

Quarterly Economic Summary

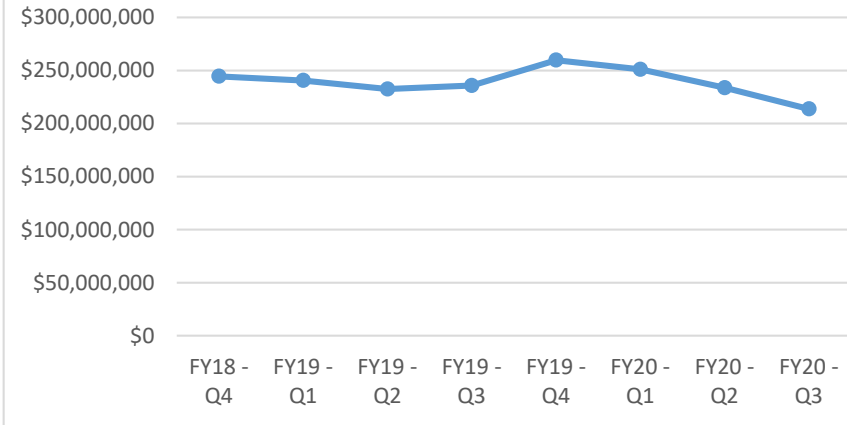
Curry County

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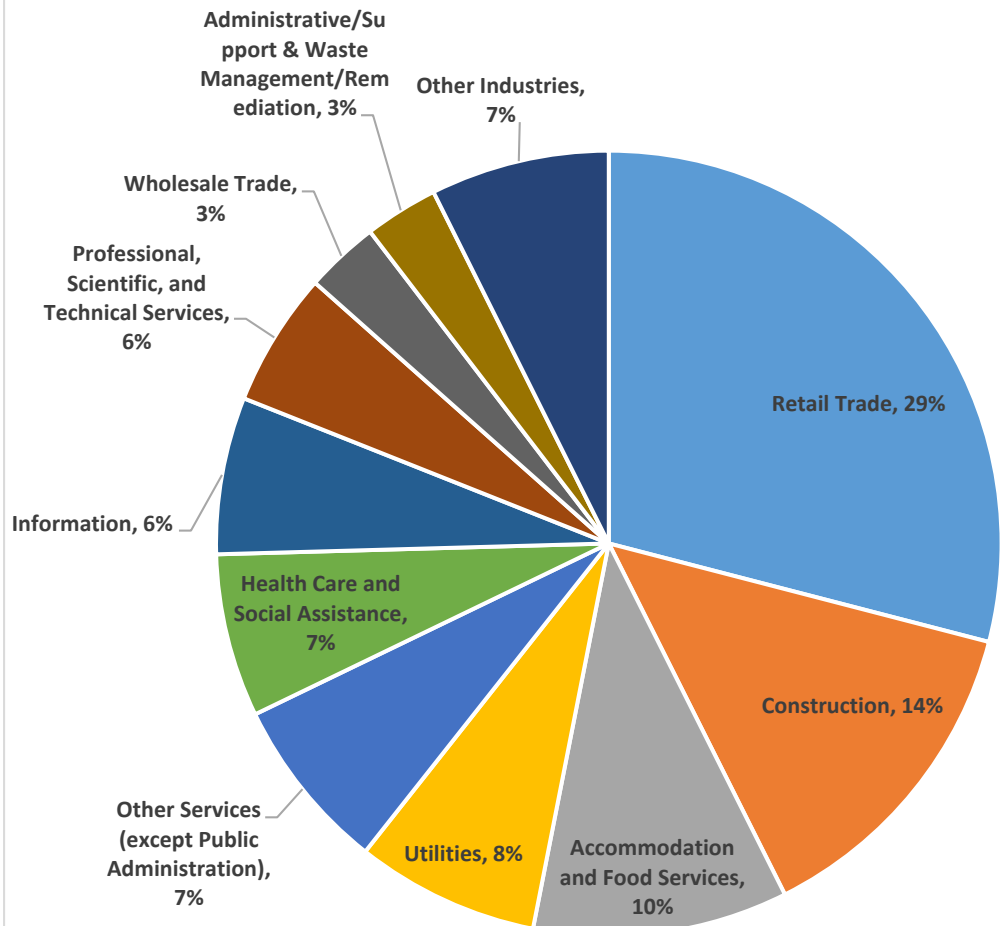
Chart 1. Matched Taxable Gross Receipts Per Quarter



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.

Curry County has seen a nearly stable decline in its matched taxable gross receipts (MTGR), as seen in Chart 1. Curry County's MTGR has fallen to \$213.7M in Q3 FY20. This is the lowest level in the past 8 years, since Q4 FY11. Table 1, on the next page, shows a year over year decrease of \$22M. The largest decreases came from the construction (\$16.5M) and the other services, except public administration (\$3.9M) industries.

