

Quarterly Economic Summary

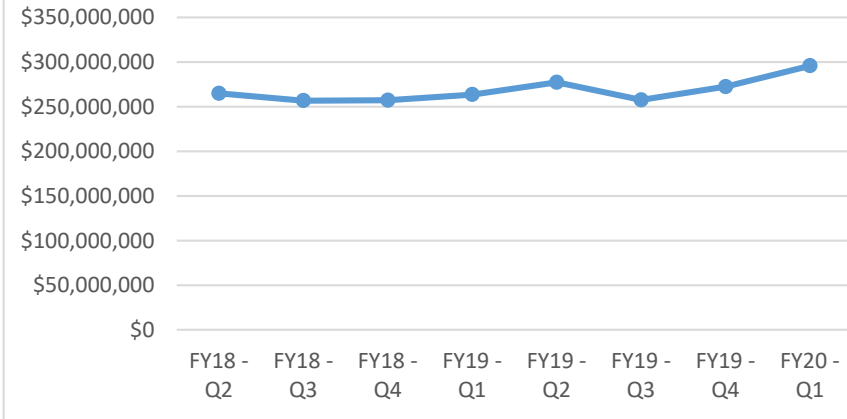
McKinley County



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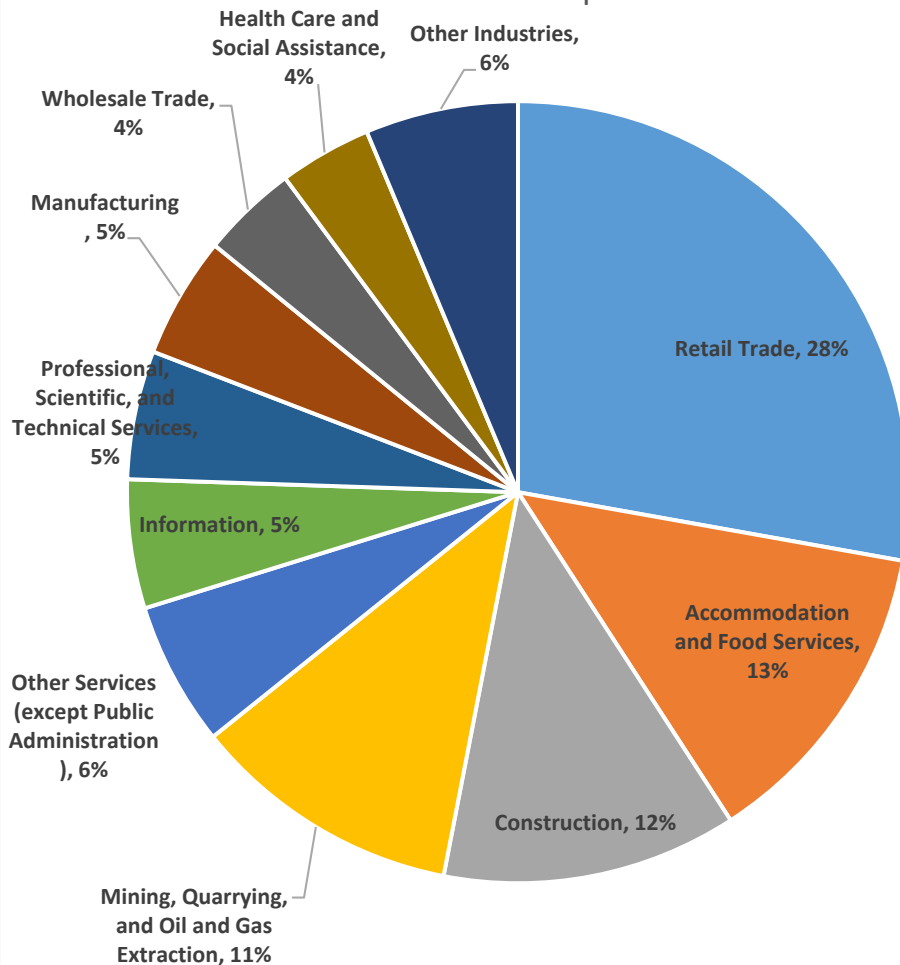
Chart 1. Matched Taxable Gross Receipts Per Quarter



McKinley County's matched taxable gross receipts (MTGR) have fluctuated slightly over the last eight quarters, but have seen a slight upward trend during the period, as seen in Chart 1. The County saw its highest MTGR over the last eight quarters during the Q1 FY20, a level not seen since Q2 FY16. Q1 FY20 saw a 12% year over year (YOY) change. The largest increases in MTGR for the quarter was in the Professional, Scientific, and Technical Services and Construction industries with YOY growth of \$9.7M and \$7.2M.

