

# Quarterly Economic Summary

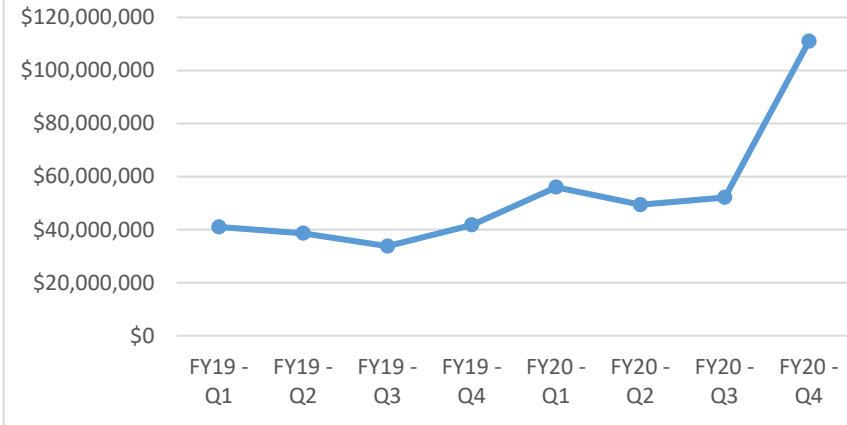
## Torrance County

Released: August 2020



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

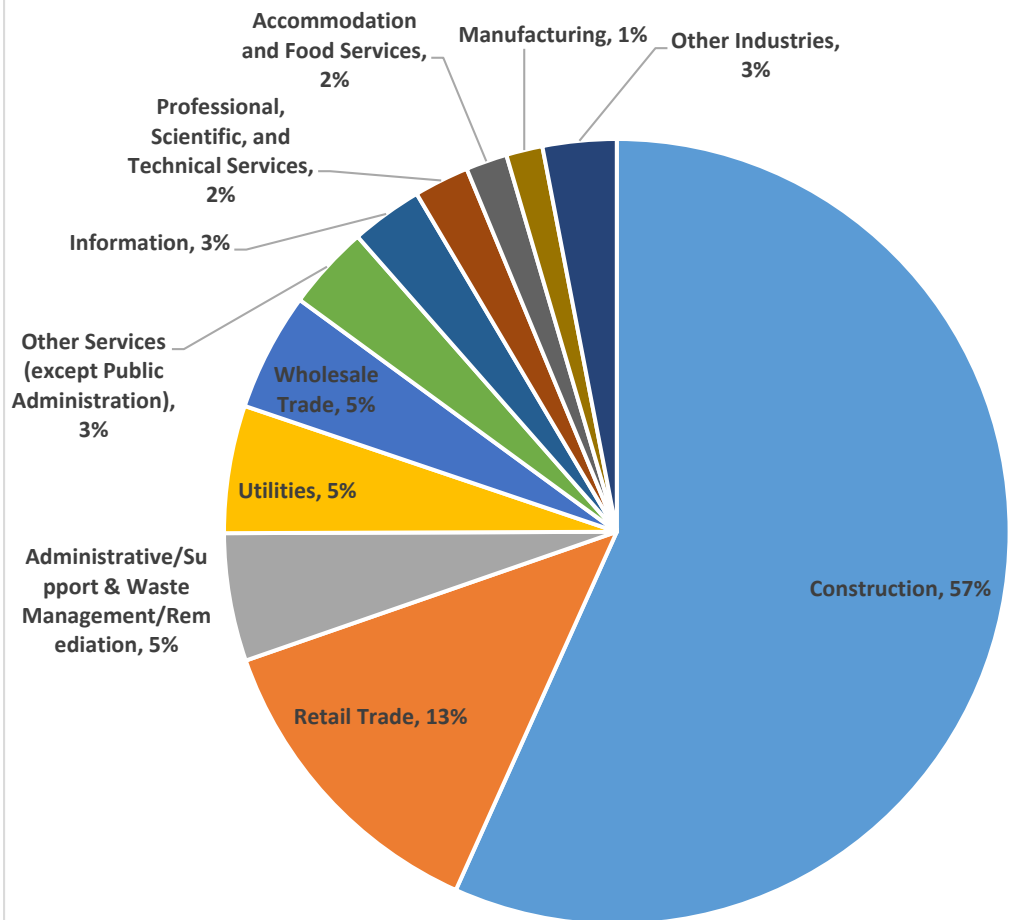
Chart 1. Matched Taxable Gross Receipts Per Quarter



