

Quarterly Economic Summary

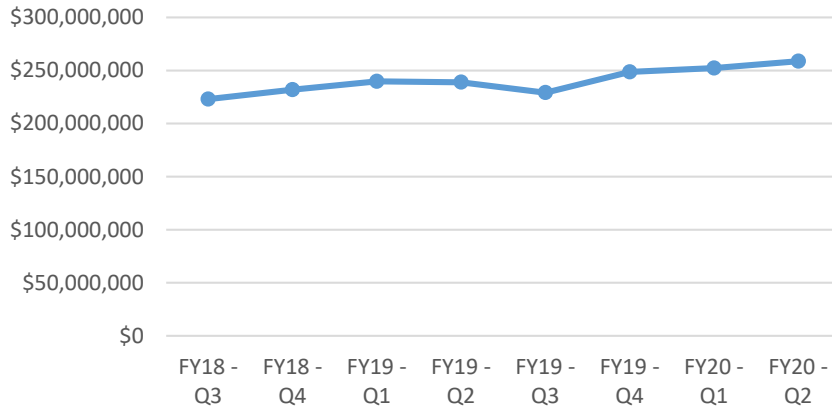
Otero County



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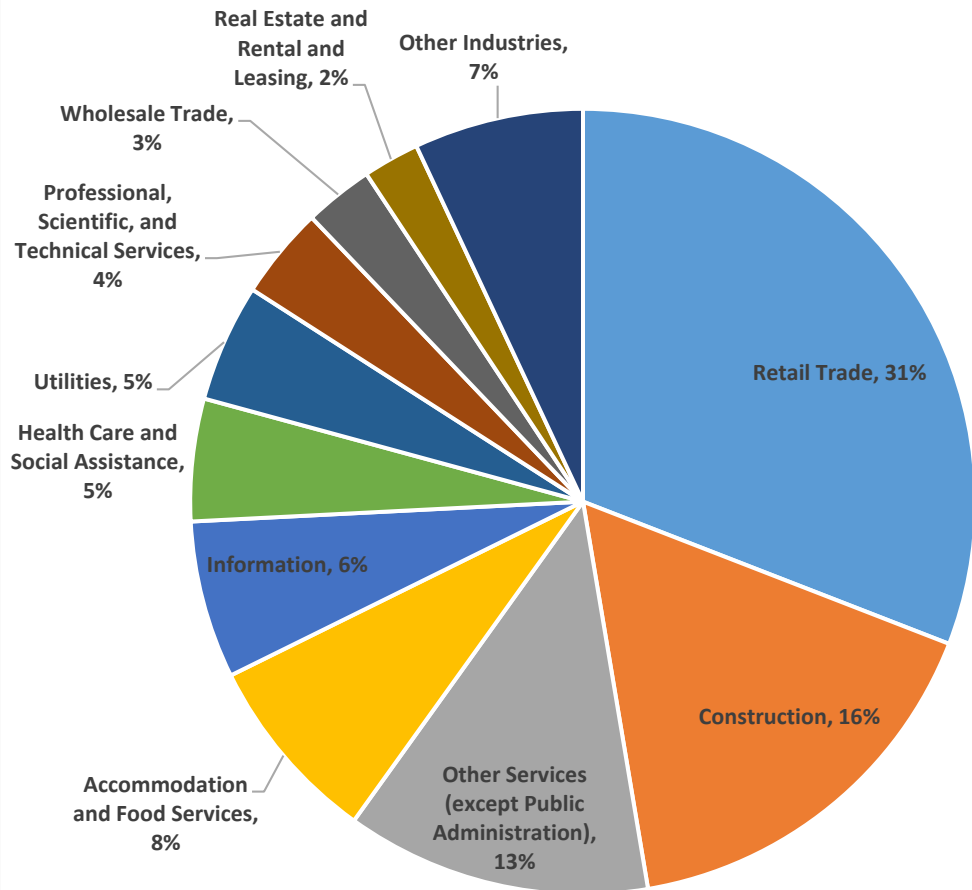
Chart 1. Matched Taxable Gross Receipts Per Quarter



Otero County's matched taxable gross receipts (MTGR) continue their upward trend, as seen in Chart 1. Q2 FY 20 saw a 3% increase over Q1 FY20. Additionally, Q2 FY20 had an 8% year over year increase in MTGR, broken down and seen on page 2 in Table 1. Construction saw a \$14.1M YOY increase in Q2. The industry has steadily increased since Q2 FY19. The Professional, Scientific and Technical Services industry saw the largest YOY decrease, seen in Table1, of 59%. This industry has seen its MTGR on a downward trend since Q2 FY19.

