

# Quarterly Economic Summary

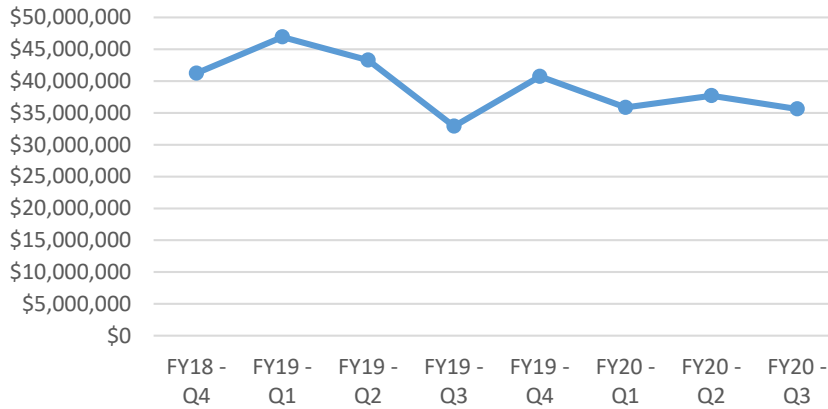
## Quay County

Released: May 2020



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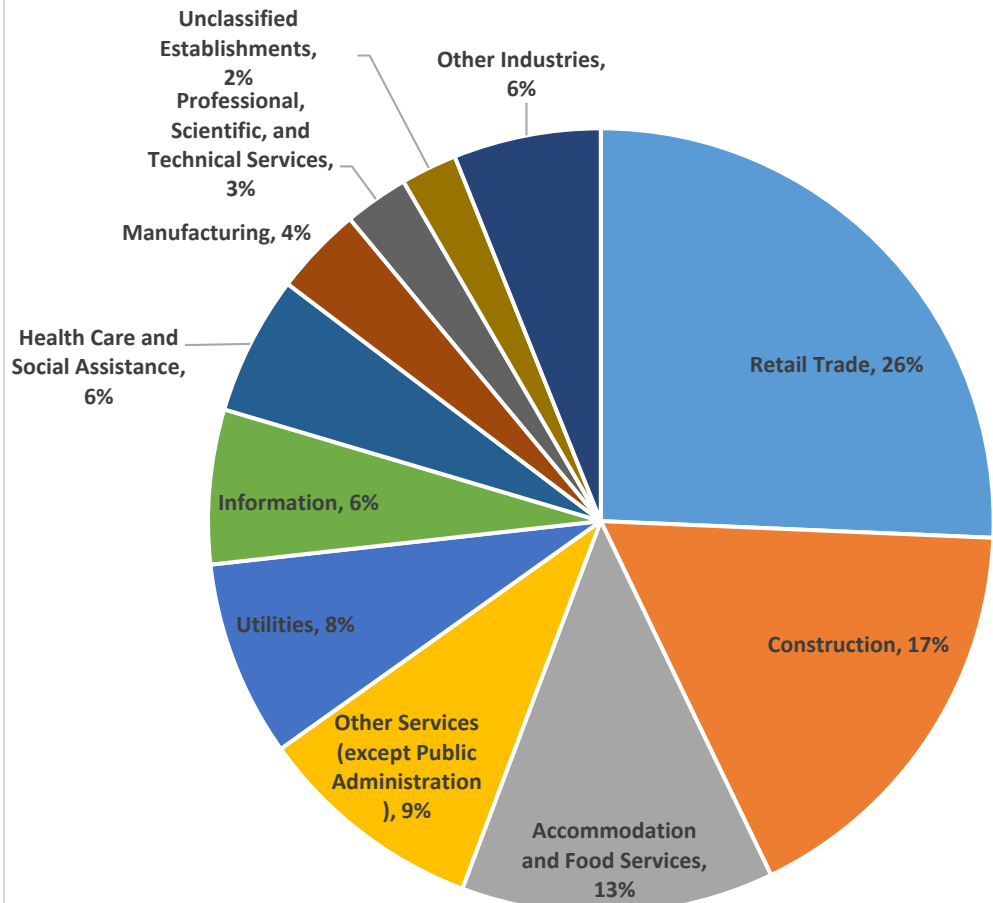
Chart 1. Matched Taxable Gross Receipts Per Quarter



Due to the necessity of the statewide business closure, which went into effect on March 24<sup>th</sup>, 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.