The fourth quarter of FY20 is the first full quarter of economic impacts from the COVID-19 pandemic. Business closures and reduced consumer spending locally began to take effect at the end of March. Since then, the state instituted reopening phases designed to slow the spread of the virus while providing a systematic approach to reopening the economy. However, the continuation of the COVID-19 health crisis and the subsequent closures of many businesses statewide caused downward trends in matched taxable gross receipts across the state.

Torrance County saw a dramatic increase in its matched taxable gross receipts (MTGR) from Q3 FY20 to Q4 FY20, as seen in Chart 1. This increase of nearly \$59M or 113% places Q4 FY20 as the largest single quarter of MTGR for Torrance County in the last five fiscal years. Table 1, on the next page, shows an increase of \$69M from Q4 in FY19 to FY20 of the same period. The construction industry represented roughly 82% of the overall

Chart 2. FY20 - Q4 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

## Torrance County



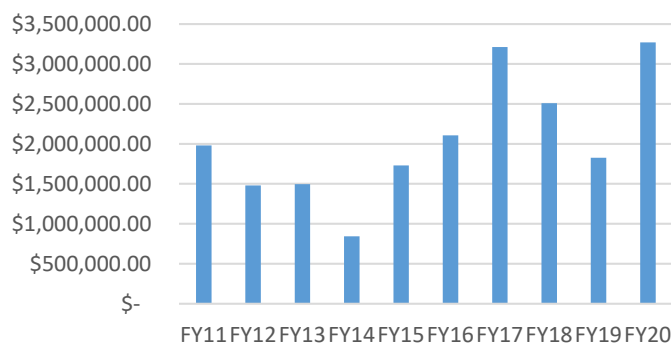
**Table 1. Matched Taxable Gross Receipts by Industry**

Industry	FY19 - Q4	FY20 - Q4	Growth	Year over year Change
Accommodation and Food Services	\$ 1,973,575	\$ 1,891,416	\$ (82,159)	-4%
Administrative/Support & Waste Management/Remediation	\$ 904,801	\$ 5,841,787	\$ 4,936,986	546%
Agriculture, Forestry, Fishing, and Hunting	\$ 629,813	\$ 980,641	\$ 350,828	56%
Arts, Entertainment, and Recreation	\$ 95,752	\$ 17,643	\$ (78,110)	-82%
Construction	\$ 5,915,727	\$ 62,985,076	\$ 57,069,349	965%
Educational Services	\$ 154,821	\$ 249,009	\$ 94,188	61%
Finance and Insurance	\$ 65,606	\$ 49,214	\$ (16,392)	-25%
Health Care and Social Assistance	\$ 552,071	\$ 561,418	\$ 9,346	2%
Information	\$ 3,050,147	\$ 3,286,631	\$ 236,483	8%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 1,316,361	\$ 1,664,151	\$ 347,790	26%
Mining, Quarrying, and Oil and Gas Extraction	\$ 88,781	\$ 12,651	\$ (76,130)	-86%
Other Services (except Public Administration)	\$ 3,827,280	\$ 3,864,596	\$ 37,317	1%
Professional, Scientific, and Technical Services	\$ 1,211,323	\$ 2,519,254	\$ 1,307,931	108%
Public Administration	\$ 270,863	\$ 128,933	\$ (141,931)	-52%
Real Estate and Rental and Leasing	\$ 857,954	\$ 917,995	\$ 60,041	7%
Retail Trade	\$ 13,911,806	\$ 14,392,919	\$ 481,114	3%
Transportation and Warehousing	\$ 534,870	\$ 362,422	\$ (172,449)	-32%
Unclassified Establishments	\$ 203,907	\$ 94,099	\$ (109,808)	-54%
Utilities	\$ 4,316,496	\$ 5,826,632	\$ 1,510,137	35%
Wholesale Trade	\$ 1,856,808	\$ 5,397,425	\$ 3,540,617	191%
<b>All Industries</b>	<b>\$ 41,738,763</b>	<b>\$ 111,043,911</b>	<b>\$ 69,305,148</b>	<b>166%</b>

