

Quarterly Economic Summary

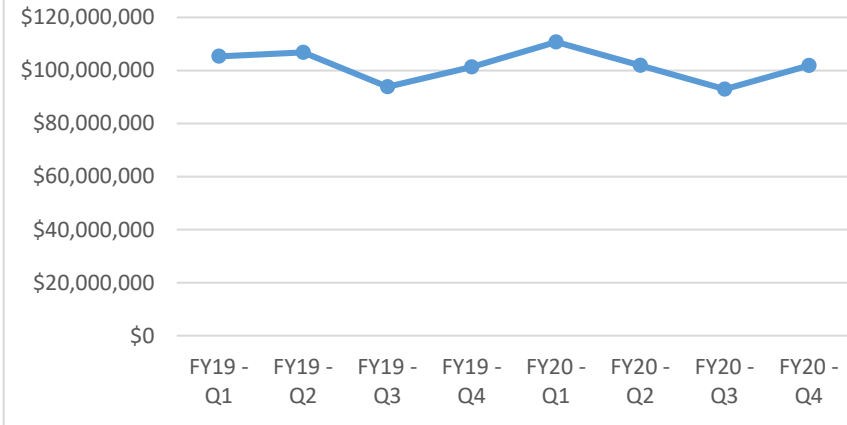
Rio Arriba County

Released: August 2020



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

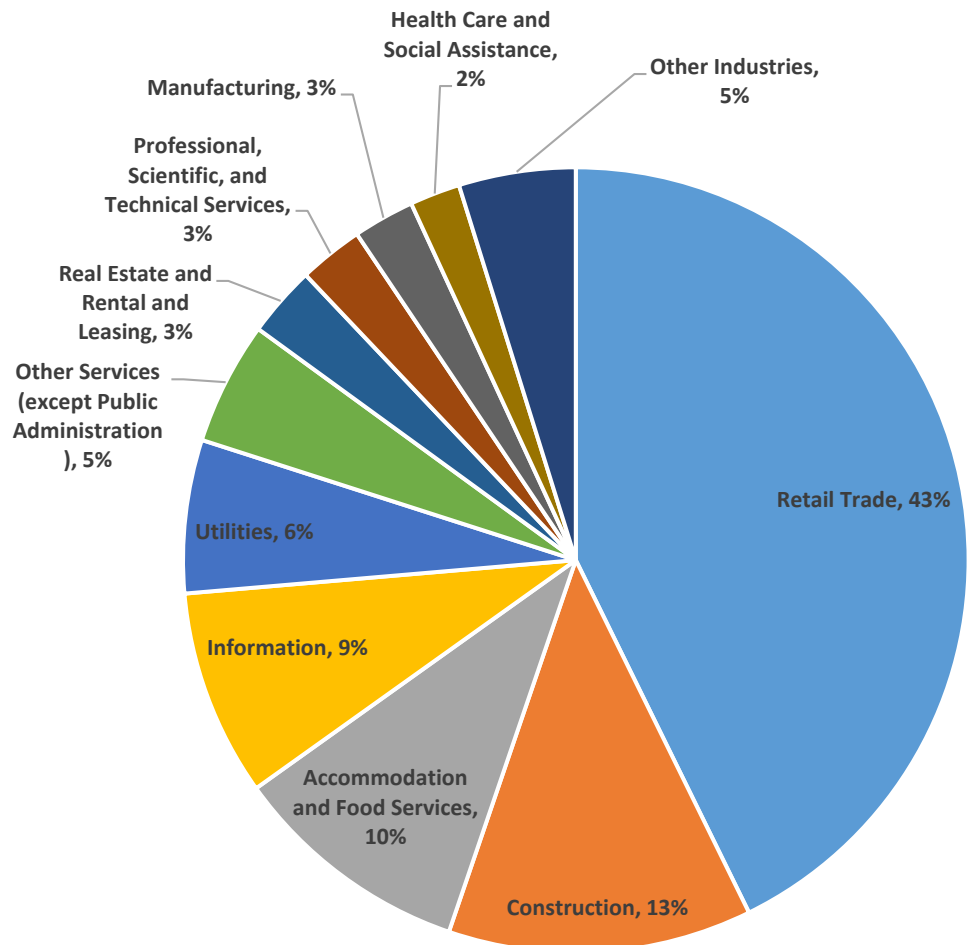
Chart 1. Matched Taxable Gross Receipts Per Quarter



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.

Rio Arriba County saw an \$8.9M or 9.6% increase, from Q3 FY20 to Q4 FY20, in its matched taxable gross receipts (MTGR), as seen in Chart 1. Table 1, on the next page, shows an increase of \$532K from Q4 in FY19 to FY20 of the same period. Table 1 also shows two industries with no MTGR. This may be due to the county's smaller size and thus fewer companies within each industry. The construction and retail trade industries were the

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.