Retail Trade, Construction and the Other Services (except Public Administration) industry remain the top three industries by MTGR for the second quarter of FY20.

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.

Quarterly Economic Summary

Otero County



Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY19 - Q2	FY20 - Q2	Growth	Year over year Change
Accommodation and Food Services	\$ 17,949,388	\$ 20,167,046	\$ 2,217,659	12%
Administrative/Support & Waste Management/Remediation	\$ 5,601,261	\$ 5,164,558	\$ (436,704)	-8%
Agriculture, Forestry, Fishing, and Hunting	\$ 1,545,589	\$ 1,408,120	\$ (137,469)	-9%
Arts, Entertainment, and Recreation	\$ 193,409	\$ 635,618	\$ 442,209	229%
Construction	\$ 28,446,030	\$ 42,568,892	\$ 14,122,862	50%
Educational Services	\$ 1,806,226	\$ 4,369,801	\$ 2,563,576	142%
Finance and Insurance	\$ 1,051,122	\$ 1,036,713	\$ (14,409)	-1%
Health Care and Social Assistance	\$ 13,934,511	\$ 13,027,588	\$ (906,923)	-7%
Information	\$ 16,920,987	\$ 16,787,156	\$ (133,831)	-1%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 3,187,151	\$ 3,437,925	\$ 250,774	8%
Mining, Quarrying, and Oil and Gas Extraction	\$ 112,320	\$ 55,135	\$ (57,185)	-51%
Other Services (except Public Administration)	\$ 24,508,774	\$ 32,497,823	\$ 7,989,049	33%
Professional, Scientific, and Technical Services	\$ 23,730,701	\$ 9,798,568	\$ (13,932,133)	-59%
Public Administration	\$ 161,315	\$ 155,165	\$ (6,151)	-4%
Real Estate and Rental and Leasing	\$ 5,946,837	\$ 6,010,235	\$ 63,398	1%
Retail Trade	\$ 73,954,788	\$ 79,947,654	\$ 5,992,866	8%
Transportation and Warehousing	\$ 1,389,569	\$ 689,783	\$ (699,787)	-50%
Unclassified Establishments	\$ 851,410	\$ 1,091,951	\$ 240,540	28%
Utilities	\$ 12,211,295	\$ 12,548,798	\$ 337,503	3%
Wholesale Trade	\$ 5,386,928	\$ 7,345,739	\$ 1,958,810	36%
All Industries	\$ 238,889,612	\$ 258,744,268	\$ 19,854,656	8%

Gross Receipts Tax (GRT) revenue collections saw a decrease of \$157K from Q1 to Q2 of FY20 after seeing two consecutive quarters of growth. The second quarter of FY20 did, however, see a 14% increase over the same quarter of FY19. Table 2, on page 3, shows Otero County having a large portion (59%) of its GDP coming from the Government industry, which is 37.5% more than the same industry's share in all of New Mexico. This large difference is likely due to Holloman AFB.

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

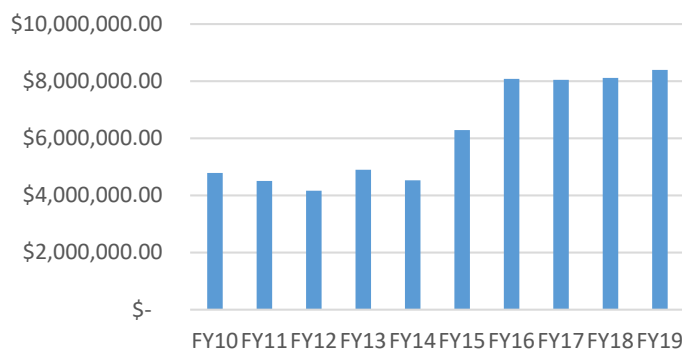
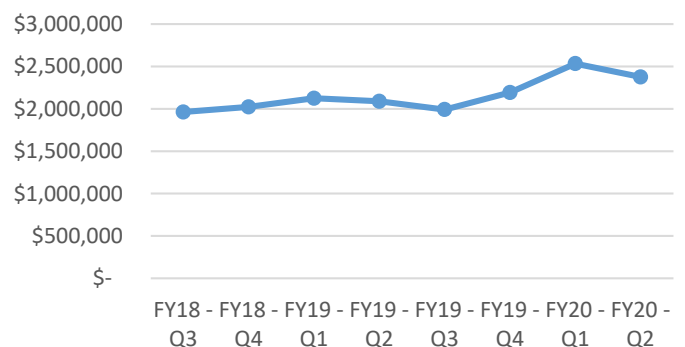


