

Quarterly Economic Summary

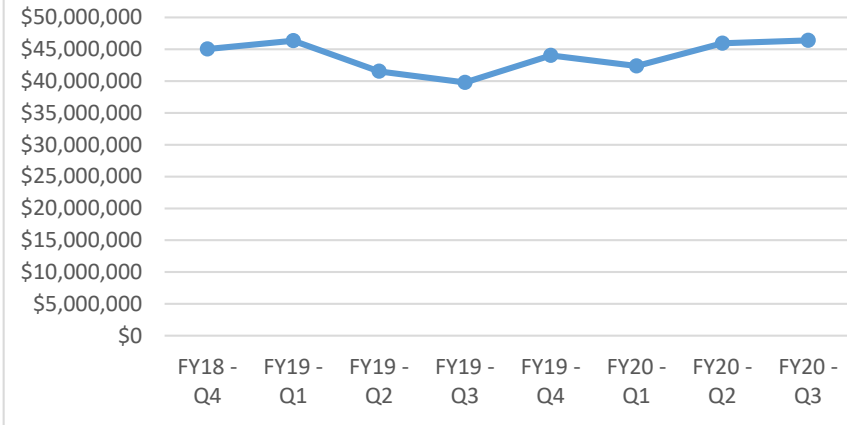
Sierra County

Released: May 2020



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

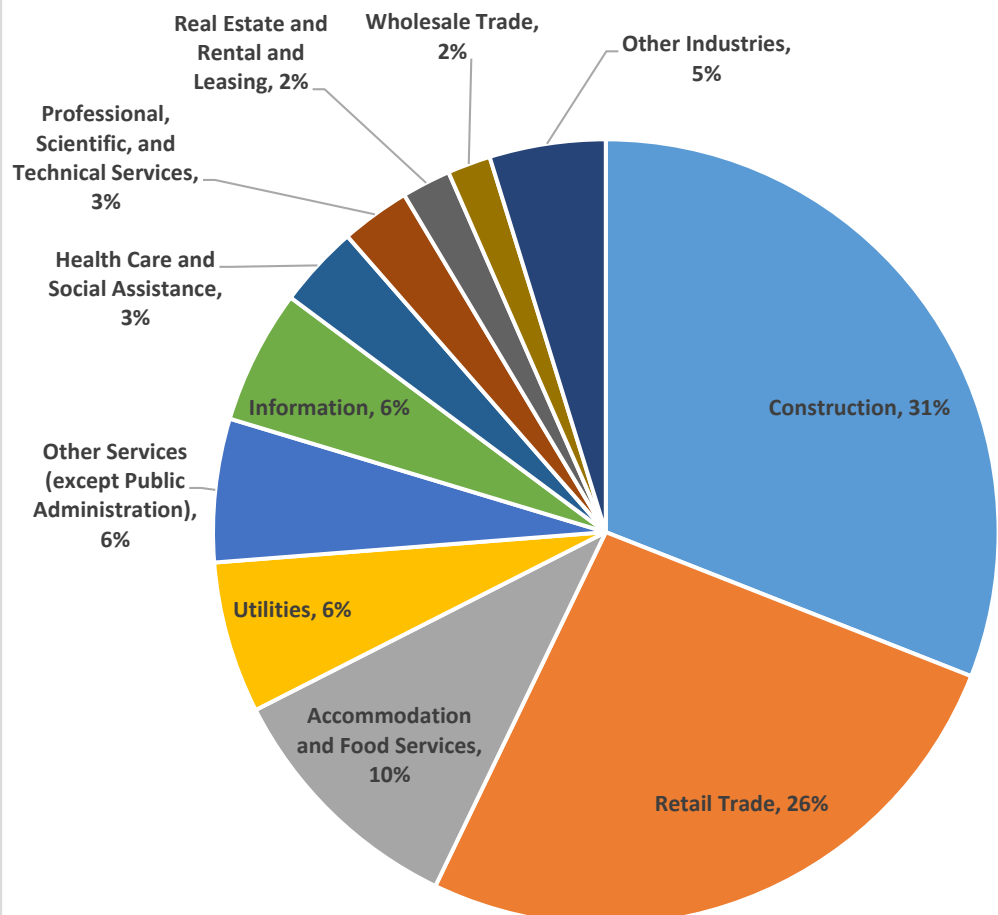
Chart 1. Matched Taxable Gross Receipts Per Quarter



