

# Quarterly Economic Summary

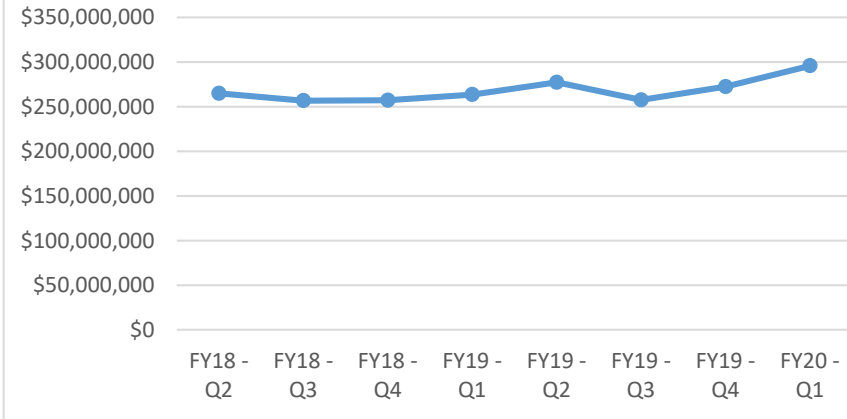
## McKinley County



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Prepared by: Joel Salas, Economist, and Ryan Eustice, Economist

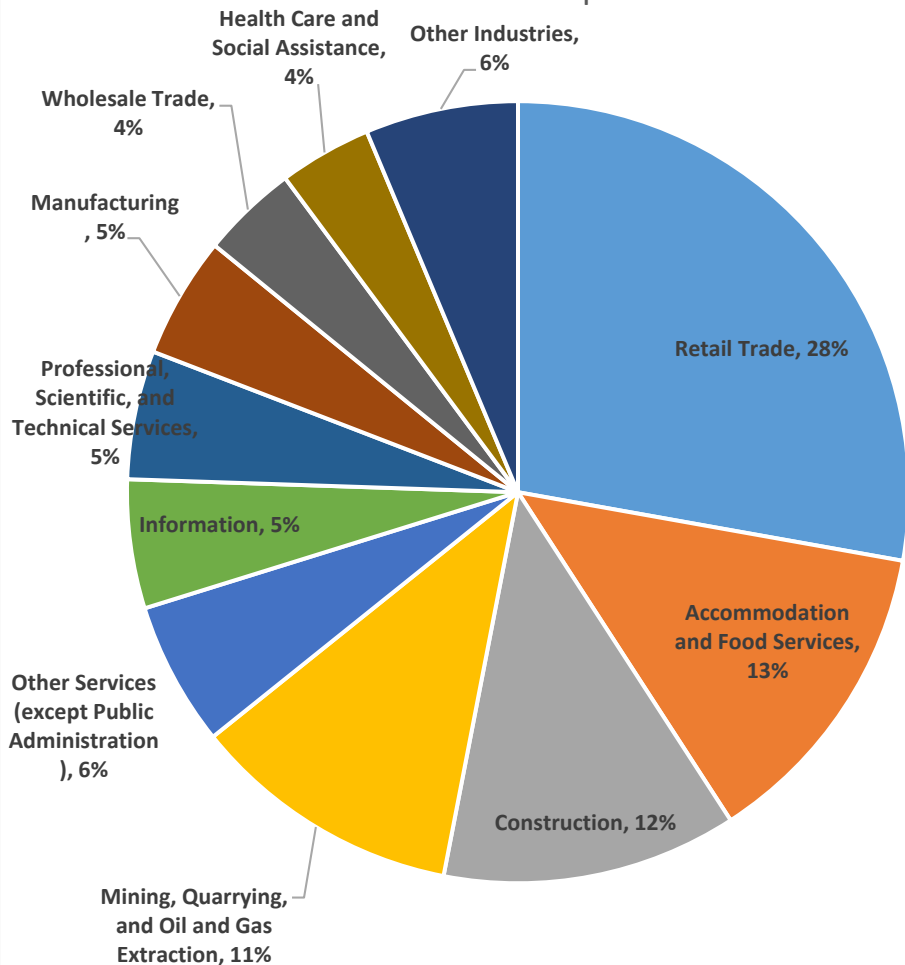
Chart 1. Matched Taxable Gross Receipts Per Quarter



McKinley County's matched taxable gross receipts (MTGR) have fluctuated slightly over the last eight quarters, but have seen a slight upward trend during the period, as seen in Chart 1. The County saw its highest MTGR over the last eight quarters during the Q1 FY20, a level not seen since Q2 FY16. Q1 FY20 saw a 12% year over year (YOY) change. The largest increases in MTGR for the quarter was in the Professional, Scientific, and Technical Services and Construction industries with YOY growth of \$9.7M and \$7.2M.

The Educational Services industry saw the largest relative increase for the quarter, with a 175% YOY increase.

