

Quarterly Economic Summary

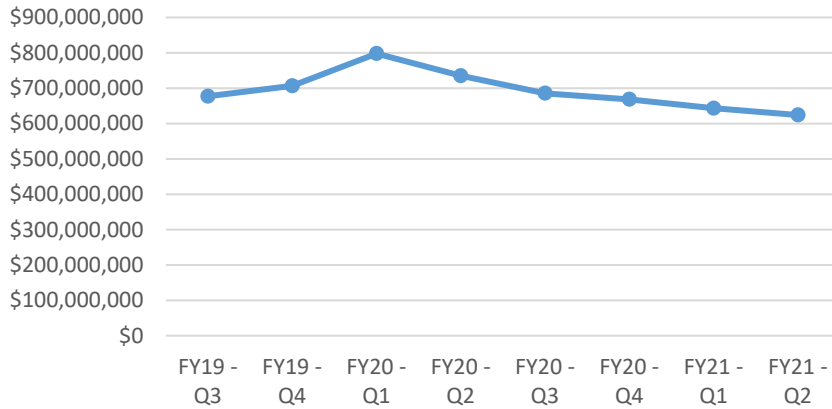
San Juan County

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Chart 1. Matched Taxable Gross Receipts Per Quarter

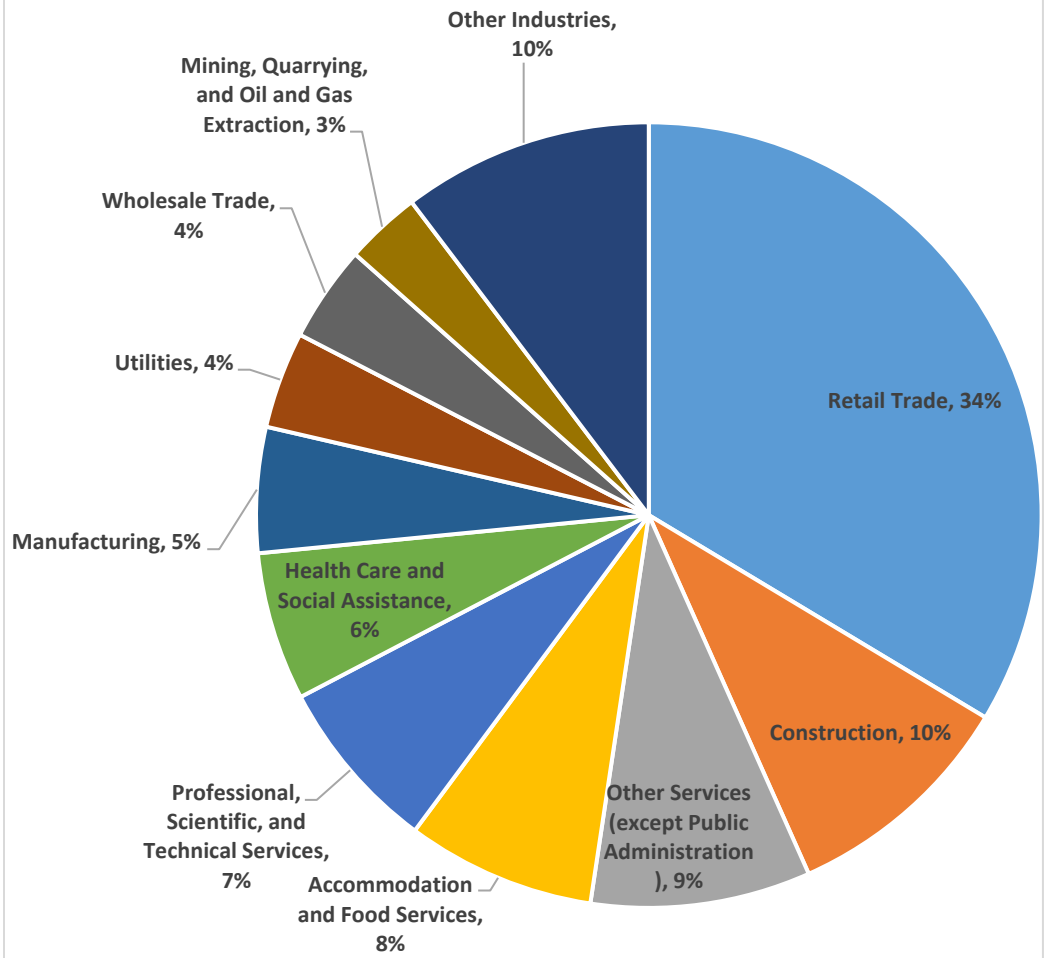


New Mexico suffered another challenging quarter in Q2 FY20 compared to the previous year. The effects of the pandemic weighed heavily on business and consumer activity, and 18 of the 33 counties saw declines in year-over-year gross receipts tax revenue. Of the 15 with positive growth, several only experienced 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.

