

Quarterly Economic Summary

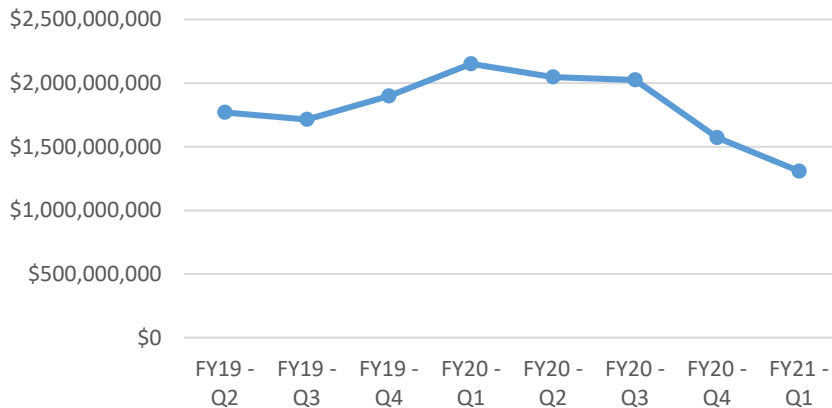
Eddy County

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Chart 1. Matched Taxable Gross Receipts Per Quarter

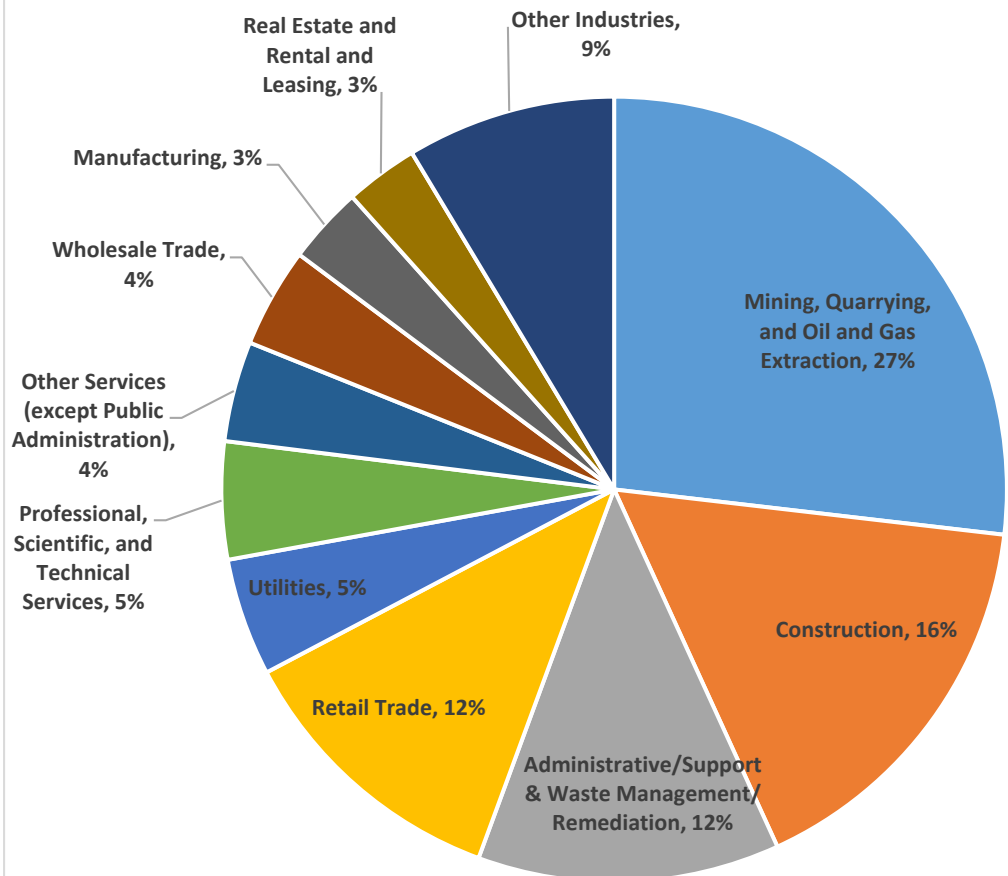


The three months making up FY21 Q1 were the worst three months of the state's economic impact from COVID-19, comparing gross receipts data with the same period a year ago, despite 14 counties experiencing a year-over-year increase. The impacts were significantly worse due to lapsing federal support and no new federal aid package. Importantly, the federal bonus for unemployment benefits of an additional \$600/week expired, reducing consumer spending power.