Quay County's matched taxable gross receipts (MTGR) have been trending downward since Q1 FY19, as seen in Chart 1. From its eight quarter peak (Q1 FY19), Quay County's MTGR, has declined by 24%. Table 1, on the next page, shows an increase of \$2.7M from Q3 in FY19 to FY20 of the same period. Table 1 also shows three industries, with -100% growth or no MTGR in the third quarter of FY20. This may be due to the county's smaller size and

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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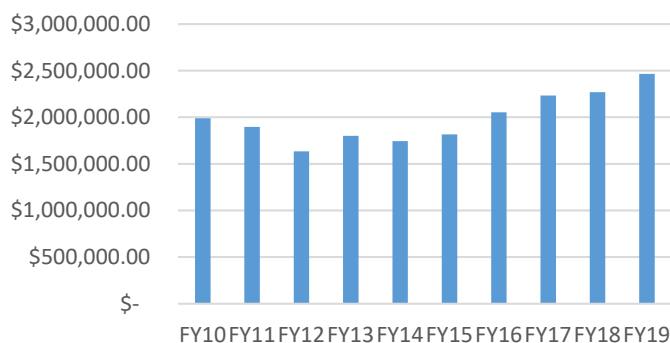
**Table 1. Matched Taxable Gross Receipts by Industry**

Industries	FY19 - Q3	FY20 - Q3	Growth	Year over year Change
Accommodation and Food Services	\$ 5,384,660	\$ 4,584,900	\$ (799,760)	-15%
Administrative/Support & Waste Management/Remediation	\$ 155,620	\$ 348,666	\$ 193,046	124%
Agriculture, Forestry, Fishing, and Hunting	\$ 288,009	\$ 72,828	\$ (215,181)	-75%
Arts, Entertainment, and Recreation	\$ 41,725	\$ 56,526	\$ 14,801	35%
Construction	\$ 3,361,119	\$ 6,121,523	\$ 2,760,404	82%
Educational Services	\$ 364	\$ 6,006	\$ 5,642	1548%
Finance and Insurance	\$ 151,677	\$ 178,914	\$ 27,237	18%
Health Care and Social Assistance	\$ 1,512,338	\$ 2,040,205	\$ 527,867	35%
Information	\$ 2,234,174	\$ 2,265,085	\$ 30,911	1%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 1,530,938	\$ 1,301,592	\$ (229,346)	-15%
Mining, Quarrying, and Oil and Gas Extraction	\$ -	\$ -	\$ -	N/A
Other Services (except Public Administration)	\$ 3,232,535	\$ 3,355,433	\$ 122,899	4%
Professional, Scientific, and Technical Services	\$ 893,530	\$ 944,310	\$ 50,780	6%
Public Administration	\$ 3,072	\$ -	\$ (3,072)	-100%
Real Estate and Rental and Leasing	\$ 942,455	\$ 531,902	\$ (410,553)	-44%
Retail Trade	\$ 9,538,859	\$ 9,146,543	\$ (392,316)	-4%
Transportation and Warehousing	\$ 292,037	\$ 480,015	\$ 187,979	64%
Unclassified Establishments	\$ 197,955	\$ 824,007	\$ 626,052	316%
Utilities	\$ 2,733,831	\$ 2,876,437	\$ 142,605	5%
Wholesale Trade	\$ 404,180	\$ 485,024	\$ 80,844	20%
<b>All Industries</b>	<b>\$ 32,899,076</b>	<b>\$ 35,619,916</b>	<b>\$ 2,720,839</b>	<b>8%</b>

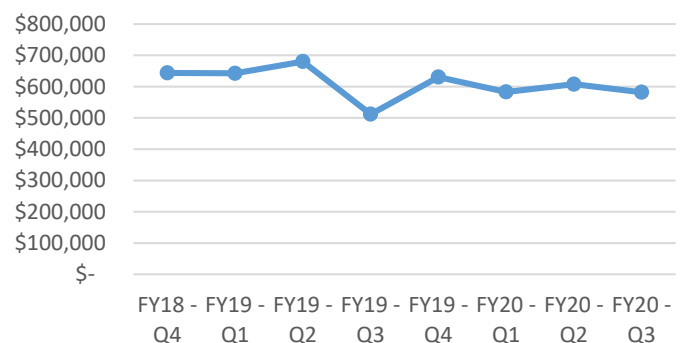
thus fewer companies within each industry. The few companies working in these industries may be late in filing, resulting in no MTGR reported for the period. In this case, the missing MTGR is expected to be included in the next period. Gross receipts tax (GRT) revenue collections have remained relatively flat over the last four quarters, as seen in Chart 4. Comparing the first three quarters of FY20 to the FY19 annual total in Chart 3, Quay County would need to post a Q4 quarterly collection of \$692K to meet its FY19 annual collection.

