

Quarterly Economic Summary

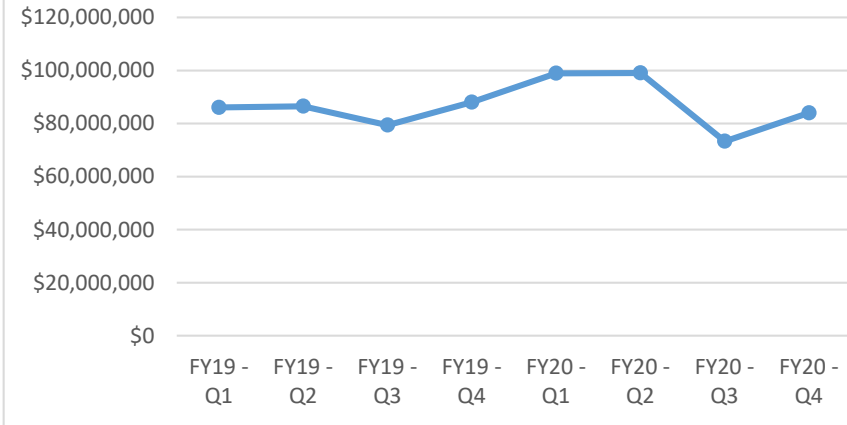
Cibola County



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Chart 1. Matched Taxable Gross Receipts Per Quarter



The fourth quarter of FY20 is the first full quarter of economic impacts from the COVID-19 pandemic. Business closures and reduced consumer spending locally began to take effect at the end of March. Since then, the state instituted reopening phases designed to slow the spread of the virus while providing a systematic approach to reopening the economy. However, the continuation of the COVID-19 health crisis and the subsequent closures of many businesses statewide caused downward trends in matched taxable gross receipts across the state.

Cibola County's matched taxable gross receipts (MTGR) increased by \$10.7M (15%) from Q3 to Q4 of FY20 after an exceptionally large decrease in Q3, as seen in Chart 1. Retail trade remains the largest industry by MTGR from Q3 to Q4 of FY20. Notably, the health care industry increased from 10th largest to the second largest industry by MTGR, increasing from 2% to 12% of total MTGR in Q3 to Q4 respectively. Q4 FY20 saw

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.

Chart 2. FY20 - Q4 Industry Size by Matched Taxable Gross Receipts



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Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY19 - Q4	FY20 - Q4	Growth	Year over year Change
Accommodation and Food Services	\$ 9,555,859	\$ 7,894,431	\$ (1,661,429)	-17%
Administrative/Support & Waste Management/Remediation	\$ 10,864,388	\$ 7,883,365	\$ (2,981,024)	-27%
Agriculture, Forestry, Fishing, and Hunting	\$ 177,373	\$ 26,803	\$ (150,570)	-85%
Arts, Entertainment, and Recreation	\$ 238,855	\$ 159,022	\$ (79,833)	-33%
Construction	\$ 11,005,404	\$ 7,256,842	\$ (3,748,561)	-34%
Educational Services	\$ 36,473	\$ 36,299	\$ (174)	0%
Finance and Insurance	\$ 142,252	\$ 76,804	\$ (65,449)	-46%
Health Care and Social Assistance	\$ 11,684,912	\$ 10,406,066	\$ (1,278,845)	-11%
Information	\$ 4,871,452	\$ 4,957,570	\$ 86,118	2%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 2,451,530	\$ 2,194,458	\$ (257,072)	-10%
Mining, Quarrying, and Oil and Gas Extraction	\$ -	\$ -	\$ -	N/A
Other Services (except Public Administration)	\$ 6,708,365	\$ 5,770,062	\$ (938,302)	-14%
Professional, Scientific, and Technical Services	\$ 1,356,289	\$ 2,009,326	\$ 653,038	48%
Public Administration	\$ 520,640	\$ -	\$ (520,640)	-100%
Real Estate and Rental and Leasing	\$ 1,307,349	\$ 1,395,329	\$ 87,980	7%
Retail Trade	\$ 21,949,752	\$ 28,158,945	\$ 6,209,193	28%
Transportation and Warehousing	\$ 917,456	\$ 695,698	\$ (221,758)	-24%
Unclassified Establishments	\$ 109,499	\$ 112,728	\$ 3,229	3%
Utilities	\$ 2,957,035	\$ 3,878,104	\$ 921,069	31%
Wholesale Trade	\$ 1,189,394	\$ 1,088,641	\$ (100,754)	-8%
All Industries	\$ 88,044,276	\$ 84,000,494	\$ (4,043,783)	-5%

