

Quarterly Economic Summary

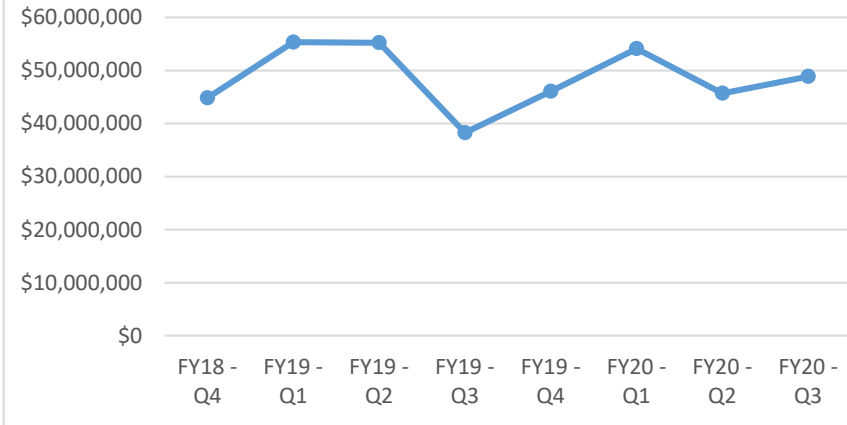
Socorro County



Released: May 2020

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

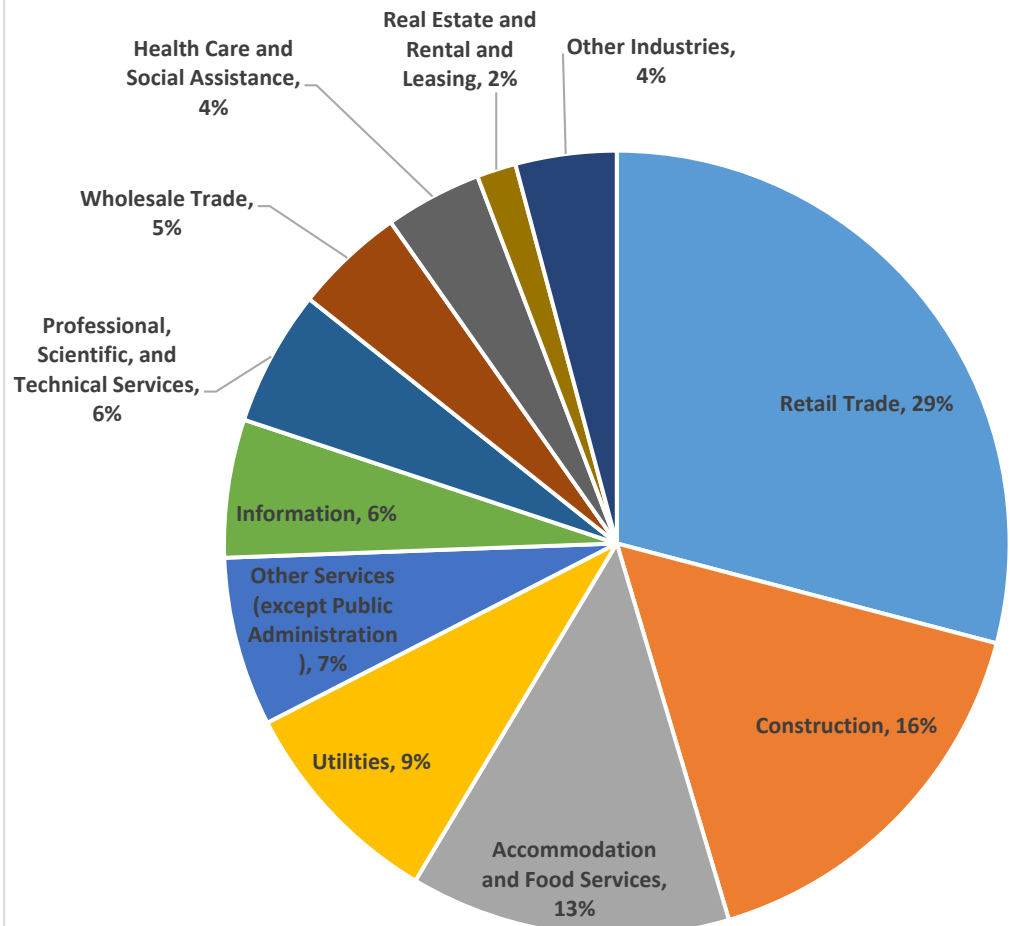
Chart 1. Matched Taxable Gross Receipts Per Quarter



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.

Socorro County saw an increase in its matched taxable gross receipts (MTGR) from Q2 to Q3 FY20, as seen in Chart 1. Table 1, on page 2, shows Q3 FY20 having a year over year growth of 28% or \$10.6M. This growth is partly inflated due to the construction industry having negative MTGR in Q3 FY19. This negative number is likely due to a correction made by one or more entities within the industry. they may have over reported in

