

# Quarterly Economic Summary

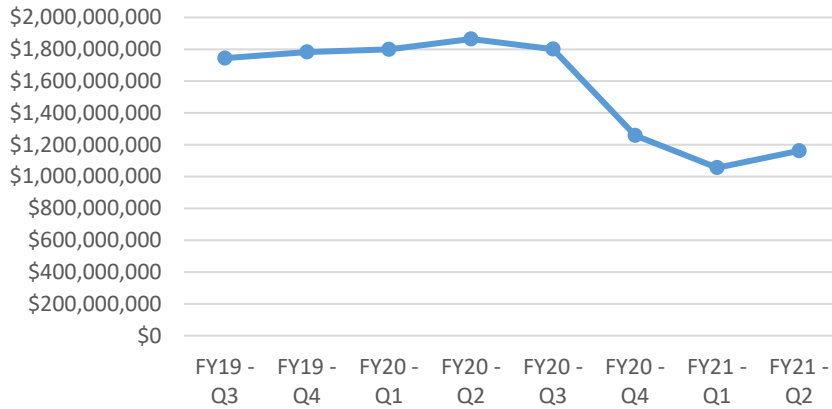
## Lea County



Released: March 2021

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

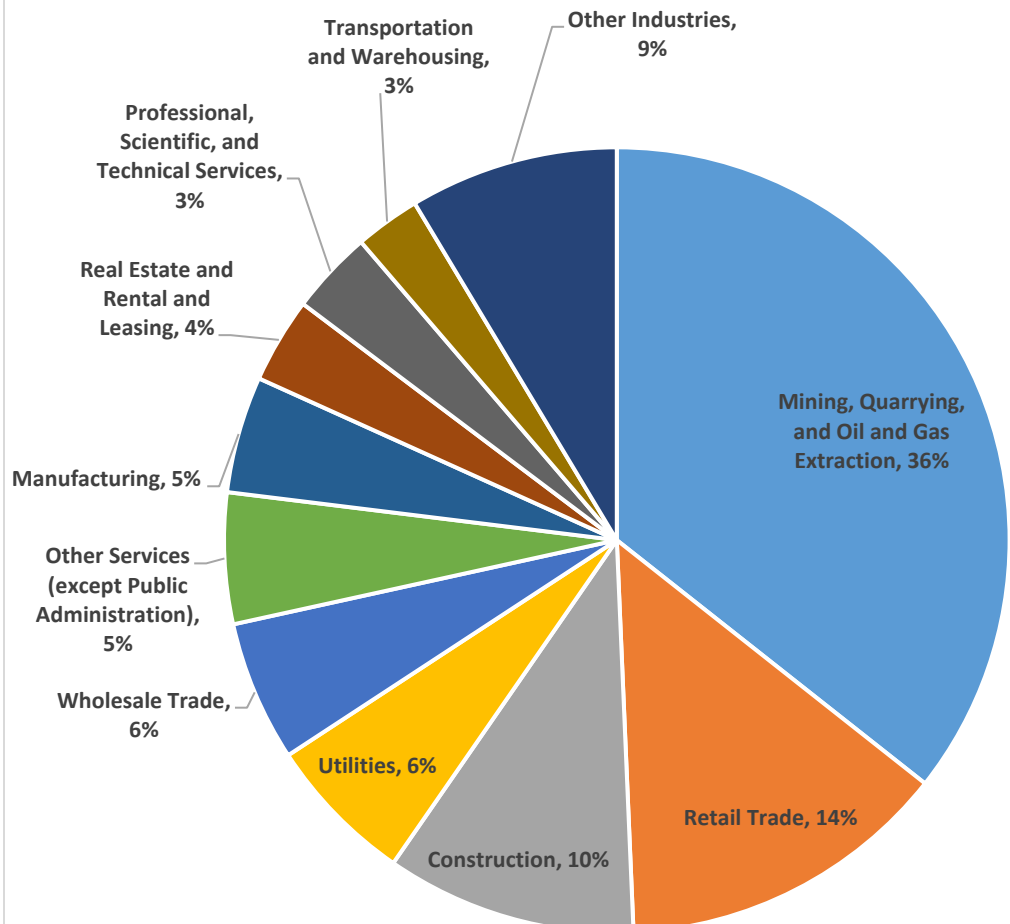
Chart 1. Matched Taxable Gross Receipts Per Quarter



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.

From Q1 FY21 to Q2 FY21, Lea County saw its matched taxable gross receipts (MTGR) increase by \$106M, or 10%, as seen in Chart 1. Despite this increase, Lea County MTGR is still below its eight-quarter average by nearly \$1.4M. Table 1, on the next page, shows a decrease of \$702M, or 38%, from Q2 in FY20 compared to Q2 FY21. Table 1 also shows 18 industries that posted a year-over-year (YOY) loss. The construction and the

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.

