

Quarterly Economic Summary

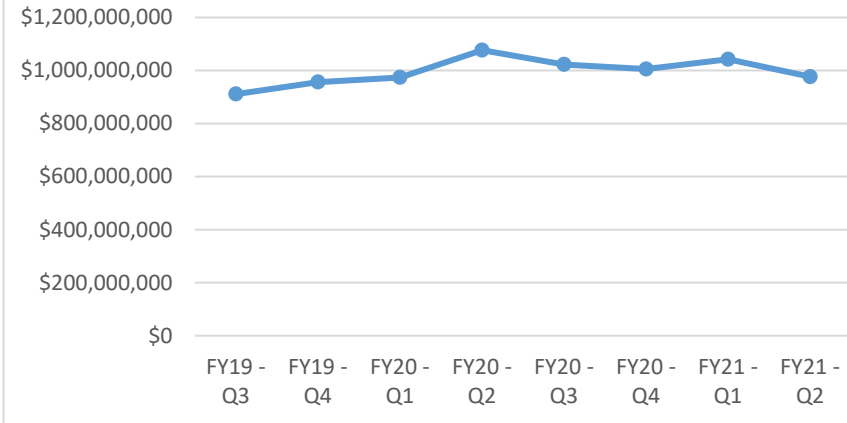
Doña Ana County

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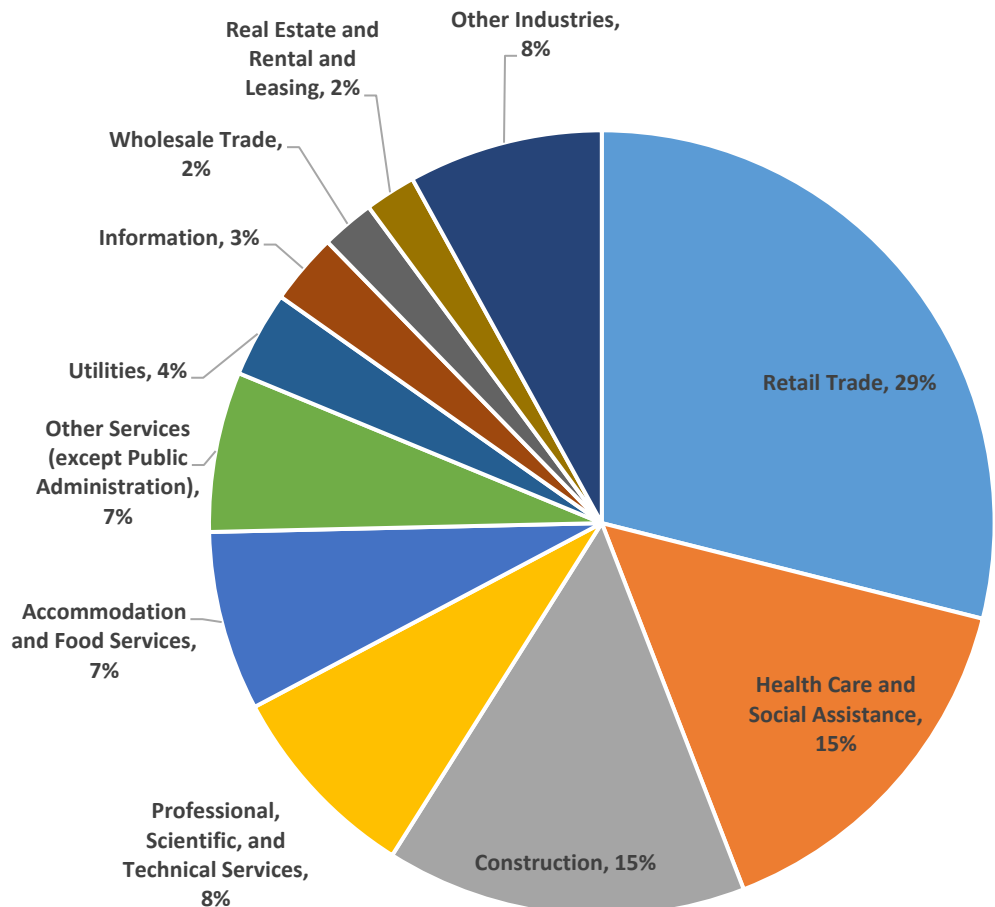
Chart 1. Matched Taxable Gross Receipts Per Quarter



