

Quarterly Economic Summary

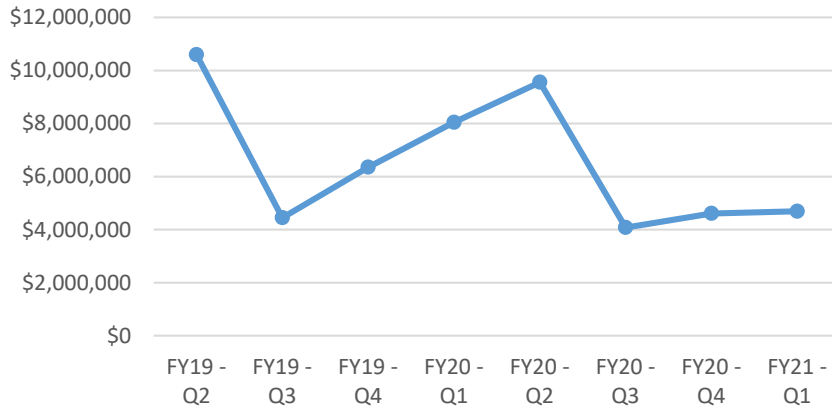
De Baca County

Released: December 2020



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

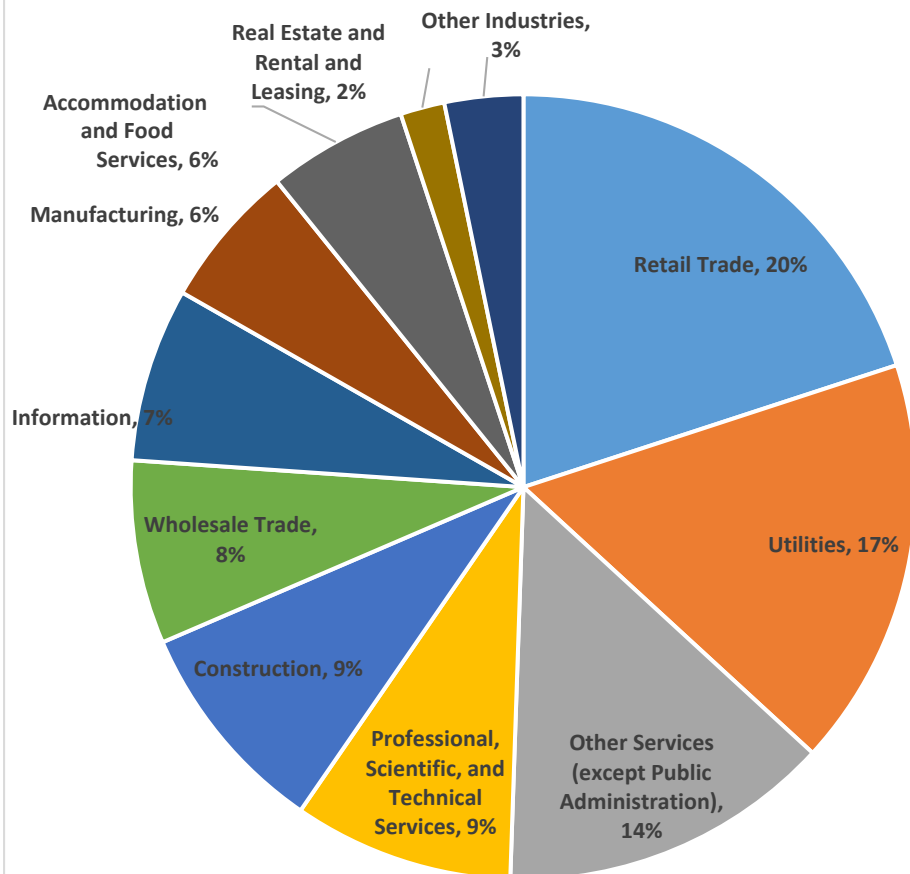
Chart 1. Matched Taxable Gross Receipts Per Quarter



The three months making up FY21 Q1 were the worst three months of the state's economic impact from COVID-19, comparing gross receipts data with the same period a year ago, despite 14 counties experiencing a year-over-year increase. The impacts were significantly worse due to lapsing federal support and no new federal aid package. Importantly, the federal bonus for unemployment benefits of an additional \$600/week expired, reducing consumer spending power.

