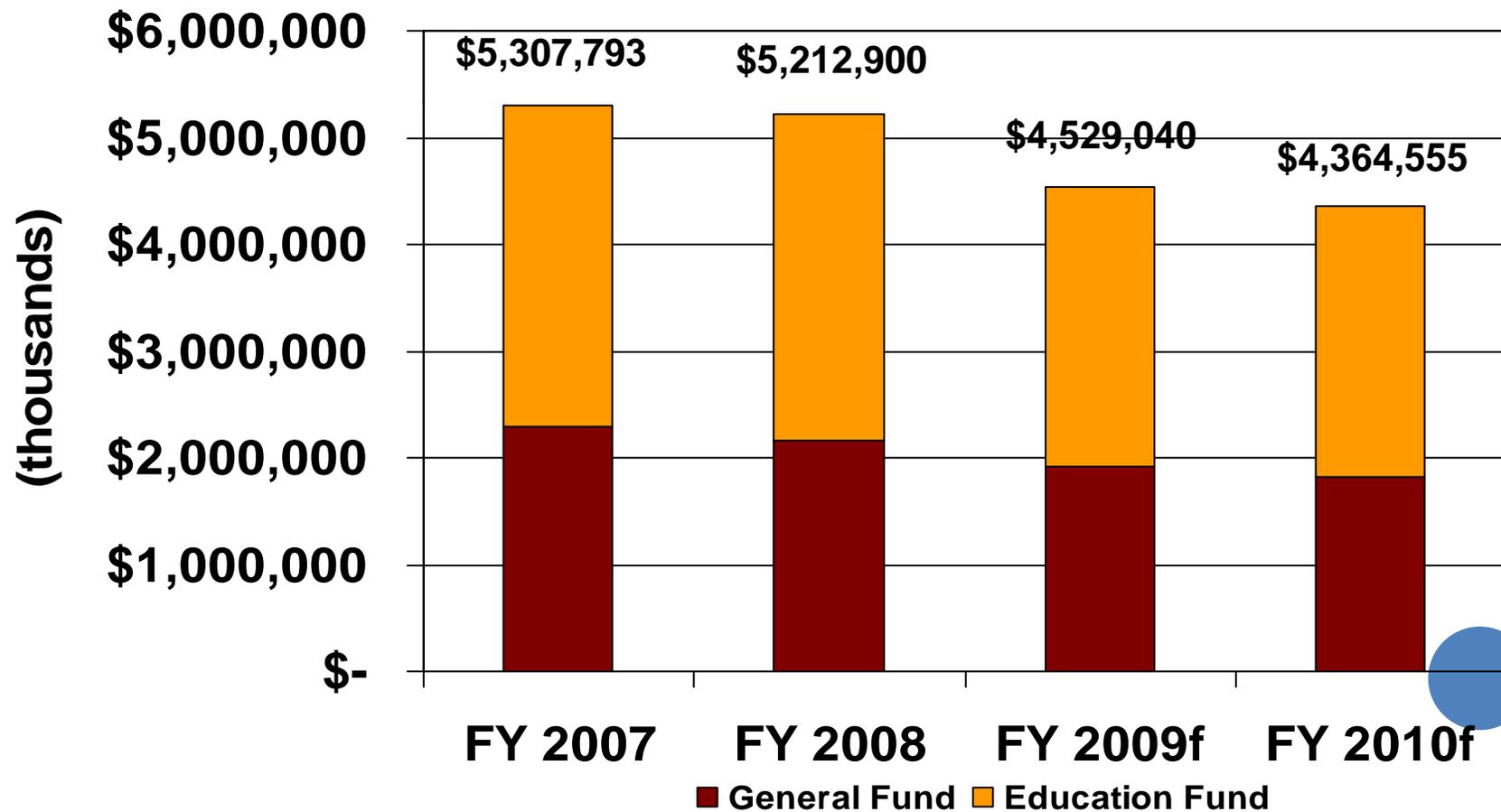
Moody's Economy.com Estimates of Stimulus Timing

