

Quarterly Economic Summary

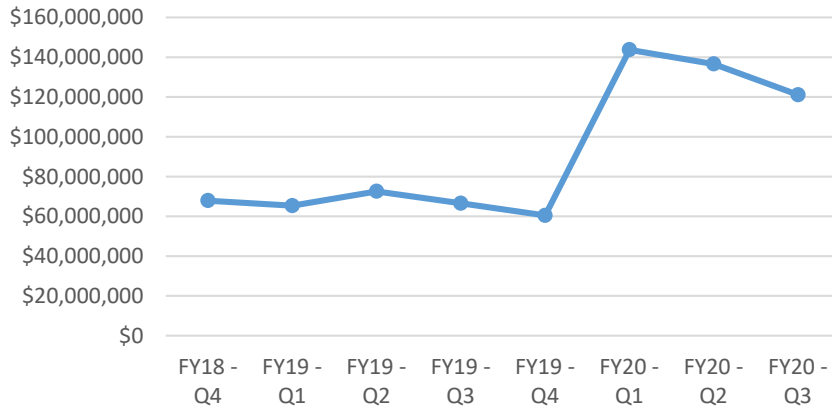
Roosevelt County



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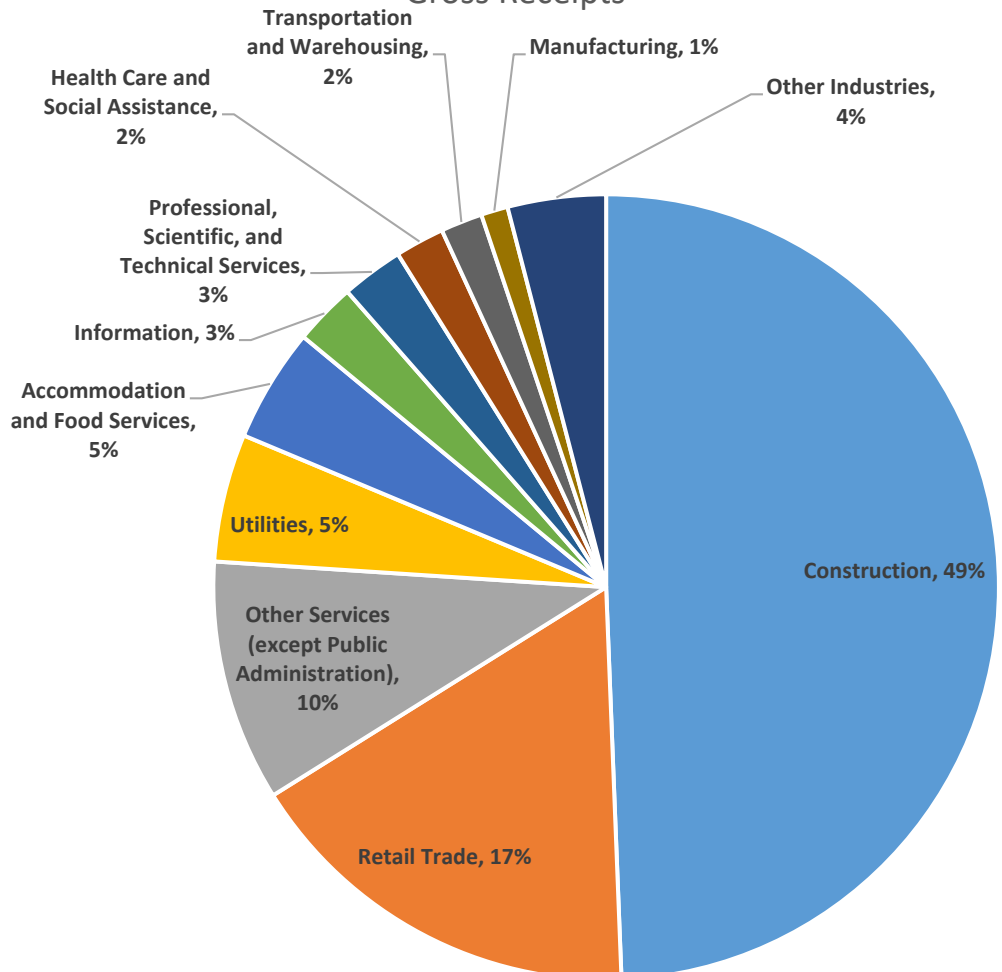
Chart 1. Matched Taxable Gross Receipts Per Quarter



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.

