

Quarterly Economic Summary

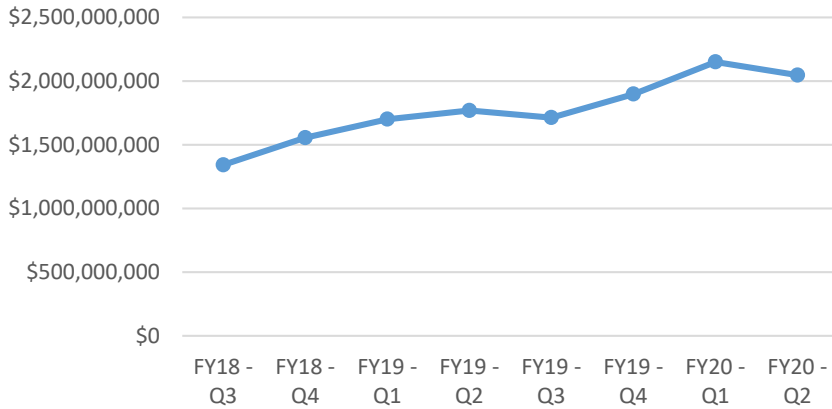
Eddy County



Released: February 2020

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

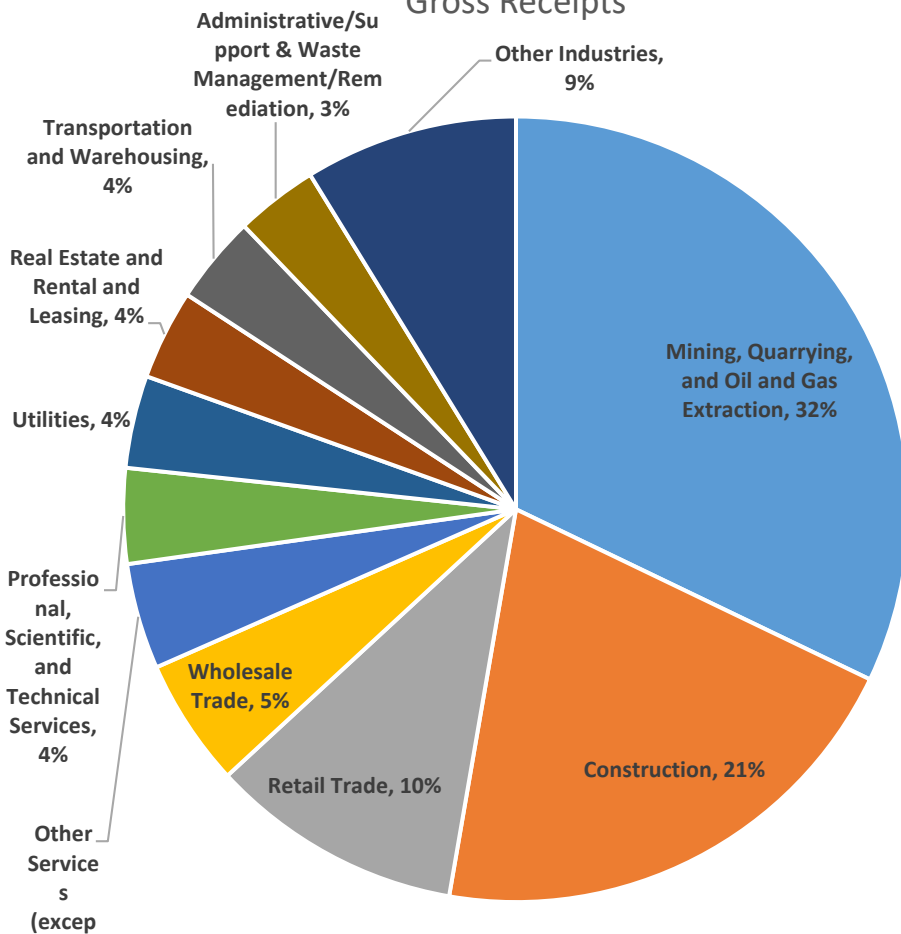
Chart 1. Matched Taxable Gross Receipts Per Quarter



Eddy County has had its matched taxable gross receipts (MTGR) drop in Q2 FY20, as seen in Chart 1. Over the last eight quarters, Eddy County has increased its MTGR by nearly 53%. Table 1, on the next page, shows an increase of \$277M from Q2 in FY19 to FY20 of the same period. Table 1 also shows two industries being the major driver in growth in Eddy County. The Construction industry (\$161.5M) and the Mining, Quarrying, and Oil and Gas Extraction industry (\$106.9M) have accounted for roughly

96% of Eddy county's growth. The Transportation and Warehousing industry (-\$10M) and the Wholesale Trade industry (-\$12M) have seen a large decrease in MTGR, as seen in Table 1.

