

Quarterly Economic Summary

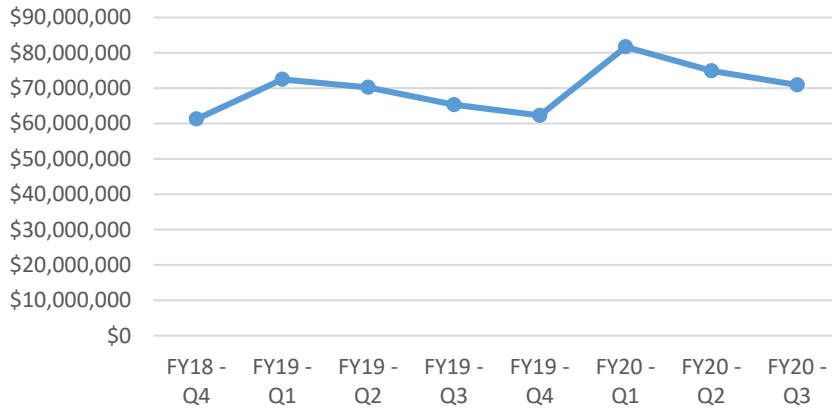
Colfax County



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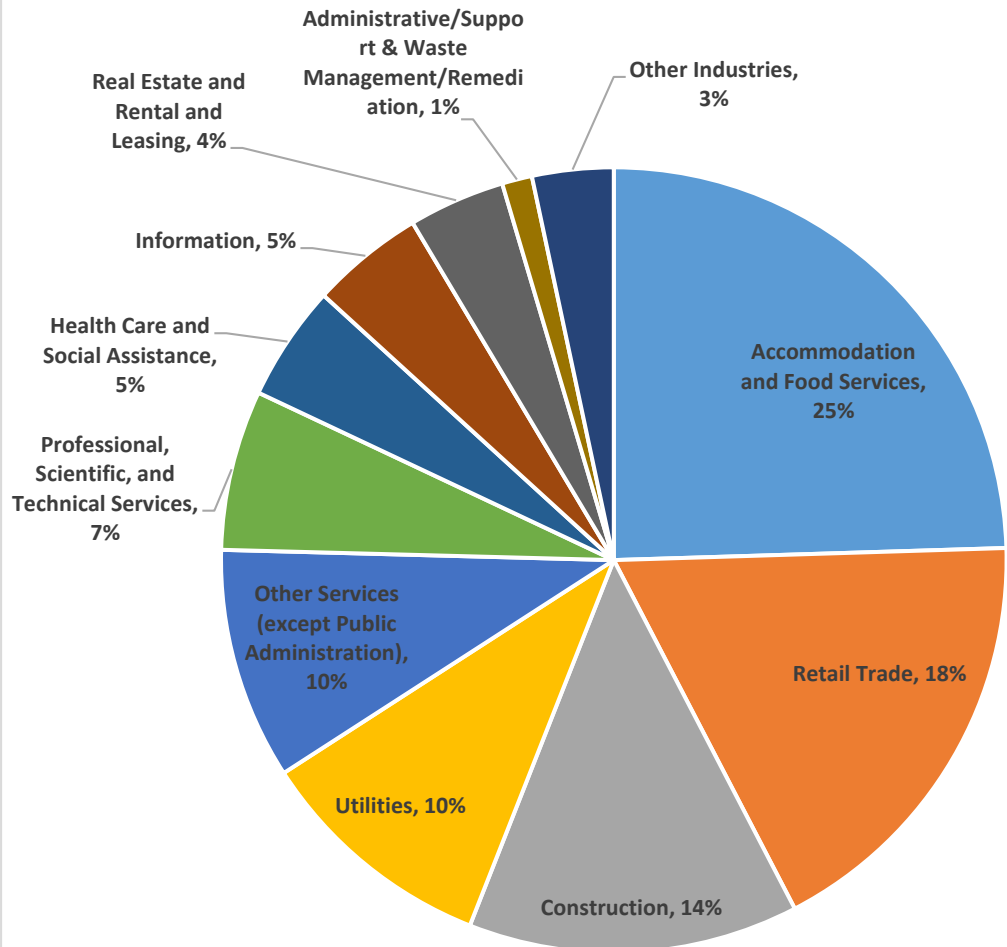
Chart 1. Matched Taxable Gross Receipts Per Quarter



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.

Colfax County has seen its matched taxable gross receipts (MTGR) fluctuate over the last eight quarters, as seen in Chart 1. Colfax County's MTGR hits a seasonal peak in the first quarter of the fiscal year, followed by continual drops. This trend dates back to FY17. Though a Q3 decrease follows the trend of Colfax County, the average drop from Q2 to Q3, dating back to FY17, has been \$5.7M. Table 1, on the next page, shows a YOY growth of

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.

