

Quarterly Economic Summary

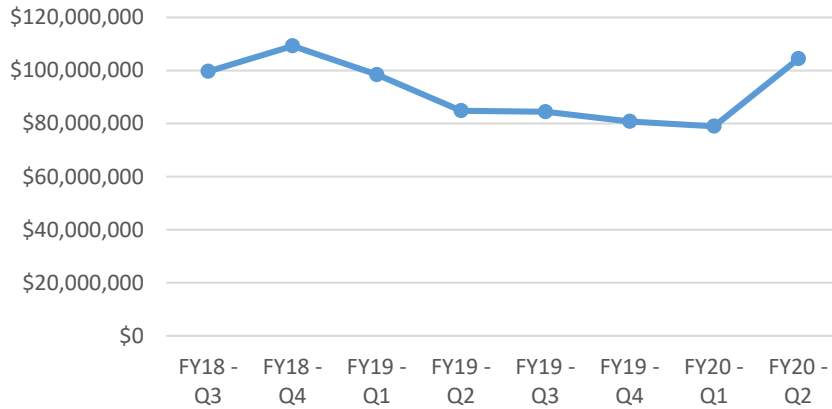
Luna County

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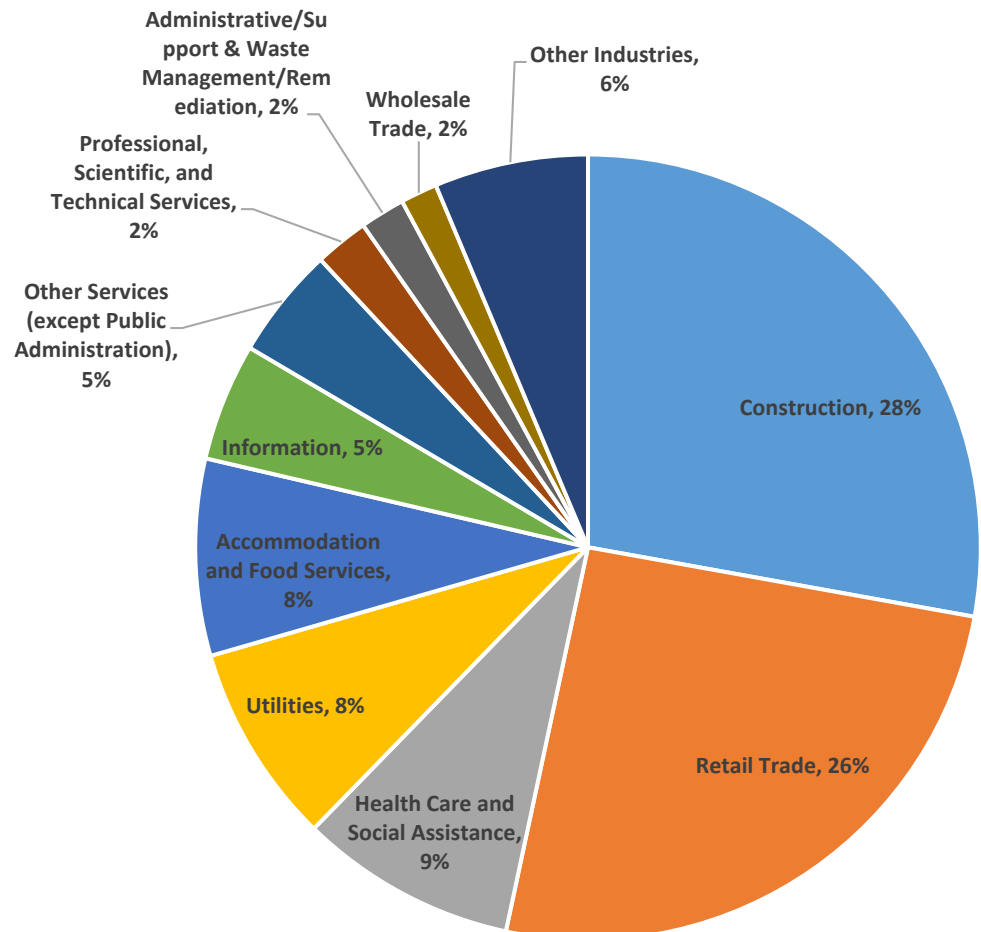
Chart 1. Matched Taxable Gross Receipts Per Quarter



Luna County saw its first increase in total matched taxable gross receipts (MTGR) in Q2 FY20 after experiencing five consecutive quarters of decline, as seen in Chart 1. This most recent quarter had a 23% or \$19.6M increase over Q2 of FY19. Table 1, on page 2, shows a 12,177% year over year (YOY) increase in the Educational Services industry. This is likely due to the timing of taxpayer reporting by the few entities in this relatively small industry. The Public Administration industry also saw a large YOY increase. The most recent quarter,

reported at \$1.1M, is at a level that has been seen by the county, though, generally with a seasonality falling on the third quarter of the fiscal year. Construction had the largest YOY increase of \$15.8M and has become the largest industry by MTGR.