a year over year (YOY) decrease of \$4M (5%). The construction industry saw the largest YOY decline, declining by \$3.7M. Retail trade had a particularly good quarter, increasing by \$6.2M (28%) in Q4 FY20 compared to the same quarter of the previous year. Annual gross receipts tax (GRT) revenue collections increased from \$4.4M to \$4.9M from FY19 to FY20, as seen in Chart 3. Quarterly GRT revenue collections rebounded in Q4 FY20 after a significant decrease from Q2 to Q3, as seen in Chart 4. Q4 FY20 collections, \$1.2M, was 3% higher than that of Q4 FY20 and 11% higher than Q3 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 the 2020 Special Session, that legislation was amended, increasing a temporary distribution to municipalities and counties. Now municipalities will receive a distribution that is a portion of \$2.5 million while counties will receive a distribution that is a portion of \$1.5 million. The amounts distributed will be proportional to the size of the community's population versus that of the entire group. These amounts are subject to change if the federal government provides municipalities and counties future grants to offset revenue declines attributable to COVID-19.

Chart 3. Annual Total GRT Revenue Collections

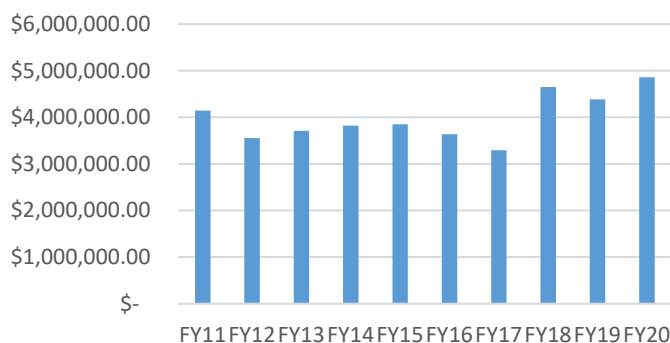
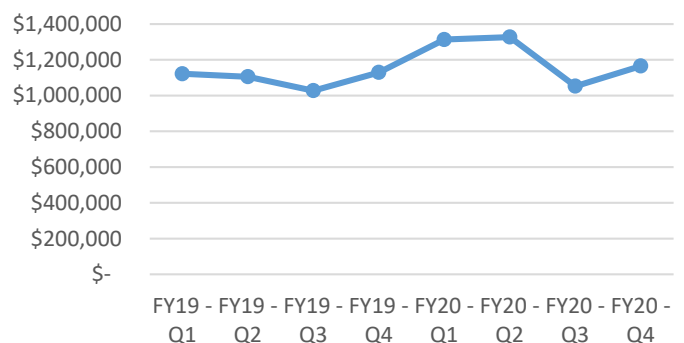


Chart 4. Quarterly GRT Revenue Collections



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Chart 5. Quarterly Average Total Employment & Weekly Wage

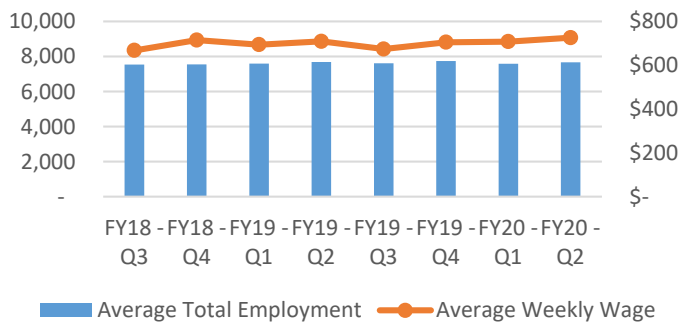
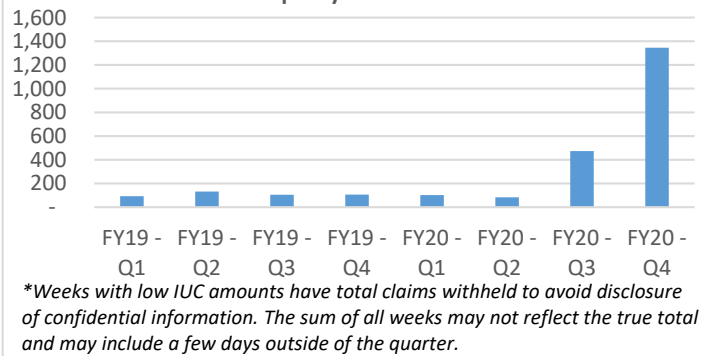


