

Quarterly Economic Summary

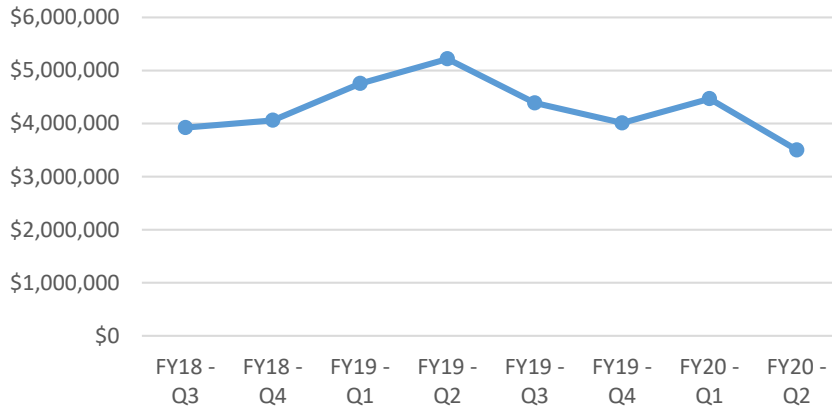
Harding County

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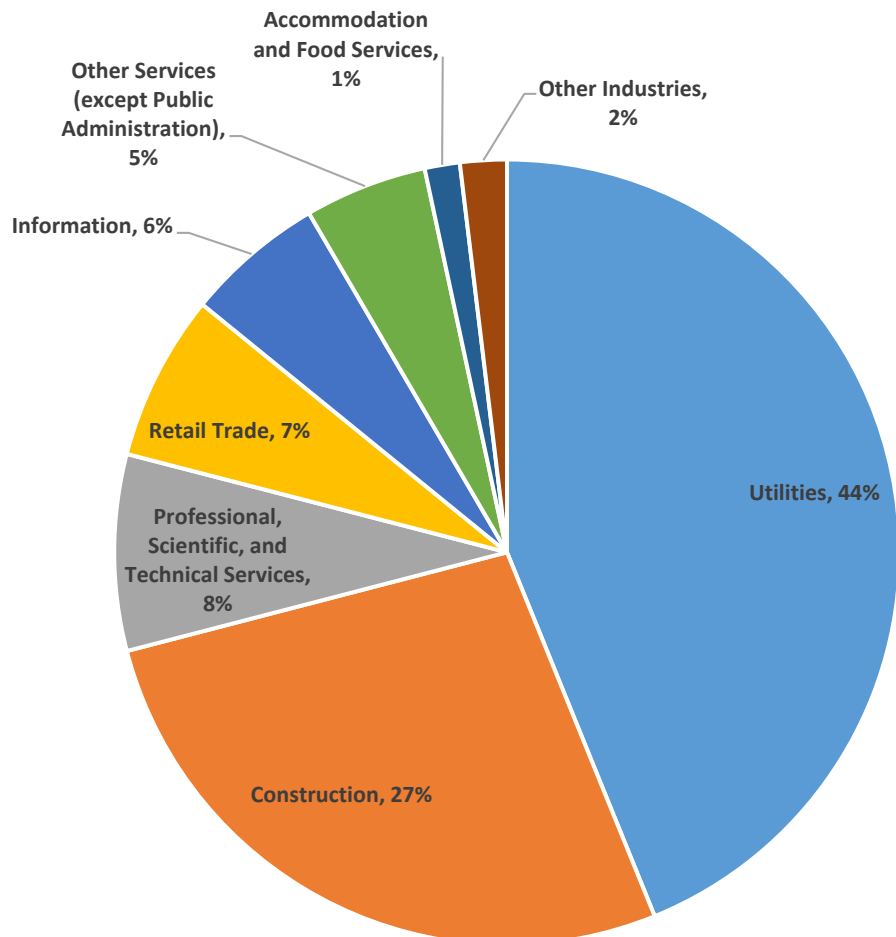
Chart 1. Matched Taxable Gross Receipts Per Quarter



Harding County has seen a sharp decline in its matched taxable gross receipts (MTGR) since its eight quarter high in Q2 FY19, as seen in Chart 1. This decline represents nearly a 33% decrease. Table 1, on the next page, shows a decrease of \$1.7M from Q2 in FY19 to FY20 of the same period. Table 1 also shows eight industries, with -100% growth or no MTGR in the second quarter of FY20. This may be due to the county's smaller size and thus fewer companies within each industry. The few companies working in these industries may be late in filing,

resulting in no MTGR being reported for the period. In this case, the missing MTGR is expected to be included in the next period. Also in Table 1, the Unclassified Establishments industry shows an increase of nearly 13000%. This could be due an error in reporting or misclassification.