New Mexico suffered another challenging quarter in Q2 FY20 compared to the previous year. The effects of the pandemic weighed heavily on business and consumer activity, and 18 of the 33 counties saw declines in year-over-year gross receipts tax revenue. Of the 15 with positive growth, several only experienced increases due to large construction projects. A new Public Health Order, which took effect on November 16, required many businesses to curb retail activities again to address the surge in COVID-19 cases.

Doña Ana County's matched taxable gross receipts (MTGR) decreased by \$65M, or 6%, from Q1 to Q2 FY21, as seen in Chart 1. Over the last eight quarters, MTGR for Doña Ana County has averaged \$995M, which is nearly \$19M greater than the amount collected in Q2 FY21 (\$976M). Table 1, on the next page, shows a decrease of \$100M from Q2 in FY20 to FY21 of the same period. Table 1 also shows that

Chart 2. FY21 - Q2 Industry Size by Matched Taxable Gross Receipts



Matched Taxable Gross Receipts (MTGR) are the best tax data available to show underlying economic activity. The data collection process 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 | FY20 - Q2 | FY21 - Q2 | Growth | Year over year Change |
|---|-------------------------|-----------------------|-------------------------|-----------------------|
| Accommodation and Food Services | \$ 89,212,848 | \$ 71,853,057 | \$ (17,359,791) | -19% |
| Administrative/Support & Waste Management/Remediation | \$ 27,388,038 | \$ 20,236,807 | \$ (7,151,231) | -26% |
| Agriculture, Forestry, Fishing, and Hunting | \$ 2,536,119 | \$ 4,699,924 | \$ 2,163,805 | 85% |
| Arts, Entertainment, and Recreation | \$ 5,410,794 | \$ 3,033,459 | \$ (2,377,335) | -44% |
| Construction | \$ 206,367,962 | \$ 144,332,458 | \$ (62,035,504) | -30% |
| Educational Services | \$ 12,168,700 | \$ 13,394,247 | \$ 1,225,547 | 10% |
| Finance and Insurance | \$ 8,259,664 | \$ 8,445,673 | \$ 186,009 | 2% |
| Health Care and Social Assistance | \$ 148,457,636 | \$ 147,807,291 | \$ (650,345) | 0% |
| Information | \$ 58,066,804 | \$ 28,417,011 | \$ (29,649,793) | -51% |
| Management of Companies and Enterprises | \$ 1,206,964 | \$ 692,847 | \$ (514,117) | -43% |
| Manufacturing | \$ 17,603,124 | \$ 17,663,307 | \$ 60,183 | 0% |
| Mining, Quarrying, and Oil and Gas Extraction | \$ 660,227 | \$ 389,474 | \$ (270,753) | -41% |
| Other Services (except Public Administration) | \$ 70,292,090 | \$ 64,115,035 | \$ (6,177,055) | -9% |
| Professional, Scientific, and Technical Services | \$ 64,330,770 | \$ 80,620,342 | \$ 16,289,573 | 25% |
| Public Administration | \$ 1,673,451 | \$ 962,275 | \$ (711,176) | -42% |
| Real Estate and Rental and Leasing | \$ 17,420,827 | \$ 20,496,147 | \$ 3,075,320 | 18% |
| Retail Trade | \$ 276,033,827 | \$ 281,180,257 | \$ 5,146,430 | 2% |
| Transportation and Warehousing | \$ 7,569,807 | \$ 6,822,665 | \$ (747,142) | -10% |
| Unclassified Establishments | \$ 5,425,080 | \$ 1,918,200 | \$ (3,506,880) | -65% |
| Utilities | \$ 36,833,932 | \$ 34,437,837 | \$ (2,396,095) | -7% |
| Wholesale Trade | \$ 17,689,412 | \$ 21,268,089 | \$ 3,578,677 | 20% |
| All Industries | \$ 1,076,694,046 | \$ 976,283,694 | \$ (100,410,352) | -9% |

the construction industry reported the largest year-over-year (YOY) decrease, \$62M or 30%. The professional, scientific, and technical services sector reported the largest YOY increase, \$16M or 25%.