Chart 2. FY20 - Q1 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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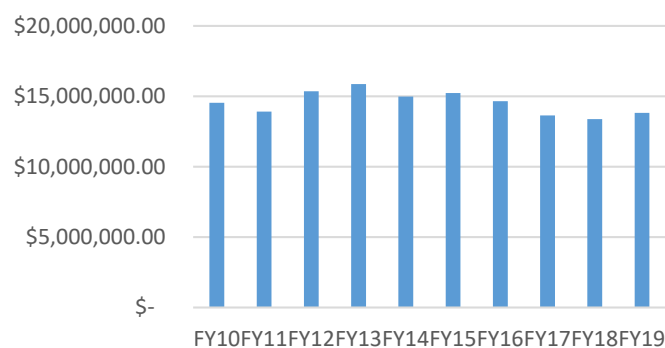
**Table 1. Matched Taxable Gross Receipts by Industry**

| Industries  | FY19 - Q1             | FY20 - Q1             | Growth               | Year over year Change |
|---|-----------------------|-----------------------|----------------------|-----------------------|
| Accommodation and Food Services                       | \$ 34,574,051         | \$ 38,568,248         | \$ 3,994,197         | 12%                   |
| Administrative/Support & Waste Management/Remediation | \$ 1,706,368          | \$ 2,165,408          | \$ 459,041           | 27%                   |
| Agriculture, Forestry, Fishing, and Hunting           | \$ 412,514            | \$ 19,588             | \$ (392,927)         | -95%                  |
| Arts, Entertainment, and Recreation                   | \$ 171,954            | \$ 157,885            | \$ (14,069)          | -8%                   |
| Construction  | \$ 28,857,021         | \$ 36,105,593         | \$ 7,248,572         | 25%                   |
| Educational Services                                  | \$ 169,307            | \$ 464,939            | \$ 295,632           | 175%                  |
| Finance and Insurance                                 | \$ 960,234            | \$ 1,089,105          | \$ 128,871           | 13%                   |
| Health Care and Social Assistance                     | \$ 11,800,093         | \$ 11,335,105         | \$ (464,989)         | -4%                   |
| Information   | \$ 16,162,759         | \$ 15,766,015         | \$ (396,745)         | -2%                   |
| Management of Companies and Enterprises               | \$ -                  | \$ -                  | \$ -                 | N/A                   |
| Manufacturing   | \$ 12,555,139         | \$ 14,849,712         | \$ 2,294,573         | 18%                   |
| Mining, Quarrying, and Oil and Gas Extraction         | \$ 38,172,474         | \$ 33,111,463         | \$ (5,061,011)       | -13%                  |
| Other Services (except Public Administration)         | \$ 15,977,647         | \$ 17,626,485         | \$ 1,648,838         | 10%                   |
| Professional, Scientific, and Technical Services      | \$ 6,035,944          | \$ 15,744,753         | \$ 9,708,809         | 161%                  |
| Public Administration                                 | \$ -                  | \$ -                  | \$ -                 | N/A                   |
| Real Estate and Rental and Leasing                    | \$ 4,628,349          | \$ 8,022,202          | \$ 3,393,853         | 73%                   |
| Retail Trade  | \$ 76,631,955         | \$ 82,266,267         | \$ 5,634,312         | 7%                    |
| Transportation and Warehousing                        | \$ 1,914,994          | \$ 1,944,855          | \$ 29,861            | 2%                    |
| Unclassified Establishments                           | \$ 403,356            | \$ 623,564            | \$ 220,208           | 55%                   |
| Utilities   | \$ 3,324,533          | \$ 4,210,614          | \$ 886,081           | 27%                   |
| Wholesale Trade                                       | \$ 9,136,868          | \$ 11,759,975         | \$ 2,623,107         | 29%                   |
| <b>All Industries</b>                                 | <b>\$ 263,595,559</b> | <b>\$ 295,831,773</b> | <b>\$ 32,236,214</b> | <b>12%</b>            |

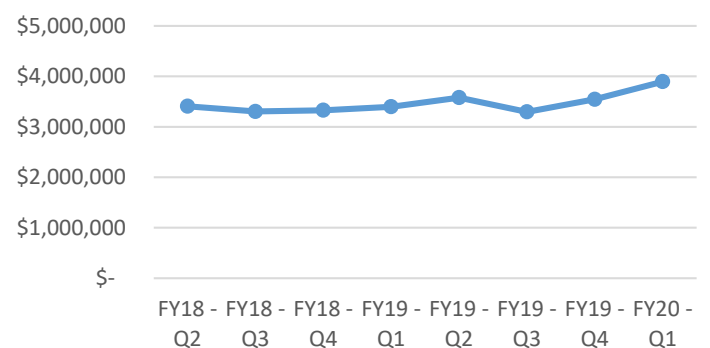
Gross Receipts Tax (GRT) revenue collections have been trending upwards over the last eight quarters. Q1 FY20 reached \$3.9M in GRT revenue collections. Q1 FY16 was the last time that the county saw revenue collections that were higher. Annual GRT revenue collections were steadily decreasing from FY15 to FY18 until a slight increase in FY19.

