

Quarterly Economic Summary

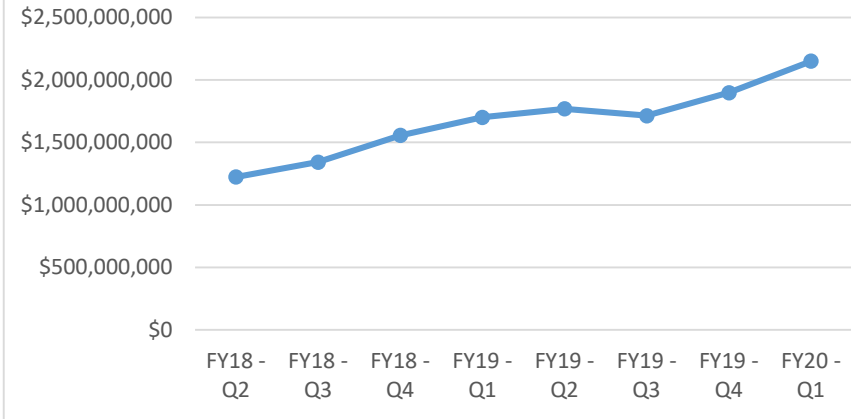
Eddy County



Quarterly Report: FY20 Q3

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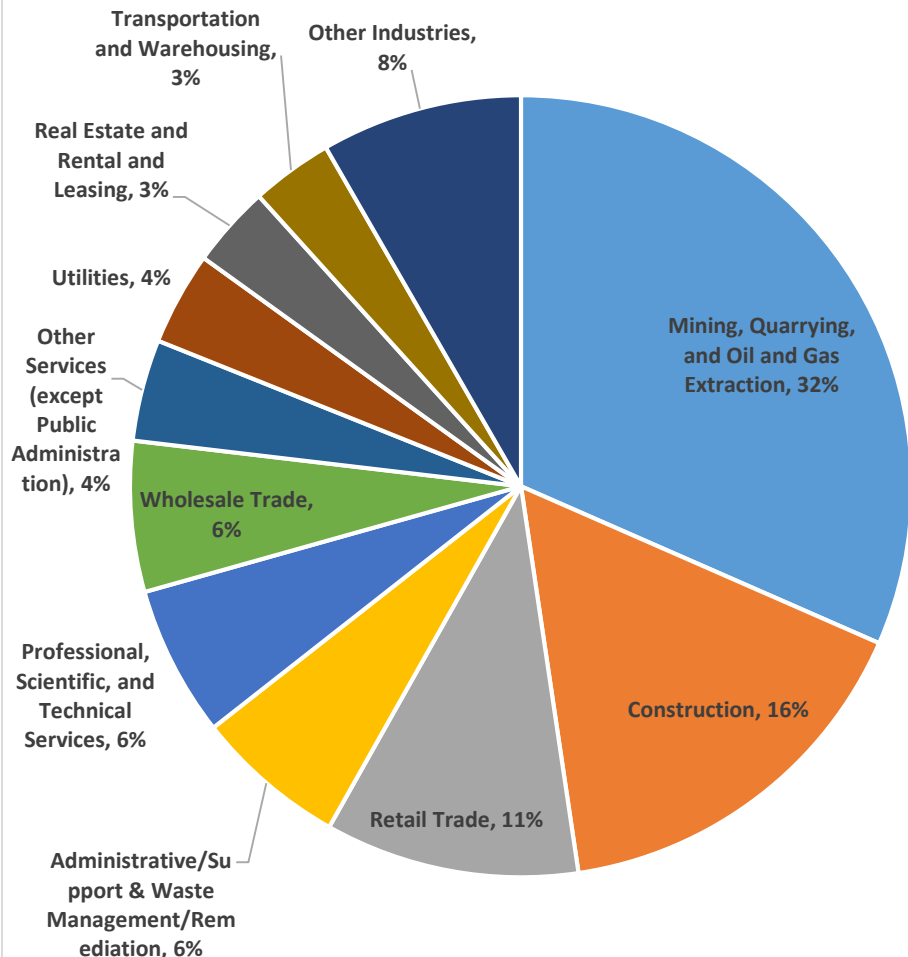
Chart 1. Matched Taxable Gross Receipts Per Quarter



Eddy County has seen steady growth in its matched taxable gross receipts (MTGR) over the last eight quarters, as seen in Chart 1. The growth trend, prior to that, has continued since Q4 FY16, the county was seeing a quarter over quarter decrease. The Oil and Gas sector saw the highest increase in MTGR for Q1, when comparing FY19 to FY20 (\$139.5M). Construction saw the second highest increase, at \$121.2M. Educational Services saw the highest relative increase in Q1, 900%,

increasing from \$255K to \$2.6M in Q1 FY19 and Q1 FY20 respectively.

