

Quarterly Economic Summary

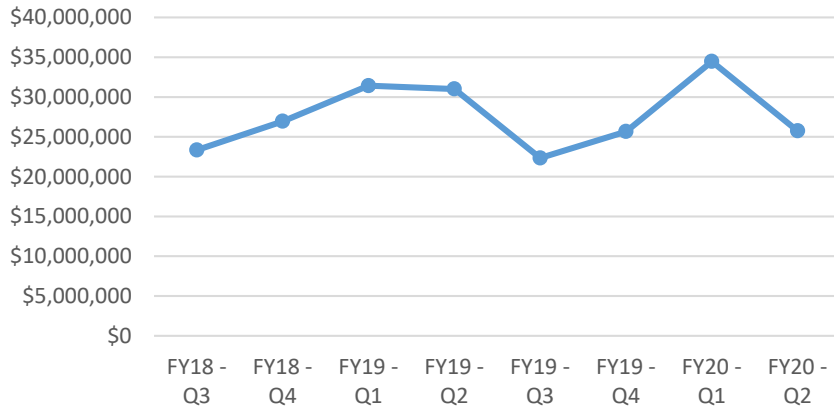
Union County



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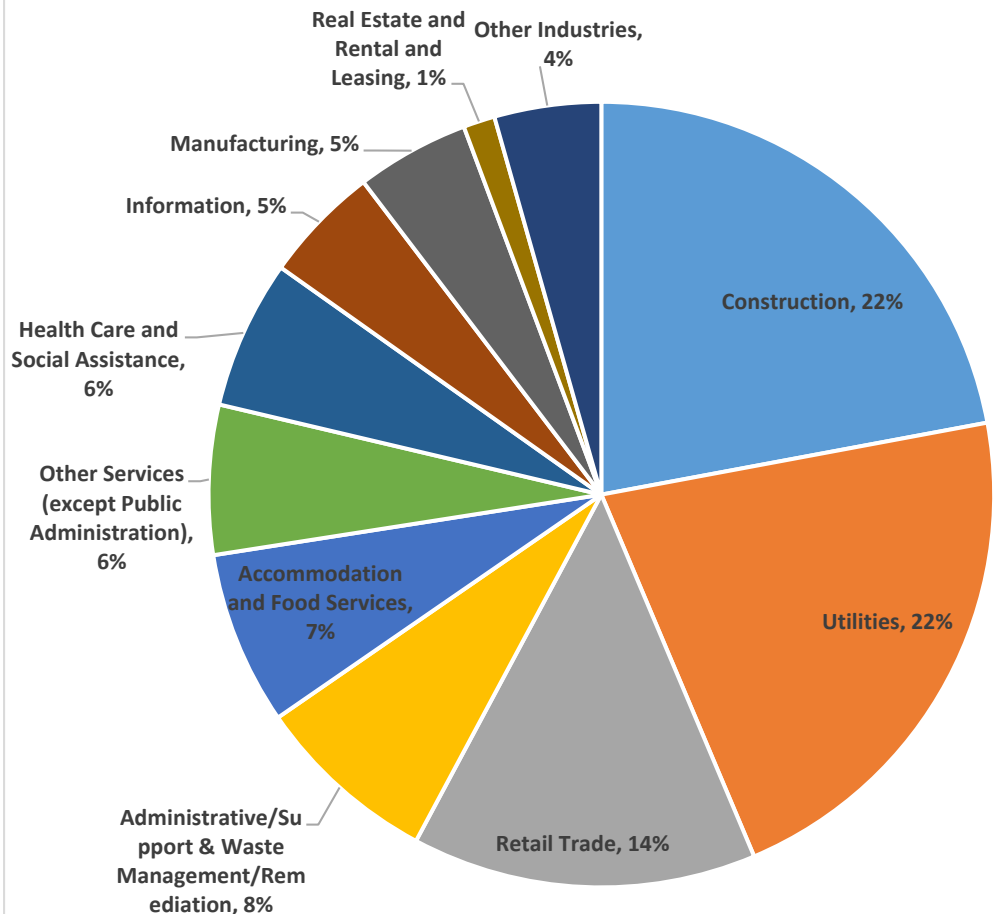
Chart 1. Matched Taxable Gross Receipts Per Quarter



Union County saw a decrease in matched taxable gross receipts (MTGR) from Q1 FY20 to Q2. This decrease falls in line with the seasonality of the county's MTGR, where Q1 is the highpoint and decreasing through Q3. Q2 FY20 saw a year over year (YOY) decrease of 17%, and equates to a YOY decrease of \$5.3M. Table 1, on page 2, shows the Mining/Oil and Gas industry with -100% growth or no MTGR. This may be due to the industry's smaller size and the few companies working in this industry

being late in filing, resulting in no MTGR being reported for the period. In this case, the MTGR is expected to be included in the next period. Manufacturing saw a large YOY increase in Q2 FY20 and is down from the previous quarter that was abnormally high.

