

# Quarterly Economic Summary

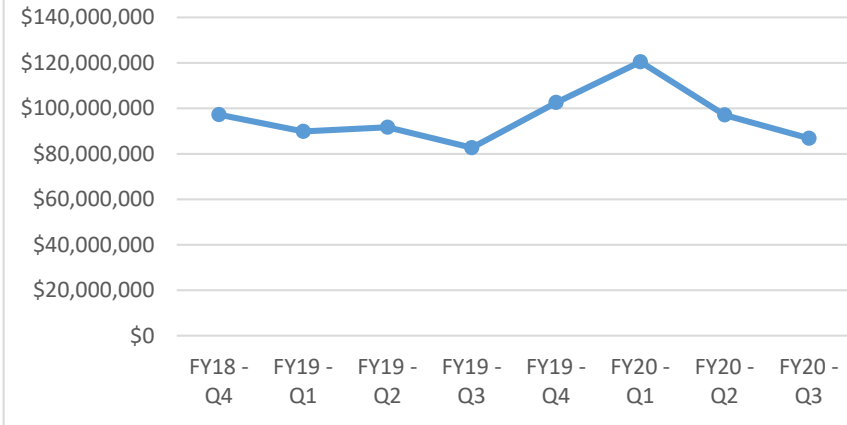
## San Miguel County

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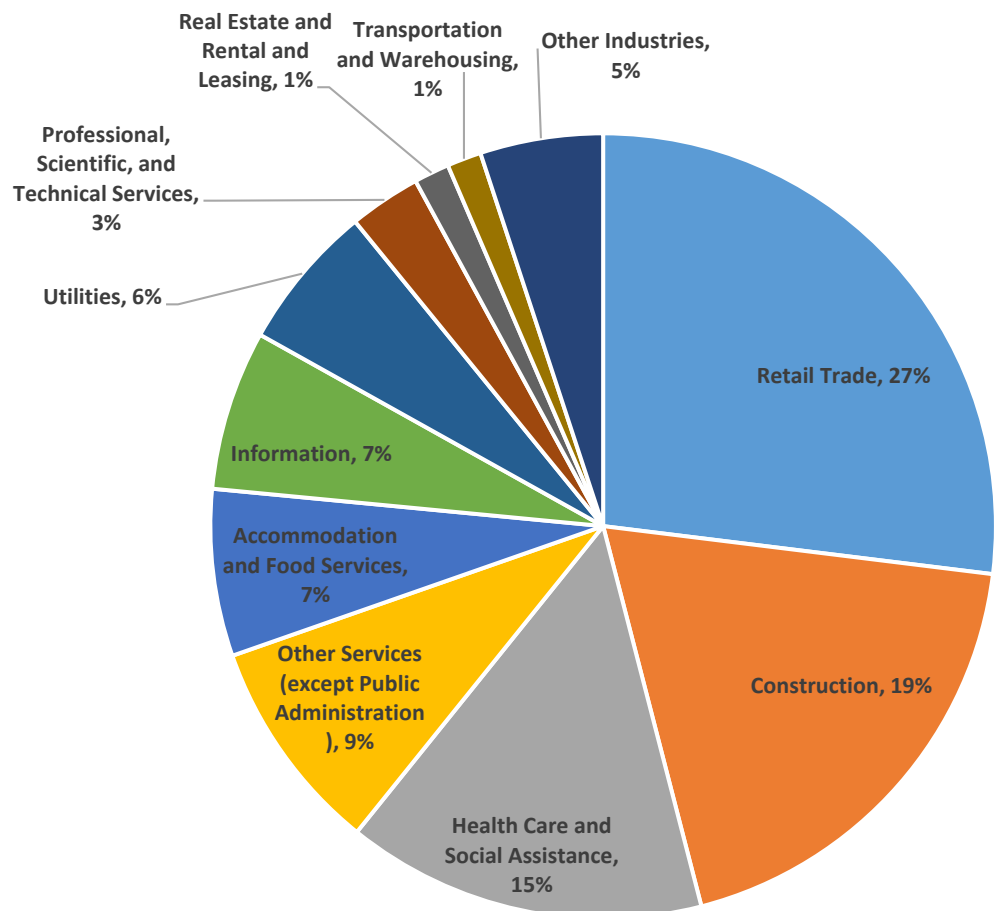
Chart 1. Matched Taxable Gross Receipts Per Quarter



Due to the necessity of the statewide business closure, which went into effect on March 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.