Chart 2. FY20 - Q2 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.

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Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY19 - Q2	FY20 - Q2	Growth	Year over year Change
Accommodation and Food Services	\$ 8,949,873	\$ 8,457,231	\$ (492,642)	-6%
Administrative/Support & Waste Management/Remediation	\$ 2,111,123	\$ 1,934,959	\$ (176,164)	-8%
Agriculture, Forestry, Fishing, and Hunting	\$ 148,421	\$ 172,885	\$ 24,464	16%
Arts, Entertainment, and Recreation	\$ 77,055	\$ 94,946	\$ 17,892	23%
Construction	\$ 13,308,514	\$ 29,067,450	\$ 15,758,936	118%
Educational Services	\$ 89	\$ 10,920	\$ 10,831	12177%
Finance and Insurance	\$ 364,912	\$ 275,479	\$ (89,433)	-25%
Health Care and Social Assistance	\$ 7,201,606	\$ 9,337,766	\$ 2,136,160	30%
Information	\$ 5,015,722	\$ 5,058,423	\$ 42,701	1%
Management of Companies and Enterprises	\$ 22,855	\$ 5,543	\$ (17,312)	-76%
Manufacturing	\$ 1,324,313	\$ 1,464,432	\$ 140,119	11%
Mining, Quarrying, and Oil and Gas Extraction	\$ 291,422	\$ 424,827	\$ 133,405	46%
Other Services (except Public Administration)	\$ 4,469,809	\$ 4,798,924	\$ 329,115	7%
Professional, Scientific, and Technical Services	\$ 1,922,168	\$ 2,319,806	\$ 397,638	21%
Public Administration	\$ -	\$ 1,064,637	\$ 1,064,637	N/A
Real Estate and Rental and Leasing	\$ 1,102,541	\$ 1,375,948	\$ 273,407	25%
Retail Trade	\$ 25,801,107	\$ 26,653,259	\$ 852,151	3%
Transportation and Warehousing	\$ 854,732	\$ 919,745	\$ 65,014	8%
Unclassified Establishments	\$ 334,250	\$ 810,696	\$ 476,446	143%
Utilities	\$ 9,984,138	\$ 8,612,601	\$ (1,371,537)	-14%
Wholesale Trade	\$ 1,538,890	\$ 1,581,902	\$ 43,012	3%
All Industries	\$ 84,823,538	\$ 104,442,379	\$ 19,618,841	23%

Gross Receipts Tax (GRT) revenue collections saw the first substantial increase since Q4 FY18, as seen in Chart 4. Q2 FY20 had a YOY increase of \$312K over FY19. Table 2, on page 3, shows multiple industries having no contribution to GDP in 2018. This is due to the number of companies within the industries being so low that the Bureau of Economic Analysis has withheld the information for the industry to avoid disclosure of confidential information. Table 2 does not necessarily reflect the proportion each industry contributes to overall GDP.

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 this delay, local governments will receive a distribution that is a portion of \$2M each month. The portion distributed will be based on what the population of each county is to the total population of all counties, as per the most recent decennial census.

Chart 3. Annual Total GRT Revenue Collections

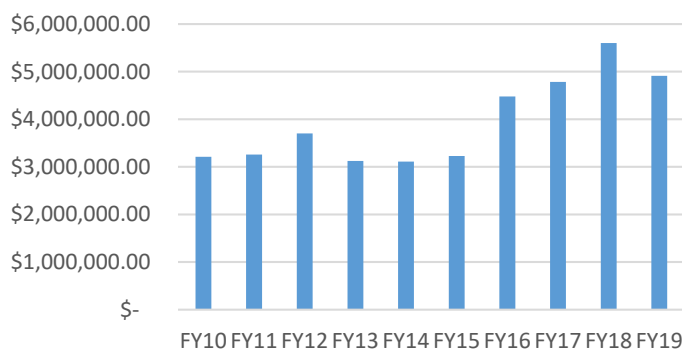
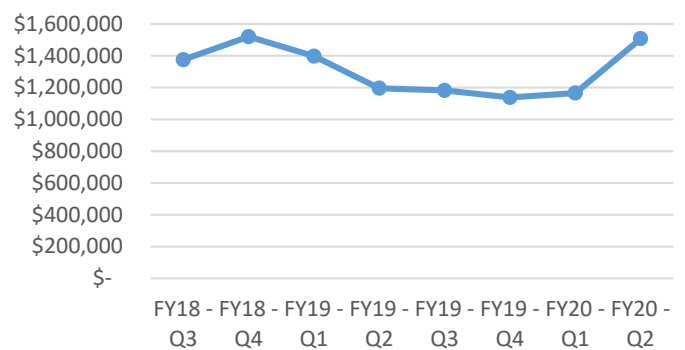


