

# Quarterly Economic Summary

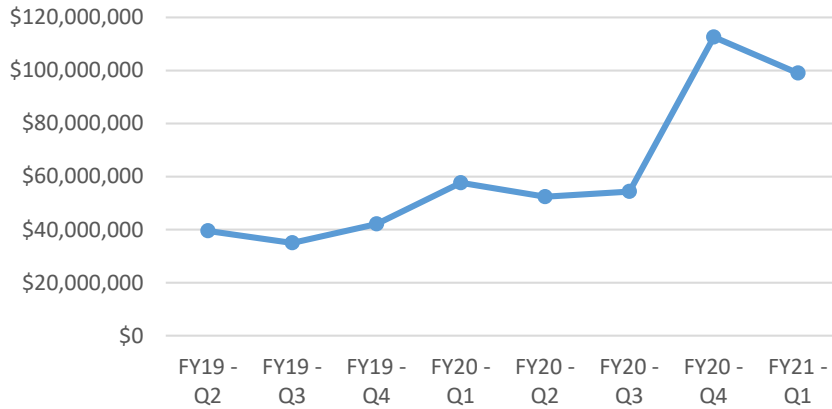
## Torrance County

Released: December 2020



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

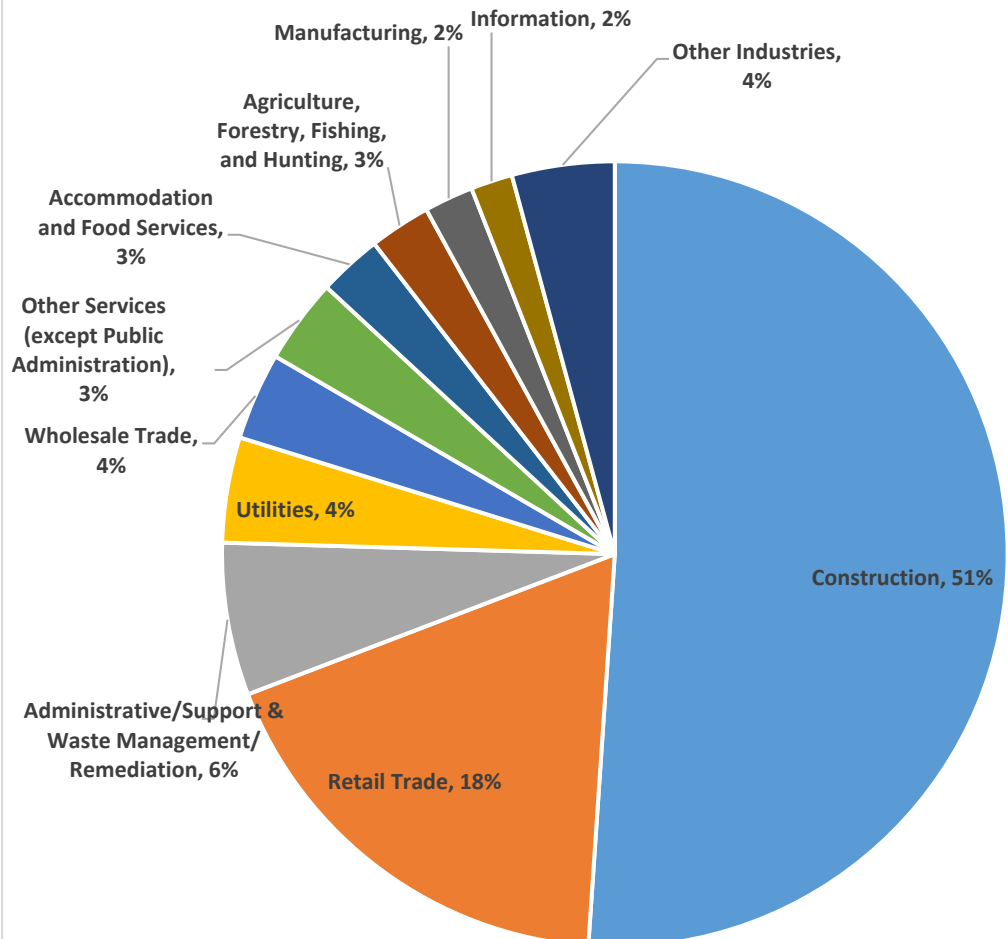
Chart 1. Matched Taxable Gross Receipts Per Quarter



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.