Chart 2. FY20 - Q2 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

Eddy County



Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY19 - Q2	FY20 - Q2	Growth	Year over year Change
Accommodation and Food Services	\$ 58,009,419	\$ 58,040,910	\$ 31,491	0%
Administrative/Support & Waste Management/Remediation	\$ 80,301,836	\$ 69,488,284	\$ (10,813,552)	-13%
Agriculture, Forestry, Fishing, and Hunting	\$ 3,685,583	\$ 3,945,138	\$ 259,555	7%
Arts, Entertainment, and Recreation	\$ 418,374	\$ 523,644	\$ 105,270	25%
Construction	\$ 259,983,577	\$ 421,515,423	\$ 161,531,846	62%
Educational Services	\$ 225,837	\$ 288,179	\$ 62,343	28%
Finance and Insurance	\$ 3,378,565	\$ 3,820,788	\$ 442,223	13%
Health Care and Social Assistance	\$ 22,908,937	\$ 15,522,347	\$ (7,386,591)	-32%
Information	\$ 21,290,155	\$ 24,322,591	\$ 3,032,436	14%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 69,042,571	\$ 66,886,219	\$ (2,156,352)	-3%
Mining, Quarrying, and Oil and Gas Extraction	\$ 550,756,272	\$ 657,645,654	\$ 106,889,382	19%
Other Services (except Public Administration)	\$ 81,533,896	\$ 89,181,899	\$ 7,648,004	9%
Professional, Scientific, and Technical Services	\$ 52,192,000	\$ 80,270,288	\$ 28,078,289	54%
Public Administration	\$ 186,151	\$ -	\$ (186,151)	-100%
Real Estate and Rental and Leasing	\$ 63,231,348	\$ 75,744,222	\$ 12,512,873	20%
Retail Trade	\$ 222,121,960	\$ 213,075,271	\$ (9,046,689)	-4%
Transportation and Warehousing	\$ 84,180,624	\$ 74,173,969	\$ (10,006,655)	-12%
Unclassified Establishments	\$ 7,801,071	\$ 6,346,630	\$ (1,454,441)	-19%
Utilities	\$ 68,115,749	\$ 78,003,481	\$ 9,887,732	15%
Wholesale Trade	\$ 120,136,096	\$ 107,974,271	\$ (12,161,825)	-10%
All Industries	\$ 1,769,500,020	\$ 2,046,769,207	\$ 277,269,187	16%

Gross Receipts Tax (GRT) revenue collections fell by roughly 5% in Q2 FY20, as seen in Chart 4. Even with the 5% decrease, Eddy County has an upward trend. Since Q1 FY17, Eddy County has seen its GRT revenue surge by 257%.

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 this delay, local governments will receive a distribution that is a portion of \$2M each month. The portion distributed will be based on what the population of each county is to the total population of all counties, as per the most recent decennial census.

Chart 3. Annual Total GRT Revenue Collections

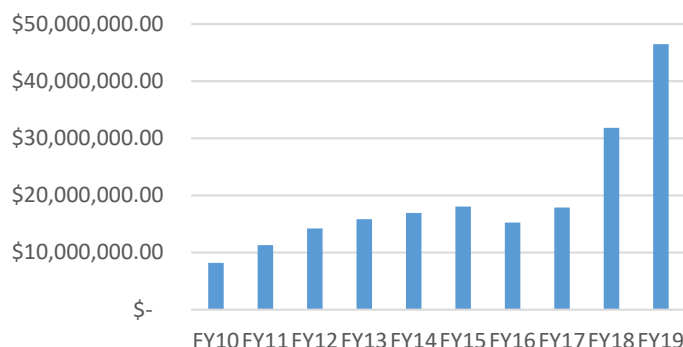
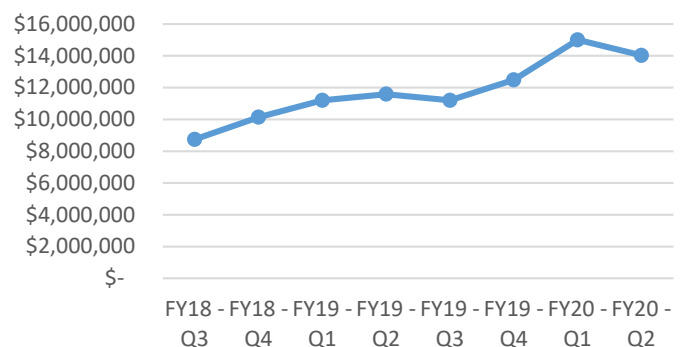


