

CITY OF RIO RANCHO
DEPARTMENT OF FINANCIAL SERVICES

MEMORANDUM

DATE: March 18, 2014

TO: Mayor Thomas Swisstack,
Council Members: Chuck Wilkins, Dawnn Robinson, Cheryl Everett, Mark Scott,
Timothy Crum, and Lonnie Clayton
Keith Riesberg, City Manager and Laura Fitzpatrick, Assistant City Manager

FROM: Marta Ortiz, Interim Financial Services Director

SUBJECT: **March 2014 General Fund Gross Receipts Tax Revenue Distribution**

The General Fund Gross Receipts Tax (GRT) revenue distribution for March, which is based on January economic activity, was \$1,678,810 after adjustments, (\$259,745) or 16.1 percent below the monthly estimate. The reason for the decline is primarily related to utilities, construction, and finance and insurance sectors showing 18.5, 12.7, and 42.3 percent, respectively, decrease from last March. Fiscal year to date, GRT distributions are 0.94 percent or (\$177,427) below the annual estimate; which means the budget projection is less than 1.0 percent variance. Also, the comparison fiscal year to date actual is 1.05 percent above FY13 actual, which indicates the economy, is showing signs of growth. Below are highlights of the month's distribution and attached is the Gross Receipts Tax Dashboard showing notable GRT trends.

- This month's total Construction sector distribution was \$479,865, or 12.7 percent lower than fiscal year to date through March of 2013 and lower than the FY13 monthly average of \$198,903 or 48.8 percent.
- The Manufacturing distribution grew considerably from last March fiscal year to date, growing 140.3 percent. The month over month also shows a significant increase of \$40,302 or 136.8 percent from last March. Manufacturing companies are continuing to remit GRT on various utility expenditures, including electricity, instead of the utility companies. Timing of these tax payments likely led to the large swings seen over the last several months (See Chart 6).
- The Utilities distribution amount fell 55.7 percent from last March and is 18.5 percent lower fiscal year to date. As noted above, the decline is the change in reporting for electricity used in the manufacturing process.
- The other two major sectors, Retail and Services, show a slight change compared to one year ago. Retail is on average 1.0 percent lower, fiscal year to date, while Services are higher by 4.0 percent. While overall Retail sector is lower, food related sales are slightly higher or 3.9 percent compared to the same period last year. Within the Services sector, the Admin and Support and Educational sectors are 19.3 and 37.1 percent, respectively, higher compared to the same time last year.

Rio Rancho Gross Receipts Tax Dashboard

Chart 1: Total Monthly GRT Distribution

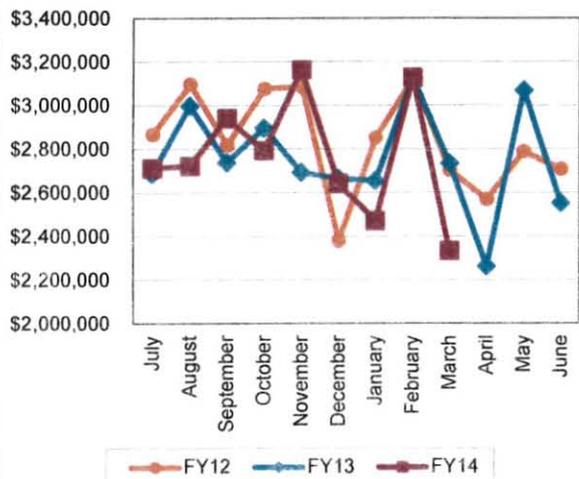


Chart 2: FY14 Gross Receipts Tax Monthly Revenue General Fund Estimate vs. Actual

