

Quarterly Economic Summary

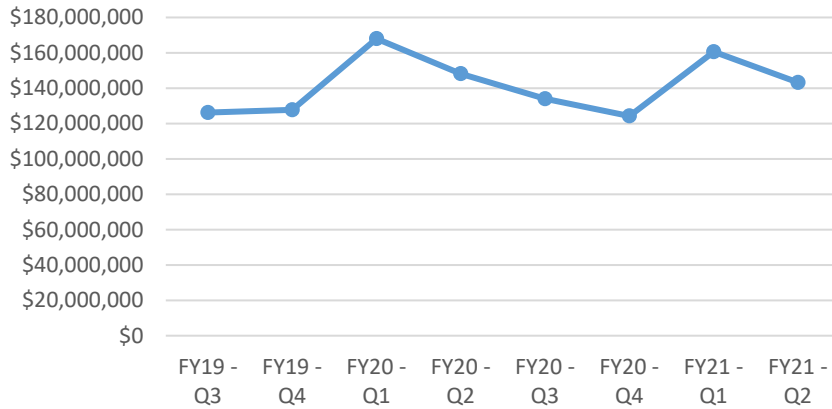
Lincoln County



Released: March 2021

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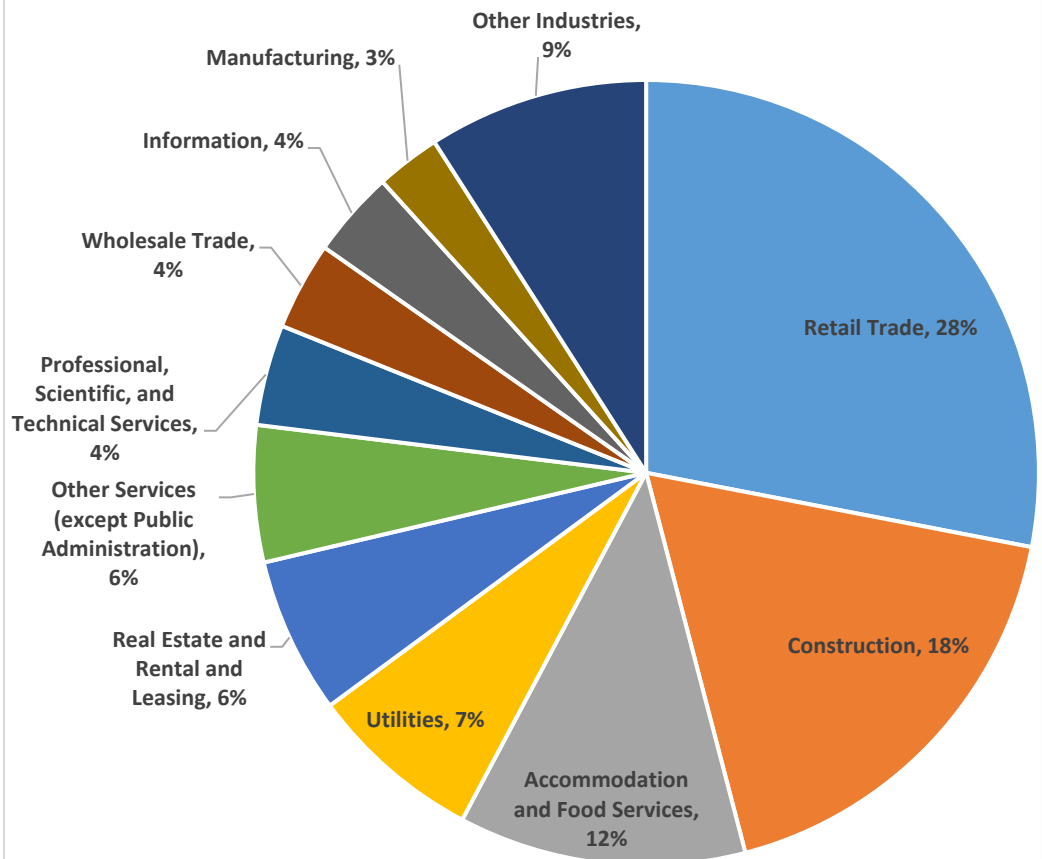
Chart 1. Matched Taxable Gross Receipts Per Quarter



New Mexico suffered another challenging quarter in Q2 FY20 compared to the previous year. The effects of the pandemic weighed heavily on business and consumer activity, and 18 of the 33 counties saw declines in year-over-year gross receipts tax revenue. Of the 15 with positive growth, several only experienced increases due to large construction projects. A new Public Health Order, which took effect on November 16, required many businesses to curb retail activities again to address the surge in COVID-19 cases.

