

Quarterly Economic Summary

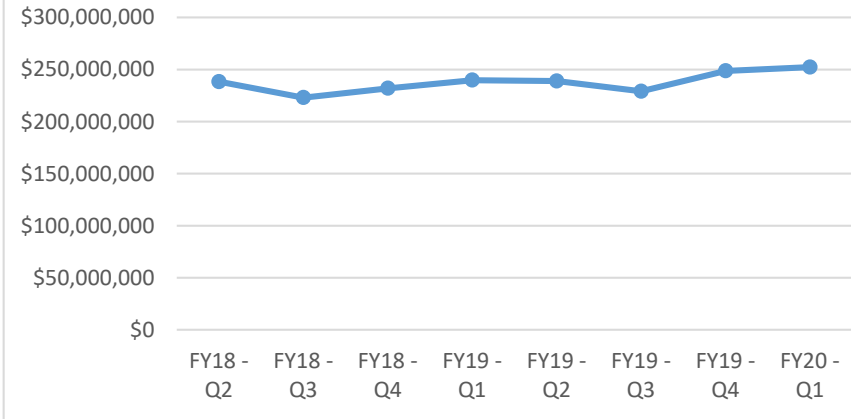
Otero County



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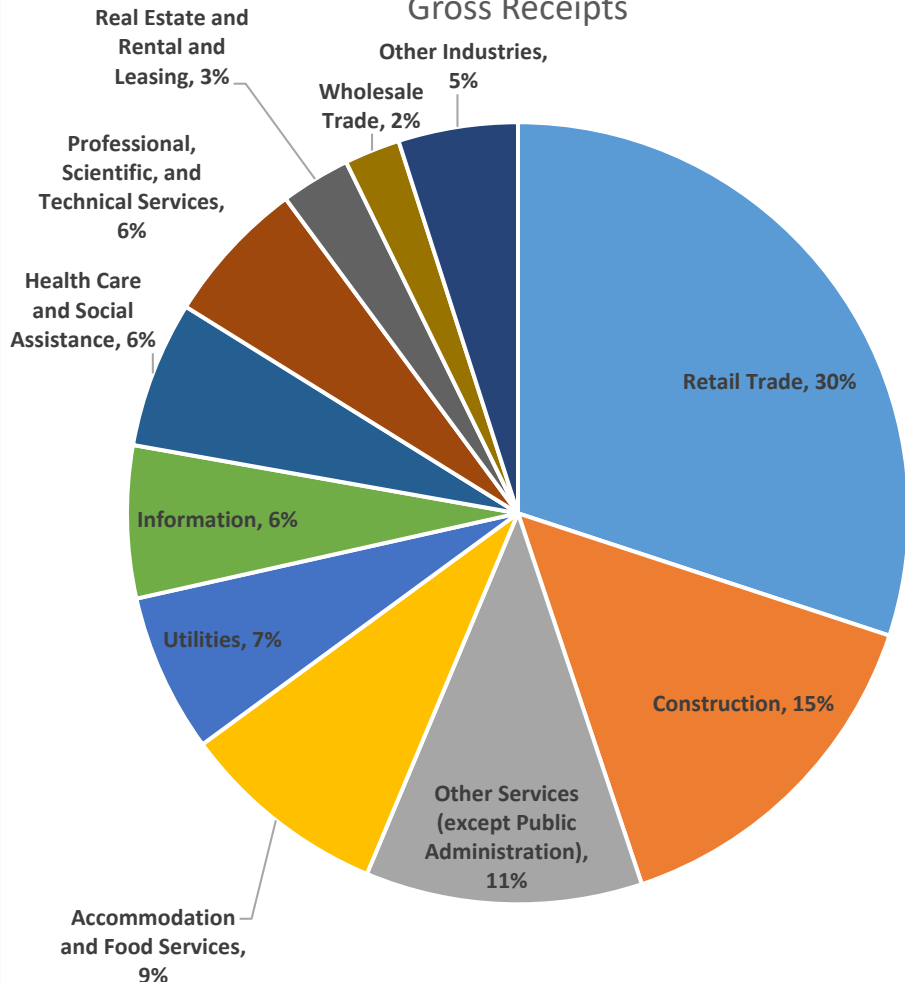
Chart 1. Matched Taxable Gross Receipts Per Quarter



Otero County's matched taxable gross receipts (MTGR) have remained relatively stable over the last eight quarters, as seen in Chart 1. Otero County MTGR saw an increase of \$6.1M in the Construction industry and a \$6.8M increase in the Retail Trade industry in Q1 FY20 as compared to the same time period a year ago. Table 1, on the next page, also shows an increase in Public Administration MTGR in the first quarter of FY20 as compared to the first quarter of FY19 when nothing was reported.

