

OVERVIEW OF BUSINESS ACTIVITY

Calendar Year 2003

State gross business income increased \$15.6 billion, or 3.9 percent, in 2003 compared to 2002.

A large share of the increase, \$7.4 billion, was in the Petroleum Refining industry. This increase is primarily due to the re-imposition of the petroleum products tax.

Gross business income declined \$3.4 billion, or 13.1 percent, in the Aircraft Manufacturing industry. This was due to reductions worldwide in air travel and weak demand for commercial aircraft.

Finance was among the stronger sectors of the economy during 2003, with an increase in gross business income of \$5.1 billion, or 22.9 percent. This sector of the economy benefited from very low interest rates and high levels of mortgage refinancing.

Gross business income in Medical and Health Services increased 7.8 percent, primarily as a result of inflation in medical care costs, as well as increased utilization of medical care services.

Both Wholesale and Retail Trade showed increases below 1 percent in 2003, reflecting very low inflation in goods prices, as well as an economy struggling to recover from a recession.

As a result of a large-scale effort by the Department of Revenue during 2003 to make sure taxpayers have been assigned to the correct Standard Industrial Classification or North American Industry Classification System code, it is difficult to compare year over year data for many wholesaling and retailing sectors because of the many changes in coding that have occurred.