Quarterly Economic Summary

Rio Arriba County



Table 1. Matched Taxable Gross Receipts by Industry

Industry	FY19 - Q4	FY20 - Q4	Growth	Year over year Change
Accommodation and Food Services	\$ 10,177,497	\$ 10,080,187	\$ (97,310)	-1%
Administrative/Support & Waste Management/Remediation	\$ 2,036,610	\$ 1,058,458	\$ (978,152)	-48%
Agriculture, Forestry, Fishing, and Hunting	\$ 1,008,956	\$ 685,526	\$ (323,430)	-32%
Arts, Entertainment, and Recreation	\$ 1,349,509	\$ 396,280	\$ (953,230)	-71%
Construction	\$ 8,533,911	\$ 12,737,178	\$ 4,203,267	49%
Educational Services	\$ 409,602	\$ 365,927	\$ (43,675)	-11%
Finance and Insurance	\$ 274,248	\$ 308,823	\$ 34,575	13%
Health Care and Social Assistance	\$ 3,565,487	\$ 2,112,531	\$ (1,452,956)	-41%
Information	\$ 8,705,463	\$ 8,665,738	\$ (39,725)	0%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 2,889,878	\$ 2,575,918	\$ (313,960)	-11%
Mining, Quarrying, and Oil and Gas Extraction	\$ 2,457,665	\$ 629,594	\$ (1,828,071)	-74%
Other Services (except Public Administration)	\$ 5,782,070	\$ 5,161,155	\$ (620,915)	-11%
Professional, Scientific, and Technical Services	\$ 2,352,852	\$ 2,708,376	\$ 355,524	15%
Public Administration	\$ -	\$ -	\$ -	N/A
Real Estate and Rental and Leasing	\$ 4,320,685	\$ 2,969,192	\$ (1,351,493)	-31%
Retail Trade	\$ 37,853,957	\$ 43,523,405	\$ 5,669,448	15%
Transportation and Warehousing	\$ 1,390,036	\$ 395,385	\$ (994,651)	-72%
Unclassified Establishments	\$ 169,770	\$ 258,061	\$ 88,290	52%
Utilities	\$ 6,719,738	\$ 6,424,398	\$ (295,340)	-4%
Wholesale Trade	\$ 1,323,846	\$ 798,523	\$ (525,323)	-40%
All Industries	\$ 101,321,779	\$ 101,854,653	\$ 532,874	1%

main drivers of growth during this time period, posting a \$4.2M and \$5.6M increase, respectively. Retail trade continues to be the major contributor to MTGR for Rio Arriba County, as seen in Chart 2.

Annual GRT collections, as seen in Chart 3, are up \$337K or 6% from FY19 to FY20. Quarterly GRT collections from Q3 FY20 to Q4 FY20 saw an increase of \$107K or nearly 8%, as seen in Chart 4.

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

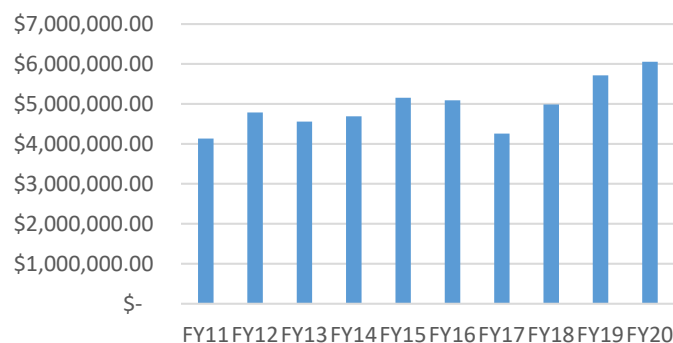
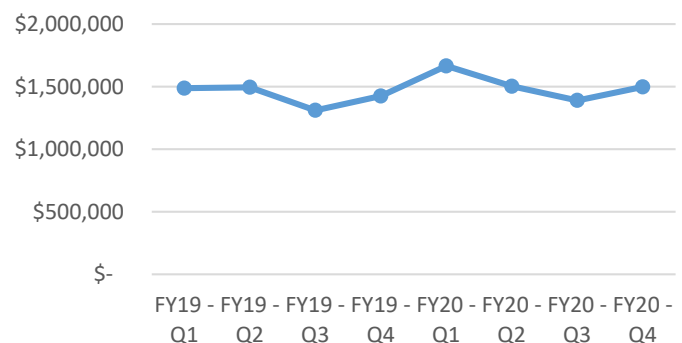