This could be due to the timing of the taxpayer reporting.

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	\$ 20,359,701	\$ 21,755,558	\$ 1,395,856	7%
Administrative/Support & Waste Management/Remediation	\$ 5,203,632	\$ 3,609,571	\$ (1,594,061)	-31%
Agriculture, Forestry, Fishing, and Hunting	\$ 1,588,086	\$ 1,507,120	\$ (80,965)	-5%
Arts, Entertainment, and Recreation	\$ 120,917	\$ 466,718	\$ 345,801	286%
Construction	\$ 31,210,360	\$ 37,353,985	\$ 6,143,625	20%
Educational Services	\$ 1,089,246	\$ 316,272	\$ (772,974)	-71%
Finance and Insurance	\$ 975,410	\$ 1,009,919	\$ 34,508	4%
Health Care and Social Assistance	\$ 13,373,959	\$ 15,286,442	\$ 1,912,483	14%
Information	\$ 15,451,028	\$ 15,889,892	\$ 438,864	3%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 3,497,616	\$ 4,163,916	\$ 666,300	19%
Mining, Quarrying, and Oil and Gas Extraction	\$ -	\$ -	\$ -	N/A
Other Services (except Public Administration)	\$ 24,521,609	\$ 28,869,135	\$ 4,347,526	18%
Professional, Scientific, and Technical Services	\$ 23,627,006	\$ 15,185,489	\$ (8,441,517)	-36%
Public Administration	\$ -	\$ 206,742	\$ 206,742	N/A
Real Estate and Rental and Leasing	\$ 5,681,923	\$ 7,270,890	\$ 1,588,967	28%
Retail Trade	\$ 69,012,302	\$ 75,843,854	\$ 6,831,552	10%
Transportation and Warehousing	\$ 838,524	\$ 738,855	\$ (99,668)	-12%
Unclassified Establishments	\$ 640,509	\$ 442,358	\$ (198,151)	-31%
Utilities	\$ 17,072,622	\$ 16,546,585	\$ (526,036)	-3%
Wholesale Trade	\$ 5,459,846	\$ 5,810,009	\$ 350,163	6%
All Industries	\$ 239,724,296	\$ 252,273,309	\$ 12,549,013	5%

Gross Receipts Tax (GRT) revenue collections have begun trending upwards since Q3 FY19, as seen in Chart 4. This increase is almost exclusively due to an increase in the county share GRT (food) collection, which saw a \$168K increase from previous quarter. Annual GRT revenue collections have increased from FY14 to FY16, and have remained steady through FY19, as seen in Chart 3, below.

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

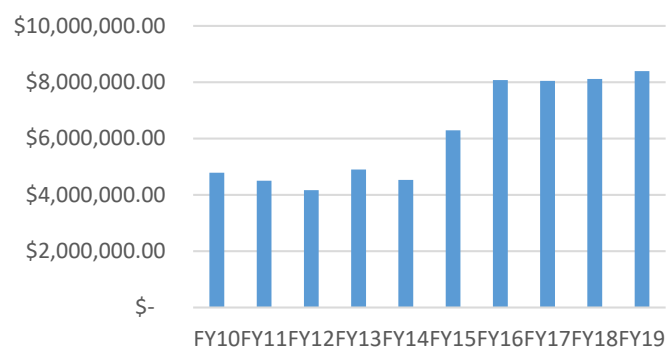
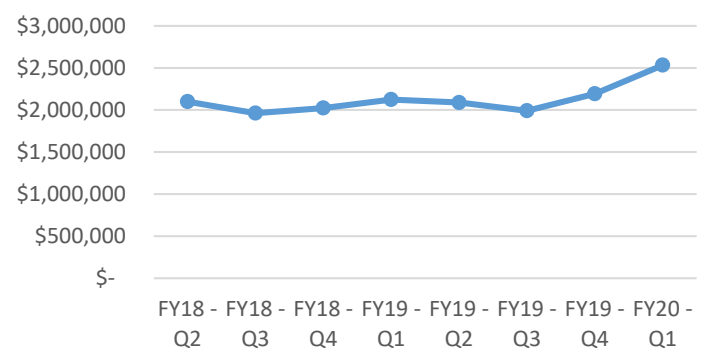


