

OVERVIEW OF BUSINESS ACTIVITY

**2nd Quarter, 2006
(April, May, June 2006)**

State gross business income increased \$14.6 billion, or 11.9 percent, in the second quarter of 2006 compared to the second quarter of 2005.

Some of the largest gains were realized in the Aircraft, Aerospace and Parts industry, Petroleum Refining, and the wholesale of Durable and Nondurable Goods. The Aircraft, Aerospace and Parts industry grew by \$1.6 billion (20.5 percent), Petroleum Refining realized gains of \$1.5 billion (35.1 percent), the wholesale of Durable Goods increased \$1.1 billion (9 percent), and the wholesale of Nondurable Goods grew by \$1.0 billion (8.7 percent).

A few other industries realized strong growth during the second quarter of 2006 including Special Trade Contractors, which grew \$0.8 billion and Miscellaneous Retailers, which was up \$0.7 billion.

In terms of largest percentage increase, Other Nonferrous Metals grew by 198.4 percent, or \$61.2 million, and Seafood Products was up 82.5 percent, or \$240.5 million. However, the Seafood Products growth is likely due to some changes in internal data processing and is not the effect of economic fluctuations.

Although the Fruit and Vegetables industry shows a decline of \$0.4 billion from quarter 2, 2005 to quarter 2, 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 \$2.5 billion, Manufacturing was up \$4.6 billion, Wholesale Trade increased by \$2.1 billion, the Business, Personal and Other Services sector realized gains of \$2.7 billion, and the Finance, Insurance and Real Estate sector increased by \$0.8 billion.