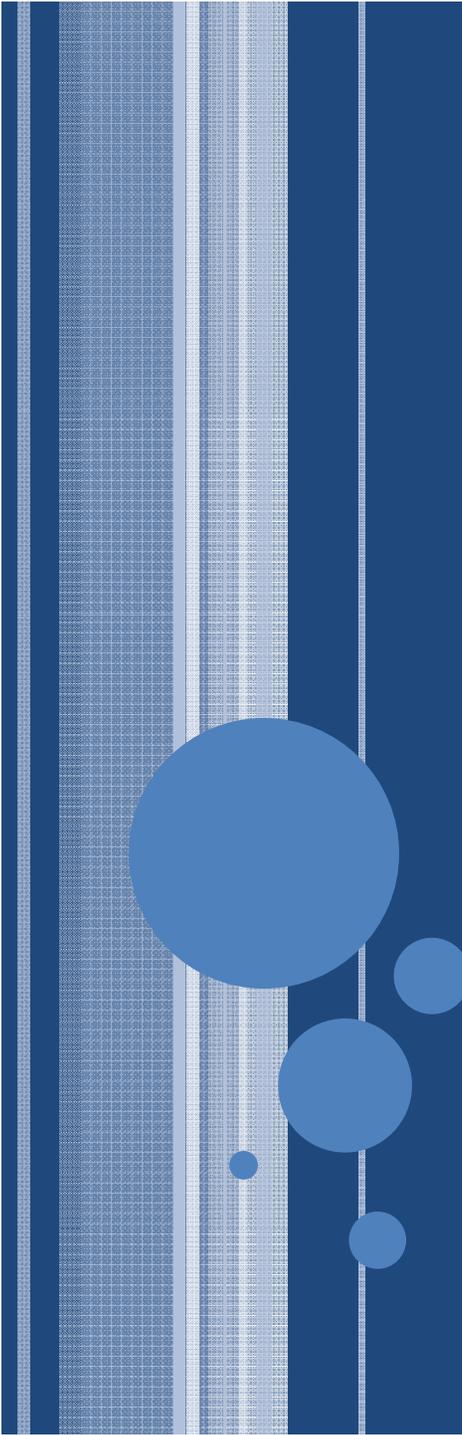


State Revenue

REVENUE CONTRACTION

Combined General Fund/Education Fund Revenues





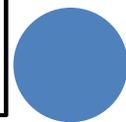
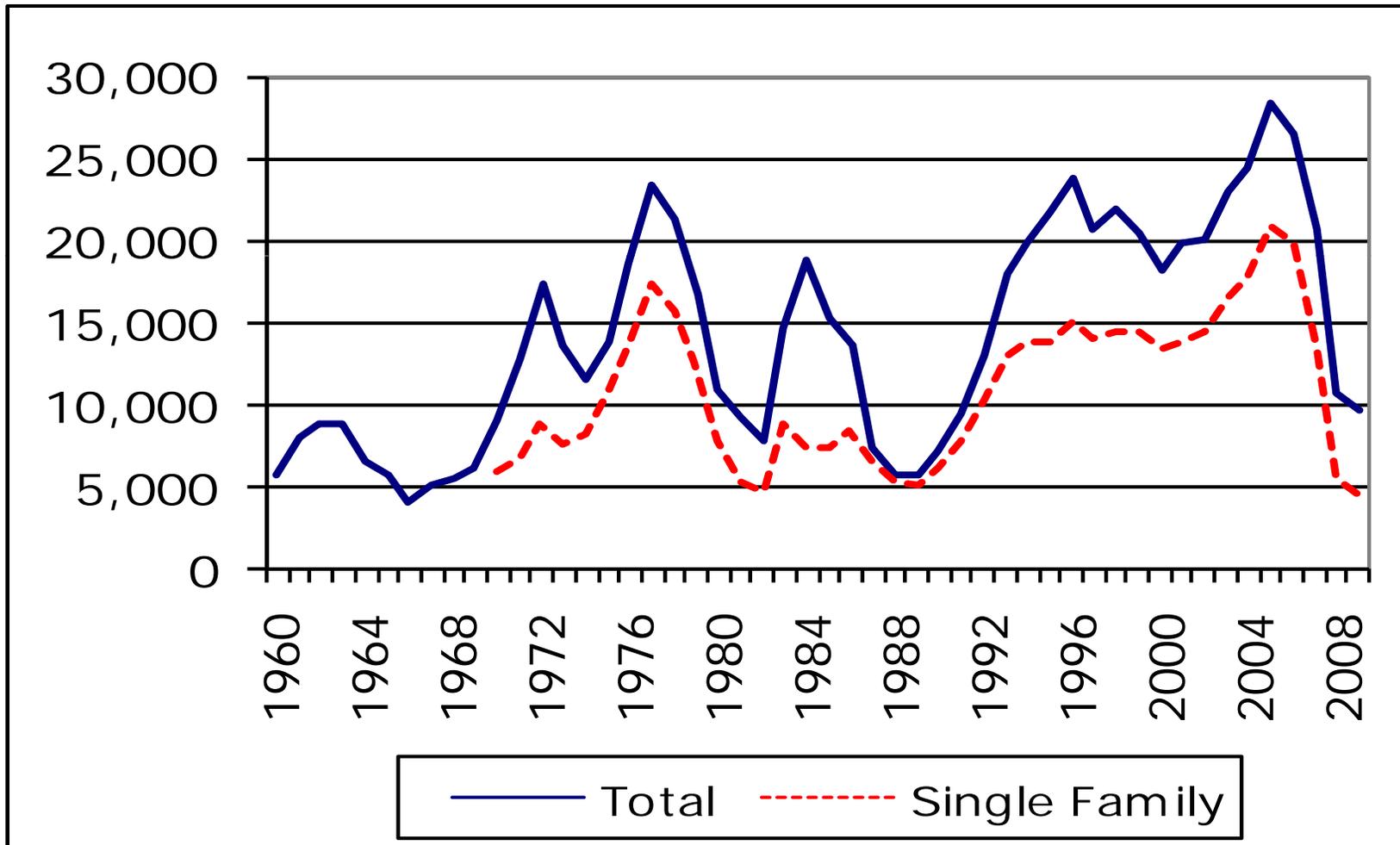
JAMES WOOD

