

Quarterly Economic Summary

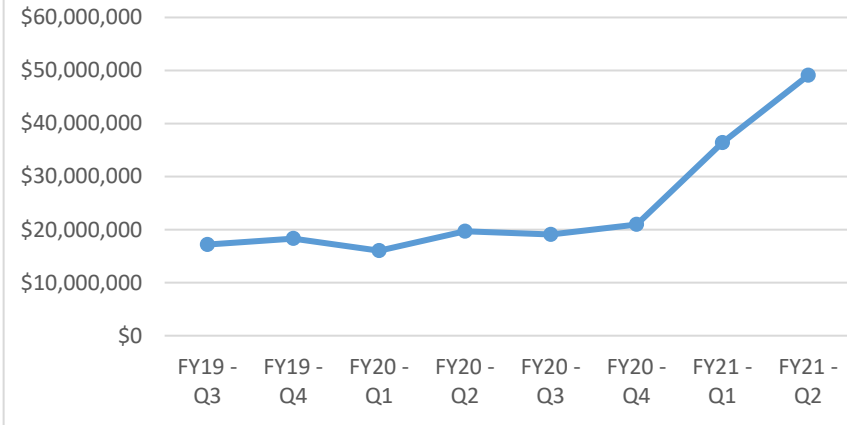
Hidalgo County



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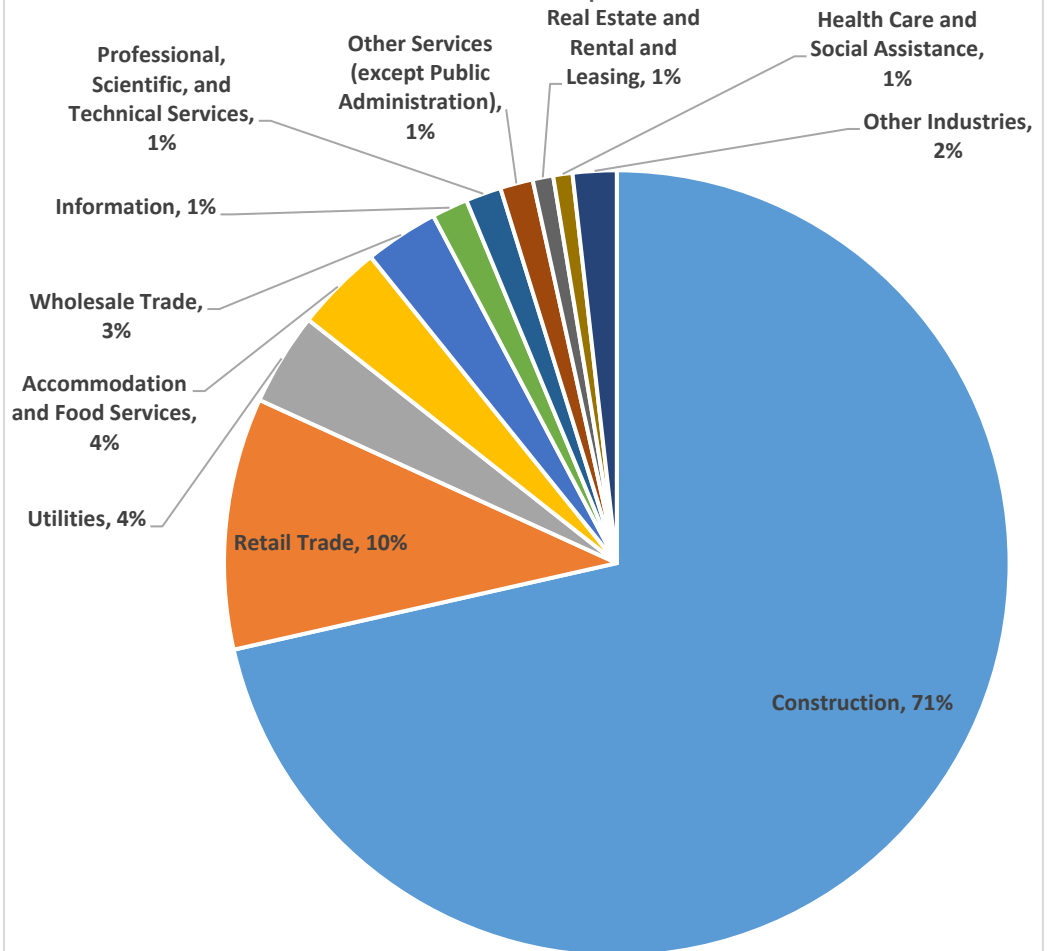
Chart 1. Matched Taxable Gross Receipts Per Quarter



New Mexico suffered another challenging quarter in Q2 FY20 compared to the previous year. The effects of the pandemic weighed heavily on business and consumer activity, and 18 of the 33 counties saw declines in year-over-year gross receipts tax revenue. Of the 15 with positive growth, several only experienced increases due to large construction projects. A new Public Health Order, which took effect on November 16, required many businesses to curb retail activities again to address the surge in COVID-19 cases.