San Juan County has seen a steady decline in its matched taxable gross receipts (MTGR) over the last five quarters, shown in Chart 1. From its eight-quarter peak in Q1 FY20, to Q2 FY21, MTGR has declined by 22%. The amount reported in Q2 FY21, \$624M, is the lowest amount of MTGR dating back to Q1 FY06. Table 1, on the next page, shows a decrease of \$111M from Q2 in FY20 compared to FY21 of the same period.

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.

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



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Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY20 - Q2	FY21 - Q2	Growth	Year over year Change
Accommodation and Food Services	\$ 51,343,528	\$ 47,512,838	\$ (3,830,690)	-7%
Administrative/Support & Waste Management/Remediation	\$ 10,355,381	\$ 8,997,055	\$ (1,358,326)	-13%
Agriculture, Forestry, Fishing, and Hunting	\$ 808,523	\$ 1,053,082	\$ 244,559	30%
Arts, Entertainment, and Recreation	\$ 3,174,099	\$ 1,091,113	\$ (2,082,986)	-66%
Construction	\$ 88,882,014	\$ 59,323,679	\$ (29,558,335)	-33%
Educational Services	\$ 1,098,758	\$ 759,944	\$ (338,814)	-31%
Finance and Insurance	\$ 2,072,547	\$ 2,826,529	\$ 753,982	36%
Health Care and Social Assistance	\$ 34,878,064	\$ 37,330,935	\$ 2,452,871	7%
Information	\$ 29,091,695	\$ 17,001,341	\$ (12,090,354)	-42%
Management of Companies and Enterprises	\$ 110,607	\$ 231,533	\$ 120,926	109%
Manufacturing	\$ 37,913,794	\$ 31,563,188	\$ (6,350,606)	-17%
Mining, Quarrying, and Oil and Gas Extraction	\$ 33,467,869	\$ 19,050,109	\$ (14,417,760)	-43%
Other Services (except Public Administration)	\$ 58,544,321	\$ 55,316,154	\$ (3,228,167)	-6%
Professional, Scientific, and Technical Services	\$ 58,137,590	\$ 43,870,419	\$ (14,267,171)	-25%
Public Administration	\$ 14,531,480	\$ 7,205,866	\$ (7,325,614)	-50%
Real Estate and Rental and Leasing	\$ 15,910,472	\$ 12,192,931	\$ (3,717,541)	-23%
Retail Trade	\$ 212,589,986	\$ 205,349,674	\$ (7,240,313)	-3%
Transportation and Warehousing	\$ 15,033,169	\$ 10,646,211	\$ (4,386,958)	-29%
Unclassified Establishments	\$ 2,496,015	\$ 1,272,159	\$ (1,223,855)	-49%
Utilities	\$ 25,620,509	\$ 24,317,976	\$ (1,302,532)	-5%
Wholesale Trade	\$ 32,051,398	\$ 24,223,591	\$ (7,827,807)	-24%
All Industries	\$ 735,016,997	\$ 624,053,316	\$ (110,963,681)	-15%

San Juan County, as seen in Table 1, had seventeen industries that reported a year-over-year (YOY) loss. The largest contributor to this YOY decline came from the construction industry, which reported a \$29.5M, or nearly 33%, loss. Gross receipts tax (GRT) revenue collections declined by \$223K, or 3%, from Q1 FY21 to Q2 FY21, as seen in Chart 4. Chart 5 shows an increase in the average weekly wage while quarterly employment decreased during Q4 of FY20. This increase in the average weekly wage is likely due to the loss of lower wage workers.