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Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY19 - Q3	FY20 - Q3	Growth	Year over year Change
Accommodation and Food Services	\$ 17,240,738	\$ 17,377,188	\$ 136,451	1%
Administrative/Support & Waste Management/Remediation	\$ 423,485	\$ 877,571	\$ 454,087	107%
Agriculture, Forestry, Fishing, and Hunting	\$ 214,494	\$ 236,031	\$ 21,536	10%
Arts, Entertainment, and Recreation	\$ 791,105	\$ 259,965	\$ (531,140)	-67%
Construction	\$ 7,736,891	\$ 9,640,020	\$ 1,903,129	25%
Educational Services	\$ 8,940	\$ 20,217	\$ 11,278	126%
Finance and Insurance	\$ 422,959	\$ 386,679	\$ (36,280)	-9%
Health Care and Social Assistance	\$ 2,165,309	\$ 3,377,427	\$ 1,212,118	56%
Information	\$ 3,390,490	\$ 3,310,747	\$ (79,744)	-2%
Manufacturing	\$ 540,971	\$ 364,079	\$ (176,891)	-33%
Mining, Quarrying, and Oil and Gas Extraction	\$ -	\$ -	\$ -	N/A
Other Services (except Public Administration)	\$ 6,866,731	\$ 6,762,289	\$ (104,442)	-2%
Professional, Scientific, and Technical Services	\$ 2,397,789	\$ 4,672,290	\$ 2,274,501	95%
Public Administration	\$ -	\$ -	\$ -	N/A
Real Estate and Rental and Leasing	\$ 2,547,115	\$ 2,817,293	\$ 270,177	11%
Retail Trade	\$ 12,250,089	\$ 12,668,820	\$ 418,731	3%
Transportation and Warehousing	\$ 200,174	\$ 266,339	\$ 66,164	33%
Unclassified Establishments	\$ 376,383	\$ 337,949	\$ (38,434)	-10%
Utilities	\$ 7,372,674	\$ 7,024,528	\$ (348,146)	-5%
Wholesale Trade	\$ 358,546	\$ 502,229	\$ 143,682	40%
All Industries	\$ 65,304,881	\$ 70,901,657	\$ 5,596,776	9%

\$5.6M. The largest increases, comparing Q3 of FY19 and FY20, came from the construction (\$1.9M) and professional, scientific, and technical services (\$2.3M) industries. Gross receipts tax (GRT) revenue collections, just like MTGR, continued downward in Q3 FY20, as seen in Chart 4. Since Q1 FY20, GRT collections have decreased by 22%. Even with this 22% decrease, Q3 FY20 had a year over year increase of 16% or \$51K, compared to Q3 FY19.

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

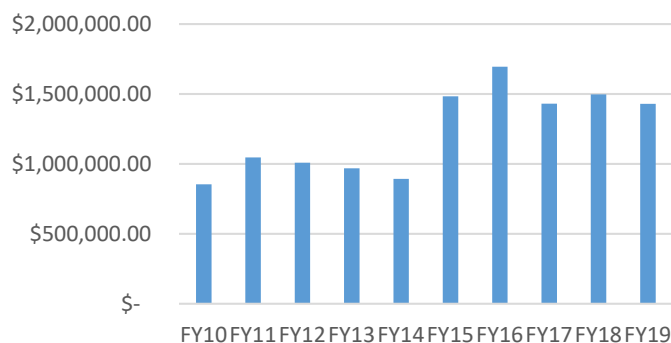
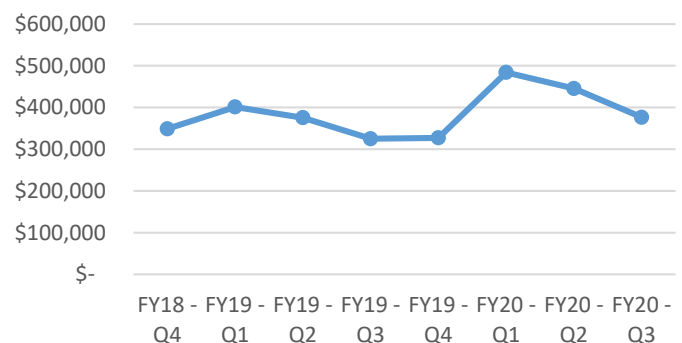


Chart 4. Quarterly GRT Revenue Collections



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

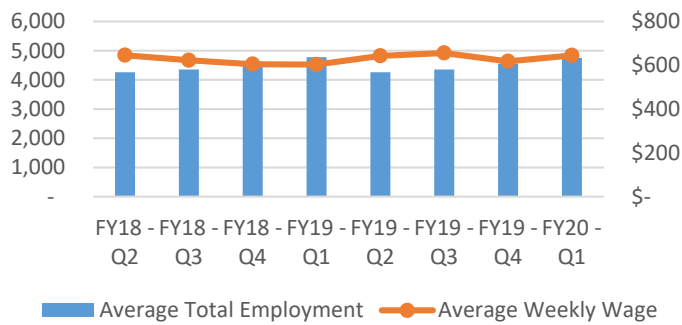
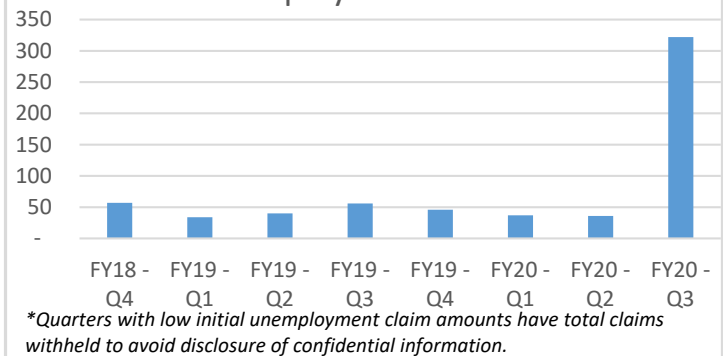


Chart 6. Quarterly Initial Unemployment Claims



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

