

Quarterly Economic Summary

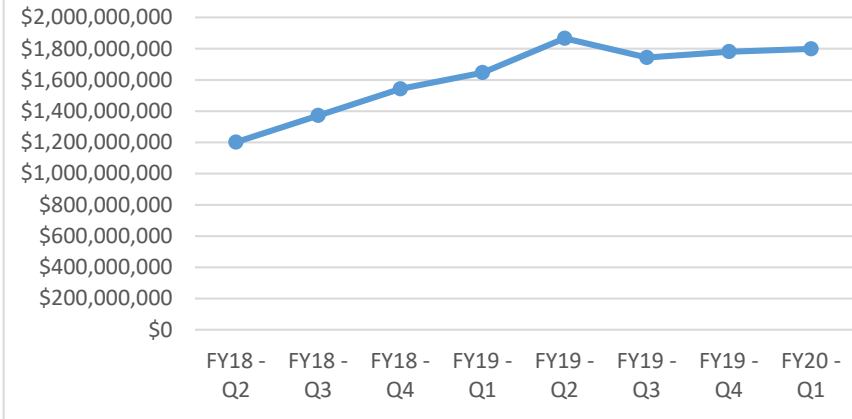
Lea County



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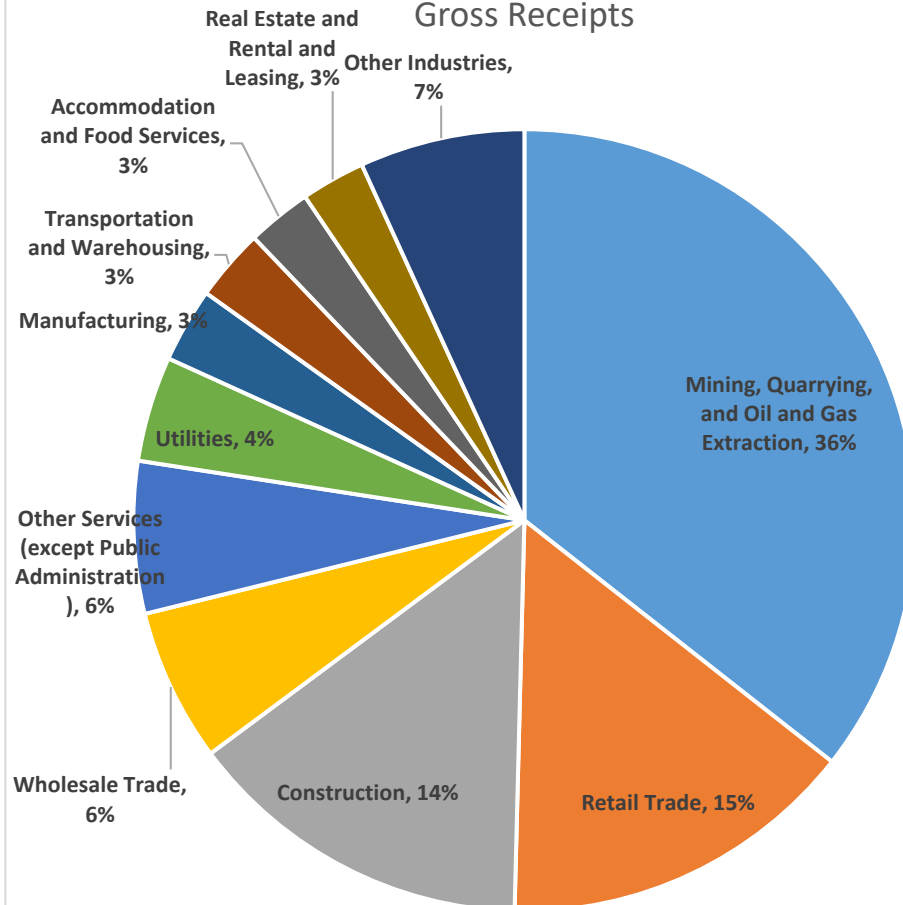
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Chart 1. Matched Taxable Gross Receipts Per Quarter



Lea County has seen stable growth in its matched taxable gross receipts (MTGR) over the last eight quarters, as seen in Chart 1. MTGR in the Construction industry saw a notable increase in Q1 FY20 when compared to the same period of FY19, increasing by 33% or \$65M. Q1 FY20 saw an overall 9% increase in MTGR compared to the previous year's first quarter.

Chart 2. FY20 - 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	FY19 - Q1	FY20 - Q1	Growth	Year over year Change
Accommodation and Food Services	\$ 48,251,133	\$ 48,019,304	\$ (231,828)	0%
Administrative/Support & Waste Management/Remediation	\$ 23,209,755	\$ 26,208,507	\$ 2,998,752	13%
Agriculture, Forestry, Fishing, and Hunting	\$ 2,417,060	\$ 945,455	\$ (1,471,605)	-61%
Arts, Entertainment, and Recreation	\$ 2,562,218	\$ 1,809,395	\$ (752,823)	-29%
Construction	\$ 194,584,951	\$ 259,496,081	\$ 64,911,129	33%
Educational Services	\$ 173,789	\$ 179,299	\$ 5,509	3%
Finance and Insurance	\$ 2,069,504	\$ 2,233,613	\$ 164,109	8%
Health Care and Social Assistance	\$ 20,437,121	\$ 16,634,445	\$ (3,802,676)	-19%
Information	\$ 22,048,398	\$ 23,891,067	\$ 1,842,668	8%
Management of Companies and Enterprises	\$ 60	\$ -	\$ (60)	-100%
Manufacturing	\$ 59,172,441	\$ 55,365,275	\$ (3,807,166)	-6%
Mining, Quarrying, and Oil and Gas Extraction	\$ 571,872,821	\$ 640,191,079	\$ 68,318,258	12%
Other Services (except Public Administration)	\$ 99,626,544	\$ 113,099,820	\$ 13,473,276	14%
Professional, Scientific, and Technical Services	\$ 45,259,045	\$ 43,389,939	\$ (1,869,107)	-4%
Public Administration	\$ 181,995	\$ 45,514	\$ (136,481)	-75%
Real Estate and Rental and Leasing	\$ 54,299,388	\$ 47,718,412	\$ (6,580,976)	-12%
Retail Trade	\$ 241,324,702	\$ 266,369,231	\$ 25,044,529	10%
Transportation and Warehousing	\$ 60,249,661	\$ 53,589,255	\$ (6,660,406)	-11%
Unclassified Establishments	\$ 18,870,658	\$ 7,504,404	\$ (11,366,254)	-60%
Utilities	\$ 73,274,939	\$ 78,294,827	\$ 5,019,888	7%
Wholesale Trade	\$ 106,733,191	\$ 113,758,858	\$ 7,025,667	7%
All Industries	\$ 1,646,619,375	\$ 1,798,743,780	\$ 152,124,405	9%