The Educational Services industry saw the largest relative increase for the quarter, with a 175% YOY increase.

Chart 2. FY20 - Q1 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.

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Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY19 - Q1	FY20 - Q1	Growth	Year over year Change
Accommodation and Food Services	\$ 34,574,051	\$ 38,568,248	\$ 3,994,197	12%
Administrative/Support & Waste Management/Remediation	\$ 1,706,368	\$ 2,165,408	\$ 459,041	27%
Agriculture, Forestry, Fishing, and Hunting	\$ 412,514	\$ 19,588	\$ (392,927)	-95%
Arts, Entertainment, and Recreation	\$ 171,954	\$ 157,885	\$ (14,069)	-8%
Construction	\$ 28,857,021	\$ 36,105,593	\$ 7,248,572	25%
Educational Services	\$ 169,307	\$ 464,939	\$ 295,632	175%
Finance and Insurance	\$ 960,234	\$ 1,089,105	\$ 128,871	13%
Health Care and Social Assistance	\$ 11,800,093	\$ 11,335,105	\$ (464,989)	-4%
Information	\$ 16,162,759	\$ 15,766,015	\$ (396,745)	-2%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 12,555,139	\$ 14,849,712	\$ 2,294,573	18%
Mining, Quarrying, and Oil and Gas Extraction	\$ 38,172,474	\$ 33,111,463	\$ (5,061,011)	-13%
Other Services (except Public Administration)	\$ 15,977,647	\$ 17,626,485	\$ 1,648,838	10%
Professional, Scientific, and Technical Services	\$ 6,035,944	\$ 15,744,753	\$ 9,708,809	161%
Public Administration	\$ -	\$ -	\$ -	N/A
Real Estate and Rental and Leasing	\$ 4,628,349	\$ 8,022,202	\$ 3,393,853	73%
Retail Trade	\$ 76,631,955	\$ 82,266,267	\$ 5,634,312	7%
Transportation and Warehousing	\$ 1,914,994	\$ 1,944,855	\$ 29,861	2%
Unclassified Establishments	\$ 403,356	\$ 623,564	\$ 220,208	55%
Utilities	\$ 3,324,533	\$ 4,210,614	\$ 886,081	27%
Wholesale Trade	\$ 9,136,868	\$ 11,759,975	\$ 2,623,107	29%
All Industries	\$ 263,595,559	\$ 295,831,773	\$ 32,236,214	12%

Gross Receipts Tax (GRT) revenue collections have been trending upwards over the last eight quarters. Q1 FY20 reached \$3.9M in GRT revenue collections. Q1 FY16 was the last time that the county saw revenue collections that were higher. Annual GRT revenue collections were steadily decreasing from FY15 to FY18 until a slight increase in FY19.

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

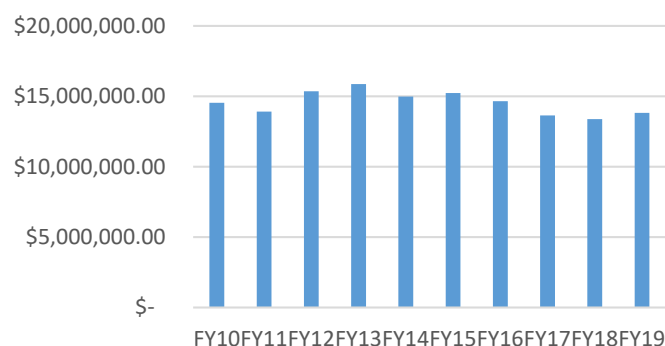
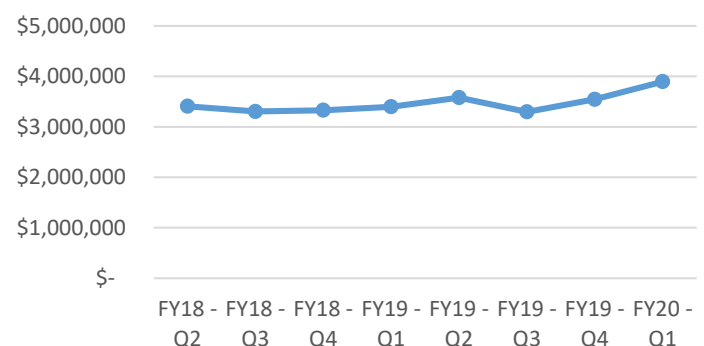