Chart 4. Quarterly GRT Revenue Collections



Quarterly Economic Summary

Otero County



Chart 5. Quarterly Average Total Employment & Weekly Wage

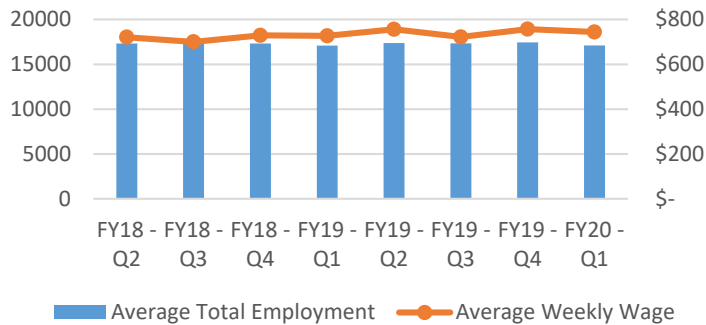


Chart 6. Quarterly Initial Unemployment Claims

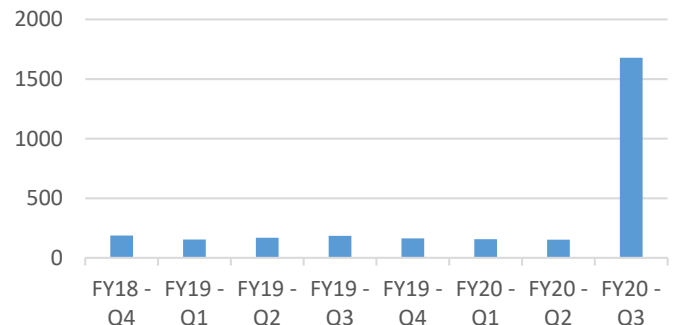
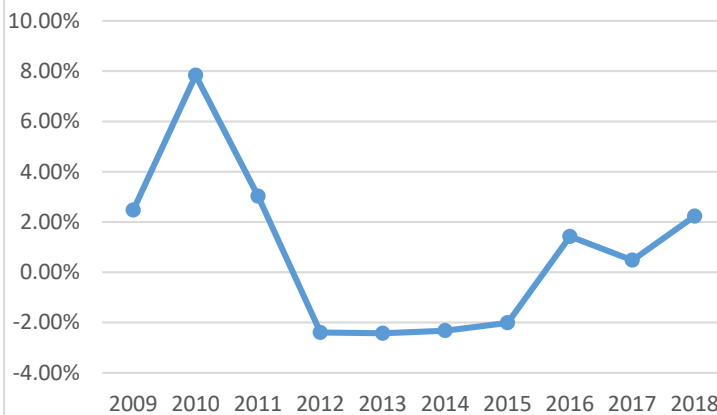


Chart 7. Calendar Year % Change In Real GDP Year Over Year



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. 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	Otero, NM	New Mexico	Difference Between County and State
Accommodation and food services	1.69%	2.94%	-1.25%
Administrative and support and waste management and remediation services	2.70%	2.51%	0.19%
Arts, entertainment, and recreation	0.11%	0.68%	-0.57%
Educational services	0.58%	0.51%	0.07%
Finance and insurance	1.04%	2.75%	-1.71%
Health care and social assistance	6.89%	7.39%	-0.50%
Management of companies and enterprises	0.14%	0.61%	-0.46%
Professional, scientific, and technical services	2.21%	7.21%	-5.00%
Real estate and rental and leasing	13.17%	12.17%	1.01%
Agriculture, forestry, fishing and hunting	0.10%	1.78%	-1.68%
Construction	2.28%	3.12%	-0.83%
Information	1.39%	3.21%	-1.82%
Manufacturing	0.31%	4.31%	-4.01%
Mining, quarrying, and oil and gas extraction	0.23%	14.79%	-14.56%
Other services (except government and government enterprises)	1.54%	1.96%	-0.42%
Retail trade	4.45%	5.87%	-1.42%
Transportation and warehousing	0.95%	2.58%	-1.63%
Utilities	0.39%	1.57%	-1.19%
Wholesale trade	0.83%	3.13%	-2.30%
Government and government enterprises	59.01%	21.50%	37.51%