University of Utah

Bureau of Economic and Business Research

RESIDENTIAL BUILDING PERMITS ISSUED IN UTAH

SOURCE: BUREAU OF ECONOMIC AND BUSINESS RESEARCH, UNIVERSITY OF UTAH



RESIDENTIAL BUILDING PERMITS ISSUED IN UTAH IN THROUGH SECOND QUARTER

Building Permits Issued

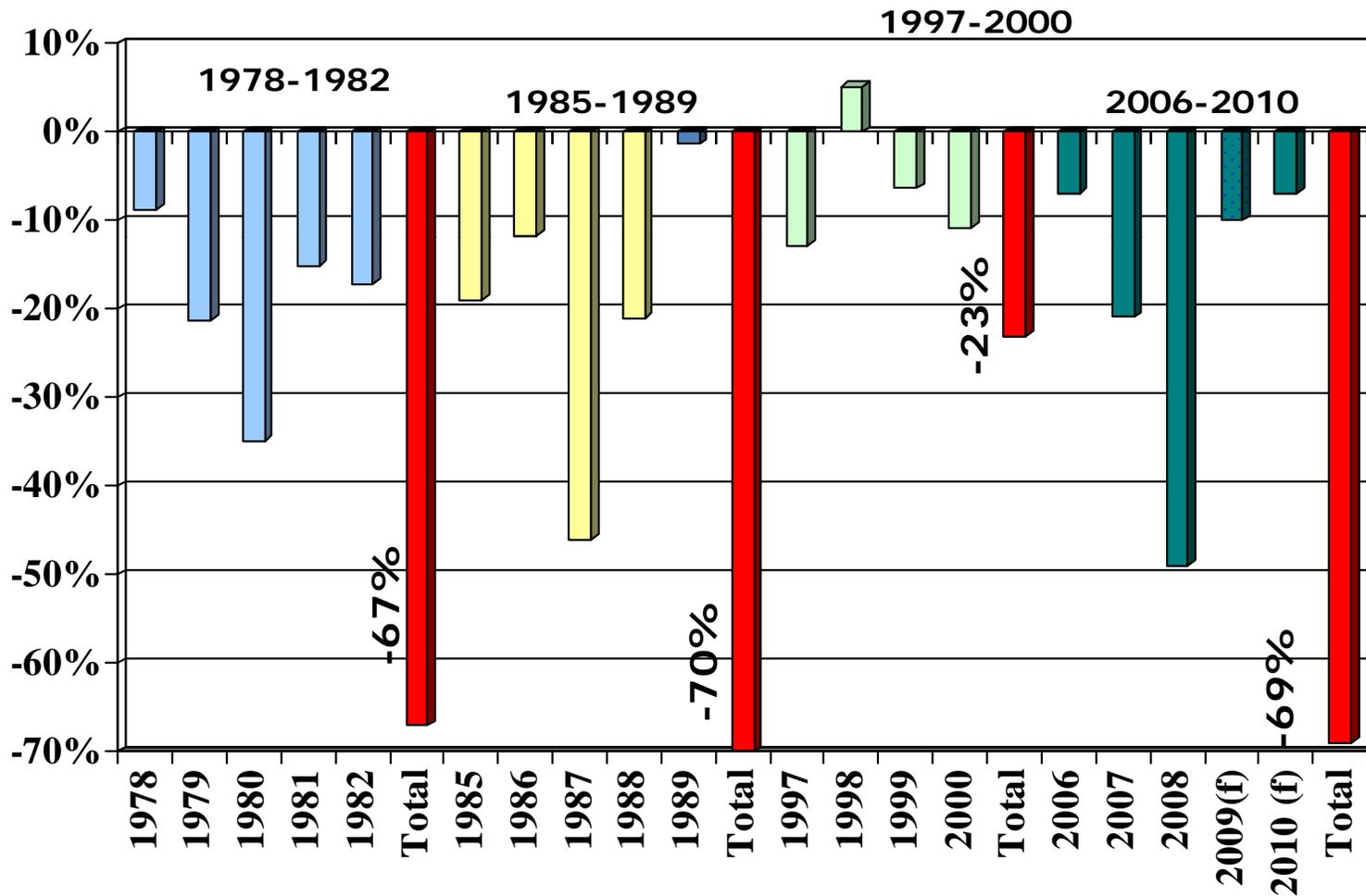
	June 30 2008	June 30 2009	% Chg.
Single-family	3,099	2,199	-29.0%
Twin Homes and Condos	1,323	955	-27.8%
Apartments	979	1,934	97.5%
Cabins	50	31	-38.0%
Manufactured Homes	223	111	-50.2%
Total	5,674	5,230	-7.8%

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



WHERE'S THE BOTTOM FOR NEW HOUSING?

RESIDENTIAL CONSTRUCTION CONTRACTIONS IN UTAH SINCE 1975
(YEAR-OVER PERCENT CHANGE IN BUILDING PERMITS)



FORECLOSURE FILINGS IN UTAH

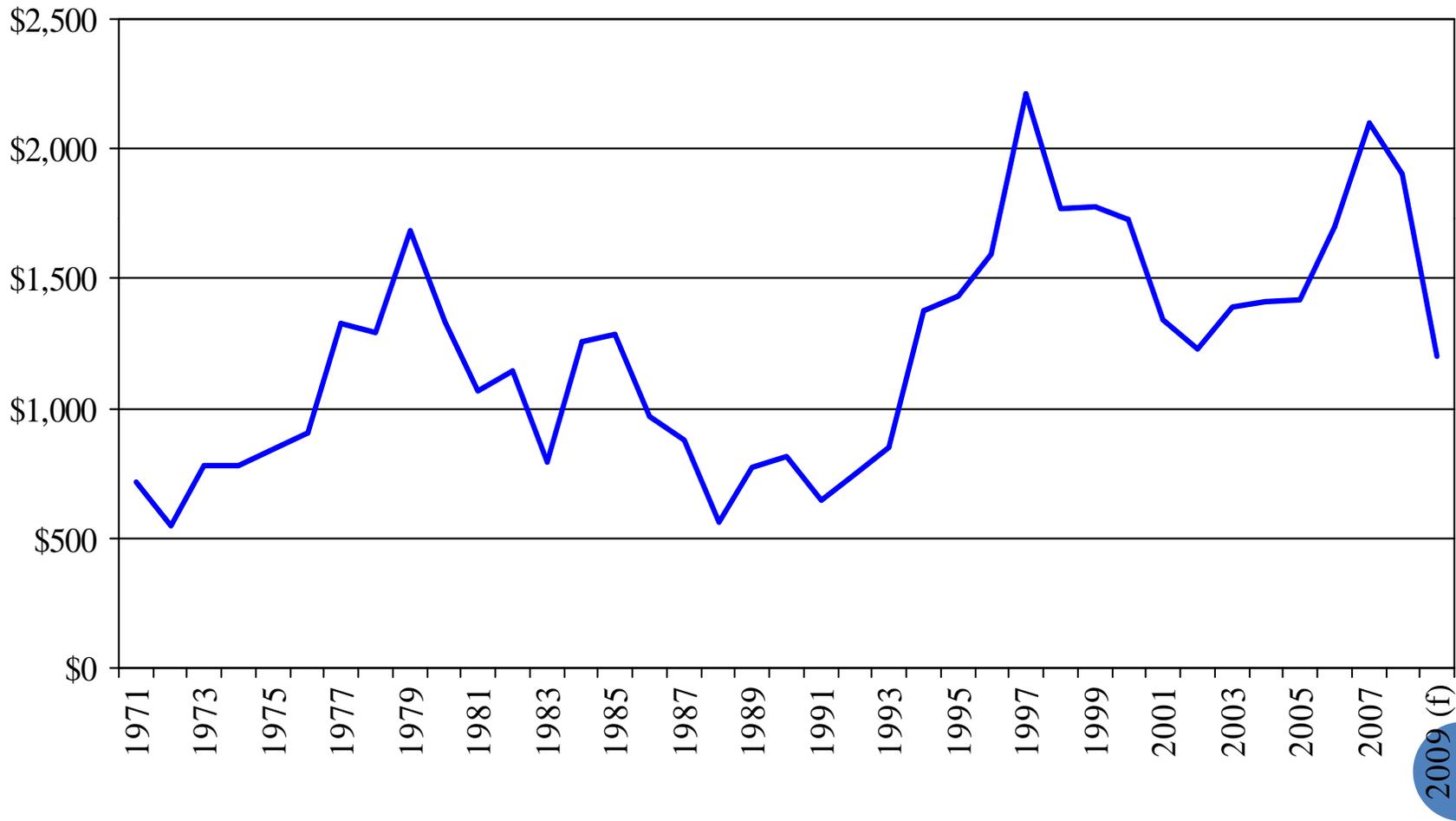
	% Loans Filed for Foreclosure	Number of Loans	Numeric Increase over Previous Qtr
2 nd qtr.	0.55	2,368	46
3 rd qtr.	0.66	2,796	428
4 th qtr.	0.8	3,557	761
Annual 2007	0.65	2,760	---
2008			
1 st qtr.	1.02	4,402	845
2 nd qtr.	1.23	5,347	944
3 rd qtr.	1.43	6,298	952
4 th qtr.	1.79	7,891	1,593
Annual 2008	1.36	5,985	---
1 st Qtr	2.36	10,301	2,410
2 nd Qtr	2.85	12,409	2,108
Source: Mortgage Bankers Association.			



