

Quarterly Economic Summary

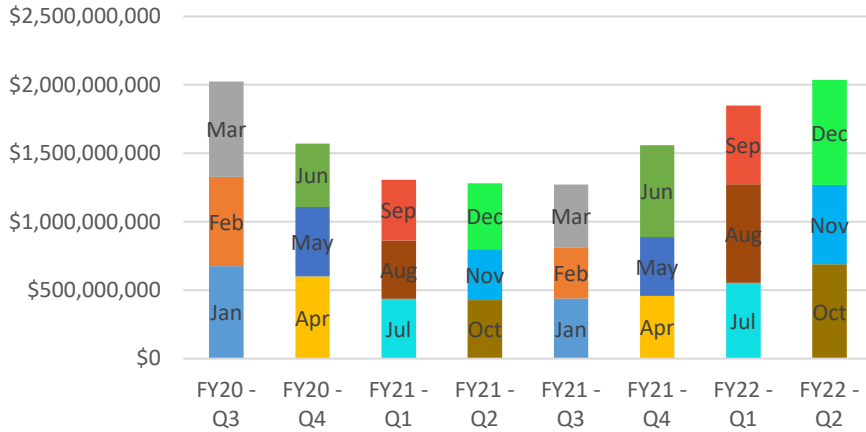
Eddy County



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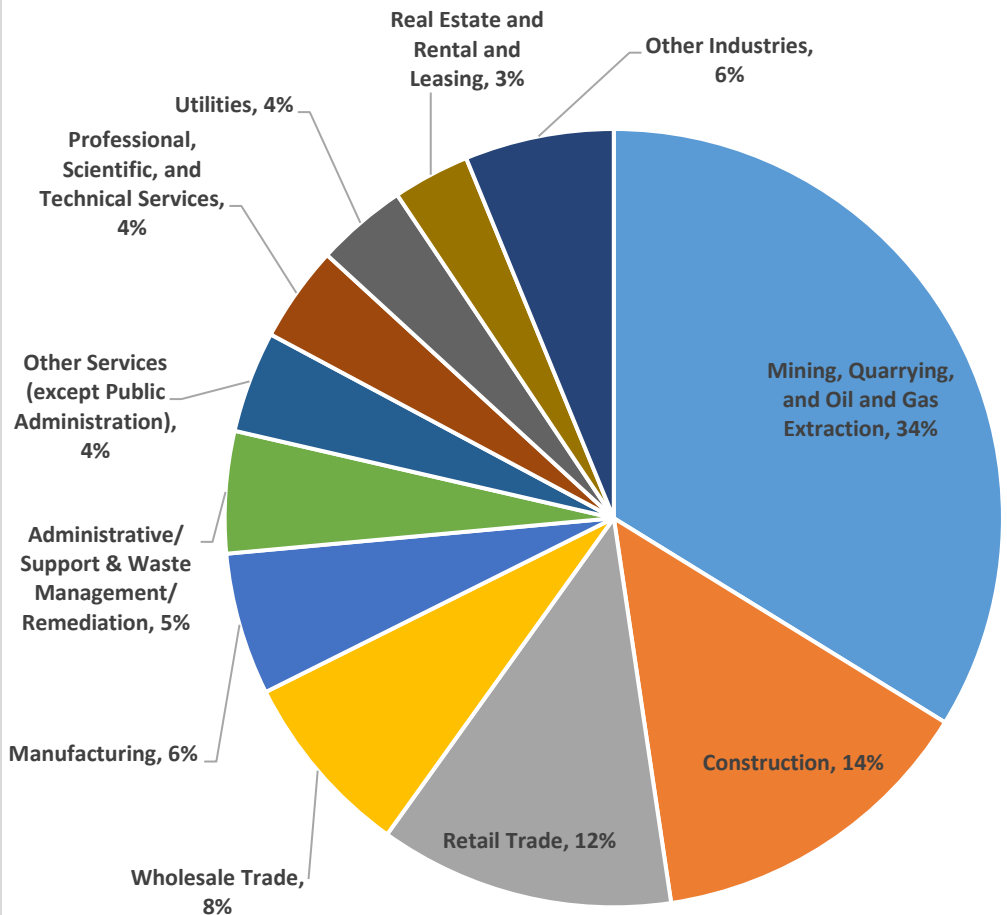
Chart 1. Matched Taxable Gross Receipts Per Quarter