Lincoln County saw a decline of \$17M, or 11%, in its matched taxable gross receipts (MTGR) from Q1 FY21 to Q2 FY21, as seen in Chart 1. Lincoln County's MTGR has continued a seasonal pattern, with the first quarter of the fiscal year being high a point followed by a decline in the second quarter. This seasonality dates back to FY17. Table 1, on the next page, shows a year-over-year (YOY)

Chart 2. FY21 - Q2 Industry Size by Matched Taxable Gross Receipts



Matched Taxable Gross Receipts (MTGR) are the best tax data available to show underlying economic activity. The data collection process 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	FY20 - Q2	FY21 - Q2	Growth	Year over year Change
Accommodation and Food Services	\$ 18,098,299	\$ 16,361,420	\$ (1,736,879)	-10%
Administrative/Support & Waste Management/Remediation	\$ 2,081,793	\$ 2,067,513	\$ (14,280)	-1%
Agriculture, Forestry, Fishing, and Hunting	\$ 1,547,325	\$ 1,586,208	\$ 38,883	3%
Arts, Entertainment, and Recreation	\$ 1,685,087	\$ 979,586	\$ (705,501)	-42%
Construction	\$ 28,258,993	\$ 24,768,024	\$ (3,490,969)	-12%
Educational Services	\$ 68,259	\$ 98,697	\$ 30,438	45%
Finance and Insurance	\$ 1,836,580	\$ 1,989,241	\$ 152,660	8%
Health Care and Social Assistance	\$ 2,818,303	\$ 2,961,277	\$ 142,975	5%
Information	\$ 8,042,071	\$ 4,926,836	\$ (3,115,236)	-39%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 3,288,171	\$ 3,668,784	\$ 380,614	12%
Mining, Quarrying, and Oil and Gas Extraction	\$ -	\$ 2,722	\$ 2,722	N/A
Other Services (except Public Administration)	\$ 7,463,031	\$ 7,779,829	\$ 316,798	4%
Professional, Scientific, and Technical Services	\$ 6,912,022	\$ 5,743,450	\$ (1,168,572)	-17%
Public Administration	\$ 70,926	\$ 74,528	\$ 3,602	5%
Real Estate and Rental and Leasing	\$ 7,999,307	\$ 8,893,729	\$ 894,422	11%
Retail Trade	\$ 40,149,241	\$ 38,790,063	\$ (1,359,178)	-3%
Transportation and Warehousing	\$ 1,542,893	\$ 678,983	\$ (863,910)	-56%
Unclassified Establishments	\$ 2,016,573	\$ 2,100,958	\$ 84,384	4%
Utilities	\$ 9,329,695	\$ 9,884,378	\$ 554,683	6%
Wholesale Trade	\$ 4,388,581	\$ 5,014,057	\$ 625,476	14%
All Industries	\$ 148,113,074	\$ 143,183,831	\$ (4,929,243)	-3%

decrease of nearly \$5M from Q2 in FY20 to FY21 of the same period. The largest YOY decrease was reported by the construction industry, which declined nearly \$3.5M or 12%. Despite these losses, the construction industry still accounted for 18% of the county's total MTGR.

Gross receipts tax (GRT) revenue collections declined by \$49K, or 10%, from Q1 to Q2 FY21, as seen in Chart 4. Chart 5 shows an increase in the average weekly wage while quarterly employment decreased during Q4 of FY20. This increase in average weekly wages is likely due to the loss of lower wage workers.

Chart 3. Annual Total GRT Revenue Collections

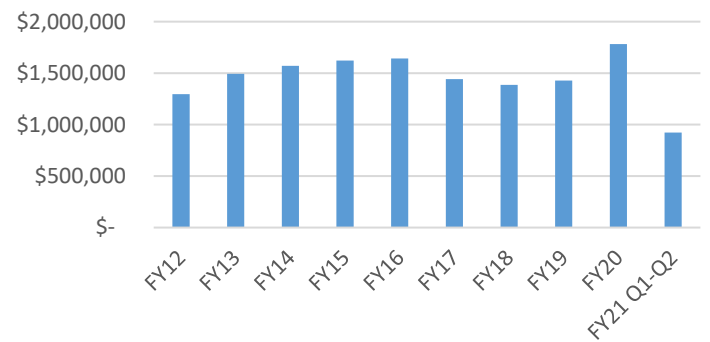


Chart 4. Quarterly GRT Revenue Collections

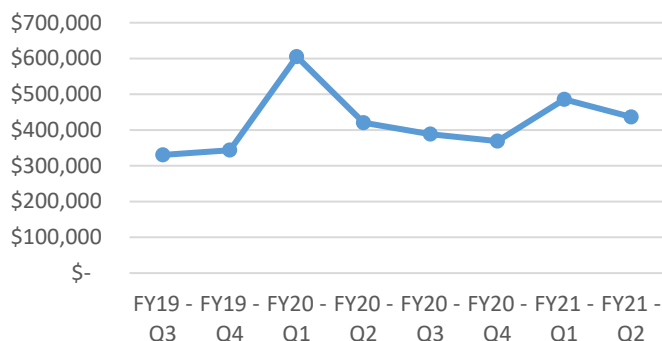
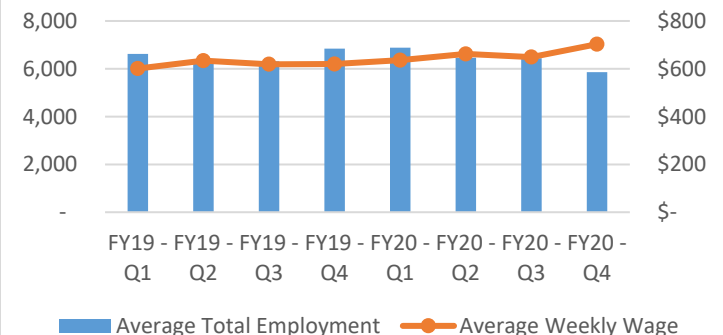