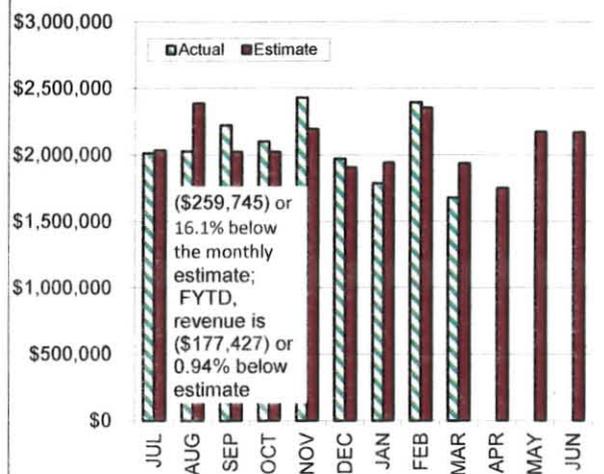


Chart 3: FY14 YTD Total GRT Distribution compared to FY13 YTD through March

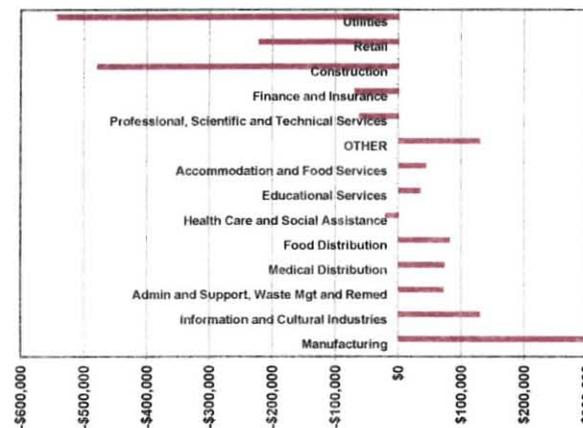


Chart 4: Health Care and Social Assistance and Medical Hold Harmless Distribution

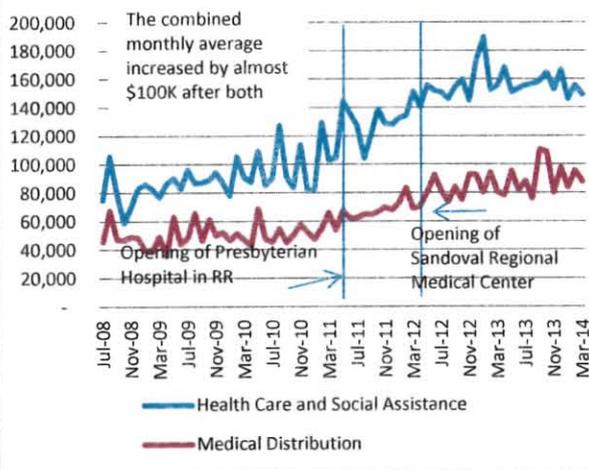


Chart 5: Accommodation and Food Services and Food Hold Harmless Distribution

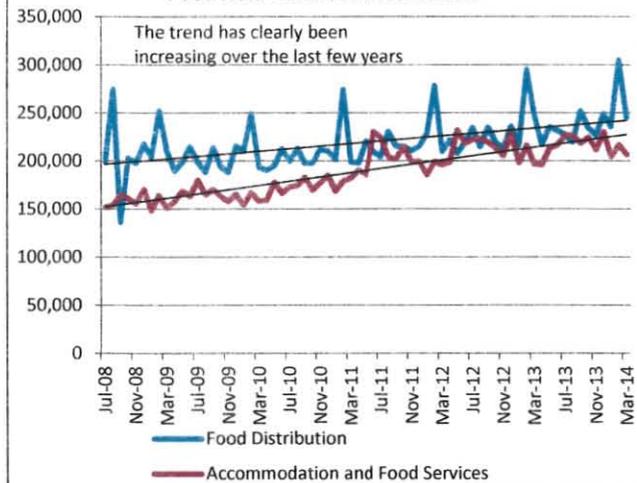


Chart 6: Manufacturing and Utilities GRT Distribution

