

Quarterly Economic Summary

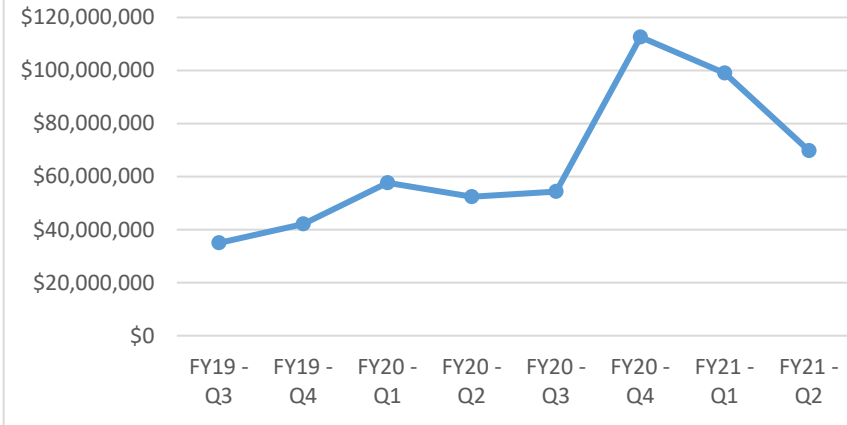
Torrance County

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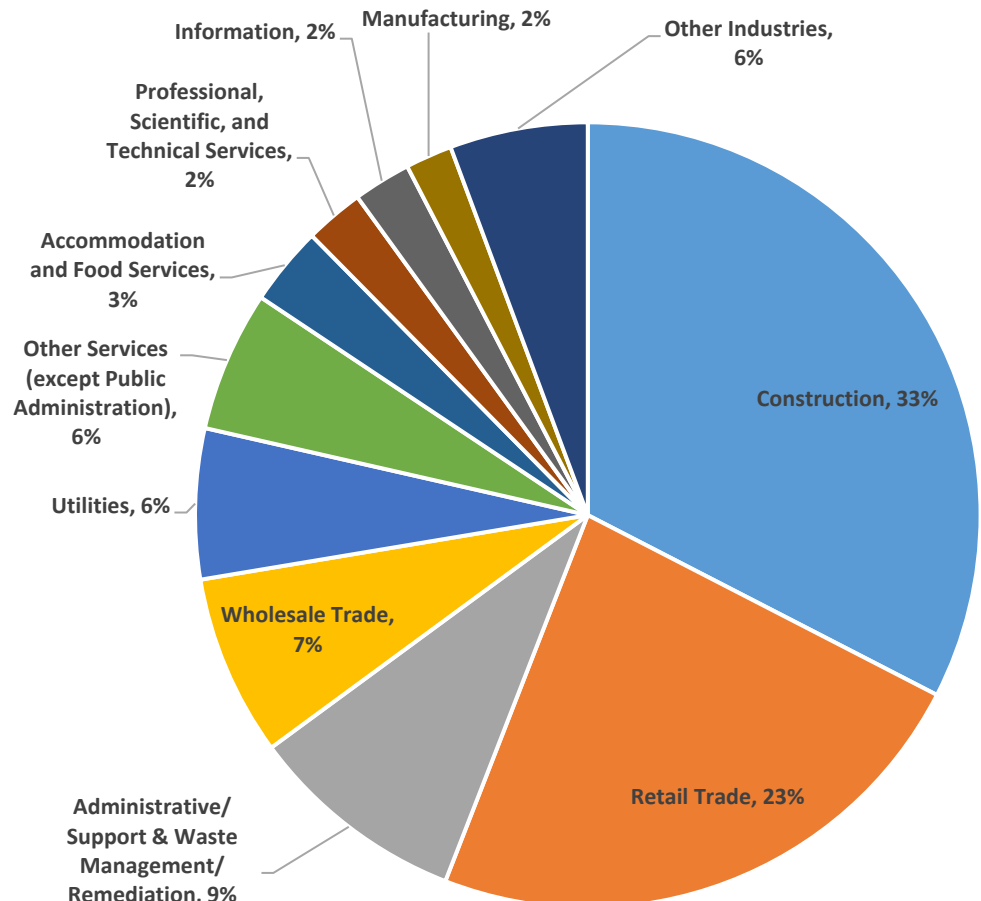
Chart 1. Matched Taxable Gross Receipts Per Quarter



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.

