

Quarterly Economic Summary

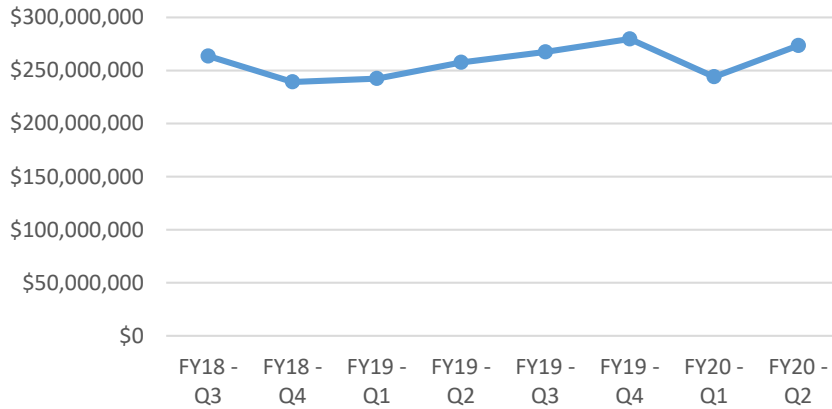
Valencia County



Released: February 2020

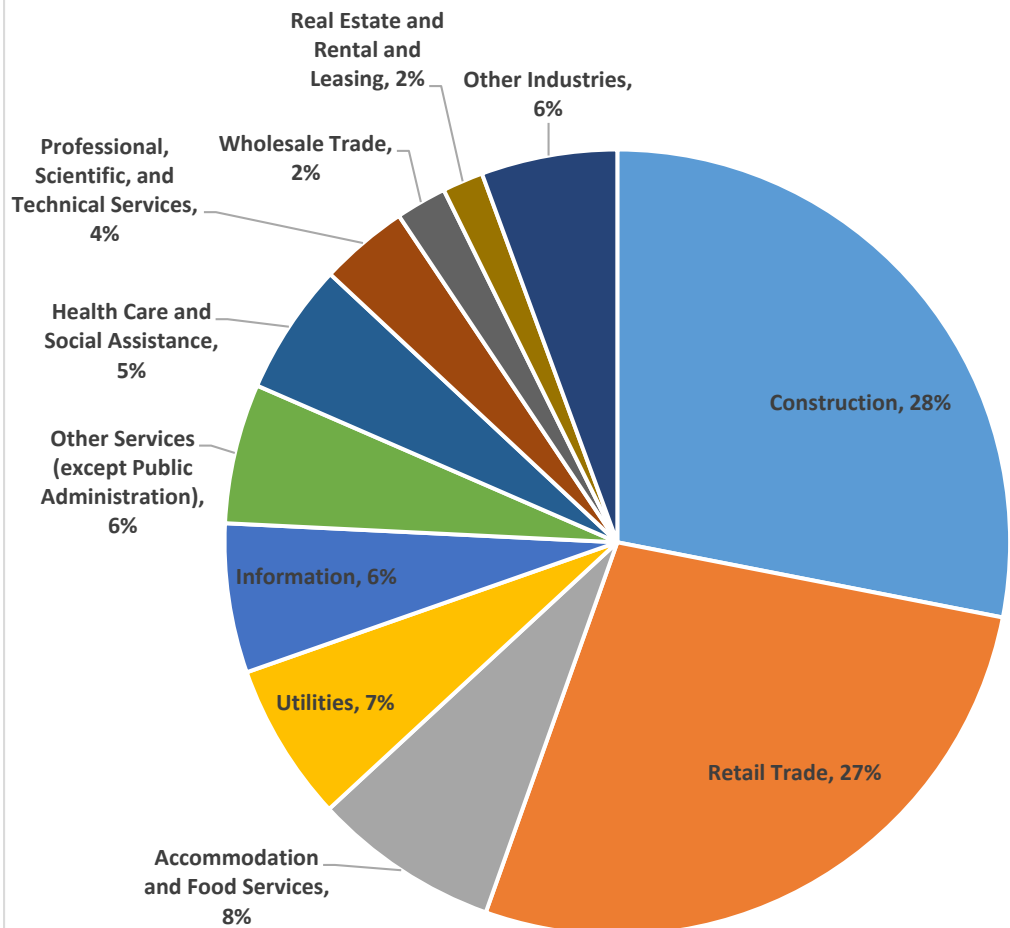
Prepared by: Joel Salas, Economist, and Ryan Eustice, Economist

Chart 1. Matched Taxable Gross Receipts Per Quarter



Valencia County saw an increase in its matched taxable gross receipts (MTGR) from Q1 FY20 to Q2, as seen in Chart 1. The second quarter has experienced a seasonal increase since FY17. Q2 FY20 saw a year over year (YOY) increase of 6% in MTGR, as seen in Table 1 on page 2. The Construction industry, though decreased, is still high and can be tied to the Facebook datacenter. The Mining, Oil and Gas industry saw a 2,135% increase. This is likely due to delayed taxpayer reporting as the overall amount of MTGR is low in the industry.