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.

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Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY19 - Q2	FY20 - Q2	Growth	Year over year Change
Accommodation and Food Services	\$ 35,417	\$ 50,625	\$ 15,208	43%
Administrative/Support & Waste Management/Remediation	\$ 2,289	\$ 25,804	\$ 23,515	1027%
Agriculture, Forestry, Fishing, and Hunting	\$ 7,899	\$ 2,860	\$ (5,038)	-64%
Arts, Entertainment, and Recreation	\$ 25,672	\$ -	\$ (25,672)	-100%
Construction	\$ 1,335,623	\$ 948,534	\$ (387,089)	-29%
Educational Services	\$ -	\$ -	\$ -	N/A
Finance and Insurance	\$ -	\$ -	\$ -	N/A
Health Care and Social Assistance	\$ 1,668	\$ -	\$ (1,668)	-100%
Information	\$ 203,830	\$ 200,155	\$ (3,675)	-2%
Manufacturing	\$ 13,476	\$ 5,849	\$ (7,627)	-57%
Mining, Quarrying, and Oil and Gas Extraction	\$ 973,381	\$ -	\$ (973,381)	-100%
Other Services (except Public Administration)	\$ 275,781	\$ 176,690	\$ (99,090)	-36%
Professional, Scientific, and Technical Services	\$ 148,893	\$ 282,667	\$ 133,774	90%
Public Administration	\$ -	\$ -	\$ -	N/A
Real Estate and Rental and Leasing	\$ 29,723	\$ -	\$ (29,723)	-100%
Retail Trade	\$ 566,595	\$ 239,591	\$ (327,004)	-58%
Transportation and Warehousing	\$ 18,014	\$ -	\$ (18,014)	-100%
Unclassified Establishments	\$ 153	\$ 20,191	\$ 20,039	13124%
Utilities	\$ 1,555,326	\$ 1,535,817	\$ (19,509)	-1%
Wholesale Trade	\$ 24,655	\$ 12,524	\$ (12,131)	-49%
All Industries	\$ 5,218,395	\$ 3,501,309	\$ (1,717,086)	-33%

Annual Total Gross Receipts Tax (GRT) revenue collections have leveled off in FY19, as seen in Chart 3. Chart 4 demonstrates the Quarterly GRT collections which have decreased from Q1 to Q2 in FY20. The eight quarter trend is downward.

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

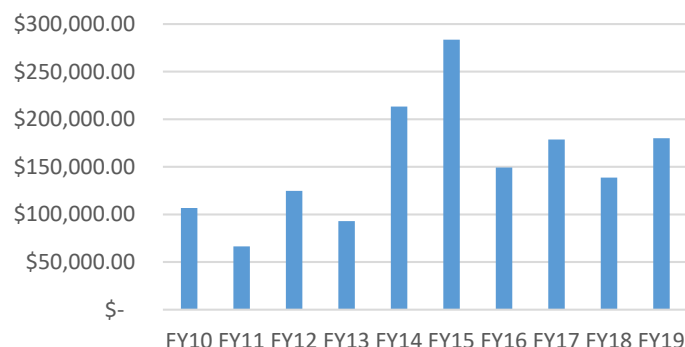
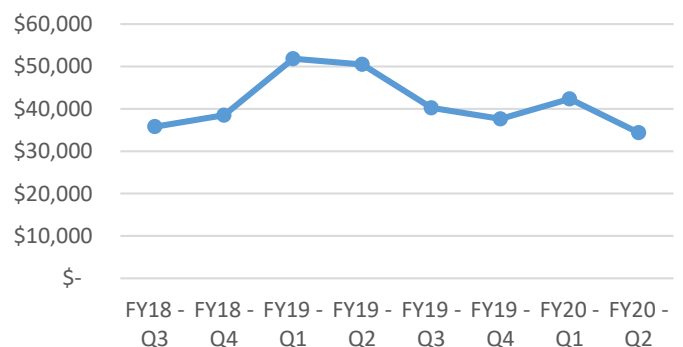


