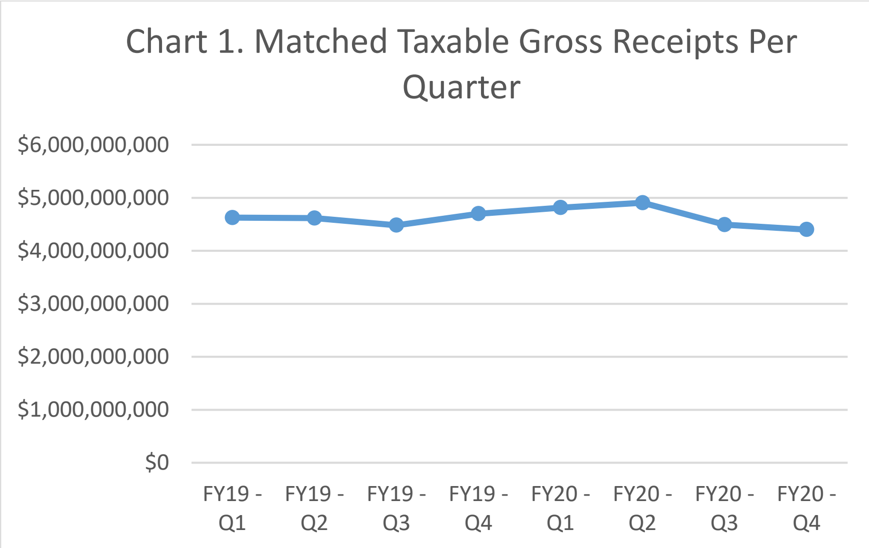
# Quarterly Economic Summary

## Bernalillo County

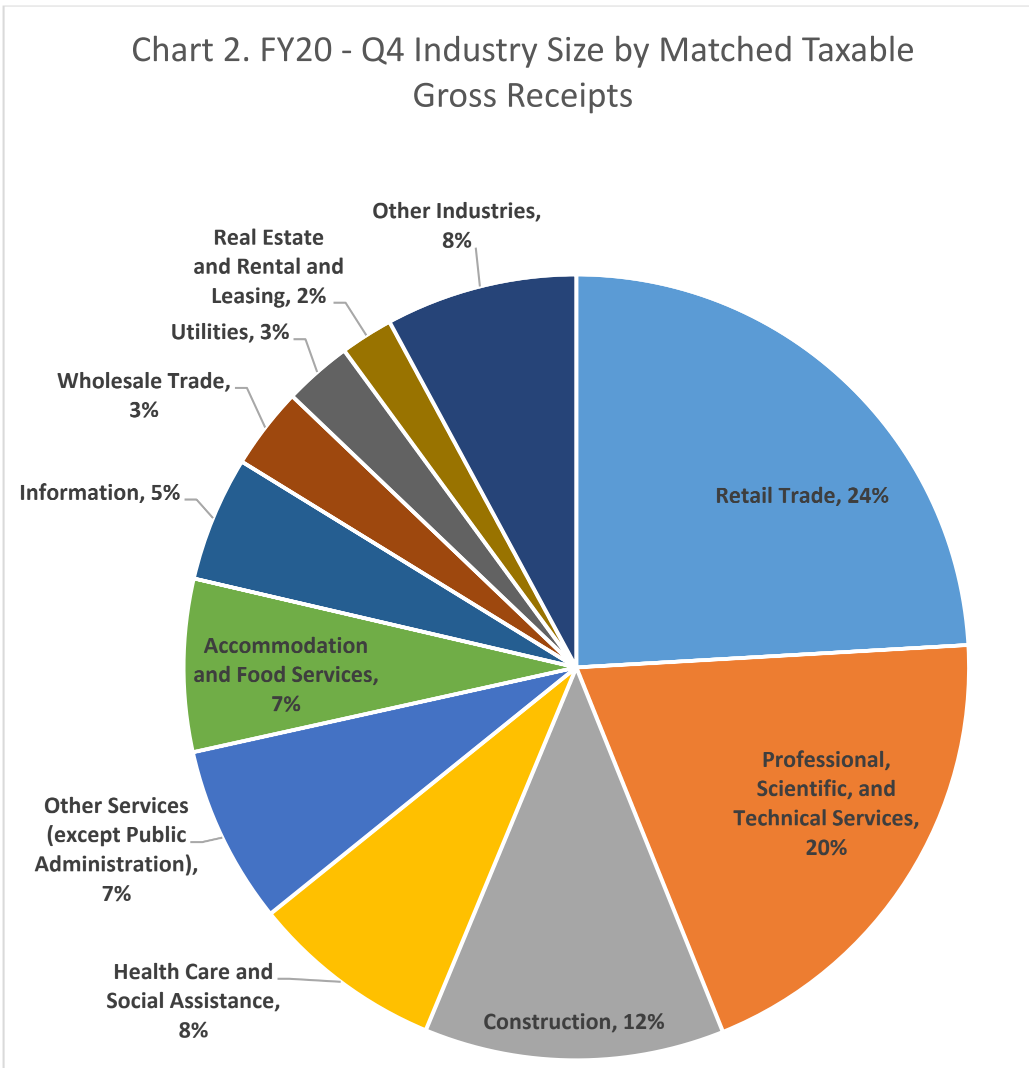
**Released:** August 2020

**Prepared by:** Joel Salas, Economist, and Ryan Eustice, Economist




The fourth quarter of FY20 is the first full quarter of economic impacts from the COVID-19 pandemic. Business closures and reduced consumer spending locally began to take effect at the end of March. Since then, the state instituted reopening phases designed to slow the spread of the virus while providing a systematic approach to reopening the economy. However, the continuation of the COVID-19 health crisis and the subsequent closures of many businesses statewide caused downward trends in matched taxable gross receipts across the state.

Bernalillo County's matched taxable gross receipts (MTGR) declined by $91.4M from Q3 to Q4 of FY20. Retail trade, professional services and construction remained the top 3 industries by MTGR in Q4 FY20 over Q3. Table 1, on the next page, shows a year over year (YOY) decrease for Q4 FY20 of 6% or $298M, compared to Q4 FY19. The hardest hit industries were accommodations and food services, other services, and retail trade, decreasing by




**Matched Taxable Gross Receipts (MTGR)** is the best tax data available to show underlying economic activity. It matches a tax payment with reported receipts for each taxpayer, by industry.

*SOURCES: NEW MEXICO TAXATION AND REVENUE DEPT, NEW MEXICO DEPTARTMENT OF WORKFORCE SOLUTIONS, U.S. BUREAU OF LABOR STATISTICS, U.S. BUREAU OF ECONOMIC ANALYSIS AND EDD CALCULATIONS*

# Quarterly Economic Summary

## Bernalillo County

**Table 1. Matched Taxable Gross Receipts by Industry**

| Industries | | FY19 - Q4 | | FY20 - Q4 | | Growth | Year over year Change |
|---|---|---|---|---|---|---|---|
| Accommodation and Food Services | $ | 468,910,970 | $ | 312,392,085 | $ | (156,518,886) | -33% |