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	\$ 1,426,205	\$ 1,838,612	\$ 412,406	29%
Administrative/Support & Waste Management/Remediation	\$ 2,984,265	\$ 1,949,192	\$ (1,035,073)	-35%
Agriculture, Forestry, Fishing, and Hunting	\$ 673,480	\$ 299,903	\$ (373,578)	-55%
Arts, Entertainment, and Recreation	\$ 62,255	\$ 90,936	\$ 28,681	46%
Construction	\$ 6,186,379	\$ 5,680,213	\$ (506,166)	-8%
Educational Services	\$ 390	\$ 3,017	\$ 2,627	674%
Finance and Insurance	\$ 209,127	\$ 162,331	\$ (46,797)	-22%
Health Care and Social Assistance	\$ 1,696,876	\$ 1,576,547	\$ (120,329)	-7%
Information	\$ 1,303,392	\$ 1,244,431	\$ (58,961)	-5%
Manufacturing	\$ 55,253	\$ 1,199,765	\$ 1,144,512	2071%
Mining, Quarrying, and Oil and Gas Extraction	\$ 17,443	\$ -	\$ (17,443)	-100%
Other Services (except Public Administration)	\$ 2,019,924	\$ 1,584,057	\$ (435,867)	-22%
Professional, Scientific, and Technical Services	\$ 407,410	\$ 315,579	\$ (91,831)	-23%
Public Administration	\$ -	\$ -	\$ -	N/A
Real Estate and Rental and Leasing	\$ 779,394	\$ 334,911	\$ (444,483)	-57%
Retail Trade	\$ 4,492,955	\$ 3,650,664	\$ (842,291)	-19%
Transportation and Warehousing	\$ 156,588	\$ 127,103	\$ (29,485)	-19%
Unclassified Establishments	\$ 73,549	\$ 44,701	\$ (28,848)	-39%
Utilities	\$ 8,390,604	\$ 5,553,830	\$ (2,836,775)	-34%
Wholesale Trade	\$ 73,166	\$ 87,033	\$ 13,867	19%
All Industries	\$ 31,008,656	\$ 25,742,823	\$ (5,265,833)	-17%

Gross Receipts Tax (GRT) revenue collections saw a \$17K or 6% YOY decrease for Q2 FY20. Q2 FY20's GRT revenue collections were down from the first quarter by \$60K or 18%. The same seasonality described for MTGR, on page 1, is seen in GRT revenue collections.

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

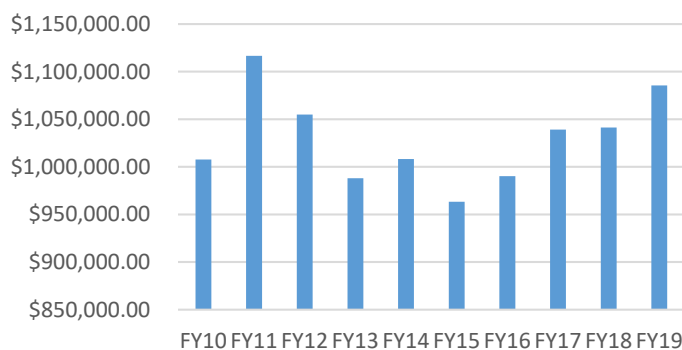
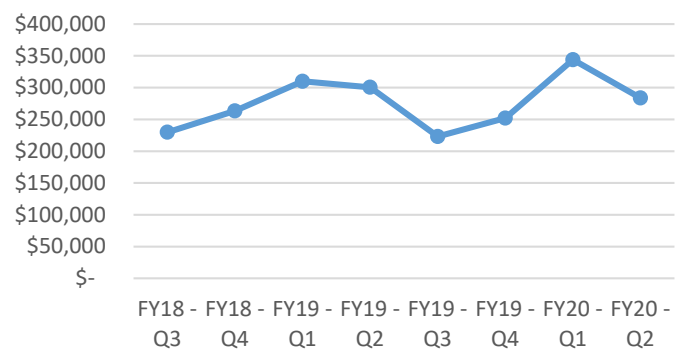