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

Curry County



Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY19 - Q3	FY20 - Q3	Growth	Year over year Change
Accommodation and Food Services	\$ 25,562,895	\$ 22,429,744	\$ (3,133,151)	-12%
Administrative/Support & Waste Management/Remediation	\$ 3,708,126	\$ 6,485,770	\$ 2,777,644	75%
Agriculture, Forestry, Fishing, and Hunting	\$ 523,716	\$ 591,983	\$ 68,267	13%
Arts, Entertainment, and Recreation	\$ 813,316	\$ 422,981	\$ (390,335)	-48%
Construction	\$ 45,515,367	\$ 28,984,809	\$ (16,530,557)	-36%
Educational Services	\$ 1,221,155	\$ 635,367	\$ (585,787)	-48%
Finance and Insurance	\$ 1,136,982	\$ 1,315,565	\$ 178,583	16%
Health Care and Social Assistance	\$ 12,699,161	\$ 14,365,425	\$ 1,666,264	13%
Information	\$ 13,234,998	\$ 13,816,041	\$ 581,042	4%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 4,411,263	\$ 3,807,086	\$ (604,176)	-14%
Mining, Quarrying, and Oil and Gas Extraction	\$ -	\$ (68,812)	\$ (68,812)	N/A
Other Services (except Public Administration)	\$ 19,289,793	\$ 15,372,839	\$ (3,916,954)	-20%
Professional, Scientific, and Technical Services	\$ 13,419,970	\$ 11,818,629	\$ (1,601,341)	-12%
Public Administration	\$ 45,376	\$ 6,500	\$ (38,876)	-86%
Real Estate and Rental and Leasing	\$ 4,787,211	\$ 4,491,444	\$ (295,767)	-6%
Retail Trade	\$ 62,300,943	\$ 62,055,197	\$ (245,746)	0%
Transportation and Warehousing	\$ 2,471,634	\$ 2,705,802	\$ 234,169	9%
Unclassified Establishments	\$ 655,268	\$ 1,831,520	\$ 1,176,252	180%
Utilities	\$ 16,964,668	\$ 16,134,832	\$ (829,835)	-5%
Wholesale Trade	\$ 7,009,293	\$ 6,511,223	\$ (498,069)	-7%
All Industries	\$ 235,771,134	\$ 213,713,948	\$ (22,057,186)	-9%

Gross receipts tax (GRT) revenue collections decreased significantly in Q3 FY20, as seen in Chart 4. The decrease, from Q2 to Q3, represents a 10% drop or nearly \$205K. This decrease is almost exclusively due to county share GRT. Q3 FY20 is the lowest GRT revenue collections have been since Q2 FY15.



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

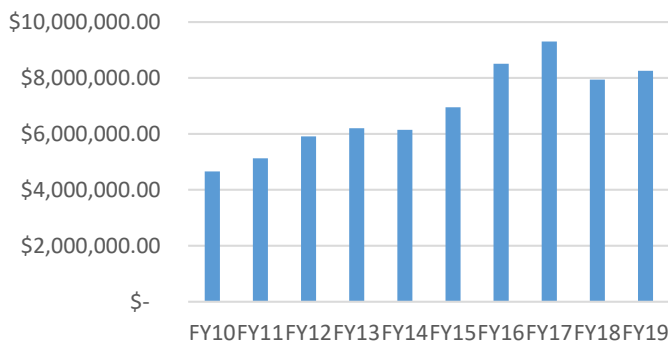
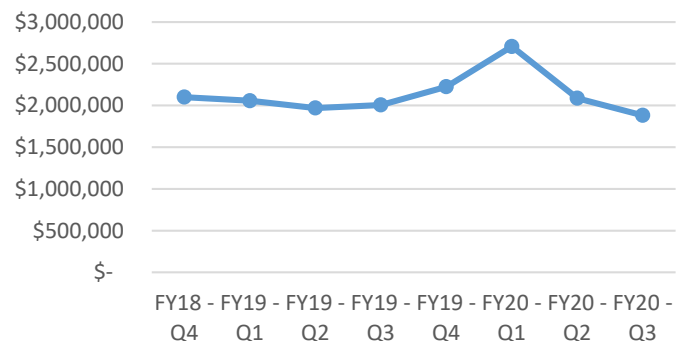


Chart 4. Quarterly GRT Revenue Collections



Quarterly Economic Summary

Curry County



Chart 5. Quarterly Average Total Employment & Weekly Wage

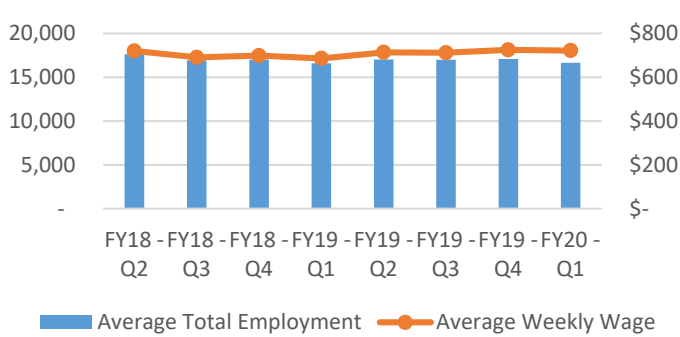
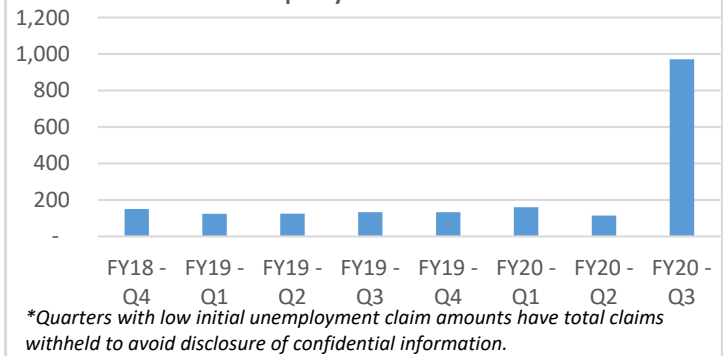


Chart 6. Quarterly Initial Unemployment Claims



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

