

Quarterly Economic Summary

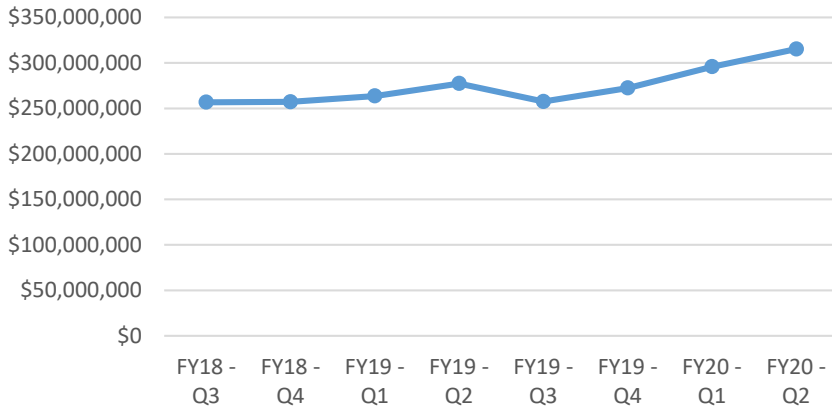
McKinley County



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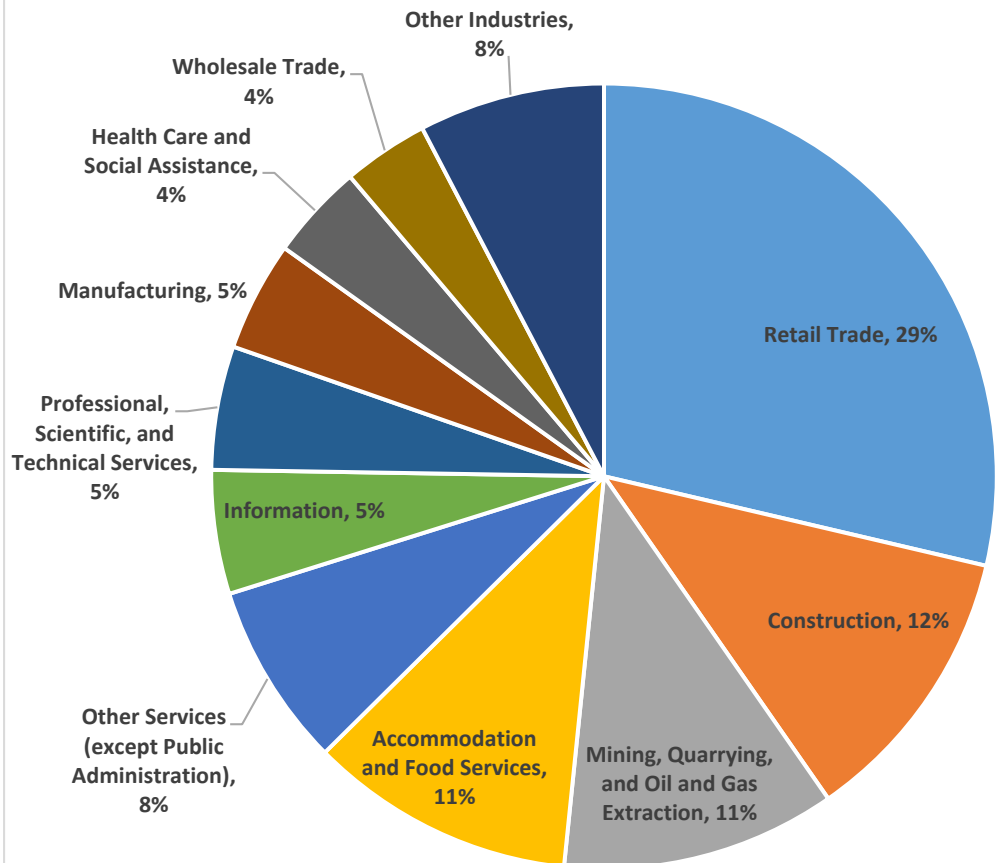
Chart 1. Matched Taxable Gross Receipts Per Quarter



McKinley County's matched taxable gross receipts (MTGR) have continued to increase into Q2 FY20. This most recent quarter has been the highest MTGR have been (\$315.2M) since FY15. Q2 saw a year over year increase of 14% or \$37.9M over Q2 FY19. The Construction, Other Services and Retail Trade industries saw the largest YOY increases, seen in Table 1 on page two, at \$12.4M, \$7.9M and \$7.2M respectively. The Unclassified Establishments saw the largest percent increase of 211%. This increase may be due to a misclassification of one or more

entities during the period. Retail trade Remains the largest industry by MTGR, from Q1 to Q2 of FY20, with Construction moving to 2nd largest, up from 3rd, and Mining/Oil and Gas moving to 3rd, up from 4th.