| Administrative/Support & Waste Management/Remediation | $ | 99,668,032 | $ | 93,032,305 | $ | (6,635,727) | -7% |
| Agriculture, Forestry, Fishing, and Hunting | $ | 7,831,903 | $ | 6,142,345 | $ | (1,689,558) | -22% |
| Arts, Entertainment, and Recreation | $ | 47,700,391 | $ | 15,966,918 | $ | (31,733,473) | -67% |
| Construction | $ | 457,736,795 | $ | 543,318,610 | $ | 85,581,816 | 19% |
| Educational Services | $ | 33,286,566 | $ | 35,556,778 | $ | 2,270,212 | 7% |
| Finance and Insurance | $ | 42,345,972 | $ | 42,503,686 | $ | 157,715 | 0% |
| Health Care and Social Assistance | $ | 365,610,694 | $ | 349,640,331 | $ | (15,970,363) | -4% |
| Information | $ | 245,005,362 | $ | 226,022,342 | $ | (18,983,019) | -8% |
| Management of Companies and Enterprises | $ | 4,908,100 | $ | 4,085,038 | $ | (823,062) | -17% |
| Manufacturing | $ | 132,625,242 | $ | 86,400,976 | $ | (46,224,266) | -35% |
| Mining, Quarrying, and Oil and Gas Extraction | $ | 1,357,470 | $ | 2,318,626 | $ | 961,156 | 71% |
| Other Services (except Public Administration) | $ | 394,643,884 | $ | 322,243,520 | $ | (72,400,364) | -18% |
| Professional, Scientific, and Technical Services | $ | 813,978,979 | $ | 871,860,912 | $ | 57,881,933 | 7% |
| Public Administration | $ | 13,295,392 | $ | 10,036,892 | $ | (3,258,500) | -25% |
| Real Estate and Rental and Leasing | $ | 123,275,851 | $ | 95,617,946 | $ | (27,657,905) | -22% |
| Retail Trade | $ | 1,106,740,688 | $ | 1,059,766,265 | $ | (46,974,422) | -4% |
| Transportation and Warehousing | $ | 33,026,769 | $ | 31,679,902 | $ | (1,346,867) | -4% |
| Unclassified Establishments | $ | 23,090,078 | $ | 21,696,609 | $ | (1,393,470) | -6% |
| Utilities | $ | 115,824,508 | $ | 123,390,669 | $ | 7,566,161 | 7% |
| Wholesale Trade | $ | 168,838,078 | $ | 147,556,707 | $ | (21,281,371) | -13% |
| **All Industries** | **$** | **4,699,701,723** | **$** | **4,401,229,464** | **$** | **(298,472,260)** | **-6%** |