# Quarterly Economic Summary

## Lea County



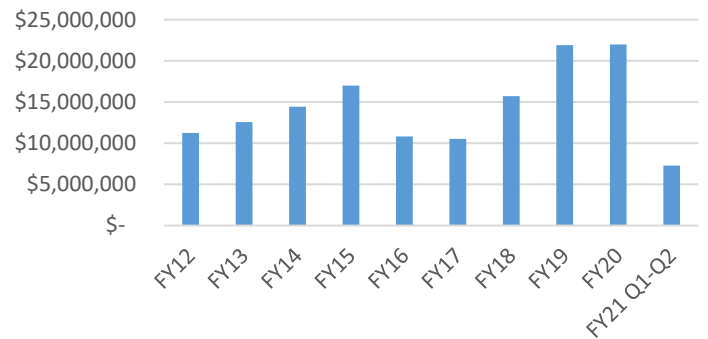
**Table 1. Matched Taxable Gross Receipts by Industry**

Industries	FY20 - Q2	FY21 - Q2	Growth	Year over year Change
Accommodation and Food Services	\$ 43,731,589	\$ 29,670,583	\$ (14,061,006)	-32%
Administrative/Support & Waste Management/Remediation	\$ 27,945,714	\$ 23,894,635	\$ (4,051,079)	-14%
Agriculture, Forestry, Fishing, and Hunting	\$ 2,087,517	\$ 2,004,227	\$ (83,291)	-4%
Arts, Entertainment, and Recreation	\$ 2,192,379	\$ 460,536	\$ (1,731,843)	-79%
Construction	\$ 231,295,732	\$ 119,822,799	\$ (111,472,933)	-48%
Educational Services	\$ 358,784	\$ 257,856	\$ (100,928)	-28%
Finance and Insurance	\$ 2,537,372	\$ 2,529,941	\$ (7,431)	0%
Health Care and Social Assistance	\$ 18,130,015	\$ 21,068,824	\$ 2,938,809	16%
Information	\$ 27,277,819	\$ 15,463,638	\$ (11,814,181)	-43%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 64,409,999	\$ 55,787,358	\$ (8,622,641)	-13%
Mining, Quarrying, and Oil and Gas Extraction	\$ 708,647,633	\$ 413,944,515	\$ (294,703,118)	-42%
Other Services (except Public Administration)	\$ 113,514,312	\$ 62,656,430	\$ (50,857,882)	-45%
Professional, Scientific, and Technical Services	\$ 47,963,945	\$ 40,013,161	\$ (7,950,785)	-17%
Public Administration	\$ 74,652	\$ 79,265	\$ 4,613	6%
Real Estate and Rental and Leasing	\$ 51,586,419	\$ 40,837,430	\$ (10,748,989)	-21%
Retail Trade	\$ 268,150,592	\$ 158,946,149	\$ (109,204,444)	-41%
Transportation and Warehousing	\$ 60,827,742	\$ 31,161,863	\$ (29,665,879)	-49%
Unclassified Establishments	\$ 5,507,986	\$ 4,481,430	\$ (1,026,556)	-19%
Utilities	\$ 78,295,217	\$ 71,298,766	\$ (6,996,451)	-9%
Wholesale Trade	\$ 107,554,750	\$ 67,191,985	\$ (40,362,766)	-38%
<b>All Industries</b>	<b>\$ 1,864,554,210</b>	<b>\$ 1,161,912,964</b>	<b>\$ (702,641,246)</b>	<b>-38%</b>

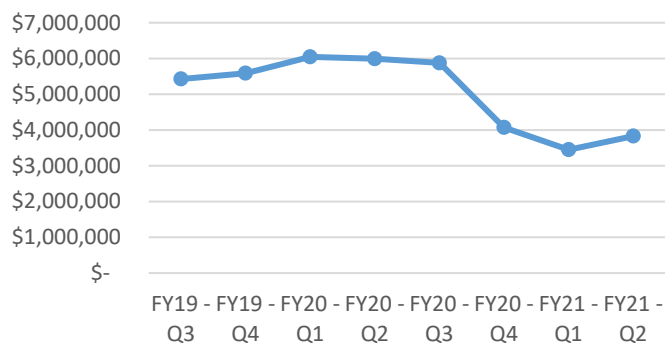
mining, quarrying, and oil and gas extraction industries reported the largest YOY loss, combining for nearly 58% of the total MTGR decline.

Gross receipts tax (GRT) revenue collections increased slightly in Q2 FY21, shown in Chart 4. From Q1 FY21 to Q2 FY21, GRT increased by \$381K or 11%. This increase is almost exclusively due to an increase in the county share GRT collection and the county environmental collection, which saw increases of \$265K and \$116K from quarter to quarter, respectively.

