

**CITY OF RIO RANCHO
DEPARTMENT OF FINANCIAL SERVICES**

MEMORANDUM

DATE: January 27, 2015

TO: Mayor Gregory Hull
Council Members: Chuck Wilkins, Dawnn Robinson, Cheryl Everett, Mark Scott,
Shelby Smith, and Lonnie Clayton
Keith Riesberg, City Manager

FROM: Dan Olsen, Financial Services Director

SUBJECT: January Gross Receipts Tax and Latest Economic Data

Attached is the monthly dashboard for January GRT collections.

Gross Receipts Tax

As you are aware, the mid-year budget adjustments included a reduction of \$1.3 million or 4.8 percent in GRT revenue based on current economic data and year-to-date collection trends. Compared to the revised estimate, the January General Fund GRT distribution of \$2,188,975 brings total GRT revenue to \$15,456,320, which is \$234,000 or 1.5 percent above budget. Compared to last year, total GRT collections are now \$892,000 or 6.1% higher than they were in January 2014, as sign of a slowly improving economy.

Following are highlights from the January GRT data:

- The Retail sector continues to show positive growth, with year-to-date collections increasing 5.2 percent over the same period last year.
- Gains in the Construction sector remain steady, with year-to-date levels at 29.2 percent above last year.
- Finance, Insurance, and Real Estate (FIRE) is up 20 percent year-to-date, with most of that growth occurring in the Real Estate/Rental/Leasing sub-sector.
- The Utilities/Transportation/Warehousing and Manufacturing sectors have fallen off sharply, with both industries posting year-to-date declines of over 20 percent.

Economic Forecast – Employment and Housing

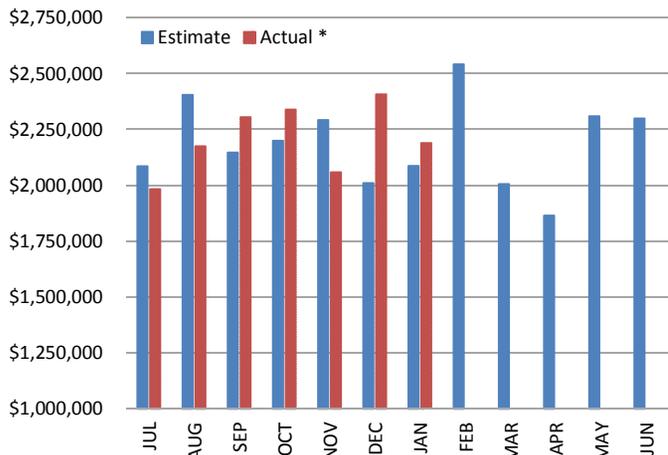
The City's mid-year revenue budget adjustments were based on a revised economic forecast from the University of New Mexico. UNM projects 2015 employment growth of 1.2 percent for both the Albuquerque MSA and the state as a whole. Sectors leading the growth include mining, transportation and warehousing, and construction. Professional and technical services will continue to lag the growth seen in surrounding states.

The number of new housing units in the Albuquerque area is expected to grow 14.8 percent in 2015, with multi-family units making up roughly 40 percent of total permits. Overall, UNM's revised five-year forecast represents a somewhat weaker outlook than six months ago. Following is a link to a recent presentation by UNM on the New Mexico economy:

<http://bber.unm.edu/presentations/BBER-EconOutlook2015.pdf>

Rio Rancho Gross Receipts Tax Dashboard

Chart 1: Gross Receipts Tax Monthly Revenue General Fund FY15 Estimate vs. Actual



*YTD through January is \$234,000 or 1.5% above the revised FY15 estimate

Chart 2: Gross Receipts Tax Monthly Revenue General Fund Current Year vs. Prior Years