$156.5M, $72.4 and $47M, respectively. The arts, entertainment and recreation industry saw the highest YOY percent change, -67%. Gross receipts tax (GRT) revenue collections decreased by $1.1M, 2%, from Q3 to Q4 of FY20, as seen in Chart 4. Despite the negative impacts COVID-19 have had on the county's economy, the early quarters of FY20 have helped annual GRT revenue collections in FY20 which increased by 4% over FY19, as seen in Chart 3.

HB6, passed in 2019, made widespread tax changes within New Mexico. One notable change is the conversion to destination-based sourcing that will begin after a two-year delay. During the 2020 Special Session, that legislation was amended, increasing a temporary distribution to municipalities and counties. Now municipalities will receive a distribution that is a portion of $2.5 million while counties will receive a distribution that is a portion of $1.5 million. The amounts distributed will be proportional to the size of the community's population versus that of the entire group. These amounts are subject to change if the federal government provides municipalities and counties future grants to offset revenue declines attributable to COVID-19.

Chart 3. Annual Total GRT Revenue Collections

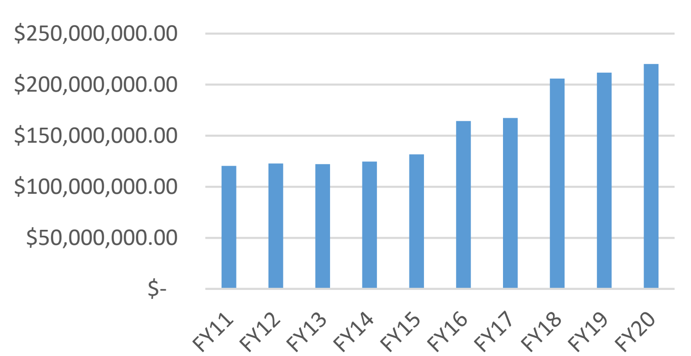
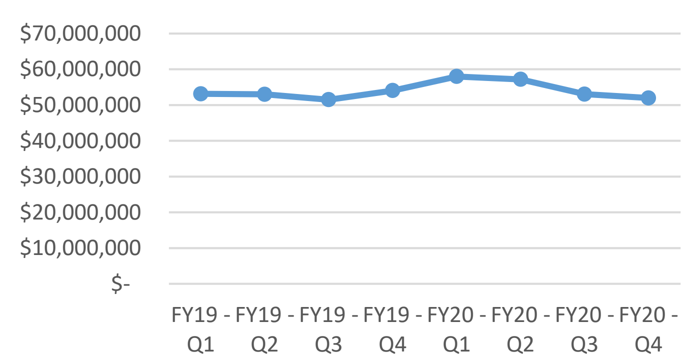
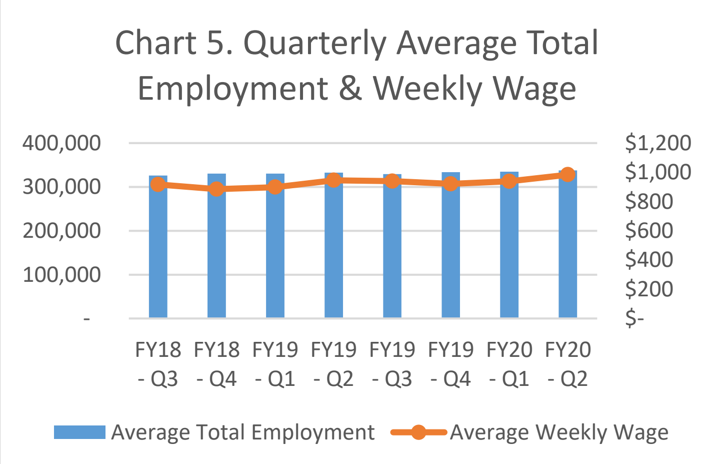
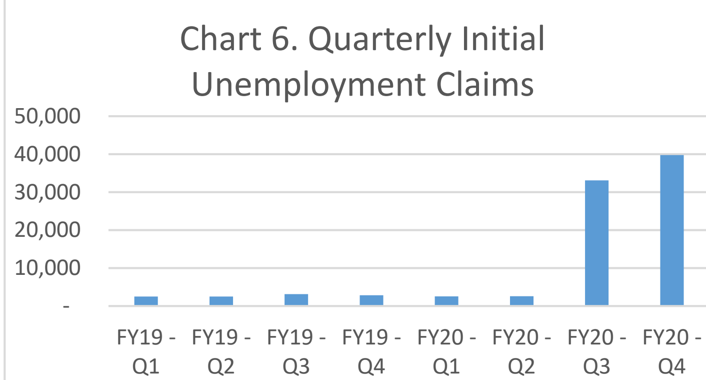