RANKING OF STATES BY FORECLOSURE FILINGS – 46% OF ALL FILINGS IN TOP FOUR STATES

Rank	State	% Filed for Foreclosure	Number Loans Filed for Foreclosure
1	Florida	11.96	419,670
2	Nevada	9.13	50,916
3	Arizona	6.17	73,139
4	California	5.77	336,511
5	New Jersey	5.03	63,720
25	Utah	2.84	12,409
	U.S.	4.30	1,923,014

VALUE OF NONRESIDENTIAL CONSTRUCTION IN UTAH (MILLIONS 2007 DOLLARS)



CHARACTERISTICS OF NONRES. CYCLE

(2007 CONSTANT DOLLARS)

SOURCE: BUREAU OF ECONOMIC AND BUSINESS RESEARCH, UNIVERSITY OF UTAH.

Peak Year	Peak Value (Billions)	% Decline Peak to Trough	Yrs. From Peak to Trough
1979	\$1.7	53%	4 yrs.
1985	\$1.3	56%	3 yrs.
1997	\$2.2	44%	5 yrs.
2007	\$2.1	Unk.	Unk.



VALUATION OF NONRESIDENTIAL BUILDING PERMITS – THRU 2ND QTR.

Valuation of Nonresidential Permits Issued

	June 30 2008	June 30 2009	% Chg.
Industrial	\$236.4	\$295.8	25.1%
Office	\$124.8	\$60.6	-51.4%
Retail	\$145.6	\$63.9	-56.1%
Hotels	\$117.1	\$1.2	-99.0%
Hospitals	\$78.9	\$29.9	-62.1%
Other	\$364.1	\$187.9	-48.4%
Total	\$1,066.9	\$639.6	-40.0%