Chart 4. Quarterly GRT Revenue Collections



SOURCES: NEW MEXICO TAXATION AND REVENUE DEPT, NEW MEXICO DEPARTMENT OF WORKFORCE SOLUTIONS, U.S. BUREAU OF LABOR AND STATISTICS, U.S. BUREAU OF ECONOMIC ANALYSIS AND EDD CALCULATIONS

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Chart 5. Quarterly Average Total Employment & Weekly Wage

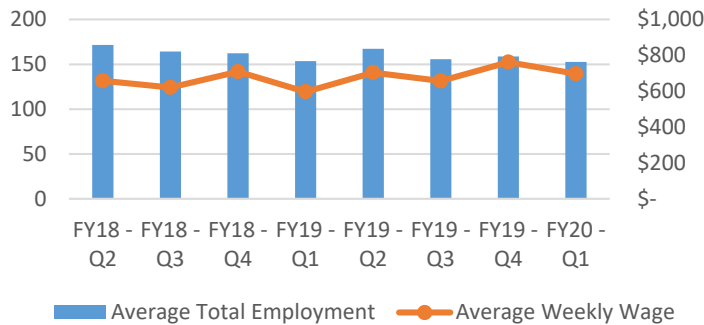
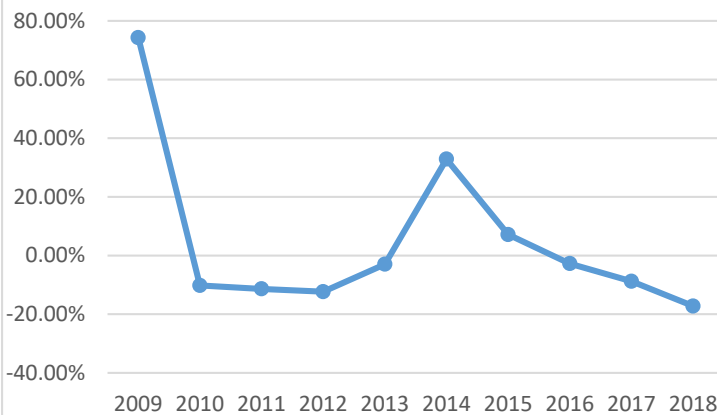


Chart 6. Quarterly Initial Unemployment Claims



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	Harding, NM	New Mexico	Difference Between County and State
Accommodation and food services	0.00%	2.94%	-2.94%
Administrative and support and waste management and remediation services	0.02%	2.51%	-2.49%
Arts, entertainment, and recreation	0.00%	0.68%	-0.68%
Educational services	0.01%	0.51%	-0.50%
Finance and insurance	0.07%	2.75%	-2.68%
Health care and social assistance	0.00%	7.39%	-7.39%
Management of companies and enterprises	1.96%	0.61%	1.36%
Professional, scientific, and technical services	0.00%	7.21%	-7.21%
Real estate and rental and leasing	4.95%	12.17%	-7.21%
Agriculture, forestry, fishing and hunting	2.37%	1.78%	0.59%
Construction	0.00%	3.12%	-3.12%
Information	0.00%	3.21%	-3.21%
Manufacturing	0.00%	4.31%	-4.31%
Mining, quarrying, and oil and gas extraction	82.40%	14.79%	67.61%
Other services (except government and government enterprises)	0.00%	1.96%	-1.96%
Retail trade	0.00%	5.87%	-5.87%
Transportation and warehousing	0.00%	2.58%	-2.58%
Utilities	0.00%	1.57%	-1.57%
Wholesale trade	0.00%	3.13%	-3.13%
Government and government enterprises	5.95%	21.50%	-15.55%