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

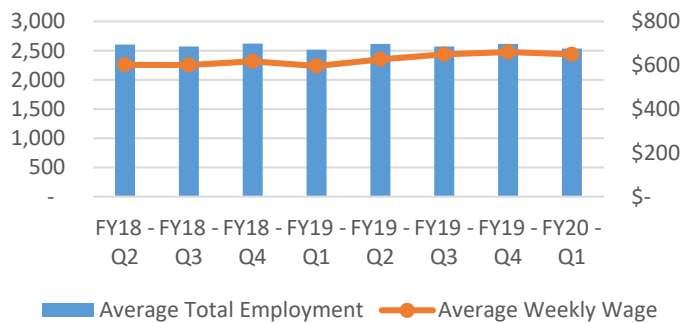
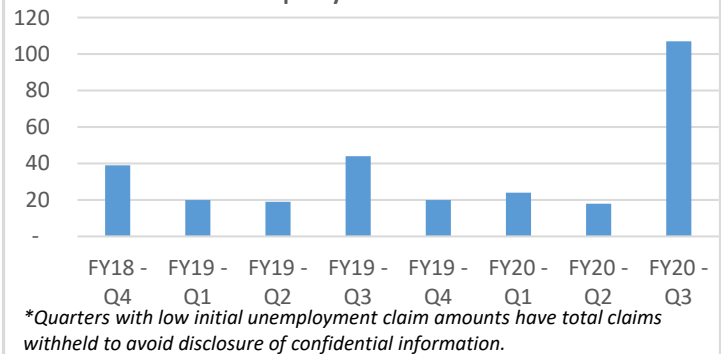


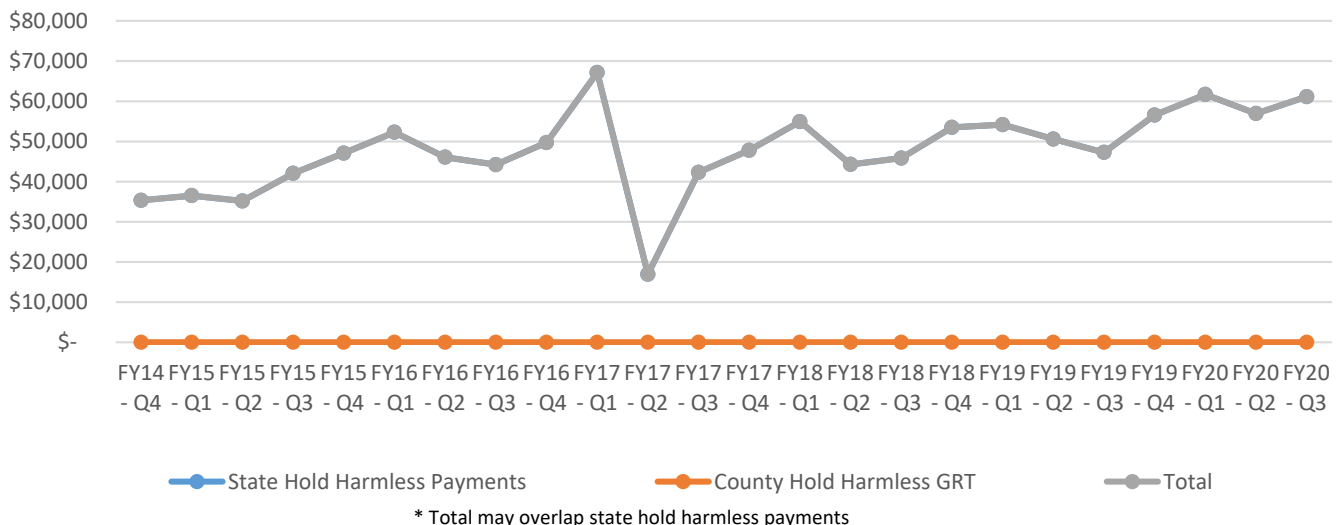
Chart 6. Quarterly Initial Unemployment Claims



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



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