

# Quarterly Economic Summary

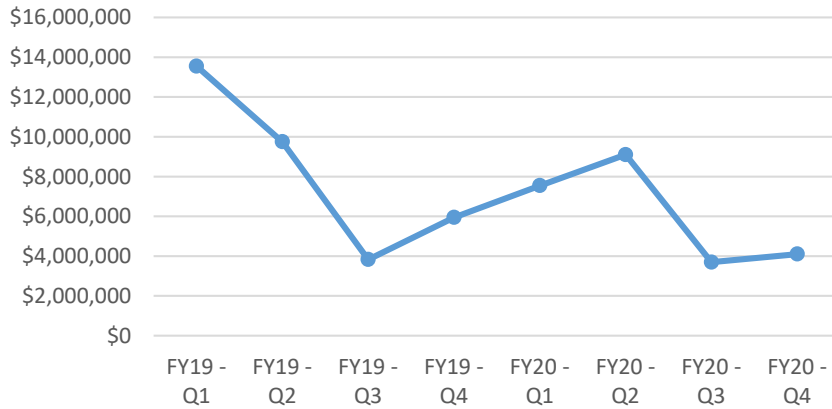
## De Baca County

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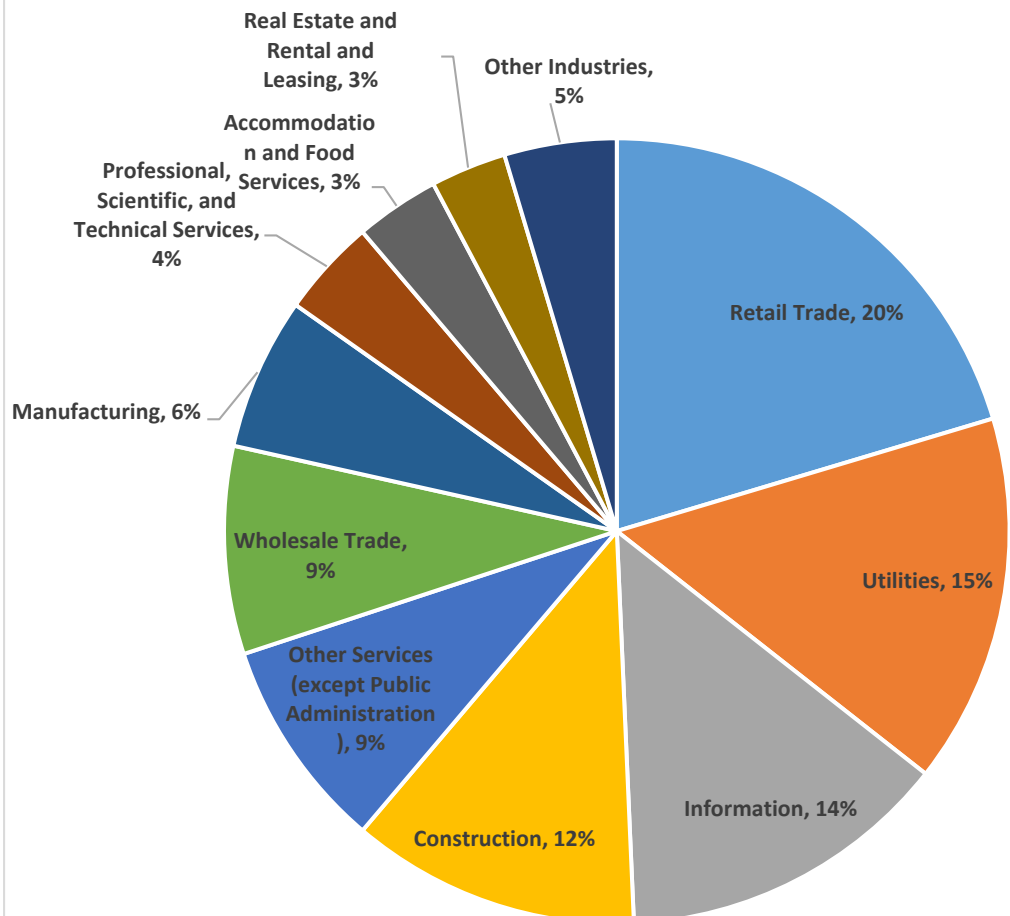
Chart 1. Matched Taxable Gross Receipts Per Quarter



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.