Torrance County reported a 30% decline, or \$29M, in its matched taxable gross receipts (MTGR) from Q1 FY21 to Q2 FY21, as seen in Chart 1. Despite this decline, the total amount of MTGR reported for Q2 F21, \$70M, is still \$5M higher than the eight-quarter average. Since the peak of reported MTGR for Torrance County in Q4 FY20, the amount of MTGR has fallen by 38% over two quarters. Table 1, on the next page, shows an increase of \$17M

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	\$ 1,720,036	\$ 2,204,333	\$ 484,297	28%
Administrative/Support & Waste Management/Remediation	\$ 4,752,884	\$ 6,116,312	\$ 1,363,427	29%
Agriculture, Forestry, Fishing, and Hunting	\$ 531,773	\$ 597,607	\$ 65,834	12%
Arts, Entertainment, and Recreation	\$ 51,030	\$ 39,190	\$ (11,841)	-23%
Construction	\$ 9,128,145	\$ 22,114,332	\$ 12,986,187	142%
Educational Services	\$ 148,216	\$ 211,319	\$ 63,103	43%
Finance and Insurance	\$ 64,889	\$ 55,888	\$ (9,001)	-14%
Health Care and Social Assistance	\$ 468,931	\$ 515,166	\$ 46,235	10%
Information	\$ 3,013,762	\$ 1,611,725	\$ (1,402,037)	-47%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 982,837	\$ 1,306,000	\$ 323,163	33%
Mining, Quarrying, and Oil and Gas Extraction	\$ 43,893	\$ 174,191	\$ 130,298	297%
Other Services (except Public Administration)	\$ 4,459,939	\$ 3,932,518	\$ (527,422)	-12%
Professional, Scientific, and Technical Services	\$ 2,166,340	\$ 1,645,222	\$ (521,118)	-24%
Public Administration	\$ -	\$ -	\$ -	N/A
Real Estate and Rental and Leasing	\$ 681,814	\$ 1,302,412	\$ 620,598	91%
Retail Trade	\$ 13,699,514	\$ 15,844,659	\$ 2,145,145	16%
Transportation and Warehousing	\$ 651,008	\$ 841,716	\$ 190,708	29%
Unclassified Establishments	\$ 648,314	\$ 119,313	\$ (529,001)	-82%
Utilities	\$ 4,221,785	\$ 4,202,543	\$ (19,242)	0%
Wholesale Trade	\$ 1,924,015	\$ 5,061,442	\$ 3,137,428	163%
All Industries	\$ 52,396,998	\$ 69,743,352	\$ 17,346,354	33%

from Q2 in FY20 to FY21 of the same period. This increase was driven by the construction industry, which reported an increase of nearly \$13M, or 142%, when comparing the two time periods.

Gross receipts tax (GRT) revenue collections declined by \$403K, or 32%, from Q1 FY21 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 the average weekly wage is likely due to the loss of lower wage workers.