Chart 4. Quarterly GRT Revenue Collections



Quarterly Economic Summary

Rio Arriba County



Chart 5. Quarterly Average Total Employment & Weekly Wage

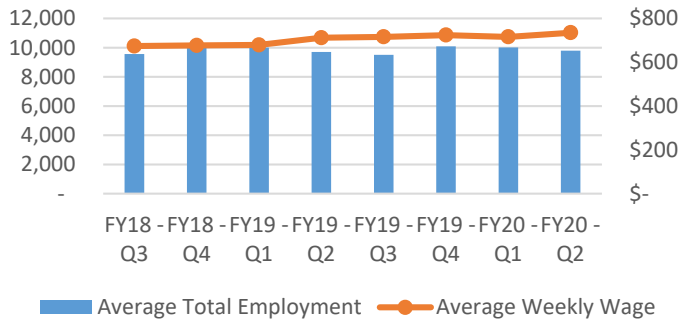
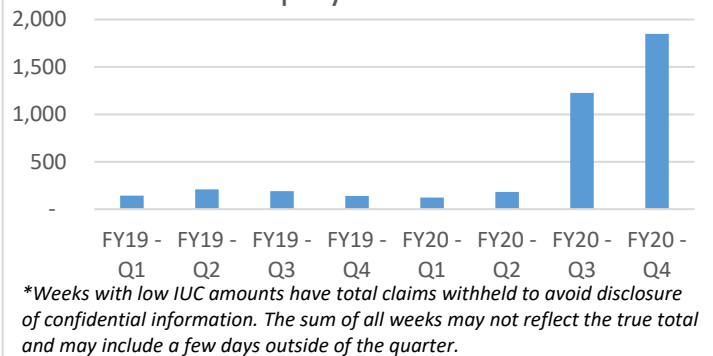


Chart 6. Quarterly Initial Unemployment Claims



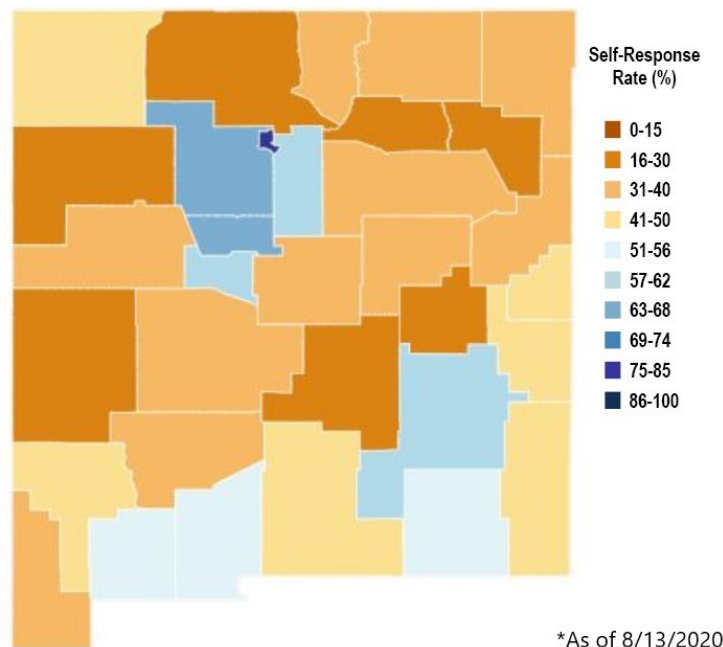
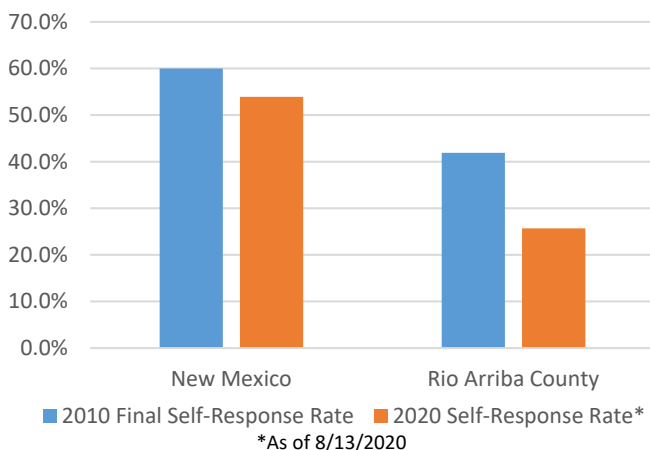
New Mexico receives over \$6 billion each year through federal programs which benefit the entire community: health care, nutrition, highways, education, housing, jobs and more that allocate funds on per capita basis. Each New Mexican not counted equates to a loss of approximately \$3,745 in funding per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

\$11,638,055

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