Quarterly Economic Summary

Catron County

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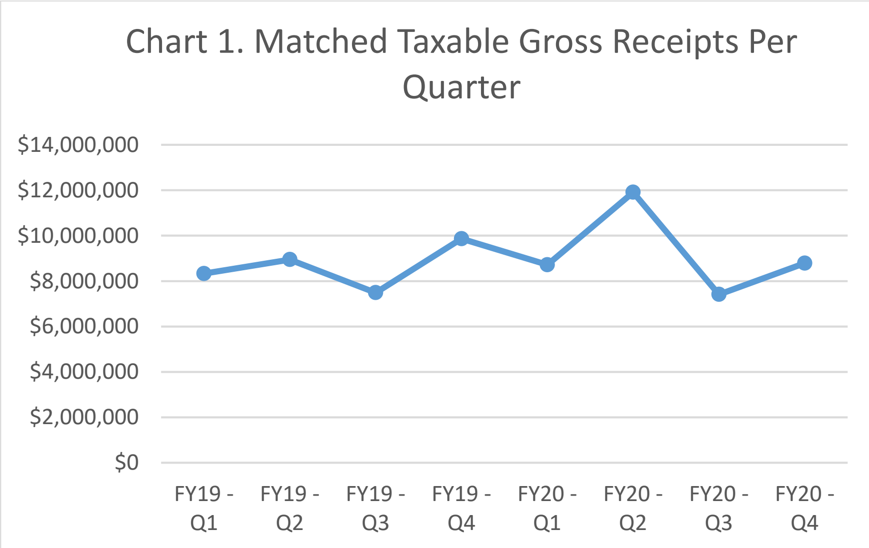
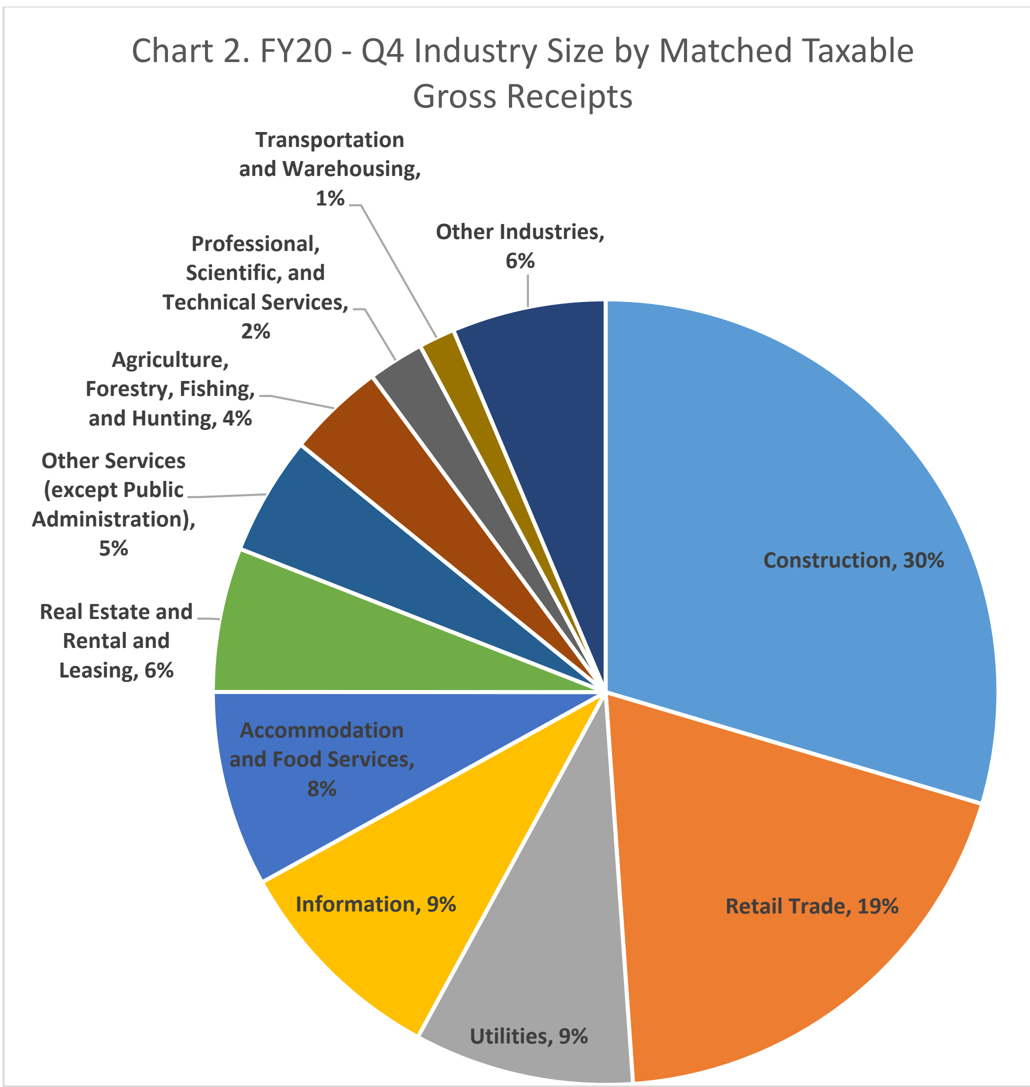


The fourth quarter of FY20 is the first full quarter of economic impacts from the COVID-19 pandemic. Business closures and reduced consumer spending locally began to take effect at the end of March. Since then, the state instituted reopening phases designed to slow the spread of the virus while providing 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.