Chart 4. Quarterly GRT Revenue Collections



Quarterly Economic Summary Eddy County



Chart 5. Quarterly Average Total Employment & Weekly Wage

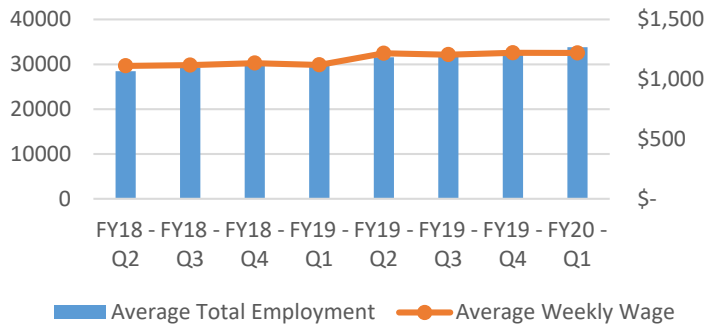


Chart 6. Quarterly Initial Unemployment Claims

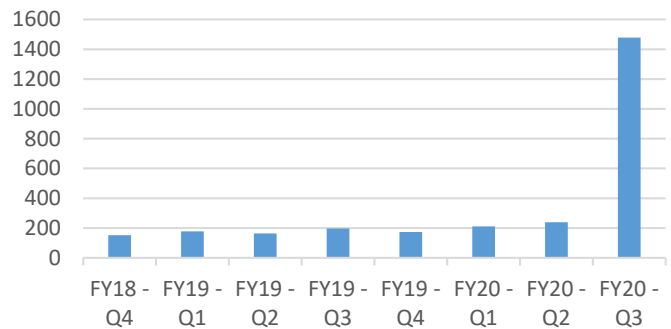
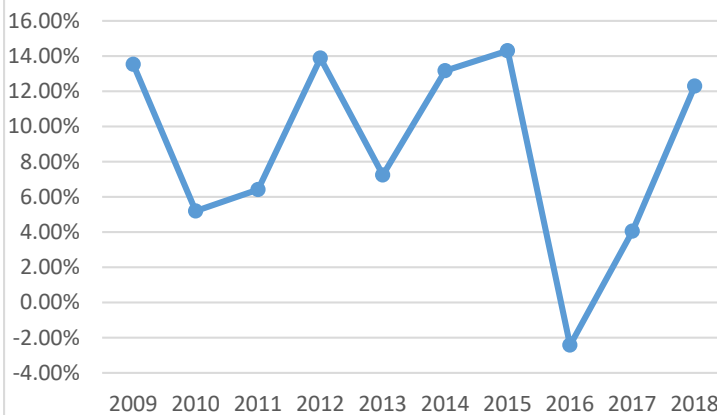


Chart 7. Calendar Year % Change In Real GDP Year Over Year



A significant unexplained increase in **Initial Unemployment Claims** can be an early indicator of an incoming economic downturn. Explained increases commonly include seasonal job fluctuations, government shutdowns resulting in mass employee furloughs and the closing of a major regional facility. The major uptick in the initial unemployment claims is directly tied to the COVID-19 outbreak and the subsequent closure of “non-essential” businesses. These businesses tend to be a major component of the workforce. As the stay at home order stays in effect, it is likely that the initial unemployment claims will continue to increase as the economy shifts to handle the unprecedented changes.

Table 2. Calendar Year 2018 Real County GDP vs Real State GDP

Industries	Eddy, NM	New Mexico	Difference Between County and State
Accommodation and food services	0.99%	2.94%	-1.95%
Administrative and support and waste management and remediation services	2.08%	2.51%	-0.43%
Arts, entertainment, and recreation	0.05%	0.68%	-0.63%
Educational services	0.11%	0.51%	-0.40%
Finance and insurance	0.66%	2.75%	-2.09%
Health care and social assistance	2.10%	7.39%	-5.30%
Management of companies and enterprises	0.18%	0.61%	-0.42%
Professional, scientific, and technical services	1.22%	7.21%	-6.00%
Real estate and rental and leasing	4.88%	12.17%	-7.29%
Agriculture, forestry, fishing and hunting	0.51%	1.78%	-1.28%
Construction	2.04%	3.12%	-1.08%
Information	0.70%	3.21%	-2.51%
Manufacturing	10.29%	4.31%	5.98%
Mining, quarrying, and oil and gas extraction	61.92%	14.79%	47.13%
Other services (except government and government enterprises)	0.72%	1.96%	-1.24%
Retail trade	2.04%	5.87%	-3.83%
Transportation and warehousing	5.48%	2.58%	2.90%
Utilities	0.29%	1.57%	-1.28%
Wholesale trade	1.30%	3.13%	-1.82%
Government and government enterprises	5.11%	21.50%	-16.39%