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.

Quarterly Economic Summary

Valencia County



Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY19 - Q2	FY20 - Q2	Growth	Year over year Change
Accommodation and Food Services	\$ 19,778,534	\$ 21,007,836	\$ 1,229,302	6%
Administrative/Support & Waste Management/Remediation	\$ 2,244,088	\$ 3,167,398	\$ 923,310	41%
Agriculture, Forestry, Fishing, and Hunting	\$ 955,534	\$ 717,371	\$ (238,163)	-25%
Arts, Entertainment, and Recreation	\$ 637,781	\$ 737,066	\$ 99,285	16%
Construction	\$ 83,857,537	\$ 76,761,041	\$ (7,096,496)	-8%
Educational Services	\$ 292,145	\$ 168,646	\$ (123,500)	-42%
Finance and Insurance	\$ 840,210	\$ 1,040,129	\$ 199,919	24%
Health Care and Social Assistance	\$ 12,317,614	\$ 14,843,982	\$ 2,526,368	21%
Information	\$ 16,164,096	\$ 16,800,353	\$ 636,257	4%
Manufacturing	\$ 4,296,853	\$ 4,583,969	\$ 287,117	7%
Mining, Quarrying, and Oil and Gas Extraction	\$ 2,561	\$ 57,246	\$ 54,685	2135%
Other Services (except Public Administration)	\$ 15,489,776	\$ 15,743,134	\$ 253,358	2%
Professional, Scientific, and Technical Services	\$ 5,509,083	\$ 10,004,662	\$ 4,495,579	82%
Public Administration	\$ 537	\$ 519	\$ (18)	-3%
Real Estate and Rental and Leasing	\$ 4,018,850	\$ 4,606,109	\$ 587,259	15%
Retail Trade	\$ 68,250,645	\$ 74,849,904	\$ 6,599,259	10%
Transportation and Warehousing	\$ 2,840,964	\$ 2,793,376	\$ (47,587)	-2%
Unclassified Establishments	\$ 2,577,333	\$ 2,052,610	\$ (524,723)	-20%
Utilities	\$ 12,774,510	\$ 17,816,000	\$ 5,041,490	39%
Wholesale Trade	\$ 4,789,376	\$ 5,740,558	\$ 951,181	20%
All Industries	\$ 257,638,028	\$ 273,491,908	\$ 15,853,880	6%

Gross Receipts Tax (GRT) revenue collections saw an increase of \$181K from Q1 FY20 to Q2, as seen in Chart 4. The county continues to see an upward trend in GRT revenue collections over the eight quarters in Chart 4. Q2 FY20 saw an 8% (\$296K) YOY increase in GRT revenue collections.

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

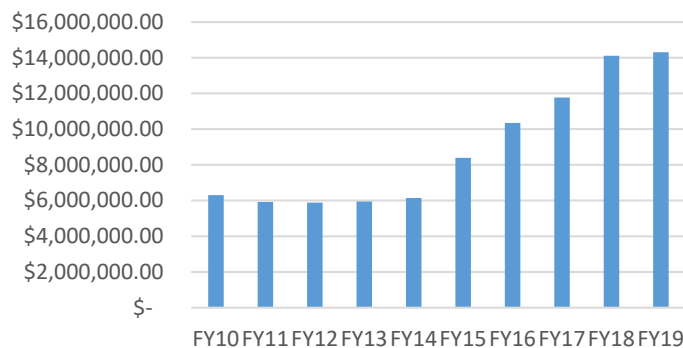
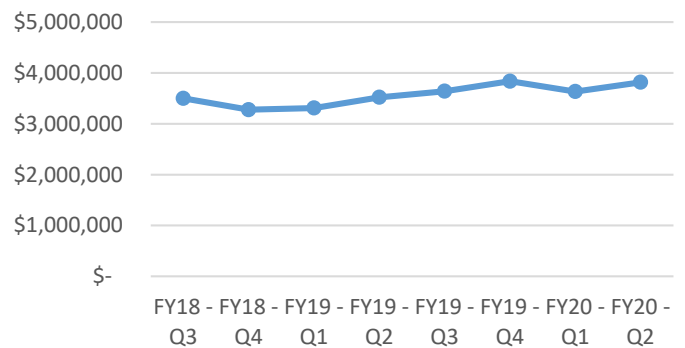