Torrance County saw a decline in its matched taxable gross receipts (MTGR) from Q4 FY20 to Q1 FY21, as seen in Chart 1. Torrance County's MTGR declined by \$13.6M, or 12%, from Q4 FY20 to Q1 FY21. This decline was primarily due to a \$13M contraction in MTGR contributed by the construction industry. Despite this decline, the construction industry made up 51% of the total MTGR collected by Torrance County during Q1 FY21.

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



**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.

# Quarterly Economic Summary

## Torrance County



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

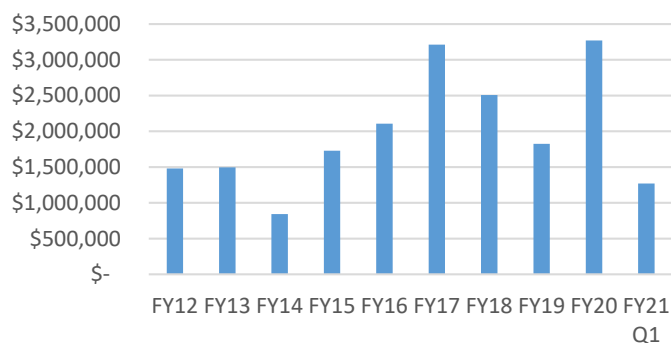
Industries	FY20 - Q1	FY21 - Q1	Growth	Year over year Change
Accommodation and Food Services	\$ 2,149,662	\$ 2,551,423	\$ 401,761	19%
Administrative/Support & Waste Management/Remediation	\$ 355,540	\$ 6,115,768	\$ 5,760,228	1620%
Agriculture, Forestry, Fishing, and Hunting	\$ 2,346,921	\$ 2,461,880	\$ 114,959	5%
Arts, Entertainment, and Recreation	\$ 220,674	\$ 2,934	\$ (217,739)	-99%
Construction	\$ 18,877,474	\$ 49,773,865	\$ 30,896,392	164%
Educational Services	\$ 125,659	\$ 287,630	\$ 161,971	129%
Finance and Insurance	\$ 65,596	\$ 69,658	\$ 4,062	6%
Health Care and Social Assistance	\$ 458,026	\$ 590,436	\$ 132,410	29%
Information	\$ 3,023,956	\$ 1,674,266	\$ (1,349,691)	-45%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 1,063,927	\$ 1,971,573	\$ 907,646	85%
Mining, Quarrying, and Oil and Gas Extraction	\$ 86,945	\$ 275,893	\$ 188,948	217%
Other Services (except Public Administration)	\$ 3,095,697	\$ 3,404,182	\$ 308,485	10%
Professional, Scientific, and Technical Services	\$ 1,337,029	\$ 1,585,342	\$ 248,313	19%
Public Administration	\$ 120,695	\$ -	\$ (120,695)	-100%
Real Estate and Rental and Leasing	\$ 1,156,909	\$ 860,287	\$ (296,622)	-26%
Retail Trade	\$ 14,566,733	\$ 17,653,090	\$ 3,086,357	21%
Transportation and Warehousing	\$ 341,592	\$ 390,381	\$ 48,789	14%
Unclassified Establishments	\$ 277,215	\$ 53,694	\$ (223,521)	-81%
Utilities	\$ 4,972,898	\$ 4,223,190	\$ (749,708)	-15%
Wholesale Trade	\$ 1,333,740	\$ 3,505,245	\$ 2,171,505	163%
<b>All Industries</b>	<b>\$ 57,645,177</b>	<b>\$ 98,984,847</b>	<b>\$ 41,339,670</b>	<b>72%</b>

Table 1 shows an increase of \$41M from Q1 in FY20 to FY21 of the same period. When comparing the two time periods the year over year growth that Torrance County experienced was almost exclusively due to the construction industry, which saw a \$30.8M, or 164%, increase in MTGR.