Hidalgo County saw its matched taxable gross receipts (MTGR) increase by \$12M, or 35%, from Q1 FY21 to Q2 FY21, as seen in Chart 1. The amount of MTGR reported in Q2 FY21 is nearly \$50M, which is approximately 67% of the annual MTGR collected by Hidalgo County in all of FY20. Chart 2 shows that the construction industry accounted for 71% of the county's total MTGR for Q2 FY21. Table 1, on the next page, shows an increase of

Chart 2. FY21 - Q2 Industry Size by Matched Taxable Gross Receipts



Matched Taxable Gross Receipts (MTGR) are the best tax data available to show underlying economic activity. The data collection process matches a tax payment with reported receipts for each taxpayer by industry.

Quarterly Economic Summary

Hidalgo County



Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY20 - Q2	FY21 - Q2	Growth	Year over year Change
Accommodation and Food Services	\$ 3,253,762	\$ 1,762,689	\$ (1,491,073)	-46%
Administrative/Support & Waste Management/Remediation	\$ 233,256	\$ 226,667	\$ (6,589)	-3%
Agriculture, Forestry, Fishing, and Hunting	\$ 27,217	\$ 11,877	\$ (15,340)	-56%
Arts, Entertainment, and Recreation	\$ -	\$ -	\$ -	N/A
Construction	\$ 4,915,982	\$ 35,052,967	\$ 30,136,985	613%
Educational Services	\$ 851	\$ 4,928	\$ 4,076	479%
Finance and Insurance	\$ 52,196	\$ 67,683	\$ 15,486	30%
Health Care and Social Assistance	\$ 464,746	\$ 388,268	\$ (76,478)	-16%
Information	\$ 1,008,399	\$ 726,825	\$ (281,574)	-28%
Manufacturing	\$ 72,646	\$ 146,045	\$ 73,399	101%
Mining, Quarrying, and Oil and Gas Extraction	\$ 125,091	\$ -	\$ (125,091)	-100%
Other Services (except Public Administration)	\$ 685,744	\$ 661,627	\$ (24,117)	-4%
Professional, Scientific, and Technical Services	\$ 239,985	\$ 718,912	\$ 478,927	200%
Public Administration	\$ 75,522	\$ 49,811	\$ (25,711)	-34%
Real Estate and Rental and Leasing	\$ 172,856	\$ 415,277	\$ 242,421	140%
Retail Trade	\$ 4,949,592	\$ 5,078,818	\$ 129,226	3%
Transportation and Warehousing	\$ 378,911	\$ 329,651	\$ (49,260)	-13%
Unclassified Establishments	\$ 67,910	\$ 47,506	\$ (20,404)	-30%
Utilities	\$ 1,671,507	\$ 1,870,875	\$ 199,368	12%
Wholesale Trade	\$ 1,253,278	\$ 1,490,286	\$ 237,008	19%
All Industries	\$ 19,676,537	\$ 49,089,797	\$ 29,413,260	149%

\$29M from Q2 in FY20 to Q2 FY21. This substantial increase is due solely to the construction industry, which reported a year-over-year increase of \$30M, or 613%. Gross receipts tax (GRT) revenue collections rose significantly in Q2 FY21, shown in Chart 4. The quarter-over-quarter increase was 33%, or \$118K. The amount collected in Q2 FY21, \$475K, is the highest amount collected by Hidalgo County over the last eight quarters. Chart 5 shows an increase in the average weekly wage, while quarterly employment decreased during Q4 of FY20. This increase in average weekly wages is likely due to the loss of lower wage workers.