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	\$ 64,194,098	\$ 63,975,515	\$ (218,584)	0%
Administrative/Support & Waste Management/Remediation	\$ 77,946,967	\$ 134,432,581	\$ 56,485,614	72%
Agriculture, Forestry, Fishing, and Hunting	\$ 3,807,580	\$ 2,806,842	\$ (1,000,738)	-26%
Arts, Entertainment, and Recreation	\$ 739,967	\$ 616,926	\$ (123,040)	-17%
Construction	\$ 224,606,883	\$ 345,764,099	\$ 121,157,216	54%
Educational Services	\$ 255,002	\$ 2,572,657	\$ 2,317,655	909%
Finance and Insurance	\$ 3,617,636	\$ 4,080,438	\$ 462,802	13%
Health Care and Social Assistance	\$ 18,877,660	\$ 14,183,863	\$ (4,693,797)	-25%
Information	\$ 18,639,103	\$ 22,682,863	\$ 4,043,759	22%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 57,249,862	\$ 62,209,327	\$ 4,959,465	9%
Mining, Quarrying, and Oil and Gas Extraction	\$ 540,541,204	\$ 679,078,606	\$ 138,537,402	26%
Other Services (except Public Administration)	\$ 84,416,567	\$ 90,398,061	\$ 5,981,493	7%
Professional, Scientific, and Technical Services	\$ 63,854,768	\$ 134,038,064	\$ 70,183,296	110%
Public Administration	\$ -	\$ -	\$ -	N/A
Real Estate and Rental and Leasing	\$ 55,346,280	\$ 72,692,870	\$ 17,346,590	31%
Retail Trade	\$ 207,012,751	\$ 226,112,375	\$ 19,099,625	9%
Transportation and Warehousing	\$ 75,970,424	\$ 72,624,840	\$ (3,345,584)	-4%
Unclassified Establishments	\$ 8,044,681	\$ 5,761,340	\$ (2,283,341)	-28%
Utilities	\$ 66,257,917	\$ 82,935,797	\$ 16,677,880	25%
Wholesale Trade	\$ 129,124,379	\$ 133,905,566	\$ 4,781,186	4%
All Industries	\$ 1,700,503,729	\$ 2,150,872,629	\$ 450,368,900	26%

Annual Gross Receipt Tax (GRT) revenue collections have continued to increase significantly since the County saw a slump in FY16 and FY17, as seen in Chart 3. This slump can be attributed to a decrease in Oil and Gas. The County has seen quarter over quarter growth since Q1 FY17 (in GRT revenue collections) with the exception of Q3 FY19, which saw a slight decrease from its previous quarter, as seen in Chart 4. Collection growth has recovered in the following quarter.

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

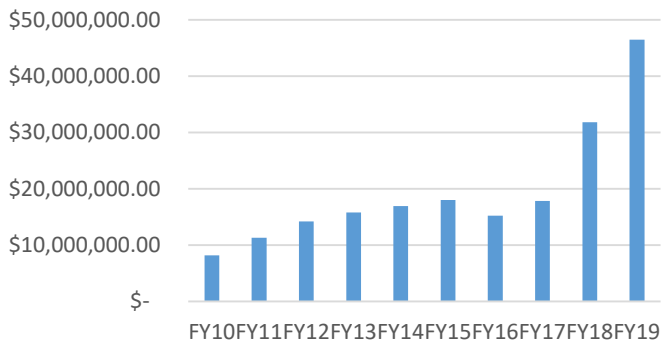
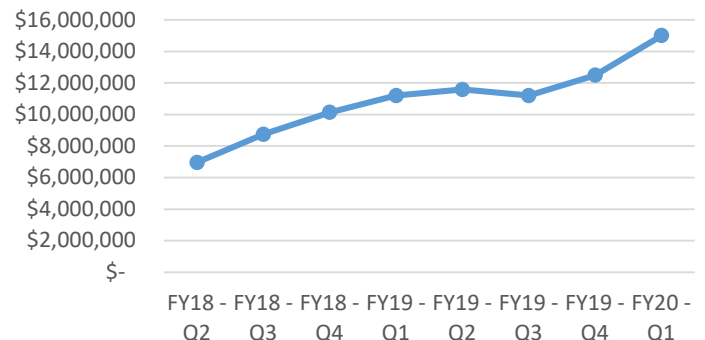