Chart 4. Quarterly GRT Revenue Collections



# Quarterly Economic Summary
## Bernalillo County



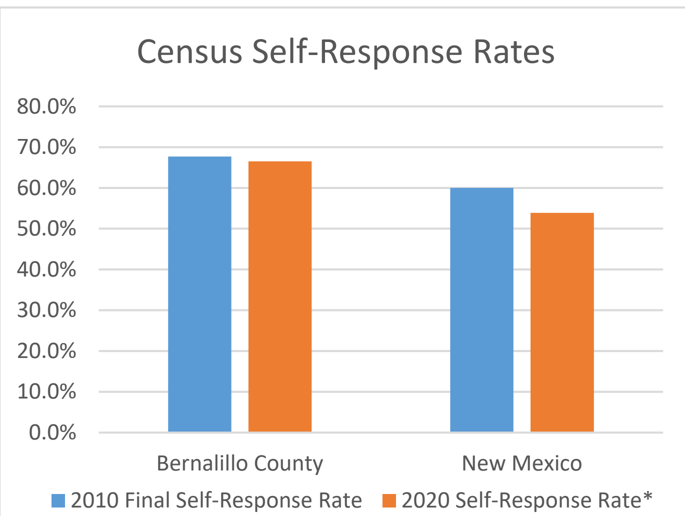




**Weeks with low IUC amounts have total claims withheld to avoid disclosure of confidential information. The sum of all weeks may not reflect the true total and may include a few days outside of the quarter.*

New Mexico receives over $6 billion each year through federal programs which benefit the entire community: health care, nutrition, highways, education, housing, jobs and more that allocate funds on a per capita basis. Each New Mexican not counted equates to a loss of approximately $3,745 in funding per year. If New Mexico undercounts residents by only 1%, the state would lose $780 million in revenue over the next 10 years.

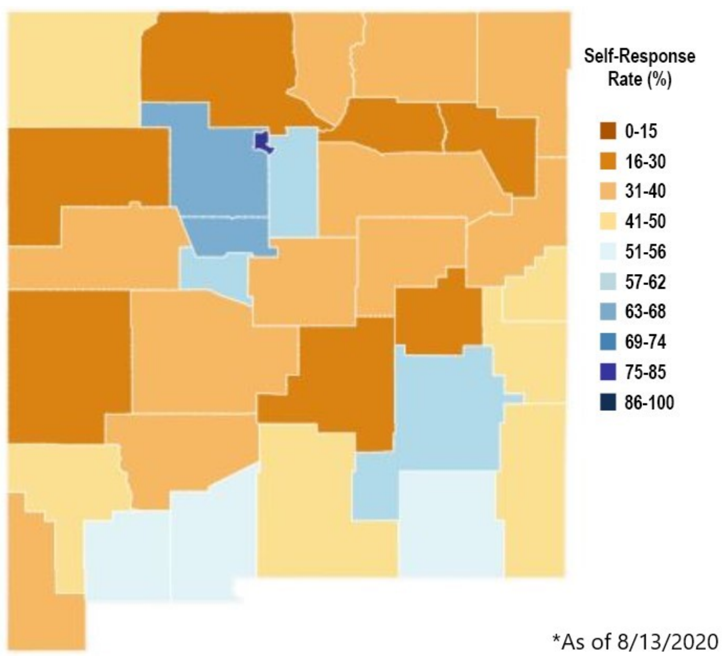
**Cost of 1% Census Undercount Over 10 Years in Bernalillo County**

**$201,136,936**




*As of 8/13/2020

A significant unexplained increase in initial unemployment claims can be an early indicator of an economic downturn. Explained increases commonly include seasonal job fluctuations, federal government shutdowns resulting in employee furloughs, or the closing of a major regional facility. This unprecedented uptick in initial unemployment claims is obviously tied directly to the COVID-19 pandemic and subsequent furloughs and layoffs by affected businesses. As the phased reopening continues, it is likely the number of initial unemployment claims will flatten out and then decrease, but it is impossible to predict how quickly the employment numbers will return to pre-COVID levels.




*As of 8/13/2020

*SOURCES: NEW MEXICO TAXATION AND REVENUE DEPT, NEW MEXICO DEPTARTMENT OF WORKFORCE SOLUTIONS, U.S. BUREAU OF LABOR STATISTICS, U.S. BUREAU OF ECONOMIC ANALYSIS AND EDD CALCULATIONS*