

Quarterly Economic Summary

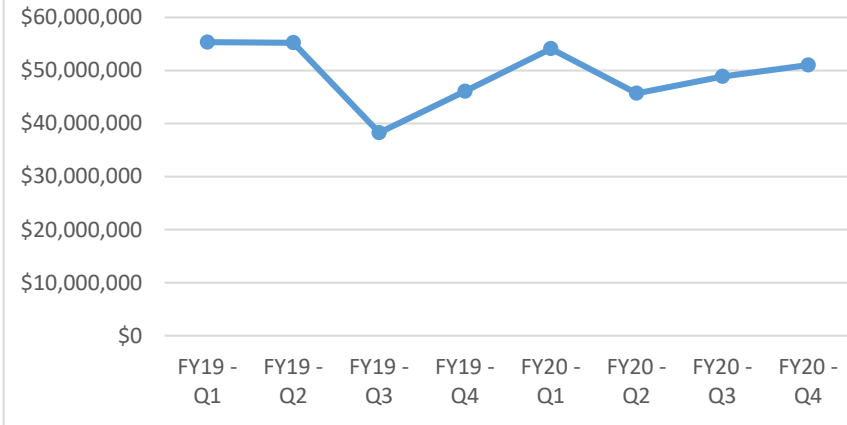
Socorro County



Released: August 2020

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

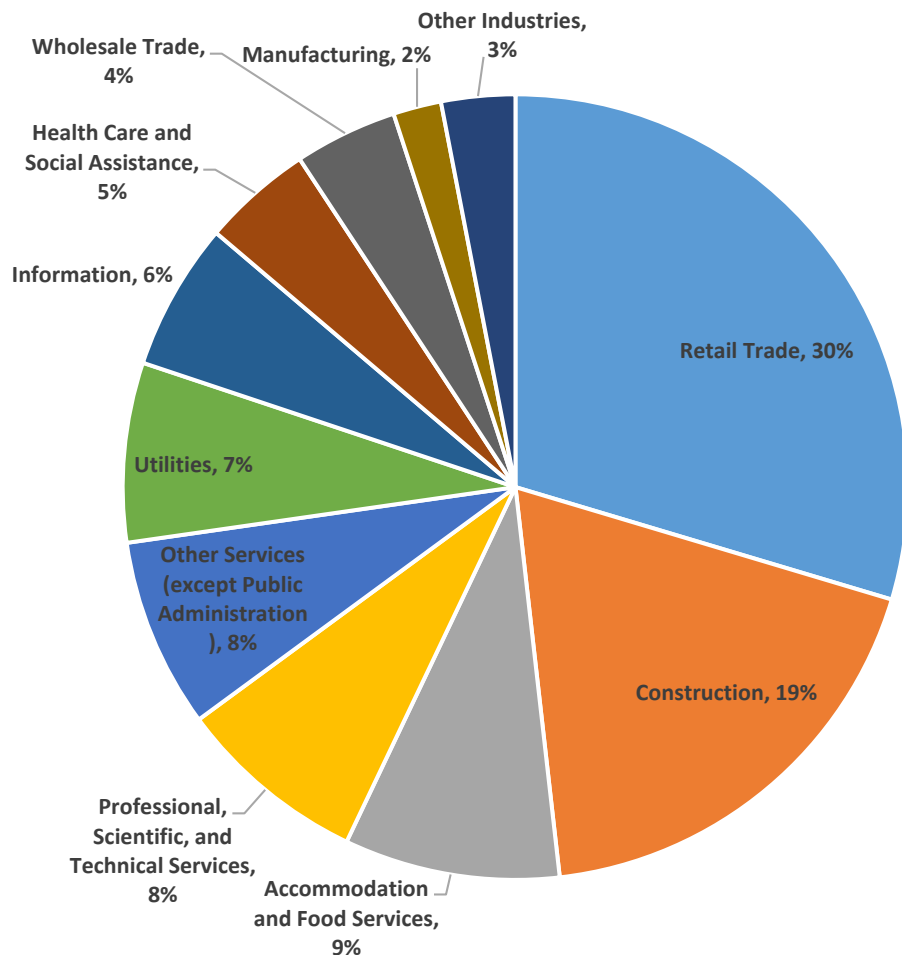
Chart 1. Matched Taxable Gross Receipts Per Quarter



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.

Socorro County saw a \$2.1M or 4.4% increase in its matched taxable gross receipts (MTGR) from Q3 FY20 to Q4 FY20, as seen in Chart 1. Table 1, on the next page, shows a year over year increase of nearly \$5M from Q4 in FY19 to FY20 of the same period. This increase can be tied to three industries (utilities, retail trade and professional, scientific, and technical services) which combined for roughly \$6M of growth. The county saw a large