Due to the necessity of the statewide business closure, which went into effect on March 24th, and the health and economic effects COVID-19 had since early March, matched taxable gross receipts and revenue collections may have declined in the third quarter of FY20. Most of the gross receipts tax decline is due to COVID-19 and the loss in business revenue, but potential delays in taxpayer reporting may add to the level of decline seen in the quarter. It is anticipated that the next quarter will have greater declines.

Sierra County's matched taxable gross receipts (MTGR) increased slightly (1%) from Q2 to Q3 of FY20, as seen in Chart 1. The construction industry surpassed retail trade in Q3, now the largest industry by MTGR, with retail trade and accommodation and food services in second and third, respectively. The County saw a 17% (\$6.6M) year over year (YOY) increase in Q3 FY20, compared to Q3 FY19. The largest YOY decrease was from the

Chart 2. FY20 - Q3 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

Sierra County



Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY19 - Q3	FY20 - Q3	Growth	Year over year Change
Accommodation and Food Services	\$ 5,270,796	\$ 4,814,373	\$ (456,423)	-9%
Administrative/Support & Waste Management/Remediation	\$ 292,179	\$ 380,476	\$ 88,297	30%
Agriculture, Forestry, Fishing, and Hunting	\$ 406,859	\$ 450,398	\$ 43,539	11%
Arts, Entertainment, and Recreation	\$ 170,167	\$ 158,416	\$ (11,751)	-7%
Construction	\$ 6,973,745	\$ 14,371,970	\$ 7,398,225	106%
Educational Services	\$ 125,949	\$ 105,323	\$ (20,626)	-16%
Finance and Insurance	\$ 114,892	\$ 129,872	\$ 14,980	13%
Health Care and Social Assistance	\$ 1,699,033	\$ 1,572,685	\$ (126,348)	-7%
Information	\$ 2,414,376	\$ 2,561,030	\$ 146,654	6%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 447,013	\$ 677,960	\$ 230,947	52%
Mining, Quarrying, and Oil and Gas Extraction	\$ 37,228	\$ 17,633	\$ (19,595)	-53%
Other Services (except Public Administration)	\$ 3,119,920	\$ 2,736,164	\$ (383,756)	-12%
Professional, Scientific, and Technical Services	\$ 1,330,689	\$ 1,323,336	\$ (7,353)	-1%
Public Administration	\$ -	\$ -	\$ -	N/A
Real Estate and Rental and Leasing	\$ 633,660	\$ 935,059	\$ 301,400	48%
Retail Trade	\$ 12,344,889	\$ 12,137,666	\$ (207,223)	-2%
Transportation and Warehousing	\$ 21,477	\$ 39,699	\$ 18,222	85%
Unclassified Establishments	\$ 251,781	\$ 257,144	\$ 5,363	2%
Utilities	\$ 3,189,767	\$ 2,897,747	\$ (292,020)	-9%
Wholesale Trade	\$ 940,107	\$ 825,783	\$ (114,324)	-12%
All Industries	\$ 39,784,526	\$ 46,392,734	\$ 6,608,209	17%

accommodation and food services industry, now at \$4.8M, as seen in Table 1, and is the lowest the industry has been since FY18. The construction industry saw the largest YOY increase in Q3. This industry's MTGR have been steadily increasing since Q1 FY20. Gross receipts tax (GRT) revenue collections increase slightly, 2% or \$9K, from Q2 to Q3 FY20, as seen in Chart 4. Collections saw a 6% (\$30K) YOY gain, comparing Q3 FY19 to FY20.



