

Quarterly Economic Summary

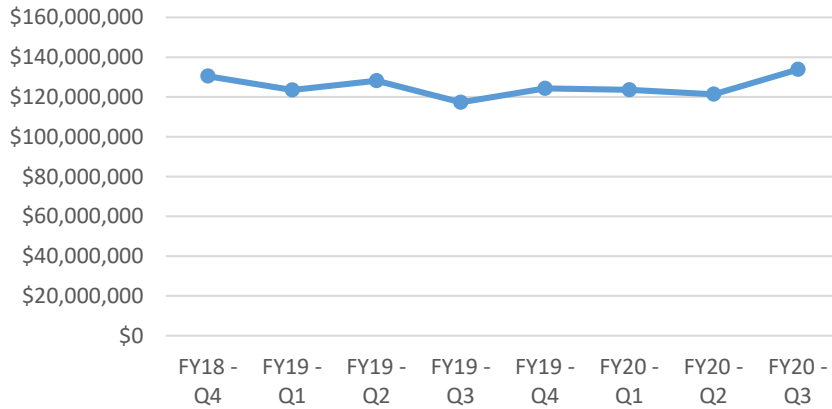
Grant County



Released: May 2020

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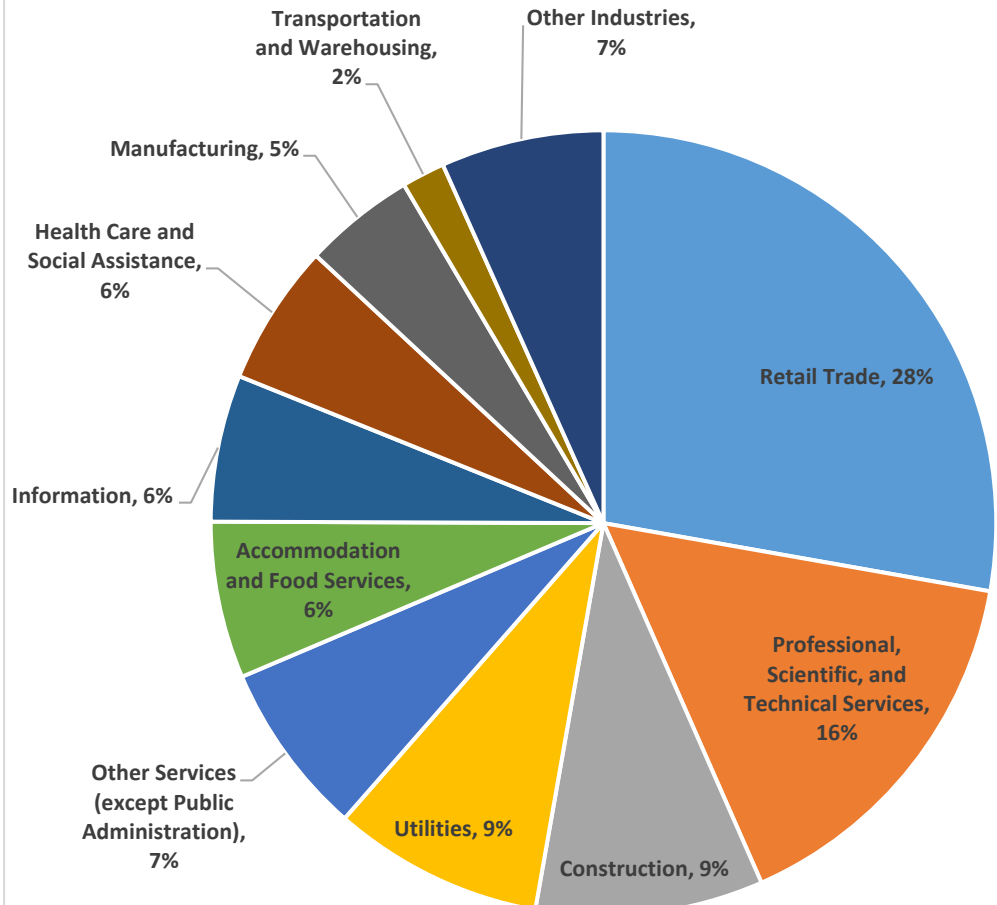
Chart 1. Matched Taxable Gross Receipts Per Quarter



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.

Grant County is a handful of counties that have seen an increase in matched taxable gross receipts (MTGR) increase from Q2 to Q3 in FY20, as seen in Chart 1. Over the last eight quarters, Grant County's MTGR has remained relatively flat. Table 1, on the next page, shows a year over year increase of \$16.5M comparing Q3 in FY19 to FY20. This increase is due in large part to the 337% increase in the professional, scientific, and technical