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	\$ 33,345,776	\$ 34,541,103	\$ 1,195,326	4%
Administrative/Support & Waste Management/Remediation	\$ 1,954,430	\$ 1,861,645	\$ (92,785)	-5%
Agriculture, Forestry, Fishing, and Hunting	\$ 543,395	\$ 477,772	\$ (65,624)	-12%
Arts, Entertainment, and Recreation	\$ 142,486	\$ 132,018	\$ (10,468)	-7%
Construction	\$ 24,337,385	\$ 36,763,936	\$ 12,426,551	51%
Educational Services	\$ 474,127	\$ 762,363	\$ 288,236	61%
Finance and Insurance	\$ 925,211	\$ 1,230,215	\$ 305,005	33%
Health Care and Social Assistance	\$ 12,532,522	\$ 12,414,477	\$ (118,045)	-1%
Information	\$ 15,496,674	\$ 16,077,875	\$ 581,202	4%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 15,362,011	\$ 14,242,914	\$ (1,119,098)	-7%
Mining, Quarrying, and Oil and Gas Extraction	\$ 31,665,794	\$ 35,626,408	\$ 3,960,614	13%
Other Services (except Public Administration)	\$ 15,974,045	\$ 23,889,390	\$ 7,915,344	50%
Professional, Scientific, and Technical Services	\$ 18,636,749	\$ 16,055,225	\$ (2,581,525)	-14%
Public Administration	\$ -	\$ -	\$ -	N/A
Real Estate and Rental and Leasing	\$ 5,237,576	\$ 7,754,419	\$ 2,516,843	48%
Retail Trade	\$ 83,144,612	\$ 90,359,354	\$ 7,214,742	9%
Transportation and Warehousing	\$ 1,847,139	\$ 2,206,941	\$ 359,802	19%
Unclassified Establishments	\$ 1,657,769	\$ 5,160,511	\$ 3,502,741	211%
Utilities	\$ 5,136,690	\$ 4,557,619	\$ (579,072)	-11%
Wholesale Trade	\$ 8,910,361	\$ 11,128,124	\$ 2,217,763	25%
All Industries	\$ 277,324,751	\$ 315,242,305	\$ 37,917,554	14%

Gross Receipts Tax (GRT) revenue collections continue to increase in Q2 FY20. This most recent quarter saw a year over year increase in GRT collections of \$578K or 16%. GRT Collections near this level were last seen in FY15.

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

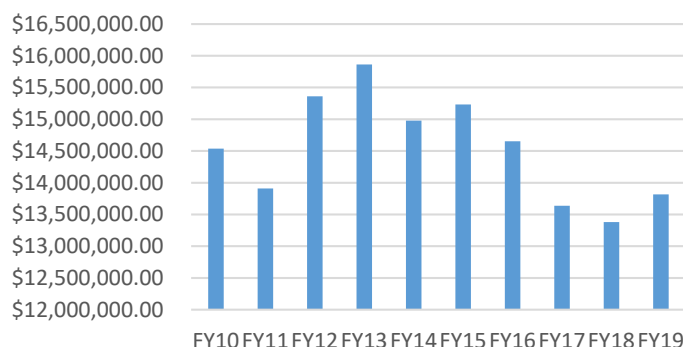
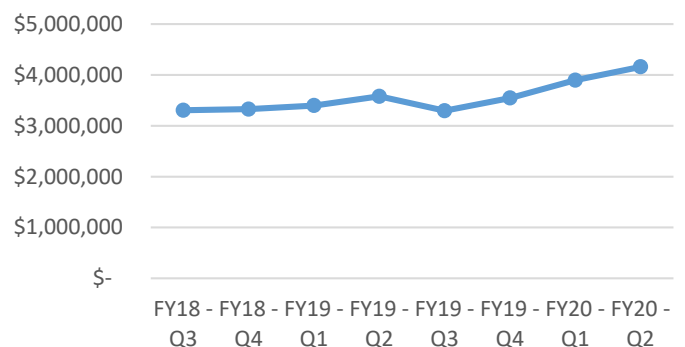