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

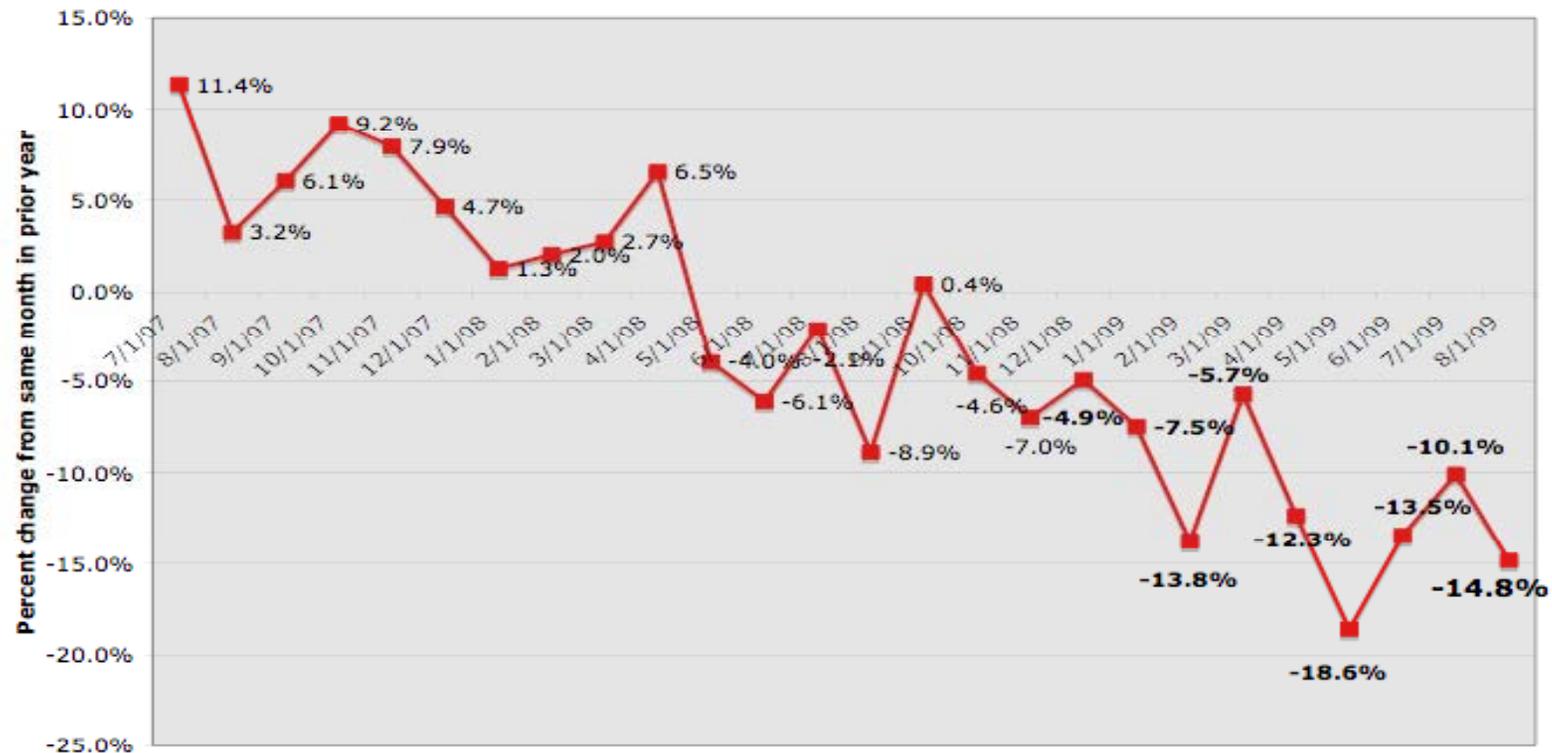
SALES TAXES --

**HOW CAN WE BE
DOWN 10% TO
18% PER MONTH?**

**Doug Macdonald
ULCT Economic Policy Analyst**

HOW CAN WE BE DOWN 10% TO 18% PER MONTH?