Chart 3. Annual Total GRT Revenue Collections

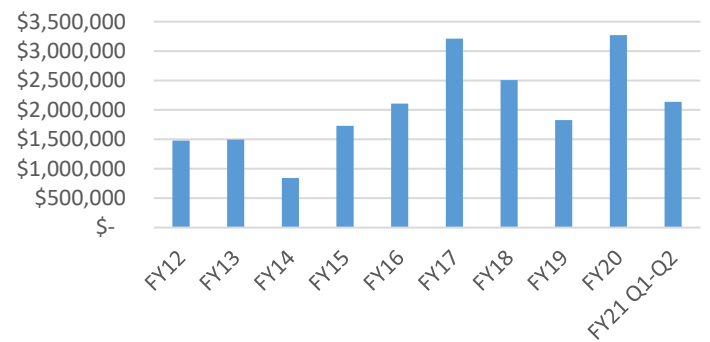


Chart 4. Quarterly GRT Revenue Collections

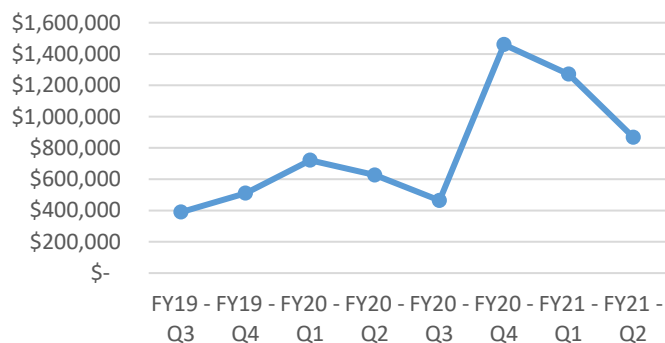
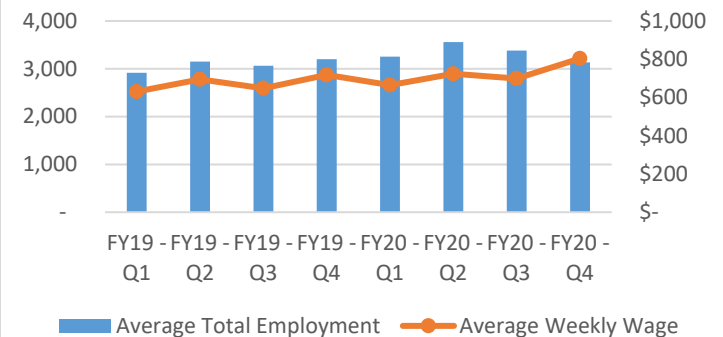


Chart 5. Quarterly Average Total Employment & Weekly Wage

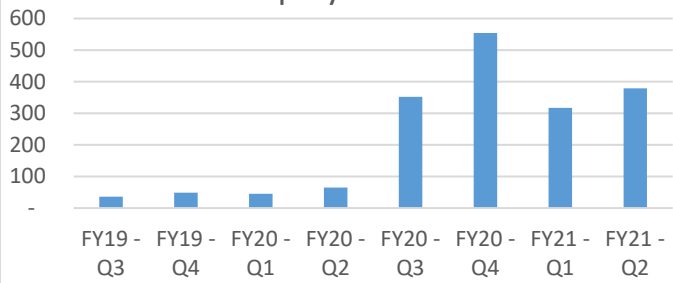


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Chart 6. Quarterly Initial Unemployment Claims



*Weeks with low IUC amounts have total claims withheld to avoid disclosure of confidential information. The sum of all weeks may not reflect the true total and may include a few days outside of the quarter.

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

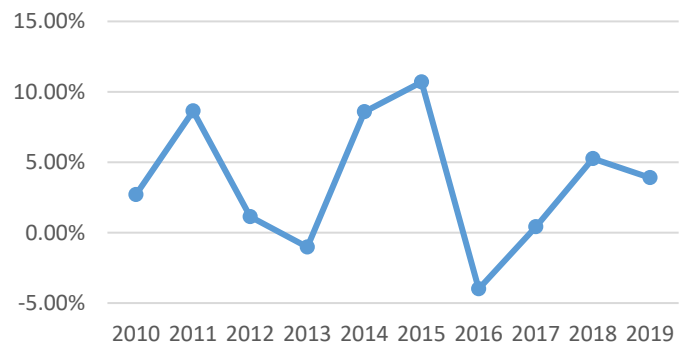


Table 2. Calendar Year 2019 Real County GDP and Real State GDP % of Total GDP

Industries	Torrance County	New Mexico	Difference Between County and State
Accommodation and Food Services	*	2.92%	N/A
Administrative/Support & Waste Management/Remediation	3.22%	2.55%	0.67%
Agriculture, Forestry, Fishing, and Hunting	14.49%	2.25%	12.24%
Arts, Entertainment, and Recreation	*	0.69%	N/A
Construction	1.86%	3.12%	-1.25%
Educational Services	*	0.51%	N/A
Finance and Insurance	*	2.62%	N/A
Health Care and Social Assistance	*	7.15%	N/A
Information	1.07%	2.82%	-1.76%
Management of Companies and Enterprises	0.99%	0.64%	0.35%
Manufacturing	2.98%	4.79%	-1.81%
Mining, Quarrying, and Oil and Gas Extraction	2.25%	17.38%	-15.14%
Other Services (except Public Administration)	2.06%	1.94%	0.12%
Professional, Scientific, and Technical Services	1.55%	7.33%	-5.78%
Public Administration	16.79%	20.81%	-4.02%
Real Estate and Rental and Leasing	14.77%	11.65%	3.13%
Retail Trade	9.01%	5.57%	3.44%
Transportation and Warehousing	*	2.40%	N/A
Utilities	11.77%	1.47%	10.30%
Wholesale Trade	7.58%	3.06%	4.53%

*Not shown to avoid disclosure of confidential information