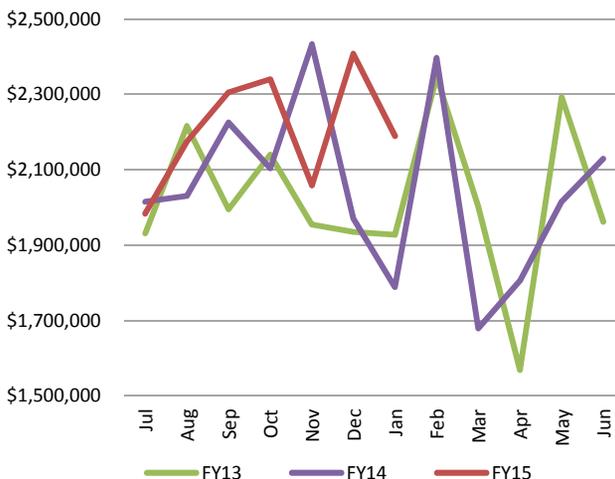


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

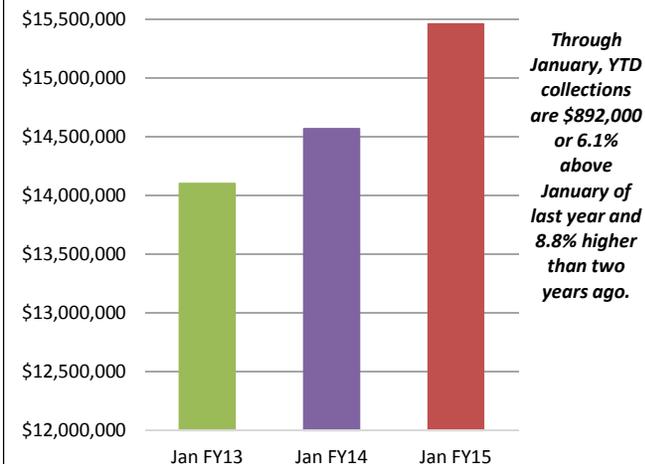


Chart 4: GRT Distribution by Industry FY15 YTD compared to FY14 YTD

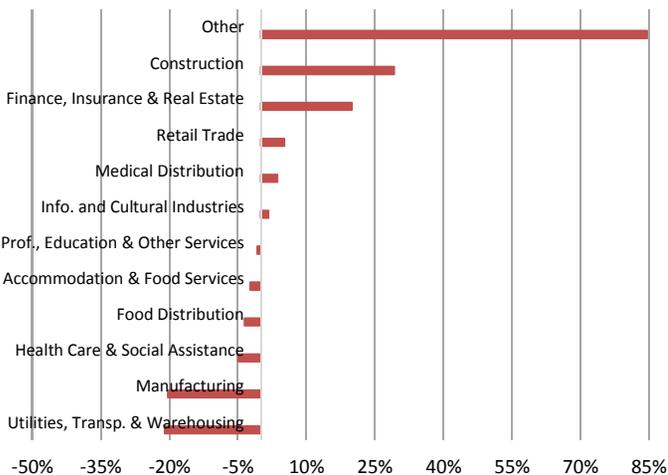


Chart 5: GRT Distribution by Industry FY15 YTD

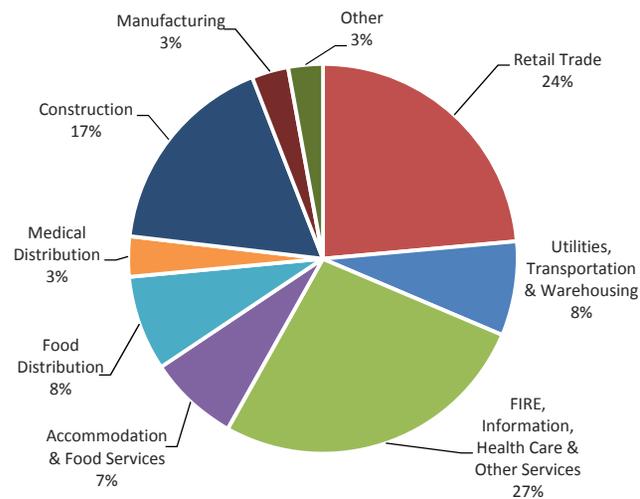


Chart 6: Changing Composition of GRT

