

OVERVIEW OF BUSINESS ACTIVITY

**1st Quarter, 2006
(January, February, March 2006)**

State gross business income increased \$13.1 billion, or 11.9 percent, in the first quarter of 2006 compared to the first quarter of 2005.

Some of the largest gains were realized in the Aircraft, Aerospace and Parts industry, Banks and Credit Unions, and Petroleum Refining. The Aircraft, Aerospace and Parts industry grew by \$2.7 billion (45.2 percent), Banks and Credit Unions realized gains of \$2.3 billion (68.6 percent), and Petroleum Refining increased \$1.1 billion (31.6 percent).

A few other industries realized strong growth during the first quarter of 2006 including Special Trade Contractors, which grew \$0.8 billion and Miscellaneous Retailers, which was up \$0.6 billion.

In terms of largest percentage increase, Natural Gas Distribution grew by 171.2 percent, or \$249.3 million, and Other Nonferrous Metals was up 103.3 percent, or \$33.0 million.

Although the Food Products industry shows a decline of \$0.6 billion from quarter 1, 2005 to quarter 1, 2006 the majority of this loss is likely due to the recent fruit and vegetable exemption, which took effect July 1, 2005. Firms who previously paid taxes on income received from a variety of fruit and vegetable activities are now exempt from paying taxes on that income. This in turn causes what looks like a decline in the industry, but is in fact the result of firms no longer having to report the exempt fruit and vegetable income to the Department of Revenue.

Overall, Retail Trade grew by \$2.2 billion, Manufacturing was up \$4.3 billion, Wholesale Trade increased by \$0.5 billion, the Business, Personal and Other Services sector realized gains of \$1.3 billion, and the Finance, Insurance and Real Estate sector increased by \$2.9 billion.