Chart 4. Quarterly GRT Revenue Collections



Quarterly Economic Summary Eddy County



Chart 5. Quarterly Average Total Employment & Weekly Wage

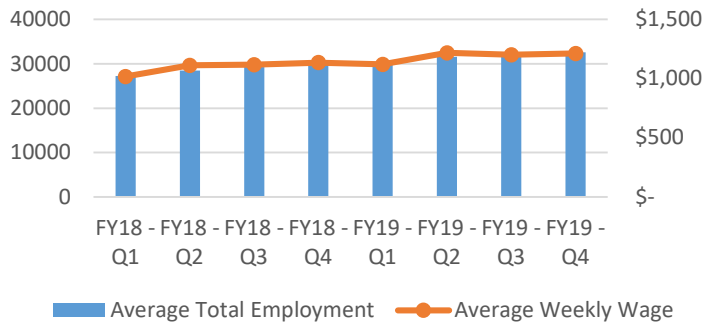


Chart 6. Quarterly Initial Unemployment Claims

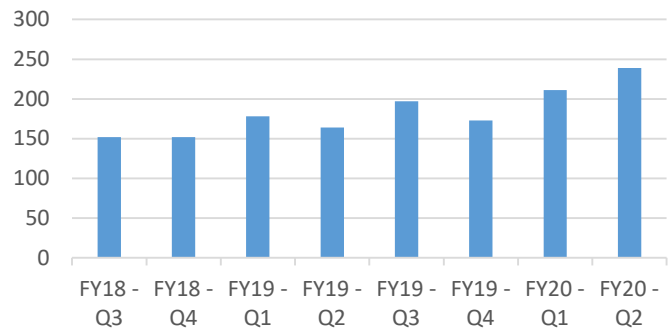
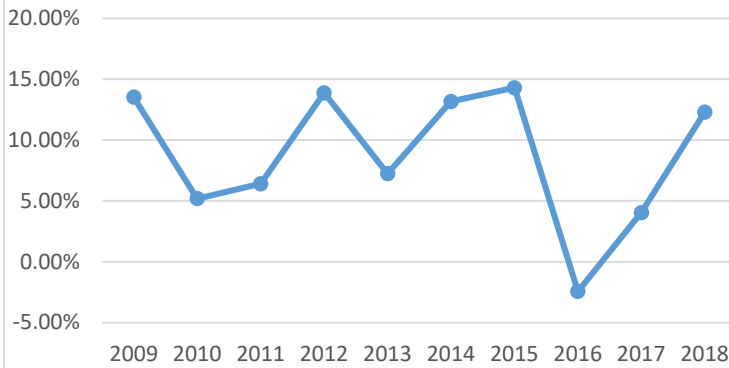


Chart 7. Calendar Year % Change In Real GDP Year Over Year



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	Eddy, NM	New Mexico	Difference Between County and State
Accommodation and food services	0.99%	2.94%	-1.95%
Administrative and support and waste management and remediation services	2.08%	2.51%	-0.43%
Arts, entertainment, and recreation	0.05%	0.68%	-0.63%
Educational services	0.11%	0.51%	-0.40%
Finance and insurance	0.66%	2.75%	-2.09%
Health care and social assistance	2.10%	7.39%	-5.30%
Management of companies and enterprises	0.18%	0.61%	-0.42%
Professional, scientific, and technical services	1.22%	7.21%	-6.00%
Real estate and rental and leasing	4.88%	12.17%	-7.29%
Agriculture, forestry, fishing and hunting	0.51%	1.78%	-1.28%
Construction	2.04%	3.12%	-1.08%
Information	0.70%	3.21%	-2.51%
Manufacturing	10.29%	4.31%	5.98%
Mining, quarrying, and oil and gas extraction	61.92%	14.79%	47.13%
Other services (except government and government enterprises)	0.72%	1.96%	-1.24%
Retail trade	2.04%	5.87%	-3.83%
Transportation and warehousing	5.48%	2.58%	2.90%
Utilities	0.29%	1.57%	-1.28%
Wholesale trade	1.30%	3.13%	-1.82%
Government and government enterprises	5.11%	21.50%	-16.39%