Catron County's matched taxable gross receipts (MTGR) saw an increase of 19% in Q4 FY20 over the previous quarter, as seen in Chart 1. Q4 FY20 saw an 11% ($1.1M) year over year (YOY) decrease, as seen in Table 1, on page 2. The construction industry surpassed retail trade in Q4, now the largest industry by MTGR in the county. Retail trade fell to second largest while utilities remain third largest. The construction industry saw the largest YOY

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

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Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY19 - Q4	FY20 - Q4	Growth	Year over year Change
Accommodation and Food Services	$ 596,259	$ 707,481	$ 111,222	19%
Administrative/Support & Waste Management/Remediation	$ 517,570	$ 39,341	$ (478,229)	-92%
Agriculture, Forestry, Fishing, and Hunting	$ 69,914	$ 353,030	$ 283,115	405%
Arts, Entertainment, and Recreation	$ 156,215	$ 100,037	$ (56,178)	-36%
Construction	$ 4,343,056	$ 2,600,492	$ (1,742,563)	-40%
Educational Services	$ 35,273	$ 21,111	$ (14,161)	-40%
Finance and Insurance	$ -	$ 4,088	$ 4,088	N/A
Health Care and Social Assistance	$ 217,808	$ 102,053	$ (115,754)	-53%
Information	$ 753,327	$ 792,462	$ 39,135	5%
Management of Companies and Enterprises	$ -	$ -	$ -	N/A
Manufacturing	$ 151,285	$ 109,918	$ (41,368)	-27%
Mining, Quarrying, and Oil and Gas Extraction	$ -	$ 2,653	$ 2,653	N/A
Other Services (except Public Administration)	$ 421,931	$ 430,709	$ 8,778	2%
Professional, Scientific, and Technical Services	$ 167,272	$ 202,490	$ 35,218	21%
Public Administration	$ -	$ -	$ -	N/A
Real Estate and Rental and Leasing	$ 226,455	$ 521,882	$ 295,426	130%
Retail Trade	$ 1,200,967	$ 1,694,831	$ 493,864	41%
Transportation and Warehousing	$ 146,266	$ 131,127	$ (15,139)	-10%
Unclassified Establishments	$ 150,569	$ 46,747	$ (103,822)	-69%
Utilities	$ 603,446	$ 794,762	$ 191,316	32%
Wholesale Trade	$ 107,073	$ 130,853	$ 23,780	22%
All Industries	**$ 9,864,686**	**$ 8,786,068**	**$ (1,078,618)**	**-11%**

decrease (-$1.7M) in Q4 FY20, though Q4 FY19 was particularly high for the industry. Annual gross receipts tax (GRT) revenue collections in FY20 increased by 17% over the previous year, seen in Chart 3. Despite the negative impacts COVID-19 has had on the county's economy, the early quarters of FY20 has helped annual GRT revenue collections in FY20 surpass FY19. GRT revenue collections in Q4 FY20 increased by 21% ($8.7K) over the previous quarter, seen in Chart 4. GRT collections in Q4 FY20 saw a YOY increase of 1% over Q4 FY19.

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

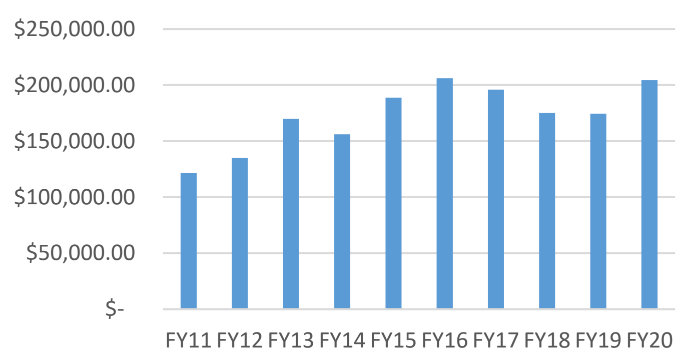

Chart 4. Quarterly GRT Revenue Collections

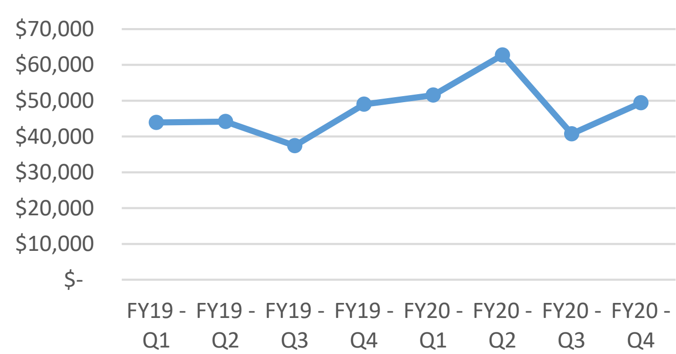

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Chart 5. Quarterly Average Total Employment & Weekly Wage