De Baca County has seen its matched taxable gross receipts (MTGR) remain stable over the last three quarters, as seen in Chart 1. From Q4 FY20 to Q1 FY21, De Baca County's MTGR has increased by \$82K or 2%. When comparing De Baca County's MTGR year over year, Q1 FY20 to Q1 FY21, it has decreased by nearly 42%. As seen in Table 1, on the next page, the construction industry contributed the most to the decline, posting a year over

Chart 2. FY21 - 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.

Quarterly Economic Summary

De Baca County



Table 1. Matched Taxable Gross Receipts by Industry

| Industries | FY20 - Q1 | FY21 - Q1 | Growth | Year over year Change |
|---|---------------------|---------------------|-----------------------|-----------------------|
| Accommodation and Food Services | \$ 267,056 | \$ 246,480 | \$ (20,576) | -8% |
| Administrative/Support & Waste Management/Remediation | \$ 22,316 | \$ 25,410 | \$ 3,095 | 14% |
| Agriculture, Forestry, Fishing, and Hunting | \$ 41,036 | \$ 31,594 | \$ (9,442) | -23% |
| Arts, Entertainment, and Recreation | \$ - | \$ - | \$ - | N/A |
| Construction | \$ 4,071,040 | \$ 383,312 | \$ (3,687,728) | -91% |
| Educational Services | \$ 25,418 | \$ 8,259 | \$ (17,159) | -68% |
| Finance and Insurance | \$ - | \$ - | \$ - | N/A |
| Health Care and Social Assistance | \$ - | \$ 55,513 | \$ 55,513 | N/A |
| Information | \$ 499,274 | \$ 307,082 | \$ (192,192) | -38% |
| Manufacturing | \$ 221,888 | \$ 255,322 | \$ 33,434 | 15% |
| Mining, Quarrying, and Oil and Gas Extraction | \$ - | \$ - | \$ - | N/A |
| Other Services (except Public Administration) | \$ 451,385 | \$ 588,148 | \$ 136,763 | 30% |
| Professional, Scientific, and Technical Services | \$ 104,547 | \$ 389,199 | \$ 284,652 | 272% |
| Public Administration | \$ - | \$ - | \$ - | N/A |
| Real Estate and Rental and Leasing | \$ 92,799 | \$ 78,155 | \$ (14,644) | -16% |
| Retail Trade | \$ 909,446 | \$ 857,118 | \$ (52,327) | -6% |
| Transportation and Warehousing | \$ 10,766 | \$ 16,223 | \$ 5,458 | 51% |
| Unclassified Establishments | \$ 451 | \$ 1,886 | \$ 1,435 | 318% |
| Utilities | \$ 706,731 | \$ 723,411 | \$ 16,681 | 2% |
| Wholesale Trade | \$ 121,014 | \$ 324,197 | \$ 203,183 | 168% |
| All Industries | \$ 8,044,833 | \$ 4,690,159 | \$ (3,354,674) | -42% |

year loss of \$3.6M or 91%. Table 1 also shows four industries with no MTGR. This may be due to the county's smaller size and thus fewer companies within each industry. With fewer companies, MTGR data may be withheld to prevent the disclosure of confidential information. Gross receipts tax (GRT) revenue collections have been trending downward over the last eight quarters, as seen in Chart 4. From Q4 FY20 to Q1 FY21, quarterly collections decreased by \$17K or 28%. When comparing Q1 FY21 to Q1 FY20, the year over year quarterly collections have declined by 61% or just over \$70K.

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 that 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

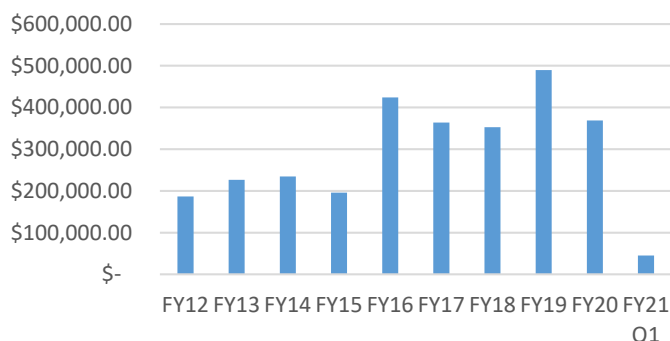
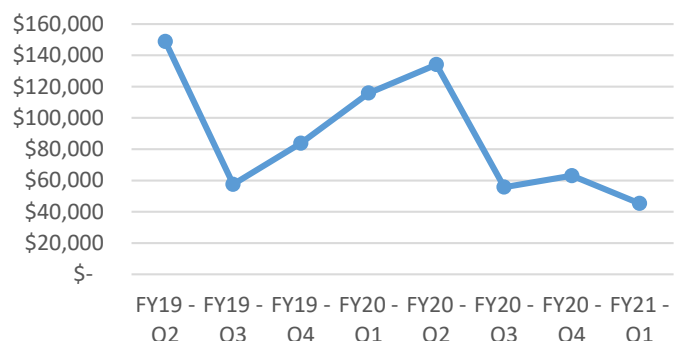