San Miguel County's matched taxable gross receipts (MTGR) decreased by 11% (\$10.3M) from Q2 to Q3 of FY20, as seen in Chart 1. Q3 FY20 saw year over year (YOY) growth of 5% (\$4.1M) as seen in Table 1, on page 2. The other services industry saw the largest YOY decline of \$3M in Q3 FY20, compared to Q3 FY19. This industry has been steadily decreasing since Q4 FY18. The accommodation and food services industry saw the second largest YOY

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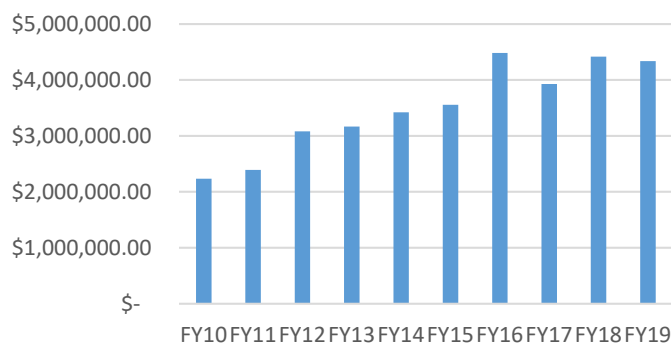
**Table 1. Matched Taxable Gross Receipts by Industry**

Industries	FY19 - Q3	FY20 - Q3	Growth	Year over year Change
Accommodation and Food Services	\$ 8,470,218	\$ 5,965,709	\$ (2,504,509)	-30%
Administrative/Support & Waste Management/Remediation	\$ 1,170,509	\$ 1,155,451	\$ (15,059)	-1%
Agriculture, Forestry, Fishing, and Hunting	\$ 281,291	\$ 169,343	\$ (111,948)	-40%
Arts, Entertainment, and Recreation	\$ 35,582	\$ 70,896	\$ 35,313	99%
Construction	\$ 8,341,163	\$ 16,509,006	\$ 8,167,844	98%
Educational Services	\$ 93,100	\$ 5,747	\$ (87,353)	-94%
Finance and Insurance	\$ 282,431	\$ 295,718	\$ 13,287	5%
Health Care and Social Assistance	\$ 11,449,756	\$ 12,857,655	\$ 1,407,899	12%
Information	\$ 5,741,079	\$ 5,711,445	\$ (29,634)	-1%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 824,854	\$ 856,218	\$ 31,364	4%
Mining, Quarrying, and Oil and Gas Extraction	\$ 4,410	\$ -	\$ (4,410)	-100%
Other Services (except Public Administration)	\$ 10,678,774	\$ 7,690,598	\$ (2,988,175)	-28%
Professional, Scientific, and Technical Services	\$ 2,424,902	\$ 2,562,980	\$ 138,078	6%
Public Administration	\$ -	\$ -	\$ -	N/A
Real Estate and Rental and Leasing	\$ 1,788,300	\$ 1,262,365	\$ (525,936)	-29%
Retail Trade	\$ 23,066,919	\$ 23,395,092	\$ 328,173	1%
Transportation and Warehousing	\$ 1,102,643	\$ 1,225,225	\$ 122,582	11%
Unclassified Establishments	\$ 347,746	\$ 645,775	\$ 298,029	86%
Utilities	\$ 5,442,226	\$ 5,228,286	\$ (213,940)	-4%
Wholesale Trade	\$ 1,110,038	\$ 1,190,817	\$ 80,779	7%
<b>All Industries</b>	<b>\$ 82,655,941</b>	<b>\$ 86,798,326</b>	<b>\$ 4,142,385</b>	<b>5%</b>

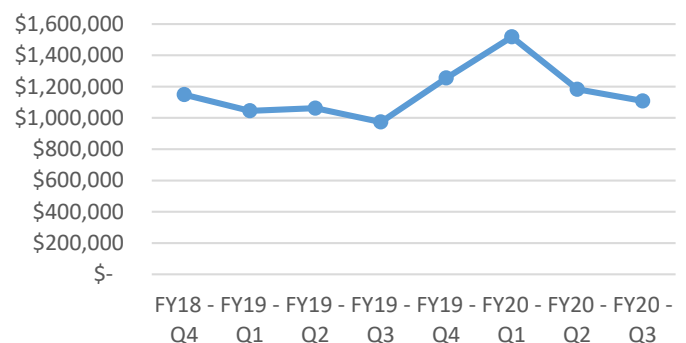
decrease of \$2.5M bringing MTGR to \$6M in Q3 FY20. This is very low for the industry and can be tied to the effects of COVID-19. Gross receipts tax (GRT) revenue collections decreased for a second consecutive quarter in Q3 FY20, now at \$1.1M. Collections in this quarter saw a YOY increase of \$134K or 14%, comparing Q3 from FY19 and FY20.