Statewide 1% Local Sales Taxes



***“THIS RECOVERY IS GOING TO
HAVE A LOT OF FITS AND
STARTS BECAUSE THE
CONSUMER IS STILL UNDER
WATER.”***

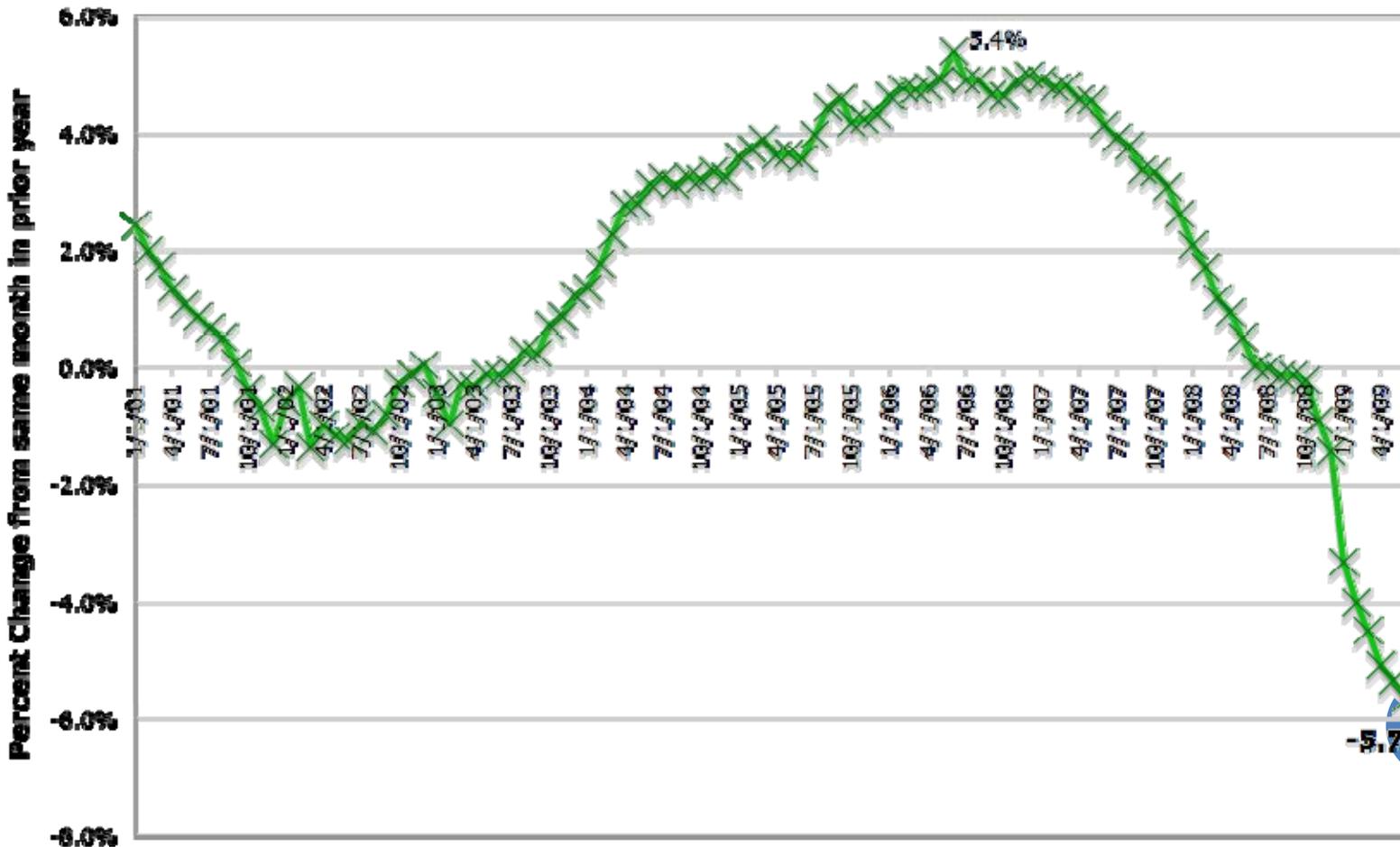
**-PETER BOOKYER, EQUITY STRATEGIST AT MILLER
TABAK**



WAGES ARE DOWN 6% TO 8%

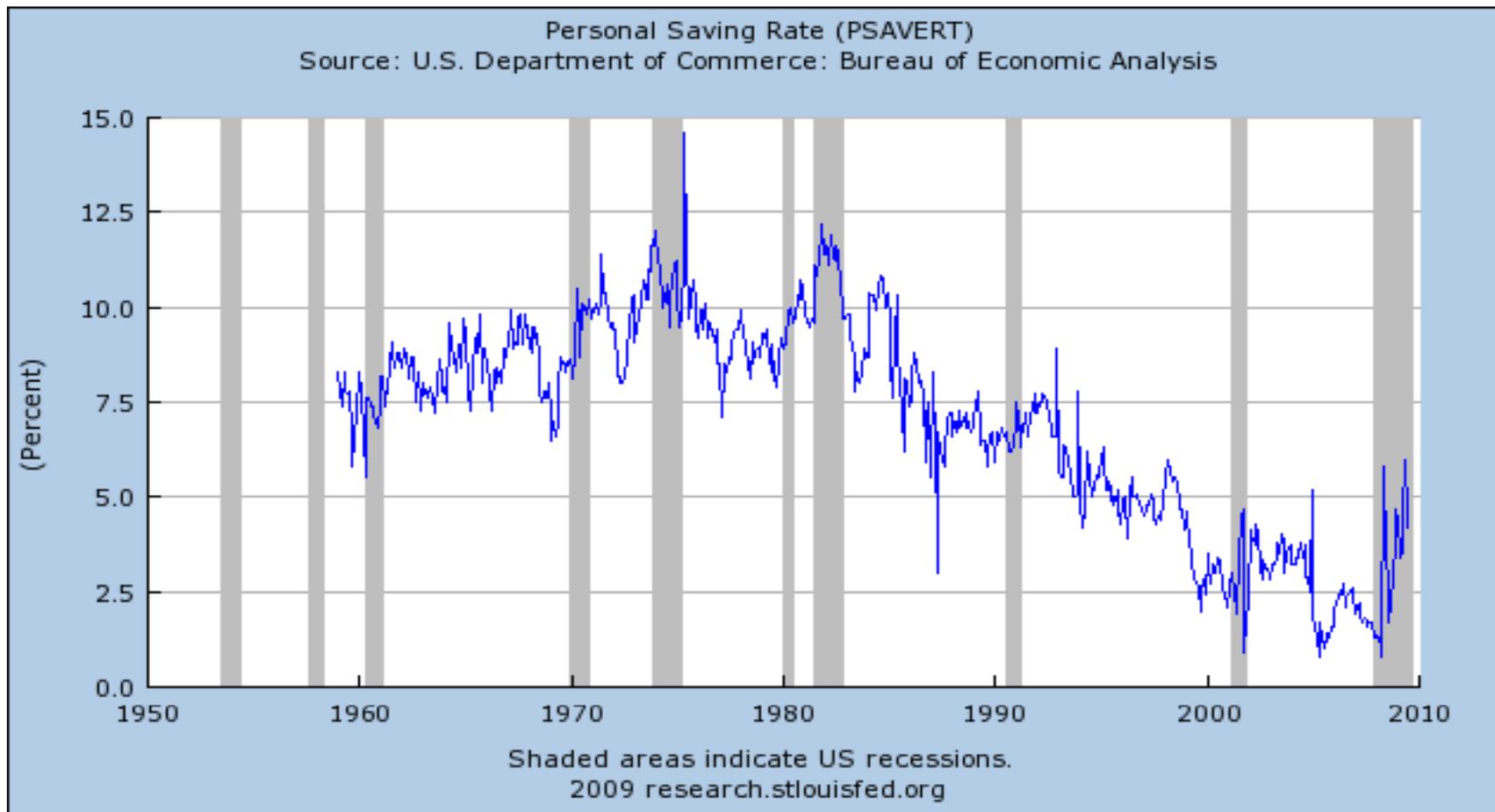
- * Employment may decline 5% in 2009 and average wages may soon begin to decelerate