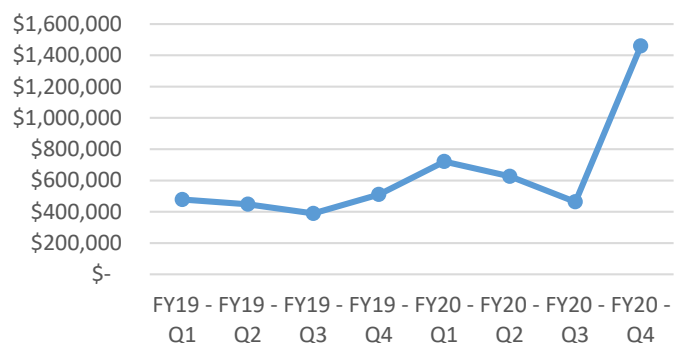
growth. On Chart 3, the annual GRT collections for FY20 increased by \$1.4M or 79% from FY19. FY20 is the largest amount collected in last ten fiscal years. Quarterly GRT collections, as seen in Chart 4, shows an increase of nearly \$1M or 215% from Q3 FY20 to Q4 FY20.

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 the 2020 Special Session, that legislation was amended, increasing a temporary distribution to municipalities and counties. Now municipalities will receive a distribution that is a portion of \$2.5 million while counties will receive a distribution that is a portion of \$1.5 million. The amounts distributed will be proportional to the size of the community's population versus that of the entire group. These amounts are subject to change if the federal government provides municipalities and counties future grants to offset revenue declines attributable to COVID-19.

**Chart 3. Annual Total GRT Revenue Collections**



**Chart 4. Quarterly GRT Revenue Collections**



# Quarterly Economic Summary

## Torrance County



Chart 5. Quarterly Average Total Employment & Weekly Wage

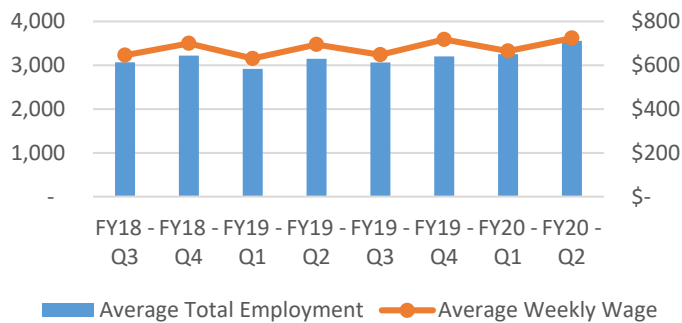
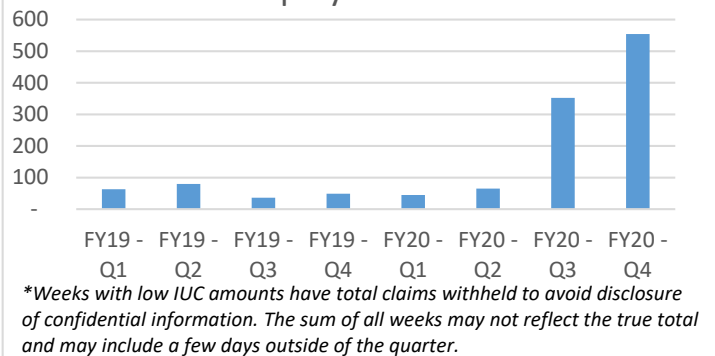