Thirty of 33 counties saw significant year-over-year economic growth in the second quarter of FY22. Growth was also broad across industry sectors, with arts, entertainment and recreation leading the growth in gross receipts, up 143% over the year. COVID-19 continues to disrupt some supply chains, and rising inflation poses a risk of slower national economic growth; however, the immediate outlook is for continued strong growth in New Mexico. Additionally, any inflationary impacts will serve to boost gross receipts and related revenues.

Over the last eight quarters, matched taxable gross receipts (MTGR) have reported a quarterly average of \$1.6B, this is \$400M lower than the amount reported during Q2 FY22 (\$2B). From Q1 FY22 to Q2 FY22, MTGR increased by \$189M or 12%. During Q2, the month of December reported the largest amount of MTGR for the quarter, representing 38% of the total quarterly MTGR. The oil and gas industry in Eddy County was the largest contributor to quarterly MTGR, shown in Chart 2.

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. FY22 - Q2 Matched Taxable Gross Receipts by Industry

Industries	FY22 - Q2	YOY Growth	YOY % Change	2-Year % Change
Accommodation and Food Services	\$ 51,540,527	\$ 12,863,036	33%	-11%
Administrative/Support & Waste Management/Remediation	\$ 103,141,104	\$ 19,483,653	23%	48%
Agriculture, Forestry, Fishing, and Hunting	\$ 4,113,630	\$ 2,960,642	257%	4%
Arts, Entertainment, and Recreation	\$ 802,700	\$ 244,002	44%	53%
Construction	\$ 282,148,955	\$ 86,511,264	44%	-33%
Educational Services	\$ 1,693,675	\$ 840,977	99%	488%
Finance and Insurance	\$ 5,205,890	\$ 757,764	17%	36%
Health Care and Social Assistance	\$ 16,066,723	\$ 2,126,430	15%	4%
Information	\$ 19,424,637	\$ 4,453,766	30%	-20%
Management of Companies and Enterprises	\$ 111,552	\$ 111,552	N/A	N/A
Manufacturing	\$ 120,522,630	\$ 60,022,114	99%	80%
Mining, Quarrying, and Oil and Gas Extraction	\$ 688,503,059	\$ 327,463,805	91%	5%
Other Services (except Public Administration)	\$ 85,971,049	\$ 37,214,508	76%	-4%
Professional, Scientific, and Technical Services	\$ 81,373,619	\$ (2,492,266)	-3%	1%
Public Administration	\$ (241,784)	\$ (241,784)	N/A	N/A
Real Estate and Rental and Leasing	\$ 65,223,645	\$ 12,663,890	24%	-14%
Retail Trade	\$ 249,651,317	\$ 89,224,925	56%	17%
Transportation and Warehousing	\$ 11,432,182	\$ (27,499,349)	-71%	-85%
Unclassified Establishments	\$ 15,789,154	\$ 8,590,296	119%	149%
Utilities	\$ 77,142,336	\$ 22,122,202	40%	-1%
Wholesale Trade	\$ 157,467,406	\$ 98,574,980	167%	46%
All Industries	\$ 2,037,119,502	\$ 755,971,917	59%	-1%

Table 1 shows an increase of \$756M from Q2 in FY21 to FY22 of the same period. Table 1 also shows 17 industries that reported a year-over-year (YOY) increase. The largest contributor to this increase was the oil and gas industry, which reported a YOY increase of \$327M or 91%. In Chart 3, the total amount of annual gross receipts tax (GRT) collections for YTD FY22 (\$26.9M) is 72% of the total that was collected during the previous fiscal year. Quarterly GRT revenue collections increased by \$1.5M, or 12%, from Q1 FY22 to Q2 FY22, shown in Chart 4. Over the last eight quarters, quarterly GRT has trended up.

