

Quarterly Economic Summary

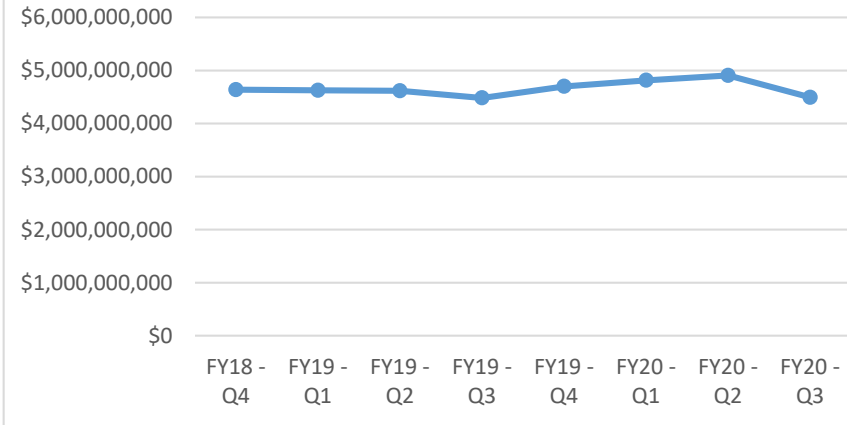
Bernalillo County



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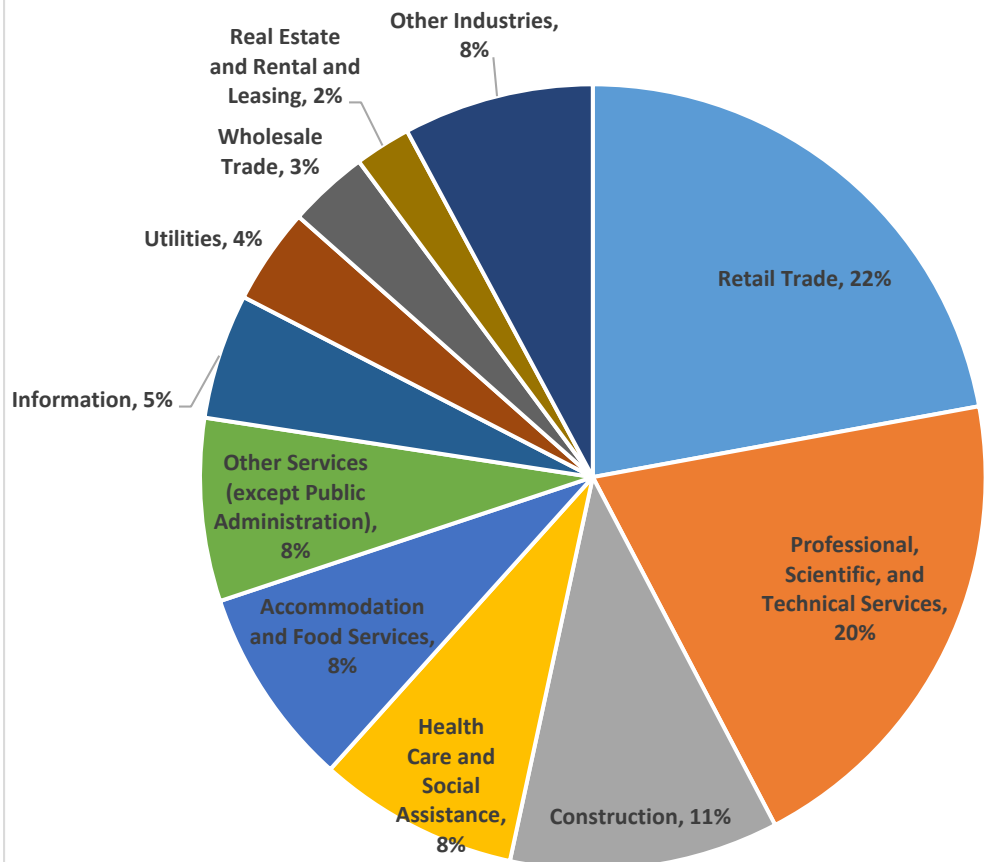
Chart 1. Matched Taxable Gross Receipts Per Quarter



Due to the necessity of the statewide business closure, which went into effect on March 24th, and the health and economic effects COVID-19 had since early March, matched taxable gross receipts and revenue collections may have declined in the third quarter of FY20. Most of the gross receipts tax decline is due to COVID-19 and the loss in business revenue, but potential delays in taxpayer reporting may add to the level of decline seen in the quarter. It is anticipated that the next quarter will have greater declines.