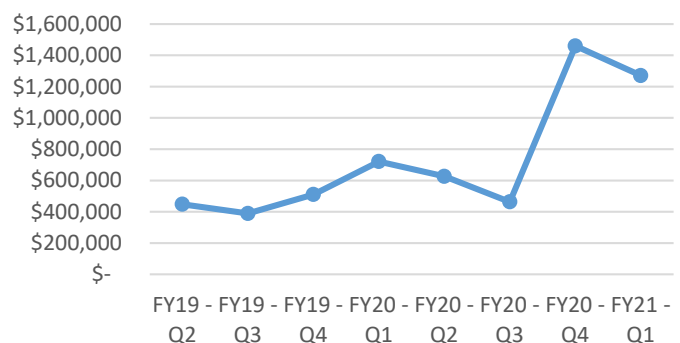
Gross receipts tax (GRT) revenue collections declined significantly in Q1 FY21, shown in Chart 4. From Q4 FY20 to Q1 FY21 quarterly collections decreased by \$189K, or 13%

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**



# Quarterly Economic Summary

## Torrance County



Chart 5. Quarterly Average Total Employment & Weekly Wage

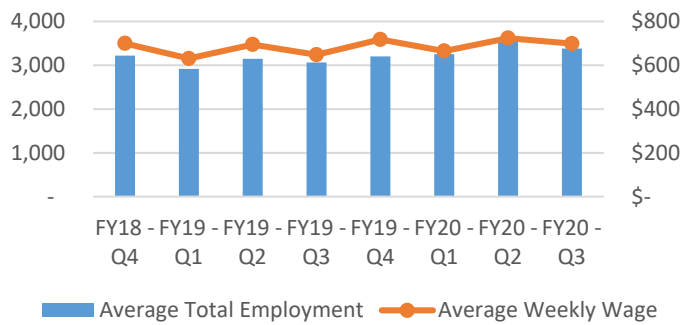


Chart 6. Quarterly Initial Unemployment Claims

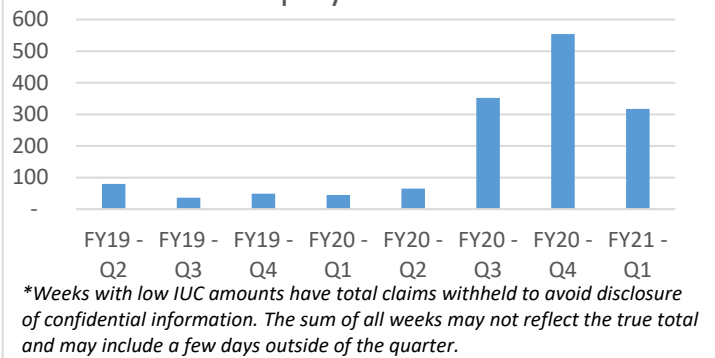
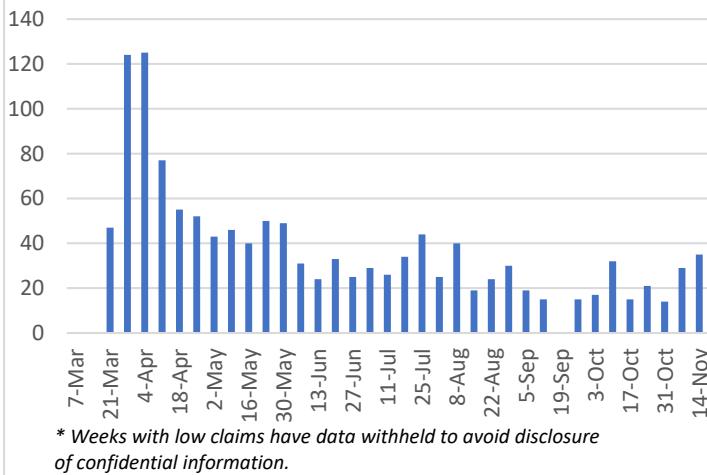


Chart. 7 Initial UI Claims - Weekly



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

