



THE TAOS NEWS

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Economic report: Taos slump prolonged

By Andy Dennison

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In the third quarter of 2009, Taos County business activity dipped lower than it ever before.

The region has been in a recession much longer than the country as a whole.

And, prospects aren't bright for any turnaround soon.

These facts, released in the Taos Economic Report, have prompted local analysts to ponder if demographic forces might be in play — and the Taos County economy is undergoing a more fundamental than cyclical change.

"We have been in a recession since the third quarter of 2006," said Bill Stevens, co-compiler of the Taos Economic Report. "That's 10 of 13 quarters with a loss, much longer than the national recession.

"It makes you wonder if what caused our recession is really the same as the national recession," he said.

Matthew Spriggs, economic development director for the town of Taos, believes these figures should encourage a shift from a "one-horse town of tourism" to focusing on other types of business.

"We have to protect what's in Taos," he said.

Gross receipts taxes collected July - September declined 8.1 percent when compared to the same three-month period in 2008, the largest quarter drop since reporting began in 2005.

While not a complete measure of an economy, the New Mexico version of a sales tax provides data that is the most up-to-date indicator available, Stevens said.

"It's basically the only one we got, and it's an actual count versus an estimate, which is important," he said.

Gross receipts taxes are charged on all purchases of goods and services, except groceries and prescriptions. Local and state governments share in the take, which totaled \$893 million in Taos County in 2008.

Stats hint at population shifts

In these latest figures, only two major sectors showed gains in business activity in the last 12 months: information and cultural businesses, and medical care.

Analysts believe growth in sales of cell phones, data streaming and telecom resale indicate a shift to small, often one-man shops that make good money but don't create many jobs.

As for medical care, Spriggs said it is likely the indicator of an aging population in need of more medical care.

The largest economic mainstays all declined:

- building and developing, off 24.6 percent
- art dealers, off 52 percent;

- services, down 23 percent;
- road construction, off 57 percent; and
- lodging and food down 4.8 percent.

“The length of the recession makes you think about fundamental changes,” said Spriggs, who is charged with plotting the town’s economic development course. “In the past, construction and real estate have been the mainstays. Now, construction is taking a dive despite all the major public projects (county courthouse, Town Hall and others).”

To no one’s surprise, the real estate business continues to flounder. Since 2006, the value of sales of buildings and land have been cut nearly in half, days on the market have steadily risen and the number of listings has declined.

Yet, prices have held up until just recently.

“These figures scream for another market correction to happen,” Spriggs said. In these figures, Stevens can see another change, a shift in the shape of what he calls the “population pyramid,” derived from 2007-2008 income tax return statistics.

Typically, a community has many more younger residents than older ones, creating a standard triangle pyramid. But in Taos, there’s “belt tightening” around the mid-20s, Stevens said, meaning more young men and women were leaving the county.

They were replaced by fewer people, who have fewer children, and less need for material wealth, he said.

“The top of the pyramid will look like a smokestack in 20-30 years,” said Stevens.