Chart 3. Annual Total GRT Revenue Collections

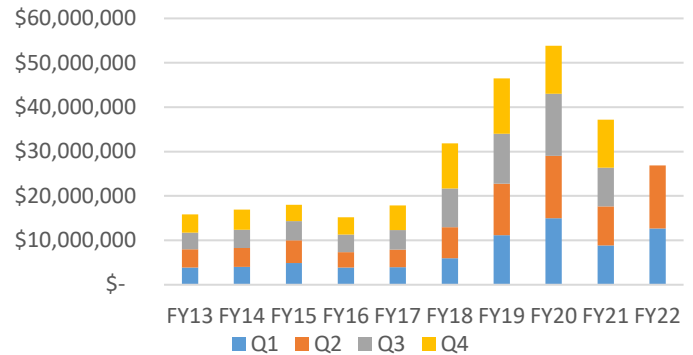


Chart 4. Quarterly GRT Revenue Collections

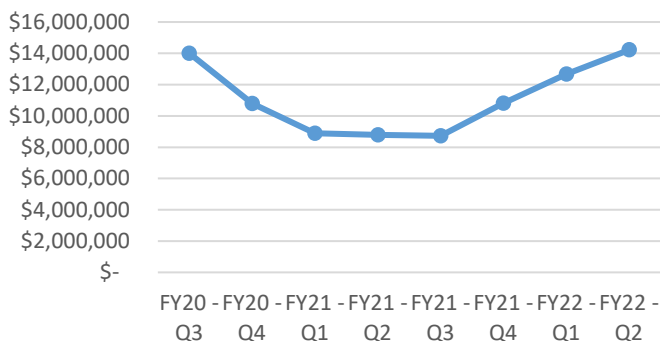
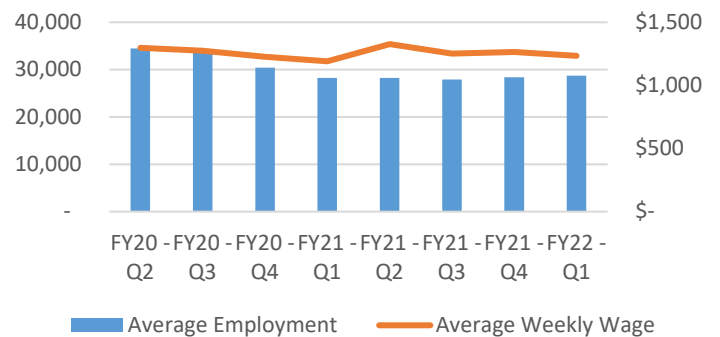


Chart 5. Total Employment & Weekly Wage

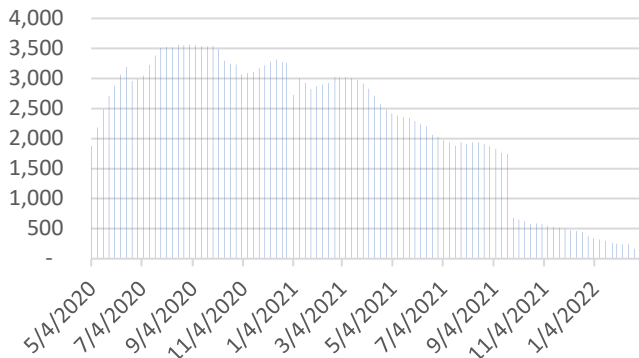


SOURCES: NEW MEXICO TAXATION AND REVENUE DEPT, NEW MEXICO DEPARTMENT OF WORKFORCE SOLUTIONS, U.S. BUREAU OF LABOR STATISTICS, U.S. BUREAU OF ECONOMIC ANALYSIS AND EDD CALCULATIONS