Chart 3. Annual Total GRT Revenue Collections

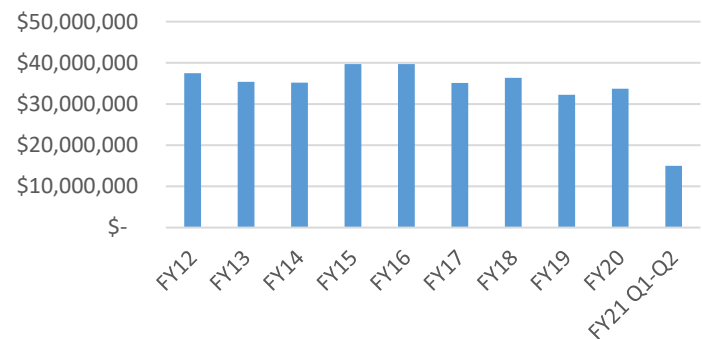


Chart 4. Quarterly GRT Revenue Collections

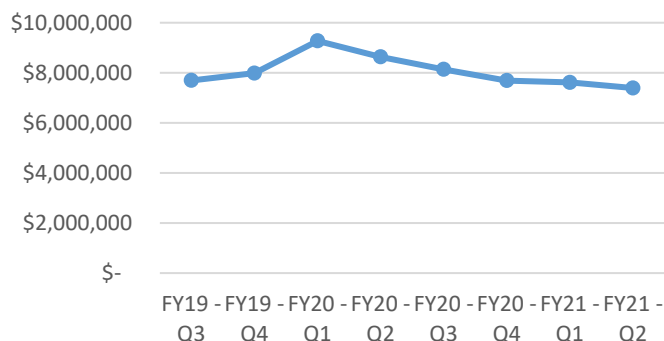
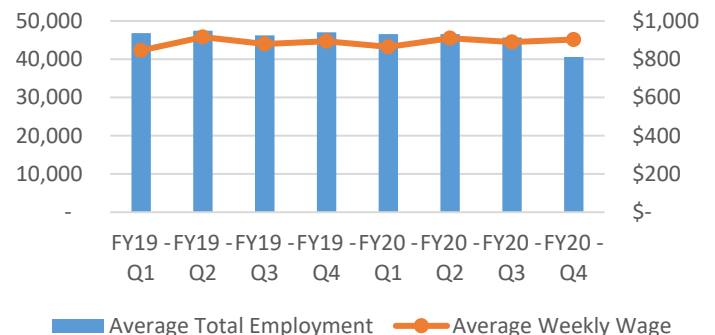


Chart 5. Quarterly Average Total Employment & Weekly Wage

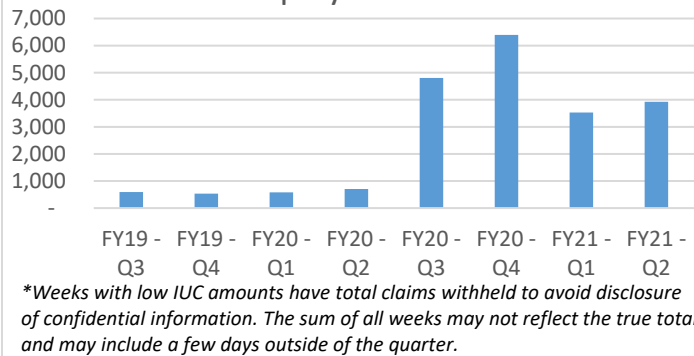


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Chart 6. Quarterly Initial Unemployment Claims



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

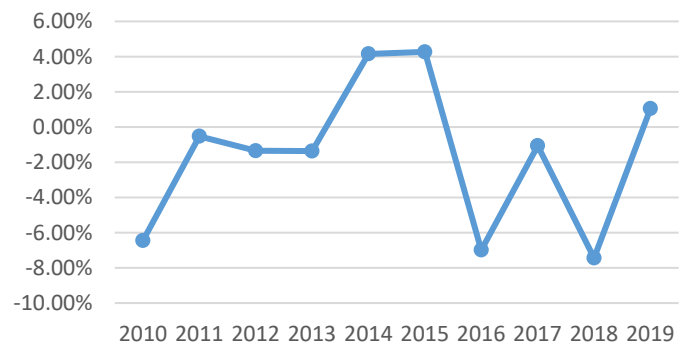


Table 2. Calendar Year 2019 Real County GDP and Real State GDP % of Total GDP

Industries	San Juan County	New Mexico	Difference Between County and State
Accommodation and Food Services	1.95%	2.92%	-0.97%
Administrative/Support & Waste Management/Remediation	*	2.55%	N/A
Agriculture, Forestry, Fishing, and Hunting	0.58%	2.25%	-1.67%
Arts, Entertainment, and Recreation	0.34%	0.69%	-0.36%
Construction	3.85%	3.12%	0.73%
Educational Services	0.28%	0.51%	-0.24%
Finance and Insurance	1.30%	2.62%	-1.31%
Health Care and Social Assistance	6.93%	7.15%	-0.22%
Information	*	2.82%	N/A
Management of Companies and Enterprises	0.36%	0.64%	-0.28%
Manufacturing	1.94%	4.79%	-2.85%
Mining, Quarrying, and Oil and Gas Extraction	30.73%	17.38%	13.34%
Other Services (except Public Administration)	1.85%	1.94%	-0.09%
Professional, Scientific, and Technical Services	1.32%	7.33%	-6.01%
Public Administration	16.26%	20.81%	-4.55%
Real Estate and Rental and Leasing	9.18%	11.65%	-2.46%
Retail Trade	5.87%	5.57%	0.30%
Transportation and Warehousing	1.73%	2.40%	-0.67%
Utilities	8.45%	1.47%	6.98%
Wholesale Trade	3.28%	3.06%	0.22%

**Not shown to avoid disclosure of confidential information*