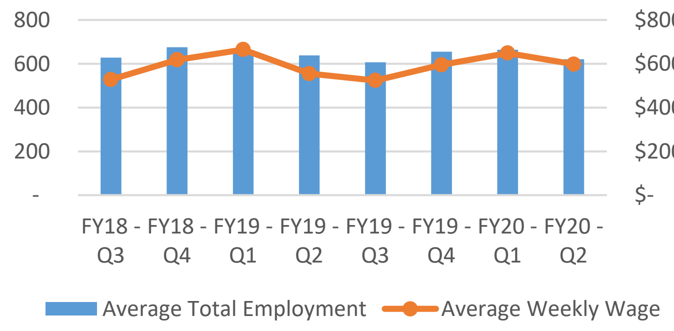
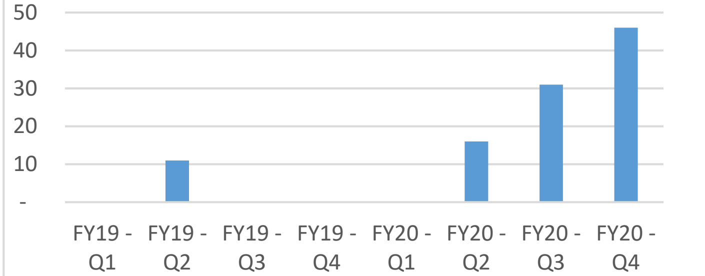


Chart 6. Quarterly Initial Unemployment Claims



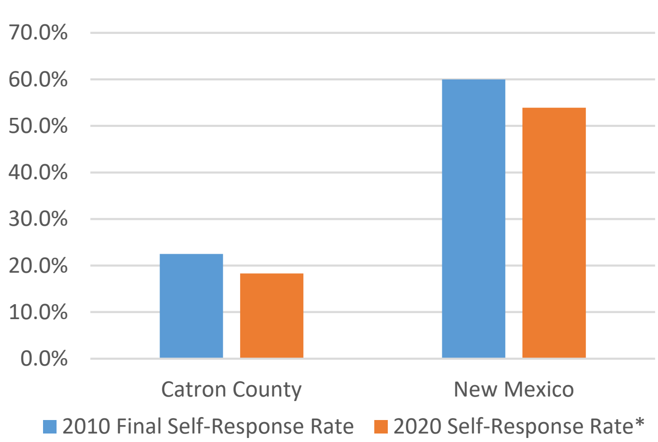
**Weeks with low IUC amounts have total claims withheld to avoid disclosure of confidential information. The sum of all weeks may not reflect the true total and may include a few days outside of the quarter.*

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 Catron County

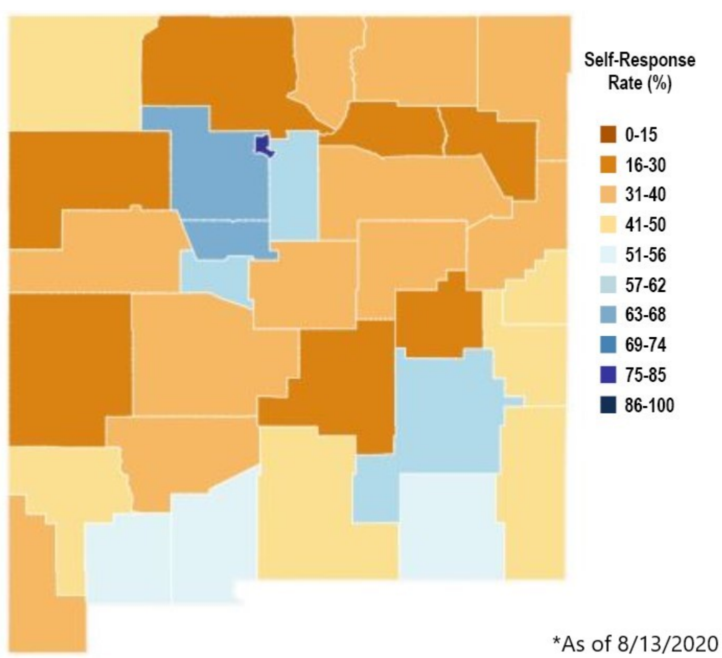
$1,066,056

Census Self-Response Rates



*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.



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