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

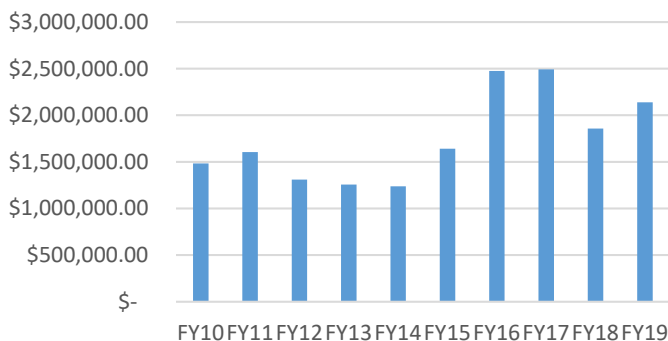
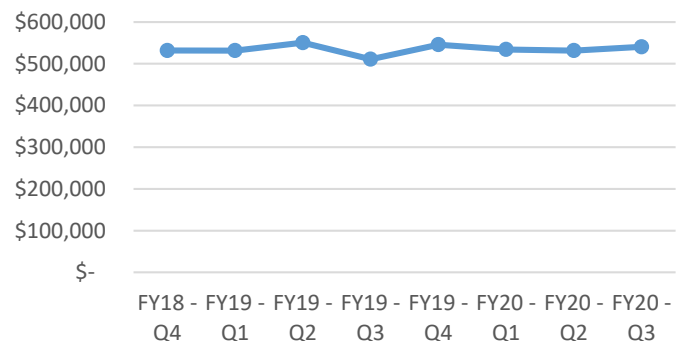


Chart 4. Quarterly GRT Revenue Collections



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

Quarterly Economic Summary

Sierra County



Chart 5. Quarterly Average Total Employment & Weekly Wage

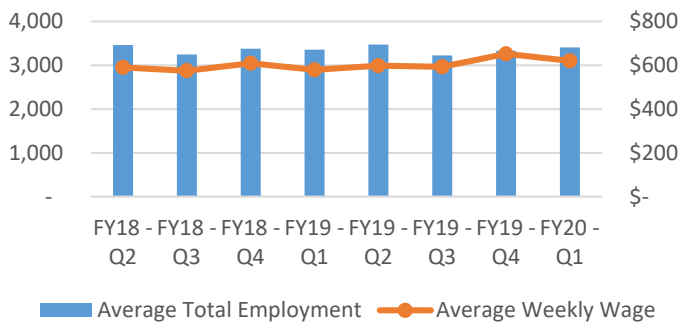
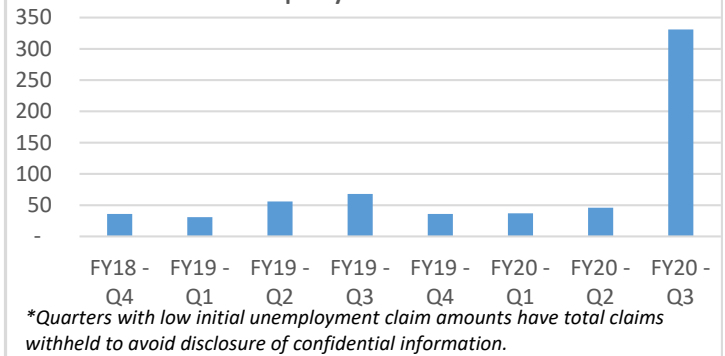


Chart 6. Quarterly Initial Unemployment Claims



The state makes “hold harmless” payments to local governments equal to the tax revenue that would have been generated if the state had not enacted deductions for food and healthcare practitioner services. These payments will be gradually phased out by 2029, but local governments were able to enact up to three 1/8% GRT increments to offset this loss. These GRT increments were repealed and consolidated in 2019 with a number of other restricted local options under the unrestricted countywide local option with an increased rate cap.

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.

Chart 7. County Hold Harmless Revenue