Utah Employment



HOUSEHOLDS ARE SAVING 3% TO 4% MORE THAN IN 2003-07

* Subtotal -- -5% wages, -3% more saving = -8% in taxable sales

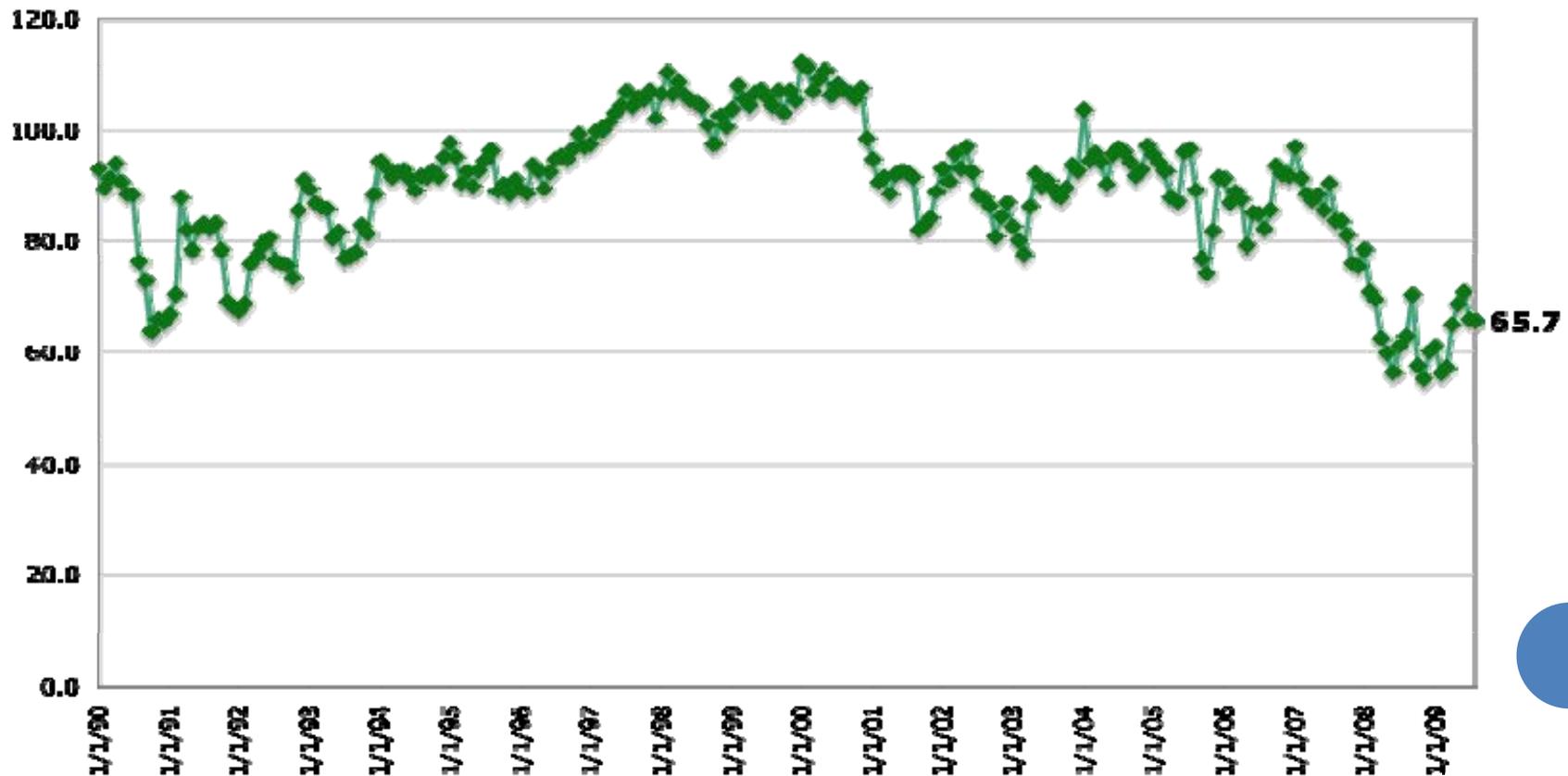


CONSUMER CONFIDENCE - DOWN 30%

- * From the 95's between 2004 and 2007 to the mid 60's
- * (-30% times car sales' 15% base = -4.5%)

