

Quarterly Economic Summary

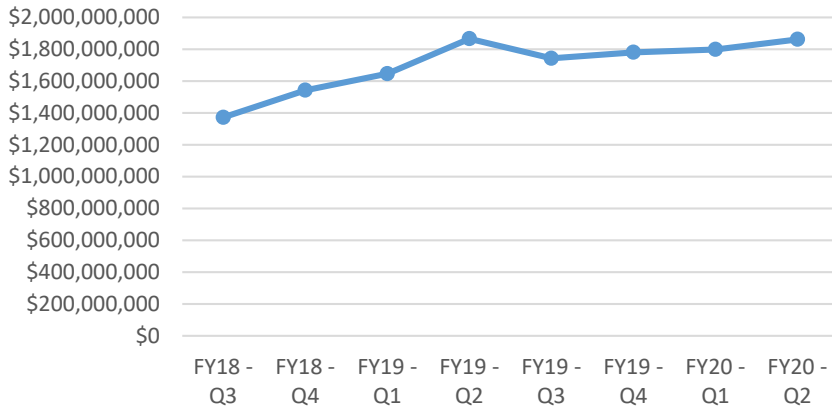
Lea County



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

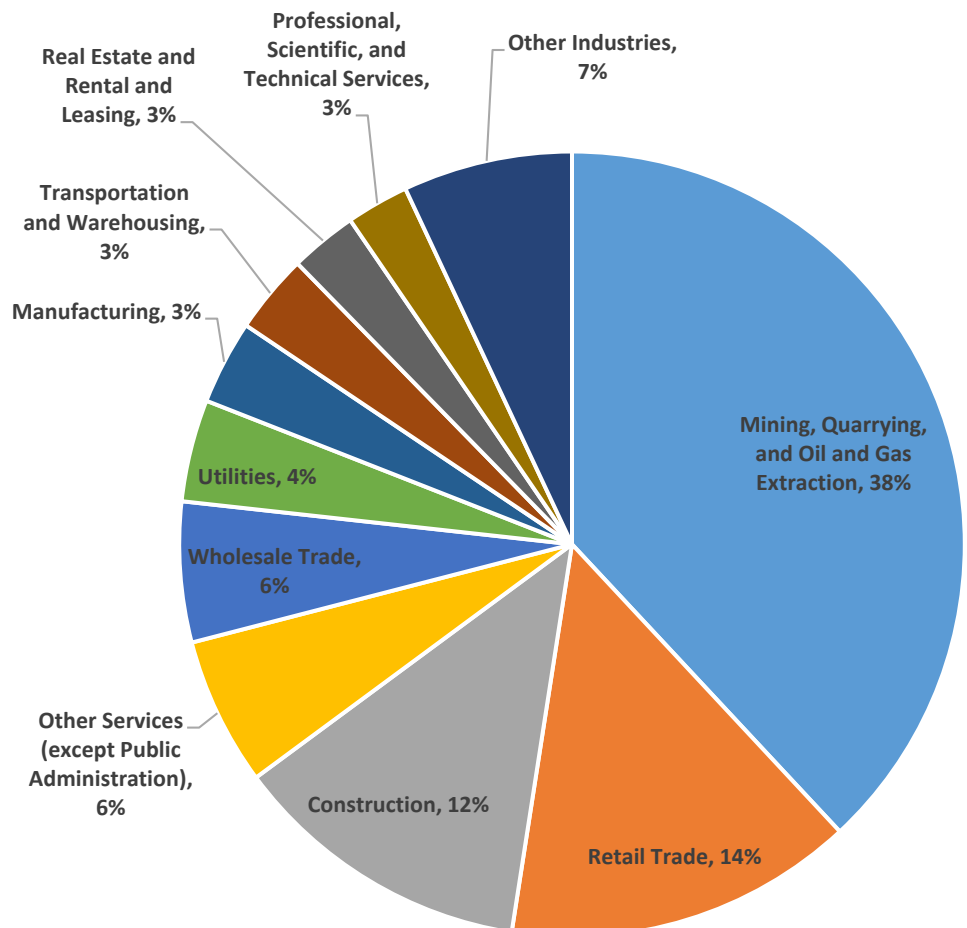
Chart 1. Matched Taxable Gross Receipts Per Quarter



Lea County continues to see growth in its matched taxable gross receipts (MTGR) and is now on its fourth consecutive quarter of growth, as seen in Chart 1. Q2 FY20 saw a year over year (YOY) decrease of less than 1%, decreasing by \$4.4M, seen in Table 1 on page 2. The industry titled Unclassified Establishments, in Table 1, shows a YOY decrease of 73%. It is likely that one or more entities misclassified their industry during Q2 FY19 and have since resolved this problem, resulting in Q2 FY20 having a lower MTGR.