Roosevelt County has seen a decline in its matched taxable gross receipts (MTGR) from Q2 to Q3 in FY20, as seen in Chart 1. Despite this decline Roosevelt County is posting larger than average MTGR numbers. This massive jump is due exclusively to the construction industry. In the previous quarterly report, Roosevelt County had posted massive number in the utilities industry. Since Q2, a shift in reporting has occurred, and the MTGR

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

Roosevelt County



Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY19 - Q3	FY20 - Q3	Growth	Year over year Change
Accommodation and Food Services	\$ 6,395,926	\$ 5,672,862	\$ (723,065)	-11%
Administrative/Support & Waste Management/Remediation	\$ 706,078	\$ 622,551	\$ (83,527)	-12%
Agriculture, Forestry, Fishing, and Hunting	\$ 662,431	\$ 649,086	\$ (13,346)	-2%
Arts, Entertainment, and Recreation	\$ -	\$ -	\$ -	N/A
Construction	\$ 9,078,581	\$ 59,798,383	\$ 50,719,801	559%
Educational Services	\$ 85,448	\$ 95,352	\$ 9,905	12%
Finance and Insurance	\$ 520,534	\$ 527,774	\$ 7,240	1%
Health Care and Social Assistance	\$ 2,173,861	\$ 2,457,057	\$ 283,196	13%
Information	\$ 3,209,034	\$ 3,096,911	\$ (112,124)	-3%
Manufacturing	\$ 1,274,326	\$ 1,338,090	\$ 63,764	5%
Mining, Quarrying, and Oil and Gas Extraction	\$ 3,172,439	\$ 646,126	\$ (2,526,313)	-80%
Other Services (except Public Administration)	\$ 6,456,040	\$ 12,033,863	\$ 5,577,823	86%
Professional, Scientific, and Technical Services	\$ 2,247,457	\$ 3,093,637	\$ 846,180	38%
Public Administration	\$ -	\$ -	\$ -	N/A
Real Estate and Rental and Leasing	\$ 1,108,469	\$ 891,917	\$ (216,552)	-20%
Retail Trade	\$ 18,750,922	\$ 20,262,071	\$ 1,511,149	8%
Transportation and Warehousing	\$ 2,153,949	\$ 2,083,219	\$ (70,730)	-3%
Unclassified Establishments	\$ 529,713	\$ 636,022	\$ 106,309	20%
Utilities	\$ 6,802,239	\$ 6,380,152	\$ (422,086)	-6%
Wholesale Trade	\$ 1,217,897	\$ 824,879	\$ (393,018)	-32%
All Industries	\$ 66,545,345	\$ 121,109,953	\$ 54,564,607	82%

has transferred to the construction industry. This increase is likely attributed to the development of a wind farm in the county. Gross receipts tax (GRT) revenue collections decreased from Q2 to Q3 in FY20, as seen in Chart 4. Despite this decrease, GRT collections remain significantly higher than quarters before FY20. The sustained, high level of GRT revenue collections is likely due to the previously mentioned wind farm under construction in the county.

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

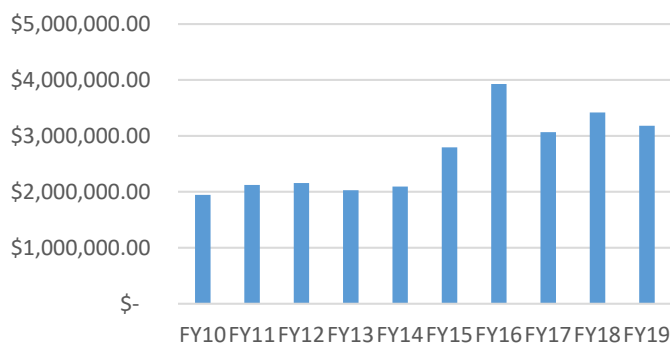
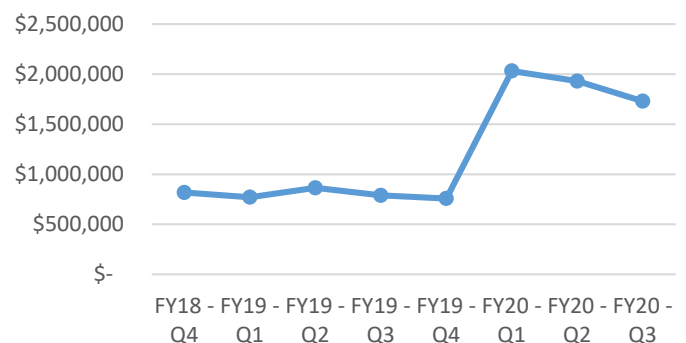