Chart 4. Quarterly GRT Revenue Collections



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

Quarterly Economic Summary

De Baca County



Chart 5. Quarterly Average Total Employment & Weekly Wage

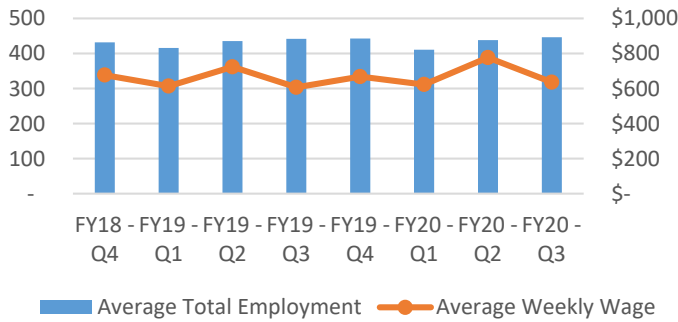


Chart 6. Quarterly Initial Unemployment Claims

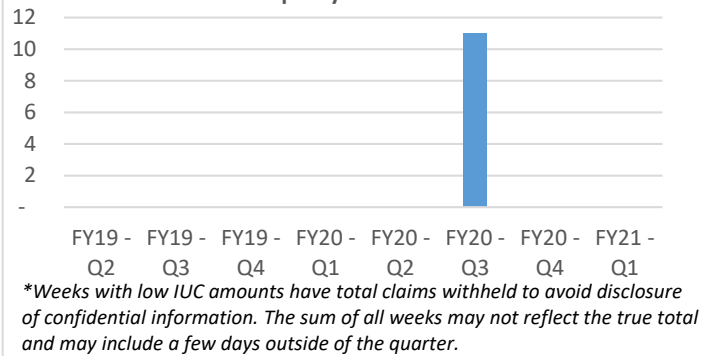
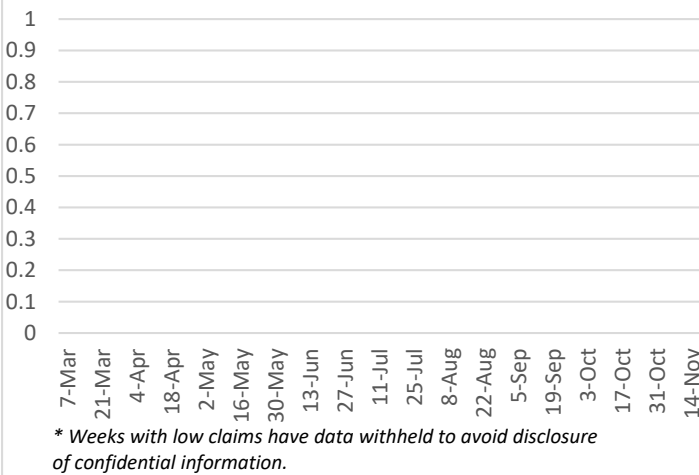


Chart. 7 Initial UI Claims - Weekly



Analysis of Initial Unemployment Claims

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 tied directly to the COVID-19 pandemic and subsequent furloughs and layoffs by affected businesses. As we continue into early and mid-2021, it is likely the number of initial unemployment claims will vary based on the effects of the pandemic but gradually wane; however, it is impossible to predict how quickly the employment numbers will return to pre-COVID-19 levels.

Chart 7 – Includes weekly initial claims for regular unemployment insurance (UI) but excludes pandemic unemployment assistance (PUA) and pandemic emergency unemployment assistance (PEUA) claims. Weeks shown as zero were redacted for confidentiality.

Chart 8 – Includes claimants receiving payment and pending certifications for standard UI, PUA, PEUA, extended benefits, and trade readjustment allowances. As of 11/2/2020, claimants who were initially considered eligible but have either never filed a certification or have not certified within 14 days have been removed from data, resulting in lower numbers.

Chart 8. Ongoing UI Claimants - Weekly