Chart 3. Annual Total GRT Revenue Collections

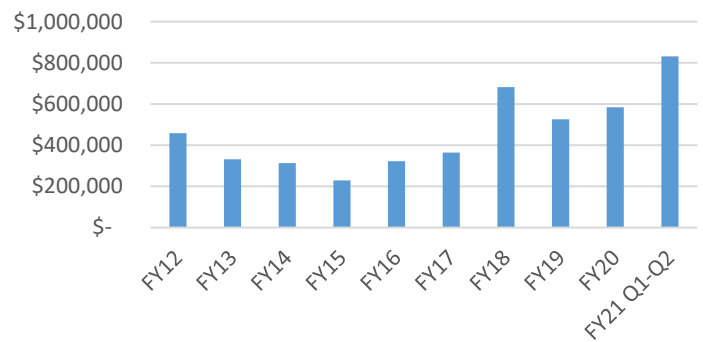


Chart 4. Quarterly GRT Revenue Collections

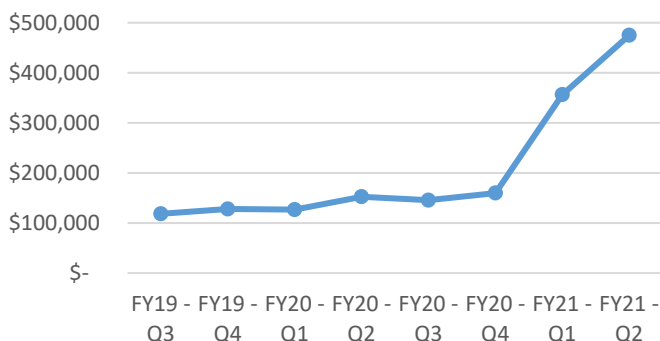
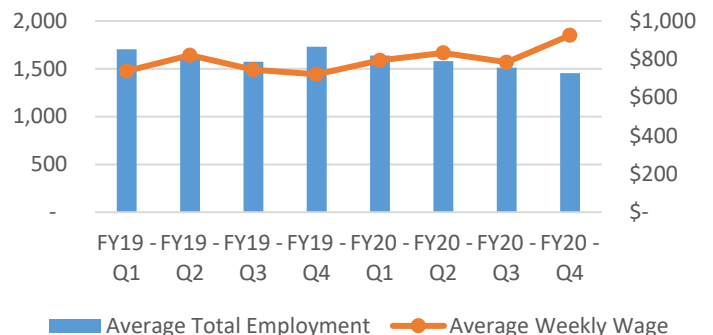


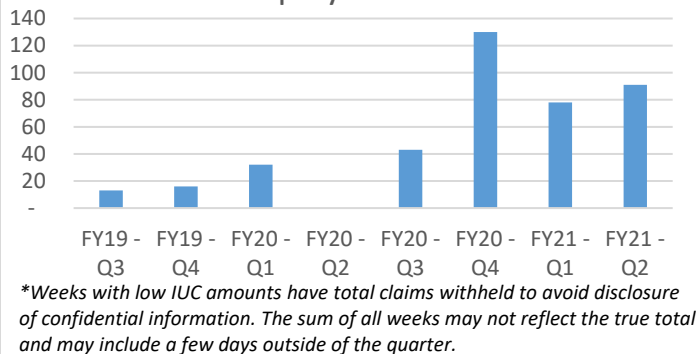
Chart 5. Quarterly Average Total Employment & Weekly Wage



Quarterly Economic Summary Hidalgo County



Chart 6. Quarterly Initial Unemployment Claims



A significant unexplained increase in initial unemployment claims can be an early indicator of an economic downturn. Examples include seasonal job fluctuations, federal government shutdowns resulting in employee furloughs, or the closing of a major regional facility. The current 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 2021, it is likely the number of initial unemployment claims will vary based on the effects of the pandemic, and it is impossible to predict how quickly employment numbers will return to pre-COVID-19 levels.

Gross Domestic Product (GDP) is the value of all goods and services produced in an area. The percentage that GDP grew (or shrank) from one period to another is an important indicator as to how the economy is performing. Table 2, below, shows the percentage of GDP each industry accounts for in the total GDP, in a specific county and the state. The chart also compares the county to the entire state of New Mexico, by showing the impact of specific industry sectors on the county's GDP compared to that of the whole state.

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

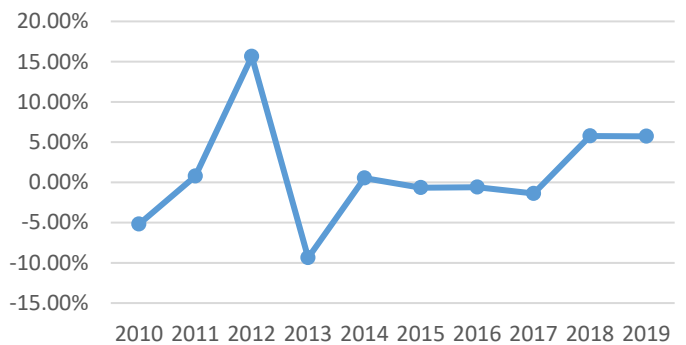


Table 2. Calendar Year 2019 Real County GDP and Real State GDP % of Total GDP

Industries	Hidalgo County	New Mexico	County Difference from State
Accommodation and Food Services	*	2.92%	N/A
Administrative/Support & Waste Management/Remediation	0.54%	2.55%	-2.01%
Agriculture, Forestry, Fishing, and Hunting	14.48%	2.25%	12.24%
Arts, Entertainment, and Recreation	*	0.69%	N/A
Construction	*	3.12%	N/A
Educational Services	*	0.51%	N/A
Finance and Insurance	*	2.62%	N/A
Health Care and Social Assistance	*	7.15%	N/A
Information	1.01%	2.82%	-1.81%
Management of Companies and Enterprises	*	0.64%	N/A
Manufacturing	*	4.79%	N/A
Mining, Quarrying, and Oil and Gas Extraction	1.36%	17.38%	-16.03%
Other Services (except Public Administration)	*	1.94%	N/A
Professional, Scientific, and Technical Services	0.82%	7.33%	-6.51%
Public Administration	42.10%	20.81%	21.29%
Real Estate and Rental and Leasing	12.85%	11.65%	1.21%
Retail Trade	8.06%	5.57%	2.49%
Transportation and Warehousing	2.26%	2.40%	-0.14%
Utilities	5.15%	1.47%	3.68%
Wholesale Trade	0.60%	3.06%	-2.46%

**Not shown to avoid disclosure of confidential information*