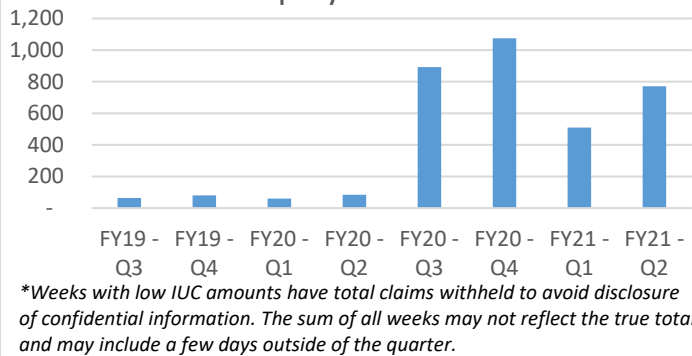
Chart 5. Quarterly Average Total Employment & Weekly Wage



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Chart 6. Quarterly Initial Unemployment Claims



A significant unexplained increase in initial unemployment claims can be an early indicator of an economic downturn. Examples include seasonal job fluctuations, federal government shutdowns resulting in employee furloughs, or the closing of a major regional facility. The current unprecedented uptick in initial unemployment claims is tied directly to the COVID-19 pandemic and subsequent furloughs and layoffs by affected businesses. As we continue into 2021, it is likely the number of initial unemployment claims will vary based on the effects of the pandemic, and it is impossible to predict how quickly employment numbers will return to pre-COVID-19 levels.

Gross Domestic Product (GDP) is the value of all goods and services produced in an area. The percentage that GDP grew (or shrank) from one period to another is an important indicator as to how the economy is performing. Table 2, below, shows the percentage of GDP each industry accounts for in the total GDP, in a specific county and the state. The chart also compares the county to the entire state of New Mexico, by showing the impact of specific industry sectors on the county's GDP compared to that of the whole state.

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

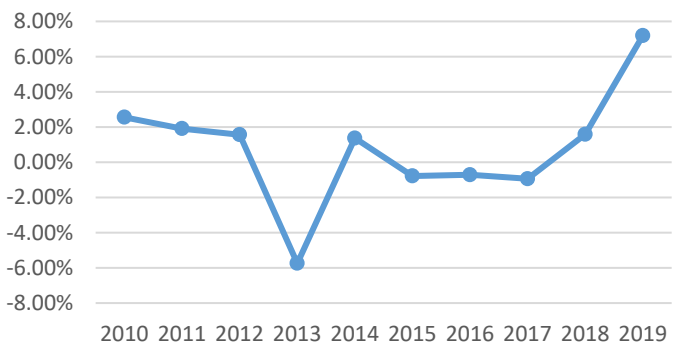


Table 2. Calendar Year 2019 Real County GDP and Real State GDP % of Total GDP

Industries	Lincoln County	New Mexico	County Difference from State
Accommodation and Food Services	6.62%	2.92%	3.70%
Administrative/Support & Waste Management/Remediation	2.16%	2.55%	-0.39%
Agriculture, Forestry, Fishing, and Hunting	2.80%	2.25%	0.55%
Arts, Entertainment, and Recreation	4.60%	0.69%	3.90%
Construction	3.63%	3.12%	0.52%
Educational Services	0.10%	0.51%	-0.41%
Finance and Insurance	3.30%	2.62%	0.69%
Health Care and Social Assistance	7.70%	7.15%	0.55%
Information	1.42%	2.82%	-1.40%
Management of Companies and Enterprises	*	0.64%	N/A
Manufacturing	1.35%	4.79%	-3.44%
Mining, Quarrying, and Oil and Gas Extraction	0.03%	17.38%	-17.36%
Other Services (except Public Administration)	2.77%	1.94%	0.83%
Professional, Scientific, and Technical Services	*	7.33%	N/A
Public Administration	15.63%	20.81%	-5.18%
Real Estate and Rental and Leasing	31.37%	11.65%	19.72%
Retail Trade	10.78%	5.57%	5.21%
Transportation and Warehousing	0.75%	2.40%	-1.65%
Utilities	0.96%	1.47%	-0.51%
Wholesale Trade	0.71%	3.06%	-2.34%

*Not shown to avoid disclosure of confidential information