Gross receipts tax (GRT) revenue collections declined by \$732K, or 6%, from Q1 FY21 to Q2 FY21, shown in Chart 4.

Chart 5 shows an increase in the average weekly wage while quarterly employment decreased during Q4 of FY20. This increase is likely due to the loss of lower wage workers.

Chart 3. Annual Total GRT Revenue Collections

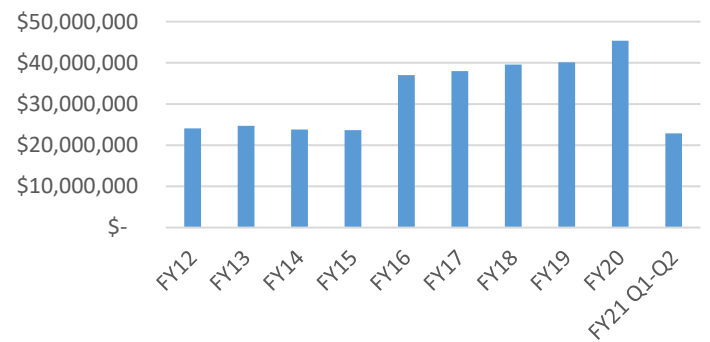


Chart 4. Quarterly GRT Revenue Collections

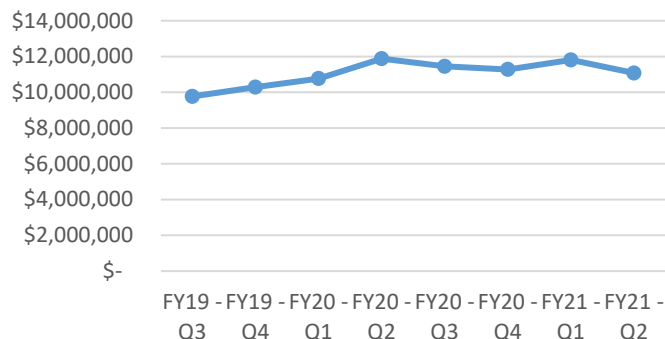
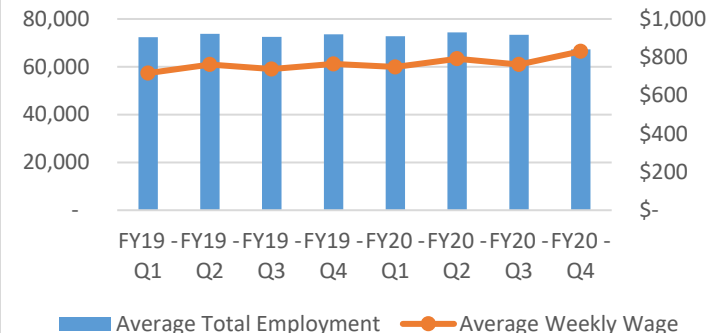


Chart 5. Quarterly Average Total Employment & Weekly Wage



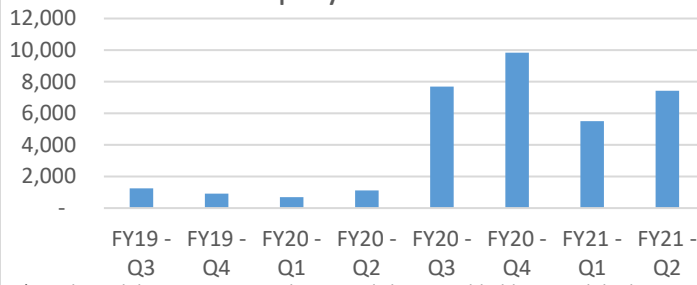
SOURCES: NEW MEXICO TAXATION AND REVENUE DEPT, NEW MEXICO DEPARTMENT OF WORKFORCE SOLUTIONS, U.S. BUREAU OF LABOR STATISTICS, U.S. BUREAU OF ECONOMIC ANALYSIS AND EDD CALCULATIONS