Chart 4. Quarterly GRT Revenue Collections



Quarterly Economic Summary Roosevelt County



Chart 5. Quarterly Average Total Employment & Weekly Wage

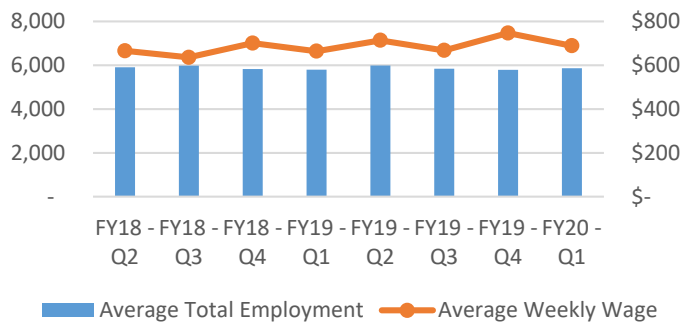
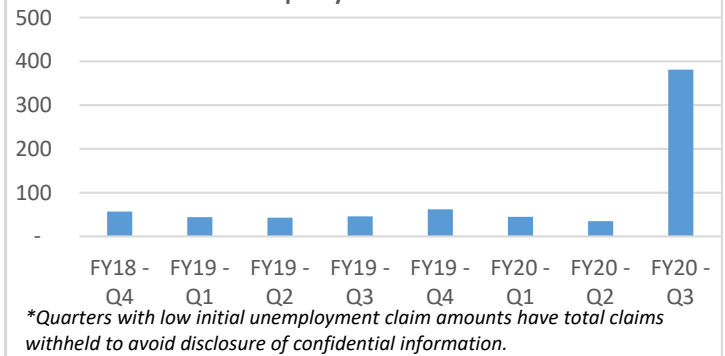


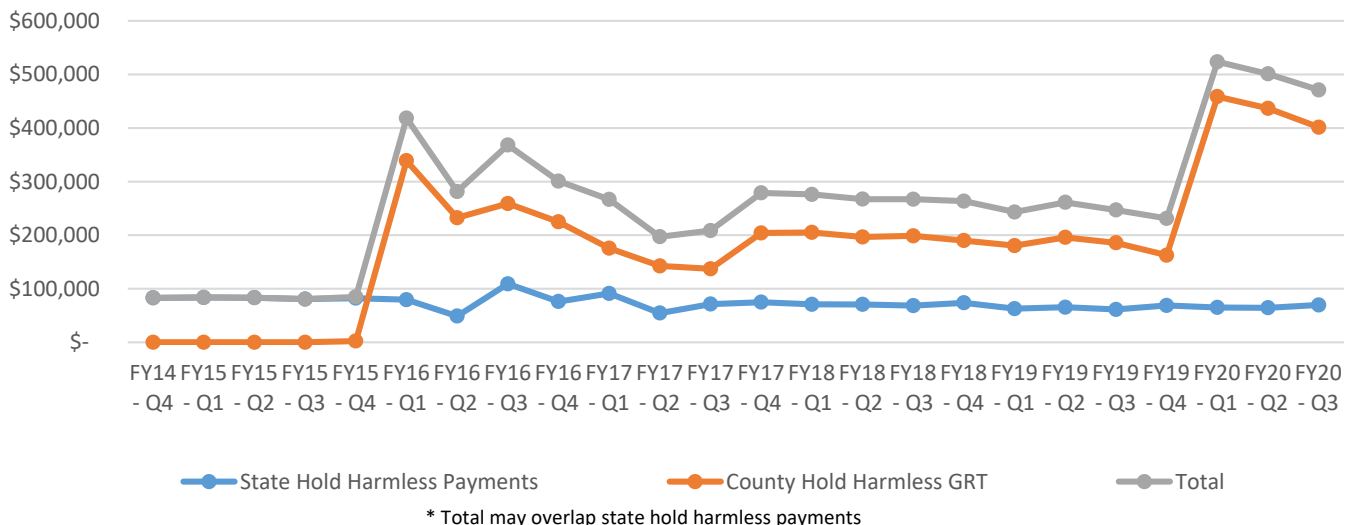
Chart 6. Quarterly Initial Unemployment Claims



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



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