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Chart 6. Claimants Receiving Unemployment Benefits Per Week



* Data in weeks with low claimant amounts may be withheld to avoid disclosure of confidential information

Data in Chart 6 includes claimants receiving payment for standard unemployment insurance, pandemic unemployment assistance, pandemic emergency unemployment assistance, extended benefits, and trade readjustment allowances. Data are unofficial and subject to change. Extended Federal Unemployment Insurance benefits ended September 4th, 2020. This explains the decrease in the number of claimants shortly after this date. Data can be considered a three-week average.

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

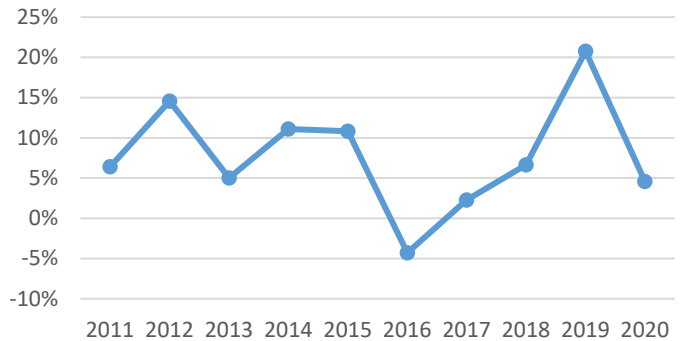


Table 2. Historical Glance: 2020 Gross Domestic Product by Industry

Industry	2020	Industry % of Total	2019-2020 Growth	YOY % Change
Accommodation and Food Services	\$ 78,665,000	0.88%	\$ (32,177,000)	-29%
Administrative/Support & Waste Management/Remediation	\$ 198,547,000	2.23%	\$ 1,959,000	1%
Agriculture, Forestry, Fishing, and Hunting	\$ 76,370,000	0.86%	\$ (14,858,000)	-16%
Arts, Entertainment, and Recreation	\$ 2,313,000	0.03%	\$ (2,669,000)	-54%
Construction	\$ 246,212,000	2.77%	\$ (28,620,000)	-10%
Educational Services	\$ 11,107,000	0.12%	\$ 1,036,000	10%
Finance and Insurance	\$ 61,921,000	0.70%	\$ 3,912,000	7%
Health Care and Social Assistance	\$ 156,782,000	1.76%	\$ (16,069,000)	-9%
Information	\$ 44,507,000	0.50%	\$ (2,534,000)	-5%
Management of Companies and Enterprises	\$ 24,938,000	0.28%	\$ 2,508,000	11%
Manufacturing	\$ 879,864,000	9.89%	\$ (31,698,000)	-3%
Mining, Quarrying, and Oil and Gas Extraction	\$ 5,826,052,000	65.50%	\$ 1,075,641,000	23%
Other Services (except Public Administration)	\$ 61,191,000	0.69%	\$ (9,798,000)	-14%
Professional, Scientific, and Technical Services	\$ 124,958,000	1.40%	\$ (3,810,000)	-3%
Public Administration	\$ 427,634,000	4.81%	\$ 4,015,000	1%
Real Estate and Rental and Leasing	\$ 400,671,000	4.50%	\$ (21,430,000)	-5%
Retail Trade	\$ 206,619,000	2.32%	\$ (2,331,000)	-1%
Transportation and Warehousing	\$ 308,688,000	3.47%	\$ (56,358,000)	-15%
Utilities	\$ 33,469,000	0.38%	\$ 6,214,000	23%
Wholesale Trade	\$ 312,186,000	3.51%	\$ (28,226,000)	-8%
All Industries	\$ 8,894,856,000		\$ 389,284,000	5%

*Not shown to avoid disclosure of confidential information

**This historical look at GDP data represents the most recent county GDP data available