Bernalillo County has seen its matched taxable gross receipts (MTGR) decrease by roughly \$400M from Q2 FY20 to Q3, as seen in Chart 1. Bernalillo County's MTGR is continuing on a seasonal trend, with Q3 being the low point in the fiscal year, going back to FY17. Between FY17 and FY19, the seasonal decrease from Q2 to Q3 was between \$62M and \$134M. Table 1, on the next page, shows an increase of \$10M from Q3 in FY19 to FY20 of the same period.

Chart 2. FY20 - Q3 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

Bernalillo County



Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY19 - Q3	FY20 - Q3	Growth	Year over year Change
Accommodation and Food Services	\$ 426,985,244	\$ 370,218,210	\$ (56,767,033)	-13%
Administrative/Support & Waste Management/Remediation	\$ 84,433,882	\$ 94,647,703	\$ 10,213,821	12%
Agriculture, Forestry, Fishing, and Hunting	\$ 6,149,091	\$ 3,519,190	\$ (2,629,901)	-43%
Arts, Entertainment, and Recreation	\$ 50,416,675	\$ 31,173,752	\$ (19,242,922)	-38%
Construction	\$ 430,017,699	\$ 497,291,663	\$ 67,273,964	16%
Educational Services	\$ 25,182,939	\$ 36,507,326	\$ 11,324,388	45%
Finance and Insurance	\$ 41,170,526	\$ 42,873,152	\$ 1,702,626	4%
Health Care and Social Assistance	\$ 358,369,547	\$ 371,166,483	\$ 12,796,937	4%
Information	\$ 240,874,585	\$ 231,597,699	\$ (9,276,886)	-4%
Management of Companies and Enterprises	\$ 4,219,197	\$ 5,016,788	\$ 797,591	19%
Manufacturing	\$ 84,375,626	\$ 78,365,484	\$ (6,010,142)	-7%
Mining, Quarrying, and Oil and Gas Extraction	\$ 965,182	\$ 552,908	\$ (412,274)	-43%
Other Services (except Public Administration)	\$ 350,345,357	\$ 338,293,421	\$ (12,051,936)	-3%
Professional, Scientific, and Technical Services	\$ 883,905,666	\$ 907,604,526	\$ 23,698,860	3%
Public Administration	\$ 2,663,144	\$ 3,245,397	\$ 582,254	22%
Real Estate and Rental and Leasing	\$ 98,072,057	\$ 103,844,071	\$ 5,772,013	6%
Retail Trade	\$ 1,009,028,073	\$ 993,274,099	\$ (15,753,973)	-2%
Transportation and Warehousing	\$ 32,942,574	\$ 30,824,513	\$ (2,118,061)	-6%
Unclassified Establishments	\$ 25,650,279	\$ 25,959,054	\$ 308,775	1%
Utilities	\$ 189,961,519	\$ 177,684,167	\$ (12,277,352)	-6%
Wholesale Trade	\$ 136,507,648	\$ 148,944,355	\$ 12,436,707	9%
All Industries	\$ 4,482,236,509	\$ 4,492,603,964	\$ 10,367,455	0%

Table 1 also shows that the accommodation and food services industry suffered the largest loss in MTGR (-\$56.7M). These losses were offset by the construction industry, representing a YOY increase of 16% or \$67.2M. Gross receipts tax (GRT) revenue collections continued to decrease in Q3 FY20, as seen in Chart 4. Since Q1 FY20, Bernalillo County has seen quarterly GRT decrease by roughly 8%. From Q3 FY19 to Q3 FY20, quarterly GRT has increased by \$1.5M, with HB6 distributions representing nearly 50% of the growth.