Chart 4. Quarterly GRT Revenue Collections



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

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Chart 5. Quarterly Average Total Employment & Weekly Wage

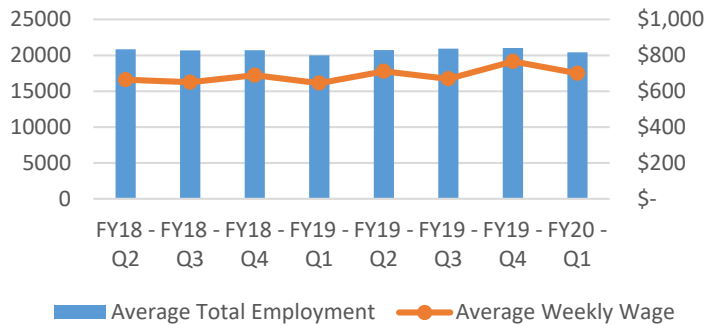


Chart 6. Quarterly Initial Unemployment Claims

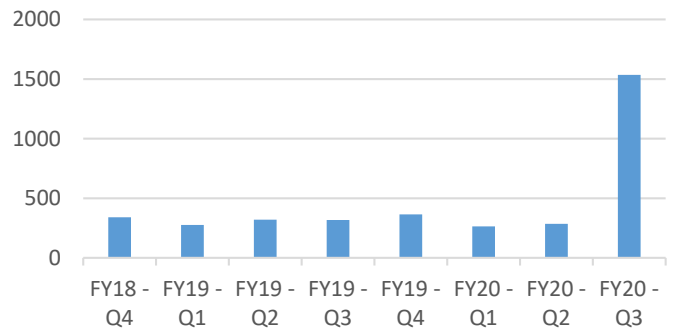
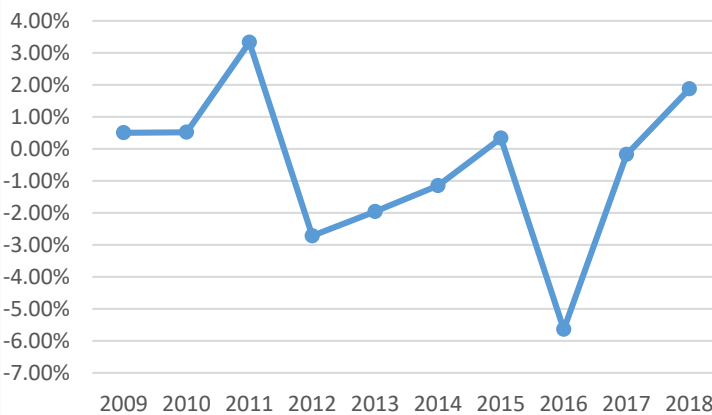


Chart 7. Calendar Year % Change In Real GDP Year Over Year



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	McKinley, NM	New Mexico	Difference Between County and State
Accommodation and food services	3.17%	2.94%	0.24%
Administrative and support and waste management and remediation services	0.62%	2.51%	-1.89%
Arts, entertainment, and recreation	0.06%	0.68%	-0.62%
Educational services	0.28%	0.51%	-0.23%
Finance and insurance	0.93%	2.75%	-1.82%
Health care and social assistance	6.04%	7.39%	-1.36%
Management of companies and enterprises	0.15%	0.61%	-0.46%
Professional, scientific, and technical services	0.66%	7.21%	-6.55%
Real estate and rental and leasing	12.57%	12.17%	0.41%
Agriculture, forestry, fishing and hunting	0.02%	1.78%	-1.76%
Construction	1.25%	3.12%	-1.87%
Information	1.13%	3.21%	-2.07%
Manufacturing	12.03%	4.31%	7.72%
Mining, quarrying, and oil and gas extraction	6.20%	14.79%	-8.59%
Other services (except government and government enterprises)	1.77%	1.96%	-0.19%
Retail trade	7.72%	5.87%	1.84%
Transportation and warehousing	5.89%	2.58%	3.31%
Utilities	2.40%	1.57%	0.83%
Wholesale trade	2.64%	3.13%	-0.48%
Government and government enterprises	34.88%	21.50%	13.38%

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