De Baca County's matched taxable gross receipts (MTGR) increased by 11% (\$407K) from Q3 to Q4 in FY20, as seen in Chart 1. Retail trade remained the largest industry by MTGR from Q3 to Q4 of FY20 while information dropped from second to third and utilities rose from third to second. Q4 FY20 saw a substantial year over year (YOY) decrease of 31%, equaling a drop of \$1.8M over Q4 FY19, as seen in Table 1 on page 2. The admin/support

Chart 2. FY20 - Q4 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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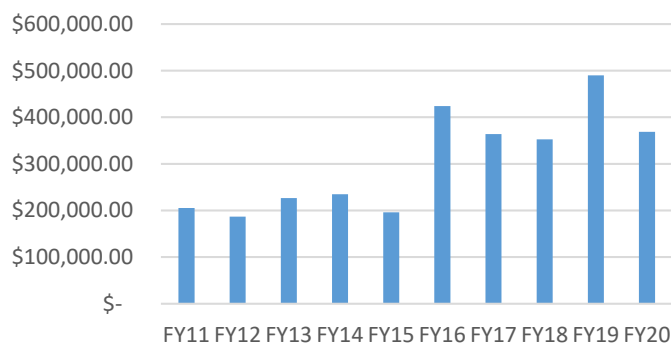
**Table 1. Matched Taxable Gross Receipts by Industry**

| Industries  | FY19 - Q4           | FY20 - Q4           | Growth                | Year over year Change |
|---|---------------------|---------------------|-----------------------|-----------------------|
| Accommodation and Food Services                       | \$ 268,682          | \$ 142,508          | \$ (126,174)          | -47%                  |
| Administrative/Support & Waste Management/Remediation | \$ 1,131,106        | \$ 91,686           | \$ (1,039,419)        | -92%                  |
| Agriculture, Forestry, Fishing, and Hunting           | \$ 2,300            | \$ 34,784           | \$ 32,484             | 1412%                 |
| Arts, Entertainment, and Recreation                   | \$ 48,434           | \$ -                | \$ (48,434)           | -100%                 |
| Construction  | \$ 1,096,475        | \$ 488,126          | \$ (608,349)          | -55%                  |
| Educational Services                                  | \$ 13,165           | \$ 17,530           | \$ 4,365              | 33%                   |
| Finance and Insurance                                 | \$ -                | \$ -                | \$ -                  | N/A                   |
| Health Care and Social Assistance                     | \$ -                | \$ 1,828            | \$ 1,828              | N/A                   |
| Information   | \$ 544,765          | \$ 562,080          | \$ 17,315             | 3%                    |
| Manufacturing   | \$ 292,898          | \$ 257,481          | \$ (35,417)           | -12%                  |
| Mining, Quarrying, and Oil and Gas Extraction         | \$ -                | \$ -                | \$ -                  | N/A                   |
| Other Services (except Public Administration)         | \$ 440,515          | \$ 358,013          | \$ (82,502)           | -19%                  |
| Professional, Scientific, and Technical Services      | \$ 58,857           | \$ 164,843          | \$ 105,986            | 180%                  |
| Public Administration                                 | \$ -                | \$ -                | \$ -                  | N/A                   |
| Real Estate and Rental and Leasing                    | \$ 111,649          | \$ 127,852          | \$ 16,203             | 15%                   |
| Retail Trade  | \$ 1,092,043        | \$ 835,532          | \$ (256,511)          | -23%                  |
| Transportation and Warehousing                        | \$ 25,905           | \$ 28,769           | \$ 2,863              | 11%                   |
| Unclassified Establishments                           | \$ 6,574            | \$ 14,877           | \$ 8,303              | 126%                  |
| Utilities   | \$ 606,541          | \$ 624,512          | \$ 17,971             | 3%                    |
| Wholesale Trade                                       | \$ 203,252          | \$ 350,881          | \$ 147,629            | 73%                   |
| <b>All Industries</b>                                 | <b>\$ 5,943,161</b> | <b>\$ 4,101,302</b> | <b>\$ (1,841,859)</b> | <b>-31%</b>           |

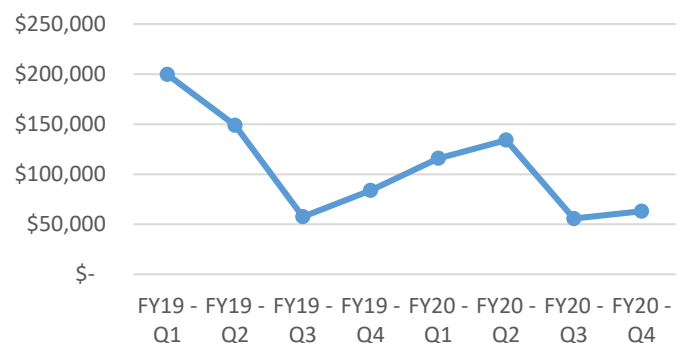
& waste mgmt./remediation industry saw the largest YOY decrease in Q4 FY20, decreasing by \$1M. Q4 FY19, however, was an exceptionally high quarter for the industry where Q4 FY20 is more in line with the industry's usual output. Q4 FY19's increase may be due to a correction or late reporting by one or more firms within the industry. Annual gross receipts tax (GRT) revenue collections decreased by \$121K (25%) from FY19 to FY20, seen in Chart 3. Quarterly GRT collections saw a 13% (\$7K) increase from Q3 to Q4 of FY20, as seen in Chart 4. Q4 FY20 saw a YOY decline of 25% in GRT collections over Q4 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 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**