Chart 4. Quarterly GRT Revenue Collections



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Chart 5. Quarterly Average Total Employment & Weekly Wage

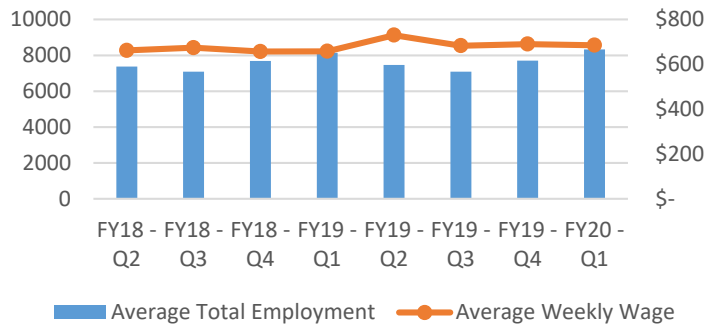


Chart 6. Quarterly Initial Unemployment Claims

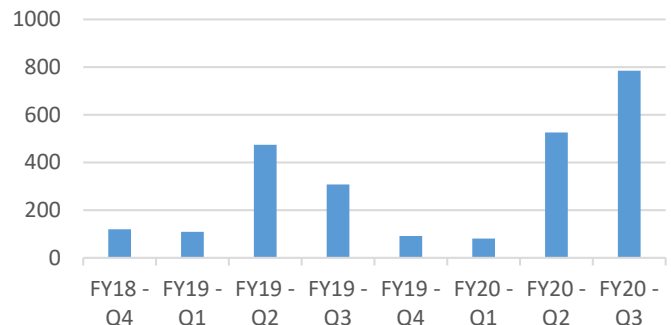
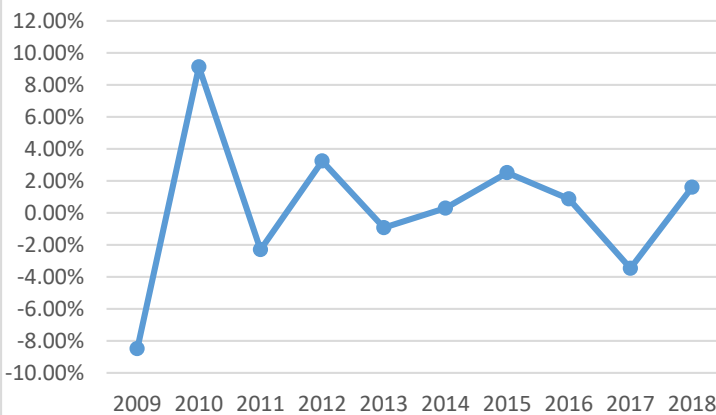


Chart 7. Calendar Year % Change In Real GDP Year Over Year



A significant unexplained increase in **Initial Unemployment Claims** can be an early indicator of an incoming economic downturn. Explained increases commonly include seasonal job fluctuations, government shutdowns resulting in mass employee furloughs and the closing of a major regional facility. The major uptick in the initial unemployment claims is directly tied to the COVID-19 outbreak and the subsequent closure of “non-essential” businesses. These businesses tend to be a major component of the workforce. As the stay at home order stays in effect, it is likely that the initial unemployment claims will continue to increase as the economy shifts to handle the unprecedented changes.

Table 2. Calendar Year 2018 Real County GDP vs Real State GDP

Industries	Luna, NM	New Mexico	Difference Between County and State
Accommodation and food services	1.90%	2.94%	-1.04%
Administrative and support and waste management and remediation services	0.00%	2.51%	-2.51%
Arts, entertainment, and recreation	0.33%	0.68%	-0.34%
Educational services	0.00%	0.51%	-0.51%
Finance and insurance	1.07%	2.75%	-1.68%
Health care and social assistance	0.00%	7.39%	-7.39%
Management of companies and enterprises	0.00%	0.61%	-0.61%
Professional, scientific, and technical services	1.02%	7.21%	-6.19%
Real estate and rental and leasing	15.24%	12.17%	3.07%
Agriculture, forestry, fishing and hunting	4.57%	1.78%	2.78%
Construction	3.13%	3.12%	0.02%
Information	0.00%	3.21%	-3.21%
Manufacturing	8.72%	4.31%	4.41%
Mining, quarrying, and oil and gas extraction	0.15%	14.79%	-14.64%
Other services (except government and government enterprises)	0.00%	1.96%	-1.96%
Retail trade	5.86%	5.87%	-0.01%
Transportation and warehousing	3.72%	2.58%	1.13%
Utilities	13.85%	1.57%	12.28%
Wholesale trade	1.33%	3.13%	-1.80%
Government and government enterprises	27.84%	21.50%	6.34%

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