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 McKinley County



Chart 5. Quarterly Average Total Employment & Weekly Wage

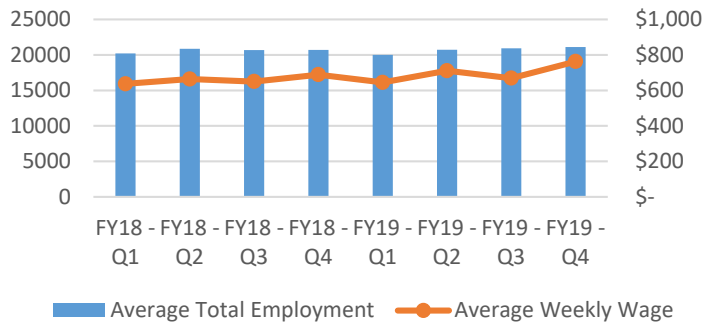


Chart 6. Quarterly Initial Unemployment Claims

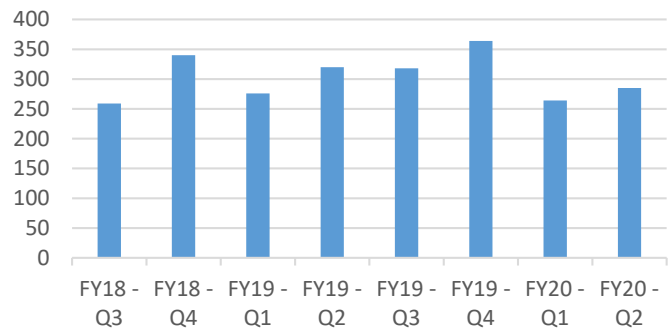
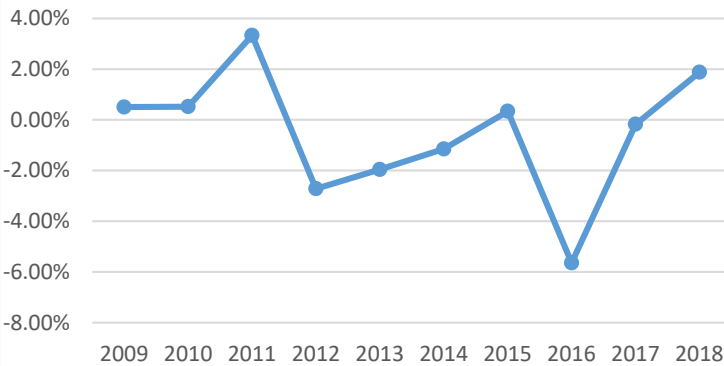


Chart 7. Calendar Year % Change In Real GDP Year Over Year



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.

Table 2. Calendar Year 2018 Real County GDP vs Real State GDP

| Industries   | McKinley, NM | New Mexico | Difference Between County and State |
|--|--------------|------------|-------------------------------------|
| Accommodation and food services  | 3.17%        | 2.94%      | 0.24%                               |
| Administrative and support and waste management and remediation services | 0.62%        | 2.51%      | -1.89%                              |
| Arts, entertainment, and recreation                                      | 0.06%        | 0.68%      | -0.62%                              |
| Educational services   | 0.28%        | 0.51%      | -0.23%                              |
| Finance and insurance  | 0.93%        | 2.75%      | -1.82%                              |
| Health care and social assistance  | 6.04%        | 7.39%      | -1.36%                              |
| Management of companies and enterprises                                  | 0.15%        | 0.61%      | -0.46%                              |
| Professional, scientific, and technical services                         | 0.66%        | 7.21%      | -6.55%                              |
| Real estate and rental and leasing                                       | 12.57%       | 12.17%     | 0.41%                               |
| Agriculture, forestry, fishing and hunting                               | 0.02%        | 1.78%      | -1.76%                              |
| Construction   | 1.25%        | 3.12%      | -1.87%                              |
| Information  | 1.13%        | 3.21%      | -2.07%                              |
| Manufacturing  | 12.03%       | 4.31%      | 7.72%                               |
| Mining, quarrying, and oil and gas extraction                            | 6.20%        | 14.79%     | -8.59%                              |
| Other services (except government and government enterprises)            | 1.77%        | 1.96%      | -0.19%                              |
| Retail trade   | 7.72%        | 5.87%      | 1.84%                               |
| Transportation and warehousing   | 5.89%        | 2.58%      | 3.31%                               |
| Utilities  | 2.40%        | 1.57%      | 0.83%                               |
| Wholesale trade  | 2.64%        | 3.13%      | -0.48%                              |
| Government and government enterprises                                    | 34.88%       | 21.50%     | 13.38%                              |