Chart 6. Quarterly Initial Unemployment Claims



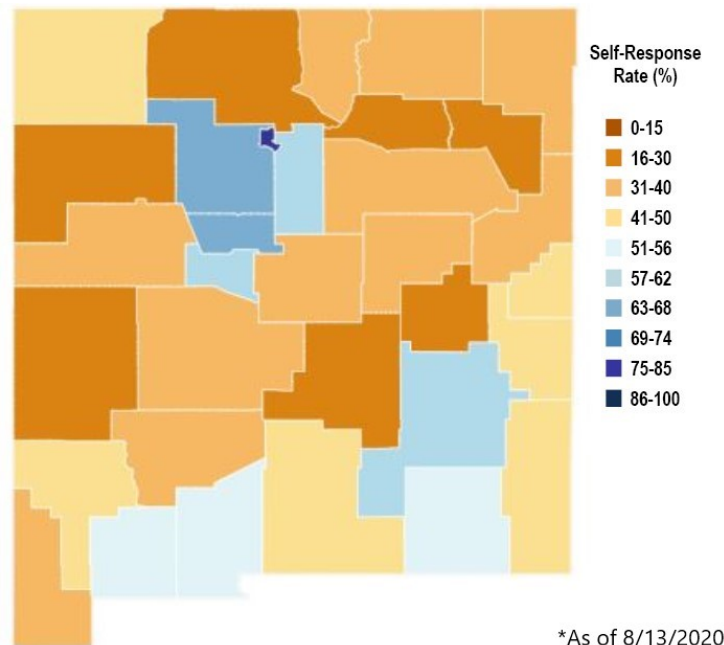
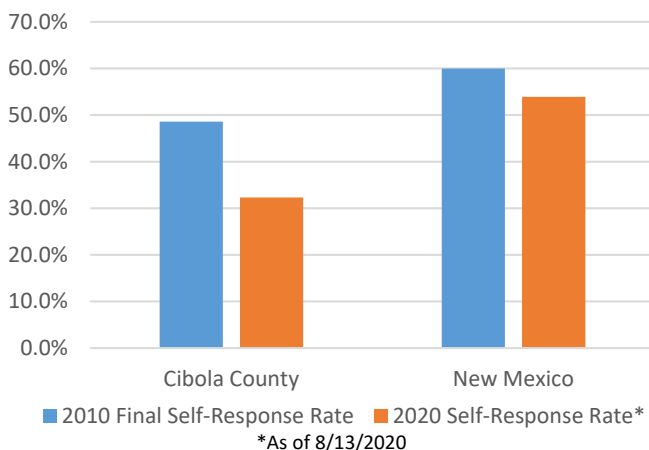
New Mexico receives over \$6 billion each year through federal programs which benefit an entire community: health care, nutrition, highways, education, housing, jobs and more that allocate funds on per capita basis. Each New Mexican not counted equates to a loss of approximately \$3,745 in funding per year. If New Mexico undercounts residents by only 1%, the state would lose \$780 million in revenue over the next 10 years.

A significant unexplained increase in initial unemployment claims can be an early indicator of an economic downturn. Explained increases commonly include seasonal job fluctuations, federal government shutdowns resulting in employee furloughs, or the closing of a major regional facility. This unprecedented uptick in initial unemployment claims is obviously tied directly to the COVID-19 pandemic and subsequent furloughs and layoffs by affected businesses. As the phased reopening continues, it is likely the number of initial unemployment claims will flatten out and then decrease, but it is impossible to predict how quickly the employment numbers will return to pre-COVID levels.

Cost of 1% Census Undercount Over 10 Years in Cibola County

\$7,980,712

Census Self-Response Rates



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