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

Socorro County



Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY19 - Q3	FY20 - Q3	Growth	Year over year Change
Accommodation and Food Services	\$ 6,606,224	\$ 6,438,916	\$ (167,308)	-3%
Administrative/Support & Waste Management/Remediation	\$ 555,027	\$ 506,981	\$ (48,047)	-9%
Agriculture, Forestry, Fishing, and Hunting	\$ 286,738	\$ 109,767	\$ (176,971)	-62%
Arts, Entertainment, and Recreation	\$ 38,707	\$ -	\$ (38,707)	-100%
Construction	\$ (372,873)	\$ 7,963,198	\$ 8,336,071	2236%
Educational Services	\$ 17,282	\$ 36,400	\$ 19,118	111%
Finance and Insurance	\$ 172,168	\$ 153,990	\$ (18,178)	-11%
Health Care and Social Assistance	\$ 1,994,561	\$ 1,949,046	\$ (45,515)	-2%
Information	\$ 2,710,096	\$ 2,775,965	\$ 65,869	2%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 867,115	\$ 615,412	\$ (251,703)	-29%
Other Services (except Public Administration)	\$ 3,618,006	\$ 3,403,076	\$ (214,930)	-6%
Professional, Scientific, and Technical Services	\$ 2,147,961	\$ 2,730,517	\$ 582,555	27%
Public Administration	\$ 24,259	\$ -	\$ (24,259)	-100%
Real Estate and Rental and Leasing	\$ 674,447	\$ 788,978	\$ 114,531	17%
Retail Trade	\$ 11,860,156	\$ 14,215,465	\$ 2,355,310	20%
Transportation and Warehousing	\$ 192,912	\$ 321,223	\$ 128,310	67%
Unclassified Establishments	\$ 264,829	\$ 287,816	\$ 22,987	9%
Utilities	\$ 5,384,135	\$ 4,341,937	\$ (1,042,198)	-19%
Wholesale Trade	\$ 1,216,505	\$ 2,223,117	\$ 1,006,612	83%
All Industries	\$ 38,258,255	\$ 48,861,805	\$ 10,603,550	28%

a previous period. Retail trade remains the largest industry by MTGR from Q2 to Q3 of FY20. The construction industry increased from fourth to second largest, and accommodation and food services moved down from second to third largest. Gross receipts tax (GRT) revenue collections increased by 7% from Q2 to Q3 of FY20, as seen in Chart 4. Q3 FY20 had a year over year increase of 33%.



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

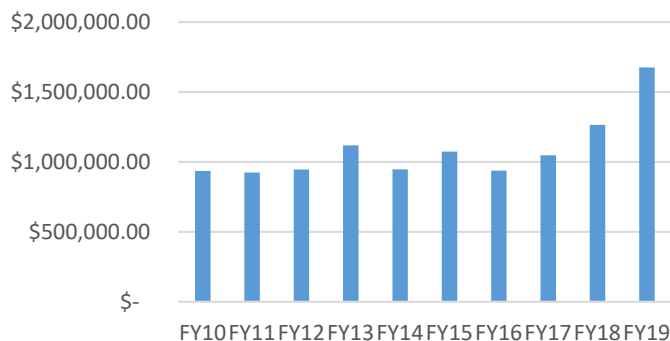
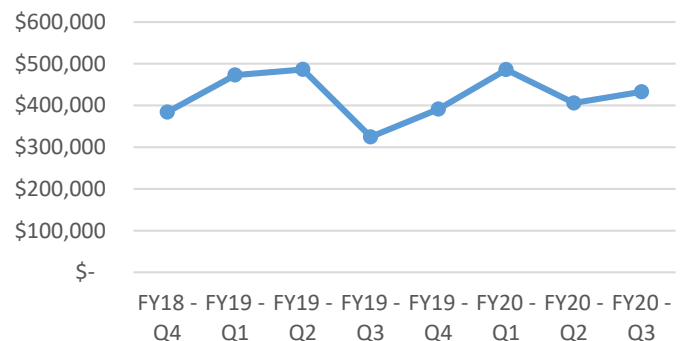


Chart 4. Quarterly GRT Revenue Collections



Quarterly Economic Summary

Socorro County



Chart 5. Quarterly Average Total Employment & Weekly Wage

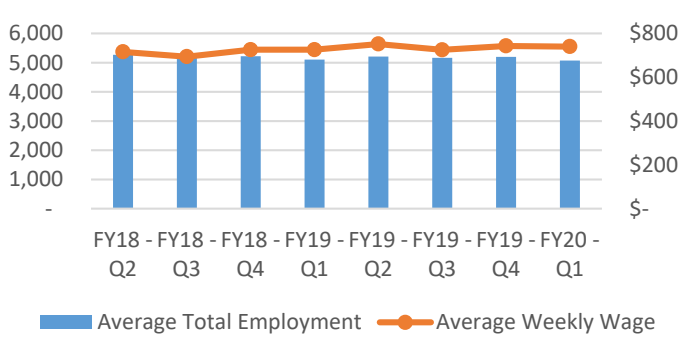
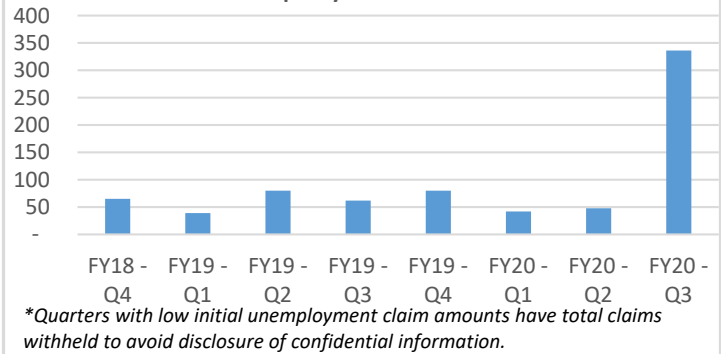


Chart 6. Quarterly Initial Unemployment Claims



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