Chart 4. Quarterly GRT Revenue Collections



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Chart 5. Quarterly Average Total Employment & Weekly Wage

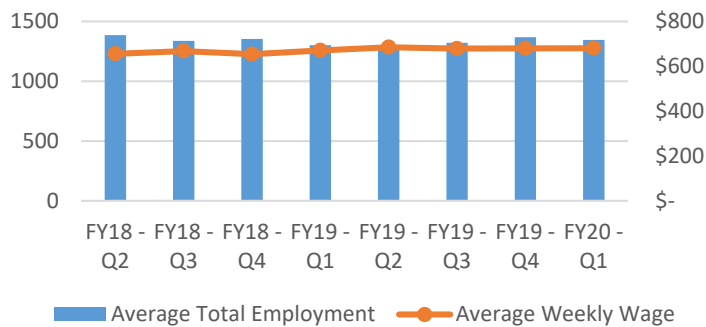


Chart 6. Quarterly Initial Unemployment Claims

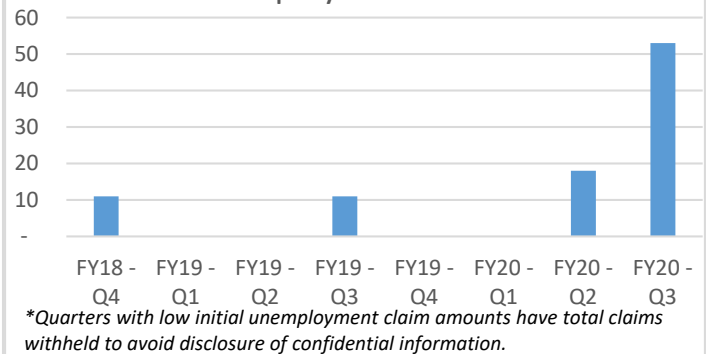
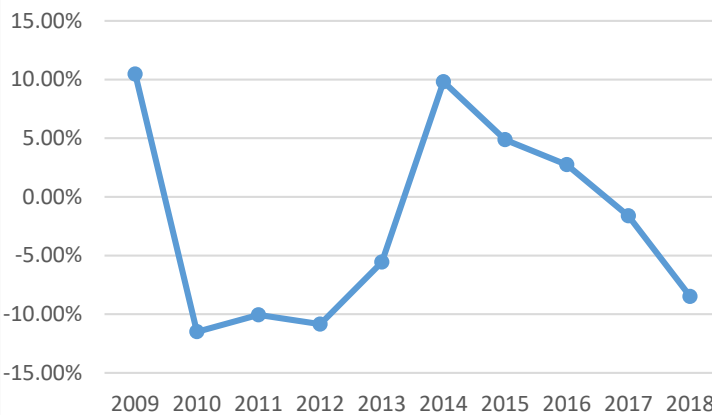


Chart 7. Calendar Year % Change In Real GDP Year Over Year



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	Union, NM	New Mexico	Difference Between County and State
Accommodation and food services	2.01%	2.94%	-0.92%
Administrative and support and waste management and remediation services	0.00%	2.51%	-2.51%
Arts, entertainment, and recreation	0.40%	0.68%	-0.28%
Educational services	0.00%	0.51%	-0.51%
Finance and insurance	2.13%	2.75%	-0.61%
Health care and social assistance	0.00%	7.39%	-7.39%
Management of companies and enterprises	1.01%	0.61%	0.41%
Professional, scientific, and technical services	0.00%	7.21%	-7.21%
Real estate and rental and leasing	11.17%	12.17%	-1.00%
Agriculture, forestry, fishing and hunting	2.41%	1.78%	0.63%
Construction	0.00%	3.12%	-3.12%
Information	3.34%	3.21%	0.13%
Manufacturing	0.00%	4.31%	-4.31%
Mining, quarrying, and oil and gas extraction	43.05%	14.79%	28.26%
Other services (except government and government enterprises)	2.14%	1.96%	0.18%
Retail trade	4.31%	5.87%	-1.56%
Transportation and warehousing	0.00%	2.58%	-2.58%
Utilities	0.76%	1.57%	-0.81%
Wholesale trade	0.00%	3.13%	-3.13%
Government and government enterprises	11.31%	21.50%	-10.19%

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