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

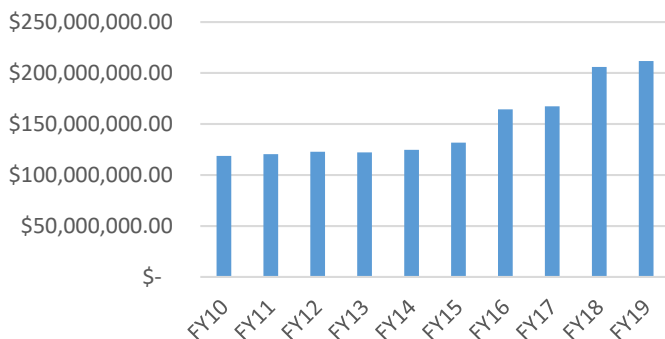
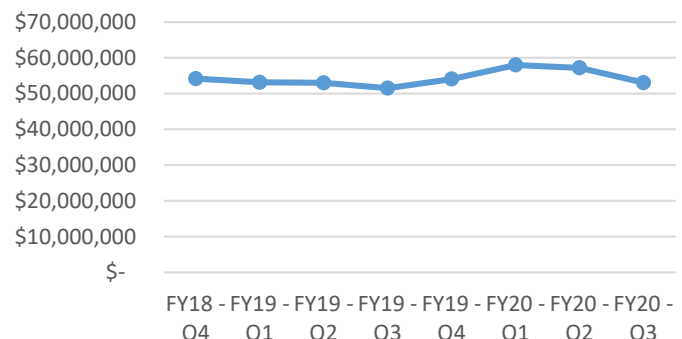


Chart 4. Quarterly GRT Revenue Collections



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

Quarterly Economic Summary

Bernalillo County



Chart 5. Quarterly Average Total Employment & Weekly Wage

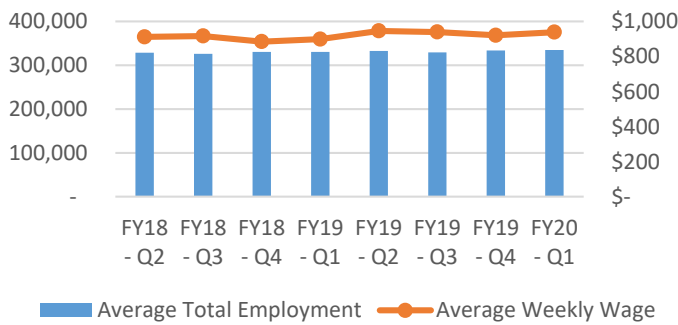
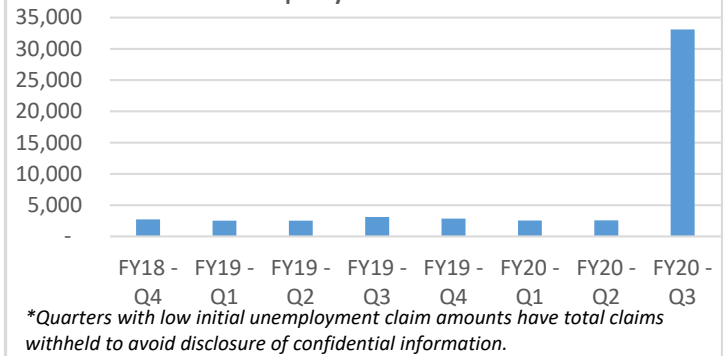


Chart 6. Quarterly Initial Unemployment Claims



The state makes “hold harmless” payments to local governments equal to the tax revenue that would have been generated if the state had not enacted deductions for food and healthcare practitioner services. These payments will be gradually phased out by 2029, but local governments were able to enact up to three 1/8% GRT increments to offset this loss. These GRT increments were repealed and consolidated in 2019 with a number of other restricted local options under the unrestricted countywide local option with an increased rate cap.

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.

Chart 7. County Hold Harmless Revenue