Annual Gross Receipts Tax (GRT) revenue has been trending upward since FY10. The County did see a significant decline in FY16, but began to recover in FY18. This decline is due to a significant contraction in the Oil and Gas industry following price declines.

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

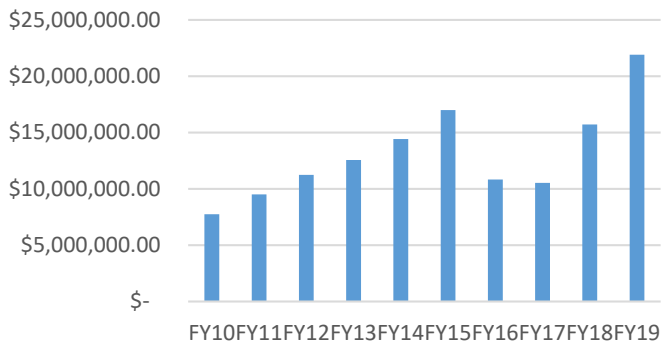
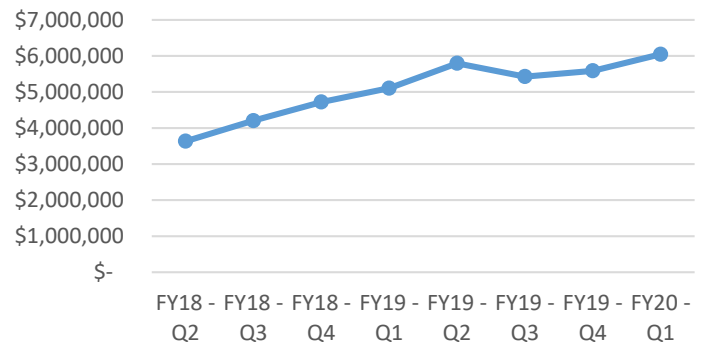


Chart 4. Quarterly GRT Revenue Collections



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Chart 5. Quarterly Average Total Employment & Weekly Wage

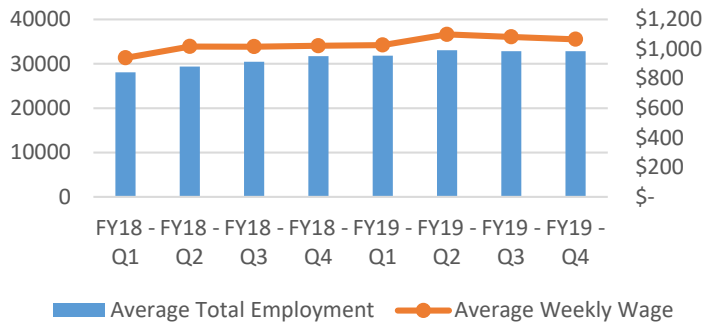


Chart 6. Quarterly Initial Unemployment Claims

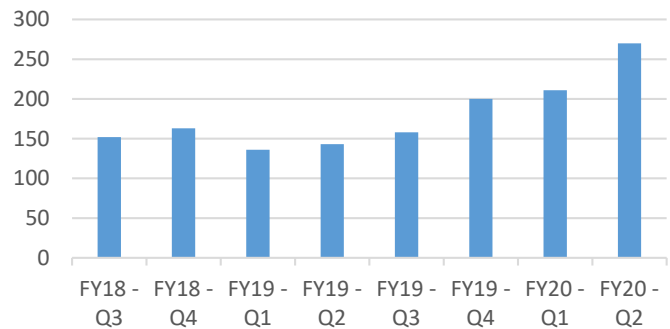
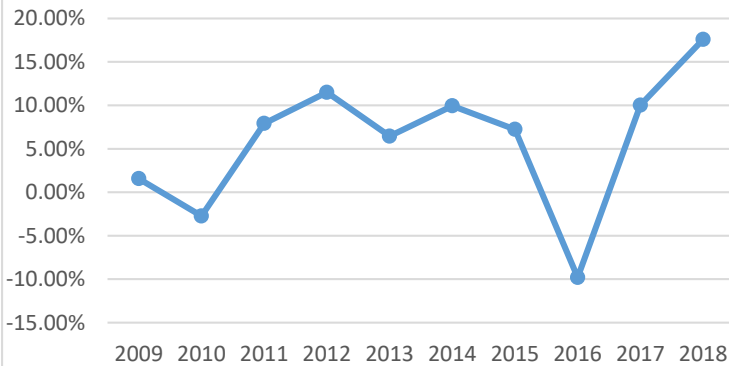


Chart 7. Calendar Year % Change In Real GDP Year Over Year



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.

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%