Oil and Gas, Retail Trade and Construction remain the largest industries by MTGR.

Chart 2. FY20 - Q2 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 - Q2	FY20 - Q2	Growth	Year over year Change
Accommodation and Food Services	\$ 46,971,519	\$ 43,731,589	\$ (3,239,931)	-7%
Administrative/Support & Waste Management/Remediation	\$ 29,468,876	\$ 27,945,714	\$ (1,523,162)	-5%
Agriculture, Forestry, Fishing, and Hunting	\$ 2,236,395	\$ 2,087,517	\$ (148,877)	-7%
Arts, Entertainment, and Recreation	\$ 3,070,408	\$ 2,192,379	\$ (878,030)	-29%
Construction	\$ 193,727,111	\$ 231,295,732	\$ 37,568,621	19%
Educational Services	\$ 293,774	\$ 358,784	\$ 65,010	22%
Finance and Insurance	\$ 2,258,923	\$ 2,537,372	\$ 278,450	12%
Health Care and Social Assistance	\$ 23,950,260	\$ 18,130,015	\$ (5,820,245)	-24%
Information	\$ 24,277,391	\$ 27,277,819	\$ 3,000,428	12%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 56,702,523	\$ 64,409,999	\$ 7,707,476	14%
Mining, Quarrying, and Oil and Gas Extraction	\$ 754,226,950	\$ 708,647,633	\$ (45,579,317)	-6%
Other Services (except Public Administration)	\$ 112,001,478	\$ 113,514,312	\$ 1,512,834	1%
Professional, Scientific, and Technical Services	\$ 39,257,593	\$ 47,963,945	\$ 8,706,352	22%
Public Administration	\$ 104,210	\$ 74,652	\$ (29,558)	-28%
Real Estate and Rental and Leasing	\$ 58,617,913	\$ 51,586,419	\$ (7,031,494)	-12%
Retail Trade	\$ 248,290,963	\$ 268,150,592	\$ 19,859,629	8%
Transportation and Warehousing	\$ 68,837,516	\$ 60,827,742	\$ (8,009,774)	-12%
Unclassified Establishments	\$ 20,464,988	\$ 5,507,986	\$ (14,957,002)	-73%
Utilities	\$ 72,631,949	\$ 78,295,217	\$ 5,663,268	8%
Wholesale Trade	\$ 109,071,277	\$ 107,554,750	\$ (1,516,526)	-1%
All Industries	\$ 1,866,462,016	\$ 1,862,090,167	\$ (4,371,849)	0%

Gross Receipts Tax (GRT) revenue collections remained relatively unchanged from Q1 to Q2 of FY20. Q2 FY20 did see a 3% YOY increase in GRT collection over FY19, with approximate growth of \$197K. Table 2 on page 3 shows multiple industries having no contribution to GDP in 2018. This is due to the number of companies within the industries being so low that the Bureau of Economic Analysis has withheld the information for the industry to avoid disclosure of confidential information. Table 2 does not necessarily reflect the proportion each industry contributes to overall GDP.

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

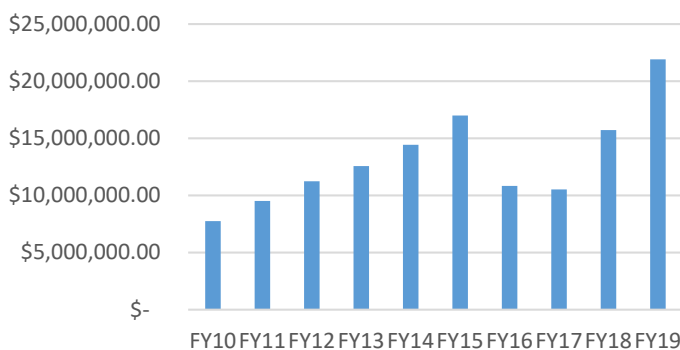
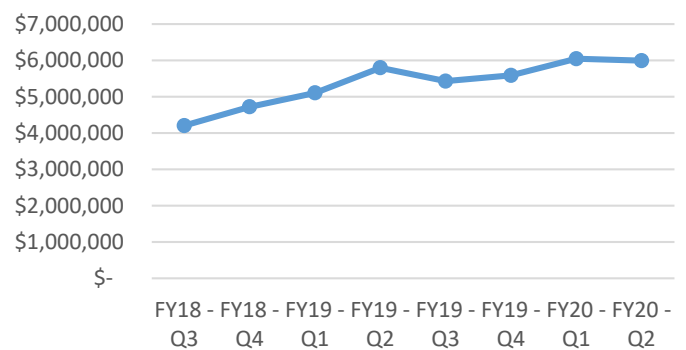