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

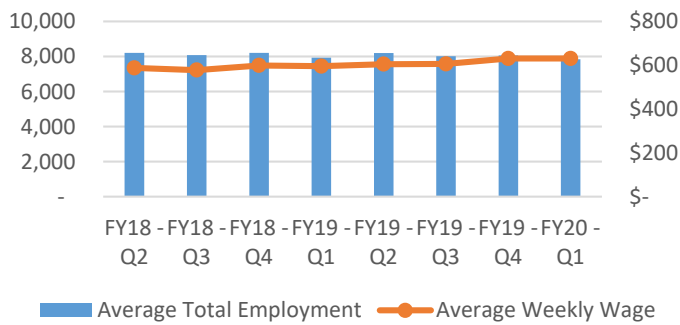
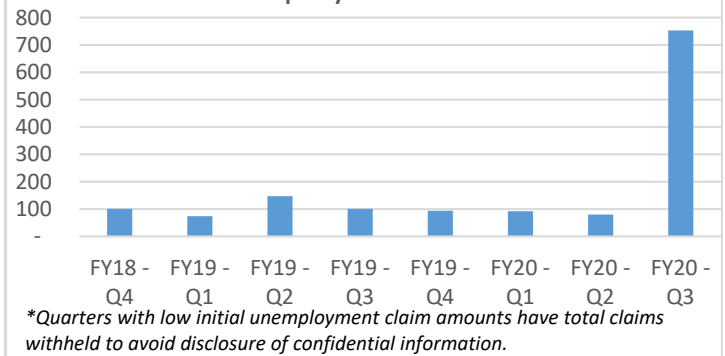


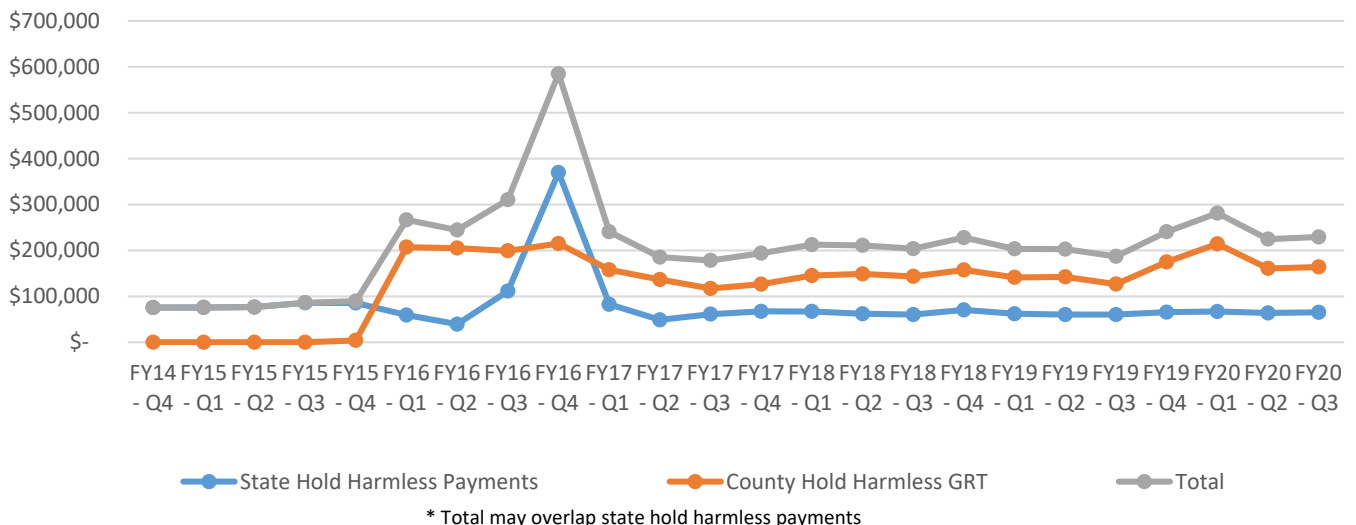
Chart 6. Quarterly Initial Unemployment Claims



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