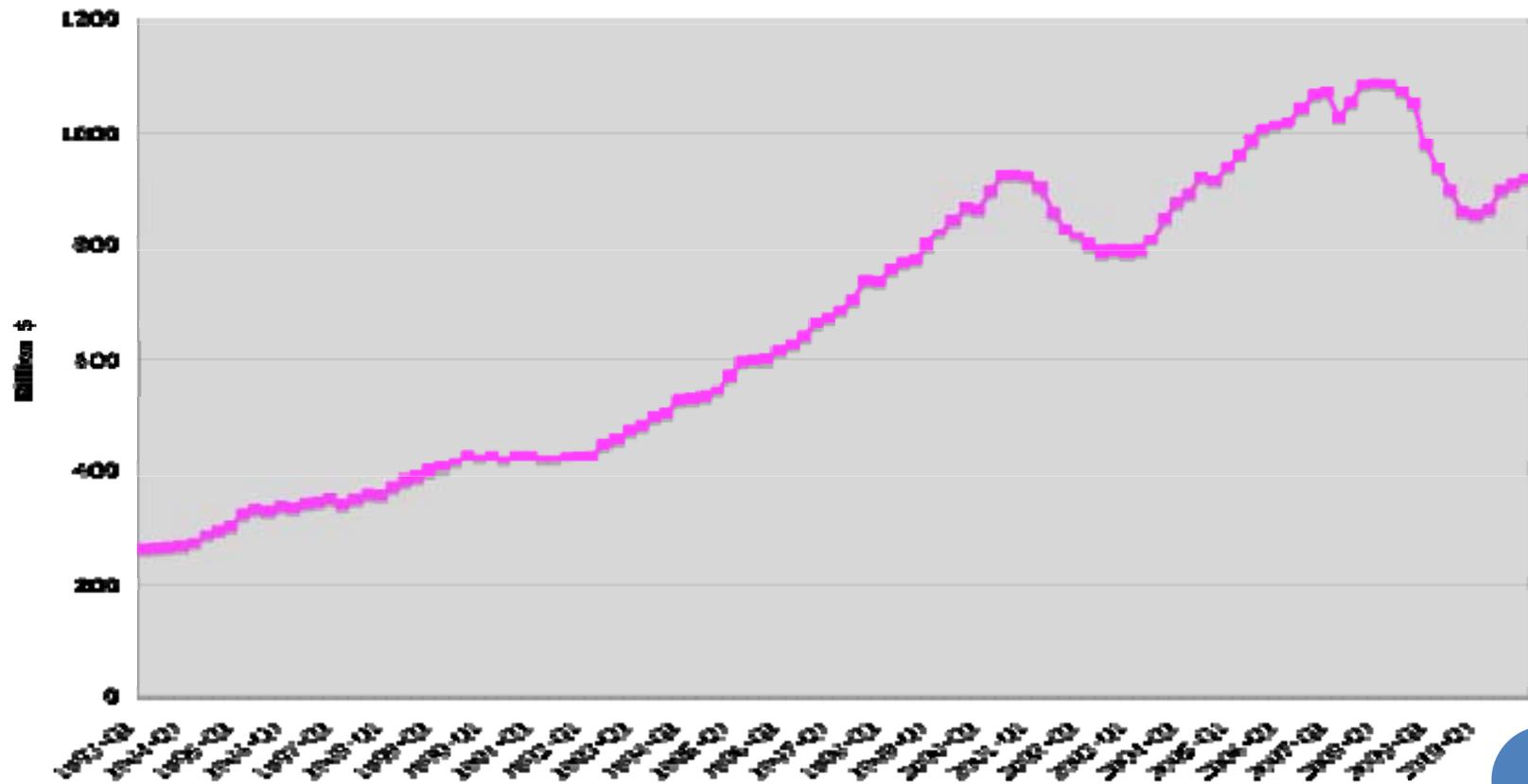
U.S. Consumer Sentiment Index

August's reading of 65.7, still up from February lows, but down from June's 70.8



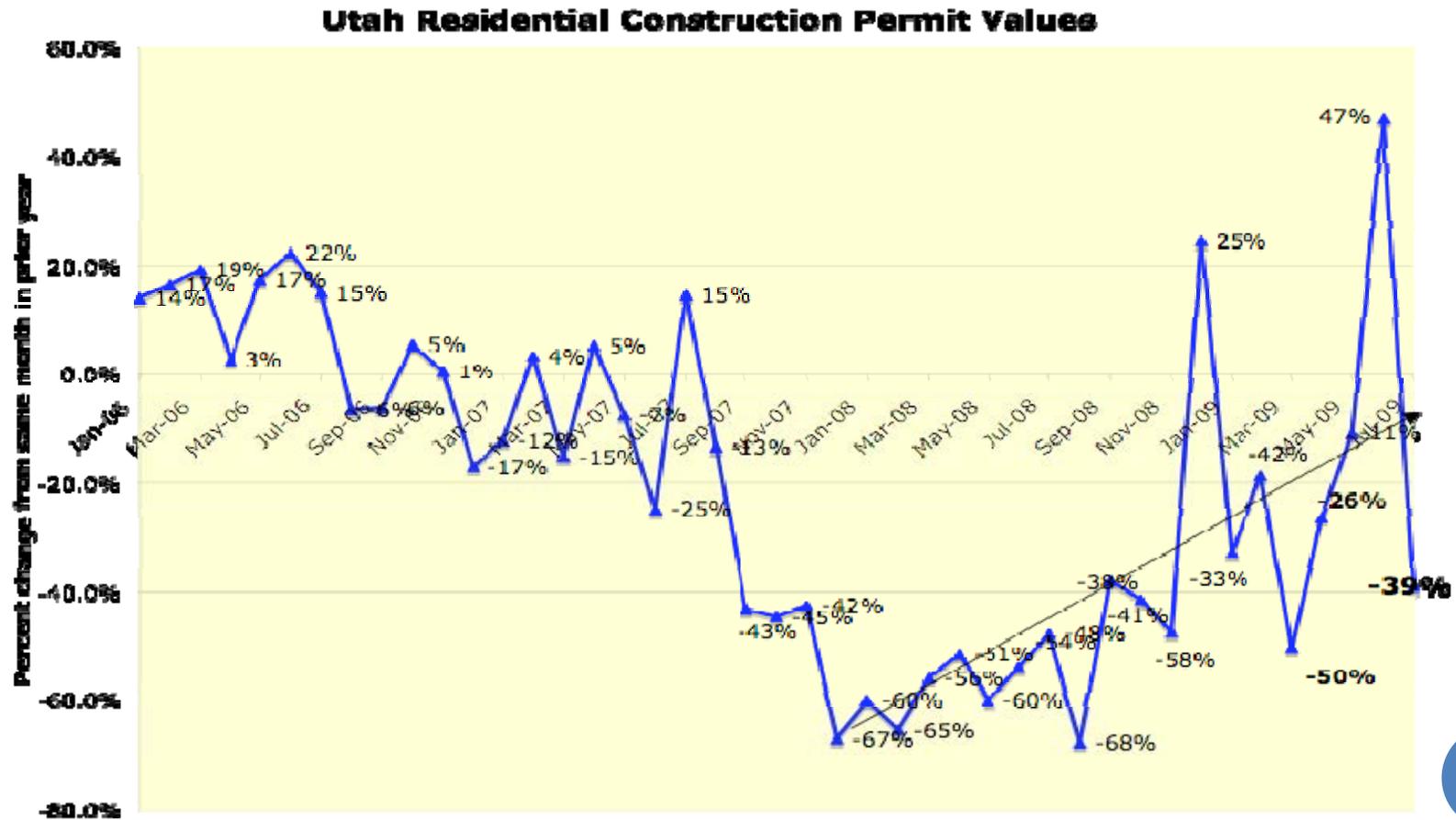
BUSINESS SPENDING IS DOWN 15%

* -15% of the 20% base = -3%



HURTING, WITH RECENT UPWARD TRENDING IMPROVEMENT

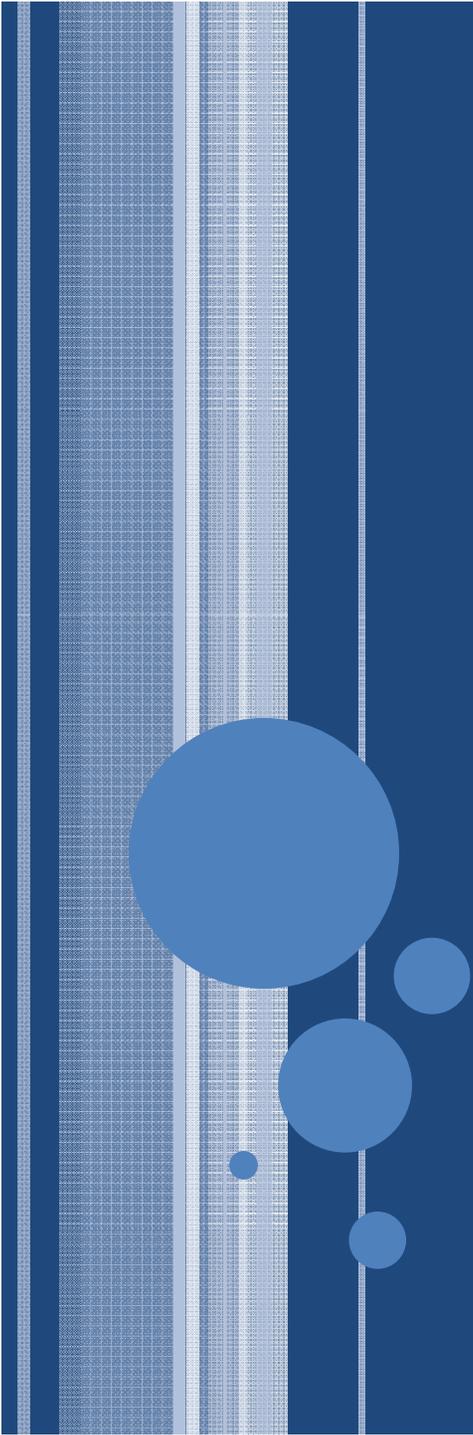
* Residential values through June were down 15% at 10% of the base = -1.5%



LET'S DO THE MATH:

○ Lower Wages	-6%
○ More Saving	-3%
○ Consumer Confidence	-4.5%
○ Business Spending	-3%
○ Residential Construction	-1.5%
○ Total potential taxable sales decline	= -18%





ECONOMIC PANEL

ULCT 102nd Annual Business Session

SHAPE OF THE ECONOMIC RECOVERY?

L – Japan's lost decade

U – Oil crisis/stagflation in 1970s

V – Dot-com boom and bust

W – Great Depression