Chart 4. Quarterly GRT Revenue Collections



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Chart 5. Quarterly Average Total Employment & Weekly Wage

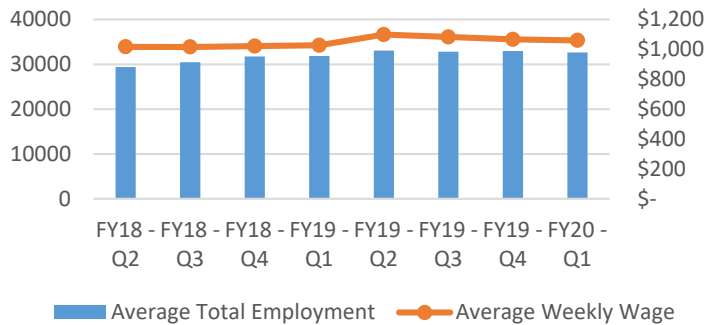


Chart 6. Quarterly Initial Unemployment Claims

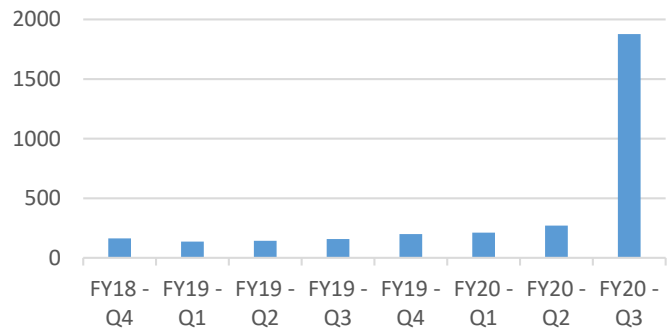
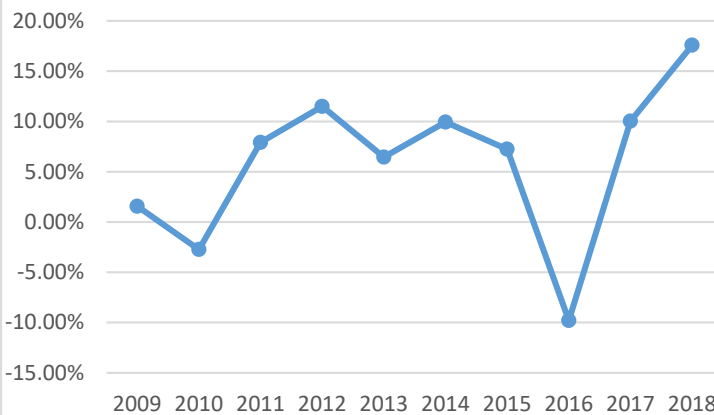


Chart 7. Calendar Year % Change In Real GDP Year Over Year



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. The major uptick in the initial unemployment claims is directly tied to the COVID-19 outbreak and the subsequent closure of “non-essential” businesses. These businesses tend to be a major component of the workforce. As the stay at home order stays in effect, it is likely that the initial unemployment claims will continue to increase as the economy shifts to handle the unprecedented changes.

Table 2. Calendar Year 2018 Real County GDP vs Real State GDP

Industries	Lea, NM	New Mexico	Difference Between County and State
Accommodation and food services	1.23%	2.94%	-1.70%
Administrative and support and waste management and remediation services	1.07%	2.51%	-1.44%
Arts, entertainment, and recreation	0.00%	0.68%	-0.68%
Educational services	0.11%	0.51%	-0.40%
Finance and insurance	0.84%	2.75%	-1.91%
Health care and social assistance	1.68%	7.39%	-5.71%
Management of companies and enterprises	0.19%	0.61%	-0.42%
Professional, scientific, and technical services	0.90%	7.21%	-6.31%
Real estate and rental and leasing	5.42%	12.17%	-6.75%
Agriculture, forestry, fishing and hunting	0.00%	1.78%	-1.78%
Construction	3.29%	3.12%	0.17%
Information	0.83%	3.21%	-2.38%
Manufacturing	2.82%	4.31%	-1.49%
Mining, quarrying, and oil and gas extraction	69.57%	14.79%	54.78%
Other services (except government and government enterprises)	1.08%	1.96%	-0.88%
Retail trade	2.88%	5.87%	-2.99%
Transportation and warehousing	3.33%	2.58%	0.75%
Utilities	0.00%	1.57%	-1.57%
Wholesale trade	2.54%	3.13%	-0.58%
Government and government enterprises	3.74%	21.50%	-17.76%

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