Eddy County has seen a significant decline in matched taxable gross receipts (MTGR) from Q4 FY20 to Q1 FY21, as seen in Chart 1. From Q4 FY20 to Q1 FY21 MTGR declined by \$264M, or 17%. The Q1 FY21 total of \$1.3B is the lowest amount since Q2 of FY18. The construction industry, as seen in Chart 2, continues to make up a large portion of the county's total MTGR, though decreasing from Q4 FY20 (20%) to Q1 FY21 (16%).

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.

Chart 2. FY21 - Q1 Industry Size by Matched Taxable Gross Receipts



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Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY20 - Q1	FY21 - Q1	Growth	Year over year Change
Accommodation and Food Services	\$ 63,975,515	\$ 38,816,010	\$ (25,159,504)	-39%
Administrative/Support & Waste Management/Remediation	\$ 134,432,581	\$ 162,554,723	\$ 28,122,141	21%
Agriculture, Forestry, Fishing, and Hunting	\$ 2,806,842	\$ 1,962,188	\$ (844,654)	-30%
Arts, Entertainment, and Recreation	\$ 616,926	\$ 321,003	\$ (295,923)	-48%
Construction	\$ 345,764,099	\$ 213,552,721	\$ (132,211,377)	-38%
Educational Services	\$ 2,572,657	\$ 500,246	\$ (2,072,410)	-81%
Finance and Insurance	\$ 4,080,438	\$ 3,356,166	\$ (724,273)	-18%
Health Care and Social Assistance	\$ 14,183,863	\$ 12,746,877	\$ (1,436,986)	-10%
Information	\$ 22,682,863	\$ 16,537,334	\$ (6,145,528)	-27%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 62,209,327	\$ 41,514,206	\$ (20,695,121)	-33%
Mining, Quarrying, and Oil and Gas Extraction	\$ 679,078,606	\$ 350,938,495	\$ (328,140,111)	-48%
Other Services (except Public Administration)	\$ 90,398,061	\$ 53,943,336	\$ (36,454,725)	-40%
Professional, Scientific, and Technical Services	\$ 134,038,064	\$ 63,277,339	\$ (70,760,725)	-53%
Public Administration	\$ -	\$ -	\$ -	N/A
Real Estate and Rental and Leasing	\$ 72,692,870	\$ 39,367,176	\$ (33,325,694)	-46%
Retail Trade	\$ 226,112,375	\$ 152,684,695	\$ (73,427,680)	-32%
Transportation and Warehousing	\$ 72,624,840	\$ 35,062,278	\$ (37,562,562)	-52%
Unclassified Establishments	\$ 5,761,340	\$ 3,292,656	\$ (2,468,683)	-43%
Utilities	\$ 82,935,797	\$ 63,328,185	\$ (19,607,612)	-24%
Wholesale Trade	\$ 133,905,566	\$ 53,663,083	\$ (80,242,482)	-60%
All Industries	\$ 2,150,959,120	\$ 1,307,692,569	\$ (843,266,551)	-39%

Table 1 shows an exceptionally large year over year decline in MTGR. Q1 FY21 MTGR had a year over year decline of 39%. All sectors, when comparing the two time periods, have seen a decrease except for the administrative/support & waste mgmt/remediation industry which posted an increase of \$28M or 21%. The decline of oil prices is likely the culprit for such a large decline across all industries. Gross receipts tax (GRT) revenue collections declined significantly in Q1 FY21, as seen in Chart 4. From Q4 FY20 to Q1 FY21, quarterly collections decreased by 18%, or roughly \$1.9M.

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 that 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

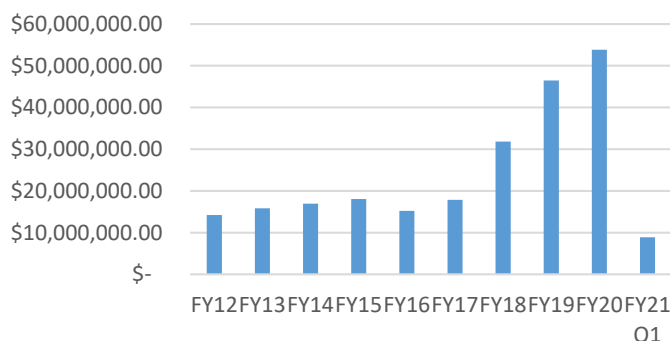
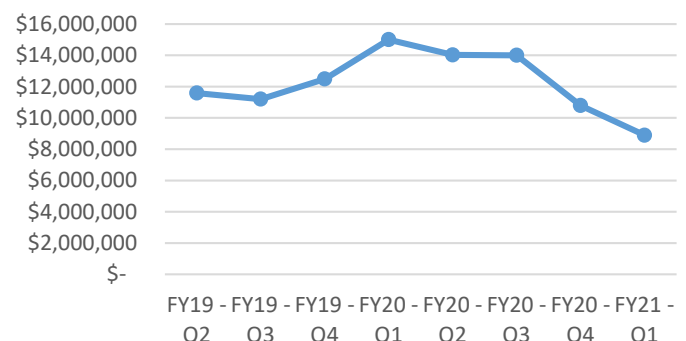