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Chart 6. Quarterly Initial Unemployment Claims



*Weeks with low IUC amounts have total claims withheld to avoid disclosure of confidential information. The sum of all weeks may not reflect the true total and may include a few days outside of the quarter.

A significant unexplained increase in initial unemployment claims can be an early indicator of an economic downturn. Examples include seasonal job fluctuations, federal government shutdowns resulting in employee furloughs, or the closing of a major regional facility. The current 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 2021, it is likely the number of initial unemployment claims will vary based on the effects of the pandemic, and it is impossible to predict how quickly employment numbers will return to pre-COVID-19 levels.

Gross Domestic Product (GDP) is the value of all goods and services produced in an area. The percentage that GDP grew (or shrank) from one period to another is an important indicator as to how the economy is performing. Table 2, below, shows the percentage of GDP each industry accounts for in the total GDP, in a specific county and the state. The chart also compares the county to the entire state of New Mexico, by showing the impact of specific industry sectors on the county's GDP compared to that of the whole state.

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

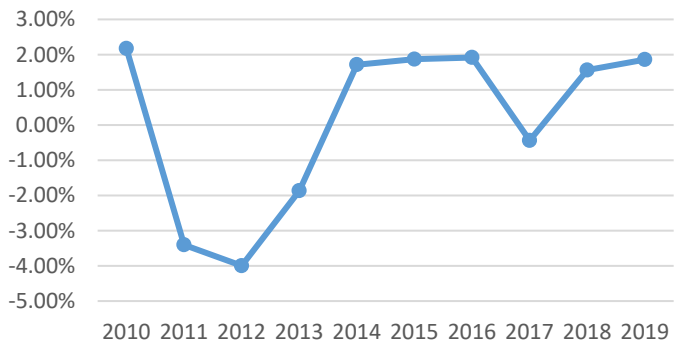


Table 2. Calendar Year 2019 Real County GDP and Real State GDP % of Total GDP

| Industries | Doña Ana County | New Mexico | County Difference from State |
|---|-----------------|------------|------------------------------|
| Accommodation and Food Services | 4.71% | 2.92% | 1.79% |
| Administrative/Support & Waste Management/Remediation | 2.83% | 2.55% | 0.28% |
| Agriculture, Forestry, Fishing, and Hunting | * | 2.25% | N/A |
| Arts, Entertainment, and Recreation | 1.48% | 0.69% | 0.79% |
| Construction | 3.75% | 3.12% | 0.63% |
| Educational Services | 0.58% | 0.51% | 0.07% |
| Finance and Insurance | 2.32% | 2.62% | -0.30% |
| Health Care and Social Assistance | 11.51% | 7.15% | 4.36% |
| Information | 3.22% | 2.82% | 0.40% |
| Management of Companies and Enterprises | 0.17% | 0.64% | -0.47% |
| Manufacturing | 4.04% | 4.79% | -0.76% |
| Mining, Quarrying, and Oil and Gas Extraction | 0.10% | 17.38% | -17.29% |
| Other Services (except Public Administration) | 2.04% | 1.94% | 0.10% |
| Professional, Scientific, and Technical Services | 5.59% | 7.33% | -1.75% |
| Public Administration | 27.73% | 20.81% | 6.92% |
| Real Estate and Rental and Leasing | 14.01% | 11.65% | 2.36% |
| Retail Trade | 6.02% | 5.57% | 0.44% |
| Transportation and Warehousing | 2.55% | 2.40% | 0.16% |
| Utilities | * | 1.47% | N/A |
| Wholesale Trade | 2.24% | 3.06% | -0.82% |

*Not shown to avoid disclosure of confidential information