Chart 4. Quarterly GRT Revenue Collections



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Chart 5. Quarterly Average Total Employment & Weekly Wage

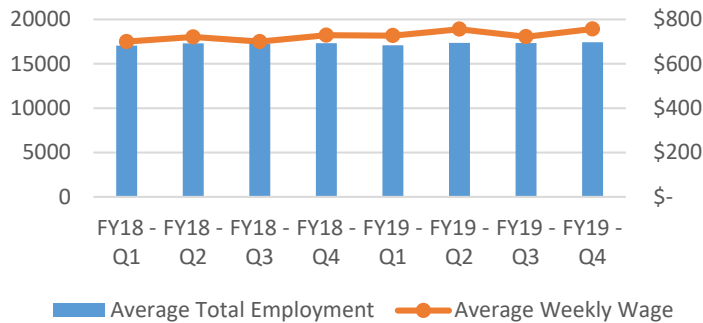


Chart 6. Quarterly Initial Unemployment Claims

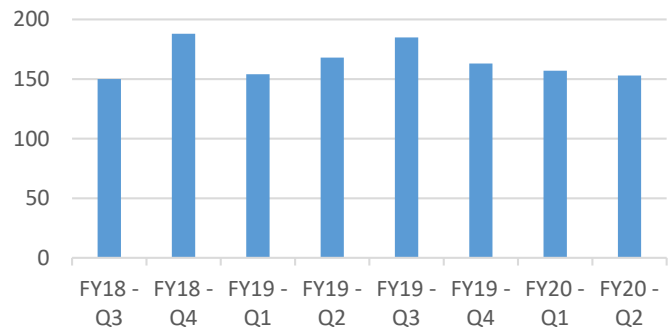
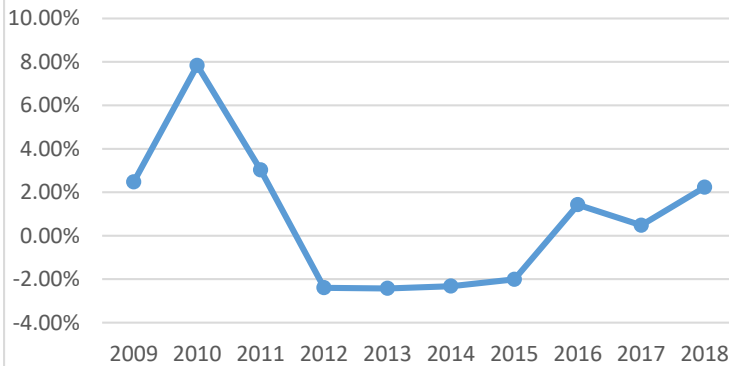


Chart 7. Calendar Year % Change In Real GDP Year Over Year



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	Otero, NM	New Mexico	Difference Between County and State
Accommodation and food services	1.69%	2.94%	-1.25%
Administrative and support and waste management and remediation services	2.70%	2.51%	0.19%
Arts, entertainment, and recreation	0.11%	0.68%	-0.57%
Educational services	0.58%	0.51%	0.07%
Finance and insurance	1.04%	2.75%	-1.71%
Health care and social assistance	6.89%	7.39%	-0.50%
Management of companies and enterprises	0.14%	0.61%	-0.46%
Professional, scientific, and technical services	2.21%	7.21%	-5.00%
Real estate and rental and leasing	13.17%	12.17%	1.01%
Agriculture, forestry, fishing and hunting	0.10%	1.78%	-1.68%
Construction	2.28%	3.12%	-0.83%
Information	1.39%	3.21%	-1.82%
Manufacturing	0.31%	4.31%	-4.01%
Mining, quarrying, and oil and gas extraction	0.23%	14.79%	-14.56%
Other services (except government and government enterprises)	1.54%	1.96%	-0.42%
Retail trade	4.45%	5.87%	-1.42%
Transportation and warehousing	0.95%	2.58%	-1.63%
Utilities	0.39%	1.57%	-1.19%
Wholesale trade	0.83%	3.13%	-2.30%
Government and government enterprises	59.01%	21.50%	37.51%