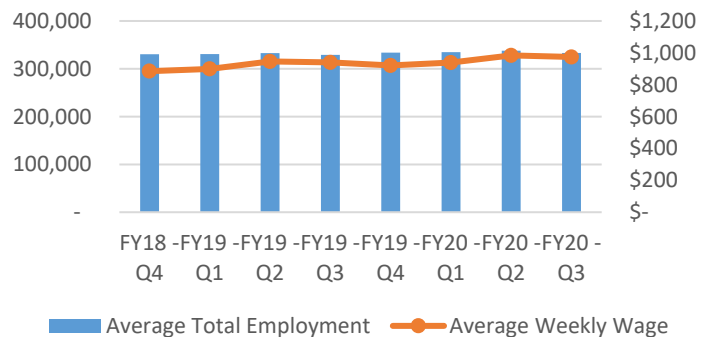
**Chart 3. Annual Total GRT Revenue Collections**



**Chart 4. Quarterly GRT Revenue Collections**



**Chart 5. Quarterly Average Total Employment & Weekly Wage**



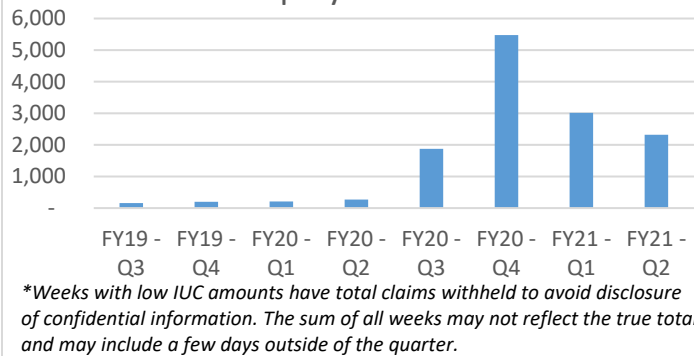
SOURCES: NEW MEXICO TAXATION AND REVENUE DEPT, NEW MEXICO DEPARTMENT OF WORKFORCE SOLUTIONS, U.S. BUREAU OF LABOR STATISTICS, U.S. BUREAU OF ECONOMIC ANALYSIS AND EDD CALCULATIONS

# Quarterly Economic Summary

## Lea County



Chart 6. Quarterly Initial Unemployment Claims



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

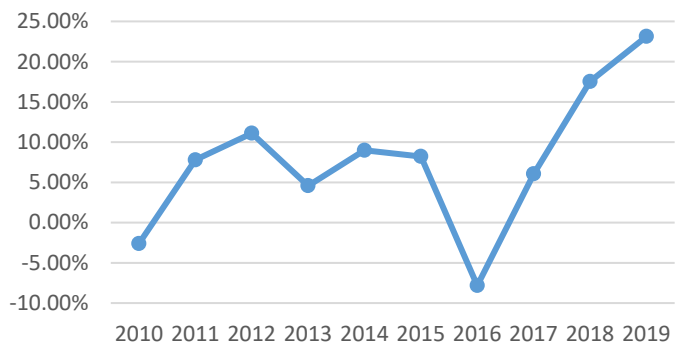


Table 2. Calendar Year 2019 Real County GDP and Real State GDP % of Total GDP

Industries	Lea County	New Mexico	County Difference from State
Accommodation and Food Services	1.32%	2.92%	-1.61%
Administrative/Support & Waste Management/Remediation	0.90%	2.55%	-1.65%
Agriculture, Forestry, Fishing, and Hunting	1.95%	2.25%	-0.29%
Arts, Entertainment, and Recreation	0.04%	0.69%	-0.66%
Construction	2.62%	3.12%	-0.50%
Educational Services	0.09%	0.51%	-0.42%
Finance and Insurance	0.82%	2.62%	-1.80%
Health Care and Social Assistance	1.47%	7.15%	-5.68%
Information	0.50%	2.82%	-2.33%
Management of Companies and Enterprises	0.20%	0.64%	-0.44%
Manufacturing	3.43%	4.79%	-1.36%
Mining, Quarrying, and Oil and Gas Extraction	77.52%	17.38%	60.13%
Other Services (except Public Administration)	0.93%	1.94%	-1.02%
Professional, Scientific, and Technical Services	0.80%	7.33%	-6.54%
Public Administration	3.21%	20.81%	-17.60%
Real Estate and Rental and Leasing	4.41%	11.65%	-7.24%
Retail Trade	2.47%	5.57%	-3.10%
Transportation and Warehousing	2.78%	2.40%	0.39%
Utilities	2.39%	1.47%	0.92%
Wholesale Trade	1.68%	3.06%	-1.38%

*\*Not shown to avoid disclosure of confidential information*