

Quarterly Economic Summary

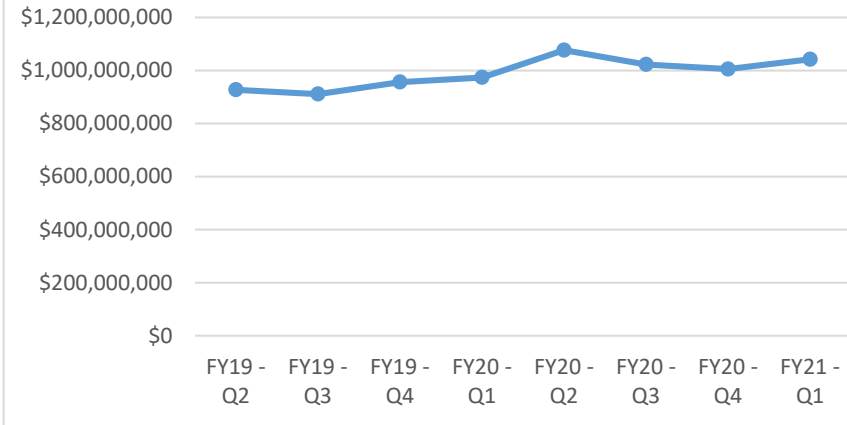
Doña Ana County

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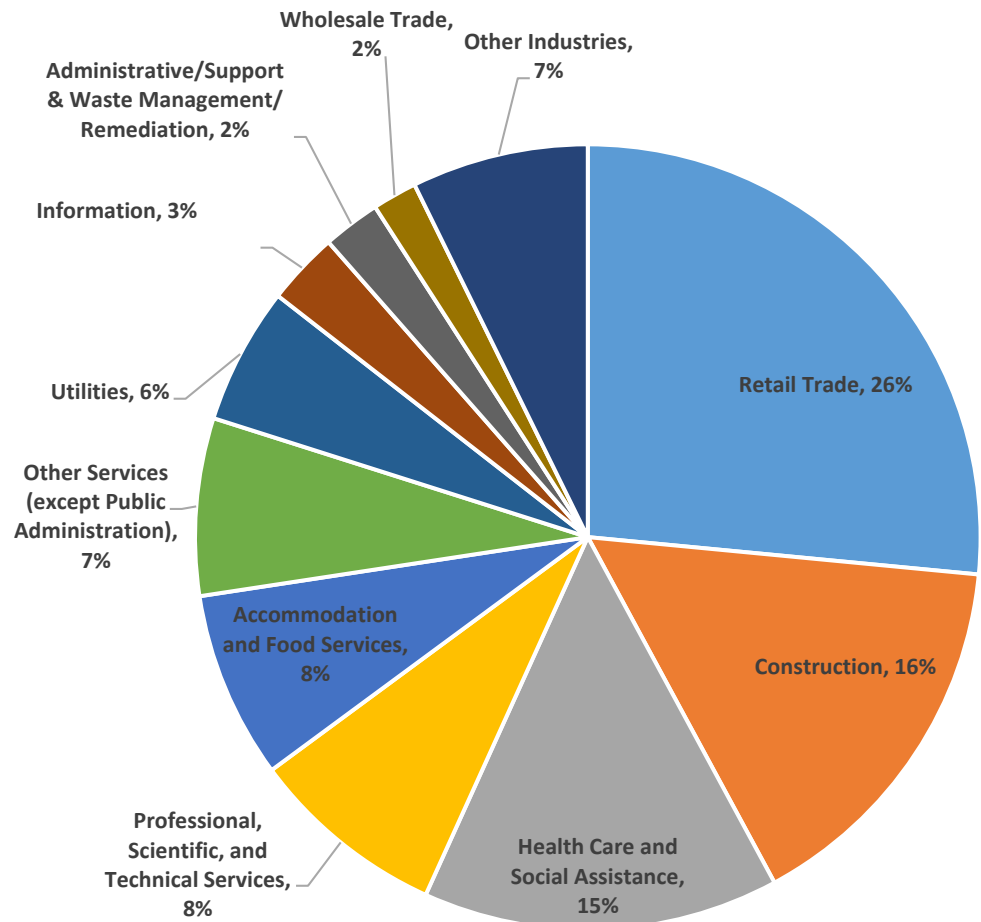
Chart 1. Matched Taxable Gross Receipts Per Quarter



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.