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	\$ 8,936,460	\$ 8,641,806	\$ (294,654)	-3%
Administrative/Support & Waste Management/Remediation	\$ 1,213,528	\$ 1,409,758	\$ 196,229	16%
Agriculture, Forestry, Fishing, and Hunting	\$ 417,776	\$ 887,361	\$ 469,584	112%
Arts, Entertainment, and Recreation	\$ 225,899	\$ 177,482	\$ (48,417)	-21%
Construction	\$ 14,057,909	\$ 12,542,817	\$ (1,515,092)	-11%
Educational Services	\$ 215,567	\$ 203,469	\$ (12,098)	-6%
Finance and Insurance	\$ 721,042	\$ 837,602	\$ 116,559	16%
Health Care and Social Assistance	\$ 7,270,767	\$ 7,796,240	\$ 525,474	7%
Information	\$ 7,461,927	\$ 8,088,805	\$ 626,878	8%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 4,837,941	\$ 6,146,175	\$ 1,308,234	27%
Mining, Quarrying, and Oil and Gas Extraction	\$ 1,397,111	\$ 1,391,831	\$ (5,281)	0%
Other Services (except Public Administration)	\$ 8,095,372	\$ 9,567,009	\$ 1,471,638	18%
Professional, Scientific, and Technical Services	\$ 4,783,706	\$ 20,917,363	\$ 16,133,657	337%
Public Administration	\$ -	\$ -	\$ -	N/A
Real Estate and Rental and Leasing	\$ 1,756,211	\$ 1,869,143	\$ 112,932	6%
Retail Trade	\$ 37,976,346	\$ 37,182,854	\$ (793,493)	-2%
Transportation and Warehousing	\$ 2,703,524	\$ 2,374,099	\$ (329,425)	-12%
Unclassified Establishments	\$ 291,375	\$ 501,865	\$ 210,490	72%
Utilities	\$ 13,624,489	\$ 11,611,449	\$ (2,013,040)	-15%
Wholesale Trade	\$ 1,335,238	\$ 1,696,361	\$ 361,123	27%
All Industries	\$ 117,322,188	\$ 133,843,487	\$ 16,521,299	14%

services industry. This amount in this category has not been seen in Grant County dating back to FY08. This could be a taxpayer filing error and may be reflected in next quarter's report. Gross receipts tax (GRT) revenue collections rose in Q3 FY20, as seen in Chart 4. This increase, from Q2 to Q3, of \$100K represents an 7% increase in quarterly distributions.

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

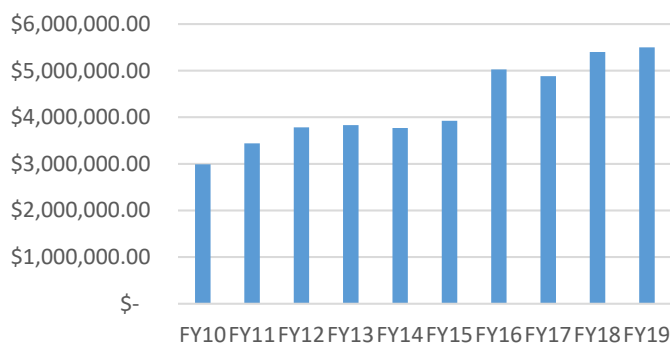
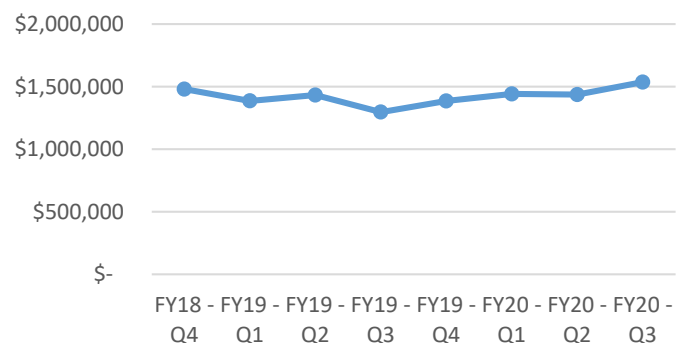


Chart 4. Quarterly GRT Revenue Collections



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Chart 5. Quarterly Average Total Employment & Weekly Wage

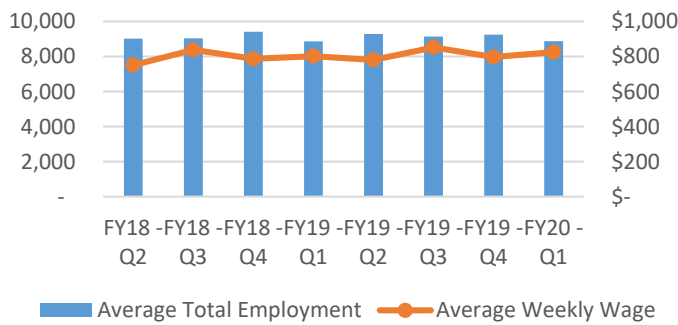
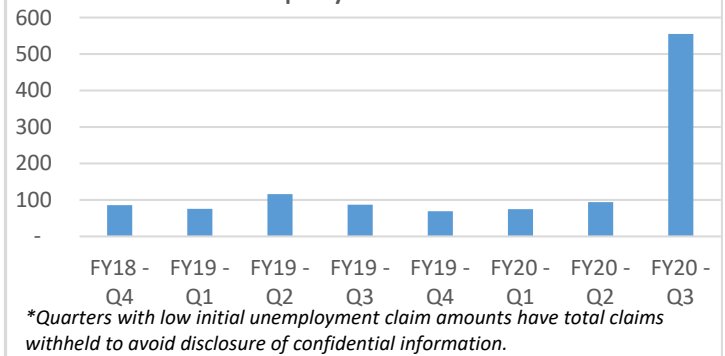


Chart 6. Quarterly Initial Unemployment Claims



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