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

Socorro County



Table 1. Matched Taxable Gross Receipts by Industry

Industry	FY19 - Q4	FY20 - Q4	Growth	Year over year Change
Accommodation and Food Services	\$ 7,408,281	\$ 4,527,682	\$ (2,880,599)	-39%
Administrative/Support & Waste Management/Remediation	\$ 842,299	\$ 235,835	\$ (606,464)	-72%
Agriculture, Forestry, Fishing, and Hunting	\$ 362,978	\$ 168,041	\$ (194,937)	-54%
Arts, Entertainment, and Recreation	\$ 21,503	\$ 9,147	\$ (12,356)	-57%
Construction	\$ 8,660,271	\$ 9,478,925	\$ 818,654	9%
Educational Services	\$ 43,932	\$ 41,448	\$ (2,484)	-6%
Finance and Insurance	\$ 163,070	\$ 150,813	\$ (12,257)	-8%
Health Care and Social Assistance	\$ 1,977,225	\$ 2,312,277	\$ 335,052	17%
Information	\$ 2,638,090	\$ 3,102,906	\$ 464,816	18%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 886,378	\$ 1,010,423	\$ 124,045	14%
Mining, Quarrying, and Oil and Gas Extraction	\$ -	\$ -	\$ -	N/A
Other Services (except Public Administration)	\$ 3,582,209	\$ 3,985,522	\$ 403,314	11%
Professional, Scientific, and Technical Services	\$ 2,112,834	\$ 4,004,882	\$ 1,892,049	90%
Public Administration	\$ -	\$ 26,266	\$ 26,266	N/A
Real Estate and Rental and Leasing	\$ 767,055	\$ 728,653	\$ (38,402)	-5%
Retail Trade	\$ 11,968,176	\$ 15,114,672	\$ 3,146,496	26%
Transportation and Warehousing	\$ 163,695	\$ 75,073	\$ (88,622)	-54%
Unclassified Establishments	\$ 182,053	\$ 116,955	\$ (65,098)	-36%
Utilities	\$ 2,568,744	\$ 3,772,514	\$ 1,203,770	47%
Wholesale Trade	\$ 1,728,421	\$ 2,162,708	\$ 434,287	25%
All Industries	\$ 46,077,214	\$ 51,024,743	\$ 4,947,529	11%

increase over this timeframe despite the accommodation and food services industry posting a \$2.8M or 39% year over year decrease in Q4 FY20. The public administration sector shows no MTGR in Q4 FY19. This is likely due to taxpayer reporting errors or late filing.

Chart 3 shows, from FY19 to FY20, a 7% increase in annual GRT collections. Quarterly GRT collections, as seen in Chart 4, show an increase of \$27K or 6.3% from Q3 FY20 to Q4 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

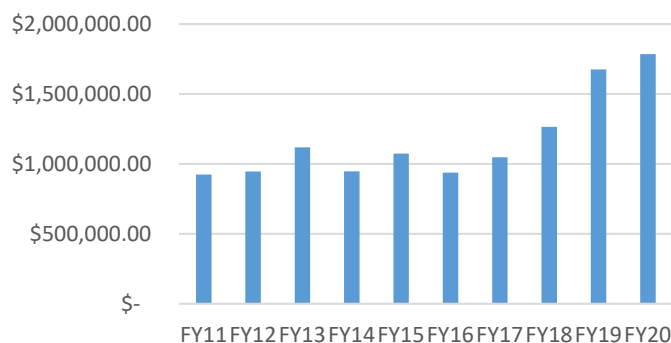
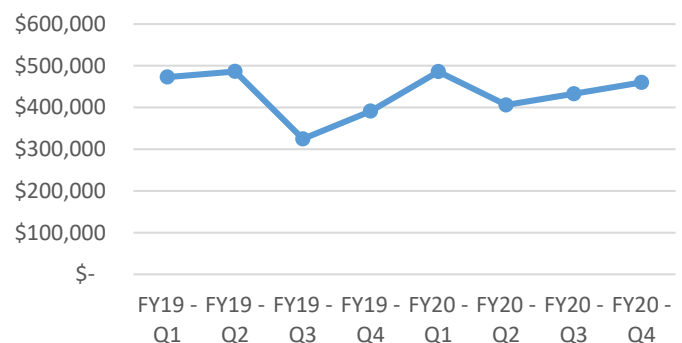


Chart 4. Quarterly GRT Revenue Collections



Quarterly Economic Summary Socorro County



Chart 5. Quarterly Average Total Employment & Weekly Wage

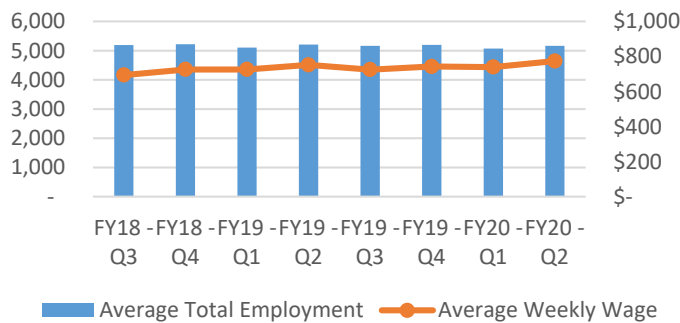
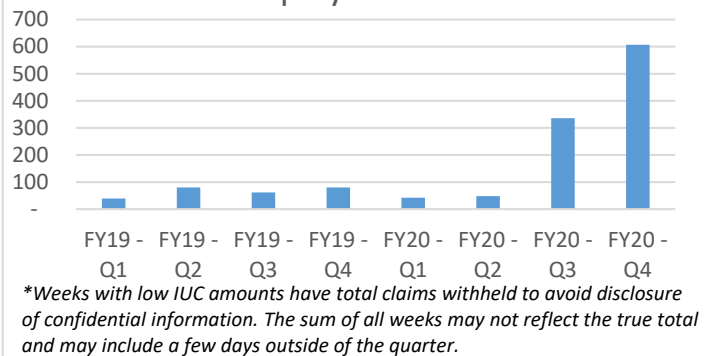


Chart 6. Quarterly Initial Unemployment Claims



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 Socorro County

\$4,992,366

Census Self-Response Rates