Doña Ana County has seen its matched taxable gross receipts (MTGR) trend upward over the last eight quarters, as seen in Chart 1. This upward trend dates back to Q1 FY18. From Q4 FY20 to Q1 FY21, MTGR increased by \$36M or 4%. Q1 FY21 is the second highest amount recorded for Doña Ana County MTGR. As seen in Chart 2, retail trade and construction continue to be the largest contributors to the county's MTGR combining

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.

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Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY20 - Q1	FY21 - Q1	Growth	Year over year Change
Accommodation and Food Services	\$ 88,644,693	\$ 80,037,058	\$ (8,607,636)	-10%
Administrative/Support & Waste Management/Remediation	\$ 39,254,244	\$ 24,610,354	\$ (14,643,890)	-37%
Agriculture, Forestry, Fishing, and Hunting	\$ 2,175,865	\$ 4,819,657	\$ 2,643,792	122%
Arts, Entertainment, and Recreation	\$ 6,068,105	\$ 3,374,845	\$ (2,693,260)	-44%
Construction	\$ 138,052,985	\$ 162,062,720	\$ 24,009,735	17%
Educational Services	\$ 12,418,935	\$ 13,647,400	\$ 1,228,465	10%
Finance and Insurance	\$ 7,089,228	\$ 8,341,947	\$ 1,252,718	18%
Health Care and Social Assistance	\$ 131,369,391	\$ 152,297,550	\$ 20,928,158	16%
Information	\$ 55,815,739	\$ 31,087,568	\$ (24,728,171)	-44%
Management of Companies and Enterprises	\$ 874,929	\$ 904,647	\$ 29,718	3%
Manufacturing	\$ 15,024,785	\$ 15,490,648	\$ 465,863	3%
Mining, Quarrying, and Oil and Gas Extraction	\$ 534,325	\$ 2,375,634	\$ 1,841,309	345%
Other Services (except Public Administration)	\$ 66,764,197	\$ 75,887,404	\$ 9,123,207	14%
Professional, Scientific, and Technical Services	\$ 62,462,662	\$ 84,362,214	\$ 21,899,552	35%
Public Administration	\$ 879,766	\$ 944,847	\$ 65,081	7%
Real Estate and Rental and Leasing	\$ 16,550,222	\$ 18,612,479	\$ 2,062,257	12%
Retail Trade	\$ 251,128,225	\$ 275,540,172	\$ 24,411,947	10%
Transportation and Warehousing	\$ 5,784,653	\$ 5,260,150	\$ (524,503)	-9%
Unclassified Establishments	\$ 3,312,845	\$ 2,701,736	\$ (611,110)	-18%
Utilities	\$ 51,244,682	\$ 58,532,313	\$ 7,287,631	14%
Wholesale Trade	\$ 15,971,265	\$ 19,077,028	\$ 3,105,763	19%
All Industries	\$ 973,771,851	\$ 1,042,233,403	\$ 68,461,552	7%

in Q1 FY21 to make up just over 42%. Though that number is high, it has decreased since Q4 FY20 when the two industries made up over 47%. As seen in Table 1, the retail trade industry saw the largest amount of growth, an increase of \$24.4M, when comparing Q1 FY20 to the same time period in FY21.

Gross receipts tax (GRT) revenue collections rose significantly in Q1 FY21, as seen in Chart 4. From Q4 FY20 to Q1 FY21, quarterly collections increased by roughly \$531K or 5%. From Q1 FY20 to Q1 FY21, the year over year growth was just shy of 8% or \$814K.