Chart 4. Quarterly GRT Revenue Collections



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Chart 5. Quarterly Average Total Employment & Weekly Wage

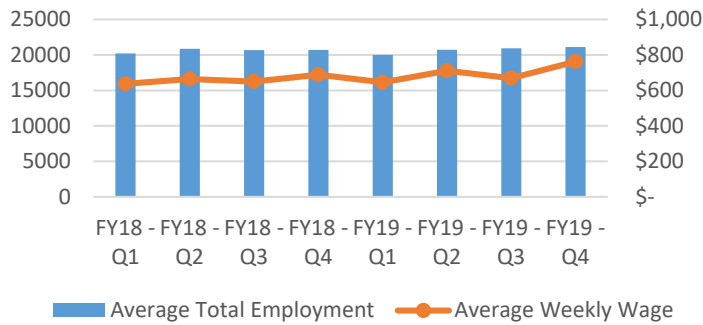


Chart 6. Quarterly Initial Unemployment Claims

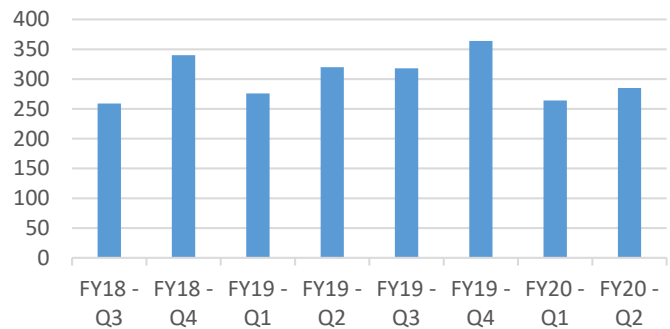
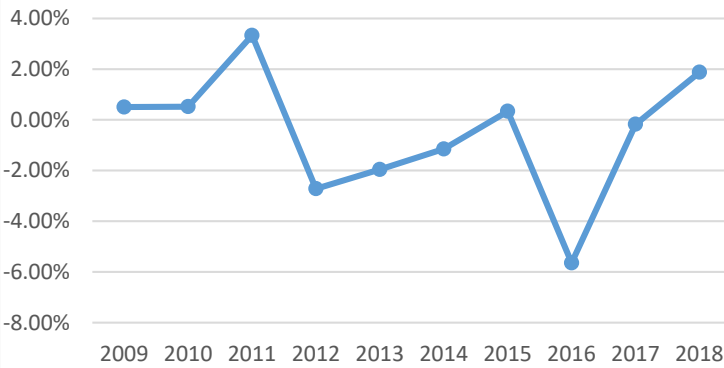


Chart 7. Calendar Year % Change In Real GDP Year Over Year



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.

Table 2. Calendar Year 2018 Real County GDP vs Real State GDP

Industries	McKinley, NM	New Mexico	Difference Between County and State
Accommodation and food services	3.17%	2.94%	0.24%
Administrative and support and waste management and remediation services	0.62%	2.51%	-1.89%
Arts, entertainment, and recreation	0.06%	0.68%	-0.62%
Educational services	0.28%	0.51%	-0.23%
Finance and insurance	0.93%	2.75%	-1.82%
Health care and social assistance	6.04%	7.39%	-1.36%
Management of companies and enterprises	0.15%	0.61%	-0.46%
Professional, scientific, and technical services	0.66%	7.21%	-6.55%
Real estate and rental and leasing	12.57%	12.17%	0.41%
Agriculture, forestry, fishing and hunting	0.02%	1.78%	-1.76%
Construction	1.25%	3.12%	-1.87%
Information	1.13%	3.21%	-2.07%
Manufacturing	12.03%	4.31%	7.72%
Mining, quarrying, and oil and gas extraction	6.20%	14.79%	-8.59%
Other services (except government and government enterprises)	1.77%	1.96%	-0.19%
Retail trade	7.72%	5.87%	1.84%
Transportation and warehousing	5.89%	2.58%	3.31%
Utilities	2.40%	1.57%	0.83%
Wholesale trade	2.64%	3.13%	-0.48%
Government and government enterprises	34.88%	21.50%	13.38%