Chart 4. Quarterly GRT Revenue Collections



Quarterly Economic Summary Valencia County



Chart 5. Quarterly Average Total Employment & Weekly Wage

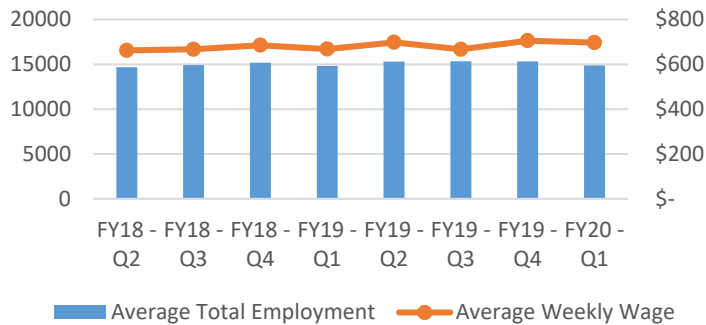


Chart 6. Quarterly Initial Unemployment Claims

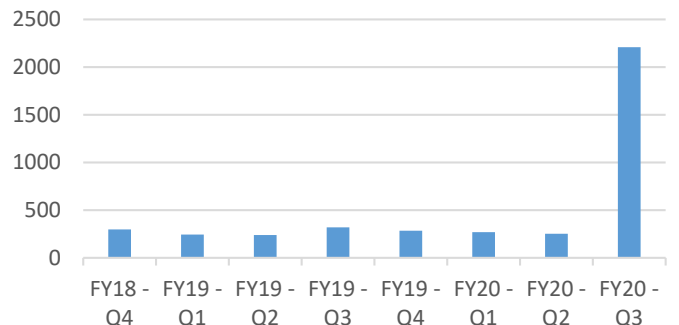
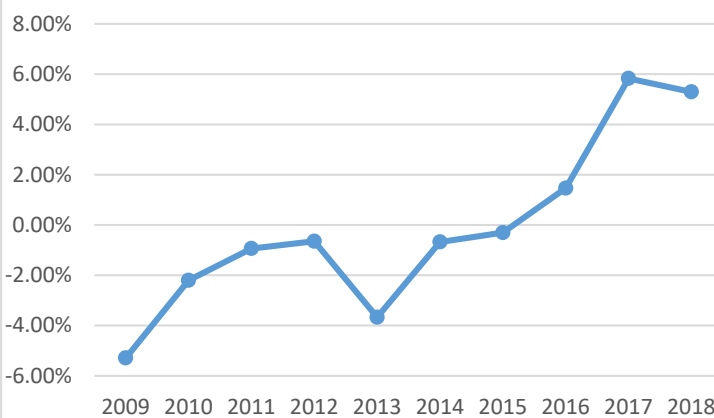


Chart 7. Calendar Year % Change In Real GDP Year Over Year



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	Valencia, NM	New Mexico	Difference Between County and State
Accommodation and food services	2.69%	2.94%	-0.25%
Administrative and support and waste management and remediation services	1.36%	2.51%	-1.15%
Arts, entertainment, and recreation	0.18%	0.68%	-0.50%
Educational services	0.32%	0.51%	-0.20%
Finance and insurance	1.79%	2.75%	-0.96%
Health care and social assistance	6.10%	7.39%	-1.29%
Management of companies and enterprises	0.60%	0.61%	-0.01%
Professional, scientific, and technical services	2.04%	7.21%	-5.17%
Real estate and rental and leasing	20.37%	12.17%	8.20%
Agriculture, forestry, fishing and hunting	0.17%	1.78%	-1.61%
Construction	11.72%	3.12%	8.60%
Information	1.63%	3.21%	-1.57%
Manufacturing	4.88%	4.31%	0.56%
Mining, quarrying, and oil and gas extraction	0.31%	14.79%	-14.48%
Other services (except government and government enterprises)	2.92%	1.96%	0.96%
Retail trade	9.73%	5.87%	3.85%
Transportation and warehousing	7.90%	2.58%	5.32%
Utilities	1.48%	1.57%	-0.09%
Wholesale trade	1.60%	3.13%	-1.52%
Government and government enterprises	21.57%	21.50%	0.07%

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