Chart 4. Quarterly GRT Revenue Collections



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Chart 5. Quarterly Average Total Employment & Weekly Wage

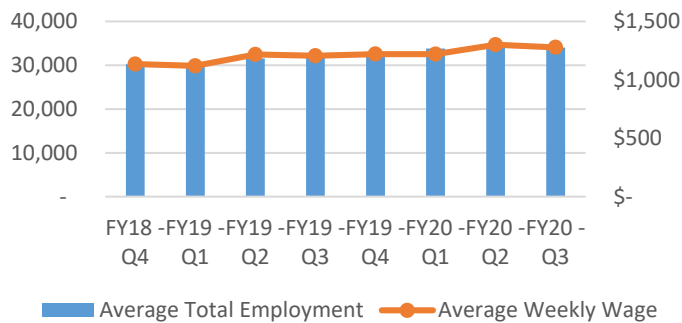


Chart 6. Quarterly Initial Unemployment Claims

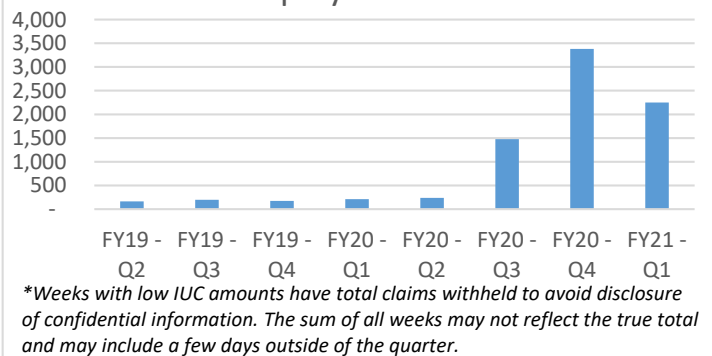
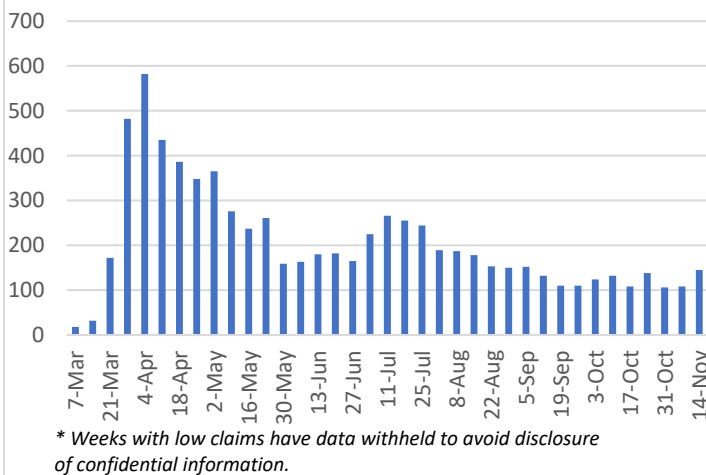


Chart. 7 Initial UI Claims - Weekly



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 tied directly to the COVID-19 pandemic and subsequent furloughs and layoffs by affected businesses. As we continue into early and mid-2021, it is likely the number of initial unemployment claims will vary based on the effects of the pandemic but gradually wane; however, it is impossible to predict how quickly the employment numbers will return to pre-COVID-19 levels.

Chart 7 – Includes weekly initial claims for regular unemployment insurance (UI) but excludes pandemic unemployment assistance (PUA) and pandemic emergency unemployment assistance (PEUA) claims. Weeks shown as zero were redacted for confidentiality.

Chart 8 – Includes claimants receiving payment and pending certifications for standard UI, PUA, PEUA, extended benefits, and trade readjustment allowances. As of 11/2/2020, claimants who were initially considered eligible but have either never filed a certification or have not certified within 14 days have been removed from data, resulting in lower numbers.

Chart 8. Ongoing UI Claimants - Weekly