Chart 6. Quarterly Initial Unemployment Claims



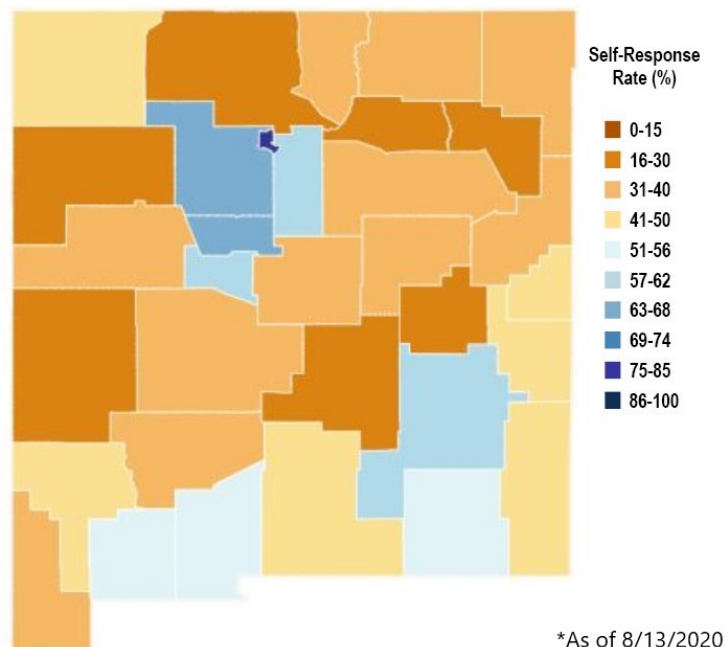
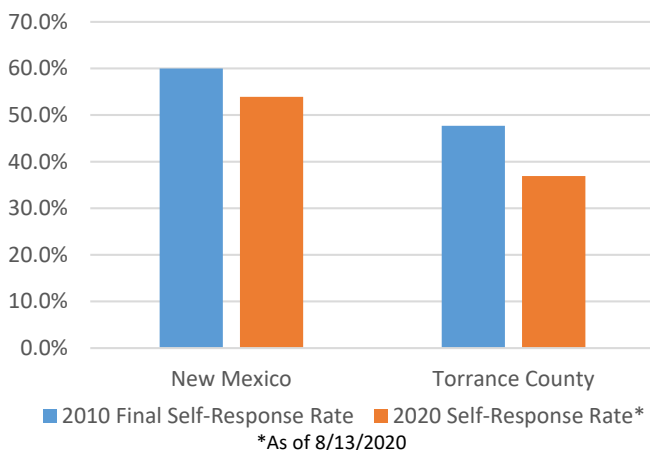
New Mexico receives over \$6 billion each year through federal programs which benefit the entire community: health care, nutrition, highways, education, housing, jobs and more that allocate funds on per capita basis. Each New Mexican not counted equates to a loss of approximately \$3,745 in funding per year. If New Mexico undercounts residents by only 1%, the state would lose \$780 million in revenue over the next 10 years.

A significant unexplained increase in initial unemployment claims can be an early indicator of an economic downturn. Explained increases commonly include seasonal job fluctuations, federal government shutdowns resulting in employee furloughs, or the closing of a major regional facility. This unprecedented uptick in initial unemployment claims is obviously tied directly to the COVID-19 pandemic and subsequent furloughs and layoffs by affected businesses. As the phased reopening continues, it is likely the number of initial unemployment claims will flatten out and then decrease, but it is impossible to predict how quickly the employment numbers will return to pre-COVID levels.

### Cost of 1% Census Undercount Over 10 Years in Torrance County

**\$4,608,383**

Census Self-Response Rates



SOURCES: NEW MEXICO TAXATION AND REVENUE DEPT, NEW MEXICO DEPARTMENT OF WORKFORCE SOLUTIONS, U.S. BUREAU OF LABOR STATISTICS, U.S. BUREAU OF ECONOMIC ANALYSIS AND EDD CALCULATIONS