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 5. Quarterly Average Total Employment & Weekly Wage

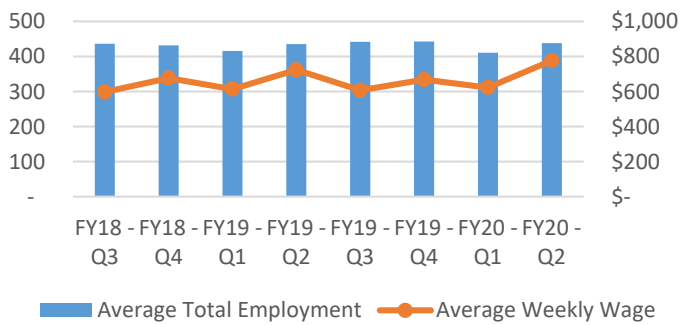
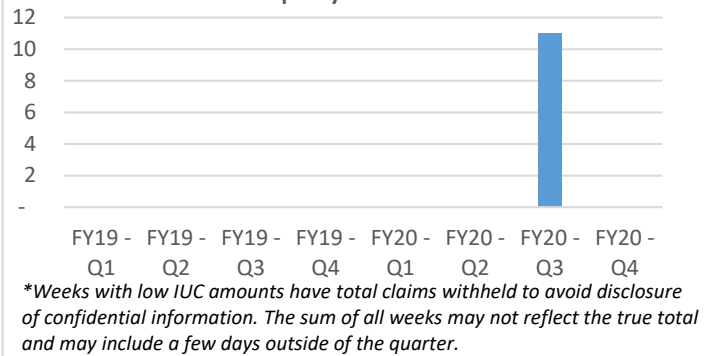


Chart 6. Quarterly Initial Unemployment Claims



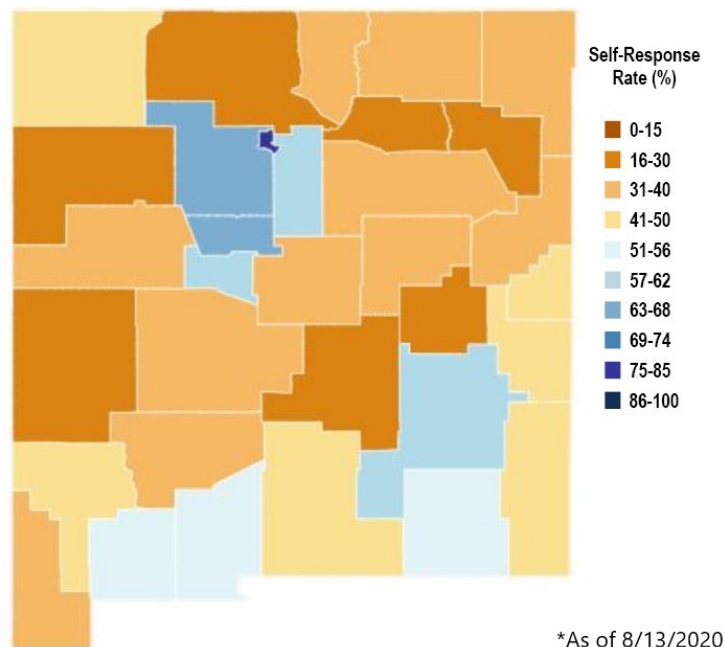
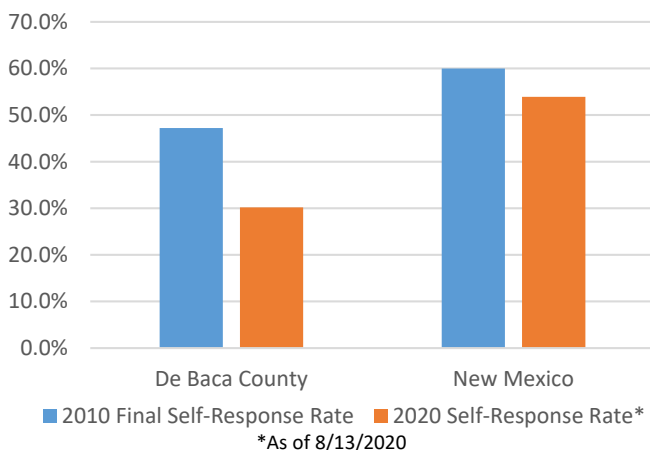
New Mexico receives over \$6 billion each year through federal programs which benefit the entire community: health care, nutrition, highways, education, housing, jobs and more that allocate funds on per capita basis. Each New Mexican not counted equates to a loss of approximately \$3,745 in funding per 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 De Baca County

**\$543,579**

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