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

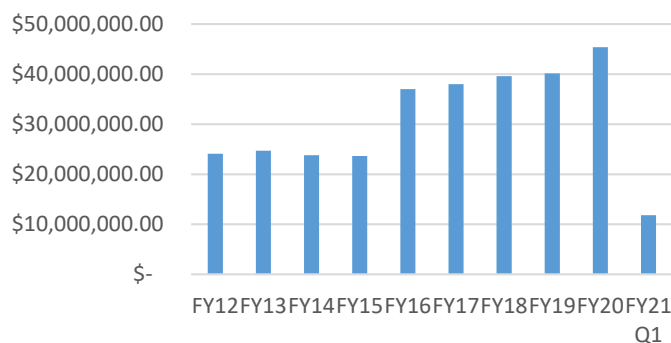
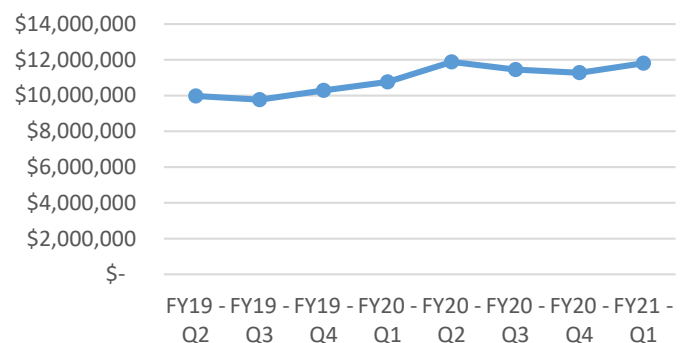


Chart 4. Quarterly GRT Revenue Collections



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

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Chart 5. Quarterly Average Total Employment & Weekly Wage

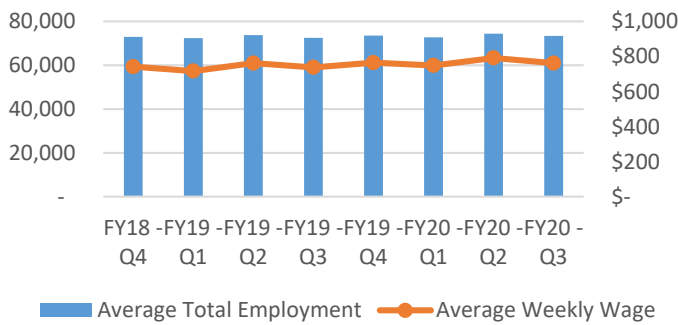


Chart 6. Quarterly Initial Unemployment Claims

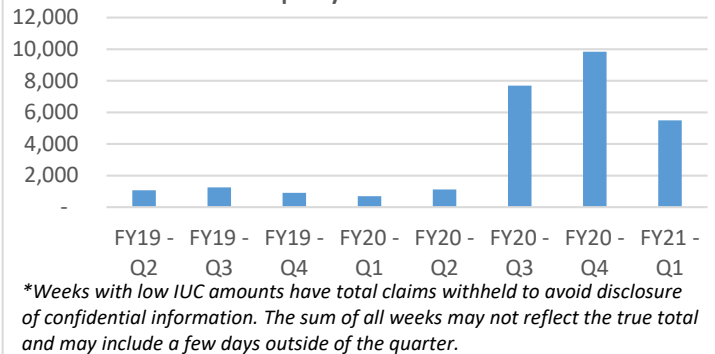
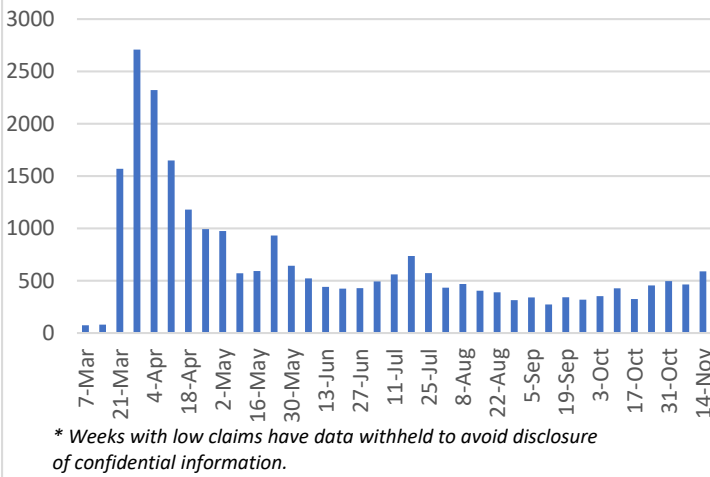


Chart. 7 Initial UI Claims - Weekly



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

