
THE POWER OF RETAIL

JAMES WOOD
BUREAU OF ECONOMIC AND BUSINESS RESEARCH
DAVID ECCLES SCHOOL OF BUSINESS
UNIVERSITY OF UTAH

January 30, 2006

I. POWER OF RETAIL AND URBAN DEVELOPMENT

- The Gateway – Retail Component of \$1.4 Billion Investment in CBD from 1990 to Olympics. The Gateway \$300 Million.
- Retail and Entertainment.
- Supports Public Investment in Salt Palace – Over \$200 Million.
- Supports Downtown Housing, Club and Restaurant Development.
- Encouraged Additional Investment – 2006 to 2010 \$1.5 Billion.
- Public Private Partnership - RDA

**II. POWER OF RETAIL: SUBURBAN
DEVELOPMENT AND TAX REVENUES – 2002**
(U.S. Census Bureau: Census of State and Local Government Finance)

State	State Tax Revenue: Sales Tax Share	Local Tax Rev: Sales Tax Share	State Sale Tax Rev.	Local Sales Tax Rev.
Utah	38%	22%	\$1.6 Billion	\$470 Million
Idaho	35%	1%	\$795 Million	\$1.0 Million
Montana	No Sales Tax	No Sales Tax	\$0	\$0
U.S.	33%	12%	\$179.6 Billion	\$43.3 Billion

**CHANGE IN SHARE OF SALES TAX AS PERCENT OF TOTAL
LOCAL TAX REVENUE IN UTAH**
(U.S. Census Bureau)

Type of Tax	1982	1992	2002
Sales Tax	16.2% \$85.1 mil.	15.9% \$175.1 mil.	22.4% \$470.0 mil
Property Tax	76.7% \$404.2 mil.	76.1% \$835.3 mil.	67.6% \$1.42 bil.
Other Tax	7.2% \$37.8 mil.	8.0% \$87.6 mil	10.0% \$210.9 mil.

**BIG BOX RETAIL AND LOCAL TAX REVENUES:
FOUR CASES – BOX ELDER COUNTY, VERNAL,
WEST JORDAN AND MURRAY**

- Vernal – WalMart (1990)
\$76 million to \$91 million, 20% increase.
- Box Elder – WalMart (2001)
\$206 million to \$221 million, 7.3% increase.
- West Jordan – Jordan Landing (2001)
\$500 million to \$780 million in 3 years, 56% increase.
City sales tax rev. rose from \$2.5 mil. to \$3.9 mil.
- Murray – Costco (2002)
\$500,000 in additional sales tax revenue.

**CHANGING SHARES OF RETAIL SALES ACTIVITY
BY CITY IN SALT LAKE COUNTY
(Utah State Tax Commission)**

City	1995	2004
Draper	0.4%	2.5%
Midvale	2.9%	3.6%
Murray	14.3%	12.5%
Salt Lake City	27.4%	23.9%
Sandy	8.5%	13.1%
South Jordan	0.6%	1.3%
South Salt Lake	6.1%	6.6%
West Jordan	4.3%	8.4%
West Valley	9.5%	9.2%
Other (Uninc. & small cities)	26.0%	14.7%
Total	100.0%	100.0%

**CHANGE IN RETAIL SALES IN MAJOR CITIES IN
SALT LAKE COUNTY – Millions \$
(Utah State Tax Commission)**

City	Change in Retail Sales – 1995 to 2004
Sandy	\$682.1
West Jordan	\$508.5
Salt Lake City	\$488.7
Murray	\$262.0
West Valley	\$251.1
South Salt Lake	\$227.9
Draper	\$207.7
Midvale	\$148.4
South Jordan	\$85.7
Riverton	\$48.8

**LOCAL REVENUE POTENTIAL CREATES
CONTROVERSY**

- Misuse of RDAs
- Zoning for Dollars
- Point-of-Sale versus Population Distribution

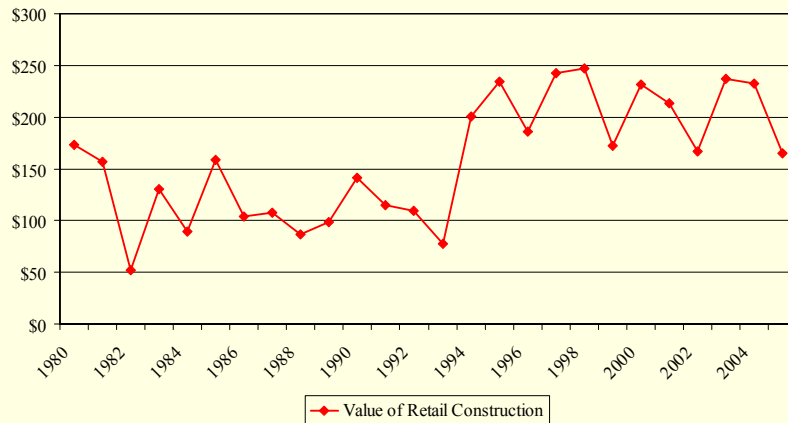
III. POWER OF RETAIL AND ECONOMIC GROWTH

- Support of Tourism and Business Travel
- Backward Linkage
- Import Substitution
- Productivity Increases
- Construction Impacts

VALUE OF RETAIL CONSTRUCTION IN UTAH

Millions of Dollars (constant 2005 dollars)

(Bureau of Economic and Business Research, University of Utah)



IV. POWER OF RETAIL AND ECONOMIC ACTIVITY
(Utah State Tax Commission and Utah Department of Workforce Services)

Category	Amount
Taxable Retail Sales	\$22.0 billion
Retail Employment 12% of Jobs in Utah	136,000
Retail Wages 8% of Total Utah Wages	\$2.8 billion
Retail Establishments 11% of All Utah Establishments	8,500
% of Retail Establishments with Less Than 20 Employees	84%
% of Retail Establishments with More Than 100 Employees	3%

**PER CAPITA RETAIL SPENDING IN UTAH – Constant
2005 Dollars**
(Utah State Tax Commission)

Year	Per Capita Spending
1990	\$7,265
1995	\$8,401
2000	\$8,722
2005	\$8,636

CHANGING SHARES OF RETAIL SALES IN UTAH (Utah State Tax Commission)

Category	1990	2004
Building and Garden	6.8%	9.6%
General Merc.	16.2%	20.5%
Food Stores	25.7%	15.3%
Motor Vehicles	18.8%	19.9%
Apparel and Accessory	4.9%	4.6%
Furniture	5.9%	7.5%
Eating and Drinking	10.2%	11.0%
Miscellaneous	11.4%	11.5%
Total	100.0%	100.0%

V. RETAIL IN 2006

- National Forecast – 4.7%, Energy, Housing, Consumer Spending
- Utah Forecast – 6.7%
- Year-end Strength in Utah

Percent Change in Retail Sales in Utah and Salt Lake County (Utah State Tax Commission)

